



Audited Financial Statements and Other Financial Information
Year Ended June 30, 2013
With
Independent Auditor's Report

PIEDMONT TECHNICAL COLLEGE

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PIEDMONT TECHNICAL COLLEGE

Organizational Information

June 30, 2013

<u>PIEDMONT TECHNICAL EDUCATION COMMISSION</u>	<u>Office</u>	<u>Term Expires</u>	<u>County Represented</u>
William A. Whitfield	Chairman	2015	Saluda
Y. J. Ahn	Vice Chairman	2016	Greenwood
Jane J. Herlong	Secretary	2017	Edgefield
Cherry Houston Brown	Member	2015	McCormick
J. Richard Cain	Member	2015	Laurens
George P. Cone, Jr., MD	Member *	2013	Greenwood
Emma Goodwin	Member	2014	Abbeville
Stephen M. Lamb	Member	2015	Laurens
Peter J. Manning	Member	2014	Greenwood
H. George Piersol, II	Member *	2013	Newberry
Rufus C. Sherard	Member	2014	Abbeville
William I. West	Member *	2013	Greenwood

* pending reappointment by Governor Haley

KEY ADMINISTRATIVE STAFF

L. Rayburn Brooks, Ed.D.	President
Susan G. Timmons	Vice President for Academic Affairs
Rebecca R. McIntosh	Vice President of Student Development
K. Paige Childs, CPA	Vice President of Business and Finance

AREA SERVED BY THE COMMISSION

Counties of: Abbeville, Edgefield, Greenwood, Laurens, McCormick, Newberry and Saluda

ENTITIES PROVIDING FINANCIAL SUPPORT FOR THE INSTITUTION

Counties of: Abbeville, Edgefield, Greenwood, Laurens, McCormick, Newberry and Saluda
S.C. State Budget and Control Board
U.S. Department of Education
U.S. Department of Labor

DELOACH & WILLIAMSON, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

1401 MAIN STREET, SUITE 660
COLUMBIA, SOUTH CAROLINA 29201

PHONE: (803) 771-8855

FAX: (803) 771-6001

INDEPENDENT AUDITOR'S REPORT

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
Greenwood, South Carolina

We have audited the accompanying statement of net position of Piedmont Technical College (the "College"), a component unit of the State of South Carolina and a member institution of the South Carolina Technical College System, as of June 30, 2013, and the statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements. These financial statements and notes to the financial statements, together with the financial statements of the College's discretely presented component unit, which were audited by other auditors, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Piedmont Technical College Foundation, (the "Foundation") which is a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 College'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 financial statement 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 opinions.

Opinions

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 the College, as of June 30, 2013, and the respective changes in financial position and 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 on pages 4 – 11 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Reconciliation of Revenues and Cash reimbursements received from State Board and the Schedule of Local Government Support, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the Schedule of Reconciliation of Revenues and Cash reimbursements received from State Board and the Schedule of Local Government Support are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2013, on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Rebeck & Williamson, L.L.P.

Columbia, South Carolina

September 3, 2013



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MANAGEMENT DISCUSSION AND ANALYSIS

We present management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2013 to assist the reader in understanding the College's operations. This discussion should be read in conjunction with the College's basic financial statements, the component unit's financial statements and the accompanying note disclosures.

Financial Highlights

- The assets of Piedmont Technical College exceeded its liabilities at June 30, 2013 by \$43,589,101. Of this amount, \$8,485,111 may be used to meet the College's ongoing obligations.
- The College's net position increased by \$2,906,296 or 7%. Capital projects during the fiscal year ended June 30, 2013 included the completion of the Newberry Campus Phase I and the beginning stages of the new Abbeville Campus.
- The College experienced an operating loss of \$23,588,692 as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, this operating loss was offset by State appropriations of \$6,380,519, County appropriations of \$2,156,699, Federal grants of \$17,677,841 and other non-operating revenues.

Overview of the Financial Statements

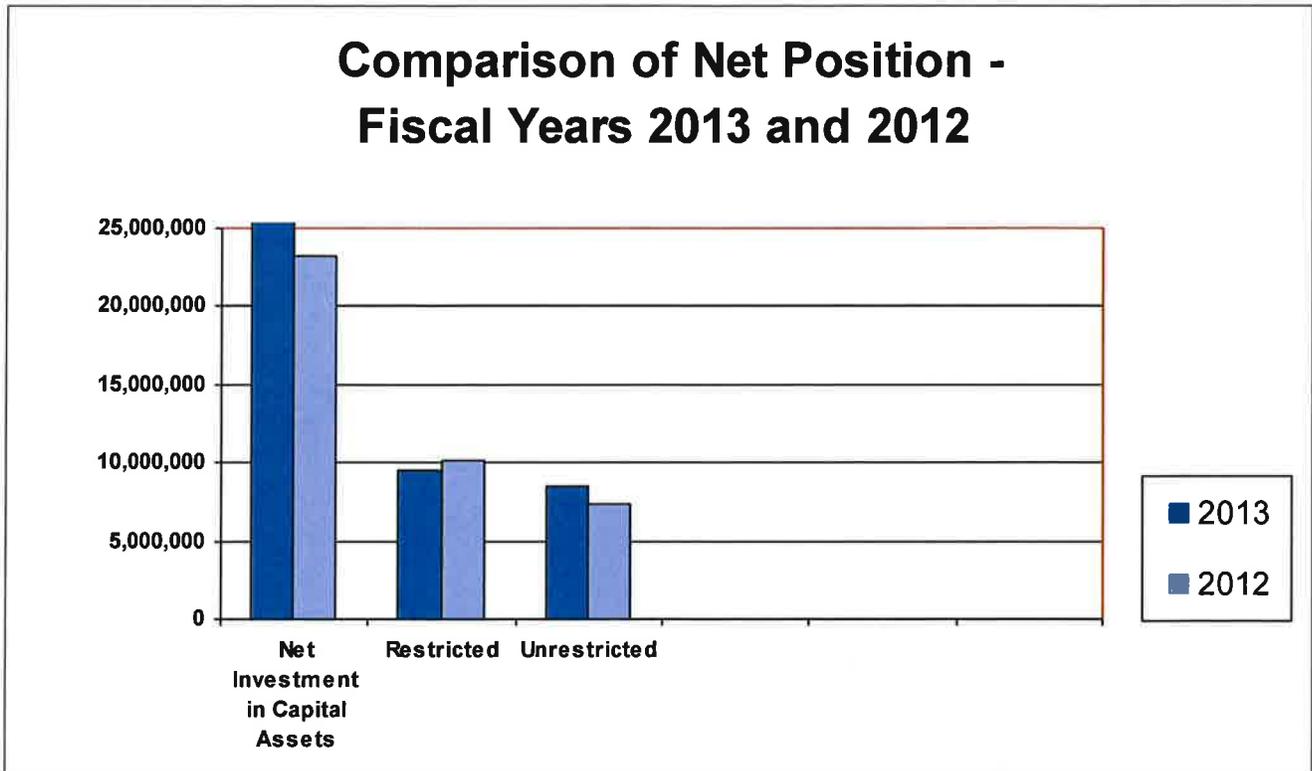
The College is engaged only in Business-Type Activities (BTA) financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Position; Statement of Revenues, Expenses,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

The Statement of Net Position is a point-in-time financial statement that presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and non-current components. The difference between total assets and total liabilities is net position, which is displayed in three broad categories: invested in capital assets (net of related debt), restricted, and unrestricted. Net Position is one indicator of the current financial condition of the College, while the change in net position is an indicator that the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net Position is basically a statement of net income that presents the College's results of operations. Revenues and expenses are categorized by operating and non-operating, and expenses are reported by natural classification.

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

Financial Analysis of the College as a whole



The following schedule is a condensed version of the College's assets, liabilities and net position and is prepared from the Statement of Net Position.

