GREENVILLE TECHNICAL COLLEGE

TWO-THOUSAND TWELVE

Independent Auditors' Report

Financial Statements
For the Years Ended June 30, 2012
and June 30, 2011

Greenville Technical College

Table of Contents

GREENVILLE TECHNICAL COLLEGE
Post Office Box 5616
Greenville, South Carolina 29606

Audit Period: July 1, 2011 – June 30, 2012

List of Area Commissioners and Officers

Area Commission Members	District	Term Expires
Mr. Paul O. Batson, III	21/24	May 31, 2014
Mr. Coleman Shouse	-	Ex-Officio
Mr. Calder D. Ehrmann	-	May 31, 2012 *
Mr. W. Burke Royster, Superintendent	-	Ex-Officio
Ms. Jennie M. Johnson	At-Large	May 31, 2014
Dr. Robert A. Wilson	19/26	May 31, 2014
Mr. David K. Stafford	-	May 31, 2012 *
Mr. Kenneth Southerlin	17/18	May 31, 2014
Mr. Glenn Hamilton	20/22	May 31, 2014
Mr. Ray Martin	23/25	May 31, 2014
Mr. Dean Jones	-	Ex-Officio
Mr. Ray Lattimore	27/28	May 31, 2014

* Status quo on all of the seats. The delay has been due to redistricting and the lawsuits that followed. Appointments and/or reappointments will commence in 2013.

Key Administrative Staff	
Dr. Keith Miller	President
Mrs. Jacqueline R. DiMaggio	Vice President for Finance
Mrs. Cynthia Eason	Vice President for Corporate & Economic Development
Mr. J. Curtis Harkness	Vice President for Administration & Diversity
Ms. Lauren Simer	Vice President for Institutional Effectiveness
Mr. Steven B. Valand	Vice President for Education
Ms. Susan M. Jones	Associate Vice President for Human Resources
Mr. Robert Howard	Greenville Tech Foundation President

Area Served by the Commission

Greenville County

County providing financial support

Greenville County

Members
American Institute of CPAS
Private Companies Practice Section
South Carolina Association of CPAS

CLINE BRANDT KOCHENOWER
& CO., P.A.
Certified Public Accountants
Established 1950

Albert B. Cline, CPA
Raymond H. Brandt, CPA
Ben D. Kochenower, CPA, CFE, CVA
Steven L. Blake, CPA, CFE
Timothy S. Blake, CPA
Jennifer J. Austin, CPA

Independent Auditors' Report

Greenville Technical College
Greenville, South Carolina

We have audited the accompanying financial statements of the business-type activities of Greenville Technical College, as of and for the years ended June 30, 2012 and June 30, 2011, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, the Greenville Tech Foundation, Inc. and Subsidiaries. The Greenville Tech Foundation, Inc. and Subsidiaries reflects 100% of total assets, 100% of net assets, and 100% of total revenue of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component unit, the Greenville Tech Foundation, Inc. and Subsidiaries, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *State Board for Technical and Comprehensive Education Financial Reporting 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 Greenville Tech Foundation, Inc. and Subsidiaries were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Greenville Technical College and its discretely presented component unit, as of June 30, 2012 and June 30, 2011, and the changes in financial position, and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the College adopted, effective for the fiscal year ended June 30, 2012, a monthly depreciation convention for the straight-line method consistent with the policy of the State of South Carolina.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2012 on our consideration of Greenville Technical College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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Post Office Box 161300, 145 Rogers Commerce Boulevard, Boiling Springs, SC 29316-1300, (864) 541-0218 Fax (864) 541-0221
Internet Address: www.cbkpa.com

We have also issued our report dated September 14, 2012 on our consideration of Greenville Technical College administration of the State Lottery Assistance Program and on our test of its compliance with certain provisions of State law and policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

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

September 14, 2012

Management's Discussion and Analysis

Greenville Technical College is pleased to present its financial report and management's discussion and analysis of the college's financial performance for the fiscal year ended June 30, 2012. This report focuses on current activities, resulting change and currently known facts, and provides a comparison with the prior fiscal year. This discussion should be read in conjunction with the financial statements and the accompanying notes which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Colleges and Universities.*

The college is engaged only in Business-Type Activities (BTA) that are 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: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These statements present financial information in a format similar to that used by the private sector.

STATEMENT OF NET ASSETS

The Statement of Net Assets provides a snapshot of the college's assets, liabilities and net assets at the end of the fiscal year. It provides the reader with information concerning the institution's ability to continue its operations and to determine its financial stability. Assets and liabilities are separated into current, those that are due or to be paid within the current year and non-current, those that are longer term in nature. Net Assets represent the difference between total assets and total liabilities and provides information, in part, concerning any amount available to be spent by the institution.

Net Assets are divided into three major categories. The first category, *invested in capital assets, net of related debt*, provides the equity in property, plant and equipment owned by the college. The next category, which is *restricted net assets*, is expendable in nature and has been approved by the college's governing board specifically for capital projects, and debt service, as indicated. The final category of net assets is *unrestricted,* and not subject to external stipulations, however, some of the funds have internal designations. For more information see Note 11.

Assets

The following schedules are condensed versions of the college's assets, liabilities and net assets for the fiscal years ending June 30, 2012, 2011 and 2010. They were prepared from the Statement of Net Assets which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Total net assets at June 30, 2012, 2011 and 2010 were $90.4 million, $85.3 million, and $82.5 million respectively.

Condensed Summary of Net Assets
As of June 30, 2012, 2011, and 2010
(in millions)

	2012	2011	2010
Current Assets	$ 49.4	$ 41.1	$ 38.8
Non-current Assets			
Capital Assets, Net of Accumulated Depreciation	100.9	100.8	102.7
Total Assets	150.3	141.9	141.5
Current Liabilities	12.8	12.2	11.3
Non-current Liabilities	47.1	44.4	47.7
Total Liabilities	59.9	56.6	59.0
Net Assets			
Invested in Capital Assets	53.7	56.7	55.6
Restricted	6.8	4.1	6.3
Unrestricted	29.9	24.5	20.6
Total Net Assets	$ 90.4	$ 85.3	$ 82.5

A strong indicator of the financial health of the college is the improvement in the ratio of current assets to current liabilities. The current ratio at June 30, 2012, 2011 and 2010 were approximately 3.9:1, 3.4:1, and 3.4:1 respectively. The college maintains fiscally sound budget practices that provide for the conservative balance between the two categories.

Current assets increased $8.3 million between fiscal years 2012 and 2011 while current liabilities increased $0.6 million in the same period. Comparatively, current assets increased $2.3 million between fiscal years 2011 and 2010 while current liabilities increased $0.9 million in the same period. Overall, assets increased $8.4 million from June 30, 2011 to June 30, 2012, compared to an increase of $0.4 million from June 30, 2010 to June 30, 2011. The changes related to the fiscal year ended June 30, 2012 as compared to June 30, 2011 are explained as follows:

- The total of cash and investments increased from $24.6 million to $37.7 million.
- Accounts Receivable decreased approximately $6.0 million; the college increased its allowance for doubtful account balance approximately $0.6 million. The allowance increased to $5.8 million at June 30, 2012 from $5.2 million for the prior year. This increase was intended to ensure that the college has adequate reserves given the challenges students are facing in the current economic climate. Of the $6.0 million decrease in accounts receivable, $2.4 million is related to federal grantors, primarily for federal financial aid and $3.8 million is related to receivables from the state of South Carolina,

primarily related to state financial aid. These decreases were offset by an increase in net student accounts receivable of $0.2 million. (See Note 4 for additional information).

- Bond proceeds receivable decreased $0.2 million as a result of expenditures for the construction of the Animal Sciences Building and the IT/Logistics Building.
- Inventories decreased $0.4 million to $3.1 million.
- Other assets, primarily prepaid expenses, increased $1.9 million to $3.0 million.

The changes related to the fiscal year ended June 30, 2011 as compared to June 30, 2010 are explained as follows:

- The total of cash and investments decreased from $28.7 million to $24.6 million.
- Accounts Receivable increased approximately $6.7 million; the college increased its allowance of doubtful account balance approximately $0.9 million. The allowance increased to $5.2 million at June 30, 2011 from $4.3 million for the prior year. Of the $6.7 million increase in accounts receivable, $3.3 million is related to federal grantors, primarily for federal financial aid and $4.5 million is related to receivables from the state of South Carolina, primarily related to state financial aid. These increases were offset by a decrease in net student accounts receivable as a result of the increase in the allowance for doubtful accounts. (See Note 4 for additional information).
- Bond proceeds receivable decreased $0.3 million as a result of expenditures for the construction of the Animal Sciences Building.
- Inventories increased $0.5 million to $3.6 million.
- Other assets, primarily prepaid expenses, decreased $0.5 million to $1.0 million.

Non-current assets are primarily capital assets net of depreciation and other assets, comprised of Perkins loans receivable. Capital assets net of depreciation in the fiscal years ended June 30, 2012 increased $0.1 million from June 30, 2011. The balances were $100.9 million at June 30, 2012 and $100.8 million at June 30, 2011. The increase of $0.1 million is compared to a decrease of $1.9 million from the fiscal year ended June 20, 2010 balance of $102.7 million.

Contributing factors to the changes from June 30, 2011 to June 30, 2012 were:

- Construction in progress decreased by $1.8 million, a net result of the capitalization of the Animal Sciences Building and the IT/Logistics Building initiated in fiscal year 2011.
- Machinery & equipment decreased $0.7 million and vehicles increased $0.5. Of this, $0.4 million is attributable to a reclassification between asset types thereby increasing vehicles and decreasing machinery and equipment by the same amount.
- Depreciation expense accounted for $5.1 million. See Note 8 for additional information. Accumulated depreciation increased $3.8 million as a net result of the depreciation expense and retirements of assets.

Contributing factors to the changes from June 30, 2010 to June 30, 2011 were:

- Construction in progress decreased by $0.8 million, a net result of the capitalization of the Student Center renovation project offset by two additional construction projects initiated in fiscal year 2011. The projects were a building for the Animal Sciences program and a building to house the college's Information Technologies Department and Logistics Services.
- Machinery & equipment and vehicles increased $1.2 million and $0.5 million respectively. Most of the increases were a result of purchases made from federal grants.
- Depreciation expense accounted for $5.9 million. See Note 8 for additional information. Accumulated depreciation increased $5.7 million as a net result of the depreciation expense and retirements of assets.

Analysis of Capital Assets
As of June 30, 2012, 2011, and 2010
(in millions)

	2012	2011	2010
Land and Land Improvements	$ 16.6	$ 16.5	$ 16.4
Buildings and Improvements	135.0	129.1	126.2
Machinery and Equipment	12.3	13.0	11.9
Vehicles	2.4	1.9	1.4
Construction in Progress	-	1.9	2.6
	166.3	162.4	158.5
Less: Accumulated Depreciation	(65.4)	(61.6)	(55.8)
Net Capital Assets	$ 100.9	$ 100.8	$ 102.7

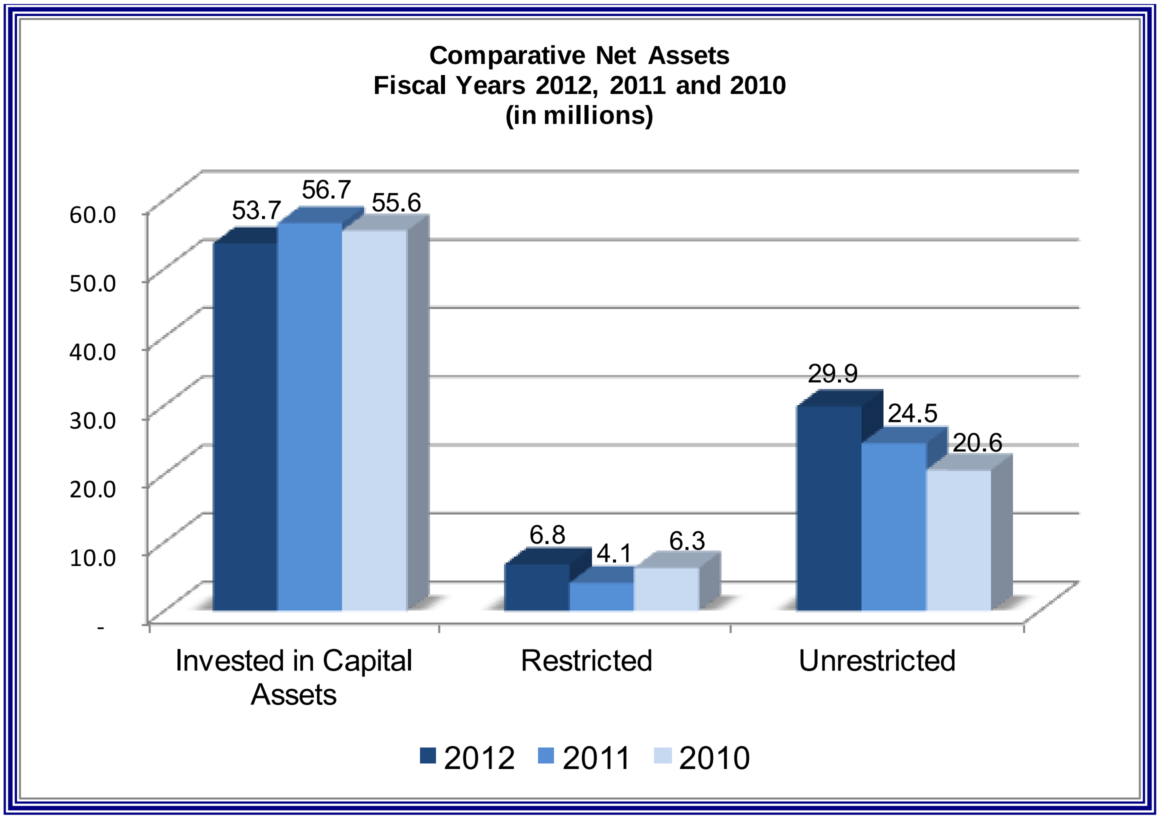
Liabilities

Total liabilities increased $3.3 million between fiscal years 2012 and 2011, from $56.6 million to $59.9 million. Comparatively, total liabilities decreased $2.4 million between fiscal years 2011 and 2010, from $59.0 million to $56.6 million. Current liabilities at June 30, 2012 increased by $0.6 million from June 30, 2011 primarily as a result of increases in deferred revenue of $1.2 million and small increases in the current portion of long term liabilities and accrued payroll liabilities. These increases were partially offset by a $1.3 million decrease in accounts payable. Current liabilities at the end of the prior fiscal year, June 30, 2011, increased by $0.9 million primarily as a result of increases in accounts payable of $1.0 million and small increases in current portion of long term debt and deferred revenue. These increases were partially offset by a $0.6 million decrease in funds held for others.

Non-current liabilities increased $2.7 million from June 30, 2011 as compared to June 30, 2012, the addition of a bond issued to fund the IT/Logistics Building of $5.6 million and additional principal of $0.3 million due to a bond refinance. The increase was offset by bond and capital lease payments (see Note 12 for additional information) of $3.2 million. The $3.3 million decrease in non-current liabilities from June 30, 2010 to June 30, 2011 was a result of bond and capital lease payments (see Note 12 for additional information) of $3.4 million.

Net Assets

Total net assets at June 30, 2012 were $90.4 million, an increase of $5.1 million from the prior fiscal year balance of $85.3 million, a 6.0 percent increase. The $85.3 million total for net assets at June 30, 2011 was a $2.8 million increase from the June 30, 2010 balance of $82.5 million, a 3.4 percent increase. Investment in capital assets at June 30, 2012 and June 30, 2011, were $53.7 million and $56.7 million, respectively, a $3.0 million decrease as compared to a $1.1 million increase from the June 30, 2010 balance of $55.6 million. Restricted net assets increased by $2.7 million at June 30, 2012 as a result of commitment to work with the National Guard on the Readiness Center project. Restricted net assets decreased by $2.2 million at June 30, 2011 as a result of the construction expenditures for the IT/Logistics Building. The building cost was estimated at $5.9 million. This increase was offset by decreases in encumbered funds for other capital projects. Unrestricted net assets as of June 30, 2012 increased $5.4 million to $29.9 million from the prior fiscal year balance of $24.5 million. Planned uses for unrestricted net assets as of June 30, 2012 can be found in Note 11. The $24.5 million total for unrestricted net assets at June 30, 2011 represents a $3.9 million increase from the June 30, 2010 balance of $20.6 million.



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

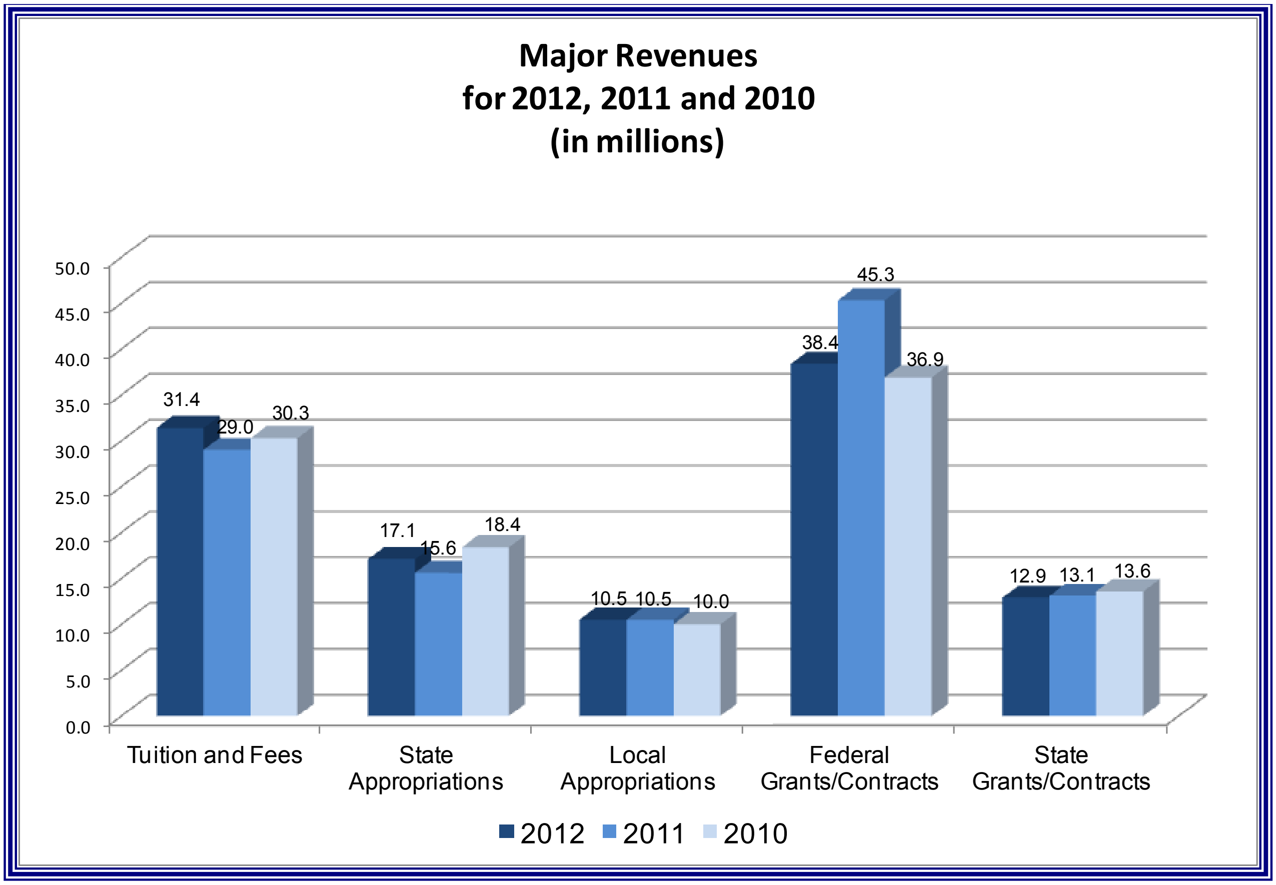
The Statement of Revenues, Expenses and Changes in Net Assets presents and categorizes revenues earned and expenses incurred during the year as operating and non-operating. Generally, operating revenues and expenses are those which are received and used to carry out the mission of the college. The college depends heavily on financial support from the state and county for which services are provided. This support is reflected as non-operating revenue based on governmental accounting standards. The college will always reflect an operating deficit due to the 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 capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after “income before other revenues, expenses, gains or losses.”

