GREENVILLE TECHNICAL COLLEGE

TWO-THOUSAND FIFTEEN

Independent Auditors' Report

Financial Statements
For the Years Ended June 30, 2015
and June 30, 2014

Greenville Technical College

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

Audit Period: July 1, 2014 – June 30, 2015

List of Area Commissioners and Officers

AREA COMMISSION MEMBER	DISTRICT	TERM EXPIRES
Mr. David K. Stafford (Chair)	At-Large	May 31, 2016
Mrs. Jennie Johnson	At-Large	May 31, 2015*
Mr. Coleman Shouse	At-Large	May 31, 2017
Vacant	At-Large	May 31, 2016
Mr. Paul Batson	21	May 31, 2015*
Mr. W. Burke Royster, Superintendent	At-Large	May 31, 2018
Mr. Kenneth Southerlin	17	May 31, 2017
Mr. Glenn Hamilton	20	May 31, 2015*
Mr. Ray Martin	23	May 31, 2016
Mr. Dean Jones	At-Large	May 31, 2018
Mr. Ray Lattimore	27	May 31, 2017
Mr. James Blakely	19	May 31, 2018

*Commissioners serve until a successor is appointed by the Greenville County Legislative Delegation.

Key Administrative Staff

Dr. Keith Miller	President
Mrs. Jacqueline R. DiMaggio	Vice President for Finance
Mrs. Cynthia Eason	Vice President for Corporate & Economic Development
Dr. Matteel Jones	Vice President for Student Services
Mrs. Lauren Simer	Vice President for Institutional Effectiveness
Dr. Lenna Young	Vice President for Academic Affairs
Ms. Susan M. Jones	Associate Vice President for Human Resources
Ms. Wendy Walden	Associate Vice President for Executive Affairs
Mr. Bob Howard	Greenville Tech Foundation President

Area Served by the Commission

Greenville County

County Providing Financial Support

Greenville County

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AMERICAN INSTITUTE OF CPAS
PRIVATE COMPANIES PRACTICE SECTION
SOUTH CAROLINA ASSOCIATION OF CPAS
GOVERNMENTAL AUDIT QUALITY CENTER

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

ALBERT B. CLINE, CPA (1923-2013)
RAYMOND H. BRANDT, CPA
BEN D. KOCHENOWER, CPA, CFE, CVA, CICA, CGMA
TIMOTHY S. BLAKE, CPA, PFS
JENNIFER J. AUSTIN, CPA
BRANDON A. BLAKE, CPA

Independent Auditors' Report

To Greenville Technical College
Area Commissioners
Greenville, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Greenville Technical College, a discretely presented component unit of the State of South Carolina, as of and for the years ended June 30, 2015 and June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We did not audit the financial statements of Greenville Tech College Foundation, Inc and Subsidiaries (a discretely presented component unit). The Greenville Tech College Foundation, Inc. and Subsidiaries reflects 100% of total assets, 100% of net assets, and 100% of total revenues of the discretely presented component unit.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Greenville Tech College Foundation, Inc. and Subsidiaries, which represent 100% of total assets, 100% of net assets, and 100% of total revenue of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Greenville Tech College Foundation, Inc. and Subsidiaries, is based solely on the report of the 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. The financial statements of Greenville Tech College Foundation Inc. and Subsidiaries were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Greenville Technical College as of June 30, 2015 and June 30, 2014, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2015, the College adopted new accounting guidance, Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) net pension liability, and the schedule of College contributions to the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2015, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Greenville Technical College
Greenville, South Carolina
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Report on State Lottery Assistance Program

We have also issued our report dated September 14, 2015 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.

Report on State Supported Scholarships and Grants

We have also issued our report dated September 14, 2015 on our consideration of Greenville Technical College administration of the State supported scholarships and grants, and on our test of its compliance with certain provisions of the State legislation and the regulations of the South Carolina Commission on Higher Education.

Gaffney, SC
September 14, 2015

Management's Discussion and Analysis

Greenville Technical College (the "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, 2015. This report is a narrative overview and analysis of the financial activities of the college. It 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 Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements present financial information in a format similar to that used by the private sector.

In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* the college has included the Greenville Tech Foundation, Inc. and Subsidiaries (the "Foundation") in its financial statements. The college reports the Foundation as a discreetly presented non-governmental component unit, and its Consolidated Statement of Financial Position, Statement of Activities and Statement of Cash Flows are presented along with the college's basic financial statements.

During the fiscal year ending June 30, 2014 Greenville Technical College implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the college has included the proportionate share of the State's net pension liability on its books effective June 30, 2015.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the college at the end of the fiscal year and classifies assets and liabilities into current and non-current categories. The Statement of Net Position is a "point in time" financial statement, which presents to the reader a snapshot of the end of the year financial data. Assets are property owned by the college. Liabilities are what the college owes to others. Deferred outflows and inflows of resources are certain items that were previously reported as assets and liabilities. Current assets are generally expected to be converted into cash, sold or consumed within a year. Current liabilities are obligations that are due to be paid within the year. Noncurrent assets and liabilities are those that are longer term in nature.

Net position represents the difference between total assets and deferred outflows and total liabilities and deferred inflows. Net financial position is displayed in three broad categories: net investment in capital assets, restricted and unrestricted. Net position is one indicator of the current financial condition of the college, while the change in net position is an indicator that the overall financial condition has improved or deteriorated during the year.

In fiscal year 2015, the college's net position decreased significantly as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The resulting decrease in the college's net assets is not indicative of a deterioration of the financial condition of the college.

Assets and Deferred Outflows

The following schedule is a condensed presentation of the college's assets, liabilities and net position and is prepared from the Statement of Net Position as of June 30, 2015, 2014 and 2013.

Condensed Summary of Net Position
As of June 30, 2015, 2014, and 2013
(in millions)

	2015	2014	2013
Current Assets	$ 75.1	$ 63.2	$ 52.6
Non-current Assets			
Capital Assets, Net and bond proceeds	100.6	113.5	97.2
Deferred Outflows	6.8	0.3	0.4
Total Assets and Deferred Outflows	182.5	177.0	150.2
Current Liabilities	16.9	14.6	13.2
Non-current Liabilities	132.8	64.1	43.8
Deferred Inflows	6.2	-	-
Total Liabilities and Deferred Inflows	155.9	78.7	57.0
Net Financial Position			
Net Investment in Capital Assets	59.3	59.9	53.1
Restricted	10.2	7.7	7.9
Unrestricted	(42.9)	30.7	32.2
Total Net Position	$ 26.6	$ 98.3	$ 93.2

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, 2015, 2014 and 2013 were approximately 4.4:1, 4.3:1, and 4.0:1 respectively. While these ratios are impressive, the increases in current assets at June 30, 2015 and 2014 include the current portion of bond receivables. Without those receivables the ratios would be 3.3:1 and 3.6:1 respectively. While this does show a decrease, the college is still fiscally sound. In June, 2015, there was a significant increase in receivables from the Department of Education and corresponding student financial aid refunds as a result of changes in the start date of the summer term. The funds were received and refunds issued in the first week of July.

Current assets increased $11.9 million between fiscal years 2015 and 2014 while current liabilities increased $2.3 million in the same period. Comparatively, current assets increased $10.6 million between fiscal years 2014 and 2013 while current liabilities increased $1.4 million in the same period.

Overall, assets and deferred outflows increased $5.5 million from June 30, 2014 to June 30, 2015, compared to an increase of $26.8 million from June 30, 2013 to June 30, 2014. The changes in current assets related to the fiscal year ended June 30, 2015 as compared to June 30, 2014 are explained as follows:

- The total of cash and investments decreased from $44.0 million to $42.8 million.
- Accounts Receivable increased approximately $4.7 million; the increase in accounts receivable is made up of $4.4 million related to federal grantors, and $0.6 million related to receivables from the students. This was offset by $0.2 million due from the State and $0.1 million related to other accounts receivable. The college decreased its allowance for doubtful account balance approximately $1.0 million. The allowance decreased to $5.5 million at June 30, 2015 from $6.5 million for the prior year. This decrease was the result of lower student receivables, improved collection results and improvements in Financial Aid processes ensuring eligible students have completed the financial aid process prior to the start of classes. The college determined that current level is adequate. (See Note 4 for additional information).
- Bond proceeds receivable increased $9.0 million. This is related to the General Obligation Bonds issued by Greenville County for the college. The bond issue was $25.0 million. The remaining funds will be drawn down as they are expended for the construction of the Center for Manufacturing Innovation. It is anticipated that $19.7 million will be expended by June 30, 2016.
- Deferred outflows increased $6.5 million. Deferred outflows are related to costs associated with changes in the pension expense not included in the pension expense and costs resulting from debt refinance.

The changes in current assets related to the fiscal year ended June 30, 2014 as compared to June 30, 2013 are explained as follows:

- The total of cash and investments increased from $42.7 million to $44.0 million.
- Accounts Receivable decreased approximately $1.3 million; the college increased its allowance for doubtful account balance approximately $0.4 million. The allowance increased to $6.5 million at June 30, 2014 from $6.1 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 $1.3 million decrease in accounts receivable, $1.0 million is related to federal grantors, and $0.6 million is related to receivables from the state of South Carolina, primarily related to state financial aid and $0.1 million related to student accounts. Other receivables including the Greenville Tech Foundation increased $0.4 million (See Note 4 for additional information).
- Bond proceeds receivables increased $10.7 million. This is related to the General Obligation Bonds issued by Greenville County for the college. The bond issue was $25.0 million. The funds will be drawn down as they are expended to construct the Center for Manufacturing Innovation. It is anticipated that $10.7 million will be expended by June 30, 2015 and the remainder will be expended by June 30, 2016.
- Deferred outflows decreased $0.1 million. Deferred outflows are related to costs associated with debt refinance.

Contributing factors to the changes in non-current assets from June 30, 2014 to June 30, 2015 were:

- Non-current bond proceeds receivable decreased $14.1 million as the receivable became current.
- Land increased by $0.2 million as a result of the purchase of the property adjacent to the Barton Campus.
- Construction in progress increased $4.1 million as the net effect of the capitalization of the remaining components of the purchase/installation of a new server and the progress on the Center for Manufacturing Innovation and the elimination of $0.1 million of assets that did not meet the capitalization threshold.
- Machinery & equipment increased $1.1 million as a result of the capitalization of the remaining components of the purchase/installation of a new server.

- Depreciation expense accounted for $4.9 million. Accumulated depreciation increased $4.8 million as a net result of the depreciation expense and retirements of assets. See Note 8 for additional information.

Contributing factors to the changes from June 30, 2013 to June 30, 2014 were:

- Non-current bond proceeds receivable increased $14.1 million as a result of the bonds issued by Greenville County to finance the construction of the Center for Manufacturing Innovation..
- Land increased by $2.4 million as a result of the purchase of the property where the Center for Manufacturing Innovation will be built.
- Construction in progress increased $0.9 million from the purchase/installation of a new server.
- Machinery & equipment increased $3.5 million primarily because of expenditures from the U.S. Department of Labor Trade Adjustment Assistance Community College and Career Training grant (TAACCCT).
- Depreciation expense accounted for $4.6 million. Accumulated depreciation increased $4.5 million as a net result of the depreciation expense and retirements of assets. (See Note 8 for additional information.)

Analysis of Capital Assets
As of June 30, 2015, 2014, and 2013
(in millions)

	2015	2014	2013
Land and Land Improvements	$ 19.1	$ 18.8	$ 16.6
Buildings and Improvements	136.0	135.6	135.6
Machinery and Equipment	16.5	15.4	11.9
Vehicles	2.4	2.3	2.3
Construction in Progress	5.1	0.9	-
	179.1	173.0	166.4
Less: Accumulated Depreciation	(78.5)	(73.6)	(69.2)
Net Capital Assets	$ 100.6	$ 99.4	$ 97.2

Liabilities and Deferred Inflows

Total liabilities increased $71.0 million between fiscal years 2015 and 2014, from $78.7 million to $149.7 million. Comparatively, total liabilities increased $21.7 million between fiscal years 2014 and 2013, from $57.0 million to $78.7 million. Current liabilities at June 30, 2015 increased by $2.3 million from June 30, 2014 primarily as a result of increases in accounts payable and current portion of long term debt. These increases were partially offset by decreases in accrued payroll and related liabilities and funds held for others. Current liabilities at June 30, 2014 increased by $1.4 million from June 30, 2013 primarily as a result of increases in accounts payable, accrued payroll liabilities and current portion of long term debt. These increases were partially offset by decreases in funds held by others and deferred revenue.

Non-current liabilities increased $68.7 million from June 30, 2014 as compared to June 30, 2015. $73.2 million resulted from the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 affects reporting requirements for employers participating in the pension plans and is effective for fiscal periods beginning after June 15, 2014. This standard changes the way participating employers, including the college, report the cost of and liability for employee pension benefits in their financial statements. Greenville Technical College implemented these changes beginning with their financial statements for the fiscal year ended June 30, 2015.

The new GASB requirement does not directly impact the funding of the pension plans. Instead, the new requirement impacts the financial accounting and reporting for the plans and their participating employers by requiring changes in the plans' determination of pension liabilities as well as significant changes in the reporting of those liabilities by participating employers. The changes represent a complete disconnect between the accounting for and reporting of pensions and the funding of pensions.

Participating employers previously reported an expense for employer contributions actually paid during the fiscal year as required by state law to help fund the pension plan, referred to as the annual required contribution (ARC); as long as the ARC was paid, there was no corresponding liability to report. GASB 68 now requires participating employers to report a proportionate share of the Net Pension Liability (NPL) in the employer's financial statements regardless of the funding progress.

In addition to the inclusion of the NPL in participating employers' financial statements, the new standards require a change in the way the plan calculates the NPL for financial reporting purposes. The requirement for determining the value of assets on hand to cover benefits is tied to “fair market value,” and, because of the inherent volatility of investment market values, may result in more frequent and larger fluctuations in the amount of the pension plan's NPL for accounting and financial reporting purposes.

The changes required by GASB 68 are likely to result in increased volatility in the reported NPL, which will flow through to participating employers' financial statements as they record their proportionate share of the NPL and its changes from one year to the next. Additionally, the inclusion of the liability may make an employer appear insolvent on its financial statements. Regardless of the NPL reported on an employer's financial statements, the employer is responsible only for making the contributions required by state law during any given year. Employers cannot pay down or pay off their proportionate share of the NPL with additional contributions as the plans are unable to accept contributions in excess of those required by state law. In addition, employers cannot discontinue their participation in the plan as the election to participate is irrevocable. (For additional information see the section of this analysis titled Implementation of GASB Statement No. 68 and Note 9.)

The remainder in the change in long term liabilities was the net effect of a $0.2 million increase in compensated absences and the decrease of $4.8 million bond and capital lease payables and the refinancing of a bond and capital lease (see Note 12 for additional information).

The $20.3 million increase in non-current liabilities from June 30, 2013 to June 30, 2014 was a result of an addition of a bond issued to fund the construction of the Center for Manufacturing Innovation (CMI), and reductions in bond and capital lease payables (see Note 12 for additional information) and $0.1 million decrease in compensated absences.

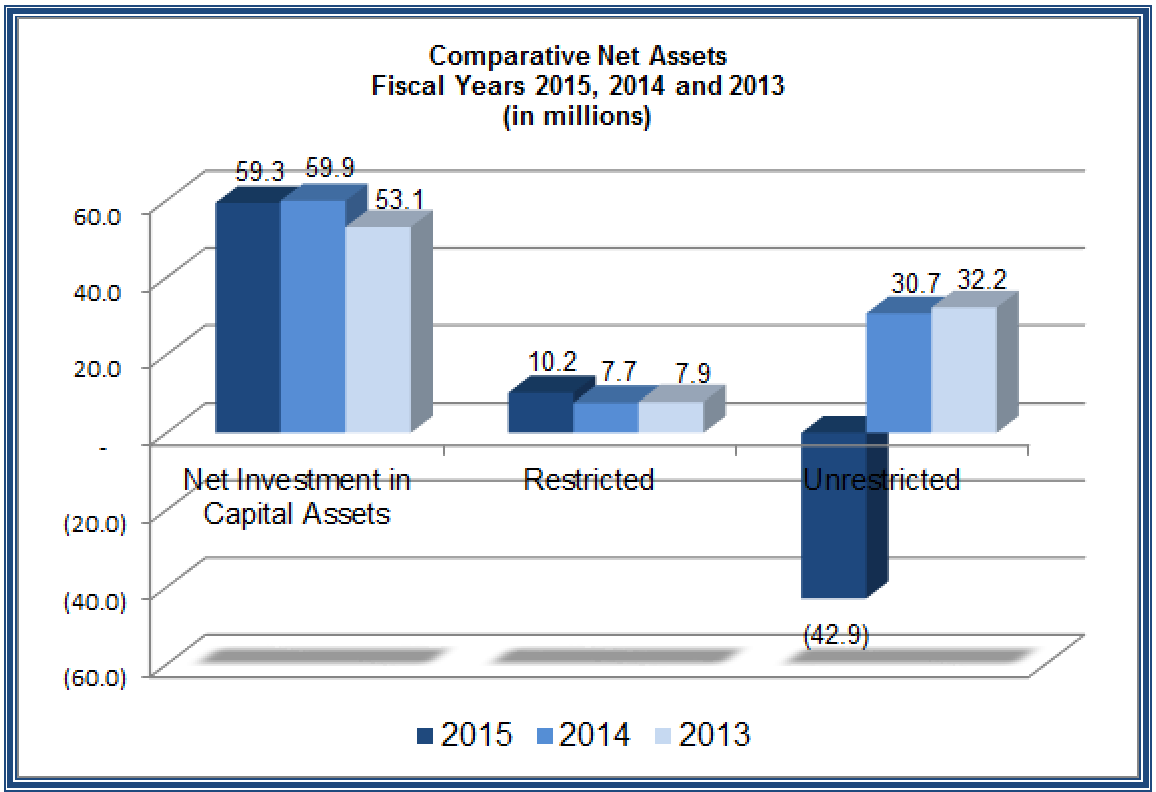
Net Position

The net position at June 30, 2015 was $26.6 million, a decrease of $71.7 million from the prior fiscal year balance of $98.3 million, a 72.9 percent decrease. The net position at June 30, 2014 was $98.3 million, an increase of $5.1 million from the prior fiscal year balance of $93.2 million, a 5.5 percent increase.