	Net Position as of June 30 (in millions)			
	FY 2013	FY 2012	Increase/ Decrease	Percent Change
Current Assets	\$ 21.8	\$ 21.2	\$ 0.6	2.8%
Noncurrent Capital Assets, Net	25.6	23.2	2.4	10.3%
Total Assets	47.4	44.4	3.0	6.8%
Current Liabilities	2.9	2.9	-	0.0%
Non-Current Liabilities	0.9	0.9	-	0.0%
Total Liabilities	3.8	3.8	-	0.0%
Net Assets				
Invested in Capital Assets	25.6	23.2	2.4	10.3%
Restricted	9.5	10.1	(0.6)	-5.9%
Unrestricted	8.5	7.3	1.2	16.4%
Total Net Position	\$ 43.6	\$ 40.6	\$ 3.0	7.4%

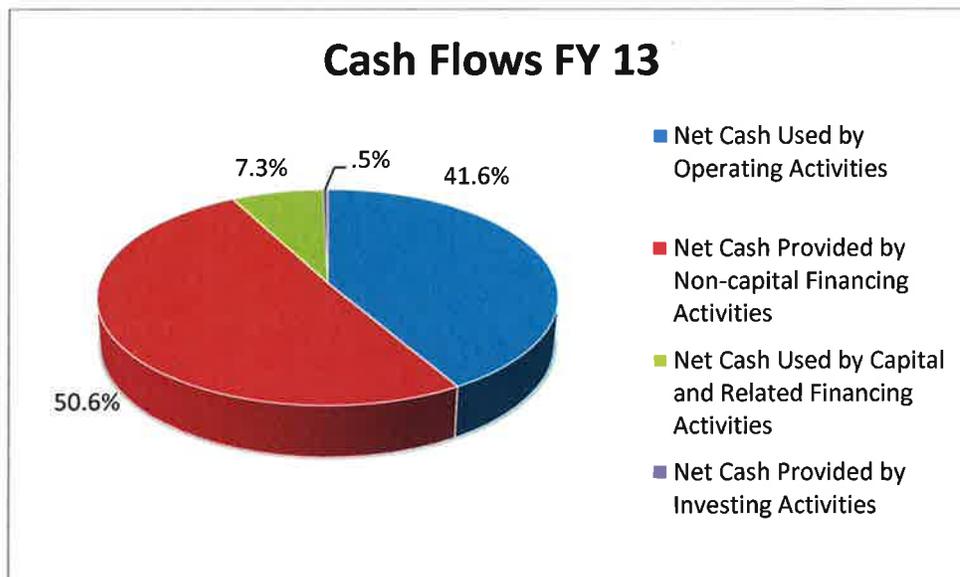
This schedule is prepared from the College's Statement of Net Position, (page 12) which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Total net position at June 30, 2013 increased to \$43.6 million from \$40.6 million in fiscal year 2012.

The Change in Net Position is shown on page 10 in the Analysis of Net Position chart. Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$43,589,101 at the close of the most recent fiscal year.

By far, the largest portion of the College's net position (59 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Approximately 22 percent, or \$9,551,780, of the College's net position represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position* of \$8,485,111 or approximately 19 percent may be used to meet the College's ongoing obligations.

Overall cash provided from non-capital financial activities included State and County appropriations, grants and gifts, and other income of approximately \$26.2 million, which was used to fund operating activities.



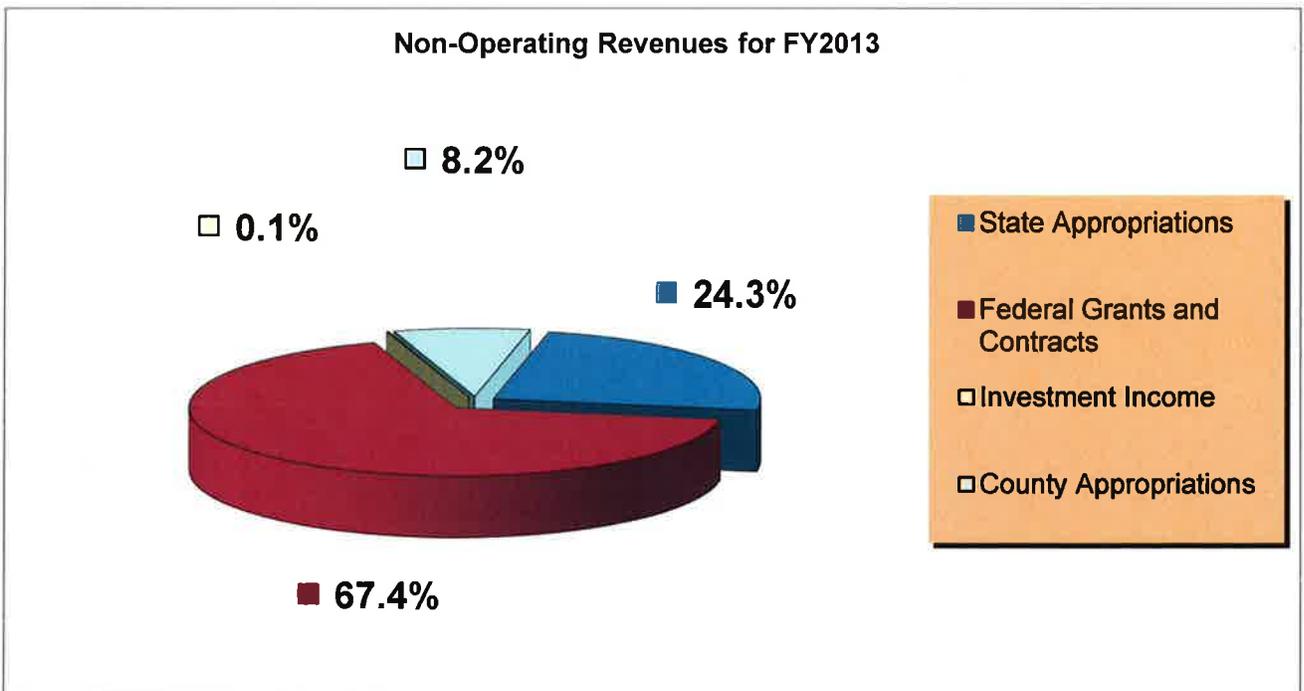
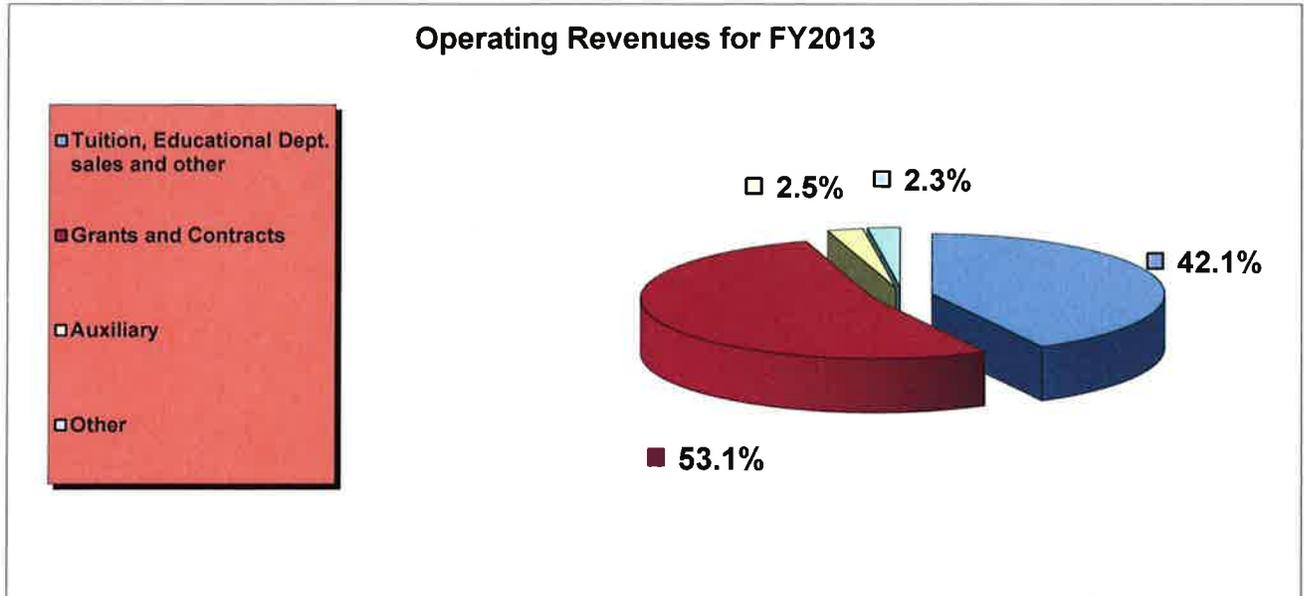
The following schedule is a summary of the College's operating results for the fiscal year:

Operating Results (in millions)				
	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Operating Revenue				
Tuition and Fees	\$ 9.1	\$ 8.7	\$ 0.4	4.6%
Grants and Contracts	11.4	12.1	(0.7)	-5.8%
Auxiliary	0.5	0.5	-	0.0%
Other	0.5	0.4	0.1	25.0%
Total Operating Revenues	<u>21.5</u>	<u>21.7</u>	<u>(0.2)</u>	<u>-0.9%</u>
Less Operating Expenses	<u>(45.1)</u>	<u>(46.5)</u>	<u>1.4</u>	<u>-3.0%</u>
Net Operating Loss	<u>(23.6)</u>	<u>(24.8)</u>	<u>1.2</u>	<u>-4.8%</u>
Non-Operating Revenue				
State Appropriations	6.4	6.1	0.3	4.9%
Local Appropriations	2.2	2.0	0.2	10.0%
Federal Grants and Contracts	17.7	16.7	1.0	6.0%
Total Non-Operating Revenue	<u>26.3</u>	<u>24.8</u>	<u>1.5</u>	<u>6.0%</u>
Income Before Other Revenues, Expenses, Gains or Losses	2.7	-	2.7	0.0%
Other Revenues, Expenses, Gains or Losses	0.3	0.1	0.2	200.0%
Net Position, Beginning of Year	<u>40.6</u>	<u>40.5</u>	<u>0.1</u>	<u>0.2%</u>
Net Position, End of Year	<u>\$ 43.6</u>	<u>\$ 40.6</u>	<u>\$ 3.0</u>	<u>7.4%</u>

A large portion of the revenue included in the Grants and Contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source of funds has been recognized as a reduction of tuition and fees in the form of scholarship allowances, in order to eliminate duplication of revenues.

The following are graphic illustrations of revenues by source:

Revenues by Source

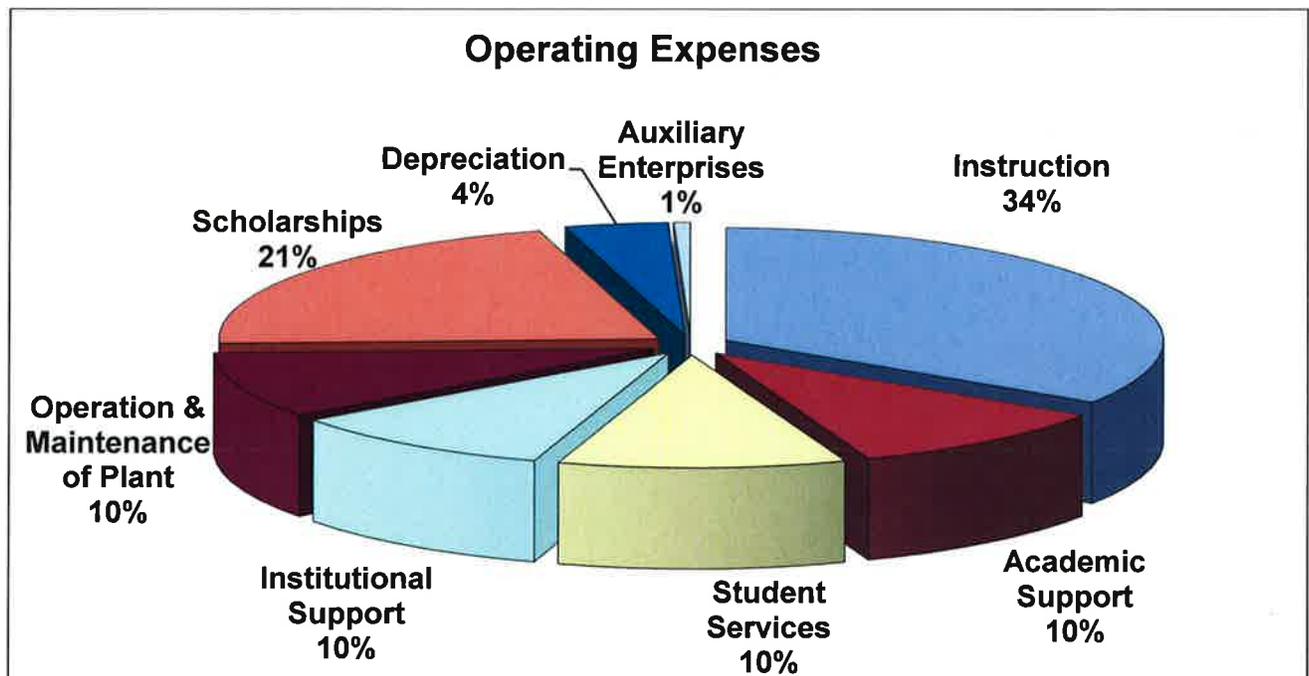


**Operating Expense
(in millions)**

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Operating Expense				
Instruction	\$ 15.4	\$ 18.4	\$ (3.0)	-16.3%
Academic Support	4.5	4.9	(0.4)	-8.2%
Student Services	4.8	4.6	0.2	4.3%
Operation and Maintenance	4.3	3.2	1.1	34.4%
Instructional Support	4.5	4.4	0.1	2.3%
Scholarships	9.6	9.0	0.6	6.7%
Auxiliary Enterprises	0.3	0.3	-	0.0%
Depreciation	1.7	1.7	-	0.0%
Total Operating Expense	<u>\$ 45.1</u>	<u>\$ 46.5</u>	<u>\$ (1.4)</u>	<u>-3.0%</u>

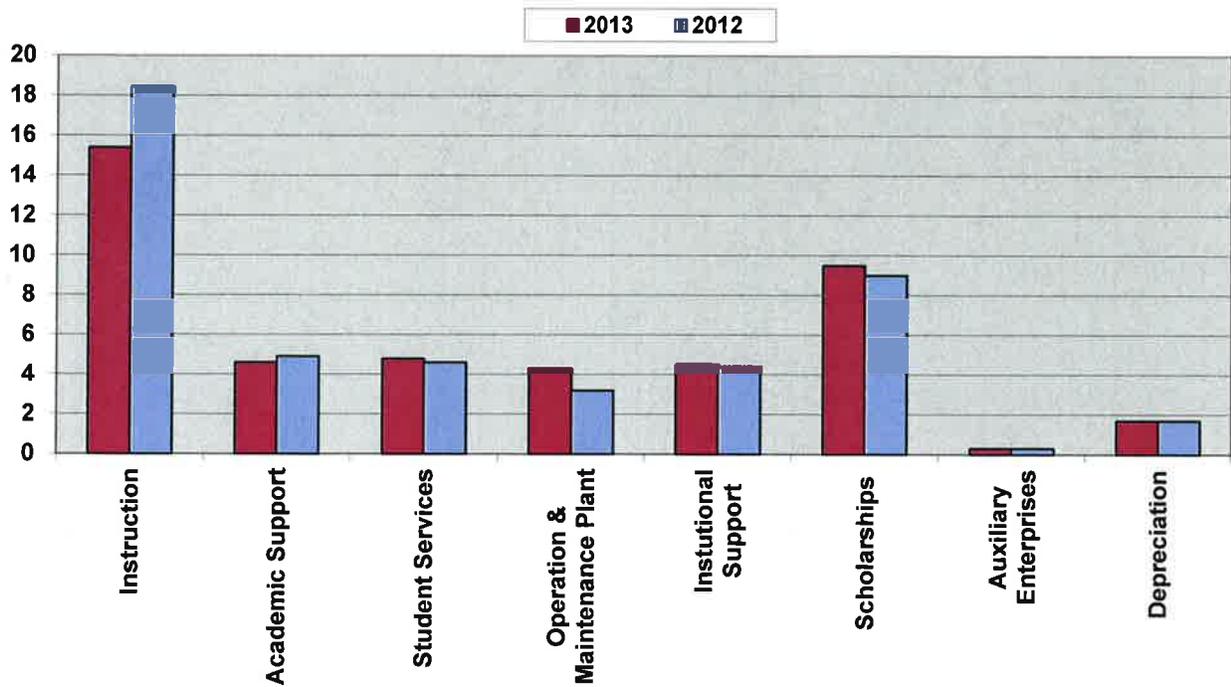
Overall operational expenditures decreased 3.0 percent for the current fiscal year. The decrease is a result of the College's continued efforts to manage cost while providing our students the best educational environment possible through improved instruction, student services, programs and information technology needs.

The following is a graphic of operating expenses:



In excess of \$24,738,665 or 55%, of the College's operating expenses occurred in the instruction, student and academic support classifications.