Operating Results

The following schedules summarize the college's operating results for fiscal year ended June 30, 2012 with comparative data for fiscal years ended June 30, 2011 and June 30, 2010.

Operating Results for the Years Ended June 30, 2012, 2011, and 2010 (in millions)

	2012	2011	2010
Operating Revenues			
Tuition and Fees	$ 31.4	$ 29.0	$ 30.3
Federal Grants and Contracts	4.8	5.6	6.2
State and Local Grants and Contracts	12.0	12.3	12.5
Auxiliary	6.0	5.8	6.0
Other	1.8	1.7	1.6
Total	56.0	54.4	56.6
Less Operating Expenses	111.1	116.8	109.0
Net Operating Loss	(55.1)	(62.4)	(52.4)
Non-Operating Revenues (expenses)			
State Appropriations	15.3	15.0	17.6
State and Local Grants and Contracts	0.9	0.8	1.1
Federal Grants and Contracts	33.6	39.7	30.7
County Appropriations	10.5	10.5	10.0
Gain/(loss) on disposal of fixed assets	-	-	(0.4)
Interest Expense	(2.0)	(1.7)	(2.2)
Interest Income	0.1	0.3	0.2
Total	58.4	64.6	57.0
State Capital Appropriations	1.8	0.6	0.8
Increase in Net Assets	5.1	2.8	5.4
Net Assets (beginning of year)	85.3	82.5	77.1
Net Assets (end of year)	90.4	85.3	82.5
Total Revenues	118.2	121.3	117.0



Revenue

Total revenue decreased $3.1 million or 2.6 percent between fiscal years 2011 and 2012, from $121.3 million to $118.2 million respectively. Total revenue increased $4.3 million or 3.7 percent between fiscal years 2010 and 2011, from $117.0 million to $121.3 million respectively.

Operating revenue increased in student tuition and fees, auxiliary revenue and other operating revenues during fiscal year 2012 while there were decreases in federal and state grants and contracts and sales and service of educational departments. Overall there was a net increase of $1.6 million or 2.9 percent. During fiscal year 2011, operating revenue decreased consistently over all sources with the exception of other operating revenues for a total decrease of $2.2 million or 3.9 percent. Net tuition and fees increased 2.4 percent and decreased 1.3 percent in fiscal years 2012 and 2011 respectively. Net tuition and fees is tuition and fee revenue decreased by scholarship and allowances and bad debt expense. Scholarship allowances represent the amount of students' tuition and fees that are paid by grants from federal, state, and other sources. (See Note 19 for additional information).

Decreases in federal grants and contracts are due primarily to scholarships. Federal grants and contracts under operating revenue do not include PELL awards. As a result of the General Accounting Standards Board Implementation Guide's direction that PELL grants are non-exchange, non-operating revenue transactions, PELL is now classified as a non-operating federal grant.

Net auxiliary services revenue increased 3.5 percent in 2011-12 as compared to the 3.3 percent decrease in auxiliary services for fiscal year 2010-11 while gross bookstore revenues decreased $0.2 million, scholarship allowances for bookstore purchases decreased $0.3 million and bad debt expense related to bookstore purchases decreased $0.1 million. (See Note 19 for additional information).

Non-operating revenue decreased by $6.2 million or 9.6 percent during the 2012 fiscal year, while non-operating revenue increased by $7.6 million or 13.3 percent during the 2011 fiscal year. Federal grants and contracts decreased as a result of decreased expenditures of ARRA funds of $4.2 million and decreases in the number of students eligible and the amount available to students for the PELL grant award. PELL grants decreased $2.3 million in fiscal year 2012 and increased $4.1 million in fiscal year 2011. This decrease is partially offset by increases in state appropriations and state and local grants and contracts. After three years of significant cuts in state funding, the college saw the first increase in state appropriations. Appropriations increased by $0.3 million or 2 percent. State appropriations for operations decreased $2.6 million or 14.6 percent in fiscal year 2011 and $1.8 million or 9.2 percent in fiscal year 2010.

The college experienced an increase in state capital appropriations of $1.2 million during fiscal year 2012, after experiencing decreases of 25.4 percent during fiscal year 2011, and 11.1 percent during fiscal year 2010. The increase in 2012 was for deferred maintenance projects. The remainder of the appropriation is for the debt service on the former McAlister Square Mall and operating expenses related to the University Center of Greenville. The costs (debt service and utilities) associated with these appropriations are fixed and recurring while the appropriations are dwindling. This is creating an additional financial strain on the college's funds. Local appropriations from Greenville County helped to offset some of these decreases. In fiscal year 2012, county appropriations declined slightly after several years of significant increases of $0.5 million in fiscal year 2011, and $0.1 million in fiscal year 2010.

Expenses

In fiscal year 2012, operating expenses were $111.1 million, a decrease of $5.7 million or 4.9 percent over fiscal year 2011. Operating expenses increased $7.8 million or 7.1 percent for fiscal year 2011 to $116.8 million from $109.0 million for fiscal year 2010.

Salaries and benefits increased approximately $0.7 million or 1.2 percent during fiscal year 2012. A three percent salary increase was granted to employees effective January 1, 2012. Salaries and benefits increased by approximately $1.3 million or 2.2 percent during fiscal year 2011. A one and one-half percent salary increase was granted to employees effective November 1, 2010. Also, increased enrollment required additional instructors which caused the increase in salaries and benefits.

Scholarships to students in fiscal year 2012 decreased by approximately $1.3 million or 6.1 percent as compared to an increase of $1.5 million, or 7.9 percent in fiscal year 2011. These variations were related to the changes to awards and eligibility for PELL grants.

Utilities remained relatively stable during fiscal year 2012. Utilities increased $0.2 million or 4.1 percent during fiscal year 2011. This increase was the result of the full year impact of the addition of a welding lab on the main campus and bringing the Student Center back online after being closed for almost one year for renovations. The college is continuing to implement energy saving initiatives.

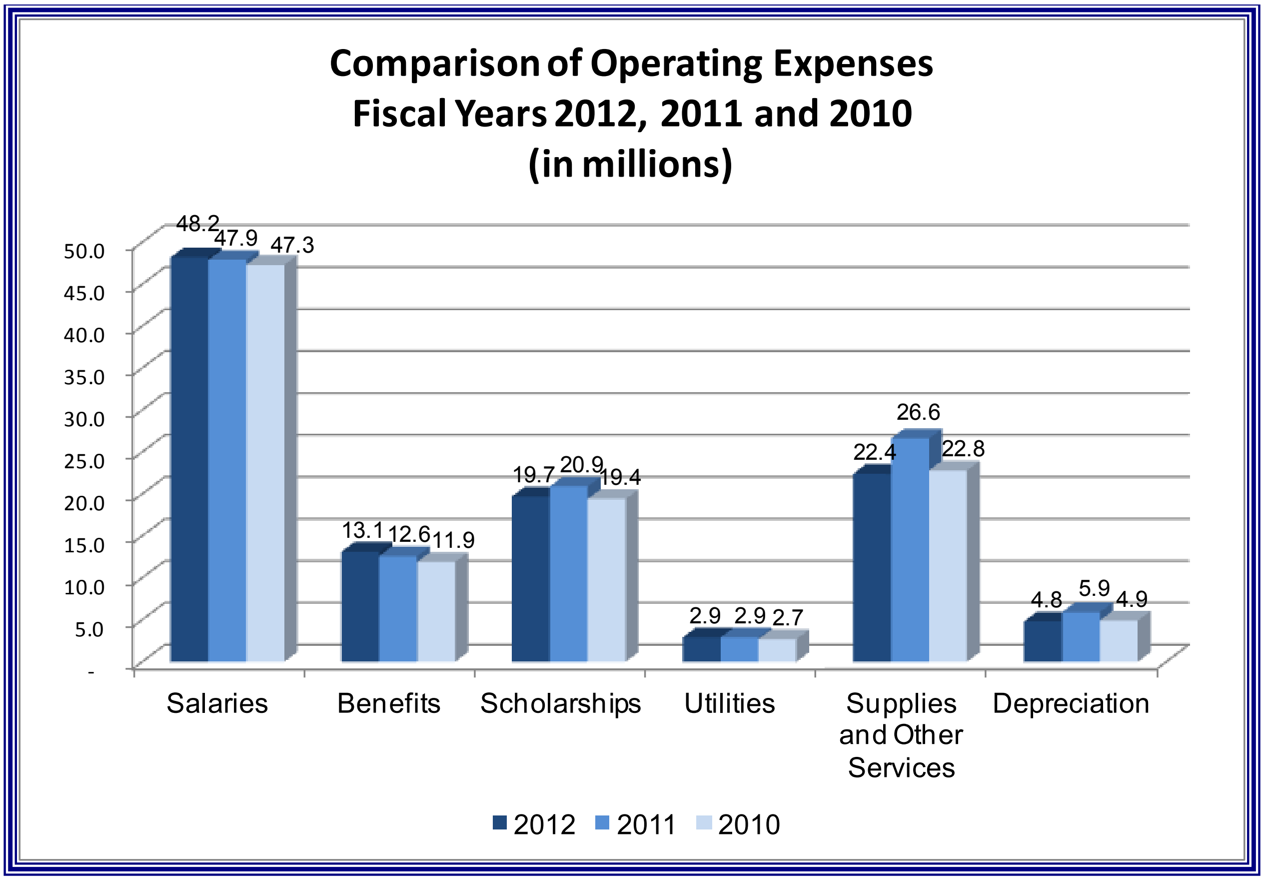
Supplies and other services decreased by $4.2 million or 15.9 percent, while this decrease appears significant, it is returning to the expected state after the significant increase in the prior fiscal year as a result of ARRA expenditures. In fiscal year 2011, supplies and other services increased by $3.8 million or 16.7 percent as a result of the expenditure of a significant portion of the college's ARRA funds. Many of these expenditures were related to infrastructure upgrades that are not capitalized such as roofs, improvements to HVAC systems and the implementation of a voice over internet telephone system that had many components that did not meet the capitalization threshold.

Depreciation expense decreased by approximately $1.1 million in fiscal year 2012 this is primarily a result of significant write-offs in the prior fiscal year. Effective July 1, 2011 the college adopted a monthly depreciation convention for the straight-line method consistent with the policy of the State of South Carolina. In fiscal year 2011, depreciation expense increased by approximately $1.0 million from the prior year as a result of a change in the useful lives of two buildings slated for demolition and the capitalization of the Student Center.

The following charts depict operating expenses by function for fiscal year ended June 30, 2012, 2011 and 2010.

Operating Expenses
Fiscal Years Ended June 30, 2012, 2011, and 2010
(in millions)

	2012	2011	2010
Operating Expenses			
Salaries	48.2	47.9	47.3
Benefits	13.1	12.6	11.9
Scholarships	19.7	20.9	19.4
Utilities	2.9	2.9	2.7
Supplies and Other Services	22.4	26.6	22.8
Depreciation	4.8	5.9	4.9
	$111.1	$116.8	$109.0



Net investment in capital assets decreased $3.0 million to $53.7 million in fiscal year 2012. This was due to the net effect of the issuance of a bond for the construction of the IT /Logistics Building, the refinance of another bond issue, depreciation expense of $4.8 million, and the payment of $3.2 million of debt. Net investment in capital assets increased $1.1 million to $56.7 million in fiscal year 2011. This was due to the net effect of several construction projects, capitalized interest related to the projects, depreciation expense of $5.9 million, and the payment of $3.4 million of debt.

An analysis of net assets for fiscal years ended June 30, 2012, 2011, and 2010 follows:

Analysis of Net Assets
Fiscal Years Ended June 30, 2012, 2011 and 2010
(in millions)

Net Assets	**2012**	**2011**	**2010**
Net Investment in Capital Assets	53.7	56.7	55.6
Restricted	6.8	4.1	6.3
Unrestricted	29.9	24.5	20.6
Total	$90.4	$85.3	$82.5

Restricted net assets increased $2.7 million in fiscal year 2012 due to the commitment made to partner with the National Guard on a building project. In fiscal year 2011, restricted net assets decreased $2.2 million due to progress made on the IT/Logistics Building. Unrestricted net assets increased $5.4 million in fiscal year 2012, due to the net effect of the overall increase in net assets, the decrease in net investment in capital assets and the increase in restricted assets. Unrestricted net assets in 2011 increased $3.9 million due to the net effect of the overall increase in net assets, the increase in net investment in capital assets and the decrease in restricted assets

STATEMENT OF CASH FLOWS

The Statement of Cash Flows is the final statement to be presented. It presents detailed information about the cash activity of the college during the year and provides the reader with the sources and uses of cash by the major categories of operating, non-capital financing, capital and related financing, and investing activities. This statement will always show a net use of cash in the section “Cash Flows from Operating Activities” due to the college’s dependence on state and local appropriations.

The statement is divided into five parts. The first section reflects the operating cash flows and shows the net cash used by the operating activities of the college. The second section reflects cash flows from non-operating financing activities. This section shows the cash received and spent for non-operating, non-investing, and non-capital financing activities and addresses the cash used for the acquisition and construction of capital and related items. The third section reflects cash flows from capital and related financing activities and shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The final section reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

In fiscal year 2012, cash increased by approximately $9.0 million. The net cash flows from operating activities increased by $9.3 million resulting from decreased payments to vendors and a decrease in receivables from state and federal grantors. Cash for fiscal year 2011 decreased by approximately $4.2 million. The net cash flows from operating activities decreased by $10.4 million resulting from increased payments to vendors and employees and an increase in receivables from state and federal grantors.

Cash flows from non-capital financing activity in fiscal year 2012 increased by $2.2 million as a result of increases state appropriations and the collection of non-operating grant receivables that were outstanding at the end of the prior fiscal year. In fiscal year 2011 cash flows from non-capital financing activity increased by $0.6 million as a result of increases in PELL awards which were offset by decreases in state appropriations.

Capital and related financing activities increased cash available for acquisition of capital assets and debt service payments. The change of $5.9 million in fiscal year 2012 was the net result of an increase in principal payments on capital debt and a decrease in the draw on county bond funds for capital expenditures. The change of $3.7 million in fiscal year 2011 was the net result of the issuance of a bond for the construction of the IT/Logistics Building, a decrease in principal payments on capital debt and an increase in the interest payments on capital debt.

Net cash used by investing activities during fiscal year 2012 increased as the college purchased an additional Certificate of Deposit in an attempt to increase interest income. Net cash used by investing activities during fiscal year 2011 decreased as the college held the level of investment in Certificates of Deposit steady.

Summary of Cash Flows
As of June 30, 2012, 2011 and 2010
(in millions)

	2012	2011	2010
Net cash flow used by operating activities	(47.8)	(57.1)	(46.7)
Net cash flow provided by noncapital financing activities	63.1	60.9	60.3
Net cash used by capital and related financing activities	(2.3)	(8.2)	(4.5)
Net cash provided (used) by investing activities	(4.0)	0.2	(3.9)
Net increase (decrease) in cash	9.0	(4.2)	5.2
Cash - beginning of year	15.0	19.2	14.0
Cash - end of year	24.0	15.0	19.2

Debt Administration

At June 30, 2011 and 2012, the college's financial statements reflect $19.7 million and $24.5 million respectively in (general obligation) bonds payable. These bonds are general obligation bonds of the State backed by the full faith, credit and taxing power of the County of Greenville. Greenville County gives the college capital appropriations to service the debt of the general obligation bonds.

Also outstanding at June 30, 2011 and 2012 are two capital leases payable totaling $24.7 million and $22.8 million respectively for the purchase of the McAlister Square Mall, the construction of the first buildings on each of the Greer and Brashier Campuses and Brashier Middle College. State appropriations were designated to cover the debt service on the McAlister Square Mall but reductions in the appropriations have resulted in a shortfall that the college is currently funding. Rental income from the Middle College covers approximately 50 percent of the payments for that lease. For additional information on debt administration, please refer to Notes 15 and 16.

Economic Factors

South Carolina's Comptroller General affirmed that the State ended the fiscal year with a surplus of $397.1 million. The General Fund growth rate for the State for FY 2011-2012 was 5.2%. While this news is encouraging, there is no expectation of significant increases in state appropriations in the near future.

In fiscal year 2011-12, appropriations from the state to the college for operations increased by 2.0 percent. State appropriations for capital expenditures were $1.2 million or 200 percent higher than the previous year. The increase was designated to fund deferred maintenance projects. The college is anticipating an appropriation of $0.9 million from the state to address additional deferred maintenance needs. Funds will be used for road and parking lot repairs, roof and HVAC system replacements.

State funding for college operations is expected to increase in for the 2012-13 fiscal year. The college anticipates an increase in funding of 4.0 percent or $0.6 million for operations. While this is encouraging, the increase in state funding is not sufficient to cover the cost of the mandated 3.0% increase in state-employees salaries and the associated benefits.

While the college makes every effort to keep tuition costs to a minimum, state appropriations are significantly less than they have been in the past making the college more dependent on tuition revenues from students. As a result, federal and state financial aid programs are an increasingly important factor in the financial well-being of the college.

