YORK TECHNICAL COLLEGE

Independent Auditors' Report
Financial Statements and Schedules
For the Year Ended June 30, 2019
With Comparative Totals for June 30, 2018

YORK TECHNICAL COLLEGE
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June 30, 2019 and 2018

YORK TECHNICAL COLLEGE
Commission Members - Administrative Staff - Service Area
For the Year Ended June 30, 2019

Period Covered

Fiscal Year Ended June 30, 2019.

York Technical College Commission Members	County	Term Expires
Charles Z. Robinson, Chair	York	2021
Geri H. Rucker, Vice-Chair	York	2022
Bruce D. Barre	York	2021
James C. Hardin, III	York	2020
Jack Holladay	York	2022
Dr. A. Douglas Marion	Chester	2023
Jeffrey C. Sigmon	York	2020
Keith Wilks	York	2020
Vacant	Lancaster	
Vacant	York	
Vacant	York	

All terms begin on April 15.

College Administrative Staff	
Gregory F. Rutherford	President
Stacey Moore	Executive Vice President for Academic and Student Affairs
Marc C. Tarplee	Vice President for Business Services
Melanie Jones	Vice President for College Advancement
Edwina Roseboro-Barnes	Assistant Vice President of Human Resources
Mary Beth Schwartz	Director of Institutional Effectiveness and Research

Service Areas

York, Chester and Lancaster Counties

Entities Providing Financial Support

York County
Chester County

U.S. Department of Agriculture
U.S. Department of Education
U.S. Department of Labor
U.S. Department of Transportation
U.S. Department of Veteran's Affairs
S.C. Board for Technical & Comprehensive Education
S.C. Commission on Higher Education
S.C. Department of Education

Members
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
Brandon A. Blake, CPA

Independent Auditors' Report

York Technical College
Rock Hill, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit (York Technical College Foundation, Inc.) of York Technical College, a component unit of the State of South Carolina, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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 York Technical College Foundation, Inc., which represent 100 percent of the discretely presented component unit presented in the financial statements. 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 York Tech College Foundation, Inc., is based solely on the report of 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 the York Tech College Foundation, Inc. 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.

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

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Internet Address: www.cbkpa.com

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 York Technical College as of June 30, 2019 and 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the College's Proportionate Share of the Net Pension Liability, the Schedule of the College's Pension Contributions, the Schedule of the College's Proportionate Share of the Net OPEB Liability, and the Schedule of the College's OPEB Contributions 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 25, 2019 our consideration of York Technical College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's 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.

Report on State Lottery Assistance Program

We have also issued our report dated September 25, 2019 on our consideration of York Technical College's administration of the State Lottery Assistance Program and on our tests 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.

Gaffney, SC
September 25, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
YORK TECHNICAL COLLEGE
JUNE 30, 2019

This section of York Technical College's Annual Financial Report presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2018. This discussion should be read in conjunction with financial statements and the notes thereto, which follow this section.

Financial Highlights

- The liabilities and deferred inflows of resources (deferred inflows) of York Technical College exceeded assets and deferred outflows of resources (deferred outflows) by $4,627,402 as of June 30, 2019 (net position). The College has on hand cash and cash equivalents of $19,265,227, which may be used to meet the College's ongoing obligations.

- The College experienced an operating loss of $(20,373,608) as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, state appropriations of $7,943,474, local appropriations of $4,305,636 federal grants and contracts of $6,965,761, as well as state and local capital appropriations of $1,581,624, offset this operating loss.

Overview of the Financial Statements

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

The Statement of Net Position presents the financial position of the College at the end of the fiscal year. Net position is the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. There are three components of net position: net investment in capital assets, unrestricted assets, and restricted assets. 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 worsened during the year.

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

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

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

Financial Analysis

Statement of Net Position:

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, liabilities and deferred inflows exceeded assets and deferred outflows by $4,627,402 at fiscal year ended June 30, 2019. By comparison, at June 30, 2018, liabilities and deferred inflows exceeded assets and deferred outflows by $5,361,843.

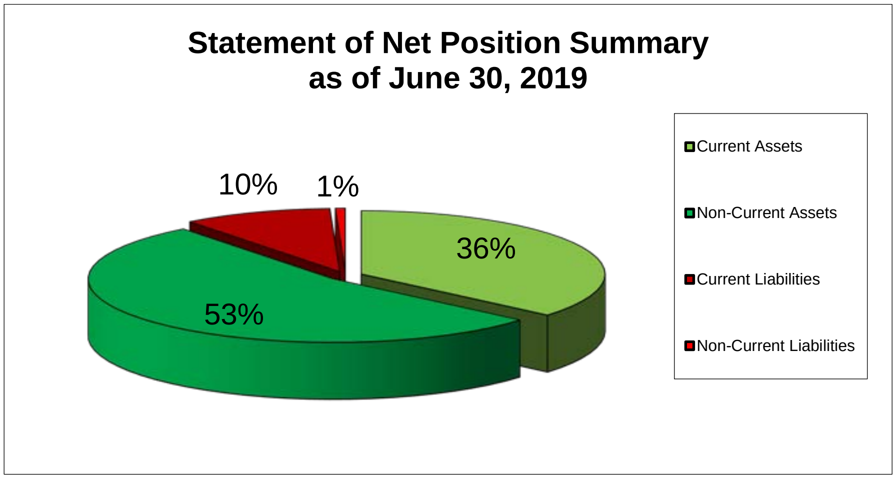
The College's net assets total $(4,627,402) at June 30, 2019, of which $37,690,955 is reflected in its investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The College uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. There is no debt associated with these assets. See Note 4 in the financial statements for further disclosure of capital assets.

Unrestricted net assets at June 30, 2019 were $ (42,318,357). Note that the unrestricted net assets appear negative due to implementing GASB 68 and GASB 75. The College has cash and cash equivalents of $19,265,227, which is sufficient to meet the College's ongoing obligations.

The following schedule is prepared from the College's Statement of Net Position, presented on an accrual basis of accounting with assets capitalized and depreciated.

Net Position
As of June 30, 2019, June 30, 2018, and June 30, 2017 (In millions)

	2019	2018	Increase/ Decrease	2017	Increase/ Decrease
ASSETS					
Current Assets	27.20	29.10	(1.90)	28.70	0.40
Non-current Assets	2.30	2.20	0.10	2.00	0.20
Capital Assets	37.70	31.70	6.00	30.50	1.20
TOTAL ASSETS	67.20	63.00	4.20	61.20	1.80
DEFERRED OUTFLOWS OF	6.58	7.30	(0.72)	6.10	1.20
TOTAL	73.78	70.30	3.48	67.30	3.00
LIABILITIES					
Current Liabilities	7.40	5.80	1.60	5.30	0.50
Non-current Liabilities	68.00	66.30	1.70	65.70	0.60
TOTAL LIABILITIES	75.40	72.10	3.30	71.00	1.10
DEFERRED INFLOWS OF RESOURCES	3.10	3.40	(0.30)	1.10	2.30
TOTAL	75.60	75.60	-	72.10	3.50
NET POSITION					
Net Investment in Capital Assets	37.70	31.70	6.00	30.50	1.20
Unrestricted Assets	(42.30)	(37.00)	(5.30)	(35.40)	(1.60)
Restricted Assets			-		-
TOTAL NET POSITION	(4.60)	(5.30)	0.70	(4.90)	(0.40)



Statement of Cash Flows:

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

Summary of Cash Flows
As of June 30, 2019, June 30, 2018, and June 30, 2017
(In millions)

	2019	2018	Increase/ Decrease	2017	Increase/ Decrease
Net cash used by operating activities	$ (15.72)	$ (17.40)	$ 1.68	$ (17.70)	$ 0.30
Net cash flows from non-capital financing activities	$ 20.03	$ 19.50	$ 0.53	$ 19.60	$ (0.10)
Net cash flows used by capital and related financing activities	$ (6.35)	$ (0.80)	$ (5.55)	$ (0.90)	$ 0.10
Net cash flows from investing activities	$ 0.04	$ -	$ 0.04	$ (0.20)	$ 0.20
Net increase/decrease in cash	$ (2.00)	$ 1.30	$ (3.30)	$ 0.80	$ 0.50

Cash decreased by $2,000,576 during FYE 2019, primarily because of major purchases of capital assets.

The College believes that a strong cash position is essential to its long-term viability. As state funding for operations and capital projects continually decreases, the College must generate its own financial resources to fund maintenance, future construction, updating of academic equipment, and the launch of new programs. The College anticipates future decreases in cash as it invests in its Master Plan between now and 2020.