Net investment in capital assets decreased $0.6 million to $59.3 million in fiscal year 2015. This was due to depreciation expense exceeding payments on capital debt. Net investment in capital assets increased $6.8 million to $59.9 million in fiscal year 2014. This was due to the net effect of significant purchases of equipment from the TAA grant, the purchase of 2 tracts of land, payments on bonds, depreciation expense of $4.6 million and the addition and retirement of other assets. An analysis of net assets for fiscal years ended June 30, 2015, 2014, and 2013 follows:

Analysis of Net Assets Fiscal Years Ended June 30, 2015, 2014 and 2013 (in millions)			
Net Assets	2015	2014	2013
Net Investment in Capital Assets	59.3	59.9	53.1
Restricted	10.2	7.7	7.9
Unrestricted	(42.9)	30.7	32.2
Total	$26.6	$98.3	$93.2

Restricted net assets increased by $2.5 million at June 30, 2015 as a result of the current commitments on the Center for Manufacturing Innovation and the National Guard Building. Restricted net assets decreased by $0.2 million at June 30, 2014 as a result of the completion or near completion of various renovation projects. Unrestricted net assets as of June 30, 2015 decreased $73.6 million to ($42.9) million from the prior fiscal year balance of $30.7 million as a result of the pension liability that was recorded as a result of the implementation of GASB 68. The $30.7 million total for unrestricted net assets at June 30, 2014 represents a $1.5 million decrease from the June 30, 2013 balance of $32.2 million. Planned uses for unrestricted net assets can be found in Note 11.



For the fiscal year ending June 30, 2015, as a result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the college is required to recognize a portion of the unfunded net pension liability of the cost sharing plan. Recognition of this liability has a material impact on the college's overall net position.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

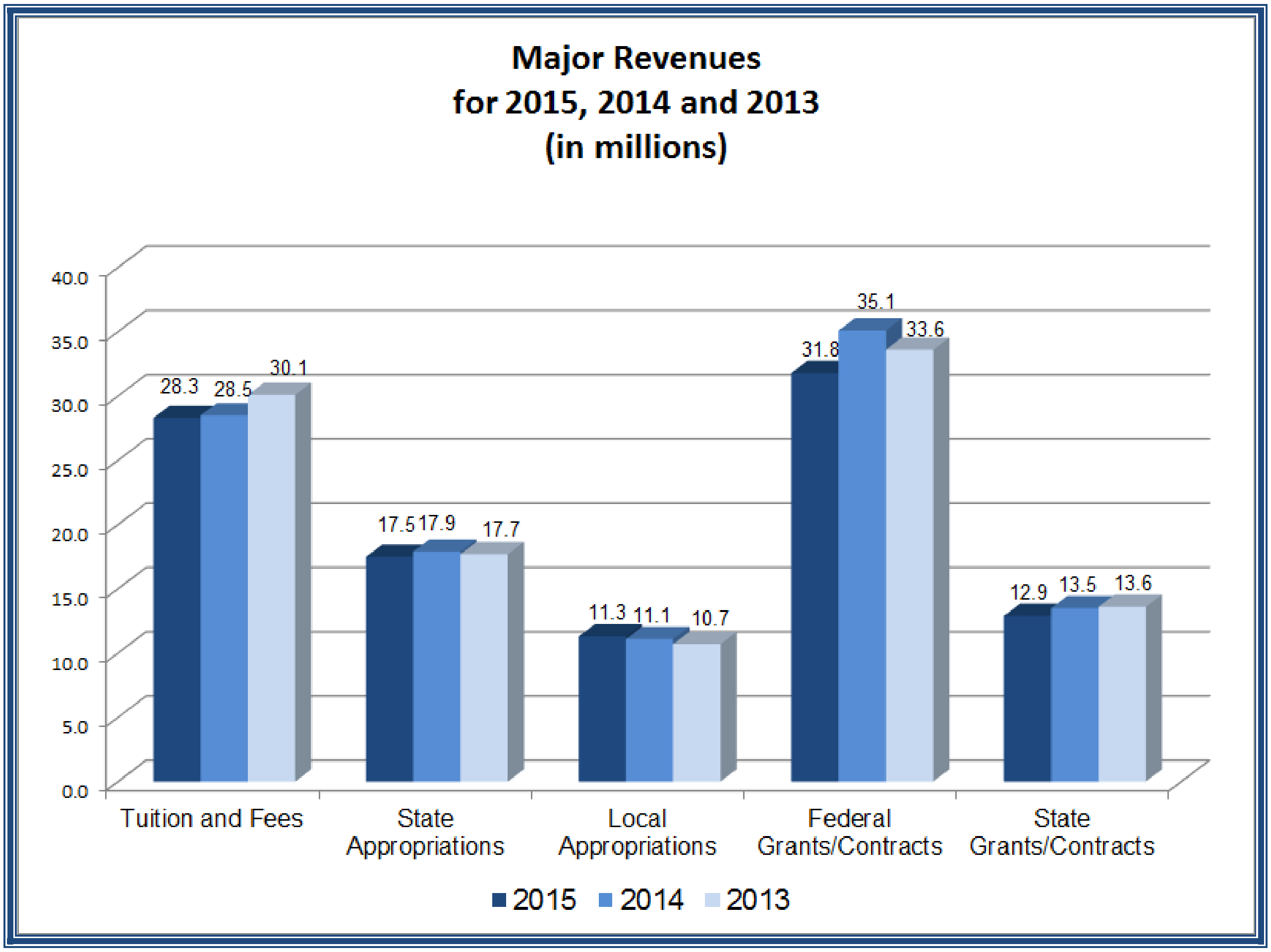
The purpose of the Statement of Revenues, Expenses and Changes in Net Position is to provide an entity wide perspective on revenues and expenses, which are categorized as operating and non-operating and are reported by natural classification. A public institution's reliance on state and local appropriations results in operating losses as GASB requires classification of appropriations as non-operating revenues. As a result, the college will always reflect an operating deficit due to this reliance on state and local funding.

Operating Results

The following schedules summarize the college's operating results for fiscal year ended June 30, 2015 with comparative data for fiscal years ended June 30, 2014 and June 30, 2013.

Operating Results for the Years Ended June 30, 2015, 2014, and 2013 (in millions)

	2015	2014	2013
Operating Revenues			
Tuition and Fees	$ 28.3	$ 28.5	$ 30.1
Federal Grants and Contracts	8.2	9.4	4.8
State and Local Grants and Contracts	12.1	12.6	12.7
Auxiliary	5.1	5.2	5.6
Other	2.1	2.2	2.1
Total	55.8	57.9	55.3
Less Operating Expenses	107.8	106.8	108.4
Net Operating Loss	(52.0)	(48.9)	(53.1)
Non-Operating Revenues (expenses)			
State Appropriations	16.9	16.7	16.0
State and Local Grants and Contracts	0.8	0.9	0.9
Federal Grants and Contracts	23.6	25.7	28.8
County and City Appropriations	11.3	11.1	10.7
Gain/(loss) on disposal of fixed assets	-	(0.2)	-
Interest Expense	(1.5)	(1.6)	(1.8)
Interest Income	0.3	0.1	0.1
Total	51.4	52.7	54.7
State Capital Appropriations	0.6	1.2	1.7
Capital Donation	0.4	-	-
Increase in Net Assets	0.4	5.0	3.3
Net Assets (beginning of year)	98.3	93.3	90.4
Cumulative Effect of GASB 65	-	-	(0.4)
Cumulative Effect of GASB 68	(72.1)	-	-
Net Assets (end of year)	26.6	98.3	93.3
Total Revenues	109.7	113.6	113.5



Revenue

Total revenue decreased $3.9 million, or 3.4 percent, between fiscal years 2014 and 2015, from $113.6 million to $109.7 million respectively. Total revenue increased slightly by $0.1 million, or 0.1 percent, between fiscal years 2013 and 2014, from $113.5 million to $113.6 million respectively.

Operating revenue decreased in all areas during fiscal year 2015. Overall there was a net decrease of $2.1 million or 3.6 percent in operating revenue. Operating revenue increased in federal grants and contracts during fiscal year 2014 while there were decreases in student tuition and fees, auxiliary revenue, and state and local grants and contracts. Other revenue remained steady. Overall there was a net increase of $2.6 million or 4.7 percent in operating revenue. Net tuition and fees decreased $0.2 and $1.6 million in fiscal years 2015 and 2014 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).

Net auxiliary services revenue decreased $0.1 million in fiscal years 2015 and 2014, this is primarily bookstore sales net of scholarship and allowances and bad debt expense. (See Note 19 for additional information).

Non-operating revenue decreased by $1.3 million or 2.5 percent during the 2015 fiscal year, while non-operating revenue decreased by $2.0 million or 3.7 percent during the 2014 fiscal year. Federal grants and contracts decreased as a result of decreases in the number of students eligible and the amount available to students for the PELL grant award. PELL grants decreased $3.0 million in fiscal year 2015 and $3.4 million in fiscal year 2014. This decrease is partially offset by increases in state appropriations. The college saw the increases in state appropriations of $0.2 million and $0.7 million in both fiscal years 2015 and 2014, respectively.

State capital appropriations of $0.6 million decreased $0.6 million from 2014 and $0.5 million in 2013. The increase in appropriations in 2014 and 2013 was the result of a special appropriation 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 2015, county appropriations increased $0.2 million. In fiscal year 2014, county appropriations increased 0.3 million and the college received $0.1 million from the City of Greenville for a special project.

Expenses

In fiscal year 2015, operating expenses were $107.8 million, an increase of $1.0 million or 0.9 percent over fiscal year 2014. In fiscal year 2014, operating expenses were $106.8 million, a decrease of $1.6 million or 1.5 percent over fiscal year 2013.

Salaries and benefits increased approximately $1.2 million, or 1.9 percent during fiscal year 2015. As a result of the implementation of GASB 68 in 2015, pension expenses increased $1.0 million. This was a non-cash transaction. The new standards require a change in the way the plan calculates the net pension liability for financial reporting purposes. The GASB requirement of determining the value of assets on hand to cover benefits is tied to "fair market value," and, because of the inherent volatility of investment market values, may result in more frequent and larger fluctuations in the amount of the pension plan's NPL for accounting and financial reporting purposes. This $1.0 million current year expense is in addition to the $72.1 million liability recorded this fiscal year. Based on the calculation of "fair market value", the college will see increases or decreases in current year expense that are not related to actual expenditures of cash.

Salaries and benefits increased approximately $0.1 million or 0.2 percent during fiscal year 2014. A state mandated two percent salary increase was given to full-time employees at the beginning of the 2014 fiscal year.

Scholarships to students decreased by approximately $0.8 million or 5.0 percent in fiscal year 2015 and $1.1 million or 5.6 percent in fiscal year 2014. These decreases were primarily related to the changes in the number of students and their eligibility for PELL grants.

Utilities remained stable in fiscal year 2015 after decreasing $0.1 million during fiscal year 2014. The college is continuing to implement energy saving initiatives.

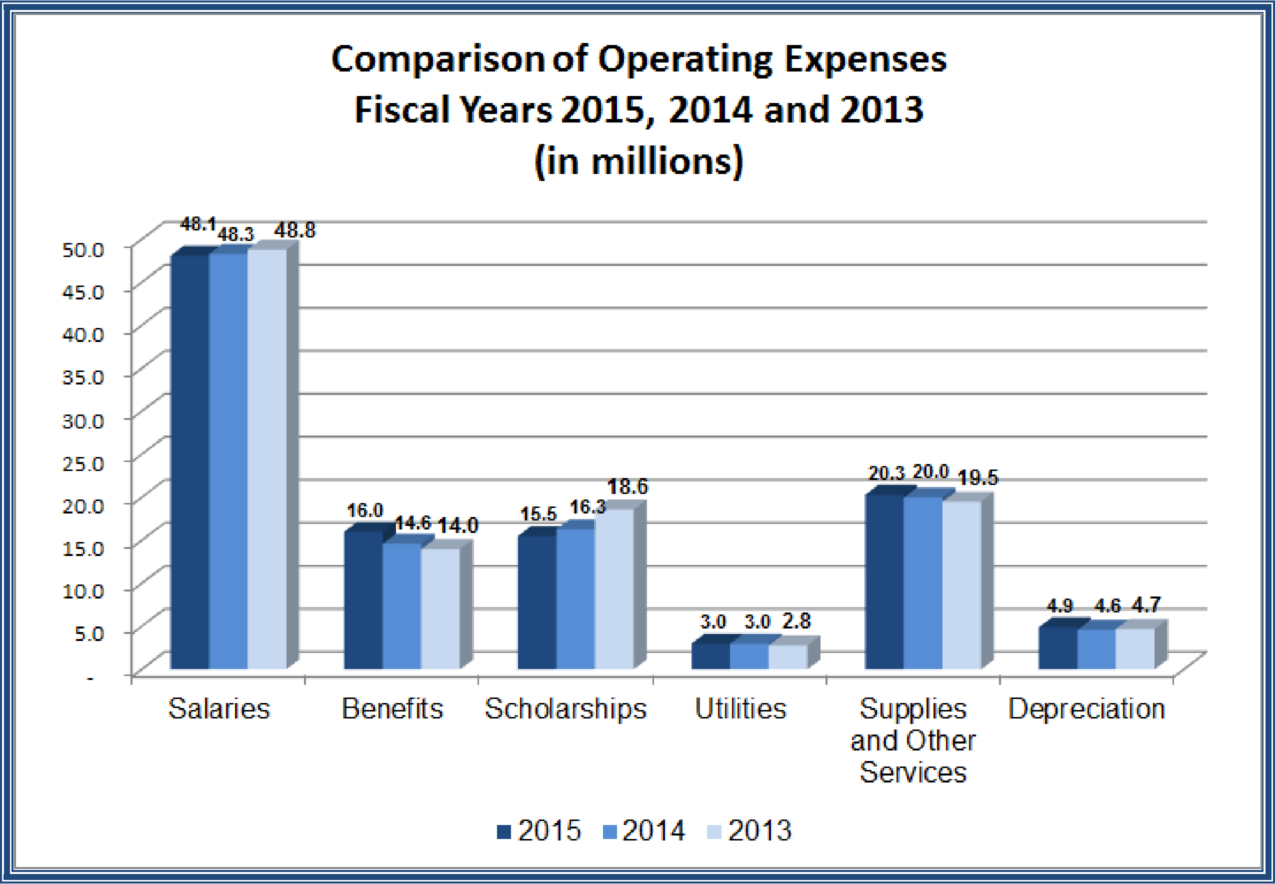
Supplies and other services increased by $0.3 million or 1.3 percent in fiscal year 2015. In fiscal year 2014, supplies and other services decreased by $3.1 million or 13.7 percent after significant expenditures of ARRA funds in fiscal year 2013. Many of the ARRA expenditures were related to infrastructure 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 increased by approximately $0.3 million in fiscal year 2015 and decreased $0.1 million in 2014. This is primarily a result of increases in assets capitalized in 2015 and more assets being fully depreciated in 2014.

The following charts depict operating expenses by function for fiscal year ended June 30, 2015, 2014 and 2013.

Operating Expenses
Fiscal Years Ended June 30, 2015, 2014, and 2013
(in millions)

	2015	2014	2013
Operating Expenses			
Salaries	48.1	48.3	48.8
Benefits	16.0	14.6	14.0
Scholarships	15.5	16.3	18.6
Utilities	3.0	3.0	2.8
Supplies and Other Services	20.3	20.0	19.5
Depreciation	4.9	4.6	4.7
	$107.8	$106.8	$108.4



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 2015, cash decreased by approximately $1.2 million. The net cash used by operating activities increased by $4.5 million resulting from the timing of Federal student loans refunds to students and decreases in tuition and grant income. Cash for fiscal year 2014 increased by approximately $1.2 million. The net cash used by operating activities decreased by $4.6 million resulting from decreased payments to vendors and a decrease in receivables.

Cash flows from non-capital financing activity in fiscal year 2015 and 2014 decreased by $3.2 million and $2.5 million respectively resulting from decreases non-operating gifts, grants and contracts, primarily PELL grants to students.

Cash flows from capital and related financing activities shows the impact on cash related to the revenues and expenditures related to the acquisition of capital assets and debt service payments. The decrease of $5.3 million in fiscal year 2015 was the net result of an increase in expenditures for capital assets and a decrease in the proceeds from a debt issuance. The increase of $5.9 million in fiscal year 2014 was the net result of an increase in expenditures for capital assets and an increase in the proceeds from a debt issuance.