The college continues to operate on a fiscally sound basis and is conservative in planning and budgeting. The current financial position is stable and current appropriations and tuition revenues are adequate to fund the operations for the next year.

Component Unit

It has been determined that the Greenville Tech Foundation is a component unit of Greenville Technical College. The foundation's financial statements are included in this report and supplemental information is included in Note 24. Additional information regarding the Foundation can be obtained by mailing a request to Greenville Tech Foundation, Inc. PO Box 5616, Greenville, SC 29606-5616.

Jacqueline R. DiMaggio
Vice President for Finance

GREENVILLE TECHNICAL COLLEGE
Statement of Net Assets
June 30, 2012 and June 30, 2011

ASSETS	**2012**	**2011**
CURRENT ASSETS		
Cash and Cash Equivalents	$ 24,000,608	$ 15,026,312
Investments	13,675,017	9,599,674
Accounts Receivable, Net	5,548,257	11,605,621
Bond Proceeds Receivable	71,358	316,287
Inventories	3,133,618	3,565,642
Other Assets	2,972,870	1,033,553
Total Current Assets	49,401,728	41,147,089
NONCURRENT ASSETS		
Federal Perkins Loan Receivable	262	262
Capital Assets, Net of Accumulated Depreciation	100,883,422	100,775,118
Total Noncurrent Assets	100,883,684	100,775,380
Total Assets	150,285,412	141,922,469
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	994,209	2,308,269
Accrued Payroll and Related Liabilities	1,039,468	604,193
Long Term Liabilities - Current Portion	3,837,210	3,509,478
Deferred Revenue	6,659,006	5,373,857
Funds Held for Others	262,127	373,772
Total Current Liabilities	12,792,020	12,169,569
NONCURRENT LIABILITIES		
Bonds Payable	23,120,000	18,480,000
Capital Leases Payable	20,715,000	22,750,000
Compensated Absences Payable	3,263,816	3,200,443
Total Noncurrent Liabilities	47,098,816	44,430,443
Total Liabilities	59,890,836	56,600,012
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	53,659,781	56,691,405
Restricted For:		
Expendable:		
Capital Projects	6,829,289	4,063,072
Loans	21,327	21,293
Unrestricted (note 11)	29,884,179	24,546,687
Total Net Assets	$ 90,394,576	$ 85,322,457

GREENVILLE TECHNICAL COLLEGE

Statement of Revenues, Expenses, and Changes in Net Assets

For the Years Ended June 30, 2012 and June 30, 2011

REVENUES	2012	2011
OPERATING REVENUES		
Student Tuition and Fees (Net)	$ 31,405,195	$ 29,025,781
Federal Grants and Contracts	4,769,158	5,593,759
State Grants and Contracts	12,010,898	12,262,899
Sales and Services of Educational Departments	612,583	646,839
Auxiliary Enterprises (Net)	5,988,750	5,766,792
Other Operating Revenues	1,209,979	1,059,622
Total Operating Revenues	55,996,563	54,355,692
EXPENSES		
OPERATING EXPENSES		
Salaries	48,210,417	47,875,256
Benefits	13,062,761	12,607,130
Scholarships and Fellowships	19,654,204	20,936,713
Utilities	2,934,408	2,842,110
Supplies and Other Services	22,414,956	26,638,080
Depreciation	4,792,751	5,853,045
Total Operating Expenses	111,069,497	116,752,334
Operating Income (Loss)	(55,072,934)	(62,396,642)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	15,314,378	15,033,690
County Appropriations	10,515,010	10,547,851
Interest Income	89,621	294,276
Gain (Loss) on Disposal of Capital Assets	-	1,448
Interest Expense on Capital Asset Related Debt	(2,008,894)	(1,738,675)
Federal Grants and Contracts	33,609,133	39,650,020
State and Local Grants and Contracts	883,061	764,577
Net Nonoperating Revenues	58,402,309	64,553,187
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	3,329,375	2,156,545
State Capital Appropriations	1,742,744	614,729
Transfers to/from Other State Agencies	-	7,200
Increase in Net Assets	5,072,119	2,778,474
NET ASSETS		
Net Assets - Beginning of Year	85,322,457	82,543,983
Net Assets - End of Year	$ 90,394,576	$ 85,322,457

SEE NOTES TO FINANCIAL STATEMENTS

GREENVILLE TECHNICAL COLLEGE
Statement of Cash Flows
For the Years Ended June 30, 2012 and June 30, 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 31,313,223	$ 29,309,668
Federal, State and Local Grants and Contracts	18,399,824	17,073,153
Federal Student Loan Proceeds	54,460,675	54,693,997
Sales and Services of Educational Departments	605,470	652,767
Auxiliary Enterprise Charges	6,420,775	5,273,830
Other Receipts	1,519,549	2,292,754
Federal Student Loans Disbursed	(53,302,523)	(57,375,335)
Payments to Vendors	(59,624,096)	(61,316,868)
Payments to Employees	(47,661,070)	(47,672,459)
Net Cash Provided (Used) by Operating Activities	(47,868,173)	(57,068,493)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	15,331,810	15,058,254
County Appropriations	9,784,199	10,547,850
State, Local and Federal Grants, Gifts and Contracts - Non Operating	38,008,230	35,308,677
Net Cash Flows Provided by Noncapital Financing Activities	63,124,239	60,914,781
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Appropriations	1,742,744	738,406
Purchase of Capital Assets	(4,901,056)	(4,067,945)
Proceeds from the Issuance of Capital Debt	6,065,000	-
Expenditure of bond proceeds held by county	244,929	312,181
Principal Paid on Capital Debt	(3,170,000)	(3,240,000)
Interest Paid on Capital Debt	(2,286,865)	(1,926,581)
Net Cash Provided by Capital and Related Financing Activities	(2,305,248)	(8,183,939)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	9,675,018	10,798,231
Interest on Investments	23,477	161,404
Purchase of Investments	(13,675,017)	(10,798,231)
Net cash Flows Provided (Used) by Investing Activities	(3,976,522)	161,404
Net Increase (Decrease) in Cash	8,974,296	(4,176,247)
Cash - Beginning of Year	15,026,312	19,202,559
Cash - End of Year	$ 24,000,608	$ 15,026,312
Reconciliation of Net Operating Revenue (Expenses) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (55,072,934)	$ (62,396,642)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	4,792,751	5,853,045
Change in Assets and Liabilities		
Receivables, Net	2,620,627	(2,422,717)
Inventories	432,025	(492,962)
Deferred Charges and Prepaid Expenses	(234,977)	594,520
Accounts Payable	(879,567)	1,166,224
Compensated Absences	101,105	154,639
Deferred Revenue	285,739	475,057
Deposits Held for Others	87,058	343
Net Cash Provided (Used) by Operating Activities	$ (47,868,173)	$ (57,068,493)

COMPONENT UNIT OF GREENVILLE TECHNICAL COLLEGE

GREENVILLE TECH FOUNDATION, INC. AND SUBSIDARIES

Component Unit Consolidated Statement of Financial Position

For the Six Months Ended December 31, 2011 and the Twelve Months Ended June 30, 2011

ASSETS	December 31, 2011	June 30, 2011
Unrestricted cash and cash equivalents	$ 465,479	$ 994,824
Restricted cash	1,390,167	1,258,370
Pledges receivable	200,446	81,045
Student loans receivable	6,142	6,680
Accounts receivable, net	135,392	256,324
Prepaid expenses	35,473	33,755
Investments	5,323,638	5,116,124
Property and equipment, net	27,637,460	27,850,891
Cash surrender value of life insurance	32,736	32,736
Charitable remainder trusts receivable	79,627	118,049
Loan costs, net	267,016	272,276
TOTAL ASSETS	$ 35,573,576	$ 36,021,074
LIABILITIES		
Accounts payable	245,280	167,662
Deferred income	-	18,477
Customer deposits	88,928	50,911
Bonds payable	8,145,000	8,280,000
Notes payable	15,835,582	16,160,586
Interest rate swap	3,497,332	2,080,085
Total Liabilities	$ 27,812,122	$ 26,757,721
NET ASSETS		
Unrestricted	438,033	2,074,257
Unrestricted – Board designated	1,488,606	1,536,847
Total Unrestricted	1,926,639	3,611,104
Temporarily restricted	1,883,473	1,948,659
Permanently restricted	3,951,342	3,703,590
Total Net Assets	7,761,454	9,263,353
TOTAL LIABILITIES AND NET ASSETS	$ 35,573,576	$ 36,021,074

COMPONENT UNIT OF GREENVILLE TECHNICAL COLLEGE

GREENVILLE TECH FOUNDATION, INC. AND SUBSIDARIES

Component Unit Consolidated Statement of Activities

for the Six Months Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	$ 23,250	$ 487,982	$ 184,218	$ 695,450
Property and equipment donations	425,740	-	-	425,740
Charitable trusts, change in value	(38,422)	-	-	(38,422)
Interest and dividend income	39,574	81,756	-	121,330
Management fee income	85,500	-	-	85,500
Rental income	2,183,938	-	-	2,183,938
Realized and unrealized gain/(loss) on investments	(57,946)	(132,896)	-	(190,842)
Loss on disposal of equipment	(4,039)	-	-	(4,039)
Miscellaneous	165,097	4,227	-	169,324
	2,822,692	441,069	184,218	3,447,979
Transfers	(19,281)	(44,253)	63,534	-
Net assets released from restrictions	462,002	(462,002)	-	-
Total support and revenue	3,265,413	(65,186)	247,752	3,447,979
EXPENSES				
College support:				
Scholarships	149,079	-	-	149,079
Student programs	14,398	-	-	14,398
College faculty/staff development	17,790	-	-	17,790
College departmental supplies and activities	86,838	-	-	86,838
Equipment purchases/gifts in kind	499,567	-	-	499,567
Professional services and other fees	64,748	-	-	64,748
Other college support	55,297	-	-	55,297
GTF Brashier Charter School	2,495	-	-	2,495
GTF Student Housing	839,410	-	-	839,410
Depreciation and amortization	355,769	-	-	355,769
Interest expense	544,800	-	-	544,800
Interest rate swap - change in market value	1,424,386	-	-	1,424,386
Uncollectible student loans	400	-	-	400
Total program expenses - college support	4,054,977	-	-	4,054,977
Operations:				
Building and grounds upkeep	207,468	-	-	207,468
Compensation	131,121	-	-	131,121
Depreciation and amortization	213,505	-	-	213,505
Insurance	15,623	-	-	15,623
Investment management fees	25,777	-	-	25,777
Liability, employee bond	3,662	-	-	3,662
Miscellaneous expense	18,467	-	-	18,467
NEON expenses	10,015	-	-	10,015
Office expenses and supplies	12,360	-	-	12,360
Professional and other fees	87,259	-	-	87,259
Property and other miscellaneous taxes	46,146	-	-	46,146
Telecommunications/user fees	6,135	-	-	6,135
Uncollectible pledges and accounts receivable	525	-	-	525
Interest expense	20,281	-	-	20,281
Cost of financing	252	-	-	252
Utilities	62,693	-	-	62,693
Total management and general - operations	861,289	-	-	861,289
Fundraising expenses	33,612	-	-	33,612
Total expenses	4,949,878	-	-	4,949,878
CHANGE IN NET ASSETS	(1,684,465)	(65,186)	247,752	(1,501,899)
NET ASSETS, BEGINNING OF YEAR	3,611,104	1,948,659	3,703,590	9,263,353
NET ASSETS, END OF YEAR	**$ 1,926,639**	**$ 1,883,473**	**$ 3,951,342**	**$ 7,761,454**

COMPONENT UNIT OF GREENVILLE TECHNICAL COLLEGE

GREENVILLE TECH FOUNDATION, INC. AND SUBSIDARIES

Component Unit Consolidated Statement of Activities

for Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	$ 117,227	$ 713,336	$ 335,664	$ 1,166,227
Property and equipment donations	210,537	-	-	210,537
Charitable trusts, change in value	423,177	(45)	-	423,132
Interest and dividend income	82,073	119,241	-	201,314
Management fee income	171,000	-	-	171,000
Rental income	4,300,492	-	-	4,300,492
Realized and unrealized gain/(loss) on investments	209,717	332,571	-	542,288
Miscellaneous	358,674	(5,139)	-	353,535
	5,872,897	1,159,964	335,664	7,368,525
Transfers	(16,518)	(57,859)	74,377	-
Net assets released from restrictions	770,579	(770,579)	-	-
	6,626,958	331,526	410,041	7,368,525
EXPENSES				
College support:				
Scholarships	170,212	-	-	170,212
Student programs	140,374	-	-	140,374
College faculty/staff development	103,439	-	-	103,439
College departmental supplies and activities	135,623	-	-	135,623
Equipment purchases/gifts in kind	299,813	-	-	299,813
Professional services and other fees	7,169	-	-	7,169
Other college support	158,243	-	-	158,243
GTF Brashier Charter School	14,154	-	-	14,154
GTF Student Housing	1,353,824	-	-	1,353,824
Depreciation and amortization	707,225	-	-	707,225
Interest expense	1,028,906	-	-	1,028,906
Interest rate swap - change in market value	(162,543)	-	-	(162,543)
Property fees	2,926	-	-	2,926
Total program expenses - college support	3,959,365	-	-	3,959,365
Operations:				
Building and grounds upkeep	452,250	-	-	452,250
Compensation	251,874	-	-	251,874
Depreciation and amortization	366,116	-	-	366,116
Insurance	36,724	-	-	36,724
Investment management fees	44,040	-	-	44,040
Miscellaneous expense	15,115	-	-	15,115
NEON expenses	1,060	-	-	1,060
Office expenses and supplies	51,195	-	-	51,195
Professional and other fees	128,884	-	-	128,884
Property and other miscellaneous taxes	47,917	-	-	47,917
Software updates/maintenance fee	26,363	-	-	26,363
Telecommunications/user fees	4,180	-	-	4,180
Uncollectible pledges and accounts receivable	6,814	-	-	6,814
Interest expense	43,997	-	-	43,997
Cost of financing	3,617	-	-	3,617
Utilities	108,996	-	-	108,996
Total management and general - operations	1,589,142	-	-	1,589,142
Fundraising expenses	58,296	-	-	58,296
Total expenses	5,606,803	-	-	5,606,803
CHANGE IN NET ASSETS	1,020,155	331,526	410,041	1,761,722
NET ASSETS, BEGINNING OF YEAR	2,590,949	1,617,133	3,293,549	7,501,631
NET ASSETS, END OF YEAR	**$ 3,611,104**	**$ 1,948,659**	**$ 3,703,590**	**$ 9,263,353**

SEE NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations: Greenville Technical College (the "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 Greenville County. 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.

B. Reporting Entity: 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 Greenville Technical College, as the primary government, and the accounts of Greenville Tech Foundation, Inc. (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.

The Foundation is a legally separate, tax-exempt 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 35-member Board of the Foundation is self-perpetuating and consists of community leaders, friends of the college, and graduates. Although the college does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon, which 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 Note R within this Summary of Significant Accounting Policies and Note 24.)

Financial statements for the Foundation can be obtained by mailing a request to Greenville Tech Foundation, Inc. PO Box 5616, MS 6002, Greenville, SC 29606-5616.

C. Financial Statements: The financial statements are presented in accordance with 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 required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the college's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows that replaces the fund-group perspective previously required.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. 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 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.

E. 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.

F. Investments: Deposits and investments for the college are governed by the South Carolina Code of Laws, Section 11-9-660 "Investment of Funds" *GASB Statement No*. 40, *Deposits and Investment Risk Disclosures – an amendment to GASB Statement No.* 3, requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including 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 fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

G. Accounts Receivable: Accounts receivable consists of tuition and fee charges to students, gift pledges 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 receivable are recorded net of estimated uncollectible amounts.

H. 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.

I. 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. Effective July 1, 2011 the college adopted a monthly depreciation convention for the straight-line method consistent with the policy of the State of South Carolina.

J. 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 prepaid rent for the college's broadband licenses that will be recognized over the life of the lease. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

J. Deferred Revenues and Deposits, continued

Deposits represent student fee refunds and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

K. 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 in the statement of net assets and as a component of benefit expenses in the statement of revenues, expenses, and changes in net assets.

L. Net Assets: The college's net assets are classified as follows:

Invested in capital assets, net of 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.

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.

The college policy for applying expenses that can use 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.

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

N. Classification of Revenues and Expenses: The college has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues and expenses: 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. Operating expenses include all expense transactions, incurred other than those related to investing, non capital or non capital financing activities.

Non-operating revenues and expenses: 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. Due to the administrative involvement with Pell grant requirements and because Pell grants are non-exchange transactions, Pell grant receipts are recorded as non-operating revenues.

O. 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 activities that

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

O. Sales and Services of Educational and Other Activities, continued

incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The college receives such revenues primarily from Child Care Center operations.

P. Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by bookstore and food services. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

Q. Capitalized Interest: The college capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. In the fiscal year ended June 30, 2012, the college incurred $2,012,562 of interest expense, of which $2,008,894 was charged to expense, $0 was capitalized, and $3,668 was booked to reflect a decrease in bond interest payable. In the fiscal year ended June 30, 2011, the college incurred $1,978,445 of interest expense, of which $1,738,675 was charged to expense, $135,342 was capitalized, and $104,428 was booked to reflect a decrease in bond interest payable.

R. Component Unit: The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets: Permanently Restricted Net Assets are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets: Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

Unrestricted Undesignated Net Assets: Unrestricted Undesignated Net Assets are not subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

Unrestricted Designated Net Assets: Unrestricted Designated Net Assets are not subject to donor-imposed restrictions but subject to Foundation Board imposed stipulations.

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

NOTE 2 - STATE APPROPRIATIONS

Non-Capital Appropriations	**2012**	**2011**
Current Years Appropriations:		
Per Annual Appropriations Act	$ 14,800,478	$ 14,659,861
Greenville Regional Education Center	163,436	110,548
SC Education Lottery Technology Funds	350,464	263,281
Total Non-Capital Appropriations Recorded as Current Year Revenue	$ 15,314,378	$ 15,033,690
Capital Appropriations		
Current Years Appropriations:		
Per Annual Appropriations Act University Center	$ 594,390	$ 614,729
Per Annual Appropriations Act Deferred Maintenance	$ 1,148,354	$ -
Total Capital Appropriations Recorded as Current Year Revenue	$ 1,742,744	$ 614,729

NOTE 3 – CASH, 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 that a government will not be able to recover deposits if the depository financial institution fails to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails.

Greenville Technical College's policy is to invest all available funds in accounts that will provide maximum return on investment with the least possible risk. Funds will only be deposited with financial institutions that are insured and guaranteed by FDIC, or other Federal or State Regulatory Agencies. There have not been any violations of these policies.