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

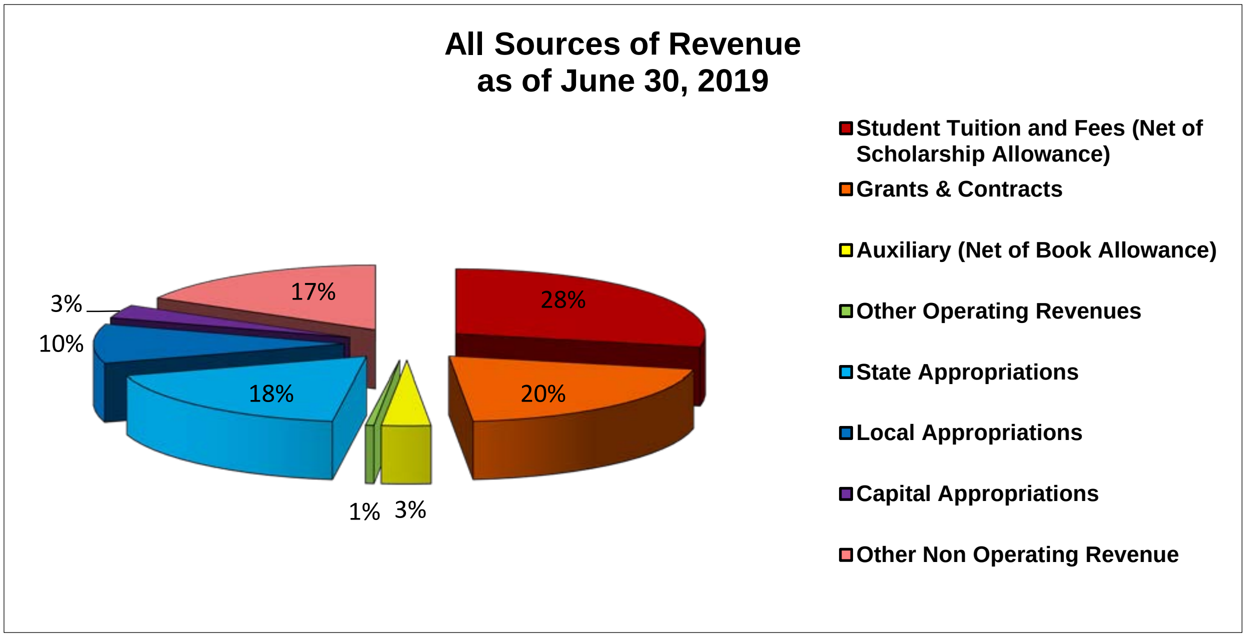
The Statement of Revenues, Expenses and Changes in Net Position presents and categorizes revenues earned and expenses incurred during the year by operating and non-operating. Generally, operating revenues and expenses are those received and used to carry out the mission of the College, an exception being state and local financial support classified as non-operating revenues. As a result, the College will show an operating deficit, but inclusion of non-operating revenue results in an overall increase in revenue for the year. State and local capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported below in the schedule.

Statement of Revenue, Expenses and Changes in Net Position
As of June 30, 2019, June 30, 2018, and June 30, 2017
(In millions)

	2019	2018	Increase/ Decrease	2017	Increase/ Decrease
Operating Revenue					
Tuition and Fees (Net of Scholarship Allowance)	$ 12.49	$ 11.20	$ 1.29	$ 11.00	$ 0.20
Grants and Contracts	$ 8.89	$ 8.20	$ 0.69	$ 8.50	$ (0.30)
Auxiliary	$ 1.40	$ 0.70	$ 0.70	$ 1.20	$ (0.50)
Other	$ 0.24	$ 1.40	$ (1.16)	$ 1.40	$ -
Total Operating Revenue	$ 23.02	$ 21.50	$ 1.52	$ 22.10	$ (0.60)
Less Operating Expenses	$ 43.39	$ 43.30	$ 0.09	$ 43.40	$ (0.10)
Net Operating Loss	$ (20.37)	$ (21.80)	$ 1.43	$ (21.30)	$ (0.50)
Non-operating Revenue					
State Appropriations	$ 7.94	$ 7.70	$ 0.24	$ 7.00	$ 0.70
Local Appropriations	$ 4.31	$ 4.20	$ 0.11	$ 4.10	$ 0.10
Federal Grants and Contracts	$ 6.97	$ 8.00	$ (1.03)	$ 8.40	$ (0.40)
Proceeds from Local Capital Appropriations	$ 1.45	$ 0.90	$ 0.55	$ 0.50	$ 0.40
Proceeds from State Capital Appropriations	$ 0.13	$ 0.60	$ (0.47)	$ 0.80	$ (0.20)
Other	$ 0.31	$ -	$ 0.31	$ -	$ -
Total Non-operating Revenue	$ 21.11	$ 21.40	$ (0.29)	$ 20.80	$ 0.60
Increase in Net Position	$ 0.74	$ (0.05)	$ 1.14	$ (0.50)	$ 0.10
Increase in Net Position	$ 0.73	$ (0.05)	$ 0.78	$ (0.60)	$ (0.65)
Prior Period Adjustments			$ -	$ (29.90)	$ 29.90
Net Position, Beginning of Year	$ (5.40)	$ (4.90)	$ (0.50)	$ 25.70	$ (30.60)
Net Position, End of Year	$ (4.63)	$ (5.40)	$ 0.28	$ (4.80)	$ (1.35)

Revenues

Total revenues for FYE 2019 were $44,126,884 to which the largest contributors were Federal grants and contracts, net tuition, and grants/contracts. More than 82% of the Federal grant revenues are PELL Grants, which are Federal needs-based financial aid awarded to students. Similarly, the majority of the grants and contract component of operating revenue is SC Education Lottery Tuition Assistance. When considered in concert with tuition (28% of revenues), approximately 64% of the College's total revenue is student-driven. In contrast, state and local appropriations make up approximately 28% of total revenues. This trend towards a student-driven business model will continue if state appropriations decrease in the future, as expected.

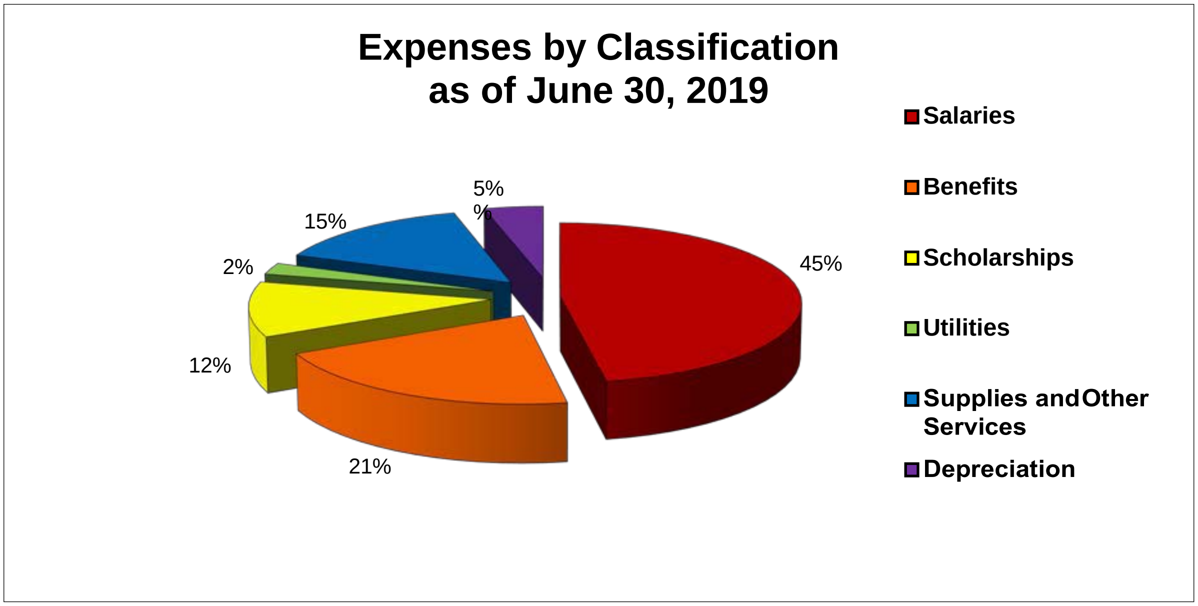


Expenses

Total expenses for FYE 2019 were $43,392,443, an increase of .01% over FYE 2018. The largest expense component was salaries, totaling $19,663,933, which decreased by 3.7% relative to FYE 2018. Of this amount, approximately 65% is instructional and academic support. Benefits is the second largest component of expenses. Note 12 in the accompanying Notes to the Financial Statements identifies operating expenses by functional classification.

With the exception of benefits and depreciation, expenses decreased with respect to FYE 2018 results. Benefits rose due to an increase in retirement and health insurance premiums. The College continues to make investments in infrastructure and academic equipment for maintenance and maximize student success in all programs.

Enrollment is countercyclical to the local economy, in the short term. Over all, enrollment is expected to decline in the next decade due to demographic trends. Variable expenditures are continuously monitored in order to keep the college in a financially sustainable position.



Capital Assets and Debt Administration

The College's net investment in capital assets at June 30, 2019 was $ 37,690,955, a net increase of $6,028,346 from the prior fiscal year. The relatively small increase is due to projects being completed. Planning for improvements and new projects is a continual process.

The College increased its net position by $734,441.

This increase change of net position was driven by a decrease in federal grants, increase in depreciation for capital projects, increase in tuition revenue, and increase in state appropriations. The College has no current or long-term debt. Detailed information on capital asset activity can be found in Note 4 following the basic financial statements.

Economic Factors

Historically, the College's enrollment and economic conditions have been countercyclical. The steadily improving economy in South Carolina will put downward pressure on enrollment, which the College believes is best and sustainably dealt with by improving student retention. The College has set its year-to-year retention benchmark at 70% for students starting in the fall of 2015. This represents a significant increase above the current value of approximately 60%, but the College plans to leverage lessons learned in the deployment of its enrollment management system to improve retention. Additionally, the College must look at its instructional activities, changing them in a way that provides higher value-added outcomes at lower unit cost to the institution.

The SC Legislature has shown little interest in adequately funding higher education, making the College more accountable for its financial sustainability. The College is confident that its mission of *Building the Community through Maximizing Student Success* is the way to long-term sustainability.