Comparison of Operating Expenses for Fiscal Years 2013 and 2012

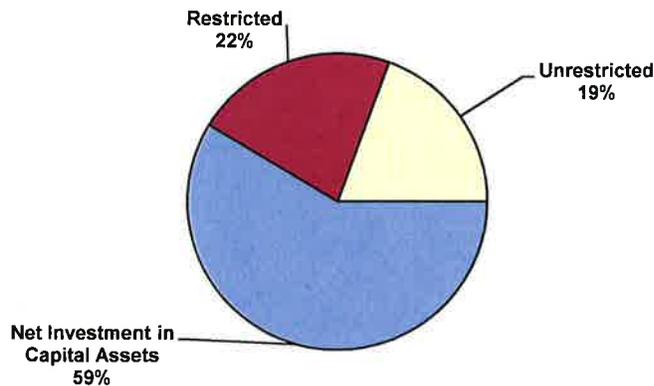


Analysis of Net Position (in millions)

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Invested in Capital Assets	\$ 25.5	\$ 23.2	\$ 2.3	9.9%
Restricted	9.6	10.1	(0.5)	-5.0%
Unrestricted	8.5	7.3	1.2	16.4%
Total Net Position	<u>\$ 43.6</u>	<u>\$ 40.6</u>	<u>\$ 3.0</u>	<u>7.4%</u>

The following is a graphic illustration of net position:

Analysis of Net Position



Economic Factors

Student enrollment remained relatively stable, and the College continued to offer competitive tuition rates. The financial position and fiscal stability during 2012-2013 was strong, and management believes the College's financial health will remain stable. The College is well positioned to maintain and provide adequate resources to successfully serve its students. The financial statements that follow reflect a substantial increase in net assets primarily due to the Newberry and Abbeville County Campus construction projects.

Component Units

Piedmont Technical College includes the financial statements of the Piedmont Technical College Foundation within the financials of the College in accordance with GASB Statement No. 34 paragraph 10. Financial statements for the Foundation can be obtained by mailing a request to Piedmont Technical College Foundation, P.O. Box 1467, Greenwood, SC, 29648.

Sincerely,



Dr. Luther R. Brooks
President



K. Paige Childs, CPA
Vice President of Business and Finance



Wendy Hughes, CGFO
Accounting Manager

PIEDMONT TECHNICAL COLLEGE
Statement of Net Position
June 30, 2013
(with comparative amounts for the year ended June 30, 2012)

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 1)	\$ 13,682,112	\$ 12,614,540
Certificates of Deposit (Note 3)	6,042,122	6,214,870
Accounts Receivable (Note 4)	2,029,284	2,390,485
Other Assets	52,051	59,983
Total Current Assets	21,805,569	21,279,878
NON-CURRENT ASSETS		
Non-depreciable Capital Assets (Note 5)	1,152,421	1,473,036
Capital Assets, Net of Accumulated Depreciation (Note 5)	24,399,789	21,727,121
Total Non-current Assets	25,552,210	23,200,157
Total Assets	47,357,779	44,480,035
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable (Note 11)	598,935	644,364
Long Term Liabilities - Current Portion (Note 12)	539,554	546,244
Deferred Revenue	1,764,313	1,719,306
Total Current Liabilities	2,902,802	2,909,914
NON-CURRENT LIABILITIES		
Accrued Compensated Absences (Note 12)	865,876	887,316
Total Non-current Liabilities	865,876	887,316
Total Liabilities	3,768,678	3,797,230
NET POSITION		
Invested in Capital Assets, Net of Related Debt	25,552,210	23,200,157
Restricted for:		
Expendable:		
Plant Funds	9,551,780	10,140,391
Unrestricted	8,485,111	7,342,257
Total Net Position	\$ 43,589,101	\$ 40,682,805

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Non-governmental Discretely Presented Component Unit
Statement of Financial Position
Piedmont Technical College Foundation
June 30, 2013
(with comparative amounts for the year ended June 30, 2012)

ASSETS

	2013	2012
Current Assets		
Cash and Cash Equivalents	\$ 140,082	\$ 196,013
Investments	2,467,317	2,192,736
Pledges Receivable, Net	58,168	162,576
Construction in Progress	40,219	141,495
Accounts Receivable	1,579	2,290
Total Current Assets	2,707,365	2,695,110
 Property, Furniture and Equipment, Net of Accumulated Depreciation of \$1,270,093	 3,028,480	 3,175,909
 Other Assets		
Endowment Investments	803,934	765,498
Pledges Receivable, Net	27,508	80,805
Cash Surrender Value of Life Insurance	380,124	361,565
Total Other Assets	1,211,566	1,207,868
 Total Assets	 \$ 6,947,411	 \$ 7,078,887

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 11,351	\$ 12,203
Current Portion of Notes Payable	27,316	24,543
Total Current Liabilities	38,667	36,746
 Long-term Liabilities		
Annuity Payable	34,652	42,123
Notes Payable	219,090	408,193
Total Long-term Liabilities	253,742	450,316
 Total Liabilities	 292,409	 487,062
 Net Assets		
Unrestricted	5,015,751	4,884,883
Temporarily Restricted	835,317	941,444
Permanently Restricted	803,934	765,498
Total Net Assets	6,655,002	6,591,825
 Total Liabilities and Net Assets	 \$ 6,947,411	 \$ 7,078,887

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013
(with comparative amounts for the year ended June 30, 2012)

	2013	2012
OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowances of \$14,140,900)	\$ 9,060,021	\$ 8,716,403
Federal Grants and Contracts	4,652,480	2,528,796
State Grants and Contracts	6,527,562	5,686,802
Non-Governmental Contracts	235,190	3,910,054
Auxiliary Enterprises	529,984	458,057
Other Operating Revenues	487,709	381,503
Total Operating Revenues	21,492,946	21,681,615
OPERATING EXPENSES		
Salaries	18,241,025	17,926,955
Benefits	5,325,941	4,907,115
Scholarships (Net of Scholarship Allowances of \$14,140,900)	9,586,520	9,009,643
Utilities	811,424	735,286
Supplies and Other Services	9,416,493	12,248,648
Depreciation	1,700,235	1,679,455
Total Operating Expenses	45,081,638	46,507,102
Operating Loss	(23,588,692)	(24,825,487)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	6,380,519	6,107,298
County Appropriations	2,156,699	1,968,467
Federal Grants and Contracts	17,677,841	16,726,077
Interest Income	29,140	12,377
Net Non-operating Revenues	26,244,199	24,814,219
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	2,655,507	(11,268)
Capital Grants - State	250,789	131,974
Increase in Net Position	2,906,296	120,706
Net Position - Beginning of Year	40,682,805	40,562,099
Net Position - End of Year	\$ 43,589,101	\$ 40,682,805

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Non-governmental Discretely Presented Component Unit
Statement of Activities
Piedmont Technical College Foundation
For the Year Ended June 30, 2013
(with comparative amounts for the year ended June 30, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Combined Total 2013	Summary Total 2012
Revenues, Gains, and Other Support					
Contributions	\$ 40,342	\$ 161,754	\$ 14,971	\$ 217,067	\$ 673,049
Investment Income	244,655	98,331	1,296	344,282	35,776
Special Events					
Golf Tournament Income	33,234	-	-	33,234	26,385
Cobra Income	-	-	-	-	26,800
Less: Direct Costs	-	-	-	-	(29,993)
In-kind Contributions	43,600	54,574	-	98,174	134,285
Distance Learning Revenue	402,399	-	-	402,399	400,100
Rental Income	15,000	-	-	15,000	15,000
Other Income	19,014	-	-	19,014	20,023
Gain (Loss) on Sale of Assets	(152,518)	-	-	(152,518)	4,183
Net Assets Released from Restrictions	398,617	(420,786)	22,169	-	-
Total Revenues, Gains, and Other Support	<u>1,044,343</u>	<u>(106,127)</u>	<u>38,436</u>	<u>976,652</u>	<u>1,305,608</u>
Expenses					
Program Services					
Distance Learning Program	74,944	-	-	74,944	74,569
Scholarships and Grants	446,408	-	-	446,408	425,374
Other - Impairment Loss	-	-	-	-	1,698,140
Other Program Services	66,153	-	-	66,153	93,668
Total Program Services	<u>587,505</u>	<u>-</u>	<u>-</u>	<u>587,505</u>	<u>2,291,751</u>
Support Services					
Management and General	323,946	-	-	323,946	313,604
Fundraising	2,024	-	-	2,024	4,850
Total Support Services	<u>325,970</u>	<u>-</u>	<u>-</u>	<u>325,970</u>	<u>318,454</u>
Total Expenses	<u>913,475</u>	<u>-</u>	<u>-</u>	<u>913,475</u>	<u>2,610,205</u>
Change in Net Assets	130,868	(106,127)	38,436	63,177	(1,304,597)
Net Assets - Beginning of Year	4,884,883	941,444	765,498	6,591,825	7,896,422
Net Assets - End of Year	<u>\$ 5,015,751</u>	<u>\$ 835,317</u>	<u>\$ 803,934</u>	<u>\$ 6,655,002</u>	<u>\$ 6,591,825</u>