The deposits for Greenville Technical College at June 30, 2012, were $26,358,937. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $26,358,937 was fully collateralized with securities held by the pledging institution in the college's name. The deposits for Greenville Technical College at June 30, 2011, were $19,050,125. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $19,050,125 was collateralized with securities held by the pledging institution in the college's name.

Restricted cash includes $21,065 held for debt service reserve funds at June 30, 2012 and includes $21,049 held for debt service reserve funds at June 30, 2011.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Greenville 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.

NOTE 3 – CASH, DEPOSITS AND INVESTMENTS, continued

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, 2012 which are not with the State Treasurer's Office are presented below. All investments are certificates of deposit maturing between August 2012 and June 2013 and are backed by an irrevocable letter of credit or securities pledged in the college's name.

Greenville Technical College Investments

	Investment Maturities (in years)				
Investment Type	**Fair Value Amount**	**Less than 1**	**1-5**	**6-10**	**More than 10**
Certificates of Deposit backed by :					
Federal Home Loan Bank	$ 9,267,117	$ 9,267,117			
Municipal Bonds	4,407,900	4,407,900			
	$ 13,675,017	$ 13,675,017			

The college's investments at June 30, 2011 which are not with the State Treasurer's Office are presented below. All investments are certificates of deposit maturing between August 2011 and June 2012 and are backed by an irrevocable letter of credit or securities pledged in the college's name.

Greenville Technical College Investments

	Investment Maturities (in years)				
Investment Type	**Fair Value Amount**	**Less than 1**	**1-5**	**6-10**	**More than 10**
Certificates of Deposit backed by :					
Federal Home Loan Bank	$ 9,599,674	$ 9,599,674			

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 investments value or collateral securities that are in the possession of an outside party.

The college's policy concerning custodial credit risk is to invest all available funds in accounts that will provide maximum return on investment with the least possible risk. Funds will only be deposited with financial institutions that are insured and guaranteed by FDIC, or other Federal or State Regulatory Agencies. There have not been any violations of these policies.

At June 30, 2012, the investments for Greenville Technical College were $13,675,017. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $13,675,017 was collateralized with securities held by the pledging institution in the college's name, or supported by an irrevocable letter of credit. At June 30, 2011, the investments for Greenville Technical College were $9,599,674. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $9,599,674 was collateralized with securities held by the pledging institution in the college's name. The college recognized no losses due to the default by counterparts to investment transactions.

NOTE 3 – CASH, DEPOSITS AND INVESTMENTS , continued

Credit Risk

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

The college's policy concerning custodial credit risk is to invest all available funds in accounts that will provide maximum return on investment with the least possible risk. Funds will only be deposited with financial institutions that are insured and guaranteed by FDIC, or other Federal or State Regulatory Agencies. There have not been any violations of these policies.

The college's rated debt investment as of June 30, 2012 and June 30, 2011 were rated by Moody's Investors Service and are listed below using the Moody's Investors Service rating scale.

Greenville Technical College Rated Debt Investments at June 30, 2012 and 2011

Rated Debt Investments	Fair Value	Quality Ratings				
		AAA	AA	A	A1	Unrated
2012 U.S. Agencies..........	$ 13,675,017				$ 13,675,017	
2011 U.S. Agencies..........	$ 9,599,674				$ 9,599,674	

Concentration of Credit Risk

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

The college had debt securities investment at June 30, 2012 and June 30, 2011, with not more than 5 percent of the total investments in securities of any agency or entity.

Interest Rate Risk

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

For the years ended June 30, 2012 and June 30, 2011, the previous tables show the 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. Greenville Technical College does not maintain investments that are denominated in a currency other than the United States dollar; therefore, the college is not exposed to this risk

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

NOTE 3 – CASH, DEPOSITS AND INVESTMENTS , continued

Foreign Currency Risk, continued

Statement of Net Assets:	2012	2011
Cash and Cash Equivalents:		
Unrestricted	$ 23,979,543	$ 15,005,263
Restricted	$ 21,065	$ 21,049
Total Cash and Cash Equivalents	$ 24,000,608	$ 15,026,312
Investments:		
Certificates of Deposit	$ 13,675,017	$ 9,599,674
Disclosure, Deposits and Investments:		
Cash and Cash Equivalents		
Demand Deposit Accounts	$ 23,720,548	$ 14,751,257
Held by State Treasurer	$ 269,560	$ 264,055
Cash on Hand	$ 10,500	$ 11,000
Total Cash and Cash Equivalents	$ 24,000,608	$ 15,026,312
Investments:		
Certificates of Deposit	$ 13,675,017	$ 9,599,674

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2012 and June 30, 2011, are summarized as follows:

	2012	2011
Student Accounts	$ 439,323	$ 376,702
Other Federal Grantors	3,289,649	5,665,776
Due from State	1,688,406	5,526,322
Accrued interest	25,811	36,717
Greenville Tech Foundation	98,223	-
Other	6,845	104
Net Accounts Receivable	$ 5,548,257	$ 11,605,621

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, 2012, the allowance for uncollectible student accounts is valued at $5,824,740. At June 30, 2011, the allowance for uncollectible student accounts was valued at $5,218,380.

NOTE 5 – BOND PROCEEDS RECEIVABLE

At June 30, 2012, bond proceeds receivable of $71,358 relate to the proceeds of the 2007 Greenville County General Obligation Bonds. These bonds were issued on October 16, 2007 to finance the construction of a second welding instruction area at the college, the renovation of the Student Center Building and the

NOTE 5 – BOND PROCEEDS RECEIVABLE, continued

renovation of the auditorium in the University Transfer Building. The bond proceeds are on deposit with the Greenville County Treasurer's Office and are drawn down as expenditures are made on the construction projects. Interest earned on the escrow account totaled $3,717 for the fiscal year ended June 30, 2012. During the year ended June 30, 2012, project expenditures totaling $319,233 were drawn from the proceeds.

At June 30, 2011, bond proceeds receivable of $316,287 relate to the proceeds of the 2007 Greenville County General Obligation Bonds. These bonds were issued on October 16, 2007 to finance the construction of a second welding instruction area at the college, the renovation of the Student Center Building and the renovation of the auditorium in the University Transfer Building. The bond proceeds are on deposit with the Greenville County Treasurer's Office and are drawn down as expenditures are made on the construction projects. Interest earned on the escrow account totaled $30,727 for the fiscal year ended June 30, 2011. During the year ended June 30, 2011, project expenditures totaling $312,182 were drawn from the proceeds.

For more information on the bond, refer to Note 15.

NOTE 6 - PLEDGES RECEIVABLE

The college has no pledges receivable during the years ended June 30, 2012 or June 30, 2011.

NOTE 7 - LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program comprise all of the loans receivable as of June 30, 2012 and June 30, 2011. The Perkins Loan program provides various repayment options; students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise. These loans are broken down into two classifications, those payments that will be received within the following fiscal year are classified as "current portion of loans receivable". The remaining payments are classified as long-term loans receivable. As the college determines that loans are uncollectible, the loans are written off and assigned to the US Dept of Education. At June 30, 2012 and June 30, 2011, the college has made no allowance for uncollectible student loans.

NOTE 8—CAPITAL ASSETS

The activity in the college's capital assets for the fiscal year ended June 30, 2012 are as follows:

	Beginning Balance 30-Jun-11	Increases	Transfers	Decreases	Ending Balance 30-Jun-12
Capital assets not being depreciated:					
Land	8,817,135	-	-	-	8,817,135
Land Improvements	5,440,859	-		-	5,440,859
Construction in progress	1,860,383	4,173,131	(5,998,289)	-	35,225
Total capital assets not being depreciated	16,118,377	4,173,131	(5,998,289)	-	14,293,219
Other capital assets:					
Buildings and improvements	129,107,754	-	5,861,606	-	134,969,360
Machinery, equipment, and other	13,048,426	528,577	-	(1,234,073)	12,342,930
Depreciable Land Improvements	2,166,587	-	136,683	-	2,303,270
Vehicles	1,917,890	549,946	-	(104,103)	2,363,733
Total other capital assets at historical cost	146,240,657	1,078,523	5,998,289	(1,338,176)	151,979,293
Less accumulated depreciation for:					
Buildings and improvements	(47,863,429)	(3,628,515)	-	-	(51,491,944)
Machinery, equipment, and other	(11,124,104)	(893,849)	-	1,226,874	(10,791,079)
Depreciable Land Improvements	(1,143,392)	(90,896)	-	-	(1,234,288)
Vehicles	(1,452,991)	(522,891)	-	104,103	(1,871,779)
Total accumulated depreciation	(61,583,916)	(5,136,151)	-	1,330,977	(65,389,090)
Capital Assets, Net	100,775,118	115,503	-	(7,199)	100,883,422

The Gain (Loss) on Diposal of Assets consisted of the following:

Gain on sale of asset	$ -
Loss on Disposal	-
Net Gain (Loss) on Disposals	$ -

NOTE 8—CAPITAL ASSETS

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

	Beginning Balance 30-Jun-10	Increases	Transfers	Decreases	Ending Balance 30-Jun-11
Capital assets not being depreciated:					
Land	8,758,885	-	58,250	-	8,817,135
Land Improvements	5,440,859	-	-	-	5,440,859
Construction in progress	2,620,506	2,215,970	(2,976,093)	-	1,860,383
Total capital assets not being depreciated	16,820,250	2,215,970	(2,917,843)	-	16,118,377
Other capital assets:					
Buildings and improvements	126,189,911	-	2,917,843	-	129,107,754
Machinery, equipment, and other	11,922,650	1,240,135	-	(114,359)	13,048,426
Depreciable Land Improvements	2,166,587	-	-	-	2,166,587
Vehicles	1,426,304	491,586	-	-	1,917,890
Total other capital assets at historical cost	141,705,452	1,731,721	2,917,843	(114,359)	146,240,657
Less accumulated depreciation for:					
Buildings and improvements	(43,552,552)	(4,310,877)	-	-	(47,863,429)
Machinery, equipment, and other	(9,940,555)	(1,291,469)	-	107,920	(11,124,104)
Depreciable Land Improvements	(1,056,483)	(86,909)	-	-	(1,143,392)
Vehicles	(1,289,201)	(163,790)	-	-	(1,452,991)
Total accumulated depreciation	(55,838,791)	(5,853,045)	-	107,920	(61,583,916)
Capital Assets, Net	102,686,911	(1,905,354)	-	(6,439)	100,775,118

The Gain (Loss) on Diposal of Assets consisted of the following:	
Gain on sale of asset	$ 7,887
Loss on Disposal	(6,439)
Net Gain (Loss) on Disposals	$ 1,448

NOTE 9 - 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, SC Retirement Services, PO Box 11960, Columbia, SC 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.

NOTE 9 - PENSION PLAN(S), continued

South Carolina Retirement System

The majority of employees of Greenville 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, 2007, the required employee contribution increased to 6.50 percent.

Effective July 1, 2011, the employer contribution rate became 13.685 percent which included a 4.30 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, 2012, 2011, and 2010, were $3,011,315, $2,908,186, and $2,799,712, respectively, and equaled the required contributions of 9.385 percent (excluding the surcharge) for fiscal year 2012 and 9.24 percent (excluding the surcharge) for the fiscal years 2011 and 2010. Also, the college paid employer group-life insurance contributions of $48,130, $47,211, and $45,450 for the three most recent fiscal years ending June 30, 2012, 2011, and 2010, respectively, at the rate of 0.15 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, 2011, the employer contribution rate became 15.663 percent which, as for the SCRS, included the 4.30 percent surcharge. The college's actual contributions to the PORS for the years ending June 30, 2012, 2011, and 2010, were $27,418, $31,266, and $22,537, respectively, and equaled the required contributions of 11.363 percent (excluding the surcharge) for the year ending June 30, 2012 and 11.13 percent (excluding the surcharge) for the year ending June 30, 2011 and 10.65 percent (excluding the surcharge) for the year ending June 30, 2010. Also, the college paid employer group-life insurance contributions of $483, $562, and $423, and accidental death insurance contributions of $483, $562, and $423 for the three most recent fiscal years ending June 30, 2012, 2011, and 2010, respectively, for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State.

NOTE 9 - PENSION PLAN(S), continued

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, 9.385 percent plus the retiree surcharge of 4.30 percent from the employer in fiscal year 2012 and 9.24 percent plus the retiree surcharge of 3.90 percent from the employer in fiscal year 2011.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement group-life insurance benefits. For the fiscal year 2012, total contribution requirements to the ORP were $779,548 (excluding the surcharge) from Greenville Technical College as employer and $539,911 from its employees as plan members. In addition, the college paid to the SCRS employer group-life insurance contributions of $12,459 in the current fiscal year at the rate of 0.15 percent of compensation. For the fiscal year 2011, total contribution requirements to the ORP were $799,598 (excluding the surcharge) from Greenville Technical College as employer and $562,488 from its employees as plan members. In addition, the college paid to the SCRS employer group-life insurance contributions of $12,980 and $12,555 in the two prior fiscal years at the rate of 0.15 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.

NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

a. Plan Description

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

NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS, continued

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.

b. Funding Policies

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 though 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, 4.30 percent of annual covered payroll for 2012 and 3.90 percent of annual covered payroll for 2011. The EIP sets the employer contribution rate based on a pay-as-you-go basis. “Agency” paid approximately $1,747,266 and $1,575,929 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2012 and 2011, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was $3.22 for the fiscal years ended June 30, 2012 and June 30, 2011.

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 11 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The college is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of college management, 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 grant 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 disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been allocated for the renovation of the EMT Building on the Barton campus. The Animal Science Building on the Northwest campus and the IT/Logistics Building on the Barton campus were completed in the fall of 2011 and were capitalized in the same fiscal year. At June 30, 2012 and June 30, 2011, the college had remaining commitment balances of approximately $561,782 and $4,063,073 respectively on original contracts of $596,842 and $5,923,456, respectively with engineering

NOTE 11 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS, continued

firms and construction contractors. Other projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities. There were no remaining commitment balances with certain parties related to these projects at June 30 2012, and June 30, 2011. The college anticipates funding these projects out of current resources, current and future bond issues, federal grants, private gifts, student fees, and state capital improvement bond proceeds.

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 as follows:

	6/30/2012	6/30/2011
Operating Reserve	$ 14,678,197	$ 14,405,112
Operating Contingency	1,000,000	850,000
Encumbrances	215,743	667,741
Inventories	3,133,618	3,565,642
Other Construction Project Costs	10,856,621	5,058,192
Total	$ 29,884,179	$ 24,546,687

NOTE 12 - LEASE OBLIGATIONS

Capital Leases

Certificates of Participation

On October 8, 2010 the 1995/1998 Certificate of Participation was refunded by Greenville County and replaced with the Series 2010 Refunding Certificate of Participation. This refunding reduced the yearly payments by approximately $140,000 and resulted in a reduction of $1.2 million in total future payments.

Lease payments made under this agreement in the year ending June 30, 2012 were $1,048,976. Lease payments for the remainder of the lease are as follows:

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases

2010 Refunding Certificate of Participation	Capital Leases With External Parties
Year Ended June 30	
2013	$ 1,052,870
2014	1,046,154
2015	1,049,072
2016	1,046,380
2017	1,048,200
2018-2019	2,099,420
Total Minimum Payments	7,342,096
Less: Interest and Executory Costs	667,096
Present Value of Net Minimum Lease Payments	$ 6,675,000

Lease payments made under this agreement in the year ending June 30, 2011 were $847,205. Lease payments for the remainder of the lease are as follows:

2010 Refunding Certificate of Participation	Capital Leases With External Parties
Year Ended June 30	
2012	$ 1,048,976
2013	1,052,870
2014	1,046,154
2015	1,049,072
2016	1,046,380
2017-2019	3,147,620
Total Minimum Payments	8,391,072
Less: Interest and Executory Costs	851,072
Present Value of Net Minimum Lease Payments	$ 7,540,000

In August, 1999 Greenville County entered into an obligation for the lease-purchase of a portion of a retail shopping center in Greenville and issued Certificates of Participation to cover the purchase price of Greenville Technical College's portion of the purchase. The remainder of the facility was purchased by the Greenville Tech Foundation, Inc. at fair market value. Upon completion of renovations in December, 2000, the Greenville University Center was relocated to this new facility from other premises owned by the college, and subleases the renovated space. The state appropriated funds in the capital bond bill to cover the renovation costs. The State Legislature included in the budget appropriated funds for a portion of the sublease payments for the University Center, which are, in turn, used to pay a portion of the lease payments for the Certificates of Participation and a portion of the operation and maintenance of the portion of the facility subleased by the University Center. The college accounts for this lease as a capital lease.

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases, continued

These Certificates of Participation were partially refunded by Greenville County on February 23, 2005, with the refunded portion of the Series 1999 being replaced by Series 2005. With this transaction, the combined outstanding principle of the lease was increased by $720,000, and the total future payments under the lease were reduced by $1,167,084.

Lease payments made under this agreement in the year ending June 30, 2012 amounted to $1,345,488.

Lease payments for the remainder of the lease are as follows:

2005 Refunding Certificates of Participation & non refunded protion of 1999

Year Ended June 30	Capital Leases With External Parties
2013	$ 1,345,175
2014	1,343,475
2015	1,343,375
2016	1,345,375
2017	1,349,375
2018-2019	2,689,625
Total Minimum Payments	9,416,400
Less: Interest and Executory Costs	1,486,400
Present Value of Net Minimum Lease Payments	$ 7,930,000

Lease payments made under this agreement in the year ending June 30, 2011 amounted to $1,348,838.

Lease payments for the remainder of the lease are as follows:

2005 Refunding Certificates of Participation & non refunded protion of 1999

Year Ended June 30	Capital Leases With External Parties
2012	$ 1,345,488
2013	1,345,175
2014	1,343,475
2015	1,343,375
2016	1,345,375
2017-2019	4,039,000
Total Minimum Payments	10,761,888
Less: Interest and Executory Costs	1,861,888
Present Value of Net Minimum Lease Payments	$ 8,900,000

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases, continued

The carrying value of the property associated with the leases is:

Carrying Value of Assets under Capital Leases	2012 Capital Leases With External Parties	2011 Capital Leases With External Parties
Assets acquired under capital leases		
Land and improvements	$ 5,440,859	$ 5,440,859
Buildings and improvements	$ 26,100,338	$ 26,100,338
Assets acquired under capital leases before accumulated depreciation	31,541,197	31,541,197
Less: accumulated depreciation	(9,826,669)	(9,163,663)
Assets acquired under capital leases, net	$ 21,714,528	$ 22,377,534

On May 13, 2008 Greenville Technical College entered into a capital lease with the Brashier Middle College, LLC, a wholly owned subsidiary of the Greenville Tech Foundation. The lease began July 1, 2009. The lease is for a 53,000 square foot building which is being constructed by the Brashier Middle College, LLC and financed with Jobs- Economic Development Authority Revenue Bonds. The term of the lease is 30 years; the lease payments will be equal to the debt service of the bonds. At the end of the lease, the building will become the property of the college. The related operating leases are discussed below.