YORK TECHNICAL COLLEGE
Statement of Net Position
June 30, 2019 and 2018

	June 30 2019	June 30 2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 19,265,227	21,265,801
Investments	5,945,763	5,703,717
Accounts Receivable, Net	2,000,681	2,100,686
Other Assets	-	11,090
Total Current Assets	27,211,671	29,081,294
NONCURRENT ASSETS		
Accounts Receivable, Net	2,310,607	2,192,258
Capital Assets	37,690,955	31,662,609
Total Noncurrent Assets	40,001,562	33,854,867
Total Assets	67,213,233	62,936,161
DEFERRED OUTFLOWS OF RESOURCES	6,584,976	7,296,683
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	2,304,766	1,466,328
Payroll Liabilities	479,648	534,641
Unearned Revenue	4,031,302	3,302,530
Funds Held for Others	50,736	43,648
Accrued Compensated Absences - Current	526,602	500,306
Total Current Liabilities	7,393,054	5,847,453
NONCURRENT LIABILITIES		
Accrued Compensated Absences - Long Term	486,094	520,727
Pension Liability	37,121,969	36,941,223
Other Post Employment Benefit Liability	30,348,439	28,836,228
Total Noncurrent Liabilities	67,956,502	66,298,178
Total Liabilities	75,349,556	72,145,631
DEFERRED INFLOWS OF RESOURCES	3,076,055	3,449,054
NET POSITION		
Net Investment in Capital Assets	37,690,955	31,662,609
Unrestricted Net Assets	(42,318,357)	(37,024,452)
Total Net Position	$ (4,627,402)	(5,361,843)

YORK TECHNICAL COLLEGE

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2019 and 2018

	June 30 2019	Restated June 30 2018
REVENUES		
OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowance of $9,655,095)	$ 12,491,958	11,741,135
Federal Grants and Contracts	1,439,197	1,236,460
State and Local Grants and Contracts	7,453,230	6,951,742
Sales and Services of Educational Departments	1,007,314	1,051,580
Auxiliary Enterprises	390,667	744,380
Other Operating Revenues	236,469	313,386
Total Operating Revenues	23,018,835	22,038,683
EXPENSES		
OPERATING EXPENSES		
Salaries	19,663,933	20,437,768
Benefits	9,171,107	8,799,609
Scholarships	5,082,020	5,337,542
Utilities	1,078,980	1,010,512
Supplies and Other Services	6,438,128	6,384,442
Depreciation	1,958,275	1,870,972
Total Operating Expenses	43,392,443	43,840,845
Operating Income (Loss)	(20,373,608)	(21,802,162)
NONOPERATING REVENUES		
State Appropriations	7,943,474	7,657,162
County Appropriations	4,305,636	4,170,631
Investment Income	139,494	107,513
Interest Income	9,544	9,060
Unrealized Gain (Loss) on Investments	162,516	(134,746)
Federal Grants and Contracts	6,965,761	7,979,905
Net Nonoperating Revenues	19,526,425	19,789,525
Income (Loss) Before Other Revenues, Expenses	(847,183)	(2,012,637)
CAPITAL APPROPRIATIONS		
State Capital Appropriations	129,438	593,756
Local Capital Appropriations	1,452,186	888,419
	1,581,624	1,482,175
Increase (Decrease) in Net Position	734,441	(530,462)
NET POSITION		
Beginning of Year	(5,361,843)	(4,831,381)
Net Assets - End of Year	$ (4,627,402)	(5,361,843)

YORK TECHNICAL COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2019 and 2018

	June 30 2019	June 30 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 12,464,015	11,553,000
Federal, State and Local Grants and Contracts	8,784,639	9,006,034
Sales and Services of Educational Departments	1,007,444	1,051,580
Auxiliary Enterprise Charges	390,668	750,840
Other Receipts	248,300	139,316
Payments and Vendors	(6,667,580)	(7,132,308)
Payments to Employees	(5,082,020)	(4,794,772)
Payment for Scholarship	(26,866,705)	(28,001,452)
Net Cash Provided (Used) by Operating Activities	(15,721,239)	(17,427,762)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	7,943,475	7,657,162
Local Appropriations	5,119,015	4,170,631
State, Local and Federal Grants, Gifts and Contracts	6,965,762	7,663,589
Net Cash Flows Provided by Noncapital Financing Activities	20,028,252	19,491,382
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
County Appropriations	1,452,186	888,418
State Appropriations	186,439	1,276,458
Purchase of Capital Assets	(7,986,621)	(2,984,061)
Net Cash Provided by Capital and Related Financing Activities	(6,347,996)	(819,185)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	1,439,408	739,800
Purchase of Investments	(1,518,938)	(833,385)
Interest on Investments - Includes Other College Accounts Interest	119,939	121,560
Net Cash Flows Provided (Used) by Investing Activities	40,409	27,975
Net Increase (Decrease) in Cash	(2,000,574)	1,272,410
Cash and Equivalents - Beginning of Year	21,265,801	19,993,391
Cash and Equivalents- End of Year	$ 19,265,227	21,265,801

YORK TECHNICAL COLLEGE
Statement of Cash Flows, Continued
For the Year Ended June 30, 2019 and 2018

		June 30 2019	June 30 2018
Reconciliation of Net Operating Revenue (Expenses) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$	(20,373,608)	(21,802,162)
Adjustments to Reconcile Net Income (Loss) to Net Cash			
Depreciation Expense		1,958,275	1,870,972
Pension Related Items		2,031,665	2,025,294
Change in Assets and Liabilities			
Receivables, Net		(457,347)	557,052
Other Assets		11,089	(9,016)
Accounts Payable		838,437	262,646
Payroll Liability		(54,992)	(8,936)
Compensated Absences		(8,337)	(240,339)
Funds Held for Others		7,089	94
Unearned Revenue		326,490	(83,367)
Net Cash Provided (Used) by Operating Activities	$	(15,721,239)	(17,427,762)

YORK TECHNICAL COLLEGE
Component Unit
York Technical College Foundation, Inc.
Statement of Financial Position
For the Year Ended June 30, 2019 and 2018

	June 30, 2019	June 30, 2018
ASSETS		
Cash and Cash Equivalents	$ 1,005,146	812,098
Investments	10,406,868	9,544,655
Accounts Receivable	574	-
Contributions Receivable	894,557	932,905
Funds Held in Trust by Others	216,277	208,451
Other Assets	6,571	23,195
Property and Equipment		
Net of Accumulated Depreciation	715,618	732,386
Total Assets	$ 13,245,611	12,253,690
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable and Accrued Expenses	$ 145,256	10,408
Total Liabilities	145,256	10,408
Net Assets:		
Net Assets without Donor Restrictions		
Invested in Property and Equipment	424,466	441,234
Net Assets without Donor Restrictions - Other	672,110	501,076
Net Assets with Donor Restrictions		
Invested in Property and Equipment	291,152	291,152
Net Assets with Donor Restrictions - Other	11,712,627	7,427,377
Permanently Restricted	-	3,582,443
Total Net Assets	13,100,355	12,243,282
Total Liabilities and Net Assets	$ 13,245,611	12,253,690

YORK TECHNICAL COLLEGE
Component Unit
York Technical College Foundation, Inc.
Statement of Activities
For the Year Ended June 30, 2019 and 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2019 Total	2018 Total
REVENUE, GAINS AND OTHER SUPPORT				
Contributions, Net	$ 11,279	808,611	819,890	504,296
Investment Income	2,305	462,246	464,551	531,608
Rental Income	76,279	-	76,279	69,922
Other Income	2,019	-	2,019	100
Loss on Sale of Property	-	-	-	(71,531)
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	568,050	(568,050)	-	-
Total Revenues, Gains and Other Support	$ 659,932	702,807	1,362,739	1,034,395
EXPENSES				
Program Expenses	428,664	-	428,664	337,690
Support Services:				
Management and General	66,298	-	66,298	66,545
Fund Raising	10,704	-	10,704	2,535
Total Expenses	505,666	-	505,666	406,770
Change in Net Assets	154,266	702,807	857,073	627,625
Net Assets at Beginning of Year	942,310	11,300,972	12,243,282	11,615,657
Net Assets at End of Year	$ 1,096,576	12,003,779	13,100,355	12,243,282

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Financial Statements: The financial statement presentation for the College meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and GASB Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.

For 2013, the College implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position.

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 Authority (PEBA) implemented 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, including the financial statements of the College.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, replaced the requirements of Statement No. 27, and is effective for fiscal periods 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. York Technical College implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015.

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The College accounts for its investments at fair value in accordance with GASB Codification I50, *Investments*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students, and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivables are recorded net of estimated uncollectible amounts. Detail for accounts receivable are discussed in Note 3. Allowances for losses for student accounts receivables is established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2019 and 2018, the allowance for uncollectible student accounts was $1,501,200 and $1,500,365 respectively.

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

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings, 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.

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

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

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

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 investments 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.

<u>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>, Continued

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

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

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

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

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

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

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

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

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

In fiscal year 2014, the College implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement 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 recognized as outflows of resources or inflow of resources. Requirements of this Statement are effective for financial statements whose fiscal year begins after December 15, 2012.

NOTE 2 - DEPOSITS AND INVESTMENTS

DEPOSITS:

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

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

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

The deposits for York Technical College were $19,990,536 at June 30, 2019 and $21,321,729 at June 30, 2018; none were exposed to custodial credit risk as uninsured and uncollateralized. In addition, all these deposits were collateralized with securities held by the pledging institution in the College's name. The SC State Treasurer's Office monitors the collateral sufficiency and requires that collateral equal a minimum of 102%.

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

INVESTMENTS:

The South Carolina Code of Laws, Section 11-9-660, authorizes the College, 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 has investments at June 30, 2019 and 2018, invested in government backed securities in compliance with the State of South Carolina Code of Laws.

