



Audited Financial Statements and Other Financial Information
Year Ended June 30, 2012
With
Independent Auditor's Report

PIEDMONT TECHNICAL COLLEGE

**Audited Financial Statements and Other Financial Information
Year Ended June 30, 2012
With
Report of Independent Auditors**

PIEDMONT TECHNICAL COLLEGE

Table of Contents

June 30, 2012

	<u>Page Number</u>
Organizational Information	ii
Report of Independent Auditors.....	1
Required Supplementary Information	
Management Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Assets	11
Non-governmental Discretely Presented Component Unit Statement of Financial Position	12
Statement of Revenues, Expenses and Changes in Net Assets.....	13
Non-governmental Discretely Presented Component Unit Statement of Activities	14
Statement of Cash Flows	15
Notes to Financial Statements	16
Other Financial Information	
Schedule of Reconciliation of Revenues and Cash Reimbursements Received from State Board	33
Schedule of Local Government Support.....	35
Single Audit Act Requirements	
Schedule of Expenditures of Federal Awards.....	36
Notes to Schedule of Expenditures of Federal Awards	39
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	40
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 <i>Government Auditing Standards</i>	42
Schedule of Findings and Questioned Costs.....	44
Summary Schedule of Prior Audit Findings	46

PIEDMONT TECHNICAL COLLEGE
Organizational Information
June 30, 2012

<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	2013	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

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

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying basic financial statements of Piedmont Technical College, (the "College") a member institution of the South Carolina Technical College System, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component unit, Piedmont Technical College Foundation (the "Foundation"), which statements reflect total assets of \$7,078,887 as of June 30, 2012 and total revenue of \$1,305,608 for the year then ended. 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 *Government 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of Piedmont Technical College at June 30, 2012, and the results of its operations and the cash flows of its business type activity for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2012, 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* and should be considered in assessing the results of our audit.

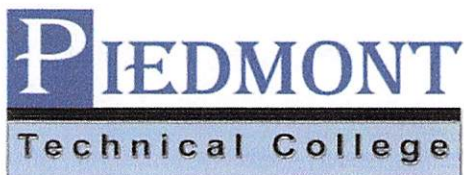
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Piedmont Technical College's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Piedmont Technical College's basic financial statements. The other financial information as listed in the accompanying table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Rebeck J. Williamson, C.C.P.

September 5, 2012



P.O. Box 1467 • Greenwood, South Carolina 29648-1467 • Telephone: (864) 941-8324 • Fax (864) 941-8669 • Web site: www.ptc.edu

MANAGEMENT DISCUSSION AND ANALYSIS

We present management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2012 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, 2012 by \$40,682,805. Of this amount, \$7,342,257 may be used to meet the College's ongoing obligations.
- The College's net assets increased by \$120,706 or .3%. Capital projects completed during the fiscal year ended June 30, 2012 included the Center for Advanced Manufacturing located in Laurens County and renovations to the Main Campus in Greenwood. In addition, land was purchased on which a new Center will be built in Abbeville.
- The College experienced an operating loss of \$24,825,487 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. However, this operating loss was offset by State appropriations of \$6,107,298, County appropriations of \$1,968,467, Federal grants of \$16,726,077 and other non-operating revenues.