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2013
(with comparative amounts for the year ended June 30, 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 9,342,202	\$ 8,651,320
Federal, State and Local Grants and Contracts	11,539,258	12,315,264
Auxiliary Enterprise Charges	529,984	458,057
Other Receipts	487,709	381,503
Payments to Vendors	(25,177,873)	(26,683,503)
Payments to Employees	(18,269,156)	(18,343,963)
Student Loan Receipts from Lendors	17,751,730	15,160,600
Disbursements to Students on Behalf of Lendors	(17,751,730)	(15,160,600)
Net Cash Used by Operating Activities	(21,547,876)	(23,221,322)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State Appropriations	6,380,519	6,107,298
County Appropriations	2,156,699	1,968,467
State, Local and Federal Grants, Gifts and Contracts - Non-Operating	17,677,841	16,726,077
Net Cash Provided by Non-capital Financing Activities	26,215,059	24,801,842
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal, State and Other Grants for Capital	250,789	131,974
Purchase of Capital Assets	(4,052,288)	(2,997,882)
Net Cash Used by Capital and Related Financing Activities	(3,801,499)	(2,865,908)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	29,140	12,377
Purchase of Investments	(1,105,406)	(5,977,105)
Proceed from Maturity of Certificates of Deposit	1,278,154	1,902,118
Net Cash Provided (Used) by Investing Activities	201,888	(4,062,610)
Net Change in Cash	1,067,572	(5,347,998)
Cash - Beginning of Year	12,614,540	17,962,538
Cash - End of Year	\$ 13,682,112	\$ 12,614,540
Reconciliation of Net Operating Revenue (Expenses) to Net Cash Used by Operating Activities:		
Operating Loss	\$ (23,588,692)	\$ (24,825,487)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation Expense	1,700,235	1,679,455
Change in Assets and Liabilities		
Receivables, Net	361,201	583,536
Deferred Charges and Prepaid Expenses	7,932	(5,945)
Accounts Payable	(45,429)	223,133
Long Term Liabilities	(28,130)	(417,007)
Deferred Revenue	45,007	(459,007)
Net Cash Used by Operating Activities	\$ (21,547,876)	\$ (23,221,322)

Non-Cash Activities:

The College received a donation of capital equipment with a value of \$279,582 from Florence Darlington Technical College in correlation with the ASSIST grant.

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

Piedmont Technical College (the "College"), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Greenwood, Abbeville, McCormick, Saluda, Laurens, Newberry and Edgefield 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.

B. Reporting Entity

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

The Foundation is a legally separate, tax-exempt organization with a self-perpetuating Board of Directors. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 35 member board of the Foundation is composed of members from the College's seven county region. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests is restricted by the donors to benefiting the College or its students. 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 discretely presented component unit of the College. The Foundation's financial information is presented 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 guidance issued by the Financial Accounting Standards Board (FASB) through its Accounting Standards Codification (ASC). Under this guidance, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The financial information has been obtained from the Foundation and presented for the same periods. Significant note disclosures to the Foundation's financial statements have been incorporated into the College's notes.

A complete set of the financial statements for the Foundation can be obtained by mailing a request to Piedmont Technical College Foundation, P.O. Box 1467, Greenwood, SC, 29648.

C. Financial Statements

The financial statements of the College are presented in accordance with GASB 61, *The Financial Reporting Entity: Omnibus*; GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* as amended; GASB 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; GASB 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB 38, *Certain Financial Statement Note Disclosures*. The financial statement presentation required by these statements provides a comprehensive, entity-wide perspective of the College's net position, revenues, expenses and changes in net position and cash flows.

The College has applied the requirements applicable to cost-sharing employers for GASB 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*, which require disclosures related to other postemployment benefits and are presented in Note 7.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Accounting

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

The College has elected not to apply FASB pronouncements issued after November 30, 1989.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

F. 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. To address the custodial credit risk and compliance with the above mentioned law, the College has a written policy that collateral securities are held in the name of the College for any deposits with financial institutions that are in excess of the amount covered by the Federal Deposit Insurance Corporation (FDIC).

G. Investments

The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

The College is authorized by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

Custodial Credit Risk for investments is the risk that, in the event of the failure of the custodian, the College will not be able to recover the value or will not be able to recover sufficient alternative securities that are in the possession of an outside party. For additional information on the College's procedures relating to custodial credit risk, refer to *Note 3*.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Piedmont 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. It is the policy of the College that all deposits and investments be denominated in United States Dollars.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College has no rated debt investments. The credit risk exposure of the College is limited to the deposits exposure.

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment or the earnings potential of an investment. As interest rates rise during a holding period the price potential purchasers are willing to pay for a lower rate security decreases. The College's investment policies address the selection of securities including certificates of deposit based on the best available rate for the needed term as determined through cash management techniques. The exposure to interest rate risk through stated fixed rates and length of maturity are disclosed in *Note 3*.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of an allowance for estimated uncollectible amounts. The allowance for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

I. Capital Assets

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

Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. Depreciation is taken beginning the month and year the asset is placed in service and no depreciation is taken in the year of disposition.

J. Deferred Revenues

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

K. Compensated Absences

The College follows the policy of the State of South Carolina which provides for the accumulation of each employee of up to 45 days of annual leave and 180 days for sick leave at varying rates earned based on years of service. Upon termination of employment, accrued vacation time, limited to 45 days, is paid to the employee; however, rights to accumulated sick leave benefits do not vest and are added to service credit upon termination, up to 90 days.

Unused vacation is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of long-term liabilities in the statement of net position and as a component of benefit expenses in the statement of revenues, expenses, and changes in net position.

L. Net Position

The College's net position is classified as follows:

Invested in capital assets, net of related debt: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net position - expendable: Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend in accordance with restrictions imposed by enabling legislation or external third parties.

Restricted net position - nonexpendable: Nonexpendable restricted net position 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.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Unrestricted net position: Unrestricted net position 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.

Within the unrestricted net position classification is an amount required by State policy for 30 days operating expenditures. The balance reported must equal this 30 day requirement for the College to be in compliance with this policy. In addition, project planning is performed with a greater than one year horizon for which resources have been tentatively committed.

The College's policy for spending either restricted or 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.

The Foundation's net assets are classified into the following three classes:

Unrestricted net assets are free of donor-imposed restrictions and include all revenues, expenses and losses that are not changes in temporarily or permanently restricted net assets. Unrestricted net assets include the Foundation's operating and plant accounts and board designated funds set aside for investment purposes. The unrestricted designated net assets are subject to the control of the Foundation's Board.

Temporarily restricted net assets include gifts, grants, income, gains and pledges for which donor-imposed restrictions have not been met. These funds are available for scholarships, grants and other approved programs upon satisfaction of the donor-imposed restrictions.

Permanently restricted net assets include gifts and trusts which require that the corpus be invested in perpetuity in accordance with donor restrictions and gains which have been donor-stipulated to be permanently invested.

M. Income Taxes

The College is exempt from income taxes under the Internal Revenue Code. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

N. Classification of Revenues

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, housing, 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.

The Foundation has classified and recognized revenue and expenses according to the following criteria:

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

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

O. Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by bookstore and canteen services. Revenues of internal service and auxiliary enterprise activities and the related expenditures of College departments have been eliminated.

P. Capitalized Interest

The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. The College did not have interest cost during the year ended June 30, 2013, and no interest was capitalized.

Q. Comparative Information

The College's statements include comparative information from the prior year. Certain prior year balances have been reclassified to conform to current year presentation.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College does not have any items that qualify for reporting in this category.

In addition to the liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separated financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College does not have any items that qualify for reporting in this category.

NOTE 2 - STATE APPROPRIATIONS

State funds for operations 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. The following is a detail schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2013.