As of June 30, 2019, the investment balances were as follows:

	Carrying Value	Maturity	Interest Rate	Credit Rating
Fixed Income Securities:				
U.S. Treasury Bonds & Notes	$ 3,609,236	9/30/19-11/15/24	1.91	N/A
U. S. Government Agencies	2,336,527	10/02/19-4/24/26	2.02	N/A
	$ 5,945,763			

NOTE 2 - DEPOSITS AND INVESTMENTS, Continued

As of June 30, 2018, the investment balances were as follows:

	Carrying Value	Maturity	Interest Rate	Credit Rating
Fixed income securities:				
U.S. Treasury Bonds & Notes	$ 2,478,267	5/31/19-11/15/24	1.86	N/A
U. S. Government Agencies	3,225,450	09/18/18-4/24/26	1.95	N/A
	$ 5,703,717			

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

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

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

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

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS, Continued

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

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

	2019	2018
STATEMENT OF NET ASSETS:		
Cash and Cash Equivalents	$ 19,265,227	21,265,800
Investments	5,945,763	5,703,717
	25,210,990	26,969,517
DEPOSITS AND INVESTMENTS NOTE:		
Cash on Hand	1,279	1,279
Carrying Amount of Deposits, Net	19,263,948	21,264,521
Carrying Amounts of Investments	5,945,763	5,703,717
Total	$ 25,210,990	26,969,517

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019 and June 30, 2018, are summarized as follows:

	2019	2018
Student Accounts	$ 4,270,659	3,933,253
Less: Allowance for Doubtful Accounts	(1,501,200)	(1,500,365)
Federal Grants and Contracts	353,427	1,197,770
State Grants and Contracts	1,068,222	584,189
Other	120,181	78,097
Net Accounts Receivable	4,311,288	4,292,943
Current Portion	* 2,000,681	2,100,686
Non-Current Portion	2,310,607	2,192,258
	* $ 4,311,288	4,292,944

*The non-current portion of accounts receivable has been discounted to present value using a 2% discount rate.

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, 2019, the allowance for uncollectible student accounts is valued at $1,501,200 and at June 30, 2018, the allowance for uncollectible student accounts is valued at $1,500,365.

NOTE 4 - CAPITAL ASSETS

The activities in the College's capital assets for the fiscal year ended June 30, 2019 are as follows:

	Beginning Balance June 30, 2018	Increases	Decreases	Transfers	Ending Balance June 30, 2019
Capital Assets Not Being Depreciated:					
Land and Improvements	$ 1,258,375	-	-	-	1,258,375
Construction In Progress	1,803,889	7,735,481	-	-	9,539,370
Total Capital Assets Not Being Depreciated	3,062,264	7,735,481	-	-	10,797,745
Capital Assets Being Depreciated:					
Buildings and Improvements	41,742,173	-	-	-	41,742,173
Machinery, Equipment and Other	6,878,149	154,281	-	-	7,032,430
Vehicles	838,036	96,859	16,837	-	918,058
Depreciable Land Improvements	8,803,076	-	-	-	8,803,076
Total Other Capital Assets At Historical Cost	58,261,434	251,140	16,837	-	58,495,737
Less Accumulated Depreciation For:					
Buildings And Improvements	(21,882,586)	(1,009,871)	-	-	(22,892,457)
Machinery, Equipment And Other	(5,532,913)	(353,791)	-	-	(5,886,704)
Vehicles	(508,268)	(78,350)	16,837	-	(569,781)
Depreciable Land Improvements	(1,737,322)	(516,263)	-	-	(2,253,585)
Total Accumulated Depreciation	(29,661,089)	(1,958,275)	16,837	-	(31,602,527)
Total Capital Assets Being Depreciated	28,600,345	(1,707,135)	-	-	26,893,210
Capital Assets, Net	$ 31,662,609	6,028,346	-	-	37,690,955

There were no losses on the disposal of fixed assets in the fiscal year ended June 30, 2018.

The activities in the College's capital assets for the fiscal year ended June 30, 2018 are as follows:

	Beginning Balance June 30, 2017	Increases	Decreases	Transfers	Ending Balance June 30, 2018
Capital Assets Not Being Depreciated:					
Land and Improvements	$ 1,258,375	-	-	-	1,258,375
Construction In Progress	1,397,314	2,309,833	-	(1,903,258)	1,803,889
Total Capital Assets Not Being Depreciated	2,655,689	2,309,833	-	(1,903,258)	3,062,264
Capital Assets Being Depreciated:					
Buildings and Improvements	41,742,173	-	-	-	41,742,173
Machinery, Equipment and Other	6,815,006	471,188	408,045	-	6,878,149
Vehicles	788,666	120,834	71,464	-	838,036
Depreciable Land Improvements	6,817,616	82,202	-	1,903,258	8,803,076
Total Other Capital Assets At Historical Cost	56,163,461	674,224	479,509	1,903,258	58,261,434
Less Accumulated Depreciation For:					
Buildings And Improvements	(20,779,922)	(1,102,664)	-	-	(21,882,586)
Machinery, Equipment And Other	(5,591,924)	(349,034)	408,045	-	(5,532,913)
Vehicles	(515,274)	(64,458)	71,464	-	(508,268)
Depreciable Land Improvements	(1,382,506)	(354,816)	-	-	(1,737,322)
Total Accumulated Depreciation	(28,269,626)	(1,870,972)	479,509	-	(29,661,089)
Total Capital Assets Being Depreciated	27,893,835	(1,196,748)	-	1,903,258	28,600,345
Capital Assets, Net	$ 30,549,524	1,113,085	-	-	31,662,609

There were no losses on the disposal of fixed assets in the fiscal year ended June 30, 2018.

NOTE 5 - PENSION PLAN(S)

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012 and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is in the comprehensive annual financial report of the state.

Plan Description

The South Carolina Retirement System (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers.

The South Carolina Police Officers Retirement System (PORS), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

NOTE 5 - PENSION PLAN(S), Continued

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP vendor for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members.

NOTE 5 - PENSION PLAN(S), Continued

Benefits, Continued

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

The benefit formula for full service retirement annuity 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 Two 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 Three 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 - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

The benefit formula for full benefits 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 Two 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 Three members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included.

NOTE 5 - PENSION PLAN(S), Continued

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next ten years to a twenty year amortization period.

Effective July 1, 2018, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 20.61%. Included in the total SCRS employer contribution rate is a base retirement contribution of 14.410%, 0.15% for the incidental death benefit program and a 6.50% surcharge that will fund retiree health and dental insurance coverage. The College's actual retirement and incidental death benefit program contributions for participating employees and TERI participants to the SCRS for the years ended June 30, 2019, 2018, and 2017were:

	Retirement		Incidental Death	
Fiscal Year Ended	Rate	Contribution	Rate	Contribution
2019	14.410%	$ 1,967,908	0.15%	$ 20,485
2018	13.410%	$ 1,977,737	0.15%	$ 22,122
2017	11.410%	$ 1,665,996	0.15%	$ 21,902

Effective July 1, 2018, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 23.29%. Included in the total PORS employer contribution rate is a base retirement contribution of 16.84%, 0.20% for the incidental death benefit program, 0.20% for the accidental death program, and a 6.05% surcharge that will fund retiree health and dental insurance coverage. The College's actual retirement, incidental death benefit program and accidental death program contributions to the PORS for the years ended June 30, 2019, 2018, and 2017 were:

Fiscal Year	Retirement		Incidental Death		Accidental Death	
Ended	Rate	Contribution	Rate	Contribution	Rate	Contribution
2019	16.840%	$ 34,596	0.20%	$ 411	0.20%	$ 411
2018	15.840%	$ 26,008	0.20%	$ 328	0.20%	$ 328
2017	13.840%	$ 15,753	0.20%	$ 228	0.20%	$ 228

NOTE 5 - PENSION PLAN(S), Continued

Contributions, Continued

Employee and employer contributions to the State ORP are at the same rates as SCRS. Employees participating in the State ORP were required to contribute 9.00% of all earnable compensation. In fiscal year 2019, the employer contribution rate for the State ORP was 14.41% plus the retiree surcharge of 5.5% that will fund retiree health and dental insurance coverage. Of the 14.41% employer contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 9.41% retirement contribution and 0.15% incidental death benefit program contribution amounts are remitted to SCRS.

For fiscal year 2019, total contributions requirements to the ORP were approximately $565,471(excluding the surcharge) from the College as employer.

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2018, total pension liability (TPL), net pension liability (NPL); and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled- forward from the valuation date to the plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018.

		SCRS		PORS	
Actuarial Cost Method		Entry age normal		Entry age normal	
Investment Rate of Return	1	7.25%		7.25%	
Projected Salary Increases		3.0% to 12.5% (varies by service)	1	3.5% to 9.5% (varies by service)	1
Benefit Adjustments		Lesser of 1% or $500 annually		Lesser of 1% or $500 annually	

1 *Includes inflation at 2.25%*

NOTE 5 - PENSION PLAN(S), Continued

Actuarial Assumptions and Methods, Continued

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2017.

	SCRS	PORS
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return [1]	7.25%	7.25%
Projected Salary Increases	3.0% to 12.5% (varies by service) [1]	3.5% to 9.5% (varies by service) [1]
Benefit Adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually

1 *Includes inflation at 2.75%*

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2018, TPL are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Assumptions used in the determination of the June 30, 2017, TPL are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

NOTE 5 - PENSION PLAN(S), Continued

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2018, for SCRS and PORS are presented below.

Plan		Total Pension Liability	Plan Fiduciary Net Pension	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$	48,821,730,067	26,414,916,370	22,406,813,697	54.1%
PORS		7,403,972,673	4,570,430,247	2,833,542,426	61.7%

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2017, for SCRS and PORS are presented below.

Plan		Total Pension Liability	Plan Fiduciary Net Pension	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$	48,244,437,494	25,732,829,268	22,511,608,226	53.3%
PORS		7,013,684,001	4,274,123,178	2,739,560,823	60.9%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements at http://www.peba.sc.gov/assets/financialsretirement.pdf. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

A plan's Net Pension Liability (NPL) is determined by reducing its total pension liability by its fiduciary net position. Total pension liability is defined by the Governmental Accounting Standards Board (GASB) as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the requirements of GASB 67. Total pension liability may be impacted annually by the cost of service accrued by participants, interest accrued on the liability, the impact of benefit and assumption changes, the cost of benefit payments, and the difference between expected and actual plan experience. The most significant impact on a plan's fiduciary net position relates to the rate of return on its investments. Consequently, significant fluctuations in the market value of investments substantially affect the fiduciary net position component of the NPL calculation, and as a result, cause a direct change in the NPL.