Net cash used by investing activities during the fiscal years of 2015 and 2014 remained stable as the college held investments steady.

Summary of Cash Flows
As of June 30, 2015, 2014 and 2013
(in millions)

	2015	2014	2013
Net cash flow used by operating activities	(47.5)	(43.0)	(47.6)
Net cash flow provided by noncapital financing activities	51.2	54.4	56.9
Net cash used by capital and related financing activities	(5.0)	(10.3)	(4.4)
Net cash provided (used) by investing activities	0.1	0.1	0.1
Net increase (decrease) in cash	(1.2)	1.2	5.0
Cash - beginning of year	30.2	29.0	24.0
Cash - end of year	29.0	30.2	29.0

Debt Administration

At June 30, 2014 and 2015 the college's financial statements reflect $46.9 million and $44.4 million respectively in (general obligation) bonds payable. These bonds are general obligation bonds of the Greenville County backed by the full faith, credit and taxing power of the County of Greenville. Greenville County appropriates funds to service the debt of the general obligation bonds. The decrease in 2015 was a reduction in principal resulting from debt service payments. The increase in 2014 was a result of Greenville County issuing $25.0 million in bonds to aid in the construction of the Center for Manufacturing Innovation for the college.

Also outstanding at June 30, 2014 and 2015 are three capital leases payable totaling $18.6 million and $16.6 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.

Implementation of GASB Statement No. 68

The college implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the financial statements for the period ending June 30, 2015. This affects reporting requirements for employers participating in the pension plans and is effective for fiscal periods beginning after June 15, 2014. This standard changes the way participating employers, including the college, report the cost of and liability for employee pension benefits in their financial statements. Greenville Technical College implemented these changes beginning with their financial statements for the fiscal year ended June 30, 2015.

The new GASB requirement does not directly impact the funding of the pension plans. Instead, the new requirement impacts the financial accounting and reporting for the plans and their participating employers by requiring changes in the plans' determination of pension liabilities as well as significant changes in the reporting of those liabilities by participating employers. The changes represent a complete disconnect between the accounting for and reporting of pensions and the funding of pensions. For additional information see the section of this analysis titled implementation of GASB Statement No. 68

As active participating members work and contribute to their defined benefit retirement accounts, they are working toward earning a pension benefit that is expected to be paid in the future. Employers also contribute toward the cost of member pension benefits expected to be paid from the plan. If the pension plan's funding level is less than 100 percent, this means that some portion of the money needed for the plan to pay expected member pension benefits in the future is not currently held in the pension trust fund as of the date of measurement. Because the plan is expected to continue in perpetuity, if the plan's funding level is less than 100 percent, contribution rates are set at a sufficient level such that future contributions, along with investment earnings, will enable the plan to be 100 percent funded within the period provided for in the plan's funding policy.

The new GASB standards attempt to calculate the associated pension costs as of a specific point in time. The difference between the total anticipated cost of the plan's expected future benefits to be paid as of a certain date (Total Pension Liability or TPL), and the value of assets on hand to cover the benefits on that date (Fiduciary Net Position or FNP) is referred to as the Net Pension Liability (NPL). Participating employers previously reported an expense for employer contributions actually paid during the fiscal year as required by state law to help fund the pension plan, referred to as the annual required contribution (ARC); as long as the ARC was paid, there was no corresponding liability to report. GASB 68 now requires participating employers to report a proportionate share of the NPL in the employer's financial statements regardless of the funding progress. In addition, employers are required by GASB 68 to include significantly expanded note disclosures and required supplementary information regarding their participation in the plans.

In addition to the inclusion of the NPL in participating employers' financial statements, the new standards require a change in the way the plan calculates the NPL for financial reporting purposes. The GASB requirement of determining the value of assets on hand to cover benefits is tied to "fair market value," and, because of the inherent volatility of investment market values, may result in more frequent and larger fluctuations in the amount of the pension plan's NPL for accounting and financial reporting purposes. Comparatively, this differs from the method used in determining the actuarial liability of the plans for funding purposes where fluctuations in investment market value were recognized using actuarial smoothing methods. Smoothing techniques defer a portion of investment gains and losses each year to dampen the short-term volatility inherent in investment markets and are intended to produce an actuarial asset value that is fairly consistent with market values during periods of ordinary investment returns. Smoothing results both in more stable contribution rates and in a more level funded status and is also a valuable methodology for budgetary planning purposes for governmental entities. Actuarial smoothing will continue to be used in the determination of the required employer and employee contribution rates for funding purposes.

The changes required by GASB 67 and 68 are likely to result in increased volatility in the reported NPL, which will flow through to participating employers' financial statements as they record their proportionate share of the NPL and its changes from one year to the next. Additionally, the inclusion of the liability may make an employer appear insolvent on its financial statements. Regardless of the NPL reported on an employer's financial statements, the employer is responsible only for making the contributions required by state law during any given year. Employers cannot pay down or pay off their proportionate share of the NPL with additional contributions as the plans are unable to accept contributions in excess of those required by state law. In addition, employers cannot discontinue their participation in the plan as the election to participate is irrevocable.

Operating Results for the Years Ended June 30, 2015, 2014, and 2013 2015 with and without impact of GASB 68 (in millions)	2015 Including GASB 68	2015 Without Impact of GASB 68	2014	2013
Operating Revenues				
Tuition and Fees	$ 28.3	$ 28.3	$ 28.5	$ 30.1
Federal Grants and Contracts	8.2	8.2	9.4	4.8
State and Local Grants and Contracts	12.1	12.1	12.6	12.7
Auxiliary	5.1	5.1	5.2	5.6
Other	2.1	2.1	2.2	2.1
Total	55.8	55.8	57.9	55.3
Operating Expenses				
Salaries	48.1	48.1	48.3	48.8
Benefits	**16.0**	**15.0**	14.6	14.0
Scholarships	15.5	15.5	16.3	18.6
Utilities	3.0	3.0	3.0	2.8
Supplies and Other Services	20.3	20.3	20.0	19.5
Depreciation	4.9	4.9	4.6	4.7
Less Operating Expenses	107.8	106.8	106.8	108.4
Net Operating Loss	(52.0)	(51.0)	(48.9)	(53.1)
Non-Operating Revenues (expenses)				
State Appropriations	16.9	16.9	16.7	16.0
State and Local Grants and Contracts	0.8	0.8	0.9	0.9
Federal Grants and Contracts	23.6	23.6	25.7	28.8
County and City Appropriations	11.3	11.3	11.1	10.7
Gain/(loss) on disposal of fixed assets	-	-	(0.2)	-
Interest Expense	(1.5)	(1.5)	(1.6)	(1.8)
Interest Income	0.3	0.3	0.1	0.1
Total	51.4	51.4	52.7	54.7
State Capital Appropriations	0.6	0.6	1.2	1.7
Capital Donation	0.4	0.4	-	-
Increase in Net Assets	0.4	1.4	5.0	3.3
Net Assets (beginning of year)	98.3	98.3	93.3	90.4
Cumulative Effect of GASB 65	-	-	-	(0.4)
Cumulative Effect of GASB 68	**(72.1)**	-	-	-
Net Assets (end of year)	26.6	99.7	98.3	93.3

The preceding schedule illustrates the impact of the implementation of GASB 68 on the college's Operating results for Fiscal year 2015 and a comparison of the 2015 results with 2014 and 2013 without the impact of GASB 68. If GASB 68 were not included, the current year pension expense would have been reduced by $1.0 million and ending net assets would have been $73.1 million higher than the amount reflected for FY 2015 including GASB 68. The college would have reported an increase in net position of $1.4 million greater than the amount reported in 2014.

Analysis of Net Assets
Fiscal Years Ended June 30, 2015, 2014 and 2013
2015 with and without impact of GASB 68
(in millions)

Net Assets	2015 Including GASB 68	2015 Without Impact of GASB 68	2014	2013
Net Investment in Capital Assets	59.3	59.3	59.9	53.1
Restricted	10.2	10.2	7.7	7.9
Unrestricted	(42.9)	30.2	30.7	32.2
Total	$26.6	$99.7	$98.3	$93.2

The preceding schedule illustrates the impact of the implementation of GASB 68 on the college's Net Assets for fiscal year 2015 and a comparison of the 2015 results with 2014 and 2013 without the impact of GASB 68. This table also illustrates the effects of GASB 68 on the college's net assets. If GASB 68 were not included, the college's ending net assets would have $1.4 million higher than 2014 and $73.1 million higher than FY 2015 with the implementation of GASB 68. The college would have positive unrestricted net assets on the Statement of Net Position

Prior Period Adjustment

Capital assets for fiscal year 2014 were restated in fiscal year 2015. Construction in progress was reduced by $975,443. This restatement was due to equipment in the construction in progress account which was capitalized at the end of fiscal year 2014. Restatements have been made to the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows.

Economic Factors

Preliminary data indicates that South Carolina's gross general fund revenues increased $472 million or 7.3%. The general fund growth rate for the State for fiscal year 2013-2014 was 1.6%. While this news is encouraging, there is no expectation of significant increases in state appropriations in the near future.

In fiscal year 2014-15 appropriations from the state to the college for operations increased by 1.5 percent, while appropriations increased by 4.2 percent in fiscal year 2013-14. State appropriations for capital expenditures were $0.6 million below the previous year.

State funding for college operations is expected to increase in for the 2015-16 fiscal year. The college anticipates an increase in funding of 3.0 percent or $0.5 million for operations. While this is encouraging, the increase in state funding may not be sufficient to cover the mandatory cost increases in state employees' bonuses and 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.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff. I would like to express appreciation to all the employees who assisted in the timely closing of the college's financial records and the preparation of this report. In addition, I would like to express my appreciation to the other departments and individuals who assisted in the preparation of this report. Finally, I would like to thank the dedicated staff of our external auditors Kline, Brant and Kochenower for their guidance.

Jacqueline R. DiMaggio
Vice President for Finance

GREENVILLE TECHNICAL COLLEGE
Statement of Net Position
June 30, 2015 and June 30, 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 29,015,407	$ 30,196,535
Investments	13,832,339	13,777,632
Accounts Receivable, Net	7,430,671	2,711,719
Bond Proceeds Receivable	19,679,708	10,712,001
Inventories	3,039,918	3,201,502
Other Assets	2,042,142	2,592,337
Total Current Assets	75,040,185	63,191,726
NONCURRENT ASSETS		
Bond Proceeds Receivable	-	14,150,000
Capital Assets, Net of Accumulated Depreciation	100,630,324	99,411,423
Total Noncurrent Assets	100,630,324	113,561,423
Total Assets	175,670,509	176,753,149
DEFERRED OUTFLOWS OF RESOURCES	6,762,536	311,500
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	4,382,626	1,718,221
Accrued Payroll and Related Liabilities	753,981	1,149,266
Long Term Liabilities - Current Portion	5,414,871	5,027,994
Unearned Revenue	5,981,741	5,975,313
Funds Held for Others	357,512	706,621
Total Current Liabilities	16,890,731	14,577,415
NONCURRENT LIABILITIES		
Bonds Payable	41,734,505	44,349,644
Capital Leases Payable	14,290,000	16,460,000
Compensated Absences Payable	3,576,550	3,332,944
Net Pension Liability	73,180,296	
Total Noncurrent Liabilities	132,781,351	64,142,588
Total Liabilities	149,672,082	78,720,003
DEFERRED INFLOWS OF RESOURCES	6,175,317	-
NET POSITION		
Net Investment in Capital Assets	59,330,388	59,901,947
Restricted For:		
Expendable:		
Capital Projects	10,216,883	7,675,000
Loans	-	21,080
Unrestricted (note 11)	(42,961,625)	30,746,619
Total Net Position	$ 26,585,646	$ 98,344,646

GREENVILLE TECHNICAL COLLEGE
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2015 and June 30, 2014

	2015	2014
REVENUES		
OPERATING REVENUES		
Student Tuition and Fees (Net)	$ 28,306,907	$ 28,466,428
Federal Grants and Contracts	8,221,947	9,410,829
State Grants and Contracts	12,101,577	12,589,868
Sales and Services of Educational Departments	599,605	643,827
Auxiliary Enterprises (Net)	5,138,739	5,231,081
Other Operating Revenues	1,435,052	1,510,084
Total Operating Revenues	55,803,827	57,852,117
EXPENSES		
OPERATING EXPENSES		
Salaries	48,120,014	48,334,643
Benefits	16,029,490	14,585,224
Scholarships and Fellowships	15,533,288	16,306,996
Utilities	2,942,115	2,961,593
Supplies and Other Services	20,242,259	19,975,873
Depreciation	4,901,028	4,604,244
Total Operating Expenses	107,768,194	106,768,573
Operating Income (Loss)	(51,964,367)	(48,916,456)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	16,943,392	16,696,570
County Appropriations	11,341,851	10,982,712
City Appropriations	-	125,000
Interest Income	268,596	123,070
Gain (Loss) on Disposal of Capital Assets	-	(171,821)
Interest Expense on Capital Asset Related Debt	(1,517,691)	(1,567,181)
Federal Grants and Contracts	23,581,574	25,691,963
State and Local Grants and Contracts	782,511	872,238
Net Nonoperating Revenues	51,400,233	52,752,551
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(564,134)	3,836,095
State Capital Appropriations	594,390	1,245,739
Capital Donation	360,893	-
Transfers to/from Other State Agencies	-	-
Increase (Decrease) in Net Position	391,149	5,081,834
NET POSITION		
Net Position - Beginning of Year	98,344,646	93,262,812
Cummulative Effect of GASB 68	(72,150,149)	
Net Position - Beginning of Year (Restated)	26,194,497	
Net Position - End of Year	$ 26,585,646	$ 98,344,646

SEE NOTES TO FINANCIAL STATEMENTS

GREENVILLE TECHNICAL COLLEGE
Statement of Cash Flows
For the Years Ended June 30, 2015 and June 30, 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 27,922,126	$ 28,401,815
Federal, State and Local Grants and Contracts	20,452,080	21,405,587
Federal Student Loan Proceeds	31,653,928	39,469,998
Sales and Services of Educational Departments	599,746	634,666
Auxiliary Enterprise Charges	5,300,323	5,267,354
Other Receipts	635,731	1,536,673
Federal Student Loans Disbursed	(33,481,609)	(38,741,125)
Payments to Vendors	(52,923,434)	(53,134,266)
Payments to Employees	(47,634,037)	(47,859,918)
Net Cash Provided (Used) by Operating Activities	(47,475,146)	(43,019,216)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	16,943,392	17,316,591
County Appropriations	12,614,017	10,570,503
City Appropriations	125,000	0
State, Local and Federal Grants, Gifts and Contracts - Non Operating	21,503,265	26,583,149
Net Cash Flows Provided by Noncapital Financing Activities	51,185,674	54,470,243
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Appropriations	594,390	1,245,739
Donation	360,893	
Purchase of Capital Assets	(4,157,009)	(6,707,068)
Proceeds from the Issuance of Capital Debt	-	
Expenditure of bond proceeds held by county	5,296,467	153,434
Principal Paid on Capital Debt	(4,700,276)	(3,653,881)
Interest Paid on Capital Debt	(2,373,722)	(1,352,366)
Net Cash Provided by Capital and Related Financing Activities	(4,979,257)	(10,314,142)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	13,832,339	13,777,632
Interest on Investments	87,601	65,311
Purchase of Investments	(13,832,339)	(13,777,632)
Net cash Flows Provided (Used) by Investing Activities	87,601	65,311
Net Increase (Decrease) in Cash	(1,181,128)	1,202,196
Cash - Beginning of Year	30,196,535	28,994,339
Cash - End of Year	$ 29,015,407	$ 30,196,535
Reconciliation of Net Operating Revenue (Expenses) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (51,964,368)	$ (48,916,456)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	4,901,028	4,604,244
Change in Assets and Liabilities		
Receivables, Net	(2,691,429)	26,570
Inventories	161,584	36,273
Deferred Charges and Prepaid Expenses	(124,207)	380,792
Accounts Payable	2,298,840	850,433
Compensated Absences	350,619	(64,519)
Deferred Inflows/Outflows - Net	(215,159)	
Unearned Revenue	(330,264)	(14,801)
Deposits Held for Others	138,210	78,248
Net Cash Provided (Used) by Operating Activities	$ (47,475,146)	$ (43,019,216)

COMPONENT UNIT OF GREENVILLE TECHNICAL COLLEGE
GREENVILLE TECH FOUNDATION, INC. AND SUBSIDARIES
Component Unit Consolidated Statement of Financial Position
for the Year Ended December 31, 2014 and
for the Six Months Ended December 31, 2013

ASSETS	2014	2013
Unrestricted cash and cash equivalents	$ 534,776	$ 889,418
Restricted cash and cash equivalents	1,017,543	1,252,061
Pledges receivable, net	1,218,450	386,486
Student loans receivable	7,933	9,245
Accounts receivable, net	75,805	70,312
Prepaid expenses	54,465	26,349
Investments	7,119,560	4,950,853
Notes receivable	404,780	-
Property and equipment, net	26,654,321	26,318,029
Cash surrender value of life insurance	41,012	38,168
Charitable remainder trusts receivables	251,189	245,857
Loan costs, net	271,346	284,278
TOTAL ASSETS	$ 37,651,180	$ 34,471,056