Non-Capital Appropriations	
Current Years Appropriations	
Original Appropriations per Annual Appropriations Act	\$ 6,340,962
Other Adjustments	39,557
Total Non-Capital Appropriations	<u>6,380,519</u>
Capital Appropriations	
Lottery Technology	250,789
Total Capital Appropriations	<u>250,789</u>
Total Appropriations Recorded as Current Year Revenue	<u>\$ 6,631,308</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The bank balances for deposits of the College at June 30, 2013, were \$21,622,907. Of these, \$144,158 is covered by the Federal Deposit Insurance Corporation (FDIC). In addition, \$21,478,749 is collateralized by securities held by the institution pledged in the College's name. The College recognized no loss due to default by counterparties to investment transactions and amounts recovered from prior period losses.

The Foundation reports a book balance of \$140,082 with a bank balance of \$217,370 all of which is covered by FDIC.

Investments

The College's investments as of year-end consisted of certificates of deposits. Details for interest rate and maturity risk exposure are as follows:

<u>Institution</u>	<u>Face rate</u>	<u>Par Value</u>	<u>Maturing</u>
Palmetto Bank	0.07%	\$ 906,453	Feb 6, 2014
Park Sterling	0.50%	124,998	Sept 24, 2014
First Citizens Portfolio	Various	5,010,671	Various
		<u>\$ 6,042,122</u>	

The Foundation pools assets of restricted and unrestricted funds in order to maximize potential earnings. Income, realized gains and losses, and unrealized gains and losses are allocated among the various funds in the pool of assets. Major classifications in investments at June 30, 2013, are as follows:

<u>Pooled Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Money Market Funds	\$ 336,446	\$ 336,446
U.S. Government Obligations	80,454	104,120
Corporate Common Stocks	1,668,691	2,323,267
Corporate Bonds and Notes	289,159	330,410
Exchange Traded Funds	140,069	177,008
Totals	<u>\$ 2,514,819</u>	<u>\$ 3,271,251</u>

The Foundation's investment income for the year ended June 30, 2013 consisted of \$86,212 in dividends and interest, \$120,692 in realized gains and \$137,378 in unrealized gains.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2013

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

The following schedule reconciles cash and investments as reported in the Statement of Net Position to the footnote disclosures provided for deposits and investments:

Statement of net position	
Current assets	
Cash and cash equivalents	\$ 13,682,112
Investments	6,042,122
Total College	<u>19,724,234</u>
Statement of financial position	
Current assets	
Cash and cash equivalents	140,082
Investments	2,467,317
Noncurrent assets	
Investments	803,934
Total component unit	<u>3,411,333</u>
Total reporting entity	<u>\$ 23,135,567</u>
Note disclosure	
Cash on hand	\$ 2,700
Deposits with banks	19,721,534
Total College	<u>19,724,234</u>
Deposits with banks	140,082
Investments	3,271,251
Total component unit	<u>3,411,333</u>
Total reporting entity	<u>\$ 23,135,567</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2013, are summarized as follows:

Student Accounts	\$ 793,371
Federal Grants and Contracts	333,992
State Grants and Contract	1,391,921
Accounts Receivable	<u>2,519,284</u>
Allowance for Uncollectible	<u>(490,000)</u>
Accounts Receivable, Net	<u>\$ 2,029,284</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 4 - ACCOUNTS RECEIVABLE, Continued

The Foundation's significant receivables include the contributions receivable expected to be collected as follows:

Less than One Year	\$ 58,168
One to Five Years	28,000
	86,168
Less: Discount to Net Present Value	(492)
Net Contributions Receivable	\$ 85,676

These contributions receivable consist of unrestricted and temporarily restricted net assets and are deemed to be fully collectible by management.

NOTE 5 - CAPITAL ASSETS

	Beginning Balance July 1, 2012	Increases	Decreases	Ending Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land	\$ 389,206	\$ -	\$ -	\$ 389,206
Construction in Progress	1,083,830	738,764	(1,059,379)	763,215
Total Capital Assets Not Being Depreciated	\$ 1,473,036	\$ 738,764	\$ (1,059,379)	\$ 1,152,421
Other Capital Assets:				
Depreciable Land Improvements	\$ 769,539	\$ -	\$ -	\$ 769,539
Buildings and Improvements	36,752,569	3,609,020	-	40,361,589
Machinery, Equipment, and Other Intangibles	6,974,285	728,933	(35,375)	7,667,843
Vehicles	790,983	-	-	790,983
	212,796	34,951	-	247,747
Total Depreciable Assets at Historic Cost	45,500,172	4,372,904	(35,375)	49,837,701
Less Accumulated Depreciation For:				
Depreciable Land Improvements	(85,190)	(38,477)	-	(123,667)
Buildings and Improvements	(16,825,653)	(1,006,889)	-	(17,832,542)
Machinery, Equipment, and Other Intangibles	(5,942,864)	(543,992)	35,375	(6,451,481)
Vehicles	(689,819)	(101,164)	-	(790,983)
	(229,526)	(9,713)	-	(239,239)
Total Accumulated Depreciation	(23,773,052)	(1,700,235)	35,375	(25,437,912)
Other Capital Assets, Net	\$ 21,727,120	\$ 2,672,669	\$ -	\$ 24,399,789
Capital Assets, Net	\$ 23,200,156	\$ 3,411,433	\$ (1,059,379)	\$ 25,552,210

Depreciation expenses for the current year totaled \$1,700,235.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2013

NOTE 6 - PENSION PLAN(S)

South Carolina Retirement System

The majority of employees of Piedmont Technical College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides a life-time monthly retirement annuity benefits to members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

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

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

Effective July 1, 2012, employees participating in the SCRS were required to contribute 7.00% of all earnable compensation. The employer contribution rate for SCRS was 15.15%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45%, .15% for the incidental death program and a 4.55% surcharge that will fund retiree health and dental insurance coverage. Employer contributions for State ORP include a 5.45% employer retirement contribution, 4.55% retiree insurance surcharge and .15% incidental death program. Piedmont Technical College's actual retirement and incidental death program contributions to the SCRS for the years ended June 30, 2013, 2012, and 2011 were:

<u>Fiscal Year</u> <u>Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2013	10.450%	\$1,628,479	.15%	\$ 23,375
2012	9.385%	\$1,409,569	.15%	\$ 22,529
2011	9.240%	\$1,366,243	.15%	\$ 22,179

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2013

NOTE 6 - PENSION PLAN(S), Continued

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides lifetime monthly annuity benefits as well as disability, survivor benefits and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

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

Effective July 1, 2012, employees participating in the PORS were required to contribute 7.00% of all earnable compensation. The employer contribution rate for PORS was 16.85%. Included in the total PORS employer contribution rate is a base retirement contribution of 11.90%, .20% for the incidental death program, .20% for the accidental death program, and a 4.55% surcharge that will fund retiree health and dental insurance coverage. Piedmont Technical College's actual retirement, incidental death program and accidental death program contributions to the PORS for the years ended June 30, 2013, 2012, and 2011 were:

<u>Fiscal Year</u> <u>Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>		<u>Accidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2013	11.90%	\$ 17,740	.20%	\$ 298.00	.20%	\$ 298.00
2012	11.363%	\$ 19,237	.20%	\$ 339.00	.20%	\$ 339.00
2011	11.13%	\$ 13,937	.20%	\$ 250.00	.20%	\$ 250.00

Optional Retirement Program

As an alternative to membership to SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for State ORP plan other than for payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.45% plus the retiree surcharge of 4.55% from the employer in fiscal year 2013. Of the 10.45% employer retirement contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.45% and .15% incidental death program contribution amounts are remitted to SCRS.

For fiscal year 2013, total contributions requirements to the ORP were approximately \$117,907 (excluding the surcharge) from Piedmont Technical College as employer and approximately \$81,880 from its employees as plan members.

The amounts paid by Piedmont Technical College for pension, incidental death program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2013

NOTE 6 - PENSION PLAN(S), Continued

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates.

For the current fiscal year, the SCRS and PORS do not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, Piedmont Technical College's liability under the plans is limited to the amount of required employer contributions (stated as a percentage of covered payroll) as established by the South Carolina Public Employee Benefit Authority and as appropriated in the South Carolina Appropriation Act and from other applicable revenue sources. Accordingly, Piedmont Technical College recognizes no contingent liability for unfunded costs associated with participation in the plans.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years.

Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. The TERI program will end effective June 30, 2018.

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. Piedmont Technical College contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple employer defined benefit postemployment healthcare, and long-term disability plans administered by the Insurance Benefits Division (IB), a part of the South Carolina Public Employee Benefit Authority (PEBA).

Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS, Continued

Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.55% of annual covered payroll for 2013 and 4.30% of annual covered payroll for 2012. The IB sets the employer contribution rate based on a pay-as-you-go basis. Piedmont Technical College paid approximately \$769,055 and \$692,885 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2013 and 2012, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2013 and 2012.

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

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

Other Employee Benefits

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to all permanent full-time and certain permanent part-time employees of the College. These benefits are provided on a reimbursement basis by the employer agency based on rates established at the beginning of the service period by the Employee Insurance Program within the SC Budget and Control Board.

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$1,308,970 for the year ended June 30, 2013.

NOTE 8 - 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. See *Note 7* for discussions of amounts paid.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 8 - RISK MANAGEMENT, Continued

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

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters
- Medical malpractice claims against the Infirmary

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

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

NOTE 9 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Project Commitments

As of June 30, 2013 the College had various open project commitments with remaining balances approximating \$1,843,607. The amount and timing of payment depends on the availability of the vendor and consideration of the inconvenience to students while the work is being performed.

Inventories

Effective July 14, 2006, the College outsourced the management of its Campus Shop operations to Barnes & Noble. The contract term was for a period of seven years during which time the College will receive a guaranteed payment from Barnes & Noble and a percentage of sales. At the time of transition Barnes & Noble purchased all sellable inventories from the College.

NOTE 10 - LEASE OBLIGATIONS

Operating Leases

The College uses various pieces of equipment under non-cancellable lease agreements. The terms of the agreements require monthly payments ranging from \$118 to \$31,500 for terms averaging 48 months. The future minimum lease payments required for these operating leases as of June 30, 2013 were as follows:

<u>Year Ended June 30</u>	
2014	\$ 487,959
2015	471,464
2016	<u>471,464</u>
Total Minimum Lease Payments	<u>\$ 1,430,887</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 10 - LEASE OBLIGATIONS, Continued

The Foundation utilizes a distance learning satellite system and leases the distance learning technology to partners within a seven county area. All of these leases are fully reimbursed by parties using the system.

Total rent expense of \$433,111 was recognized for the fiscal year 2013.

Facilities Leased to Others

The College leased certain office space to other State agencies under non-cancellable leases ranging from 12 to 24 months. The monthly lease payments required were determined based on square footage used and ranged from \$2,000 to \$ 3,436. The required future minimum payments to be received are:

<u>Year Ended June 30,</u>				
2014		\$	36,382	<u> </u>
Total		\$	36,382	<u><u> </u></u>

The College recognized \$67,578 as revenue under these operating leases during the fiscal year ended June 30, 2013.

NOTE 11- ACCOUNTS PAYABLE

Accounts Payable as of June 30, 2013 are summarized as follows:

Accounts Payable	\$	170,778	
Benefits Payable		404,146	
Student Deposits		<u>24,011</u>	
 Total Accounts Payable	 \$	 <u>598,935</u>	

NOTE 12 - LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2013 was as follows:

	June 30, 2012	Addition	Reductions	June 30, 2013	Due Within One Year
Accrued Compensated Absences	\$ 1,433,560	\$ 235,097	\$ (263,227)	\$ 1,405,430	\$ 539,554
 Total Long-Term Liabilities	 \$ 1,433,560	 \$ 235,097	 \$ (263,227)	 \$ 1,405,430	 \$ 539,554

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 13 - STUDENT INSTRUCTIONAL FEES

Since the College receives financial support from county, state and federal sources, students pay only a small portion of the total cost of their education. Instructional fees are based on the extent of financial support provided by the county in which the student resides and were as follows for 2013:

Tuition for students from fully supporting counties Greenwood, McCormick, Newberry and Saluda	\$1,782
Tuition for students from non-fully supporting counties may be increased by a maximum of \$156 for students from counties listed below which contribute only partial support:	
Abbeville, Edgefield and Laurens	\$1,938
Other South Carolina counties	\$1,986
Out of State	\$2,586
Out of Country	\$3,522

NOTE 14 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2013 are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Other Services</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 9,509,050	\$ 2,720,872	\$ -	\$ -	\$ 3,204,463	\$ -	\$ 15,434,385
Academic support	2,510,125	708,057	-	-	1,329,134	-	4,547,316
Student services	2,806,692	790,611	-	-	1,159,661	-	4,756,964
Operation and maintenance of plant	870,640	262,234	-	811,424	2,345,826	-	4,290,124
Institutional support	2,526,146	840,493	-	-	1,122,940	-	4,489,579
Scholarships	-	-	9,586,520	-	-	-	9,586,520
Auxiliary enterprises	18,372	3,674	-	-	254,469	-	276,515
Depreciation	-	-	-	-	-	1,700,235	1,700,235
Total Operating Expenses	\$ 18,241,025	\$ 5,325,941	\$ 9,586,520	\$ 811,424	\$ 9,416,493	\$ 1,700,235	\$ 45,081,638

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 15 - REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES

The following information is provided in accordance with the South Carolina Office of Comptroller General's 2013 Audited Financial Statement Manual:

	2013	2012	Increase (Decrease)
Charges for services	\$ 21,492,946	\$ 21,681,615	\$ (188,669)
Operating grants and contributions	19,863,680	18,706,921	1,156,759
Capital grants and contributions	250,789	131,974	118,815
Less: expenses	<u>(45,081,638)</u>	<u>(46,507,102)</u>	<u>1,425,464</u>
Net program revenue (expense)	(3,474,223)	(5,986,592)	2,512,369
Transfers:			
Non-capital appropriations	<u>6,380,519</u>	<u>6,107,298</u>	<u>273,221</u>
Change in net assets	2,906,296	120,706	2,785,590
Net Assets - Beginning	<u>40,682,805</u>	<u>40,562,099</u>	<u>120,706</u>
Net Assets - Ending	<u><u>\$ 43,589,101</u></u>	<u><u>\$ 40,682,805</u></u>	<u><u>\$ 2,906,296</u></u>

NOTE 16 – STATE FISCAL STABILIZATION FUNDS (ARRA FUNDS)

The College incurred expenditures of \$84,817 during fiscal year 2013 under American Recovery and Reinvestment Act (ARRA) funding. These funds were awarded to the College as pass-through awards from the U.S. Department of Education (State Fiscal Stabilization Funds), U.S. Department of Labor (Workforce Investment Act), and the U.S. Department of Energy (State Energy Program). ARRA funds were expended primarily to create and support public computer centers.

The following summarizes the ARRA programs from which funding was received:

Fund	Funds used through June 30, 2013
<u>Broadband</u>	<u>\$ 84,817</u>
	<u><u>\$ 84,817</u></u>

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

Piedmont Technical College entered into a lease agreement with Newberry County in March 2011 and are partnering with the County to renovate a building at 1900 Wilson Boulevard, Newberry, South Carolina. Upon the expiration of the maximum seven year lease, Newberry shall gift the premises to Piedmont Technical College Area Commission provided that the conditions of the lease agreement are met.

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

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2013

NOTE 17 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS, Continued

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.

The Foundation paid a total of \$446,408 in scholarships and grants to the College during 2013. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space and management services to the Foundation. The value of this office space and management services totaled \$43,600 for the year ended June 30, 2013.

Piedmont Technical College is one of the partners in network with other educational institutions in the seven county area serviced by Piedmont Technical College in distance learning technology (PEN) for the delivery of classes. Piedmont Technical College paid the Foundation \$378,000 for the use of seventeen rooms and for use of the PEN system.