Overview of the Financial Statements

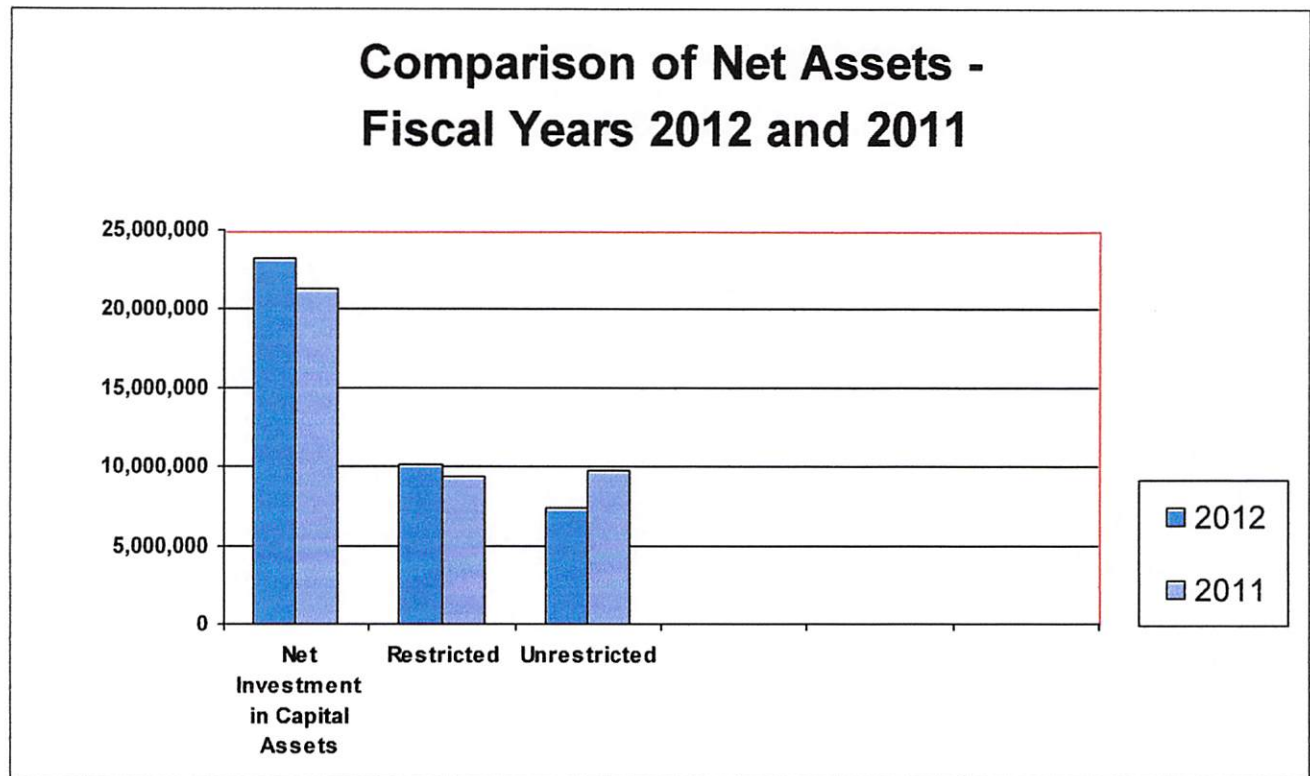
The College is engaged only in Business-Type Activities (BTA) financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Assets; Statement of Revenues, Expenses,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

The Statement of Net Assets 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 assets, which are displayed in three broad categories: invested in capital assets (net of related debt), restricted, and unrestricted. Net Assets is one indicator of the current financial condition of the College, while the change in net assets is an indicator that the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net Assets 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 assets and is prepared from the Statement of Net Assets.

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Current Assets	\$ 21.3	\$ 23.1	\$ (1.8)	-7.8%
Noncurrent Capital Assets, Net	23.2	21.9	1.3	5.9%
Total Assets	<u>44.5</u>	<u>45.0</u>	<u>(0.5)</u>	<u>-1.1%</u>
Current Liabilities	2.9	3.1	(0.2)	-6.5%
Non-Current Liabilities	0.9	1.3	(0.4)	-30.8%
Total Liabilities	<u>3.8</u>	<u>4.4</u>	<u>(0.6)</u>	<u>-13.6%</u>
Net Assets				
Invested in Capital Assets	23.2	21.3	1.9	8.9%
Restricted	10.1	9.4	0.7	7.5%
Unrestricted	7.3	9.8	(2.5)	-25.5%
Total Net Assets	<u>\$ 40.6</u>	<u>\$ 40.5</u>	<u>\$ 0.1</u>	<u>0.3%</u>