LIABILITIES AND NET ASSETS

LIABILITIES	2014	2013
Accounts payable and accrued expenses	$ 517,267	$ 188,488
Line of credit	414,000	-
Due to related party - security deposit	400,000	-
Customer deposits	61,451	63,843
Bonds payable	7,695,000	7,850,000
Notes payable	11,587,000	12,817,000
Interest rate swap	2,803,033	1,611,529
Total Liabilities	$ 23,477,751	$ 22,530,860
NET ASSETS		
Unrestricted	2,725,985	3,054,017
Unrestricted – board designated	2,242,680	2,222,492
Total Unrestricted	4,968,665	5,276,509
Temporarily restricted	3,979,374	1,688,566
Permanently restricted	5,225,390	4,975,121
Total Net Assets	14,173,429	11,940,196
	$ 37,651,180	$ 34,471,056

 SEE NOTES TO FINANCIAL STATEMENTS

COMPONENT UNIT OF GREENVILLE TECHNICAL COLLEGE
GREENVILLE TECH FOUNDATION, INC. AND SUBSIDARIES
Component Unit Consolidated Statement of Activities
for Year Ended December 31, 2014

	Unrestricted	Restricted	Restricted	Total
SUPPORT AND REVENUE				
Contributions	$ 241,509	$ 3,524,366	$ 244,052	$ 4,009,927
Property and equipment donations	622,164	31,246	-	653,410
Change in reserve for uncollectible contributions	(1,092)	(5,026)	(834)	(6,952)
Charitable trusts, change in value	5,332	-	-	5,332
Interest and dividend income	125,405	44,489	-	169,894
Excess interest - Richmond Tow ne Center	758,517	-		758,517
Management fee income	189,250	-	-	189,250
Rental income	3,771,302	-	-	3,771,302
Realized and unrealized gains on investments	9,920	(3,298)	-	6,622
Interest rate sw ap - change in market value	(1,191,504)	-	-	(1,191,504)
Miscellaneous	190,116	3,485	-	193,601
	4,720,919	3,595,262	243,218	8,559,399
Transfers	136,819	(143,870)	7,051	-
Net assets released from restrictions	1,160,584	(1,160,584)	-	-
Total support and revenue	6,018,322	2,290,808	250,269	8,559,399
EXPENSES				
College support:				
Scholarships	428,192	-	-	428,192
Student programs	39,249	-	-	39,249
College faculty/staff development	54,042	-	-	54,042
College departmental supplies and activities	174,429	-	-	174,429
Equipment purchases/gifts in kind	279,746	-	-	279,746
Professional services and other fees	194,069	-	-	194,069
Other college support	117,433	-	-	117,433
GTF Brashier Charter School	12,483	-	-	12,483
GTF Student Housing	1,249,732	-	-	1,249,732
Depreciation and amortization	658,978	-	-	658,978
Cost of financing	78,815	-	-	78,815
Interest expense	804,140	-	-	804,140
Uncollectible student loans	1,567			1,567
Total program expenses - college support	4,092,875	-	-	4,092,875
Operations:				
Building and grounds upkeep	524,093	-	-	524,093
Compensation	295,969	-	-	295,969
Depreciation and amortization	403,352	-	-	403,352
Impairment expense on land held	207,442			207,442
Insurance	24,579	-	-	24,579
Investment management fees	55,770	-	-	55,770
Liability, employee bond	8,268	-	-	8,268
Miscellaneous expense	32,867	-	-	32,867
Office expenses and supplies	54,225	-	-	54,225
Professional and other fees	248,458	-	-	248,458
Property and other miscellaneous taxes	52,845	-	-	52,845
Softw are updates/maintenance fee	25,488	-	-	25,488
Telecommunications/user fees	12,180	-	-	12,180
Interest expense	13,646	-	-	13,646
Utilities	130,065	-	-	130,065
Total management and general - operations	2,089,247	-	-	2,089,247
Fundraising expenses	144,044	-	-	144,044
Total expenses	6,326,166	-	-	6,326,166
CHANGE IN NET ASSETS	(307,844)	2,290,808	250,269	2,233,233
NET ASSETS, BEGINNING OF YEAR	5,276,509	1,688,566	4,975,121	11,940,196
NET ASSETS, END OF YEAR	**$ 4,968,665**	**$ 3,979,374**	**$ 5,225,390**	**$ 14,173,429**

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, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	$ 101,935	$ 847,298	$ 587,112	$ 1,536,345
Property and equipment donations	1,281,536	45,000	-	1,326,536
Change in reserve for uncollectible contributions	(5,102)	(2,488)	(930)	(8,520)
Charitable trusts, change in value	155,308	-	-	155,308
Interest and dividend income	70,806	43,530	-	114,336
Management fee income	171,000	-	-	171,000
Rental income	4,336,853	-	-	4,336,853
Realized and unrealized gains on investments	131,037	243,774	-	374,811
Interest rate swap - change in market value	2,115,661	-	-	2,115,661
Miscellaneous	220,097	12,658	-	232,755
	8,579,131	1,189,772	586,182	10,355,085
Transfers	86,364	(132,264)	45,900	-
Net assets released from restrictions	975,373	(975,373)	-	-
Total support and revenue	9,640,868	82,135	632,082	10,355,085
EXPENSES				
College support:				
Scholarships	352,737	-	-	352,737
Student programs	38,011	-	-	38,011
College faculty/staff development	31,427	-	-	31,427
College departmental supplies and activities	176,096	-	-	176,096
Equipment purchases/gifts in kind	1,515,163	-	-	1,515,163
Professional services and other fees	31,332	-	-	31,332
Other college support	108,054	-	-	108,054
GTF Brashier Charter School	13,873	-	-	13,873
GTF Student Housing	1,330,276	-	-	1,330,276
Depreciation and amortization	720,090	-	-	720,090
Cost of financing	125,060	-	-	125,060
Interest expense	827,963	-	-	827,963
Total program expenses - college support	5,270,082	-	-	5,270,082
Operations:				
Building and grounds upkeep	508,738	-	-	508,738
Compensation	281,551	-	-	281,551
Depreciation and amortization	418,127	-	-	418,127
Insurance	31,365	-	-	31,365
Investment management fees	46,112	-	-	46,112
Liability, employee bond	7,623	-	-	7,623
Miscellaneous expense	18,516	-	-	18,516
NEON expenses	6,604	-	-	6,604
Office expenses and supplies	54,847	-	-	54,847
Professional and other fees	195,510	-	-	195,510
Property and other miscellaneous taxes	51,146	-	-	51,146
Software updates/maintenance fee	28,519	-	-	28,519
Telecommunications/user fees	12,240	-	-	12,240
Utilities	125,989	-	-	125,989
Total management and general - operations	1,786,887	-	-	1,786,887
Fundraising expenses	82,720	-	-	82,720
Total expenses	7,139,689	-	-	7,139,689
CHANGE IN NET ASSETS	2,501,179	82,135	632,082	3,215,396
NET ASSETS, BEGINNING OF YEAR	2,775,330	1,606,431	4,343,039	8,724,800
NET ASSETS, END OF YEAR	**$ 5,276,509**	**$ 1,688,566**	**$ 4,975,121**	**$ 11,940,196**

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.

During fiscal year 2012-13, the State of South Carolina implemented GASB Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34. As a result of this implementation, the College will now be reported as a discretely presented component unit on the State of South Carolina’s Comprehensive Annual Financial Report. Discrete presentation entails reporting component unit financial data in one or more columns separate from the financial data of the primary government instead of blending the College’s financial information into the State’s financial information. 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Financial Statements, continued: 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. As of June 30, 2013, the College adopted accounting guidance, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

The College implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position in the financial statements for the fiscal year ended June 30, 2013. This statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position rather than net assets. This statement had no significant impact on the College for the fiscal year ended June 30, 2013.

During the fiscal year ending June 30, 2014 Greenville Technical College implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Greenville Technical College implemented retroactively to July 1, 2011 for purposes of management discussion and analysis and all statements illustrated.

Prior to the implementation of Statement No. 65 Greenville Technical College amortized bond issuance costs over the life of the bond. Upon implementation of Statement No. 65 Greenville Technical College eliminated any bond issuance costs associated with prior year bond issues and expensed bond issuance costs in the year which they occurred. For refunding bond issues resulting in the defeasance of debt the difference between the reacquisition price and the net carrying amount of the old debt is now reported as a deferred outflow of resources.

Effective for the fiscal year ending June 30, 2015, the college adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27. The college will now report its proportionate share of the State of South Carolina's net pension liability. Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources. See note 9 for further discussion of this change.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until that time. For the years ended June 30, 2014 and June 30, 2015, Deferred Outflows of Resources are $311,500 and $6,762,536, respectively, and impact the college as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Financial Statements, continued:

	FY 2014 Deferred Outflows Amount	FY 2014 Amortized Portion of Deferred Outflows	FY 2015 Deferred Outflows Amount	FY 2015 Amortized Portion of Deferred Outflows
Certificate of Participation Refinance	$ 48,000	$ 240,000	$ 48,000	$ 192,000
1998 and 2002 GOB Refinance	71,500	71,500	71,500	-
2014A GOB Refinance	-	-	-	40,160
2015 COP Refinance	-	-	-	139,900
Contributions to Pension Plan				6,390,476
	$ 119,500	$ 311,500	$ 119,500	$ 6,762,536

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.

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 position.

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,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

I. Capital Assets, continued: 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.

During the fiscal years ended June 30, 2015 and June 30, 2014, Greenville Technical College was a recipient of a U.S. Department of Labor Trade Adjustment Assistance Community College and Career Training grant (TAACCCT). Within the terms of the grant, equipment was purchased during fiscal year 2015 in the amount of $319,978. Of this amount, $64,895 was for equipment housed at Greenville Technical College. The remainder, $255,083, was for equipment held in the custody of the other colleges in the consortium. Equipment was purchased during fiscal year 2014 in the amount of $2,215,430. Of this amount, $799,530 was for equipment housed at Greenville Technical College. The remainder, $1,415,900, was for equipment held in the custody of the other colleges in the consortium. In accordance with grant guidelines of U.S. Department of Labor, the College as fiscal agent purchased the equipment and therefore tracks, capitalizes and depreciates the assets in accordance with the College's capitalization policy. However, title is vested with the U.S. Department of Labor until the end of the grant period.

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

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

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

Net Investment in Capital Assets: 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 net investment in capital assets.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 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, 2015, the college incurred $2,327,026 of interest expense, of which $1,517,691 was charged to expense, $738,462 was capitalized, and $70,874 was booked to reflect a decrease in bond interest payable. In the fiscal year ended June 30, 2014, the college incurred $1,597,975 of interest expense, of which $1,567,181 was charged to expense, $235,730 was capitalized, and $204,936 was booked to reflect an increase 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

R. Component Unit, continued

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	2015	2014
Current Years Appropriations:		
Per Annual Appropriations Act	$ 16,688,548	$ 15,936,528
Greenville Regional Education Center	-	107,752
SC Education Lottery Technology Funds	254,844	652,290
Total Non-Capital Appropriations Recorded as Current Year Revenue	$ 16,943,392	$ 16,696,570
Capital Appropriations		
Current Years Appropriations:		
Per Annual Appropriations Act University Center	$ 594,390	$ 594,390
Per Annual Appropriations Enterprise Campus	-	435,750
Per Annual Appropriations Act Deferred Maintenance	-	215,599
Total Capital Appropriations Recorded as Current Year Revenue	$ 594,390	$ 1,245,739

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

NOTE 3 – CASH, DEPOSITS AND INVESTMENTS, continued

Custodial Credit Risk, continued

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, 2015, were $30,694,525. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $30,694,525 was fully collateralized with securities held by the pledging institution in the college's name. The deposits for Greenville Technical College at June 30, 2014, were $31,945,350. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $31,945,350 was fully collateralized with securities held by the pledging institution in the college's name.

Restricted cash includes $0 held for Perkins loans at June 30, 2015 and includes $21,080 held for Perkins loans at June 30, 2014.

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.

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, 2015 which are not with the State Treasurer's Office are presented below. All investments are certificates of deposit maturing between August 2015 and January 2017 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	$ 13,832,339	$ 12,605,819	$1,226,520		
Municipal Bonds	-	-			
	$ 13,832,339	$ 12,605,819	$1,226,520		

The college's investments at June 30, 2014 which are not with the State Treasurer's Office are presented below. All investments are certificates of deposit maturing between August 2014 and June 2015 and are backed by an irrevocable letter of credit or securities pledged in the college's name.

NOTE 3 – CASH, DEPOSITS AND INVESTMENTS, continued

INVESTMENTS, continued

	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	$ 9,706,160	$ 9,706,160			
Municipal Bonds	4,071,472	4,071,472			
	$ 13,777,632	$ 13,777,632			

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, 2015, the investments for Greenville Technical College were $13,832,339. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $13,832,339 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, 2014, the investments for Greenville Technical College were $13,777,632. Of these, $0 was exposed to custodial credit risk as uninsured and uncollateralized. The balance of $13,777,632 was collateralized with securities held by the pledging institution in the college's name, or supported by an irrevocable letter of credit. The college recognized no losses due to the default by counterparts to investment transactions.

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, 2015 and June 30, 2014 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, 2015 and 2014

Rated Debt Investments	**Fair Value**	**Quality Ratings**				
		AAA	AA	A	A1	Unrated
2015 U.S. Agencies..........	$ 13,832,339				$ 13,832,339	
2014 U.S. Agencies..........	$ 13,777,632				$ 13,777,632	

NOTE 3 – CASH, DEPOSITS AND INVESTMENTS, continued

Concentration of Credit Risk

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

The college had debt securities investment at June 30, 2015 and June 30, 2014, 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, 2015 and June 30, 2014, 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 Position to footnote disclosure provided for deposits and investments.

Statement of Net Position:	**2015**	**2014**
Cash and Cash Equivalents:		
Unrestricted	$ 29,015,407	$ 30,175,455
Restricted	$ -	$ 21,080
Total Cash and Cash Equivalents	$ 29,015,407	$ 30,196,535
Investments:		
Certificates of Deposit	$ 13,832,339	$ 13,777,632
Disclosure, Deposits and Investments:		
Cash and Cash Equivalents		
Demand Deposit Accounts	$ 30,405,038	$ 29,907,699
Held by State Treasurer	$ 281,486	$ 278,336
Cash on Hand	$ 8,000	$ 10,500
Total Cash and Cash Equivalents	$ 30,694,524	$ 30,196,535
Investments:		
Certificates of Deposit	$ 13,832,339	$ 13,777,632

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015 and June 30, 2014, are summarized as follows:

	2015	2014
Student Accounts Net	$ 894,376	$ 342,293
Other Federal Grantors	5,790,429	1,371,288
Due from State	339,276	516,140
Accrued interest	35,575	23,084
Greenville Tech Foundation	321,369	309,832
Other	49,646	149,082
Net Accounts Receivable	$ 7,430,671	$ 2,711,719

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, 2015, the allowance for uncollectible student accounts is valued at $5,555,474. At June 30, 2014, the allowance for uncollectible student accounts is valued at $6,562,774.

NOTE 5 – BOND PROCEEDS RECEIVABLE

At June 30, 2015, bond proceeds receivable of $19,666,998 relate to the proceeds of the Series 2014 Greenville County General Obligation Bonds. These bonds were issued on March 11, 2014 to finance the costs of acquisition, construction, renovation, installation and equipping of the Center for Manufacturing Innovation (CMI). The bond proceeds are on deposit with the Greenville County Treasurer's Office and are drawn down as expenditures are made on the construction project. Interest earned on the escrow account totaled $114,174 for the fiscal year ended June 30, 2015. During the year ended June 30, 2015, project expenditures totaling $3,102,173 were drawn from the proceeds.

At June 30, 2014, bond proceeds receivable of $22,654,996 relate to the proceeds of the Series 2014 Greenville County General Obligation Bonds. These bonds were issued on March 11, 2014 to finance the costs of acquisition, construction, renovation, installation and equipping of the Center for Manufacturing Innovation (CMI). The bond proceeds are on deposit with the Greenville County Treasurer's Office and are drawn down as expenditures are made on the construction project. Interest earned on the escrow account totaled $14,251 for the fiscal year ended June 30, 2014. During the year ended June 30, 2014, project expenditures totaling $2,207,005 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, 2015 or June 30, 2014.