During the fiscal year ending June 30, 2012, lease payments in the amount of $549,398 were made to Brashier Middle College, LLC. During the fiscal year ending June 30, 2011, lease payments in the amount of $549,398 were made to Brashier Middle College, LLC.

Lease payments for the remainder of the lease are estimated as follows:

Brashier Middle College Lease Estimated Payments Year Ended June 30	Capital Leases With Component Unit
2013	552,250
2014	550,000
2015	547,500
2016	549,750
2017	546,500
2018-2022	2,745,000
2023-2027	2,729,750
2028-2032	2,722,500
2033-2037	2,702,750
2038-2040	1,631,250
Total Minimum Payments	$ 15,277,250
Less: Interest and Executory Costs	7,132,250
Present Value of Net Minimum Lease Payments	$ 8,145,000

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases, continued

Carrying Value of Assets under Capital Leases with Component Units	2012 Capital Leases With Component Units	2011 Capital Leases With Component Units
Assets acquired under capital leases		
Buildings and improvements	$ 8,410,000	$ 8,410,000
Assets acquired under capital leases before accumulated depreciation	8,410,000	8,410,000
Less: accumulated depreciation	(841,000)	(560,667)
Assets acquired under capital leases, net	$ 7,569,000	$ 7,849,333

Operating Leases

Operating lease payments to external parties were $259,314 and $107,727 for fiscal years 2012 and 2011, respectively.

Greenville Technical College entered into two operating lease agreements on May 13, 2008 related to the construction of the Brashier Middle College building on the Brashier Campus. The first was a ground lease with the Brashier Charter, LLC, a wholly owned subsidiary of the Greenville Tech Foundation (LLC). The LLC leased approximately 5 acres of land on the college's Brashier Campus. The lease payment is $1.00 per year for the 31 year term. The LLC secured an $8.4 million Jobs-Economic Development Authority Revenue Bonds to build a building on the site. The building will be jointly used by the college and Brashier Middle College, a Charter High School that is currently located on the campus. The lease between the Brashier Middle College, LLC and the college is discussed in Capital Leases above.

The second operating lease is the corresponding sublease with the Brashier Middle College Charter High School to operate and use the facilities for approximately 35 hours per week. The lease payments by Brashier Middle College will be directly related to the debt service. The cost is currently 50 percent of the debt service. The lease payment will be renegotiated yearly based on a prorated share of the debt service based on the usage of the building.

On May 13, 2008, the college entered into a ground lease with Greenville County Recreation District for 19.49 acres at the college's Northwest campus for a term of 20 years. The County built soccer and baseball fields on the site for use by the community and the college. The annual rent for the land is $1.00

On August 31, 2010, the college, as a licensee of Educational Broadband Service Channels, entered into a long-term lease agreement to lease the excess capacity of the G channel group to Clearwire Spectrum Holdings, III, LLC. This lease was approved by the Federal Communication Commission on September 17, 2010 and became effective October 13, 2010. The college recognized $25,342 in revenue from this lease during the year ended June 30, 2012, as included in the other non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets. The college recognized $18,171 in revenue from this lease during the year ended June 30, 2011, as included in the other non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets. The total anticipated revenue to the college is $1,280,044, based on renewal options and escalation clauses over the maximum 30 year term of the lease.

NOTE 12 - LEASE OBLIGATIONS, continued

Operating Leases, continued

On August 31, 2010, the college, as a licensee of Educational Broadband Service Channels, entered into a long-term lease agreement to lease the excess capacity of the D channel group to Independent Spectrum Greenville, LLC. This lease was approved by the Federal Communication Commission on November 10, 2010 and became effective December 29, 2010. The college recognized $108,496 in revenue from this lease during the year ended June 30, 2012, as included in the other non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets. The college recognized $54,366 in revenue from this lease during the year ended June 30, 2011, as included in the other non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets. The total anticipated revenue to the college is $6,508,673, based on renewal options and escalation clauses over the maximum 30 year term of the lease.

There were no lease payments to other state agencies or blended component units.

Operating Leases with external parties

At June 30, 2012, liabilities for future years are as follows:

Year Ended June 30	Operating Leases with External Parties
2013	252,892
2014	238,581
2015	238,912
2016	162,521
2017	10,500
Total	$ 903,406

At June 30, 2011, liabilities for future years are as follows:

Year Ended June 30	Operating Leases with External Parties
2012	245,769
2013	220,262
2014	220,581
2015	220,912
2016	144,521
Total	$ 1,052,045

NOTE 12 - LEASE OBLIGATIONS, continued

Operating Leases with external parties, continued

Facilities Leased to Others at June 30, 2012

	Operating leases with discretely presented component units	Operating leases with external parties
Land and improvements	$ 89,740	$ 296,931
Buildings and improvements	-	9,174,218
Less: Accumulated Depreciation	-	(1,337,742)
Total Carrying Value	$ 89,740	$ 8,133,407

Facilities Leased to Others at June 30, 2011

	Operating leases with discretely presented component units	Operating leases with external parties
Land and improvements	$ 89,740	$ 296,931
Buildings and improvements	-	9,174,218
Less: Accumulated Depreciation	-	(1,038,303)
Total Carrying Value	$ 89,740	$ 8,432,846

Future minimum payments to be received:

Operating Lease Revenue at June 30, 2012

Year Ended June 30	Operating leases with discretely presented component units	Operating leases with external parties
2013	$ 2	$ 464,560
2014	2	418,144
2015	2	418,144
2016	2	440,227
2017	2	455,892
2018-2022	10	2,353,834
2023-2027	10	2,584,215
2028-2032	10	2,814,551
2033-2037	8	3,225,377
2038-2040	1	2,165,491
Total	$ 49	$ 15,340,435

NOTE 12 - LEASE OBLIGATIONS, continued

Operating Leases with external parties, continued

Future minimum payments to be received:

Operating Lease Revenue at June 30, 2011

Year Ended June 30	Operating leases with discretely presented component units	Operating leases with external parties
2012	$ 2	$ 463,240
2013	2	418,144
2014	2	418,144
2015	2	418,144
2016	2	440,227
2017-2021	10	2,307,754
2022-2026	10	2,538,147
2027-2031	10	2,768,485
2032-2036	9	3,067,541
2037-2040	2	2,915,024
Total	$ 51	$ 15,754,850

NOTE 13 - SHORT-TERM DEBT

The college had no short-term debt during the year ended June 30, 2012 or the year ended June 30, 2011.

NOTE 14 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2012 and June 30, 2011, are summarized as follows:

Payables:	2012	2011
Accounts Payable Trade	$ 638,660	$ 1,967,617
Student Refunds	32,929	17,793
Accrued bond interest payable	306,003	309,671
Indirect Costs Payable	16,617	13,188
Total Accounts Payable	$ 994,209	$ 2,308,269
State Retirement withholding payable	602,354	580,046
Other withholdings	437,114	24,147
Total Payroll Liabilities	$ 1,039,468	$ 604,193

NOTE 15 – BONDS AND NOTES PAYABLE

Bonds Payable

Bonds payable consisted of the following at June 30, 2012:

	Rates	Dates	Original Debt	Balance
General Obligation Bonds				
Series 2005	3.5% to 4.4%	4/1/2015	11,565,000	1,535,000
Series 2005A	3.5% to 4.4%	4/1/2024	7,430,000	6,025,000
Series 2007	4.0% to 4.5%	4/1/2028	4,200,000	3,600,000
Series 2011A	2.5% to 4.1%	4/1/2032	5,615,000	5,615,000
Series 2012	2.0% to 3.0%	4/1/2026	7,770,000	7,770,000
Total Bonds Payable			$ 36,580,000	$ 24,545,000

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

	Rates	Dates	Original Debt	Balance
General Obligation Bonds				
Series 2002	3.5% to 5.0%	4/1/2012	$ 5,875,000	$ 245,000
Series 2005	3.5% to 4.4%	4/1/2026	11,565,000	9,335,000
Series 2005A	3.5% to 4.4%	4/1/2024	7,430,000	6,340,000
Series 2007	4.0% to 4.5%	4/1/2028	4,200,000	3,760,000
Total Bonds Payable			$ 29,070,000	$ 19,680,000

On March 20, 2012 Greenville County refinanced a portion of the Series 2005 General Obligation Bonds with General Obligation Refunding Bonds Series 2012 in the amount of $7,770,000. The par value of the refunded bonds was $7,320,000. The refunding of the bonds resulted in present value savings of $328,384 or 4.486%.

As part of the refinancing of the Series 2005 General Obligation Bonds $919,804, representing interest which the college was scheduled to pay on the original debt, was placed in an escrow account to pay the interest on the remaining debt from October 2012 through April 2015. Interest in the amount of $95,441 will be earned on the escrowed securities resulting in a net effect of $824,362 which the college recognized and will record as interest expense on the payment due dates between October 2012 and April 2015.

On July 26, 2011 Greenville County issued General Obligation Bonds Series 2011A in the amount of $5,615,000 to provide funding for the costs of the acquisition, construction, renovation, installation, furnishing and equipping of a building to house Information Technology and Logistics Operations (IT/Logistics building) on the Barton Campus. The IT/Logistics building was completed in the fall of 2011 and capitalized in the same fiscal year.

The Series 2005 bonds were used for the construction of a building on its Northwest Campus that was partially funded by a $2,000,000 grant from the Economic Development Administration (EDA). As a condition of the grant, the college entered into a twenty year mortgage agreement on the property with the EDA. The mortgage creates a contingent liability that would be imposed in the event that Greenville Technical College acted in a manner prohibited by the award. According to the agreement, the college may not transfer or convey, including leasing the property, without the written consent of the EDA. The college must maintain insurance coverage and must keep the property in good condition. The possibility

NOTE 15 – BONDS AND NOTES PAYABLE, continued

Bonds Payable, continued

of this mortgage resulting in a liability for the college is remote. Therefore, the contingent liability is not reflected in the college's financial statements.

The college amortizes bond issue or refinance costs over the remaining life of the bonds. The book value of these costs at June 30, 2012 is as follows:

Bond Issue and Refinance Costs	June 30, 2011	Additions	Expense Amortized 2012	June 30, 2012
2005 General Oblication Bond	$ 42,250	$ -	$ 9,750	$ 32,500
Certification of Participation Refinance	368,722	-	32,722	336,000
1998 and 2002 General Obligation Bond Refinance	231,000	-	16,500	214,500
2007 General Obligation Bond	63,750	-	63,750	-
2010 Certificate of Participation	122,222	-	15,278	106,944
2011A General Obligation Bond	-	142,130	6,768	135,362
2012 General Obligation Bond		167,082		167,082
Total Bond Issue and Refinance Costs	$ 827,944	$ 309,212	$ 144,768	$ 992,388

The college amortizes bond issue or refinance costs over the remaining life of the bonds. The book value of these costs at June 30, 2011 is as follows:

Bond Issue and Refinance Costs	June 30, 2010	Additions	Expense Amortized 2011	June 30, 2011
2005 General Oblication Bond	$ 45,500	$ -	$ 3,250	$ 42,250
Certification of Participation Refinance	432,000	-	63,278	368,722
1998 and 2002 General Obligation Bond Refinance	247,500	-	16,500	231,000
2007 General Obligation Bond	67,500	-	3,750	63,750
2010 Certificate of Participation	-	137,500	15,278	122,222
Total Bond Issue and Refinance Costs	$ 792,500	$ 137,500	$ 102,056	$ 827,944

NOTE 15 – BONDS AND NOTES PAYABLE, continued

Bonds Payable, continued

The college recognizes a liability for prepaid interest and premiums resulting from bond issues. The revenue is recognized annually over the life of the bond.

A summary of the activity for the fiscal year ended June 30, 2012 is as follows:

Revenue from Refinance/Bond Issuance	June 30, 2011	Additions	Interest Amortized 2011	June 30, 2012
Deferred Revenue Northwest	$ 3,656	$ -	$ 222	$ 3,435
2011A General Obligation Bond Premium	-	165,671	7,889	157,782
2012 General Obligation Bond Premium	-	541,444	-	541,444
	$ 3,656	$ 707,115	$ 8,111	$ 702,661

The college recognized a liability for prepaid interest related to the refinance of the 1999 Certificates of Participation. This revenue is recognized annually over the life of the refinance. In October 2010 the 1999 Certificate of Participation was refunded and therefore the remaining revenue was recognized in fiscal year 2011.

A summary of the activity for the fiscal year ended June 30, 2011 is as follows:

Revenue from Refinance	June 30, 2010	Interest Income Recognized 2011	June 30, 2011
Deferred Revenue - 1999 Certificate of Participation	$ 168,097	168,097	-

Greenville County bonds are general obligation bonds of the County and are backed by the full faith, credit and taxing power of the County. The County supports the operations of the college with annual appropriations sufficient to meet the annual debt service requirements of the bonds.

The scheduled maturities of the bonds payable by type at June 30, 2012 are as follows:

Greenville County Bonds	Principal	Interest	Payments
2013	1,425,000	832,947	2,257,947
2014	1,475,000	791,444	2,266,444
2015	1,540,000	756,744	2,296,744
2016	1,665,000	708,069	2,373,069
2017	1,720,000	655,144	2,375,144
2018-2022	7,905,000	2,429,856	10,334,856
2023-2027	6,730,000	1,050,794	7,780,794
2028 - 2032	2,085,000	233,838	2,318,838
Total	$ 24,545,000	7,458,836	32,003,836

NOTE 15 – BONDS AND NOTES PAYABLE

Bonds Payable, continued

The scheduled maturities of the bonds payable by type at June 30, 2011 are as follows:

Greenville County Bonds	Principal	Interest	Payments
2012	$ 1,200,000	804,382	2,004,382
2013	1,225,000	759,557	1,984,557
2014	1,270,000	712,208	1,982,208
2015	1,325,000	663,107	1,988,107
2016	1,370,000	609,207	1,979,207
2017-2021	6,525,000	2,219,777	8,744,777
2022-2026	6,180,000	896,479	7,076,479
2027-2028	585,000	39,469	624,469
Total	$ 19,680,000	6,704,188	26,384,188

Notes Payable

The college had no notes payable at the year ended June 30, 2012 or the year ended June 30, 2011.

NOTE 16 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012 follows:

	June 30, 2011	Additions	Reductions	June 30, 2012	Due Within One Year
Bonds and Notes Payable					
County Bonds	$ 19,680,000	13,385,000	8,520,000	24,545,000	1,425,000
Capital Lease Obligations	24,720,000	-	1,970,000	22,750,000	2,035,000
Accrued Compensated Absences	3,539,920	103,058	1,953	3,641,025	377,210
Total Long-Term Liabilities	$ 47,939,920	13,488,058	10,491,953	50,936,025	3,837,210

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

	June 30, 2010	Additions	Reductions	June 30, 2011	Due Within One Year
Bonds and Notes Payable					
County Bonds	$ 20,840,000		1,160,000	19,680,000	1,200,000
Capital Lease Obligations	26,800,000	8,290,000	10,370,000	24,720,000	1,970,000
Accrued Compensated Absences	3,385,282	1,700,809	1,546,171	3,539,920	339,478
Total Long-Term Liabilities	$ 51,025,282	9,990,809	13,076,171	47,939,920	3,509,478

Additional information regarding Bonds Payable is included at Note 15, and additional information regarding Capital Lease Obligations is included at Note 12.

NOTE 17 - 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 the Greenville Tech Foundation, Inc. The activities of these entities are not included in the college's financial statements. However, the college's statements include transactions between the college and these related parties.

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 between this entity and the college for the year ended June 30, 2012.

The Greenville Tech Foundation, Inc.

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

The college recorded non-governmental gifts receipts of $189,759 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2012 and $124,485 for the fiscal year ended June 30, 2011.

These funds were used to support college programs such as scholarships. The Foundation reimburses the college for any purchases made by the college on behalf of the Foundation.

The Foundation's net assets as of December 31, 2011 were $7,761,454. The Foundation's net assets as of June 30, 2011 were $9,263,353.

Related party receivables and payables as of June 30, 2012 and June 30, 2011 are as follows:

	June 30, 2012	June 30, 2011
Due from the Foundation	$ 98,223	$ -
Due to the Foundation	$ 9,809	$ -

NOTE 18 - 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.

NOTE 18 - 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
Real property, its contents, and other equipment
Motor vehicles and watercraft
Torts
Natural disasters
Medical malpractice claims against the Infirmary

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 19 – REVENUES

Revenues for tuition and fees and auxiliary enterprise services are shown in the statement of Revenues, Expenses and Changes in Net Assets, net of scholarship allowances and bad debt expense. The detail is as follows:

	2012	2011
Total Student Tuition and Fees	56,263,575	54,860,467
Less: Scholarship Allowance	(24,295,098)	(24,955,811)
Less: Bad Debt Expense	(563,282)	(878,875)
Student Tuition and Fees, net	$ 31,405,195	$ 29,025,781
Auxiliary Enterprises Revenue	8,931,925	9,074,341
Less: Scholarship Allowance	(2,853,753)	(3,163,160)
Less: Bad Debt Expense	(89,422)	(144,389)
Auxiliary Enterprises, net	$ 5,988,750	$ 5,766,792

NOTE 20 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2012 are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	$ 30,717,836	8,132,538	-	-	6,329,603	-	45,179,977
Academic Support	5,966,325	1,743,843	-	-	2,318,918	-	10,029,086
Student Services	4,122,756	1,189,154	-	-	1,360,339	-	6,672,249
Operation and Maintenance of Plant	3,353,140	838,126	-	2,934,408	4,015,525	-	11,141,199
Institutional Support	3,661,791	1,076,497	-	-	1,477,225	-	6,215,513
Scholarships & Fellowships	-	-	19,654,204	-	-	-	19,654,204
Auxiliary Enterprises	388,569	82,603	-	-	6,913,346	-	7,384,518
Depreciation	-	-	-	-	-	4,792,751	4,792,751
Total Operating Expenses	$ 48,210,417	13,062,761	19,654,204	2,934,408	22,414,956	4,792,751	111,069,497

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

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	$ 30,826,110	7,890,813	-	-	6,869,293	-	45,586,216
Academic Support	6,074,118	1,745,048	-	-	2,872,767	-	10,691,933
Student Services	3,724,741	1,065,656	-	-	2,316,271	-	7,106,668
Operation and Maintenance of Plant	3,342,952	794,866	-	2,842,110	4,208,466	-	11,188,394
Institutional Support	3,620,838	1,054,402	-	-	2,894,572	-	7,569,812
Scholarships & Fellowships	-	-	20,936,713	-	-	-	20,936,713
Auxiliary Enterprises	286,497	56,345	-	-	7,476,711	-	7,819,553
Depreciation	-	-	-	-	-	5,853,045	5,853,045
Total Operating Expenses	$ 47,875,256	12,607,130	20,936,713	2,842,110	26,638,080	5,853,045	116,752,334

NOTE 21 – STATEMENT OF ACTIVITIES

REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES
FOR INCLUSION IN STATE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDING JUNE 30, 2012

	2012	2011	Increase/ (Decrease)
Charges for services	$ 54,786,584	$ 53,296,070	$ 1,490,514
Operating grants and contributions	45,096,825	51,256,724	(6,159,899)
Other Operation Revenue	1,209,979	1,059,622	150,357
Capital grants and contributions	-		-
Less: expenses	(113,078,391)	(118,489,561)	5,411,170
Net program revenue (expense)	(11,985,003)	(12,877,145)	892,142
Transfers:			
State appropriations	15,314,378	15,033,690	280,688
State capital appropriations	1,742,744	614,729	1,128,015
Other transfers in from state agencies/ funds	-	7,200	(7,200)
Total general revenue and transfers	17,057,122	15,655,619	1,401,503
Change in net assets	5,072,119	2,778,474	2,293,645
Net assets-beginning	85,322,457	82,543,983	2,778,474
Net assets-ending	$ 90,394,576	$ 85,322,457	$ 5,072,119

NOTE 22 – TRANSACTIONS WITH OTHER AGENCIES

The college had significant transactions with the State of South Carolina and various agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

NOTE 23 – NON-OPERATING STABILIZATION EXPENSES BY FUNCTION

The college incurred expenses of $1,594,005 during fiscal year 2012 and $5,755,768 during fiscal year 2011 under American Recovery and Reinvestment Act (ARRA) funding. These funds were awarded to the college via pass-through funding from the U.S Department of Education (State Fiscal Stabilization Funds), U.S. Department of Labor (Workforce Investment Act), U.S. Department of Energy (State Energy Program), and U.S. Department of Social Services (Childcare Career Development). The schedules below list the individual funds and expenses by functional classification.