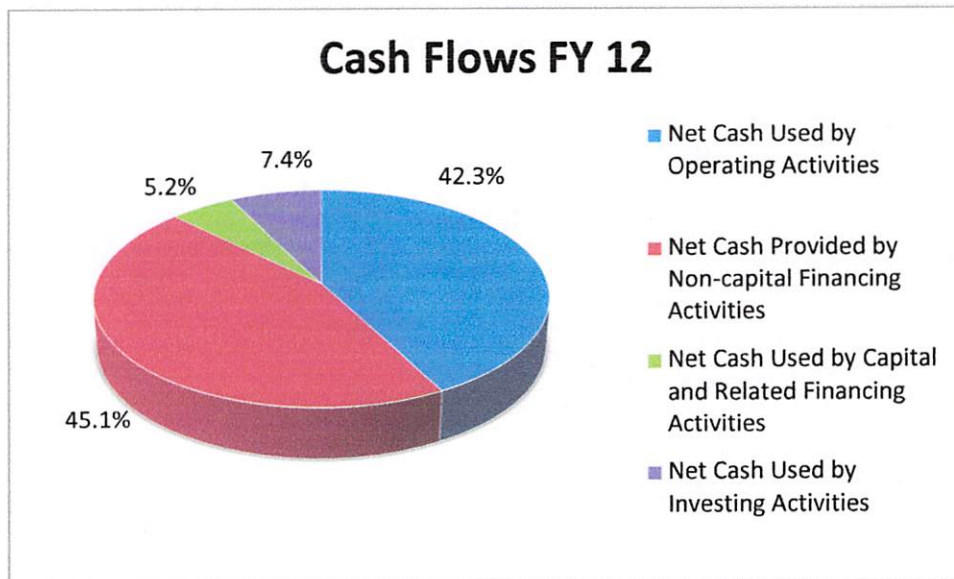
This schedule is prepared from the College's Statement of Net Assets, (page 11) which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Total net assets at June 30, 2012 increased to \$40.6 million from \$40.5 million in fiscal year 2011.

The Change in Net Assets is shown on page 9 in the Analysis of Net Assets chart. Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$40,682,805 at the close of the most recent fiscal year.

By far, the largest portion of the College's net assets (57 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Approximately 25 percent, or \$10,140,391, of the College's net assets represent resources that are subject to external restrictions on how they may be used. *Unrestricted net assets* of \$7,342,257 or approximately 18 percent may be used to meet the College's ongoing obligations.

The College invested \$5,000,100 with First Citizens Capital Management which is reflected in the overall \$5,347,998 decrease to cash. Overall cash provided from non-capital financial activities included State and County appropriations, grants and gifts, and other income of approximately \$24.8 million, which was used to fund operating activities.