NOTE 7 - LOANS RECEIVABLE

At June 30, 2015 the college had no loans receivable. The outstanding balance as of June 30, 2014 was liquidated during the current fiscal year. Student loans made through the Federal Perkins Loan Program comprise all of the loans receivable as of June 30, 2014. 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, 2015 and June 30, 2014, 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, 2015 is as follows:

	Beginning Balance 30-Jun-14	Increases	Transfers	Decreases	Ending Balance 30-Jun-15
Capital assets not being depreciated:					
Land	11,263,046	-	195,987	-	11,459,033
Land Improvements	5,168,077	-	-	-	5,168,077
Construction in progress	965,332	5,405,749	(1,264,885)		5,106,196
Total capital assets not being depreciated	17,396,455	5,405,749	(1,068,898)	-	21,733,306
Other capital assets:					
Buildings and improvements	135,624,800	-	337,210	-	135,962,010
Machinery, equipment, and other	15,400,327	642,975	547,509	(47,693)	16,543,118
Depreciable Land Improvements	2,303,271 *	-	184,179	-	2,487,450
Vehicles	2,320,912	71,205	-	(24,239)	2,367,878
Total other capital assets at historical cost	155,649,310	714,180	1,068,898	(71,932)	157,360,456
Less accumulated depreciation for:					
Buildings and improvements	(58,904,720)	(3,672,342)	-	-	(62,577,062)
Machinery, equipment, and other	(11,166,943)	(984,519)	-	47,693	(12,103,769)
Depreciable Land Improvements	(1,421,774)	(102,952)	-	-	(1,524,726)
Vehicles	(2,140,904)	(141,216)	-	24,239	(2,257,881)
Total accumulated depreciation	(73,634,341)	(4,901,029)	-	71,932	(78,463,438)
Capital Assets, Net	99,411,424	1,218,900	-	-	100,630,324

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

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

* Adjusted $1 due to rounding

NOTE 8 – CAPITAL ASSETS, continued

The activity in the college's capital assets for the fiscal year ended June 30, 2014 is as follows:

	Beginning Balance 30-Jun-13	Increases	Transfers	Decreases	Ending Balance 30-Jun-14
Capital assets not being depreciated:					
Land	8,817,135		2,445,911	-	11,263,046
Land Improvements	5,440,859	-	-	(272,782)	5,168,077
Construction in progress	13,884	3,397,359	(2,445,911)	-	965,332
Total capital assets not being depreciated	14,271,878	3,397,359	(0)	(272,782)	17,396,455
Other capital assets:					
Buildings and improvements	135,624,800	-	-	-	135,624,800
Machinery, equipment, and other	11,898,384	3,629,981	-	(128,038)	15,400,327
Depreciable Land Improvements	2,303,270	-	-	-	2,303,270
Vehicles	2,312,630	16,419	-	(8,137)	2,320,912
Total other capital assets at historical cost	152,139,084	3,646,400	-	(136,175)	155,649,309
Less accumulated depreciation for:					
Buildings and improvements	(55,195,054)	(3,709,666)	-	-	(58,904,720)
Machinery, equipment, and other	(10,651,430)	(643,551)	-	128,038	(11,166,943)
Depreciable Land Improvements	(1,328,031)	(93,743)	-	-	(1,421,774)
Vehicles	(1,991,757)	(157,284)	-	8,137	(2,140,904)
Total accumulated depreciation	(69,166,272)	(4,604,244)	-	136,175	(73,634,341)
Capital Assets, Net	97,244,690	2,439,515	(0)	(272,782)	99,411,423

The Gain (Loss) on Diposal of Assets consisted of the following:	
Gain on sale of asset	$ -
Loss on Disposal	(171,821)
Net Gain (Loss) on Disposals	$ (171,821)

NOTE 9 - PENSION PLAN(S)

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 of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position 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, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). This SCRS plan provides lifetime monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

GASB Statement No. 67, Financial Reporting for Pension Plans, replaces the requirements of Statement No. 25 and Statement No. 50, and is effective for fiscal periods beginning after June 15, 2013. This statement affects the reporting requirements for pension plans that administer benefits. The South Carolina Public Employee Benefit (PEBA) will implement the changes required by this standard in the South Carolina Retirement Systems' financial statements issued for the fiscal year ended June 30, 2014. This statement has no direct impact on the reporting requirements of employers participating in the plans, as such including these financial statements of Greenville Technical College.

NOTE 9 - PENSION PLAN(S), continued

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, replaces the requirements of Statement No. 27, and is effective for fiscal periods years beginning after June 15, 2014. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

The Retirement Division maintains five 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 the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

Under the SCRS, Class II members are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members qualify for disability annuity benefits provided they have a minimum of eight years of credited service. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to $6,000 based on years of service at retirement. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

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. The TERI program will end effective June 30, 2018.

Effective July 1, 2013, employees participating in the SCRS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for SCRS was 15.90%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 9 - PENSION PLAN(S), continued

Included in the total SCRS employer contribution rate is a base retirement contribution of 10.75%, .15% for the incidental death program and a 5.00% surcharge that will fund retiree health and dental insurance coverage. Employer contributions for State ORP include a 5.75% employer retirement contribution, 5.00% retiree insurance surcharge and .15% incidental death benefit. Greenville Technical College's actual contributions to the SCRS for the years ended June 30, 2015, 2014, and 2013 were approximately $3,705,030, $3,560,463, and $3,526,530, respectively, and equaled the base required retirement contribution rate, excluding surcharge, of 10.75% for 2015, 10.45% for 2014 and 10.45% for 2013. Also, the college paid employer incidental death program contributions of approximately $51,698, $51,107, and $50,620, at the rate of .15% of compensation for the current fiscal years ended June 30, 2015, 2014, and 2013 respectively.

At June 30, 2015, Greenville Technical College reported a pension liability of $72,991,685 for SCRS. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The college's proportion of the net pension liability was based on a projection of the college's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. At June 30, 2014, the college's proportion of SCRS was .423959%, the same as it's proportion as of June 30, 2013

For the year ended June 30, 2015, Greenville Technical College recognized pension expense of $5,115,887 for SCRS. At June 30, 2015, the college reported deferred outflows of resources and deferred inflows of resources related to those pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 6,153,731
Changes in proportion and difference between Greenville Technical College contributions and proportionate share of contributions	2,068,277	-
Greenville Technical College contributions subsequent to the measurement date	4,287,729	-
Total	$ 6,356,006	$ 6,153,731

$4,287,729 reported as deferred outflows of resources related to pensions resulting from Greenville Technical College SCRS contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	(898,693)
2017	(898,693)
2018	(1,389,374)

NOTE 9 - PENSION PLAN(S), continued

Actuarial assumptions: The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5 percent
Projected salary increases	levels off at 3.5%
Includes inflation at	2.75%
Benefit adjustments	lesser of 1% or $500

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement system. 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 PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental 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.

Under the PORS, Class II members are eligible for a full service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits effective since July 1, 1989 for the PORS is 2.14 percent of an employee’s average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor’s benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2013, employees participating in the PORS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for PORS was 18.41%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Included in the total PORS employer contribution rate is a base retirement contribution of 13.01%, .20% for the incidental death program, .20% for the accidental death program, and a 5.00% surcharge that will fund retiree health and dental insurance coverage. The college’s actual contributions to the PORS for the years ended June 30, 2014, 2013, and 2012 were approximately $29,046, $14,581, and $17,600, respectively, and equaled the base retirement required contribution rate, excluding surcharge, of 13.01% for 2015, 12.44% for 2014, and 11.90% for 2013. The college also paid employer incidental death program contributions of approximately $447, $234, and $296, at the rate of .20% of compensation for the current fiscal years ended June 30, 2015, 2014, and 2013 respectively. In addition the college paid accidental death program contributions of approximately $447, $234, and $296, at the rate of .20% of compensation for the current fiscal years ended June 30, 2015, 2014, and 2013 respectively.

At June 30, 2015, Greenville Technical College reported a pension liability of $186,561 for PORS. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The college’s proportion of the net pension liability was based on a projection of the college’s long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially

NOTE 9 - PENSION PLAN(S), continued

determined. At June 30, 2014, the college's proportion of PORS was .009745%, the same as it's proportion as of June 30, 2013.

For the year ended June 30, 2015, Greenville Technical College recognized pension expense of $16,322 for PORS. At June 30, 2015, the college reported deferred outflows of resources and deferred inflows of resources related to those pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 21,586
Changes in proportion and difference between Greenville Technical College contributions and proportionate share of contributions	4,978	-
Greenville Technical College contributions subsequent to the measurement date	29,492	-
Total	$ 34,470	$ 21,586

$29,939 reported as deferred outflows of resources related to pensions resulting from Greenville Technical College PORS contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	(4,106)
2017	(4,106)
2018	(4,291)

Actuarial assumptions: The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5 percent
Projected salary increases	levels off at 4.0%
Includes inflation at	2.75%
Benefit adjustments	lesser of 1% or $500

As an alternative to membership to SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for State ORP plan other than for payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.90% plus the retiree surcharge of 5.00% from the employer in fiscal year 2015. Of the 10.90% employer retirement contribution rate, the employer remits 5.00% directly to the

NOTE 9 - PENSION PLAN(S), continued

participant's ORP account and the remaining 5.75% and .15% incidental death program contribution amounts are remitted to SCRS.

For fiscal year 2015, total contributions requirements to the ORP were approximately $967,502 (excluding the surcharge) from Greenville Technical College as employer and approximately $719,923 from its employees as plan members.

The amounts paid by the college for pension, incidental death program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged. 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 retirement system. Employee and employer contribution rates for the SCRS and PORS are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates.

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study performed in 2011. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period and the next study is scheduled to be conducted in 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates of arithmetic real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Real Rate of Return
Short Term	5.00%	0.9	0.03
Domestic Fixed Income	13.00%	7.4	0.26
Global Fixed Income	9.00%	4.9	0.27
Global Public Equity	31.00%	7.8	2.42
Global Tactical Asset Allocation	10.00%	5.1	0.51
Alternatives	32.00%	35.4	2.39
Total Expected Real Return	100.00%		5.88
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			8.63

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employee contributions in SCRS and PORS will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate

NOTE 9 - PENSION PLAN(S), continued

of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents Greenville Technical College's proportionate share of the net pension liabilities calculated using the discount rate of 7.50 percent, as well as what the college's proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

Greenville Technical College proportional share of net pension liability	1% Decrease -6.50%	Current Discount Rate -7.50%	1% Increase -8.50%
SCRS	94,455,756	72,991,685	55,084,492
PORS	260,714	186,561	125,205

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 district employees and their covered dependents. Greenville Technical College contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple-employer defined benefit postemployment healthcare, and long-term disability plans administered by the Insurance Benefits Division (IB), a part of the South Carolina Public Employee Benefit Authority State Budget and Control Board (PEBA).

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 beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 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 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded though annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except the portion funded through the pension surcharge and provided from the other applicable sources of the IB 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, 5.00% of annual covered payroll for 2015 and 4.92% of annual covered payroll for 2014. The IB sets the employer contribution rate based on a pay-as-you-go basis. The college paid approximately $2,184,433 and $2,093,765 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2015 and 2014, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was $3.22 for the fiscal years ended June 30, 2015 and June 30, 2014. The college recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately $25,406 and $24,952 for the years ended June 30, 2015 and 2014, respectively.

NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS, continued

b. Funding Policies, continued

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated IB reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions.

One may obtain a copy of the complete financial statements for the benefit plans and the trust funds from PEBA Retirement Benefits and Insurance Benefits, 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

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.

In 2015, construction began on the Greenville Readiness Center. This new facility will be a joint use building between the South Carolina Army National Guard and the college with funding shared by both entities. In 2015 the college continued construction of the Center Manufacturing Innovation (CMI), for which funding was secured in fiscal year 2014. This project is expected to be completed during the first quarter of fiscal year 2017. The College also started recreational and roadway upgrades during 2014 that were completed in 2015. At June 30, 2015 and June 30, 2014, the college had remaining commitment balances of approximately $10,216,883 and $1,321,270 respectively on original contracts of $13,792,898 and $1,589,754, respectively with architects, and construction contractors. Other projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities. 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.

Unrestricted Net Assets

Planned Uses of Unrestricted Net Assets are as follows:

	6/30/2015	6/30/2014
Operating Reserve	$ 13,873,592	$ 14,592,183
Operating Contingency	1,000,000	1,500,000
Encumbrances	215,176	887,050
Inventories	3,039,918	3,201,502
Other Construction Project Costs	12,089,985	10,565,884
Effect of GASB 68 Net Pension Liability	(73,180,296)	
Total	$ (42,961,625)	$ 30,746,619

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, 2014 were $1,049,072. Lease payments for the remainder of the lease are as follows:

2010 Refunding Certificate of Participation

Year Ended June 30		Capital Leases With External Parties
2016		1,046,380
2017		1,048,200
2018		1,049,410
2019		1,050,010
Total Minimum Payments		4,194,000
Less: Interest and Executory Costs		244,000
Present Value of Net Minimum Lease Payments	$	3,950,000

Lease payments made under this agreement in the year ending June 30, 2014 were $1,046,154. Lease payments for the remainder of the lease are as follows:

2010 Refunding Certificate of Participation

Year Ended June 30		Capital Leases With External Parties
2015	$	1,049,072
2016		1,046,380
2017		1,048,200
2018		1,049,410
2019		1,050,010
Total Minimum Payments		5,243,072
Less: Interest and Executory Costs		363,072
Present Value of Net Minimum Lease Payments	$	4,880,000

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases, continued

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.

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.

In 2015, Greenville County issued Certificates of Participation to refund the 2005 Certificates of Participation. The governmental purpose for the issuance of the 2015 Certificate and refunding the Refunded Certificates was to achieve a savings. The outstanding principle of the lease increased by $140,000, and the total future payments under the lease were reduced by $195,457.

Lease payments made under this agreement in the year ending June 30, 2015 amounted to $1,343,375.

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

2015 Refunding Certificates of Participation

Year Ended June 30		Capital Leases With External Parties
2016		1,295,774
2017		1,296,176
2018		1,299,528
2019		1,297,440
Total Minimum Payments		5,188,918
Less: Interest and Executory Costs		233,918
Present Value of Net Minimum Lease Payments	$	4,955,000

Lease payments made under this agreement in the year ending June 30, 2014 amounted to $1,343,475.

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases, continued

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
2015	$ 1,343,375
2016	1,345,375
2017	1,349,375
2018	1,340,375
2019	1,349,250
Total Minimum Payments	6,727,750
Less: Interest and Executory Costs	837,750
Present Value of Net Minimum Lease Payments	$ 5,890,000

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

Carrying Value of Assets under Capital Leases	2015 Capital Leases With External Parties	2014 Capital Leases With External Parties
Assets acquired under capital leases		
Land and improvements	$ 5,168,077	$ 5,168,077
Buildings and improvements	26,100,338	26,100,338
Assets acquired under capital leases before accumulated depreciation	31,268,415	31,268,415
Less: accumulated depreciation	(11,815,689)	(11,152,683)
Assets acquired under capital leases, net	$ 19,452,726	$ 20,115,732

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, 2015, lease payments in the amount of $573,398 were made to Brashier Middle College, LLC. During the fiscal year ending June 30, 2014, lease payments in the amount of $573,398 were made to Brashier Middle College, LLC.

NOTE 12 - LEASE OBLIGATIONS, continued

Capital Leases, continued

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
2016	549,750
2017	546,500
2018	548,000
2019	549,000
2020	549,500
2021-2025	2,737,500
2026-2030	2,726,500
2031-2035	2,711,000
2036-2040	2,709,750
Total Minimum Payments	$ 13,627,500
Less: Interest and Executory Costs	5,932,500
Present Value of Net Minimum Lease Payments	$ 7,695,000

Carrying Value of Assets under Capital Leases with Component Units	2015 Capital Leases With Component Units	2014 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	(1,682,000)	(1,401,666)
Assets acquired under capital leases, net	$ 6,728,000	$ 7,008,334

Operating Leases

Operating lease payments to external parties were $253,838 and $268,086 for fiscal years 2015 and 2014, 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.

NOTE 12 - LEASE OBLIGATIONS, continued

Operating Leases, continued

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, 2015, as included in the other non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Position. The college recognized $25,342 in revenue from this lease during the year ended June 30, 2014, as included in the other non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Position. 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.

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, 2015, as included in the other non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Position. The college recognized $108,495 in revenue from this lease during the year ended June 30, 2014, as included in the other non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Position. 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, 2015, liabilities for future years are as follows:

Year Ended June 30	Operating Leases with External Parties
2016	162,905
2017	10,500
Total	$ 173,405

NOTE 12 - LEASE OBLIGATIONS, continued

Operating Leases with external parties, continued

At June 30, 2014, liabilities for future years are as follows:

Year Ended June 30		Operating Leases with External Parties
2015		239,488
2016		162,905
2017		10,500
Total	$	412,893

Facilities Leased to Others at June 30, 2015

		Operating leases with discretely presented component units		Operating leases with external parties
Land and improvements	$	89,740	$	325,071
Buildings and improvements		-		9,537,926
Less: Accumulated Depreciation		-		(2,381,541)
Total Carrying Value	$	89,740	$	7,481,456

Facilities Leased to Others at June 30, 2014

		Operating leases with discretely presented component units		Operating leases with external parties
Land and improvements	$	89,740	$	325,071
Buildings and improvements		-		9,413,855
Less: Accumulated Depreciation		-		(2,026,483)
Total Carrying Value	$	89,740	$	7,712,443

NOTE 12 - LEASE OBLIGATIONS, continued

Operating Leases with external parties, continued

Future minimum payments to be received:

Operating Lease Revenue at June 30, 2015

Year Ended June 30	Operating leases with discretely presented component units	Operating leases with external parties
2016	2	578,187
2017	2	474,888
2018	2	474,887
2019	2	474,887
2020	2	474,887
2021-2025	10	2,544,250
2026-2030	10	2,772,518
2031-2035	9	3,002,851
2036-2040	3	3,454,054
2041	-	218,246
Total	$ 42	$ 14,469,655

Future minimum payments to be received:

Operating Lease Revenue at June 30, 2014

Year Ended June 30	Operating leases with discretely presented component units	Operating leases with external parties
2015	$ 2	$ 535,462
2016	2	447,534
2017	2	466,583
2018	2	466,583
2019	2	466,583
2020-2024	10	2,496,093
2025-2029	10	2,726,451
2030-2034	10	2,956,784
2035-2039	4	3,582,917
2040-2041	-	694,180
Total	$ 44	$ 14,839,170

NOTE 13 - SHORT-TERM DEBT

The college had no short-term debt during the year ended June 30, 2015 or the year ended June 30, 2014.