NOTE 23 – NON-OPERATING STABILIZATION EXPENSES BY FUNCTION, continued

Fund	Funds Expensed Through June 30, 2012	Funds Expensed Through June 30, 2011
ARRA - Federal College Work Study	$ -	$ -
ARRA - Solar Energy Training Center	5,553	18,936
ARRA - Geothermal Training Center	18,523	6,477
ARRA - Stabilization Funds	1,222,257	5,142,789
ARRA - SEP Energy Project	104,615	58,591
ARRA - BTOP Broadband Technology	227,366	202,323
ARRA - QuickJobs Adult Program	-	85,721
ARRA - QuickJobs Youth Activities	-	-
ARRA - QuickJobs Dislocated Workers	-	38,450
ARRA - Childcare Career Development	-	196,933
ARRA - ABC Material Grant	-	39
ARRA - ABC Child Care Program	15,691	5,509
Total expenditures incurred	$ 1,594,005	$ 5,755,768

Expenses by functional classification for the year ended June 30, 2012 are shown below.

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Deprecation	Total
Instruction	$ 8,509	237	-	-	336,606	-	$ 345,352
Academic Support	3,275	795	-	-	300,387	-	304,457
Student Services	-	-	-	-	50,699	-	50,699
Operation and Maintenance of Plant	-	-	-	-	733,871	-	733,871
Institutional Support	-	-	-	-	159,626	-	159,626
Scholarships & Fellowships	-	-	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Total Non-Operating Stabilization Expenses	$ 11,784	1,032	-	-	1,581,189	-	$ 1,594,005

NOTE 23 – NON-OPERATING STABILIZATION EXPENSES BY FUNCTION, continued

Expenses by functional classification for the year ended June 30, 2011 are shown below.

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Deprecation	Total
Instruction	$ 48,199	10,971	-	-	342,873	-	$ 402,043
Academic Support	10,670	2,650	-	-	200,514	-	213,834
Student Services	-	-	-	-	1,435	-	1,435
Operation and Maintenance of Plant	-	-	-	-	2,050,256	-	2,050,256
Institutional Support	-	-	-	-	3,039,962	-	3,039,962
Scholarships & Fellowships	-	-	48,238	-	-	-	48,238
Auxiliary Enterprises	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Total Non-Operating Stabilization Expenses	$ 58,869	13,621	48,238	-	5,635,040	-	$ 5,755,768

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION

The college's component unit, Greenville Tech Foundation, Inc. is a separate legal entity. The Foundation issues its own audited financial statements. The consolidated statements of financial position and statement of activities are shown on pages 22, and 23-24, respectively. Following are the footnotes associated with those statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of organization

Greenville Tech Foundation, Inc. (the "Foundation") was founded in 1973 in Greenville, South Carolina as an eleemosynary organization. The primary objective of the Foundation is to support education at Greenville Technical College (the "College") through financial assistance to the College and its students. During December 2002, the Foundation formed a wholly owned subsidiary, GTF McAlister, LLC to manage the daily operations of the McAlister Square facility. In 2004, the Foundation formed a wholly owned subsidiary, GTF Student Housing, LLC. This subsidiary is responsible for the building and maintenance of student housing on the Greenville Technical College campus. Student housing opened during the fall semester of 2006. During 2008, the Foundation formed a wholly owned subsidiary, Brashier Charter, LLC. This subsidiary is responsible for the construction of a classroom building and gymnasium on the Brashier Campus of Greenville Technical College. Construction began on this project in the fall of 2008, and the building opened in August 2009. In April 2010, the Foundation formed a wholly owned subsidiary, New Economic Opportunity Network, LLC ("NEON"). The mission of NEON is to assist community and economic development in South Carolina using the Federal New Markets Tax Credit program. During 2011, the Foundation changed its fiscal year from June 30 to December 31. This change served to facilitate timely finalization of reporting for inclusion in Greenville Technical College's audit and to align the fiscal year with that of most corporate and individual donors. As presented in the financial statements, the six-month period ended December 31, 2011 is from July 1, 2011 to December 31, 2011 and the twelve-month period ended June 30, 2011 is from July 1, 2010 to June 30, 2011.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenditures are recognized when incurred.

Income taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). However, any income from activities not directly related to the Foundation's tax-exempt purpose would be subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A). The Foundation is classified by the Internal Revenue Service as a Section 509(a)(3) functionally integrated Type III supporting organization. Tax exempt status arises from the fact that the Foundation's sole reason for existence is as a support organization for Greenville Technical College.

NEON has elected to file as a C-Corporation and is subject to income taxes. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. No provision for income taxes has been recorded in the accompanying financial statements. The Financial Accounting Standards Board ("FASB") has updated generally accepted accounting principles (GAAP) to clarify the accounting for uncertainty in income taxes recognized in a Foundation's financial statements. GAAP now prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, and disclosure.

Management has evaluated the tax positions of the Foundation and does not believe that any uncertain tax positions or unrecognized tax benefits exist for the periods ended December 31, 2011 and June 30, 2011, respectively. The Foundation's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense. With few exceptions, the Foundation is no longer subject to income tax examinations by the U. S. federal, state or local tax authorities for years before 2008.

Principles of consolidation

The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiaries, GTF McAlister, LLC; GTF Student Housing, LLC; Brashier Charter, LLC and NEON. All material intra-entity accounts and transactions have been eliminated.

Accounting for contributions

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

NOTE 24 – COMPONENT UNIT INFORMATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by action of the Foundation and/or passage of time.
- Permanently restricted net assets - Net assets required by the donor to be held in perpetuity.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributions of assets and equipment other than cash are recorded at their estimated fair value.

During the periods ended December 31, 2011 and June 30, 2011, the Foundation did not capitalize any donations of property and equipment received. The Foundation received noncash equipment donations of $425,740 and $210,537 during the periods ended December 31, 2011 and June 30, 2011, respectively. The noncash equipment contributions were in turn used by Greenville Technical College and are reported as equipment purchases/gifts-in-kind in the accompanying consolidated statements of activities.

Cash and cash equivalents

For purposes of the statements of cash flows, the Foundation considers cash accounts which are not subject to withdrawal restrictions or penalties, money market accounts and certificates of deposit with original maturities of 90 days or less to be cash and cash equivalents.

Investments

The Foundation records investments at fair value. Realized and unrealized gains and losses are reported on the consolidated statements of activities. See Note T for discussion of fair value measurements.

Accounts receivable

GTF McAlister, LLC's management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

GTF Student Housing, LLC leases housing units to students of Greenville Technical College. The subsidiary's accounts receivable are due from the students and are generally uncollateralized. Management closely monitors outstanding accounts receivable and establishes an allowance for doubtful accounts for any balances that are determined to be uncollectible. As of December 31,

NOTE 24 – COMPONENT UNIT INFORMATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2011 and June 30, 2011, the subsidiary established an allowance for doubtful accounts in the amount of approximately $140,000 and $53,000, respectively.

Student loans receivable

Student loans receivable are unsecured short-term loans made to College students typically for periods of 2 to 6 months. These loans bear no interest if paid on a timely basis. If payments are late, the loans bear 1.5% interest monthly as well as a one-time late fee in the first late month. In management's opinion, no allowance for uncollectible student loans receivable is necessary.

Pledges receivable

Pledges receivable are recorded when the donor makes a promise to give. In management's opinion, no allowance for uncollectible pledges receivable is necessary.

Charitable remainder trusts receivable

Charitable remainder trusts represent assets that are currently held in trust for the benefit of designated income beneficiaries. Upon the death of the beneficiaries or designation by the agreement, the assets held in trust will be distributed to the Foundation based upon the provisions of the trust, principally for unrestricted use. The value of assets and liabilities of the charitable remainder trusts is estimated using a discount rate for each individual trust. Under these trusts, the Foundation is not the trustee. Therefore, a receivable is recorded based on the current fair value of the assets in the trust in the year in which the Foundation is notified of the gift's existence. The receivable is adjusted to the net present value based on expected growth, payouts and discount rate over the expected lives of the creators.

Property and equipment

The Foundation follows the practice of capitalizing all purchases for land, building and equipment in excess of $1,000. The fair value of any donated land, buildings and equipment is similarly capitalized. Donations of equipment consisting of auto and aircraft parts used in the maintenance programs at the College are generally not capitalized due to the nature and use of these items. Instead, the parts are recorded as College support expense. The cost of buildings, leasehold improvements and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method as follows:

Buildings and leasehold improvements	40 years
Furniture and fixtures, equipment, automobiles and aircraft	3 -10 years

Donations of property and equipment are recorded as support at their estimated fair values on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions for cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of the donor restrictions.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (when the stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Transfers

Transfers primarily consist of changes received from donors as to donor-imposed stipulations and contribution reclassification for establishment of endowments when contributed amounts meet the endowment criteria for required funding levels.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts from the prior period have been reclassified during the current period for ease of comparison on the financial statements. These reclassifications resulted in no change to the previously reported net assets or changes in net assets of the Foundation.

Subsequent events

Management has evaluated subsequent events through August 23, 2012, which is the date that these financial statements were available to be issued.

B. RESTRICTED CASH

In relation to the Student Housing construction project, the financial institution required the Foundation to establish a Capital Repairs, Replacement and Maintenance Fund with the financial institution. Monies are deposited into this fund on a monthly basis to fund the cost of capital expenditures associated with the operations of the project. Disbursements from this capital fund shall be approved by the financial institution prior to any disbursements to the Foundation. At December 31, 2011 and June 30, 2011, cash restricted for this purpose totaled $339,150 and $305,947, respectively.

Student Housing restricted cash also includes funds received as security deposits paid by tenants totaling $68,034 and $32,211 at December 31, 2011 and June 30, 2011, respectively.

In relation to the Brashier Charter, LLC Economic Development Revenue Bonds (Note 13), the financial institution required the Foundation to maintain a debt service account to cover the minimum debt service payments on the bonds. At December 31, 2011 and June 30, 2011, cash restricted for this purpose totaled $84,764 and $147,160, respectively. Additionally, the Foundation was required to establish a Capital Repairs, Replacement and Maintenance Fund with a financial institution. Monies are deposited into this fund on a monthly basis to fund the cost of capital expenditures associated with the operations of the project. At December 31, 2011 and June 30, 2011, cash restricted for this purposes totaled $13,197 and $10,542, respectively.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

B. RESTRICTED CASH, continued

The Foundation is holding cash balances restricted by donors in the amount of $885,022 and $762,510 as of December 31, 2011 and June 30, 2011, respectively. The Foundation also holds cash funds of $508,482 and $813,152 as of December 31, 2011 and June 30, 2011, respectively, in its investment accounts.

C. CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances at several financial institutions. Interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, plus an unlimited amount on non-interest bearing accounts. The cash balances held in broker accounts are insured by the Securities Investor Protection Corporation to a maximum of $100,000. At times the Foundation's cash balances on deposit at these financial institutions are in excess of the federally insured limits.

D. PLEDGES RECEIVABLE

The pledges receivable are unconditional and due over five years. Uncollectible promises are expected to be insignificant. Pledges are discounted using a net present value calculation and an effective rate of 3.25%.

Unconditional promises to give as of December 31, 2011 and June 30, 2011 are:

	December 31, 2011	June 30, 2011
Receivable in less than one year	$ 118,659	$ 46,650
Receivable in one to five years	92,917	39,783
	211,576	86,433
Less: discount to net present value	(11,130)	(5,388)
Pledges receivable (net)	$ 200,446	$ 81,045

E. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of December 31, 2011 and June 30, 2011:

	December 31, 2011	June 30, 2011
Accounts receivable, trade	$ 33,891	$ 45,755
Student housing other receivable	26,993	0
Student housing leases receivable	214,323	263,591
Less: allowance for loss	(139,815)	(53,022)
Accounts receivable (net)	$ 135,392	$ 256,324

F. CASH SURRENDER VALUE OF LIFE INSURANCE

The Foundation is the owner and beneficiary of several life insurance policies with aggregate cash surrender values of approximately $33,000 at December 31, 2011 and June 30, 2011.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

G. CHARITABLE REMAINDER TRUSTS RECEIVABLE

The Foundation is the beneficiary of several charitable remainder trusts with aggregate values of $79,627 and $118,049 at December 31, 2011 and June 30, 2011, respectively.

H. INVESTMENTS

Investments of the Foundation are recorded at fair value as determined by quoted market prices.

The fair values and respective cost basis of investments at December 31, 2011 and June 30, 2011 are as follows:

	December 31, 2011			June 30, 2011		
	Fair Value	Cost	Unrealized Appreciation / (Depreciation)	Fair Value	Cost	Unrealized Appreciation / (Depreciation)
US Government securities	$ 811,186	$ 746,978	$ 64,208	$ 966,379	$ 929,592	$ 36,787
Mutual funds	1,670,627	1,684,786	(14,159)	691,239	638,209	53,030
Corporate bonds	578,840	550,069	28,771	785,438	737,399	48,039
Mortgage backed securities	260,212	249,219	10,993	363,343	231,192	132,151
Common stocks	2,002,773	1,813,150	189,623	2,309,725	1,931,082	378,643
	$ 5,323,638	$ 5,044,202	$ 279,436	$ 5,116,124	$ 4,467,474	$ 648,650

The composition of the investment return for the periods ended December 31, 2011 and June 30, 2011:

	December 31, 2011	**June 30, 2011**
Interest and dividends	$ 121,330	$ 201,314
Fees	(25,777)	(44,040)
Unrealized/realized gains (losses)	(190,842)	542,288
	$ (95,289)	$ 699,562

I. ENDOWMENT

The Foundation's endowment funds consist of 117 individual funds established for a variety of purposes.

The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of December 31, 2011:

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted – Corpus	Total
Endowment Funds	$ -	$ 1,488,606	$ 245,950	$ 3,951,342	$ 5,685,898

NOTE 24 – COMPONENT UNIT INFORMATION, continued

I. ENDOWMENT, continued

Endowment net asset composition by type of fund as of June 30, 2011:

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted – Corpus	Total
Endowment Funds	$ -	$ 1,536,847	$ 249,011	$ 3,703,590	$ 5,489,448

Changes in endowment net assets for the periods ended December 31, 2011 and June 30, 2011, respectively:

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted – Corpus	Total
Endowment net assets, June 30, 2010	$ -	$ 1,272,496	$ (68,449)	$ 3,293,549	$ 4,497,596
Investment return:					
Investment income, net	-	29,899	91,922	-	121,821
Change in value of CSV and CRUTs	-	423,177	(57)	-	423,120
Net appreciationrealized and unrealized	-	112,151	332,558	-	444,709
Contributions	-	2,750	-	335,664	338,414
Transfers	-	-	-	74,377	74,377
Appropriations of endowment assets for expenditure	(410,589)	-	-	-	(410,589)
Net Assets released from restrictions	410,589	(303,626)	(106,963)	-	-
Endowment net assets, June 30, 2011	-	1,536,847	249,011	3,703,590	5,489,448
Investment return:					
Investment income, net	-	18,500	64,683	-	83,183
Change in value of CSV and CRUTs	-	(38,422)	-	-	(38,422)
Net appreciation realized and unrealized	-	(28,818)	(132,739)	-	(161,557)
Contributions	-	1,103	434,658	184,218	619,979
Transfers	-	-	-	63,534	63,534
Appropriations of endowment assets for expenditure	(370,267)	-	-	-	(370,267)
Net Assets released from restrictions	370,267	(604)	(369,663)	-	-
Endowment net assets, December 31, 2011	$ -	$ 1,488,606	$ 245,950	$ 3,951,342	$ 5,685,898

Interpretation of relevant law

During 2008 the South Carolina Legislature enacted the South Carolina Uniform Prudent Management of Institutional Funds Act. The Board of Directors has interpreted this act as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Greenville Tech Foundation, Inc. classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the South Carolina Uniform Prudent Management of Institutional Funds Act. In accordance with this act, the organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

NOTE 24 – COMPONENT UNIT INFORMATION, continued

I. ENDOWMENT, continued

(1) The duration and preservation of the fund
(2) The purposes of Greenville Tech Foundation, Inc. and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that achieve a target rate of return of 5% net of fees.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that seeks to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

The Foundation has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the prior 4 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with Greenville Tech Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

J. INTANGIBLE ASSETS

In July of 2008, Brashier Charter, LLC was granted variable rate Economic Development Revenue bonds of $8,410,000 by the South Carolina Jobs - Economic Development Authority to construct a classroom building and gymnasium on the Brashier Campus of Greenville Technical College. Bond issuance costs of $189,600 were reimbursed by the bond proceeds and will be amortized over the life of the bonds.