NOTE 5 - PENSION PLAN(S), Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2017. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2017 actuarial valuations, using membership data as of July 1, 2017, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2018, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's' consulting actuary.

At June 30, 2019, the College reported liabilities of $36,774,126 and $347,843 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability was measured as of June 30, 2018. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2018, the College's SCRS and PORS proportion was 0.164120% and 0.012277%, respectively.

For the year ended June 30, 2019, the College recognized net pension expenses of $3,495,404 and $52,930 for SCRS and PORS, respectively.

At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SCRS	PORS
Deferred Outflows of Resources		
Liability Experience	$ 66,382	10,718
Assumption Changes	1,458,992	22,936
Investment Experience	584,157	6,957
Change in Proportion and Difference Between Employer Contribution and Proportionate Share of Plan Contributions	587,986	10,842
University Contributions Subsequent to the Measurement Date	1,988,393	35,418
TOTAL	4,685,910	86,871
Deferred Inflows of Resources		
Liability Experience	216,406	-
Investment Experience	-	-
Change in Proportion and Difference Between Employer Contribution and Proportionate Share of Plan Contributions	363,239	13,669
TOTAL	$ 579,645	13,669

NOTE 5 - PENSION PLAN(S), Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

The $4,685,910 and $88,861 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30		SCRS	PORS
2019	$	1,358,235	26,751
2020		1,133,827	11,795
2021		(319,554)	(269)
2022		(54,625)	(269)
2023		-	-
Thereafter		-	-

At June 30, 2018, the College reported liabilities of $36,594,175 and $347,048 for its proportionate share of the net pension liabilities of SCRS and PORS, respectively. The net pension liability was measured as of June 30, 2017. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2017, the College's SCRS and PORS proportion was 0.162557% and 0.01267%, respectively.

For the year ended June 30, 2018, the College recognized net pension expenses of $3,546,312 and $52,467 for SCRS and PORS, respectively.

At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		SCRS	PORS
Deferred Outflows of Resources			
Liability Experience	$	163,138	3,095
Assumption Changes		2,142,197	32,938
Investment Experience		1,021,538	12,367
Change in Proportion and Difference Between Employer Contribution and Proportionate Share of Plan Contributions		513,864	23,022
University Contributions Subsequent to the Measurement Date		2,304,069	26,665
TOTAL		6,144,806	98,087
Deferred Inflows of Resources			
Liability Experience		20,283	-
Investment Experience		-	-
Change in Proportion and Difference Between Employer Contribution and Proportionate Share of Plan Contributions		693,315	9,118
TOTAL	$	713,598	9,118

NOTE 5 - PENSION PLAN(S), Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

The $2,304,069 and $26,665 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	SCRS	PORS
2018	$ 837,872	23,818
2019	1,389,662	27,146
2020	1,170,125	11,795
2021	(270,520)	(455)
2022	-	-
Thereafter	-	-

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30 year capital markets outlook at the end of the third quarter 2015, The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.0 percent real rate of return and a 2.25 percent inflation component.

NOTE 5 - PENSION PLAN(S), Continued

Long-term Expected Rate of Return, Continued

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 Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	**47.0%**		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	**10.0%**		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	**13.0%**		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	**18.0%**		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	**12.0%**		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

NOTE 5 - PENSION PLAN(S), Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws would remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following table presents the College's proportionate share of the SCRS and PORS net pension liability calculated using the discount rate of 7.25 percent, as well as what the College's respective net pension liability would be if it were calculated using a discount rate of 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Plan	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	$ 46,990,505	36,774,126	29,470,395
PORS	468,963	347,863	248,672

The following table presents the College's proportionate share of the SCRS and PORS net pension liability calculated using the discount rate of 7.25 percent, as well as what the College's respective net pension liability would be if it were calculated using a discount rate of 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Plan	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	$ 47,164,890	36,594,175	30,180,267
PORS	468,580	347,048	251,318

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' http://www.peba.sc.gov/assets/financialsretirement.pdf (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the http://www.peba.sc.gov/assets/06.30.2017-accounting-valuation-report_final-for-webpage.pdf .

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

Description of the Entity

The South Carolina General Assembly as part of Act No. 278 created the South Carolina Public Employee Benefit Authority (PEBA) effective July 1, 2012. PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July 1 of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFFA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (OPEB).

Plan Description

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA, Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. 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.

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

Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. 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 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge was 6.05% and 5.50%, for the fiscal years ended June 30, 2019 and for 2018, respectively. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was $3.22 for the fiscal years ended June 30, 2019 and 2018. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

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

Contributions and Funding Policies, Continued

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2018 totaled $474,304,318. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of negative $511,143.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities. For the year ended June 30, 2019, the College recognized nonemployer contributions of $229,014 in Operating Revenues, Grants and Contracts on the Statement of Revenues, Expenses and Changes in Net Position.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is included in the comprehensive annual financial report of the state.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.62% as of June 30, 2018
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.75% and gradually decreasing to an Ultimate trend rate of 4.15% over a period of 14 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% for retires eligible for partial funded premiums 20% for retires eligible for Non funded premiums
Notes:	The discount rate changed from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums
Notes:	There were no benefit changes during the year; The discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017

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

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00%, net of Plan investment expense; including inflation
Single Discount Rate:	3.91% as of June 30, 2018
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses:	Third party administrative expenses were included in the benefit Projections
Notes:	The discount rate changed from 3.87% as of June 30, 2017 to 3.91% as of June 30, 2018

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of Plan investment expense; including inflation
Single Discount Rate:	3.91% as of June 30, 2018
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence:	The rates used in the valuation are based on the rates Developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for Active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets:	40% are assumed eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Notes:	There were no benefit changes during the year. The discount rate changed from 3.87% as of June 30, 2017 to 3.91% as of June 30, 2018

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

Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2017. Update procedures were used to roll forward the total OPEB liability to June 30, 2018.

Net OPEB Liability

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2018:

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a % of Total OPEB Liability
SCRHITF	$ 15,387,115,010	$ 1,216,530,062	$ 14,170,584,948	7.91%
SCLTDITF	$ 39,261,091	$ 36,199,863	$ 3,061,288	92.20%

The following table represents the components of the net OPEB liability as of June 30, 2017:

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a % of Total OPEB Liability
SCRHITF	$ 14,659,610,970	$ 1,114,774,760	$ 13,544,836,210	7.60%
SCLTDITF	$ 38,510,568	$ 36,697,589	$ 1,812,979	95.29%

The Trusts' actuary calculates the TOL, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for satisfying the requirements of GASB Nos. 74, 75, and are not applicable for other purposes, such as determining the Trusts' funding requirements.

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

Single Discount Rate

The Single Discount Rate of 3.62% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.91% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.62%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions would remain $38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2040. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

Long-Term Expected Rate of Return

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

2018 Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
Total	100.00%		1.84%
Expected Inflation			2.25%
Total Return			4.09%
Investment Return Assumption			**4.00%**

2017 Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
Total	100.00%		1.84%
Expected Inflation			2.25%
Total Return			4.09%
Investment Return Assumption			**4.00%**

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

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability (and the College's proportional share) calculated using a Single Discount Rate of 3.62%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

2018	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
SCRHITF Net OPEB Liability	$ 16,694,310,371	$ 14,170,584,948	$ 12,136,262,451
YTC Proportionate Share	$ 35,748,195	$ 30,344,040	$ 25,987,864

2017	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
SCRHITF Net OPEB Liability	$ 15,951,988,645	$ 13,544,836,210	$ 11,604,082,103
YTC Proportionate Share	$ 33,957,796	$ 28,833,610	$ 24,702,190

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

2018	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	$ 11,660,103,553	$ 14,170,584,948	$ 17,416,172,438
YTC Proportionate Share	$ 24,968,246	$ 30,344,040	$ 37,293,947

2017	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	$ 11,107,326,981	$ 13,544,836,210	$ 16,700,824,804
YTC Proportionate Share	$ 23,644,722	$ 28,833,610	$ 35,551,881

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

Sensitivity Analysis, Continued

The following table presents the SCLTDITF's net OPEB liability (and the College's proportionate share) calculated using a Single Discount Rate of 3.91%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

2018	1% Decrease 2.91%	Current Discount Rate 3.91%	1% Increase 4.91%
SCLTDITF Net OPEB Liability	$ 4,574,989	$ 3,061,228	$ 1,583,837
YTC Proportionate Share	6,575	4,399	2,276

2017	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
SCLTDITF Net OPEB Liability	$ 3,225,261	$ 1,812,979	$ 426,690
YTC Proportionate Share	4,729	2,618	626

OPEB Expense

Components of collective OPEB expense (and the College's proportionate share) reported in the Allocation of the OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB for the fiscal year ended June 30, 2018 are presented below.

Additional items included in Total Aggregate OPEB Expense are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NOL and differences between actual employer contributions and proportionate share of total plan employer contributions.