NOTE 14 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2015 and June 30, 2014, are summarized as follows:

Payables:	2015	2014
Accounts Payable Trade	$ 1,925,894	$ 1,181,305
Student Refunds	2,041,721	36,316
Accrued bond interest payable	402,168	473,042
Indirect Costs Payable	12,843	27,558
Total Accounts Payable	$ 4,382,626	$ 1,718,221
State Retirement withholding payable	716,011	685,976
Other withholdings	37,970	463,290
Total Payroll Liabilities	$ 753,981	$ 1,149,266

NOTE 15 – BONDS AND NOTES PAYABLE

Bonds Payable

Bonds payable consisted of the following at June 30, 2015:

	Rates	Dates	Original Debt	Balance
General Obligation Bonds				
Series 2007	4.0% to 4.5%	4/1/2028	4,200,000	575,000
Series 2011A	2.5% to 4.1%	4/1/2032	5,615,000	4,995,000
Series 2012	2.0% to 3.0%	4/1/2026	7,770,000	7,770,000
Series 2013A	1.0% to 2.8%	4/1/2024	4,558,802	4,389,644
Series 2014	2.8% to 4.0%	4/1/2034	25,000,000	24,110,000
Series 2014A	2.0% to 4.0%	04/01/28	2,565,000	2,540,000
Total Bonds Payable			$ 49,708,802	$ 44,379,644

Bonds payable consisted of the following at June 30, 2014:

	Rates	Dates	Original Debt	Balance
General Obligation Bonds				
Series 2005	3.5% to 4.4%	4/1/2015	11,565,000	530,000
Series 2005A	3.5% to 4.4%	4/1/2015	7,430,000	615,000
Series 2007	4.0% to 4.5%	4/1/2028	4,200,000	3,265,000
Series 2011A	2.5% to 4.1%	4/1/2032	5,615,000	5,210,000
Series 2012	2.0% to 3.0%	4/1/2026	7,770,000	7,770,000
Series 2013A	1.0% to 2.8%	4/1/2024	4,558,802	4,474,920
Series 2014	2.8% to 4.0%	4/1/2034	25,000,000	25,000,000
Total Bonds Payable			$ 66,138,802	$ 46,864,920

NOTE 15 – BONDS AND NOTES PAYABLE, continued

Bonds Payable, continued

On December 16, 2014, Greenville County issued General Obligation Bonds Series 2014A in the amount of $2,565,000 to partially refund the Series 2007 Debt Service. The principal amount of the combined debt service post refunding increased by $30,000. The combined principal and interest payments decreased by $133.525.

On March 11, 2014, Greenville County issued General Obligation Bonds Series 2014 in the amount of $25,000,000 to provide funding for the costs of acquisition, construction, renovation, installation and equipping of the Center for Manufacturing Innovation (CMI).

On April 3, 2013 Greenville County refinance a portion of the Series 2005A General Obligation Bonds with General Obligation Bonds Series 2013A in the amount of $4,558,802. The par value of the refunded bonds was $4,255,000. The refunding of the bonds resulted in present value savings of $243,993 or 5.734%.

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 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.

NOTE 15 – BONDS AND NOTES PAYABLE, continued

Bonds Payable, continued

The deferred outflows are amortized over the remaining life of the bonds. The book value of these costs at June 30, 2015 is as follows:

Deferred Outflows	June 30, 2014	Additions	Expense Amortized 2014	June 30, 2015
Certification of Participation Refinance	240,000	-	48,000	192,000
2015 Certification of Participation Refinance	-	139,890	-	139,890
Partial Refunding of 2007 General Obligation Bonds - Series 2014A	-	40,160	-	40,160
1998 and 2002 General Obligation Bond Refinance	71,500		71,500	-
Total Bond Issue and Refinance Costs	$ 311,500	$ 180,050	$ 119,500	$ 372,050

The deferred outflows are amortized over the remaining life of the bonds. The book value of these costs at June 30, 2014 is as follows:

Deferred Outflows	June 30, 2013	Additions	Expense Amortized 2014	June 30, 2014
Certification of Participation Refinance	288,000	-	48,000	240,000
1998 and 2002 General Obligation Bond Refinance	143,000	-	71,500	71,500
Total Bond Issue and Refinance Costs	$ 431,000	$ -	$ 119,500	$ 311,500

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, 2015 is as follows:

Revenue from Bond Issuance	June 30, 2014	Additions	Interest Amortized 2014	June 30, 2015
Unearned Revenue Northwest	$ 2,292	$ -	$ 748	$ 1,544
2011A General Obligation Bond Premium	142,004		7,889	134,115
2012 General Obligation Bond Premium	464,094		38,675	425,419
2013A General Obligation Bond Premium	55,633		5,563	50,070
2014 General Obligation Bond Premium	117,073		5,854	111,219
2014A General Obligation Bond Premium	-	267,109	-	267,109
	$ 781,096	$ 267,109	$ 58,729	$ 989,476

NOTE 15 – BONDS AND NOTES PAYABLE, continued

Bonds Payable, continued

A summary of the activity for the fiscal year ended June 30, 2014 is as follows:

Revenue from Bond Issuance	June 30, 2013	Additions	Interest Amortized 2013	June 30, 2014
Unearned Revenue Northwest	$ 3,213	$ -	$ 221	$ 2,992
2011A General Obligation Bond Premium	149,893		7,889	142,004
2012 General Obligation Bond Premium	502,769		38,675	464,094
2013A General Obligation Bond Premium	61,196		5,563	55,633
2014 General Obligation Bond Premium	-	117,073		117,073
	$ 717,071	$ 117,073	$ 52,348	$ 781,796

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, 2015 are as follows:

Greenville County Bonds	Principal	Interest	Payments
2016	2,645,139	1,397,951	4,043,090
2017	2,725,115	1,335,906	4,061,020
2018	2,793,484	1,263,233	4,056,717
2019	2,505,965	1,172,145	3,678,110
2020	2,575,000	1,085,776	3,660,776
2021 - 2025	13,749,941	4,071,064	17,821,006
2026 - 2030	10,210,000	1,933,238	12,143,238
2031 - 2034	7,175,000	495,363	7,670,363
Total	$ 44,379,644	12,754,674	57,134,319

The scheduled maturities of the bonds payable by type at June 30, 2014 are as follows:

Greenville County Bonds	Principal	Interest	Payments
2015	2,515,276	1,548,238	4,063,514
2016	2,645,139	1,415,464	4,060,603
2017	2,710,115	1,353,418	4,063,533
2018	2,778,484	1,281,045	4,059,529
2019	2,500,965	1,190,557	3,691,522
2020 - 2024	13,699,941	4,608,002	18,307,943
2025 - 2029	11,010,000	2,312,425	13,322,425
2030 - 2034	9,005,000	757,288	9,762,288
Total	$ 46,864,920	14,466,437	61,331,357

Notes Payable

The college had no notes payable at the year ended June 30, 2015 or the year ended June 30, 2014.

NOTE 16 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015 follows:

	June 30, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Bonds and Notes Payable					
County Bonds	$ 46,864,920	2,565,000	5,050,276	44,379,644	2,645,139
Capital Lease Obligations	18,620,000	4,955,000	6,975,000	16,600,000	2,310,000
Accrued Compensated Absences	3,685,663	2,465,557	2,114,937	4,036,282	459,732
Total Long-Term Liabilities	$ 69,170,583	9,985,557	14,140,213	65,015,926	5,414,871

Long-term liability activity for the year ended June 30, 2014 follows:

	June 30, 2013	Additions	Reductions	June 30, 2014	Due Within One Year
Bonds and Notes Payable					
County Bonds	$ 23,423,802	25,000,000	1,558,882	46,864,920	2,515,276
Capital Lease Obligations	20,715,000	-	2,095,000	18,620,000	2,160,000
Accrued Compensated Absences	3,750,181	1,932,092	1,996,611	3,685,663	352,718
Total Long-Term Liabilities	$ 47,888,983	26,932,092	5,650,493	69,170,583	5,027,994

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, 2015.

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 $243,537 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2015 and $279,775 for the fiscal year ended June 30, 2014.

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.

NOTE 17 - RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS, continued

The Foundation's net assets as of December 31, 2014 were $14,173,429. The Foundation's net assets as of December 31, 2013 were $11,940,196.

Related party receivables and payables as of June 30, 2015 and June 30, 2014 are as follows:

	June 30, 2015	June 30, 2014
Due from the Foundation	$ 320,639	$ 309,832
Due to the Foundation	$ 3,918	$ 5,980

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.

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 Position, net of scholarship allowances and bad debt expense. The detail is as follows:

NOTE 19 – REVENUES, continued

	2015	2014
Total Student Tuition and Fees	50,365,046	52,639,654
Less: Scholarship Allowance	(22,031,477)	(23,456,165)
Less: Bad Debt Expense	(26,662)	(717,061)
Student Tuition and Fees, net	$ 28,306,907	$ 28,466,428

	2015	2014
Auxiliary Enterprises Revenue	7,041,479	7,622,770
Less: Scholarship Allowance	(1,898,887)	(2,288,646)
Less: Bad Debt Expense	(3,853)	(103,043)
Auxiliary Enterprises, net	$ 5,138,739	$ 5,231,081

NOTE 20 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2015 are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	$ 30,177,820	9,829,193	-	-	4,618,804	-	44,625,817
Academic Support	5,980,841	2,106,168	-	-	4,781,504	-	12,868,513
Student Services	4,477,516	1,585,026	-	-	1,416,321	-	7,478,863
Operation and Maintenance of Plant	3,334,503	1,103,690	-	2,942,115	1,709,422	-	9,089,730
Institutional Support	3,866,352	1,314,728	-	-	1,877,192	-	7,058,272
Scholarships & Fellowships	-	-	15,533,288	-	-	-	15,533,288
Auxiliary Enterprises	282,982	90,685	-	-	5,839,016	-	6,212,683
Depreciation	-	-	-	-	-	4,901,028	4,901,028
Total Operating Expenses	$ 48,120,014	16,029,490	15,533,288	2,942,115	20,242,259	4,901,028	107,768,194

Operating expenses by functional classification for the year ended June 30, 2014 are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	$ 30,409,634	9,036,386	-	-	3,063,035	-	42,509,055
Academic Support	6,212,065	1,973,203	-	-	5,925,114	-	14,110,382
Student Services	4,162,492	1,320,647	-	-	1,063,090	-	6,546,229
Operation and Maintenance of Plant	3,295,453	969,538	-	2,961,593	2,185,618	-	9,412,202
Institutional Support	3,933,788	1,208,831	-	-	1,436,066	-	6,578,685
Scholarships & Fellowships	-	-	16,306,996	-	-	-	16,306,996
Auxiliary Enterprises	321,211	76,619	-	-	6,302,950	-	6,700,780
Depreciation	-	-	-	-	-	4,604,244	4,604,244
Total Operating Expenses	$ 48,334,643	14,585,224	16,306,996	2,961,593	19,975,873	4,604,244	106,768,573

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, 2015

	2015	2014	Increase/ (Decrease)
Charges for services	$ 54,368,775	$ 56,342,033	$ (1,973,258)
Operating grants and contributions	35,974,532	37,794,983	(1,820,451)
Other Operation Revenue	1,435,052	1,510,084	(75,032)
Capital grants and contributions	360,893	-	360,893
Less: expenses	(109,285,885)	(108,507,575)	(778,310)
Net program revenue (expense)	(17,146,633)	(12,860,475)	(4,286,158)
Transfers:			
State appropriations	16,943,392	16,696,570	246,822
State capital appropriations	594,390	1,245,739	(651,349)
Other transfers in from state agencies/ funds	-	-	-
Total general revenue and transfers	17,537,782	17,942,309	(404,527)
Change in net position	391,149	5,081,834	(4,690,685)
Net position-beginning	98,344,646	93,262,812	5,081,834
Effect of GASB 68	(72,150,149)		(72,150,149)
Net position beginning of year (Restated)	26,194,497	93,262,812	(67,068,315)
Net position-ending	$ 26,585,646	$ 98,344,646	$ (71,759,000)

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 – PRIOR PERIOD ADJUSTMENT

Capital assets for fiscal year 2014 were restated in fiscal year 2015. Construction in progress was reduced by $975,443. This restatement was due to equipment in the construction in progress account which was capitalized at the end of fiscal year 2014. Restatements have been made to the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows as outlined below.

NOTE 23 – PRIOR PERIOD ADJUSTMENT, continued

The previously stated Statement of Net Position for FY 2014 was restated resulting in a reduction of Capital Assets, Net of Accumulated Depreciation of $975,443. This reduced the Unrestricted Net Assets from $31,722,062 to $30,746,619 resulting in a Total Net Position reduction from $99,320,089 to $98,344,646.

The Statement of Revenues, Expenses, and Changes in Net Position for FY 2014 was also restated. The restatement increased Supplies and Other Services Expenses by $975,443 from $19,000,430 to $19,975,873 resulting in an increase in Total Operating Expenses from $105,793,130 to $106,768,573. The Increase in Net Position reduced correspondingly from $99,320,089 to $98,344,646.

The restated statement of Cash Flows increased Payments to Vendors by $975,443 from $52,158,823 to $52,923,434. This resulted in an increase in Net Cash Used by Operating Activities from $42,043,773 to $43,019,216 and a decrease in the Purchase of Capital Assets in the Cash Flows from Capital and Related Financing Activities from $7,682,511 to $6,707,068. This resulted in a reduction of the Net Cash Provided by Capital and Related Financing Activities from $11,289,585 to $10,314,412.

Due to the implementation of GASB Statement No. 65, previously issued financial statements have been restated for the cumulative effect of the change of the beginning net asset balance in the amount of $441,889. In addition, as a result of this implementation, restatements have been made to the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows as outlined below.

The previously illustrated Statement of Net Position for FY 2012 was restated resulting in a reduction of Other Assets by $992,389, reclassifying $550,000 to Deferred Outflows of Resources. The remaining $442,389 of prior year bond issuance costs previously recorded as assets reduced the Unrestricted Fund Balance by $442,389 to a Total Net Position of $89,952,687. The restatement of the Statement of Net Position for FY 2013 resulted in a reduction of Other Assets by $888,334, reclassifying $431,000 to Deferred Outflows of Resources. The remaining $457,334 reduced the Unrestricted Fund Balance by $457,334 to a Total Net Position of $93,262,812.

The Statement of Revenues, Expenses, and Changes in Net Position for FY 2012 and FY 2103 were also restated. The FY 2012 restatement resulted in a $262,139 increase in Operating Expenses as previously amortized bond issuance costs were expensed in the year they were incurred. This increased the Operating Loss by $262,139 from $55,072,934 to $55,335,073. The Income Before Other Revenues, Expenses, Gains or Losses decreased by $262,139 from $3,329,375 to $3,067,236.The Increase in Net Position was reduced by $262,139 from $5,072,119 to $4,809,980. The Net Position at the beginning of the year was adjusted by $179,750 from $85,322,457 to $85,142,707, and the Net Position at the End of Year decreased by a total of $441,889 from $90,394,576 to $89,952,687. The restatement of FY 2013 resulted in a net increase of Operating Expenses as previously amortized bond issuance costs were expensed in a prior year and a previously recorded asset related to bond issuance cost was expensed in FY 2013. The increase in Operating Expenses was $15,445. This increased the Operating Loss from $53,146,628 to $53,162,073. The Income Before Other Revenues, Expenses, Gains or Losses decreased by $15,445 from $1,594,385 to $1,578,940, and the Increase in Net Position – End of Year decreased by a total of $122,389 from $93,385,201 to $93,262,812.

The restated Statement of Cash Flows for FY 2012 increased payments to vendors by $292,695 as the bond issuance costs were expensed in the year they were incurred. This resulted in an increase of Net Cash Used by Operating Activities of $292,695 from $47,868,173 to $48,160,868. Interest Paid on Capital Debt decreased by $292,695 from $2,286,865 to $1,994,170 resulting in a Net Cash Provided by Capital and Related Financing Activities decrease from $2,305,248 to $2,012,553. The Operating Loss increased by $292,695 from $55,072,934 to $55,365,629 and correspondingly the Net Cash Used by Operating Activities increased by $292,695 from $47,868,173 to $48,160,868. The restatement of the Statement of Cash Flows for 2013 increased the Payments to vendors by $15,445 as the issuance cost for two bond

NOTE 23 – PRIOR PERIOD ADJUSTMENT, continued

series issued in FY 2012 was expensed during FY 2012 and not amortized over the life of the bond and the bond issuance costs for a bond issued during FY 2013 was expensed. This resulted in an increase of the Net Cash Used by Operating Expenses by $15,445 from $47,572,399 to $47,587,845. The Interest Paid on Capital Debt was decreased by $15,445 from $1,925,354 to $1,909,908 resulting in a decrease in Net Cash Provided by Capital and Related Financing by $15,445 from $4,377,415 to $4,361,969. The Operating Loss was increased by $15,445 from $53,146,628 to $53,162,073, and the Net Cash Used by Operating Activities increased $15,445 from $47,572,400 to $47,587,845.

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 the consolidated statement of activities are shown on pages 28 and 29-30, 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 was to assist community and economic development in South Carolina using the Federal New Markets Tax Credit program. The Foundation terminated NEON in December 2013. During 2012, the Foundation formed a wholly owned subsidiary, GTF Pleasantburg, LLC. This subsidiary was created to purchase land and manage the property thereafter.