Effective March 1, 2010, GTF Student Housing, LLC’s Economic Development Revenue Bonds were converted to a note payable, and the remaining unamortized balance of the bond issuance costs of $436,170 was written off as a cost of financing. Loan costs related to the note payable of $107,241 were capitalized and will be amortized over the life of the note.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

J. INTANGIBLE ASSETS, continued

The Foundation's loan costs consisted of the following at December 31, 2011 and June 30, 2011:

	December 31, 2011	June 30, 2011
Loan Costs	$ 296,841	$ 296,841
Less: Accumulated Amortization	(29,825)	(24,565)
	$ 267,016	$ 272,276

Amortization expense for the periods ended December 31, 2011 and June 30, 2011, respectively, was $5,260 and $6,320, respectively.

Future amortization expense of these loan costs for the years ending December 31 are:

2012	$ 10,498
2013	10,498
2014	10,498
2015	10,498
2016	10,498
Thereafter	214,526
	$ 267,016

K. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31, 2011:

	Greenville Tech Foundation, Inc	GTF McAlister, LLC	GTF Student Housing, LLC	Brashier Charter, LLC	Consolidated
Furniture and fixtures	$ 4,000	$ -	$ 733,261	$ -	$ 737,261
Equipment	425,520	36,409	-	-	461,929
Automobiles and aircraft	107,000	-	-	-	107,000
Buildings	-	2,198,633	15,285,527	8,280,396	25,764,556
Leasehold improvements	-	6,005,899	-	-	6,005,899
Land	603,964	-	-	-	603,964
	1,140,484	8,240,941	16,018,788	8,280,396	33,680,609
Less: Accumulated depreciation	526,241	2,579,621	2,455,439	481,848	6,043,149
	$ 614,243	$ 5,661,320	$ 13,563,349	$ 7,798,548	$ 27,637,460

NOTE 24 – COMPONENT UNIT INFORMATION, continued

K. PROPERTY AND EQUIPMENT, continued

The following is a summary of property and equipment at June 30, 2011:

	Greenville Tech Foundation, Inc	GTF McAlister, LLC	GTF Student Housing, LLC	Brashier Charter, LLC	Consolidated
Furniture and fixtures	$ 4,000	$ -	$ 731,713	$ -	$ 735,713
Equipment	425,520	36,409	-	-	461,929
Automobiles and aircraft	107,000	-	-	-	107,000
Buildings	-	2,198,633	15,256,202	8,280,396	25,735,231
Leasehold improvements	-	5,686,875	-	-	5,686,875
Land	621,056	-	-	-	621,056
	1,157,576	7,921,917	15,987,915	8,280,396	33,347,804
Less: Accumulated depreciation	501,281	2,391,076	2,226,213	378,343	5,496,913
	$ 656,295	$ 5,530,841	$ 13,761,702	$ 7,902,053	$ 27,850,891

Depreciation expense for the six-month and twelve-month periods ending December 31, 2011 and June 30, 2011 was $564,014 and $1,067,021, respectively.

L. NOTES PAYABLE

	December 31, 2011	June 30, 2011
Note payable to a bank by GTF McAlister, LLC; due in monthly principal payments of $20,834 plus interest at LIBOR plus 1.50% (approximately 1.77% and 1.69% at December 31, 2011 and June 30, 2011, respectively); matures October 1, 2013; secured by all McAlister Square property and equipment.	$ 2,235,582	$ 2,360,586
Note payable to a bank by GTF Student Housing, LLC; due in monthly installments of principal plus interest at 67% of 1-month LIBOR plus 3.00% (approximately 2.19% and 2.14% at December 31, 2011 and June 30, 2011, respectively); matures November 1, 2035; secured by mortgage.	13,600,000	13,800,000
	$ 15,835,582	$ 16,160,586

Provisions of the above bank debt agreements require the Foundation to maintain certain financial ratios such as debt service ratios, establish bank accounts for capital repairs, replacement and maintenance and debt service and certain other covenants which require or restrict other actions. The Foundation was not in compliance with certain covenants as of December 31, 2011. Subsequent to period end, the Foundation entered into a debt modification agreement, which altered these covenants and the collateralization of certain loans (see Note V).

The future maturities of debt are as follows for years ending December 31:

2012	$ 636,008
2013	2,385,574
2014	422,000
2015	436,000
2016	458,000
Thereafter	11,498,000
	$ 15,835,582

NOTE 24 – COMPONENT UNIT INFORMATION, continued

M. BONDS PAYABLE

Economic Development Revenue Bonds of $8,410,000 were issued to the Foundation through Brashier Charter, LLC by the South Carolina Jobs - Economic Development Authority (JEDA) to construct a classroom building and gymnasium on one of the Greenville Tech College campuses. The bonds bear interest at a variable weekly rate determined by the issuing bank's remarketing agent. The interest rate was 0.47% and 0.58% at December 31, 2011 and June 30, 2011, respectively. The agreement requires annual sinking fund payments of principal ranging from $130,000 to $530,000 plus interest, which began July 7, 2010, when the amount deposited into the capitalized interest account was depleted. Payments for the six-month and twelve-month periods ended December 31 and June 30, 2011 total $288,423 and $424,985, respectively. Sinking fund payments will continue through maturity on December 1, 2038. As disclosed in Note 14, the Foundation was required to obtain an irrevocable letter of credit in connection with the issuance of the bonds as security for payment of principal and interest on the bonds. The balance of these bonds payable totaled $8,145,000 and $8,280,000 as of December 31, 2011 and June 30, 2011, respectively.

Schedule of maturities for years ending December 31:

2012	$ 145,000
2013	150,000
2014	155,000
2015	165,000
2016	170,000
Thereafter	7,360,000
	$ 8,145,000

N. LETTERS OF CREDIT

The Foundation, through its subsidiary, Brashier Charter, LLC, has available an irrevocable letter of credit from a financial institution in the amount of $8,145,000. This letter of credit was obtained as part of the issuance of the Economic Development Revenue Bonds discussed in Note 13. The letter of credit provides security for the payment of principal and interest on the bonds. The amount supporting principal is $8,145,000 and the amount supporting an interest component of up to forty days is $89,260. The letter of credit is collateralized by the building constructed by the bond proceeds. The letter expires July 10, 2013 and may be renewed or extended upon approval of request made by the financial institution.

Brashier Charter, LLC, through the letter of credit is subject to maintaining a debt service coverage ratio as determined by the issuing financial institution. The agreement also requires the Foundation to submit audited financial statements within 90 days of year end. Due to the change in the year end, the Foundation was not in compliance with this covenant for the period ending December 31, 2011 and is in the process of obtaining a formal waiver from the bank.

O. SWAP AGREEMENTS

The Foundation through GTF McAlister, LLC, GTF Student Housing, LLC and Brashier Charter, LLC subsidiaries used variable-rate debt to finance its mortgage on the McAlister property, the 2005 Economic Development Revenue Bonds for the construction of student housing on the Greenville Tech College campus, and to finance the 2008 Economic Development Revenue Bonds for the construction of the classroom building and gymnasium on the Greenville Tech College Brashier campus (see Notes L and M). The debt obligations expose the Foundation to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of its interest payments. To meet

NOTE 24 – COMPONENT UNIT INFORMATION, continued

O. SWAP AGREEMENTS, continued

this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk. These swaps changed the variable-rate cash flows exposure on the debt obligations to fixed-cash flows. Under the terms of the interest rate swaps, the Foundation receives variable interest rate payments and makes fixed interest rate payments, thereby creating the equivalent of fixed-rate debt.

By using a derivative financial instrument to hedge its exposure to changes in interest rates, the Foundation exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Foundation, which creates credit risk for the Foundation. When the fair value of the derivative contract is negative, the Foundation owes the counterparty and, therefore, it does not possess credit risk. The Foundation minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing the monitoring parameters that limit the types and degree of market risk that may be undertaken.

The Foundation entered into a $1,250,000 U. S. Dollar Swap Transaction with a bank with an effective date of October 1, 2003, and a termination date of October 1, 2013. The swap was executed with the purpose of fixing the rate on the mortgage. Under the terms of the agreement, the Foundation pays a fixed rate of 5.7% to Wells Fargo Bank on a monthly basis and, in return, Wells Fargo Bank pays the Foundation a variable rate equal to LIBOR plus 1.5%. At December 31, 2011 and June 30, 2011, the swap contract had an original notional amount of $1,250,000 and a current notional amount of $229,134 and $291,636, respectively. The difference between the interest earned and the interest obligation accrued is received or paid the first day of each month and is recorded as interest expense.

On November 15, 2005, the Foundation entered into an $8,150,000 U. S. Dollar Swap Transaction with an effective date of November 2, 2006, and a termination date of December 1, 2010. This contract was amended on November 27, 2007 and has a maturity date of December 1, 2017. The swap was executed with the purpose of fixing the rate on the bonds issued by the South Carolina Jobs - Economic Development Authority (JEDA). The JEDA bonds were converted to a note payable with SunTrust effective March 1, 2010. As part of this conversion, the interest rate swap was also amended February 4, 2010, and has a maturity date of December 1, 2017. Under the terms of the agreement, the Foundation paid a fixed rate of 3.68% per annum through December 6, 2007, a fixed rate of 3.64% per annum through February 4, 2010, and thereafter a fixed rate of 3.66% per annum to SunTrust Bank on a monthly basis, and in return, SunTrust Bank pays the Foundation a variable rate equal to 67% of USD-LIBOR one London Banking Day preceding the one month rate. At December 31, 2011 and June 30, 2011, the swap contract had an original notional amount of $11,726,250, and current notional amounts of $11,176,912 and $11,329,687, respectively. The difference between interest earned and the interest obligation accrued is received or paid the first day of each month and is recorded as interest expense.

On July 10, 2008, the Foundation entered into an $8,410,000 U. S. Dollar Swap Transaction with an effective date of July 10, 2008, and a termination date of December 1, 2038. The swap was executed with the purpose of fixing the rate on the bonds issued by the South Carolina Jobs - Economic Development Authority (JEDA). Under the terms of the agreement, the Foundation pays a fixed rate of 3.89% per annum to SunTrust Bank on a monthly basis and in return, SunTrust Bank pays the Foundation a variable rate equal to the USD-SIFMA Municipal Swap Index (Formerly USD-BMA Municipal Swap Index) plus .06% per annum. At December 31, 2011 and June 30, 2011, the swap contract had an original notional amount of $8,410,000 and current notional amounts of $8,145,000 and $8,280,000, respectively. The difference between interest earned and the interest obligation accrued is received or paid the first day of each month and is recorded as interest expense.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

O. SWAP AGREEMENTS, continued

See Note T for the fair value information regarding the interest rate swaps.

P. MCALISTER SQUARE OPERATIONS

On August 3, 1999, the Foundation purchased the common area, inner stores and main vehicle entrance of McAlister Square Mall in Greenville, South Carolina and Greenville Technical College purchased the three large department store areas and the parking lot. The Foundation and the College renovated certain portions of the mall which house student support services, governmental offices, non-profits, and local businesses. Daily management and leasing arrangements are handled for the Foundation through its wholly owned subsidiary, GTF McAlister, LLC. This agreement is through October 14, 2032, and provides that the Foundation is paid monthly support payments. On July 31, 2004, GTF McAlister, LLC contracted with Carolina Holdings, Inc., a property management company, to perform day-to-day management functions.

GTF McAlister, LLC leases space to tenants under operating leases which generally range from one to ten years. GTF McAlister, LLC is responsible for property taxes, maintenance and repairs. Substantially all leases include a charge for common area maintenance which is used to offset repair and maintenance costs incurred in common areas.

Minimum future lease receipts under operating leases are as follows:

2012	$ 1,034,942
2013	693,843
2014	332,010
2015	43,558
2016	12,938
	$ 2,117,291

Q. RELATED PARTY TRANSACTIONS

The Foundation pays Greenville Technical College $12,000 annually for equipment rental and communication services. GTF McAlister, LLC, a subsidiary of the Foundation, manages Greenville Technical College's portion of the McAlister Square Mall for a management fee of $14,250 per month. For the periods ended December 31, 2011 and June 30, 2011, management fees paid to GTF McAlister, LLC and the Foundation by the College totaled $85,500 and $171,000, respectively.

The College also reimbursed GTF McAlister, LLC and the Foundation for approximately two-thirds of common area maintenance (CAM) related expenses. At December 31, 2011 and June 30, 2011, GTF McAlister, LLC had a receivable due from the College for CAM expenses of $19,575 and $36,116, respectively.

The College also pays approximately two-thirds of capital repairs and improvements. During the periods ended December 31, 2011 and June 30, 2011 the College paid expenses in the amount of $19,575 and $221,205, respectively which reduced GTF McAlister deferred income.

The Foundation, through GTF Student Housing, LLC, leases land from Greenville Technical College for $1 annually. The initial term of this lease commenced on January 1, 2005 and extends for 30 years, ending December 31, 2034.

The Foundation, through Brashier Charter, LLC, leases land from Greenville Technical College for

NOTE 24 – COMPONENT UNIT INFORMATION, continued

Q. RELATED PARTY TRANSACTIONS, continued

$1 annually and the College leases from the Foundation, through Brashier Charter, LLC an educational facility.

The College pays certain expenses on behalf of the Foundation and its subsidiaries. At December 31, 2011, GTF Student Housing, LLC owed approximately $57,700 to the College for reimbursement of these expenses which is included in accounts payable on the accompanying consolidated statement of activities.

The initial term of this lease commenced May 13, 2008 and extends for 30 years, ending December 31, 2038. Base rent for this educational facility under this lease is an amount equal to the debt service payments owed by Brashier for the development/construction financing obtained by Brashier Charter, LLC plus additional amounts required by the lender under such financing, in its loan documents, to create and maintain certain reserves and a debt service coverage ratio.

R. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions as of December 31, 2011 consisted of the following support transferred out of temporarily and permanently restricted funds for payment by unrestricted funds.

	Temporarily Restricted	Permanently Restricted	Total
Scholarships	$ 148,079	$ -	$ 148,079
Student programs	14,398	-	14,398
College faculty/staff development	17,790	-	17,790
College departmental supplies & activities	86,838	-	86,838
Equipment purchases/gifts-in-kind	73,827	-	73,827
Miscellaneous expenses	121,070	-	121,070
Total Net Assets Released from Restrictions	$ 462,002	$ -	$ 462,002

Net assets released from restrictions as of June 30, 2011 consisted of the following support transferred out of temporarily and permanently restricted funds for payment by unrestricted funds.

	Temporarily Restricted	Permanently Restricted	Total
Scholarships	$ 170,212	$ -	$ 170,212
Student programs	140,374	-	140,374
College faculty/staff development	103,439	-	103,439
College departmental supplies & activities	135,623	-	135,623
Equipment purchases/gifts-in-kind	89,276	-	89,276
Miscellaneous expenses	131,655	-	131,655
Total Net Assets Released from Restrictions	$ 770,579	$ -	$ 770,579

NOTE 24 – COMPONENT UNIT INFORMATION, continued

S. NET ASSETS

Temporarily restricted net assets consist of the following at:

	December 31, 2011	June 30, 2011
Various College programs	$ 1,637,523	$ 1,699,648
Accumulated endowment fund earnings	245,950	249,011
	$ 1,883,473	$ 1,948,659

Permanently restricted net assets consist of the following at:

	December 31, 2011	June 30, 2011
Endowment funds - portion required to be retained permanently by explicit donor stipulation	$ 1,637,523	$ 1,699,648

The income from these endowment funds is expendable for scholarships and College programs.

T. FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements,* establishes a framework for measuring fair value. ASC 820 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 measurements), and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

T. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Investments: valued based on information provided by external investment managers or comparison to quoted market values.

Contribution receivable from a beneficial interest in a charitable remainder trust: valued using the income approach based on calculating the present value of the future distributions expected to be received, using published life expectancy tables and an appropriate discount rate.

Cash value of life insurance policies: valued at the cash surrender value of the life insurance policy, as determined by the issuer of the insurance policy, which approximates fair value.

Pledges receivable: valued using the estimated present value of expected cash inflows.

Interest rate swap: valued using observable current market information as of the reporting date and is included in long term liabilities on the accompanying statement of financial position.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

T. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

Fair values of assets and liabilities measured on a recurring basis at December 31, 2011 and June 30, 2011 were as follows:

	Assets / Liabilities at Fair Value (continued)			
	Total	Level 1	Level 2	Level 3
December 31, 2011				
ASSETS:				
Investments:				
Equity securities – common stock				
Financials	$ 265,574	$ 265,574	$ -	$ -
Information technology	381,442	381,442	-	-
Health care	260,063	260,063	-	-
Consumer discretionary	243,708	243,708	-	-
Energy	266,844	266,844	-	-
Industrials	219,472	219,472	-	-
Consumer staples	181,699	181,699	-	-
Telecommunication services	73,615	73,615	-	-
Materials	131,162	131,162	-	-
Utilities	56,106	56,106	-	-
Fixed income securities				
US Government debt securities	811,186	811,186	-	-
Corporate debt securities	578,840	578,840	-	-
Mortgage-backed securities	260,212	260,212	-	-
Mutual funds	1,033,083	1,033,083	-	-
Alternative strategies mutual funds	441,922	441,922		
Broad commodities mutual funds	118,710	118,710		
Total Investments	5,323,638	5,323,638	-	-
Charitable remainder trusts receivable	79,627	-	-	79,627
Cash value of life insurance	32,736	-	32,736	-
Pledges receivable	200,446	-	-	200,446
	$ 5,636,447	$ 5,323,638	$ 32,736	$ 280,073
LIABILITIES:				
Interest rate swaps	$ 3,497,332	-	$ 3,497,332	-

NOTE 24 – COMPONENT UNIT INFORMATION, continued

T. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

	Assets / Liabilities at Fair Value			
	Total	Level 1	Level 2	Level 3
JUNE 30, 2011:				
ASSETS:				
Investments:				
Equity Securities – Common Stock				
Financials	$ 290,225	$ 290,225	$ -	$ -
Information Technology	386,408	386,408	-	-
Health care	310,136	310,136	-	-
Consumer discretionary	255,955	255,955	-	-
Energy	278,238	278,238	-	-
Industrials	261,581	261,581	-	-
Consumer staples	191,385	191,385	-	-
Telecommunication services	108,957	108,957	-	-
Materials	156,181	156,181	-	-
Utilities	70,659	70,659	-	-
Fixed Income Securities				
US Government debt securities	966,379	966,379	-	-
Corporate debt securities	785,438	785,438	-	-
Mortgage-backed securities	363,343	363,343	-	-
Mutual funds	691,239	691,239	-	-
Total Investments	5,116,124	5,116,124	-	-
Charitable remainder trusts receivable	118,049	-	-	118,049
Cash value of life insurance	32,736	-	32,736	-
Pledges receivable	81,045	-	-	81,045
	$ 5,347,954	$ 5,116,124	$ 32,736	$ 199,094
LIABILITIES:				
Derivative instruments	$ 2,080,085	$ -	$ 2,080,085	$ -

NOTE 24 – COMPONENT UNIT INFORMATION, continued

T. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

The following table represents a summary of changes of the Foundation's Level 3 assets for the six-month and twelve-month periods ended December 31, 2011 and June 30, 2011:

	Charitable Remainder Trust receivables	Pledges receivable	Total
Balance June 30, 2010	$ 150,826	$ 45,037	195,863
Total realized/unrealized gains or (losses) included in change in net assets:	(32,777)	-	(32,777)
New pledges		117,200	117,200
Pledge payments received		(68,212)	(68,212)
Pledges written off		(6,814)	(6,814)
Pledge adjustments		(1,626)	(1,626)
Change in discount adjustment		(4,540)	(4,540)
Balance June 30, 2011	118,049	81,045	199,094
Total realized/unrealized gains or (losses) included in change in net assets:	(38,422)	-	(38,422)
New pledges	-	151,165	151,165
Pledge payments received	-	(25,497)	(25,497)
Pledges written off	-	(525)	(525)
Pledge adjustments	-	39	39
Change in discount adjustment	-	(5,781)	(5,781)
Balance December 31, 2011	79,627	200,446	280,073

Total realized and unrealized gains (losses) on charitable remainder trust receivables measured using Level 3 inputs are reported in the Foundation's statements of activities.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

U. FUNCTIONAL EXPENSES

Expenses incurred were classified in the following categories for the periods ending:

	December 31, 2011	June 30, 2011
Program Expenses		
College operations	$ 120,445	$ 168,338
Scholarships	149,079	170,212
Student programs	14,398	140,374
College faculty/staff development	17,790	103,439
College departmental supplies and activities	86,838	135,623
Equpment purchases/gifts in kind	499,567	299,813
GTF Brashier Charter School	1,392,199	526,033
GTF Student Housing	1,774,661	2,415,533
	$ 4,054,977	$ 3,959,365
General and administrative	861,289	1,589,142
Fundraising	33,612	58,296
Total expenses	$ 4,949,878	$ 5,606,803

V. - SUBSEQUENT EVENTS

In February 2012, SunTrust notified the Foundation that additional collateral would be required on the GTF Student Housing, LLC note. The Foundation loaned GTF McAlister, LLC $2,250,000 from its endowment to pay off its loan with WellsFargo. Subsequently, GTF McAlister, LLC's assets were pledged as collateral on the GTF Student Housing, LLC loan. The GTF McAlister, LLC's note to the Foundation is due on demand, payable in monthly installments of $20,834 of principal plus interest, which accrues at an annual rate of 6 percent. The payoff of this loan allowed the Foundation to pledge the McAlister building as collateral on the GTF Student Housing, LLC loan, which was modified in February 2012.