2018 Description	SCRHITF	College's Proportionate Share	SCLTDITF	College's Proportionate Share
Service Cost	$ 521,172,493	1,116,008	7,555,741	10,859
Interest on the Total OPEB Liability	522,862,057	1,119,625	1,481,366	2,129
Current-Period Benefit Changes	-	-	-	-
Projected Earnings on Plan Investments	(46,615,784)	(99,820)	(1,456,890)	(2,094)
Employee Contributions	-	-	-	-
OPEB Plan Administrative Expense	65,000	139	10,000	14
Other Changes in Plan Fiduciary Net Position	-	-	-	-
Recognition of Outflow (Inflow) of Resources due to Assets	(184,224,861)	(394,488)	(43,948)	(63)
Recognition of Outflow (Inflow) of Resources Due to Assets	15,038,494	32,203	499,169	717
Total Aggregate OPEB Expense	**$ 828,297,399**	**1,773,667**	**8,045,438**	**11,562**

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

OPEB Expense, Continued

2017 Description	SCRHITF	College's Proportionate Share	SCLTDITF	College's Proportionate Share
Service Cost	$ 610,843,077	1,300,266	7,952,412	11,653
Interest on the Total OPEB Liability	455,295,633	969,211	1,399,527	2,052
Current-Period Benefit Changes	-	-	-	-
Employee Contributions	-	-	-	-
Projected Earnings on Plan Investments	(42,552,466)	(90,584)	(1,463,577)	(2,146)
OPEB Plan Administrative Expense	10,000	21	10,000	15
Other Changes in Plan Fiduciary Net Position	-	-	-	-
Recognition of Outflow (Inflow) of Resources due to Assets	(204,992,743)	(436,378)	(18,366)	(27)
Recognition of Outflow (Inflow) of Resources Due to Assets	5,818,459	12,386	218,380	320
Total Aggregate OPEB Expense	**$ 824,421,960**	**1,754,922**	**8,098,376**	**11,867**

Deferred Outflows and Inflows of Resources

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period.

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

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

OPEB Liabilities, Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Amounts

At June 30, 2019, the College reported liabilities of $30,344,040 and $4,399 for its proportionate share of the net OPEB liabilities of the SCRHITF and SCLTDITF. The net OPEB liability was measured as of June 30, 2018. The College's proportion of the net OPEB liability was based on the College's share of contributions to the plan relative to the contributions of all participating employers. At June 30, 2018, the College's proportion was .214134%.

For the year, the College recognized net OPEB expenses of $1,811,150.

At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to Employer OPEB expense from the following sources:

	SCRHITF	SCLTDITF
Deferred Outflow of Resources		
Liability Experience	454,567	-
Investment Experience	$ 116,351	2,556
Outstanding Inflow Balance between Employer Contributions and Proportionate Share of Plan Contributions	161,426	-
College Contributions Subsequent to the Measurement Date	1,064,868	12,429
Total	1,797,212	14,985
Deferred Inflow of Resources		
Liability Experience	10,573	-
Investment Experience	-	269
Assumption Change	2,470,920	287
Outstanding Inflow Balance between Employer Contributions and Proportionate Share of Plan Contributions	346	346
Total	$ 2,481,839	902

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

OPEB Liabilities, Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Amounts, Continued

At June 30, 2018 the College reported liabilities of $28,833,610 and $2,618 for its proportionate share of the net OPEB liabilities of the SCRHITF and SCLTDITF. The net OPEB liability was measured as of June 30, 2017. The College's proportion of the net OPEB liability was based on the College's share of contributions to the plan relative to the contributions of all participating employers. At June 30, 2017 the College's proportion was .212875%.

For the year, the College recognized net OPEB expenses of $1,766,789.

At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to Employer OPEB expense from the following sources:

	SCRHITF	SCLTDITF
Deferred Outflow of Resources		
Investment Experience	$ 49,545	1,281
College Contributions Subsequent to the Measurement Date	992,721	10,242
Total	1,042,266	11,523
Deferred Inflow of Resources		
Liability Experience	12,544	-
Assumption Change	2,713,075	241
Outstanding Inflow Balance between Employer Contributions and Proportionate Share of Plan Contributions	412	66
Total	$ 2,726,031	307

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

The $987,132 and $10,465 reported as deferred outflows of resources related to Employer OPEB resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of net OPEB in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	SCRHITF	SCLTDITF
2019	$ (336,328)	617
2020	(336,328)	617
2021	(348,787)	617
2022	(368,530)	303
2023	(23,194)	(100)
Thereafter	-	(401)

The $992,721 and $10,242 reported as deferred outflows of resources related to Employer OPEB resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of net OPEB in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	SCRHITF	SCLTDITF
2018	$ (424,058)	286
2019	(424,058)	286
2020	(424,058)	286
2021	(424,058)	286
2022	(436,444)	(34)
Thereafter	(543,810)	(136)

NOTE 7 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

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

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

At June 30, 2019, the College had remaining project commitment balances of approximately $882,825 for Library and Learning Commons Phase I, and other Master Plan Projects.

OTHER CAPITAL PROJECTS

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

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

Unrestricted Net Assets (Net of GASB 68 Liability)

Planned Uses of Unrestricted Net Assets at June 30:

	2019
60 Day Operating Reserve	$ 5,929,117
Master Plan Implementation	10,892,976
Deferred Maintenance	1,000,000
Academic Equipment Reserve	500,000
Operating Contingency	1,000,000
	$ 19,322,093

Planned Uses of Unrestricted Net Assets at June 30:

	2018
60 Day Operating Reserve	$ 5,877,438
Master Plan Implementation	14,304,097
Deferred Maintenance	1,000,000
Academic Equipment Reserve	500,000
Operating Contingency	1,000,000
	$ 22,681,535

NOTE 8 - LEASE OBLIGATIONS

Future commitments for operating leases in excess of one year as reported at June 30, 2019 are as follows:

Year Ended June 30, 2019	Operating Leases/ Equipment
2020	$ -
2021	-
2022	-
2023	-
Total Minimum Payments	$ -

Future commitments for operating leases in excess of one year as reported at June 30, 2018 were as follows:

Year Ended June 30, 2018	Operating Leases/ Equipment
2019	$ 124,539
2020	28,137
2021	-
2022	-
2023	-
Total Minimum Payments	$ 152,676

NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2019 was as follows:

	June 30, 2018	Addition	Reductions	June 30, 2019	Current Portion	Noncurrent Portion
Accrued Compensated Absences	1,021,033	277,248	285,585	1,012,696	526,602	486,094
Total Long-Term Liabilities	$ 1,021,033	277,248	285,585	1,012,696	526,602	486,094

Long-term liability activity for the year ended June 30, 2018 was as follows:

	June 30, 2017	Addition	Reductions	June 30, 2018	Current Portion	Noncurrent Portion
Accrued Compensated Absences	1,261,372	369,317	609,656	1,021,033	500,306	520,727
Total Long-Term Liabilities	$ 1,261,372	369,317	609,656	1,021,033	500,306	520,727

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

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

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

Following is a more detailed discussion of the Foundation and a summary of significant transactions (if any) between the Foundation and the College for the year ended June 30, 2019.

The York Technical College Foundation

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

York Technical College received $207,335 from the Foundation for the fiscal year ended June 30, 2019 and $190,289 for the fiscal year ended June 30, 2018. These funds were used to support College programs such as scholarships and facility utilization. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation.

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

Related party receivables and payables as of June 30, 2019 and June 30, 2018 are as follows:

	June 30, 2019	June 30, 2018
Due from York Technical College Foundation	$ 143,640	32,930
Due to York Technical College Foundation	-	-

NOTE 11 - RISK MANAGEMENT

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

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

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

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

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

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

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

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

NOTE 12 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2019 are summarized as follows:

	Salaries	Benefits	Scholarship	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	$ 10,066,777	4,274,696	-	-	2,017,719	-	16,359,192
Academic Support	2,732,502	1,179,510	-	-	719,359	-	4,631,371
Student Services	2,130,770	1,032,767	-	-	295,067	-	3,458,604
Operation and Maintenance of Plant	1,497,444	787,786	-	1,078,980	950,549	-	4,314,759
Institutional Support	3,236,440	1,896,348	-	-	2,410,009	-	7,542,797
Scholarships & Fellowships	-	-	5,082,020	-	-	-	5,082,020
Auxiliary Enterprises	-	-	-	-	45,425	-	45,425
Depreciation	-	-	-	-	-	1,958,275	1,958,275
Total Operating Expenses	$ 19,663,933	9,171,107	5,082,020	1,078,980	6,438,128	1,958,275	43,392,443

Operating expenses by functional classification for the year ended June 30, 2018 are summarized as follows:

	Salaries	Benefits	Scholarship	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	$ 10,643,597	4,457,676	-	-	1,721,764	-	16,823,037
Academic Support	2,723,078	1,246,011	-	-	997,739	-	4,966,828
Student Services	2,102,092	1,026,620	-	-	334,267	-	3,462,979
Operation and Maintenance of Plant	1,467,792	778,830	-	1,010,512	886,799	-	4,143,933
Institutional Support	3,364,211	1,234,620	-	-	2,161,863	-	6,760,694
Scholarships & Fellowships	-	-	5,337,542	-	-	-	5,337,542
Auxiliary Enterprises	136,998	55,852	-	-	282,010	-	474,860
Depreciation	-	-	-	-	-	1,870,972	1,870,972
Total Operating Expenses	$ 20,437,768	8,799,609	5,337,542	1,010,512	6,384,442	1,870,972	43,840,845

NOTE 13 - STATE APPROPRIATIONS

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

The following is a detailed schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2019 and June 30, 2018.

	2019	2018
NON-CAPITAL APPROPRIATIONS		
Current Year's Appropriations:		
Appropriations from State Board Allocation - Salary and Fringes	$ 7,801,168	7,216,140
Appropriations from SC Education Lottery Fund	142,306	179,309
Other	-	261,713
Total Non-Capital Appropriations Recorded as Current Year Revenue	$ 7,943,474	7,657,162
CAPITAL APPROPRIATIONS		
Capital Reserve Funds	$ 129,438	593,756
Total Capital Appropriations Recorded as Current Year Revenue	$ 129,438	593,756

NOTE 14 - REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES

	2019	2018	Increase/ (Decrease)
Charges for Services	$ 23,018,832	22,038,684	980,148
Operating Grants and Contributions	11,271,398	12,150,536	(879,138)
Capital Grants and Contributions	1,452,186	888,418	563,768
Less: Expenses	(43,392,442)	(43,840,845)	448,403
Net Program Revenue (Expense)	(7,650,026)	(8,763,207)	1,113,181
General Revenues:			
Earnings on Investments	149,037	(18,173)	167,210
Gains and (Losses) on Investments	162,516	-	162,516
Transfers:			
State Appropriations	8,072,912	8,250,917	(178,005)
Total General Revenue and Transfers	8,384,465	8,232,744	151,721
Change in Net Assets	734,439	(530,463)	1,264,902
Beginning of Year	(5,361,841)	(4,831,381)	(530,460)
Cumulative Effect of Accounting Change	-	-	-
Net Position - Beginning as Restated	(5,361,841)	(4,831,381)	(530,460)
Net Position - Ending	$ (4,627,402)	(5,361,843)	734,441

NOTE 15 – NOTE PAYABLE

The College did not have any outstanding notes payable at June 30, 2019 or at June 30, 2018.