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). In February 2014, the IRS determined the Foundation meets the requirements for classification as a public charity as described in Sections 509(a)(1) and 170(b)(1)(A)(vi) and updated the Foundation to public charity status to reflect that the Foundation is not a supporting organization. The Foundation meets the public support test under this new classification. Prior to February 2014, the Foundation was classified by the Internal Revenue Service as a Section 509(a)(3) functionally integrated Type III supporting organization due to the fact that the Foundation's sole reason for existence was as a support organization for Greenville Technical College.

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Foundation filed a final tax return for NEON for the year ended December 31, 2013 and dissolved this entity. NEON elected to file as a C-Corporation and was subject to income taxes. No provision for income taxes was recorded in the accompanying financial statements. The Foundation recognized the financial statement effects of a tax position only if it was more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. The assessment of the technical merit of a tax position is a matter of judgment. The Foundation believes that all its tax positions are more likely than not to be sustained upon examination.

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 years ended December 31, 2014 and 2013, 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 2011.

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; GTF Pleasantburg, 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:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. In addition, the Foundation board has designated certain funds to provide additional security for their endowments and other purposes.
- 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.

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. The Foundation considers temporarily restricted amounts spent first when both temporarily restricted and unrestricted funds are available, unless legally or contractually prohibited. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

The Foundation received noncash equipment and supplies donations of $193,410 and $1,326,536 during the years ended December 31, 2014 and 2013, respectively. During the years ended December 31, 2014 and 2013, the Foundation did not capitalize any donations of equipment received. 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. The Foundation received noncash donations of real property totaling $460,000 that was capitalized during the year ended December 31, 2014. No real property donations were received for the year ended December 31, 2013.

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 V for discussion of fair value measurements.

Accounts receivable:

Management considers GTF McAlister, LLC's 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 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, 2014 and 2013, the subsidiary established an allowance for doubtful accounts in the amount of approximately $38,000 and $115,000, respectively.

Student loans receivable:

Student loans receivable are unsecured short-term loans made to Greenville Tech 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. Pledges expected to be collected within one year are recorded as support and a receivable at net realizable value. Pledges expected to be collected in future years are recorded as support and a receivable at the net present value of the expected future cash flows. Amortization of discounts is included in contribution revenue.

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 and buildings 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.

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of the asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceeds the fair value of the assets.

Debt issuance costs:

Costs associated with obtaining financing have been capitalized and are being amortized using a method that approximates the interest method over the terms of the related debt.

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

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 year have been reclassified during the current year 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 June 30, 2015 which is the date that these financial statements were available to be issued.

B. RESTRICTED CASH

GTF Student Housing, LLC's restricted cash includes funds received as security deposits paid by tenants totaling $42,590 and $41,033 at December 31, 2014 and 2013, respectively.

In relation to the Brashier Charter, LLC Economic Development Revenue Bonds (Note O), 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, 2014 and 2013, cash restricted for this purpose totaled $83,676 and $87,364, respectively.

The Foundation is holding cash balances restricted by donors in the amount of $891,277 and $1,123,664 as of December 31, 2014 and 2013, respectively.

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 percent.

Unconditional promises to give as of December 31, 2014 and 2013 are:

	2014	2013
Receivable due in less than one year	$ 521,741	$ 167,664
Receivable due in one to five years	783,132	244,607
	1,304,873	412,271
Less: discount to net present value	(86,423)	(25,785)
Pledges receivable, net	$ 1,218,450	$ 386,486

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

E. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of December 31, 2014 and 2013:

	2014	2013
Accounts receivable, trade	$ 19,100	$ 29,613
Related party receivable	11,778	1,997
Student housing leases receivable	83,133	153,946
Less: allowance for loss	(38,206)	(115,244)
Accounts receivable, net	$ 75,805	$ 70,312

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 $41,000 and $38,000 at December 31, 2014 and 2013, respectively.

The Foundation is the beneficiary of two charitable remainder trusts with aggregate values of approximately $251,000 and $246,000 at December 31, 2014 and 2013, 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, 2014 and 2013 are as follows:

	2014			2013		
	Fair Value	Cost	Unrealized Appreciation / (Depreciation)	Fair Value	Cost	Unrealized Appreciation / (Depreciation)
US Government securities	$ 532,302	$ 513,974	$ 18,328	$ 483,609	$ 491,105	$ (7,496)
Mutual funds	2,439,121	2,549,782	(110,661)	1,441,443	1,469,144	(27,701)
Corporate bonds	736,119	722,950	13,169	372,865	360,884	11,981
Mortgage backed securities	-	-	-	134,178	138,750	(4,572)
Common stocks	3,412,018	2,962,131	449,887	2,518,758	1,914,192	604,566
	$ 7,119,560	$ 6,748,837	$ 370,723	$ 4,950,853	$ 4,374,075	$ 576,778

The composition of the investment return for the years ended December 31, 2014 and 2013:

	2014	2013
Interest and dividends	$ 169,894	$ 114,336
Fees	(55,770)	(46,112)
Unrealized/realized gains	6,622	374,811
	$ 120,746	$ 443,035

I. ENDOWMENT

The Foundation's endowment funds consist of approximately 130 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

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

I. ENDOWMENT, continued

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.

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:

(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 percent 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

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

I. ENDOWMENT, continued

with the 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.Endowment net asset composition by type of fund as of December 31, 2014:

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted – Corpus	Total
Endowment Funds	$ -	$ 2,129,153	$ 323,859	$ 5,225,390	$ 7,678,402

Endowment net asset composition by type of fund as of December 31, 2013:

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted – Corpus	Total
Endowment Funds	$ -	$ 2,108,965	$ 477,879	$ 4,975,121	$ 7,561,965

Changes in endowment net assets for the years ended December 31, 2014 and 2013, respectively:

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted – Corpus	Total
Endowment net assets, December 31, 2012	$ -	$ 1,939,432	$ 257,280	$ 4,343,039	$ 6,539,751
Investment return:					
Investment income, net	-	39,117	117,944	-	157,061
Change in value of CSV and CRUTs	-	155,308	192	-	155,500
Net appreciation realized and unrealized	-	81,890	243,774	-	325,664
Contributions	-	6,745	-	587,112	593,857
Change in reserve for uncollectible contributions	-	-	-	(930)	(930)
Transfers	-	(113,527)	77,803	45,900	10,176
Appropriations of endowment assets for expenditure	(219,114)	-	-	-	(219,114)
Net assets released from restrictions	219,114	-	(219,114)	-	-
Endowment net assets, December 31, 2013	-	2,108,965	477,879	4,975,121	7,561,965
Investment return:					
Investment income, net	-	50,303	58,813	-	109,116
Change in value of CSV and CRUTs	-	5,332	(245)	-	5,087
Net appreciation realized and unrealized	-	2,949	36,562	-	39,511
Contributions	-	6,023	-	244,052	250,075
Change in reserve for uncollectible contributions	-	-	-	(834)	(834)
Transfers	-	-	-	7,051	7,051
Appropriations of endowment assets for expenditure	(293,569)	-	-	-	(293,569)
Net Assets released from restrictions	293,569	(44,419)	(249,150)	-	-
Endowment net assets, December 31, 2014	$ -	$ 2,129,153	$ 323,859	$ 5,225,390	$ 7,678,402

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.
At December 31, 2011, GTF Student Housing had debt issuance costs, net of accumulated amortization, of $107,241. In March 2012, GTF Student Housing amended its debt and incurred an additional $15,364 in loan costs. Effective November 7, 2012, GTF Student Housing, LLC refinanced its debt with a different

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

J. INTANGIBLE ASSETS, continued

financial institution and the remaining unamortized loan costs related to the old loan in the net amount of $111,043 were written off as a cost of financing. Loan costs related to the new note of $137,157 were capitalized and will be amortized over the life of the note.

The Foundation's loan costs consisted of the following at December 31, 2014 and 2013:

	2014	2013
Loan Costs	$ 326,757	$ 326,757
Less: Accumulated Amortization	(55,411)	(42,479)
	$ 271,346	$ 284,278

Amortization expense for the periods ended December 31, 2014 and 2013 was $12,932 and $12,932, respectively.

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

2015	12,930
2016	12,930
2017	12,930
2018	12,930
2019	12,930
Thereafter	206,696
	$ 271,346

K. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31, 2014:

	Greenville Tech Foundation, Inc	GTF McAlister, LLC	GTF Student Housing, LLC	Brashier Charter, LLC	GTF Pleasantburg, LLC	Consolidated
Furniture and fixtures	$ -	$ -	$ 945,498	$ -	$ -	$ 945,498
Equipment	-	44,635	-	-	-	44,635
Buildings	-	2,198,633	15,377,598	8,280,396	-	25,856,627
Leasehold improvements	-	6,805,487	-	-	-	6,805,487
Land	1,538,535	-	-	-	246,154	1,784,689
	1,538,535	9,048,755	16,323,096	8,280,396	246,154	35,436,936
Less: Accumulated depreciation	-	3,795,354	3,884,384	1,102,877	-	8,782,615
	$ 1,538,535	$ 5,253,401	$ 12,438,712	$ 7,177,519	$ 246,154	$ 26,654,321

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

K. PROPERTY AND EQUIPMENT, continued

The following is a summary of property and equipment at December 31, 2013:

	Greenville Tech Foundation, Inc	GTF McAlister, LLC	GTF Student Housing, LLC	Brashier Charter, LLC	GTF Pleasantburg, LLC	Consolidated
Furniture and fixtures	$ -	$ -	$ 917,034	$ -	$ -	$ 917,034
Equipment	-	44,635	-	-	-	44,635
Buildings	-	2,198,633	15,369,518	8,280,396	-	25,848,547
Leasehold improvements	-	6,574,934	-	-	-	6,574,934
Land	419,942	-	-	-	246,154	666,096
	419,942	8,818,202	16,286,552	8,280,396	246,154	34,051,246
Less: Accumulated depreciation	-	3,392,002	3,445,347	895,868	-	7,733,217
	$ 419,942	$ 5,426,200	$ 12,841,205	$ 7,384,528	$ 246,154	$ 26,318,029

Depreciation expense for the years ending December 31, 2014 and 2013 was $1,049,398 and $1,125,285, respectively.

During the year ended December 31, 2014, the Foundations recognized an impairment loss on land held. The original carrying value of the land was $417,442; however, based on an appraisal performed by a certified appraiser, the value of the land was determined to be $210,000, resulting in a $207,442 impairment loss.

L. NOTES RECEIVABLE

In May 2014, the Foundation entered into a loan agreement with a developer for the Richmond Towne Center on Faris Road. The Foundation loaned approximately $810,000 from its endowment to the developer at 6 percent interest (payable monthly) plus additional interest payments based on performance of the shopping center or its sale. The loan matures in ten years and is secured by a second mortgage on the property. The Foundation's approval is required for various transactions involving the shopping center. The Foundation also executed a commitment to fund advances to the first mortgage lender up to approximately $1,100,000 under certain defined circumstances with those advances also secured by the second mortgage and loan agreement. The principal of the note is payable when a sale of the property or a refinancing occurs. All outstanding principal is due and payable in May 2024.

On September 30, 2014, a portion of the shopping center was sold. As a result, the commitment to fund agreement with the first mortgage lender reduced the Foundation's commitment amount to a maximum of $833,500. A portion of the proceeds from the sale was used to repay a portion of the principal amount to the Foundation. Additionally, the Foundation received approximately $728,000 of excess interest as outlined in the loan agreement from the sale which is included in excess interest – Richmond Towne Center on the accompanying consolidated statement of activities. At December 31, 2014, the remaining amount due on the note receivable totaled $404,780.

M. LINE OF CREDIT

In May 2014, the Foundation obtained an unsecured line of credit with a financial institution which provides for maximum borrowings up to $500,000. Interest is payable monthly at a variable rate of LIBOR plus 3.00 percent (3.15 percent at December 31, 2014). The line matures on May 22, 2017. The Foundation has $414,000 outstanding on the line of credit at December 31, 2014.

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

M. LINE OF CREDIT, continued

	2014	2013
Note payable to a bank by GTF Student Housing, LLC; due in monthly installments of principal plus interest at 75 percent of 1-month LIBOR plus 1.25 percent (approximately 1.053 percent at December 31, 2014); matures November 1, 2022; secured by property and substantially all assets of GTF Student Housing, LLC and GTF McAlister, LLC.	11,587	12,817,000

Provisions of the above bank debt agreements require the Foundation to maintain certain financial ratios such as debt service ratios, and certain other covenants which require or restrict other actions. The Foundation was not in compliance with certain ratios for the year ending December 31, 2014 and has obtained a waiver from the bank.

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

2015	$ 434,000
2016	457,000
2017	470,000
2018	493,000
2019	506,000
Thereafter	9,227,000
	$ 11,587,000

N. NOTES PAYABLE

In March 2014, the Foundation acquired land in Greer, South Carolina at a cost of $850,000. Of the total purchase price, $350,000 was paid at closing. The remaining $500,000 was financed from the seller in the form of a promissory note, secured by a purchase money mortgage on the property. The note is for five years at a 5 percent interest rate, with interest payments due quarterly and principal payments of $100,000 due on an annual basis. The land was valued by an appraiser engaged by the donor at $1,310,000. The difference between the appraised amount and the purchase price of $460,000 was recorded as a property and equipment donation. In May 2015, the Foundation obtained a line of credit and paid the note in full (Note M).

O. 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 0.21 and .24 percent at December 31, 2014 and 2013, 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 years ended December 31, 2014 and 2013 totaled $448,603 and $450,799, respectively. Sinking fund payments will continue through maturity on December 1, 2038. As disclosed in Note P, 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 $7,695,000 and $7,850,000 as of December 31, 2014 and 2013, respectively.

NOTE 24 – COMPONENT UNIT INFORMATION – GREENVILLE TECH FOUNDATION, continued

O. BONDS PAYABLE, continued

Schedule of maturities for years ending December 31:

2015	$	165,000
2016		170,000
2017		180,000
2018		190,000
2019		200,000
Thereafter		6,790,000
	$	7,695,000

P. LETTERS OF CREDIT

The Foundation, through its subsidiary, Brashier Charter, LLC, had available an irrevocable letter of credit from a financial institution in the amount of $8,000,000. This letter of credit was obtained as part of the issuance of the Economic Development Revenue Bonds discussed in Note O. The letter of credit provides security for the payment of principal and interest on the bonds. The amount supporting principal is $7,695,000 and the amount supporting an interest component of up to forty days is $77,644. The letter of credit was collateralized by the building constructed by the bond proceeds. The letter expired July 10, 2013, and was renewed through July 10, 2018.

Provisions of the letter of credit agreement require the Foundation to maintain certain financial ratios such as debt service ratios, and certain other covenants which require or restrict other actions.

Q. SWAP AGREEMENTS

The Foundation through GTF Student Housing, LLC and Brashier Charter, LLC subsidiaries used variable-rate debt to finance 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 N and O). 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 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.

NOTE 24 – COMPONENT UNIT INFORMATION, continued

Q. SWAP AGREEMENTS, continued

In November 2012, the Foundation refinanced the debt related to GTF Student Housing LLC and in doing so, the interest rate swap associated with the old loan was terminated. Upon refinancing, the Foundation entered into a new interest swap agreement ("Swap 1") with a maturity date of November 7, 2022 wherein the Foundation pays TD Bank a fixed rate of 2.95 percent and in return, TD Bank pays the Foundation a variable rate equal to 75 percent of one month USD-LIBOR plus 1.25 percent. The variable rate was 1.05 and 1.06 percent at December 31, 2014 and 2013, respectively.

The original notional amount of the contract was $13,248,000. The notional amounts at December 31, 2014 and 2013 were $12,396,000 and $12,817,000, 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.

On July 10, 2008, the Foundation entered into an $8,410,000 U. S. Dollar Swap Transaction ("Swap 2") 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 percent 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 percent per annum. At December 31, 2014 and 2013, the swap contract had an original notional amount of $8,410,000 and current notional amounts of $7,695,000 and $7,850,000, 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.

The Foundation has recorded the following activity related to interest rate swap activity in the accompanying consolidated financial statements as of and for the year ending December 31:

	2014	2013
Fair Market Value		
Swap 1	$ 1,166,719	$ 897,616
Swap 2	1,636,314	713,913
Total	$ 2,803,033	$ 1,611,529
Change in Market Value of Interest Rate Swaps		
Swap 1	$ 269,103	$ (943,642)
Swap 2	922,401	(1,172,019)
Total	$ 1,191,504	$ (2,115,661)

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

R. 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 property 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. On July 31, 2004, GTF McAlister, LLC contracted with Carolina Holdings, Inc., a property management company, to perform day-to-day management functions. The original operating agreement between the Foundation and the College expired in October, 2014 and

NOTE 24 – COMPONENT UNIT INFORMATION, continued

R. MCALISTER SQUARE OPERATIONS, continued

was amended and extended through July 31, 2029. The agreement provides for the Foundation to be paid monthly support payments. Under the revised agreement, the College was required to pay a security deposit of $400,000 that may be used periodically to pay for expenses of the property until such time as the College's reimbursement for the expenses is received.

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:

2015	1,140,411
2016	760,342
2017	274,170
2018	54,026
	$ 2,228,949

S. 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 through September, 2014 and $20,333 per month beginning October, 2014. For the years ended December 31, 2014 and 2013, management fees paid to the Foundation by the College totaled $189,250 and $171,000, respectively. During 2014, the College remitted a security deposit in the amount of $400,000 to GTF McAlister, LLC that is to be repaid at the end of the operating agreement (Note R).