During June 2012, the Foundation created a new subsidiary, GTF Pleasantburg, LLC, in order to facilitate the purchase of land and managing the property thereafter. The purchase price of the land was $225,000 plus closing expenses of $13,808.

GREENVILLE TECHNICAL COLLEGE

TWO-THOUSAND TWELVE

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

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Greenville Technical College

Table of Contents

MEMBERS
AMERICAN INSTITUTE OF CPAS
PRIVATE COMPANIES PRACTICE SECTION
SOUTH CAROLINA ASSOCIATION OF CPAS

CLINE BRANDT KOCHENOWER
& CO., P.A.
Certified Public Accountants
Established 1950

ALBERT B. CLINE, CPA
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STEVEN L. BLAKE, CPA, CFE
TIMOTHY S. BLAKE, CPA
JENNIFER J. AUSTIN, CPA

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

Greenville Technical College
Greenville, South Carolina

Compliance
We have audited the compliance of Greenville Technical College, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Greenville Technical College's major federal programs for the year ended June 30, 2012. Greenville Technical College's major federal programs are identified in the summary of auditors' 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 Greenville Technical College's management. Our responsibility is to express an opinion on Greenville 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 Greenville 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 Greenville Technical College's compliance with those requirements.

In our opinion Greenville Technical College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items SD 12-01, SD 12-02 and MW 12-01.

Internal Control Over Compliance
The management of Greenville 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 Greenville 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Greenville Technical College's internal control over compliance.

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A control deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities of Greenville Technical College as of and for the years ended June 30, 2012 and June 30, 2011, and have issued our report thereon dated September 14, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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.

September 14, 2012

Members
American Institute of CPAS
Private Companies Practice Section
South Carolina Association of CPAS

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Certified Public Accountants
Established 1950

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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

Greenville Technical College
Greenville, South Carolina

We have audited the financial statements of the business-type activities of Greenville Technical College as of and for the years ended June 30, 2012 and June 30, 2011, which collectively comprised the College's basic financial statements and have issued our report thereon dated September 14, 2012. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Greenville Tech College Foundation, Inc. and Subsidiaries as described in our report on Greenville Technical College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The Greenville Tech College Foundation, Inc. and Subsidiaries' financial statements were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greenville 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 Greenville Technical College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greenville Technical College's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greenville 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 noncompliance that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of Greenville Technical College, in a separate letter dated September 14, 2012.

Greenville Technical College's responses to findings identified in our audit are described in the accompanying schedule of findings and question costs. We did not audit the College's response and, accordingly, we express no opinion on it.

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

September 14, 2012

GREENVILLE TECHNICAL COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

DIRECT FEDERAL GRANTOR Pass-Through Grantor/Program Title	Program Period	Federal CFDA Number	Federal or Pass-Through Grantor's Number	Deferred Revenues 6/30/2011	Accrued Revenue Federal	Total Expended	Deferred Revenues 6/30/2012
U.S. DEPARTMENT OF EDUCATION							
STUDENT FINANCIAL ASSISTANCE CLUSTER							
Pell	03-11	84.063	N/A		110,992	110,992	
Pell	11-12	84.063	N/A		31,074,331	31,074,331	
ACG	09-11	84.375	N/A		2,700	2,700	
College Work-Study	11-12	84.033	N/A		392,754	392,754	
SEOG	07-11	84.007	N/A		3,411	3,411	
SEOG	11-12	84.007	N/A		351,729	351,729	
Plus Student Loans	11-12	84.032			264,874	264,874	
Stafford Federal Direct Student Loan	11-12	84.268	N/A		54,070,147	54,070,147	
Total Student Financial Assistance Cluster					86,270,938	86,270,938	
TRIO CLUSTER							
Student Support Services	11-12	84.042A	N/A		379,478	379,478	
Upward Bound	11-12	84.047A	N/A		263,688	263,688	
Total TRIO Cluster					643,166	643,166	
HIGHER EDUCATION - INSTITUTIONAL AID							
Title III - Addressing needs of underprepared students	11-12	84.031A	N/A		462,064	462,064	
Title VI-A Undergraduate International Studies	11-12	84.016A	N/A		59,454	59,454	
Passed through State Department of Education							
Transitions/Perkins/Career & Technology Education	11-12	84.048	12VA407		668,437	668,437	
Child Care Block Grant	11-12	93.575	11 TE 407		379,778	379,778	
Child Care Block Grant	11-12	93.575	12 TE 407		303,470	303,470	
SC HHS Finance Commission	11-12	93.667	12 TE 407		139,057	139,057	
College Access and Readiness	11-12	84.378	H63010012211		7,500	7,500	
ARRA - Stabilization Funds	11-12	84.394	N/A		1,222,257	1,222,257	
Total U.S. Department of Education					90,156,121	90,156,121	
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES							
Passed Through State Technical College System							
ARRA - ABC Child Care Program	11-12	93.713	N/A		15,691	15,691	
Total U.S. Department of Health & Human Services					15,691	15,691	

Continued on Next Page

GREENVILLE TECHNICAL COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

DIRECT FEDERAL GRANTOR Pass-Through Grantor/Program Title	Program Period	Federal CFDA Number	Federal or Pass-Through Grantor's Number	Deferred Revenues 6/30/2011	Accrued Revenue Federal	Total Expended	Deferred Revenues 6/30/2012
U.S. DEPARTMENT OF LABOR							
WIA Nurse Return to Work	11-12	17.269	HG181560960A45		259	259	
Passed Through State Department of Commerce							
ARRA - Broadband Technology Oppertunities Program	11-12	11.557	N/A		227,366	227,366	
Total U.S. Department of Labor					227,625	227,625	
U.S. DEPARTMENT OF STATE							
Passed Through Kirkwood CC- Cooperative Agreement							
Community College Summit Initiative Program	11-12	19.009	GTC2010-12EGYPT		4,161	4,161	
Community College Summit Initiative Program	11-12	19.009	GTC2010-12MULTI		2,848	2,848	
Community College Summit Initiative Program	11-12	19.009	GTC2010-12GEN		362	362	
Community College Summit Initiative Program	11-12	19.009	GTC2011-12EGYPT		33,812	33,812	
Community College Summit Initiative Program	11-12	19.009	GTC2011-12MULTI		97,726	97,726	
Community College Summit Initiative Program	11-12	19.009	GTC2011-12PAK		57,146	57,146	
Passed Through IREX- Cooperative Agreement							
International Research and Exchanges Board (IREX)	11-12				120	120	
Passed Through Presbyterian College							
Guizhou University American Cultural Center	11-12	19.700	S-CH500-11-GR192		2,679	2,679	
Total U.S. Department of State					198,854	198,854	
U.S. DEPARTMENT OF AGRICULTURE							
Passed Through SC Department of Social Services							
Child Care Food Program	11-12	10.558	N/A		19,939	19,939	
Total U.S. Department of Agriculture					19,939	19,939	
NATIONAL SCIENCE FOUNDATION							
Passed Through Clemson University							
NSF/Center for Aviation & Automotive	11-12	47.076	1569-206-2008657		4,374	4,374	
NSF/ATE Biosystems Technology	11-12	47.046	1142-206-200-6108		10,592	10,592	
Passed Through Claflin University - Cooperative Agreement							
NSF/SC Rsrch Infrastructure Improv	11-12		2010-700		35,467	35,467	
Total National Science Foundation					50,433	50,433	

Continued on Next Page

GREENVILLE TECHNICAL COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

(continued)

DIRECT FEDERAL GRANTOR Pass-Through Grantor/Program Title	Program Period	Federal CFDA Number	Federal or Pass-Through Grantor's Number	Deferred Revenues 6/30/2011	Accrued Revenue Federal	Total Expended	Deferred Revenues 6/30/2012
U.S. Department of Justice							
Office of Community Oriented Policing Services							
2005 RCPI Integrity/Public Trust Initiative	11-12	16.710	2005HSWXK018		82,615	82,615	
2007 CICP Terrorism & Gang	11-12	16.710	2007CKWXK026		11,987	11,987	
2008 Counter Terrorism Conference	11-12	16.710	2008CKWX0612		13,533	13,533	
2009 Knowledge Resources Delivery Model for CCIP	11-12	16.710	2009CKWXK011		23,861	23,861	
2011 Web Hosting Intranet	11-12	16.710	2011CKWX097		9,809	9,809	
Office of Justice Programs							
2009 Franklin Covey 7 Habits Grant	11-12	16.580	2009DDBXK145		2,872	2,872	
2007 Franklin Covey Leadership Grant	11-12	16.580	2009DDBXK007		39,498	39,498	
2010 FY 10 Solicited	11-12	16.580	2010-DB-BX-K004		330,084	330,084	
2011 FY 11 Solicited	11-12	16.580	2010-DB-BX-K004		129,900	129,900	
Total U.S. Department of Justice					644,159	644,159	
U.S. Department of Energy							
Passed Through SC Department of Energy							
ARRA - Solar Energy Training Center	11-12	81.041			5,553	5,553	
ARRA - Geothermal Training Center	11-12	81.041			18,523	18,523	
ARRA - State Energy Program	11-12	81.041	S09-0133		104,615	104,615	
Total U.S. Department of Energy					128,691	128,691	
U.S. Department of Veteran Affairs							
VA Chapter 33	11-12				1,271,799	1,271,799	
TOTAL FEDERAL AWARDS					92,713,312	92,713,312	

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Greenville Technical College. The reporting entity is defined in Note 1 of the College's financial statements.

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. 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:

Plus Loans		$ 264,874
Stafford / Federal Direct Loans -	Subsidized	22,658,636
Stafford / Federal Direct Loans -	Unsubsidized	31,411,511
		$ 54,335,021

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

Student Financial Aid Cluster

MW 11-01 **Activities Allowed and Unallowed**

Condition: The College began offering programs that are eligible under 34 CFR 668(c)(3) without first notifying the secretary under 34 CFR 600.10(c).

Criteria: An eligible institution must notify the Secretary at least 90 days before the first day of class when it intends to add an educational program that prepares students for gainful employment in a recognize occupation. 34CFR 600.10(c), 600.20(c)(v), 668(c)(3).

Summary of Auditors' Results:

GAGAS

An unqualified opinion was issued on Greenville Technical College's basic financial statements dated September 14, 2012.

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 Greenville Technical College dated September 14, 2012. Two significant deficiencies and one material weakness in the internal control over major programs were found. Our audit disclosed these audit findings that are required to be reported under OMB Circular A-133.

The major programs at Greenville Technical College are the Student Financial Aid Cluster, TRIO Cluster, Transitions/Perkins/Career & Technology (CFDA# 84.048), and ARRA-State Fiscal Stabilization Fund Program (CFDA# 84.394) from the U.S. Department of Education, ARRA-Broad Technology Opportunities Program (CFDA# 11.557) from U.S. Department of Labor and ARRA-State Energy Program (CFDA# 81.041) from the U.S. Department of Energy. Type A programs are defined as those that expended $300,000 or more and type B programs are those that expended less than $300,000. Greenville Technical College's total federal awards expended for the year ended June 30, 2012 were between $10 million and $100 million.

Greenville Technical College is not 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:

Student Financial Aid Cluster

SD 12-01 **EXIT COUNSELING**

Criteria: A school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower shortly before the student borrower ceases at least half-time study at the school. The school must maintain documentation substantiating the school's compliance with this section for each student borrower. *34 CFR 685.304(b)(1)*, *34 CFR 685.304(b)(7).*

Condition: In our sample of 40, we found two students whose exit counseling was not documented.

Cause: The College failed to document the exit counseling due to a system failure.

Effect: The exit counseling is not being properly documented in compliance with the regulations.

Findings and Questioned Costs Relating to Federal Awards: Continued

SD 12-02 **DOCUMENTING FIRST DAY OF ATTENDANCE**

Criteria: A student is not considered to have begun attendance if the institution is unable to document the student's attendance in any class.

The student begins earning Title IV funds on his or her first day of attendance. Therefore, even if the student withdraws before a school census date, the school must perform a return calculation using the number of days the student attended.

The institution must return those funds for which it is responsible to the respective title IV, HEA program as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance.*34 CFR 668.21.*

Condition: The College is required to take attendance but it appears that some instructors are failing to document student's first day of attendance.

Cause: The College system has the capability to take attendance but it is not being consistently utilized.

Effect: The College is not in compliance with the regulation.

MW 12-01 **SATISFACTORY ACADEMIC PROGRESS**

Criteria: An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs. The policy will describe how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. *34 CFR 668.34(a)(6).*

Condition: The College's grading system has three types of administrative withdrawals (WA), "DNR" for Did Not Return, "EA" for Excessive Absences and "NIC" for Never in Class.

The College's satisfactory academic progress (SAP) policy defines "WA", but it does not differentiate between the different types of withdrawals and whether or not they are included in the calculation of attempted hours.

The "WA" grade in the student transcript should <u>be included</u> in the calculation of attempted hours if it is classified as "DNR" or "EA" but should <u>not</u> be included if it is "NIC".

In our sample of ten (10) students, we found five (5) who had "WA" classified as "EA" that were not included in the calculation of students' attempted hours.

Cause: The College failed to differentiate administrative withdrawal grades in the College grading system.

Effect: Certain "WA" grades are not being properly accounted for by the system, which could alter a student's eligibility to received financial aid.

Financial Aid Cluster	Federal CFDA Number
U.S. Department of Education	
Federal Work Study	84.033
PELL	84.063
FSEOG	84.007
ACG	84.375
PLUS Loan	84.032
Direct Loan	84.268
TRIO Cluster	
Student Support Services	84.042
Upward Bound	84.047

Greenville Technical College
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September 11, 2012

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Current Year Corrective Action Plan
June 30, 2012

SD 12-1 EXIT COUNSELING

The College had processes in place to meet all Exit Counseling requirements; however, due to an error, this was not done in a timely manner. In order to be certain the processes are run in a timely manner, the Financial Aid officer designated for this job duty will observe a set schedule. The Senior Loan Officer of Financial Aid will be assigned the responsibility to monitor and ensure that all processes are run as scheduled and the Manager of Federal Student Loans of Financial Aid will serve as a back-up in the event the Financial Aid Officer is unavailable.

SD 12-2 DOCUMENTING FIRST DAY OF ATTENDANCE

The Registrar's Office is working with the academic deans to ensure the instructors are consistently following the policy to record attendance. Additional controls were recently implemented to ensure faculty are consistently taking attendance. E-mail reminders are sent to faculty stressing the importance of tracking students' attendance along with a timeline for running the appropriate reports. New faculty are trained on attendance tracking during the New Faculty Orientation process.

Reports will be run and monitored by the academic deans to identify any instructor that is not properly reporting attendance. If any faculty member is not regularly taking attendance, that person will receive training to ensure they understand the requirement. This is being monitored on an ongoing basis by the academic deans to ensure compliance. Any faculty member not complying with the requirement will be subject to disciplinary action.

MW 12-1 <u>SATISFACTORY ACADEMIC PROGRESS</u>

The Registrar's Office has implemented the following change to the "WA" beginning fall 2012:

- The WA will be used only for those students determined as NIC (never in class).
- Students that attend the first week of classes and do not return (DNR) will receive a grade of W and this will count in Satisfactory Academic Progress (SAP) as attempted credits.
- Students that are withdrawn due to excessive absences (EA) will receive a grade of W and this will count as attempted credits in SAP calculations.

Sincerely,

Jacqueline R. DiMaggio

Jacqueline R. DiMaggio
Vice President for Finance

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September 11, 2012

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Prior Year Corrective Action Plan
June 30, 2011

MW 12-1 - ACTIVITIES ALLOWED AND UNALLOWED

The college has a system in place to ensure new non-degree programs and any substantive changes to non-degree programs, are submitted to the accrediting and state agencies consistent with their standards. Additionally, the college obtains U.S. Department of Education (DOE) approvals for any new Gainful Employment (GE) programs of study before disbursing federal financial aid funds to students enrolled in them.

Sincerely,

Jacqueline R DiMaggio

Jacqueline R. DiMaggio
Vice President for Finance