NOTE 16 – TAX ABATEMENTS

The College receives support in the form of property tax revenue from two Counties in its service area: Chester County and York County. Each of the Counties has entered into various property tax abatement agreements with local businesses.

Companies that are located in South Carolina and are classified as manufacturing facilities are subject to *ad valorem taxes*. The fair market value is multiplied by the assessment ratio, generally equal to 10.5%, to produce the assessed value and then multiplied by the millage rate. The three counties provide certain tax reductions through the following programs:

1. Fee in Lieu of Ad Valorem Tax
2. Special Source Revenue Credit

The *Fee in Lieu of Ad Valorem Tax* program is intended to encourage investment in commercial and industrial investments in South Carolina. The property tax reduction is granted pursuant to Chapter 44 of Title 12 of the South Carolina Code of Laws of South Carolina 1976 as amended. Taxpayers are eligible to receive a reduction in property taxes, through reduced assessed values and locked millage rates, if they enter into an agreement with the County and invest at least $2.5 million in taxable property (or some other negotiated investment floor) within a 5-year period. Under the *Fee in Lieu of Ad Valorem Tax* program, if a taxpayer does not make the required investment within the 5 year period, then the reduced property taxes terminate and the taxpayer must repay the County the difference between the abated taxes received and what the taxpayer would have paid had it not had the benefit of the *Fee in Lieu of Ad Valorem Tax* program.

The two counties that provide support to the College have multiple taxpayers that have entered into agreements under the *Fee in Lieu of Ad Valorem Tax* program. In the aggregate, these taxpayers, without the benefit of the program would pay significantly more in *ad valorem* tax. However, due to the benefit provided by the *Fee in Lieu of Ad Valorem Tax* program, the taxpayers paid less in the most recent fiscal year, as shown in the table below.

The *Special Source Revenue Credit* program is intended to encourage investment into infrastructure serving the County or infrastructure serving a commercial or manufacturing enterprise in the County. The property tax reduction is granted pursuant to Chapter 1 of Title 4 of the South Carolina Code of Laws of South Carolina 1976, as amended. All property that is located in an MCIP, *Multi-County Industrial Park*, is exempt from property taxes, but property owners must pay an amount equivalent to the property taxes that would otherwise be due. The companies that make an agreement with the county based on this option are based on infrastructure credits or credits based on investments /money spent to improve a facility. Taxpayers are eligible to receive a percentage reduction off their total property tax liability if the taxpayer is located in a multicounty park, enters into an agreement with the County and agrees to make an investment in taxable property in the County and create jobs. If the taxpayer does not meet its investment or job commitments, the taxpayer must repay a portion of the reduction.

NOTE 16 – TAX ABATEMENTS, Continued

These two counties have several taxpayers that have entered into agreements with the counties under the Special Source Revenue Credit program. Taken together, these taxpayers, without the benefits of the program would pay more in ad valorem tax in the most recent fiscal year. However, due to the benefit provided by the *Special Source Revenue Credit* program, the taxpayers pay significantly less as shown below.

	Fee in Lieu of Tax	Special Source Revenue Credits	Total	Total Ad Valorem Tax	Total
Chester County	$ 14,571	825	15,396	60,664	76,060
York County	175,422	-	175,422	350,630	526,052
Total	$ 189,993	825	190,818	411,294	602,112

* N/A = Not Available

NOTE 17- COMPONENT UNIT

1. **General**

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

2. **Summary of Significant Accounting Policies**

Classes of Net Assets

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

Net Assets Without Donor Restrictions - Net assets without donor restrictions are those currently available for use by the Foundation.

Net Assets With Donor Restrictions - Net assets with donor restrictions are contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. This also includes contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Foundation's actions.

Donor-Imposed Restrictions - All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as net assets without donor restrictions.

For the fiscal year 2018-2019, net assets with donor restrictions are for scholarships to York Technical College students, as well as, equipment, building improvements, buildings and teacher incentives. Net assets with donor restrictions also includes named endowments of which the earnings from the corpus are to be used for scholarships.

NOTE 17- COMPONENT UNIT, Continued

2. Summary of Significant Accounting Policies, Continued

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

The cash balance at June 30, 2019 was $1,005,146 and the bank balance was $992,733 of which $735,355 was not insured by the Federal Deposit Insurance Corporation. The Foundation has not experienced any losses on its cash equivalents.

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

	Fair Value	
	2019	2018
Money Funds	$ 599,996	273,650
Fixed Income:		
US Government and Agency	865,970	714,053
Corporate	912,847	943,809
Equities and Mutual Funds	8,028,055	7,613,143
	$ 10,406,868	9,544,655

The Foundation accounts for its investments at fair value. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the statement of activities. The total unrealized gains at June 30, 2019 are $56,803.

Funds Held in Trust by Others - Trust agreements under which the Foundation has no control over the investment of assets are at the fair value of the investments held as reported by the custodians. Changes in the value of the assets are included in the statement of activities as increases and decreases to contributions received. Distributions to the Foundation during the life of the agreement are recognized as contributions received in the appropriate net asset classification in accordance with the donor's wishes.

Public Support, Revenue and Expenses – The Foundation recognizes contributions and investment income on the accrual basis. Interest income earned on the endowments are allocated to the endowments in the endowment fund. All other interest income is recorded in the net assets without donor restrictions category. Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

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

NOTE 17- COMPONENT UNIT, Continued

2. Summary of Significant Accounting Policies, Continued

Endowment - The Foundation's endowment includes donor restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2019	2018
Cash and Cash Equivalents	$ 676,248	-
Accounts Receivable	574	-
	$ 676,822	-

4. Property and Equipment

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

Land improvements	20 years
Buildings and improvements	28 years
Furniture	3 years

The Foundation capitalizes all property and equipment with a 1 year or longer life and with a cost or donated fair value of $1,000 or more. Property and equipment details are as follows:

	June 30, 2018	Additions	Deletions	June 30, 2019
Cost				
Land	$ 516,899	-	-	516,899
Land Improvements	28,000	-	-	28,000
Building	394,810	-	-	394,810
Building Improvements	74,668	-	-	74,668
	1,014,377	-	-	1,014,377
Accumulated Depreciation				
Land Improvements	(28,000)	-	-	(28,000)
Building and Improvements	(253,991)	(16,768)	-	(270,759)
	(281,991)	(16,768)	-	(298,759)
Net Book Value	$ 732,386	(16,768)	-	715,618

Depreciation expense recorded for 2018/2019 was $16,768.

NOTE 17- COMPONENT UNIT, Continued

4. **Property and Equipment**, Continued

	June 30, 2017	Additions	Deletions	June 30, 2018
Cost				
Land	$ 597,899	-	(81,000)	516,899
Land Improvements	28,000	-	-	28,000
Building	583,810	-	(189,000)	394,810
Building Improvements	74,668	-	-	74,668
	1,284,377	-	(270,000)	1,014,377
Accumulated Depreciation				
Land Improvements	(28,000)	-	-	(28,000)
Building and Improvements	(284,474)	(17,986)	48,469	(253,991)
	(312,474)	(17,986)	48,469	(281,991)
Net Book Value	$ 971,903	(17,986)	(221,531)	732,386

Depreciation expense recorded for 2017/2018 was $17,986.

5. **Taxes**

The Foundation meets the requirements of the Internal Revenue Code and is exempt from federal income tax under Section 501(c)(3) of the Code. As of the date of this report, the tax years ending June 30, 2019, 2018, 2017 and 2016 remain open and subject to review by the Internal Revenue Service. Management of the Foundation does not expect any tax liability to result from these tax periods. The Foundation is not classified as a private foundation.

6. **Contributions Receivable, Net**

The contributions receivable in the temporarily restricted fund are related to pledges for capital projects and the Annual Fund. The amounts receivable in more than one year are discounted at 2% by management. Management does not expect any losses, thus no allowance for uncollectible amounts has been recorded. The contributions receivable details are as follows:

	2019	2018
Receivable in Less than One Year	$ 135,861	287,952
Receivable in One to Five Years	494,719	576,168
Receivalbe Thereafter	325,041	150,000
Total Pledges and Contributions Receivable	955,621	1,014,120
Less, Discounts to Net Present Value	(61,064)	(81,215)
Net Pledges and Contributions	$ 894,557	932,905

NOTE 17- COMPONENT UNIT, Continued

7. Investment Income

Investment income consists of the following:

		2019	2018
Interest and Dividends	$	204,259	193,921
Gains and Losses		313,851	396,560
Investment Fees		(53,559)	(58,873)
	$	464,551	531,608

8. Related Party Transactions

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

Amounts paid and accrued to the College during 2019 were $69,590 for scholarships, $3,000 for rent, $35,000 for salaries, and $77,112 for supplies and other costs. As of June 30, 2019, the Foundation owed the College $143,460, which is included in accounts payable.

Additionally, the Foundation paid a salary supplement directly to the College President in the amount of $55,000 and a one-time bonus of $5,000.

The College has three operating leases for instructional facilities from the Foundation that expire through December 2019. The monthly lease rates are $4,690 for the Wilson Street property and $1,667 for the Heavy Equipment Building. The Foundation collected $76,279 for these leases during the year ended June 30, 2019. Estimated future lease revenue for the year ended June 30, 2020 is $48,139.