There were no related receivables or payables as of June 30, 2013.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 3, 2013, which is the date the financial statements were available for issuance. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Schedule of Reconciliation of Revenues and Cash
Reimbursements Received from State Board
For the Year Ended June 30, 2013

	CURRENT FUND	
	UNRESTRICTED	RESTRICTED
NET REIMBURSEMENTS REQUESTED		
(PER COLLEGE RECORDS)		
State Operational Allocation	\$ 6,340,962	\$ -
Deferred Maintenance	-	325,835
General Fund- Nursing	-	39,557
General Fund-Acad Endowment	-	159
Ready SC	-	117,536
State Pathways	-	37,784
Lottery - Equipment	-	250,789
Lottery-Tuition	-	3,717,738
Sale of Assets	-	2,475
ARRA Stimulus Broadband	-	84,817
	<u>6,340,962</u>	<u>4,576,690</u>
RECONCILIATION - RECEIPTS TO REQUESTS		
Cash Received from State Board:		
State Operational Allocation	6,086,385	-
Deferred Maintenance	-	325,835
General Fund- Nursing	-	39,557
General Fund-Acad Endowment	-	159
General Fund- Workers Comp Refund	-	6,546
Ready SC	-	134,817
State Pathways	-	37,784
Lottery - Equipment	-	337,402
Lottery-Tuition	-	3,088,688
Sale of Assets	-	2,475
ARRA Stimulus Broadband	-	103,520
ARRA Stimulus HIT	-	1
ARRA Stimulus Weatherization	-	4,000
	<u>6,086,385</u>	<u>4,080,784</u>
Add: Reimbursements Receivable at 6/30/13		
Appropriations	254,577	-
Ready SC	-	7,095
Lottery - Equipment	-	25,287
Lottery- Tuition	-	1,036,864
	<u>254,577</u>	<u>1,069,246</u>

(Continued)

Schedule of Reconciliation of Revenues and Cash
 Reimbursements Received from State Board
 For the Year Ended June 30, 2013

Deduct: Reimbursements Receivable at 6/30/12		
Ready SC	-	24,376
ARRA Stimulus Broadband	-	18,703
Lottery-Equipment	-	111,900
Lottery-Tuition	-	407,814
ARRA Stimulus HIT	-	1
ARRA Stimulus Weatherization	-	4,000
General Fund Workers Comp- Refund	-	6,546
	<u>-</u>	<u>573,340</u>
	<u>\$ 6,340,962</u>	<u>\$ 4,576,690</u>

PIEDMONT TECHNICAL COLLEGE
 Schedule of Local Government Support
 For the Year Ended June 30, 2013
 (with comparative amounts for the year ended June 30, 2012)

LOCAL GOVERNMENT	<u>2013</u>	<u>2012</u>
Greenwood County	\$ 1,200,000	\$ 1,078,169
Laurens County	175,831	136,015
Abbeville County	155,325	155,325
Newberry County	331,008	331,008
Saluda County	166,405	139,820
McCormick County	85,130	85,130
Edgefield County	<u>43,000</u>	<u>43,000</u>
Total Support	<u>\$ 2,156,699</u>	<u>\$ 1,968,467</u>

Piedmont Technical College
Schedule of Expenditures of Federal Awards
June 30, 2013

FEDERAL GRANTOR Pass-Through Entity Program Title	CFDA Number	Grant Period	Award Number	Expenditures
U.S. DEPARTMENT OF EDUCATION				
STUDENT FINANCIAL AID CLUSTER:				
Federal Supplemental Educational Opportunity Grant	84.007	2011-12	P007A113801	\$ 24,692
Federal Supplemental Educational Opportunity Grant	84.007	2012-13	P007A123801	186,596
Total Supplemental Educational Opportunity Grant Program				211,288
Federal Work Study Grant Program	84.033	2011-12	P033A113801	29,542
Federal Work Study Grant Program	84.033	2012-13	P033A123801	182,130
Total Work Study Grant Program				211,672
Federal Pell Grant Program	84.063	2011-12	P063P112479	14,819
Federal Pell Grant Program	84.063	2012-13	P063P122479	17,451,734
Total Federal Pell Grant Program				17,466,553
Direct Loans				
Federal Direct Loans	84.268	2011-12	P268K122479	47,782
Federal Direct Loans	84.268	2012-13	P268K132479	17,703,948
Total Federal Direct Loan Program				17,751,730
Total Student Financial Aid Cluster				35,641,243
Higher Education Institutional Aid	84.031	2011-12	P031A110213	158,705
Higher Education Institutional Aid	84.031	2012-13	P031A110213-12	185,916
Total Higher Education Institutional Aid				344,621
TRIO CLUSTER:				
Student Support Services	84.042	2011-12	P042A111018	54,773
Student Support Services	84.042	2012-13	P042A111018-12	219,415
Total Student Support Services				274,188
Upward Bound	84.047	2011-12	P047A071023-11	92,665
Upward Bound-LENS	84.047	2011-12	P047A070905-11	66,939
Total Upward Bound				159,604
Total TRIO Cluster				433,792
Project Genesis	84.382	2011-12	P382A110035	209,190
Project Genesis	84.382	2012-13	P382A110035-12	343,054
Total Project Genesis				552,244
Total Direct Programs:				36,971,900

Piedmont Technical College
Schedule of Expenditures of Federal Awards
June 30, 2013

FEDERAL GRANTOR Pass-Through Entity Program Title	CFDA Number	Grant Period	Award Number	Expenditures
PASS-THROUGH SC DEPARTMENT OF EDUCATION: Career and Technical Education - Basic Grants to States	84.048	2012-13	13VA411	<u>354,612</u>
Total U.S. Department of Education				<u>37,326,512</u>
U.S. DEPARTMENT OF COMMERCE Economic Adjustment Assistance	11.307	2011-14	04-79-06544	<u>1,792,000</u>
PASS-THROUGH SC TECHNICAL COLLEGE SYSTEM Broadband Technology Opportunities Program	11.557	2010-13	287	<u>84,817</u>
Total Department of Commerce				<u>1,876,817</u>
U.S. DEPARTMENT OF LABOR PASS-THROUGH UPPER SAVANNAH COUNCIL OF GOVERNMENTS: WIA Adult Program	17.258	2012-13	21396A1	203,092
WIA Adult Workforce Readiness	17.258	2012-13	21W96A1	34,891
Total WIA Adult				<u>237,983</u>
WIA Dislocated Worker Program	17.278	2012-13	22396A1	136,963
WIA Dislocated Worker NEG On-the Job Training	17.278	2012-13	02N96A1	27,038
WIA Dislocated Worker Rapid Response	17.278	2012-13	22R96A1	7,101
WIA Dislocated Worker Rapid Response II	17.278	2012-13	22R96A2	52,002
WIA Dislocated Worker Workforce Readiness	17.278	2012-13	22W96A1	52,352
Total WIA Dislocated				<u>275,456</u>
WIA Youth Workforce Readiness	17.259	2012-13	23W96A1	27,581
Total WIA Youth				<u>27,581</u>
Total WIA				<u>541,020</u>
CONSORTIUM - FLORENCE DARLINGTON TECHNICAL COLLEGE TAACCT- ASSIST	17.282	2011-14	TC-22521-11-60-A-45	<u>227,197</u>
Total U.S. Department of Labor				<u>768,217</u>
National Science Foundation NSF Hi-Tech Scholars Program	47.076	2011-12	DUE-1060587	3,131
NSF Hi-Tech Scholars Program	47.076	2012-13	DUE-1060587	103,195
Total NSF Hi-Tech Scholars Program				<u>106,326</u>
Total National Science Foundation				<u>106,326</u>
TOTAL FEDERAL AWARDS				<u>\$ 40,077,872</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. LOAN PROGRAMS

The College has students who have approved Federal Direct Loans. Those loans were disbursed to the students during the current fiscal year. The College is not the lender. The College only processes the loans for the lender, the Department of Education. The total Federal Direct Loans for the current fiscal year were \$17,751,730.

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
Greenwood, South Carolina

We have audited Piedmont Technical College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2013. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Columbia, South Carolina

September 3, 2013

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
Greenwood, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position of Piedmont Technical College (the "College"), as of June 30, 2013, and the statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements. These financial statements and notes to the financial statements together with the financial statements of the College's discretely presented component unit, which were audited by other auditors, collectively comprise the College's basic financial statements, and have issued our report thereon dated September 3, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "P. Leach & Williamson, L.L.P." The signature is written in a cursive style.

Columbia, South Carolina

September 3, 2013

PIEDMONT TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2013

Summary of Auditors' Results:

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Piedmont Technical College.
2. No material weaknesses or significant deficiencies relating to the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Piedmont Technical College were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of major federal awards are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Piedmont Technical College expresses an unmodified opinion.
6. No audit findings were reported relative to the major federal award programs for Piedmont Technical College as depicted below in this schedule.
7. Major federal programs:

Student Financial Aid Cluster	
Supplemental Education Opportunity Grants	CFDA #84.007
Federal Work-Study Program	CFDA #84.033
Federal Pell Grant Program	CFDA #84.063
Federal Direct Student Loans	CFDA #84.268
Higher Education Institutional Aid	CFDA #84.031
Economic Adjustment Assistance	CFDA #11.307
8. The threshold for distinguishing between Type A and Type B Programs was \$300,000.
9. Piedmont Technical College did qualify as a low risk auditee.

PIEDMONT TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

Financial Statement Findings:

None

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

PIEDMONT TECHNICAL COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2013

Status of Prior Year Findings:

None were reported.