The College also reimbursed GTF McAlister, LLC for approximately two-thirds of common area maintenance (CAM) related expenses. At December 31, 2014 and 2013, GTF McAlister, LLC had a receivable due from the College for CAM expenses of $16,722 and $20,029, respectively, which are included in accounts receivable on the accompanying consolidated statements of financial position. The College also pays approximately two-thirds of capital repairs and improvements. During the periods ended December 31, 2014 and 2013 the College paid expenses to GTF McAlister, LLC in the amount of $362,159 and $407,150, respectively.

The Foundation, through GTF Pleasantburg, LLC, leases land to Greenville Technical College for $1 monthly. The initial term of the lease commenced November 1, 2012 and extended for six months. However, the lease renews automatically every six months until termination of the lease by either party.

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 College pays certain expenses on behalf of the Foundation and its subsidiaries and is subsequently reimbursed by them. At December 31, 2014 and 2013, GTF Student Housing, LLC and the Foundation owed $394,766 and $52,639 to the College for reimbursement of these expenses which are included in

NOTE 24 – COMPONENT UNIT INFORMATION, continued

S. RELATED PARTY TRANSACTIONS, continued

accounts payable on the accompanying consolidated statement of activities. The Foundation had a receivable of $11,778 and $1,997 due from the College at December 31, 2014 and 2013, which is included in accounts receivable on the accompanying consolidated balance sheet.

The Foundation, through Brashier Charter, LLC, leases land from Greenville Technical College for $1 annually and the College leases from the Foundation, through Brashier Charter, LLC, an educational facility. 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 Charter, LLC 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.

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. The payoff of this loan allowed the Foundation to pledge the GTF McAlister, LLC building and assets as collateral on the GTF Student Housing, LLC loan. In November 2012, the loan was refinanced with TD Bank. GTF McAlister, LLC's note to the Foundation is due on demand and is being paid in monthly installments of $21,000 of principal plus interest, which accrues at an annual rate of 6 percent. The balance of this note, which is eliminated upon consolidation, was $1,512,000 and $1,764,000 at December 31, 2014 and 2013, respectively. Interest income and expense eliminated upon consolidation totaled $97,650 and $112,770 for the years ended December 31, 2014 and 2013, respectively.

T. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions consisted of the following support transferred out of restricted funds for payment by unrestricted funds.

	2014	2013
Scholarships	$ 428,192	$ 352,737
Student programs	39,248	38,012
College faculty/staff development	54,042	31,427
College departmental supplies & activities	174,429	176,096
Equipment purchases/gifts-in-kind	117,582	232,493
Miscellaneous expenses	347,091	144,608
Total net assets released from restrictions	$ 1,160,584	$ 975,373

U. NET ASSETS

Temporarily restricted net assets consist of the following at:

	2014	**2013**
Various College programs	$ 3,655,515	$ 1,210,687
Accumulated endowment fund earnings	323,859	477,879
	$ 3,979,374	$ 1,688,566

NOTE 24 – COMPONENT UNIT INFORMATION, continued

U. NET ASSETS, continued

Permanently restricted net assets consist of the following at:

	2014	2013
Endowment funds - portion required to be retained permanently by explicit donor stipulation	$ 5,225,390	$ 4,975,121

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

V. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements should be based on assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. 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 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.

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

NOTE 24 – COMPONENT UNIT INFORMATION, continued

V. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

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.

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.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2014 and 2013 were as follows:

	Assets / Liabilities at Fair Value			
	Total	Level 1	Level 2	Level 3
December 31, 2014				
ASSETS:				
Investments:				
Equity securities – common stock				
Financials	$ 620,461	$ 620,461	$ -	$ -
Information technology	753,867	753,867	-	-
Health care	606,838	606,838	-	-
Consumer discretionary	440,911	440,911	-	-
Energy	226,156	226,156	-	-
Industrials	302,370	302,370	-	-
Consumer staples	273,749	273,749	-	-
Telecommunication services	151,385	151,385	-	-
Materials	97,364	97,364	-	-
Utilities	106,944	106,944	-	-
Other	50,763	50,763	-	-
Fixed income securities				
US Government debt securities	532,302	-	532,302	-
Corporate debt securities	736,119	-	736,119	-
Mutual funds	1,570,528	-	1,570,528	-
Alternative strategies mutual funds	499,437	499,437	-	-
Broad commodities mutual funds	150,366	150,366	-	-
Total Investments	7,119,560	4,280,611	2,838,949	-
Charitable remainder trusts receivable	251,189	-	-	251,189
Cash value of life insurance	41,012	-	41,012	-
	$ 7,411,761	$ 4,280,611	$ 2,879,961	$ 251,189
LIABILITIES:				
Interest rate swaps	$ 2,803,033	-	$ 2,803,033	-

NOTE 24 – COMPONENT UNIT INFORMATION, continued

V. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

	Assets / Liabilities at Fair Value (continued)			
	Total	Level 1	Level 2	Level 3
December 31, 2013:				
ASSETS:				
Investments:				
Equity Securities – Common Stock				
Financials	$ 486,212	$ 486,212	$ -	$ -
Information Technology	548,928	548,928	-	-
Health care	359,186	359,186	-	-
Consumer discretionary	314,218	314,218	-	-
Energy	264,452	264,452	-	-
Industrials	240,909	240,909	-	-
Consumer staples	276,762	276,762	-	-
Telecommunication services	72,675	72,675	-	-
Materials	117,683	117,683	-	-
Utilities	68,296	68,296	-	-
Fixed Income Securities				
US Government debt securities	483,609	-	483,609.00	-
Corporate debt securities	372,865	-	372,865.00	-
Mortgage-backed securities	134,178	-	134,178.00	-
Mutual funds	575,525	-	575,525.00	-
Alternative strategies mutual funds	460,166	460,166	-	-
Broad commodities mutual funds	175,189	175,189	-	-
Total Investments	4,950,853	3,384,676	1,566,177	-
Charitable remainder trusts receivable	245,857	-	-	245,857
Cash value of life insurance	38,168	-	38,168	-
	$ 5,234,878	$ 3,384,676	$ 1,604,345	$ 245,857
LIABILITIES:				
Interest rate swaps	$ 1,611,529	$ -	$ 1,611,529	$ -

NOTE 24 – COMPONENT UNIT INFORMATION, continued

V. FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

The following table represents a summary of changes of the Foundation's Level 3 assets for the years ended December 31, 2014 and 2013:

	Charitable Remainder Trust receivables	
Balance December 31, 2012	$	90,549
Total realized/unrealized gains included in change in net assets:		155,308
Balance December 31, 2013		245,857
Total realized/unrealized gains included in change in net assets:		5,332
Balance December 31, 2014		251,189

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

W. FUNCTIONAL EXPENSES

Expenses incurred were classified in the following categories for the years ended December 31, 2014 and 2013:

	2014		2013	
Program Expenses				
College operations	$	313,069	$	139,386
Scholarships		428,192		352,737
Student programs		39,249		38,011
College faculty/staff development		54,042		31,427
College departmental supplies and activities		174,429		176,096
Equipment purchases/gifts in kind		279,746		1,515,163
GTF Brashier Charter School		614,859		666,143
GTF Student Housing		2,189,289		2,351,119
	$	4,092,875	$	5,270,082
General and administrative		2,089,247		1,786,887
Fundraising		144,044		82,720
Total expenses	$	6,326,166	$	7,139,689

X. OTHER MATTERS

During the past two years the Foundation has experienced declining occupancy levels related to its student housing rooms. Such decrease in occupancy levels impacts the rental revenue received from students which in part is used to repay the outstanding note payable related to the student housing buildings. Management continues to develop a plan to attempt to increase the occupancy and revenues and reduce expenses related to student housing. These plans include, but are not limited, reducing operating costs, sharing certain common costs between the Foundation and the College, and the hiring of

NOTE 24 – COMPONENT UNIT INFORMATION, continued

X. OTHER MATTERS, continued

a management company to oversee management and maintenance and market the buildings. There is no assurance that management will be successful with its initiatives which ultimately could impact the Foundation's cash flows related to the student housing debt (Note N). During 2014, the Foundation made additional principal payments of $809,000 on the debt above the scheduled payments. The Foundation has met all required debt payments related to student housing through the date of these financial statements. Management also believes that it has a plan and funds in place to meet required debt service in the short term.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability
South Carolina Retirement System

	FY 2015	FY 2014
College's proportion of the net pension liability	0.424%	0.424%
College's proportionate share of the net pension liability	$ 72,991,685	$ 76,043,121
College's covered-employee payroll	$ 42,438,999	$ 41,984,308
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.99%	181.12%
Plan fiduciary net position as a percentage of the total pension liability	59.92%	56.39%

Schedule of Proportionate Share of the Net Pension Liability
Police Officer's Retirement System

	FY 2015	FY 2014
College's proportion of the net pension liability	0.010%	0.010%
College's proportionate share of the net pension liability	$ 186,561	$ 202,011
College's covered-employee payroll	$ 117,209	$ 147,897
College's proportionate share of the net pension liability		
Plan fiduciary net position as a percentage of the total pension liability	67.55%	62.98%

Schedule of College Contributions
South Carolina Retirement System

	FY 2015	FY 2014
Contractually required contribution	$ 4,079,933	$ 4,038,457
Contribution in relation to the contractually required contribution	$ (4,079,933)	$ (4,038,457)
Contribution deficiency (excess)	$ -	
College's covered-employee payroll	$ 42,438,999	$ 41,984,308
Contributions as a portion of covered employee payroll	9.61%	9.62%

Schedule of College Contributions
Police Officer's Retirement System

	FY 2015	FY 2014
Contractually required contribution	$ 15,050	$ 18,191.31
Contribution in relation to the contractually required contribution	$ (15,050)	$ (18,191)
Contribution deficiency (excess)	$ -	$ -
College's covered-employee payroll	$ 117,209	$ 147,897
Contributions as a portion of covered employee payroll	12.84%	12.30%

GREENVILLE TECHNICAL COLLEGE

TWO-THOUSAND FIFTEEN

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, 2015

Greenville Technical College

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Independent Auditors' Report On Compliance
For Each Major Program And On Internal Control Over
Compliance Required by OMB Circular A-133

Greenville Technical College
Greenville, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Greenville Technical College's compliance with the types of compliance requirements described in the *(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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination on Greenville Technical College's compliance.

Opinion on Each Major Federal Program

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, 2015.

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Report on Internal Control Over Compliance

Management of Greenville Technical College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit of compliance, we considered Greenville Technical College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

A *deficiency in 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities of Greenville Technical College, a discretely presented component unit of the State of South Carolina, as of and for the years ended June 30, 2015 and June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated September 14, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. OMB Circular A-133 and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Gaffney, SC
September 14, 2015

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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, in accordance with the 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, the financial statements of the business-type activities of Greenville Technical College, a discretely presented component unit of the State of South Carolina, as of and for the years ended June 30, 2015 and June 30, 2014, and the related notes to the financial statements, which collectively comprised Greenville Technical College's basic financial statements, and have issued our report thereon dated September 14, 2015. Our report includes a reference to other auditors who audited the financial statements of 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 of the financial statements, we considered Greenville Technical College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greenville Technical College's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greenville Technical College's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Gaffney, SC
September 14, 2015

GREENVILLE TECHNICAL COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

DIRECT FEDERAL GRANTOR Pass-Through Grantor/Program Title	Program Period	Federal CFDA Number	Federal or Pass-Through Grantor's Number	Deferred Revenues 6/30/2014	Accrued Revenue Federal	Total Expended	Deferred Revenues 6/30/2015
U.S. DEPARTMENT OF EDUCATION							
STUDENT FINANCIAL ASSISTANCE CLUSTER							
Federal Pell Grant Program	11-12	84.063	N/A		1,772	1,772	
Federal Pell Grant Program	12-13	84.063	N/A		(701)	(701)	
Federal Pell Grant Program	13-14	84.063			207,039	207,039	
Federal Pell Grant Program	14-15	84.063			22,595,387	22,595,387	
Federal Work-Study Program	14-15	84.033			315,654	315,654	
Federal Supplemental Education Opportunity Grant	13-14	84.007	N/A		15,192	15,192	
Federal Supplemental Education Opportunity Grant	14-15	84.007	N/A		483,659	483,659	
Federal Direct Student Loans	13-14	84.268	N/A		344,625	344,625	
Federal Direct Student Loans	14-15	84.268	N/A		31,198,361	31,198,361	
Total Student Financial Assistance Cluster					55,160,988	55,160,988	
TRIO CLUSTER							
Trio_Student Support Services	14-15	84.042	N/A		411,871	411,871	
Trio_Upward Bound	14-15	84.047	N/A		267,422	267,422	
Total TRIO Cluster					679,293	679,293	
Passed through State Department of Education							
Career and Technical Education - Basic Grants to States	14-15	84.048	15VA407		593,690	593,690	
Passed through University of South Carolina							
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	14-15	84.325	H325N100019		227	227	
Passed through State Department of Social Services							
Child Care and Development Block Grant	14-15	93.575	15 TE 407		584,784	584,784	
Social Services Block Grant	14-15	93.667	15 TE 407		193,293	193,293	
Total U.S. Department of Education					57,212,275	57,212,275	
U.S. DEPARTMENT OF LABOR							
Trade Adjustment Assistance Community College and C Training	14-15	17.282	TC-23765-12-60-A-45		3,732,720	3,732,720	
Passed Through Worklink Workforce Investment Board							
H-1B Job Training Grants	14-15	17.268	13M295G1		226,167	226,167	
Total U.S. Department of Labor					3,958,887	3,958,887	
U.S. DEPARTMENT OF AGRICULTURE							
Passed Through SC Department of Social Services							
Child and Audit Care Food Program	14-15	10.558	5SC300329		14,990	14,990	
State Administrative Matching Grants for the Supplementa Nutrition Assistance Program	14-15	10.561	N/A		1,781	1,781	
Total U.S. Department of Agriculture					16,771	16,771	

Continued on Next Page

GREENVILLE TECHNICAL COLLEGE
Schedule of Expenditures of Federal Awards
(continued) For the Year Ended June 30, 2015

DIRECT FEDERAL GRANTOR Pass-Through Grantor/Program Title	Program Period	Federal CFDA Number	Federal or Pass-Through Grantor's Number	Deferred Revenues 6/30/2014	Accrued Revenue Federal	Total Expended	Deferred Revenues 6/30/2015
NATIONAL SCIENCE FOUNDATION							
Passed Through Clemson University							
Education and Human Resources	14-15	47.076	1569-206-2008657		1,416	1,416	
Passed Through USC-Cooperative Agreement							
NSF/SC Rsrch Infrastructure Improv	14-15	47.080	14-2678		35,950	35,950	
Total National Science Foundation					37,366	37,366	
U.S. Department of Justice							
Office of Community Oriented Policing Services							
Public Safety and Community Policing	14-15	16.710	2007CKWXK026		108	108	
Public Safety and Community Policing	14-15	16.710	2009CKWXK011		7,811	7,811	
Office of Justice Programs							
Edward Byrne Memorial State and Local Law Enforceme Discretionary Grant Program	14-15	16.580	2010-DB-BX-K004		4,911	4,911	
Edward Byrne Memorial State and Local Law Enforceme Discretionary Grant Program	14-15	16.580	2010-DB-BX-K004		32,019	32,019	
Edward Byrne Memorial Justice Assistance Grant Progra Discretionary Grant Program	14-15	16.738	2013-DP-BX-K005		442,163	442,163	
Total U.S. Department of Justice					487,012	487,012	
U.S. Department of Veteran Affairs							
Post - 9/11 Veterans Educational Assistance	14-15	64.028			1,634,196	1,634,196	
TOTAL FEDERAL AWARDS					63,346,507	63,346,507	

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		$	144,999
Stafford / Federal Direct Loans -	Subsidized		13,044,753
Stafford / Federal Direct Loans -	Unsubsidized		18,353,234
		$	31,542,986

GREENVILLE TECHNICAL COLLEGE
Summary Schedule of Prior Audit Findings
June 30, 2015

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

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

Summary of Auditor's Results:

- An unmodified opinion was issued on Greenville Technical College's basic financial statements dated September 14, 2015.

- There were no material weaknesses or significant deficiencies relating to the financial statements reported in the 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*

- There were no instances of noncompliance material to the financial statements of Greenville Technical College disclosed during the audit.

- The auditor's report on compliance for the major federal award programs for Greenville Technical College expresses an unmodified opinion.

- There were no material weaknesses or significant deficiencies relating to the audit of major federal awards reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.

- There were no audit findings reported relative to the major federal award programs for Greenville Technical College as depicted below in this schedule.

- Major federal programs:

Student Financial Aid Cluster from the U.S. Department of Education	
Federal Work Study	CFDA #84.033
PELL	CFDA #84.063
FSEOG	CFDA #84.007
PLUS Loan	CFDA #84.032
Direct Loan	CFDA #84.268
TRIO Cluster from the U.S. Department of Education	
Student Support Services	CFDA #84.042
Upward Bound	CFDA #84.047
Trade Adjustment Assistance Community College and Career Training (TAACCCT) from the U.S. Department of Labor	CFDA #17.282
H1B Job Training Grants from the U.S. Department of Labor Pass-through Worklink Workforce Investment Board	CFDA #17.268

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

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

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