9. Employee Compensated Absences

The Foundation has no employees as all persons providing services to the Foundation are either College employees or independent contractors. As such, any College employee's rights to receive compensation for future absences, such as vacation, are not recognized in these financial statements.

10. Contingencies and Commitments

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

NOTE 17- COMPONENT UNIT, Continued

11. Fair Value

Information about the fair value of financial instruments for which it is practical to estimate that value, whether or not recognized in the Statement of Financial Position, is required to be disclosed. Fair value is determined using various methods and assumptions.

The following methods and assumptions were used to estimate the fair value for the classification within the financial statements:

a. *Investments* – fair value is approximated by the balance reported by the custodian based on market values of the investment assets.
b. *Contributions receivable* – fair value is approximated by discounting the expected future cash flows.
c. *Funds held by others* - fair value is approximated by the balance reported by the custodian based on market values of the investment assets.

When quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases could not be realized in immediate settlement of the instrument.

The following levels of input for measurement of fair value have been defined to assist the user in evaluating the fair value disclosure information:

Level 1	Quoted prices in an active market for identical assets or liabilities.
Level 2	Other quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active for transactions or availability of information, other observable sources of information, and information derived principally from or corroborated from observable sources of information.
Level 3	Unobservable sources of information, primarily management's assumptions about potential market participants.

The estimated fair values of the Foundation's financial instruments are as follows and are included in the statement of financial position under similar descriptions:

	Level	Carrying Value	Fair Value
2019 Financial Assets			
Investments	1	$ 10,406,868	$ 10,406,868
Funds Held by Others	2	216,277	216,277
Contributions Receivable	3	894,557	894,557
2018 Financial Assets			
Investments	1	$ 9,544,655	$ 9,544,655
Funds Held by Others	2	208,451	208,451
Contributions Receivable	3	932,905	932,905

NOTE 17- COMPONENT UNIT, Continued

11. Fair Value, Continued

The Foundation recognized a decrease in the amount of $38,348 in level 3 for the decrease in contributions receivable during the year.

Certain financial instruments and all nonfinancial instruments are excluded from the fair value disclosure requirements. Accordingly, the aggregate fair value amounts presented do not necessarily represent the value of the Foundation. The Foundation recognized $56,803 in unrealized gains resulting from changes in fair value during the period.

12. Endowment Fund

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the South Carolina Uniform Prudent Management of Institutional Funds Act (SCUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation 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 as nets assets held in perpetuity is classified as net assets restricted by purpose or time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SCUPMIFA.

In accordance with SCUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation 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 Foundation.
7. The investment policies of the Foundation.

NOTE 17- COMPONENT UNIT, Continued

12. Endowment Fund, Continued

Change in endowment net assets consists of the following as of June 30, 2019:

	Endowment Fund		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment Net Assets, June 30, 2018	$ -	5,923,371	5,923,371
Investment Return	-	251,342	251,342
Contributions	-	191,581	191,581
Program Releases	63,970	(63,970)	-
Board Approved Payouts	(63,970)	-	(63,970)
Endowment Net Assets, June 30, 2019	-	6,302,324	6,302,324
Endowment Net Assets, June 30, 2019	-	6,302,324	6,302,324
Net Endowment Net Assets	1,096,576	5,701,455	6,798,031
Total Net Assets	$ 1,096,576	12,003,779	13,100,355

Change in endowment net assets consists of the following as of June 30, 2018:

	Endowment Fund			
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Permanently Restricted	Total
Endowment Net Assets, June 30, 2017	$ -	2,106,786	3,521,635	5,628,421
Investment Return	-	294,692	-	294,692
Contributions	-	-	60,808	60,808
Program Releases	60,550	(60,550)	-	-
Board Approved Payouts	(60,550)	-	-	(60,550)
Endowment Net Assets, June 30, 2018	-	2,340,928	3,582,443	5,923,371
Endowment Net Assets, June 30, 2018	-	2,340,928	3,582,443	5,923,371
Net Endowment Net Assets	942,310	5,377,601	-	6,319,911
Total Net Assets	$ 942,310	7,718,529	3,582,443	12,243,282

NOTE 17- COMPONENT UNIT, Continued

12. Endowment Fund, Continued

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 donor- specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce investment returns at least equal to inflation as measured by the Consumer Price Index plus a 4% pay out and 1% for associated fees while assuming a moderate level of investment risk.

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 gains and losses) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments 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 5 percent of its endowment fund's average fair value over the prior 12 months through the calendar year-end proceeding 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 8 to 10 percent annually. This is consistent 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.

13. Net Assets With Donor Restrictions

At June 30, 2019 and 2018 net assets with donor restrictions are restricted for the following purposes:

	2019	2018
Subject to Expenditure for Specified Purpose:		
Scholarships	$ 1,999,457	-
Other College Support	4,077,171	-
	6,076,628	-
Endowments:		
Scholarships	2,087,658	-
Other College Support	65,469	-
	2,153,127	-
Held in Perpetuity:		
Scholarships	936,148	-
Other College Support	2,837,876	-
	3,774,024	-
Total Net Assets with Donor Restrictions	$ 12,003,779	-

NOTE 17- COMPONENT UNIT, Continued

13. Net Assets With Donor Restrictions, Continued

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors as follows for the year ended June 30, 2019 and 2018:

	2019	2018
Satisfaction of Purpose Restrictions:		
Scholarships	175,026	-
Other College Support	393,024	-
	$ 568,050	-

NOTE 18 – SUBSEQUENT EVENTS

Management has, through September 25, 2019, considered whether events have occurred or circumstances exist subsequent to the date of the financial statements, June 30, 2019, that would have materially significant effect on the carrying amounts of assets or liabilities, including estimates, and no such items have been identified.

YORK TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

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

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
College's proportion of the net pension liability	0.164120%	0.162557%	0.159019%	0.166215%	0.166000%
College's proportionate share of the net pension liability	$ 36,774,126	$ 36,594,175	$ 33,966,224	$ 31,523,476	$ 28,637,200
College's covered-employee payroll	$ 14,748,224	$ 14,601,195	$ 13,821,783	$ 14,156,744	$ 13,880,542
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	249.35%	250.62%	245.74%	222.67%	206.31%
Plan fiduciary net position as a percentage of the total pension liability	54.10%	53.30%	52.90%	57.00%	59.92%

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

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
College's proportion of the net pension liability	0.01228%	0.01267%	0.01320%	0.01290%	0.01000%
College's proportionate share of the net pension liability	$ 347,863	$ 347,048	$ 334,688	$ 281,220	$ 199,158
College's covered-employee payroll	$ 164,193	$ 113,825	$ 156,844	$ 159,846	$ 155,120
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	211.86%	304.90%	213.39%	175.93%	128.39%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	60.90%	60.40%	64.60%	67.55%

YORK TECHNICAL COLLEGE
June 30, 2019

Schedule of College Contributions
South Carolina Retirement System

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Contractually required contribution	$ 1,988,393	$ 2,304,069	$ 1,900,205	$ 1,704,474	$ 1,698,380
Contribution in relation to the contractually required contribution	$ (1,988,393)	$ (2,304,069)	$ (1,900,205)	$ (1,704,474)	$ (1,698,380)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 13,656,547	$ 14,748,224	$ 14,601,195	$ 13,821,783	$ 14,156,744
Contributions as a portion of covered employee payroll	14.56%	15.62%	13.01%	12.33%	12.00%

Schedule of College Contributions
Police Officer's Retirement System

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Contractually required contribution	$ 35,418	$ 26,665	$ 16,209	$ 21,551	$ 21,435
Contribution in relation to the contractually required contribution	$ (35,418)	$ (26,665)	$ (16,209)	$ (21,551)	$ (21,435)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 205,438	$ 164,193	$ 113,825	$ 156,844	$ 159,846
Contributions as a portion of covered employee payroll	17.24%	16.24%	14.24%	13.74%	13.41%

YORK TECHNICAL COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

Schedule of Proportionate Share of the Net OPEB Liability
South Carolina Retirement System SCRHIFT

	FY 2019	FY 2018
College's proportion of the net OPEB liability	0.214134%	0.212875%
College's proportionate share of the net OPEB liability/asset	$ 30,344,040	$ 30,800,098
College's covered-employee payroll	$ 18,466,276	$ 17,951,402
College's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	164.00%	171.57%
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.60%

Schedule of Proportionate Share of the Net OPEB Liability
South Carolina Retirement System SCRHIFT

	FY 2019	FY 2018
Contractually required contribution	$ 1,064,868	$ 1,015,645
Implicit Subsidy	$3,360	$28,513
Contributions in relation to the contractually required contribution	$ (1,064,868)	$ (1,015,645)
Contribution deficiency (excess)	$ -	$ -
College's covered-employee payroll	17,601,125	18,466,276
Contributions as a percentage of covered-employee payroll	6.05%	5.50%

YORK TECHNICAL COLLEGE

June 30, 2019

Schedule of Proportionate Share of the Net OPEB Liability
South Carolina Retirement System SCLTDITF

	FY 2019	FY 2018
College's proportion of the net OPEB liability	0.143716%	0.146619%
College's proportionate share of the net OPEB liability/asset	$ 4,399	$ 2,658
College's covered-employee payroll	$ 18,466,276	N/A
College's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.02%	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	92.20%	95.29%

Schedule of College Contributions
South Carolina Retirement System SCLTDITF

	FY 2019	FY 2018
Contractually required contribution	$ 12,429	$ 10,613
Contributions in relation to the contractually required contribution	$ (12,429)	$ (10,613)
Contribution deficiency (excess)	$ -	$ -
College's covered-employee payroll	17,601,125	18,466,276
Contributions as a percentage of covered-employee payroll	0.07%	0.06%