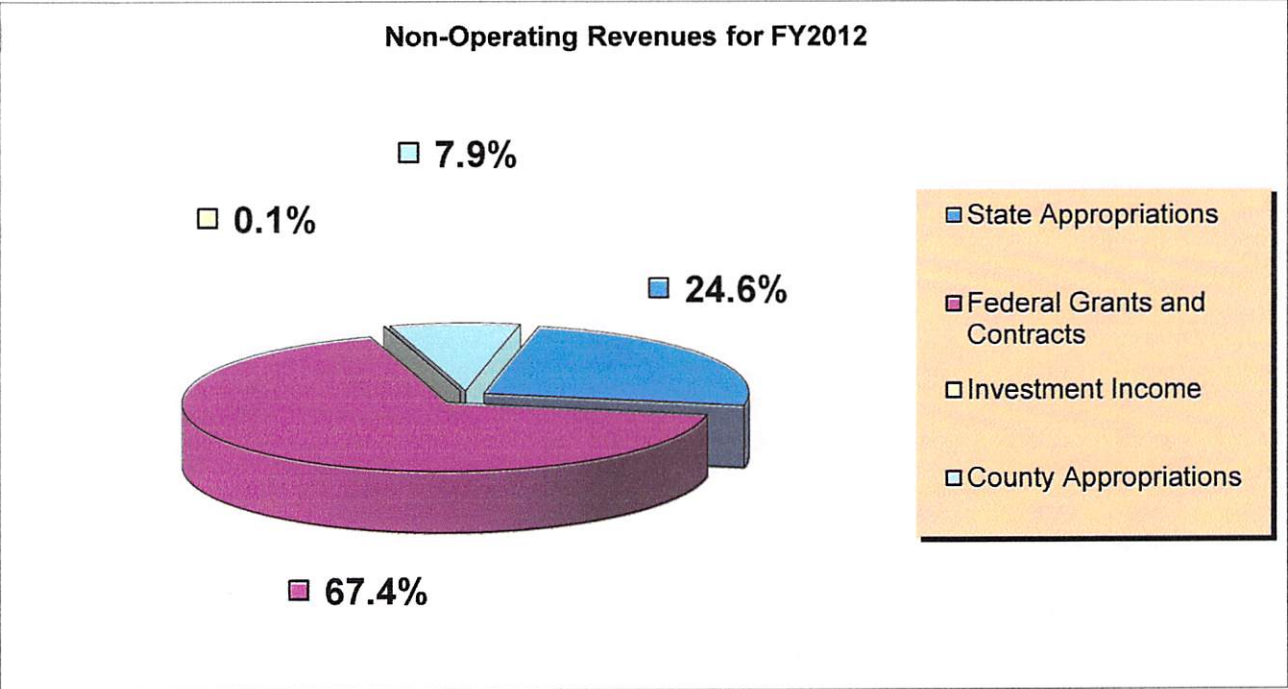
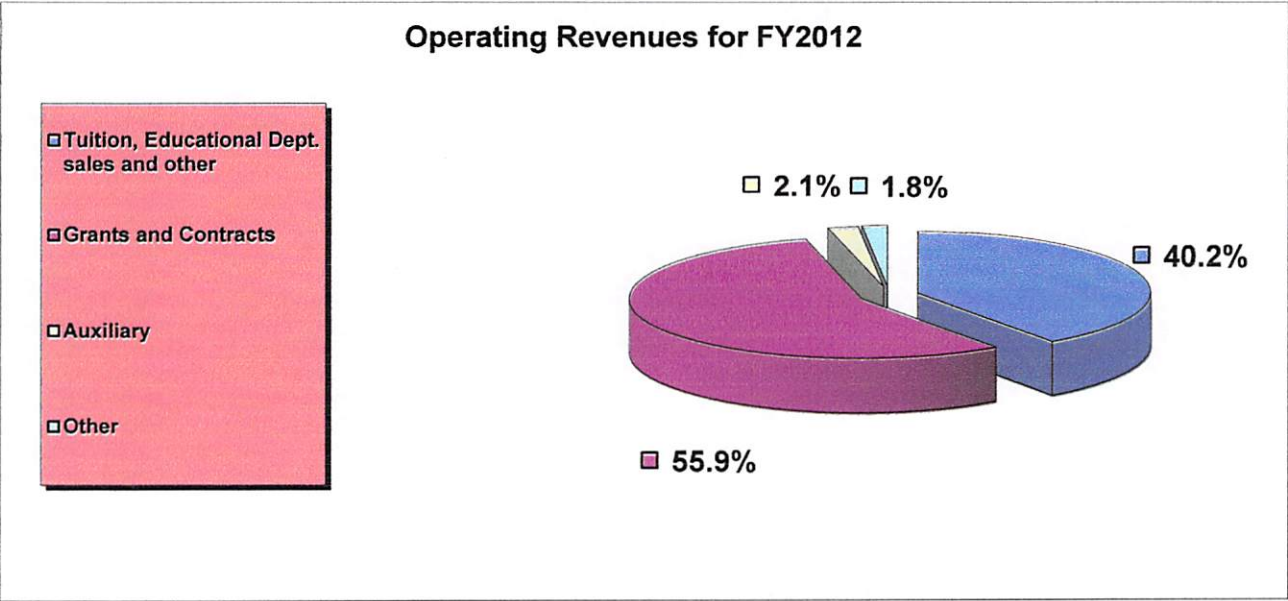
The following schedule is a summary of the College's operating results for the fiscal year:

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Operating Revenue				
Tuition and Fees	\$ 8.7	\$ 10.1	\$ (1.4)	-13.9%
Grants and Contracts	12.1	7.2	4.9	68.1%
Auxiliary	0.5	0.5	-	0.0%
Other	0.4	0.3	0.1	33.3%
Total Operating Revenues	<u>21.7</u>	<u>18.1</u>	<u>3.6</u>	<u>19.9%</u>
Less Operating Expenses	<u>(46.5)</u>	<u>(42.8)</u>	<u>(3.7)</u>	<u>8.6%</u>
Net Operating Loss	<u>(24.8)</u>	<u>(24.7)</u>	<u>(0.1)</u>	<u>0.4%</u>
Non-Operating Revenue				
State Appropriations	6.1	6.1	-	0.0%
Local Appropriations	2.0	2.5	(0.5)	-20.0%
Federal Grants and Contracts	16.7	18.1	(1.4)	-7.7%
Total Non-Operating Revenue	<u>24.8</u>	<u>26.7</u>	<u>(1.9)</u>	<u>-7.1%</u>
Income Before Other Revenues, Expenses, Gains or Losses	-	2.0	(2.0)	-100.0%
Other Revenues, Expenses, Gains or Losses	0.1	0.2	(0.1)	-50.0%
Net Assets, Beginning of Year	<u>40.5</u>	<u>38.3</u>	<u>2.2</u>	<u>5.7%</u>
Net Assets, End of Year	<u>\$ 40.6</u>	<u>\$ 40.5</u>	<u>\$ 0.1</u>	<u>0.3%</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:

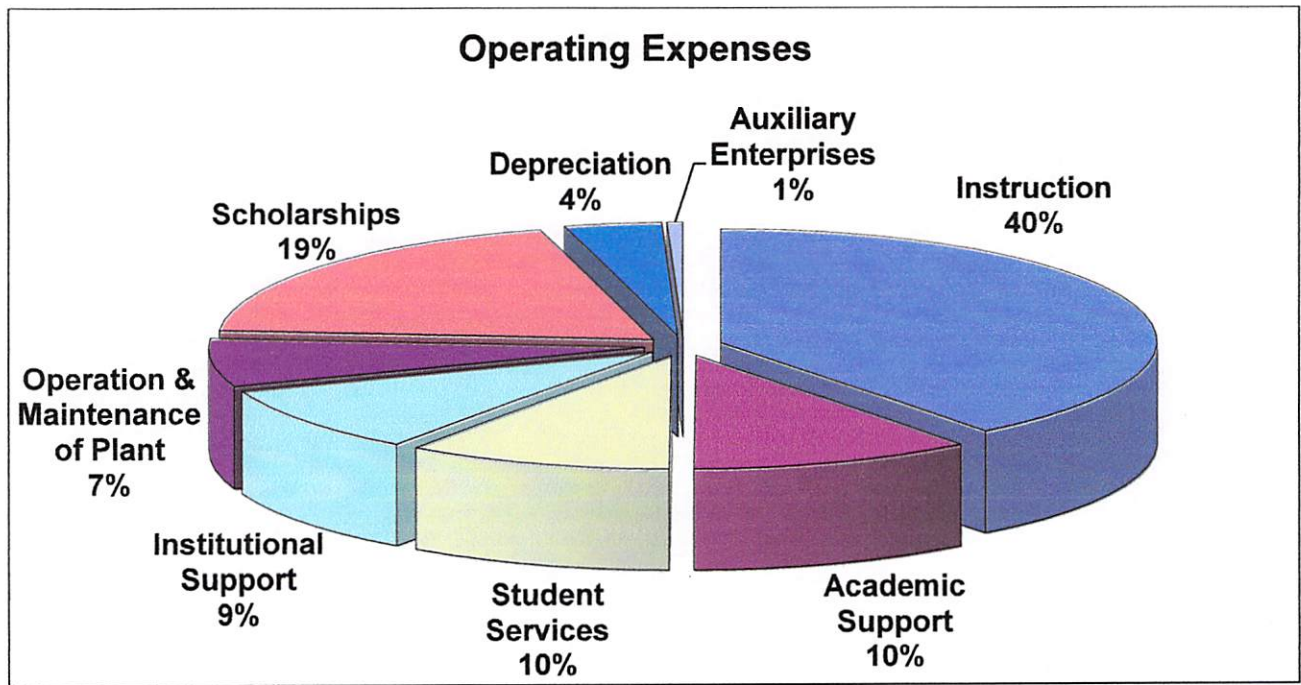
Revenues by Source



Operating Expense (in millions)				
	<u>FY 2012</u>	<u>FY 2011</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Operating Expense				
Instruction	\$ 18.4	\$ 14.3	\$ 4.1	28.7%
Academic Support	4.9	4.4	0.5	11.4%
Student Services	4.6	4.2	0.4	9.5%
Operation and Maintenance	3.2	3.0	0.2	6.7%
Instructional Support	4.4	5.1	(0.7)	-13.7%
Scholarships	9.0	9.9	(0.9)	-9.1%
Auxiliary Enterprises	0.3	0.2	0.1	50.0%
Depreciation	1.7	1.7	-	0.0%
Total Operating Expense	<u>\$ 46.5</u>	<u>\$ 42.8</u>	<u>\$ 3.7</u>	<u>8.6%</u>

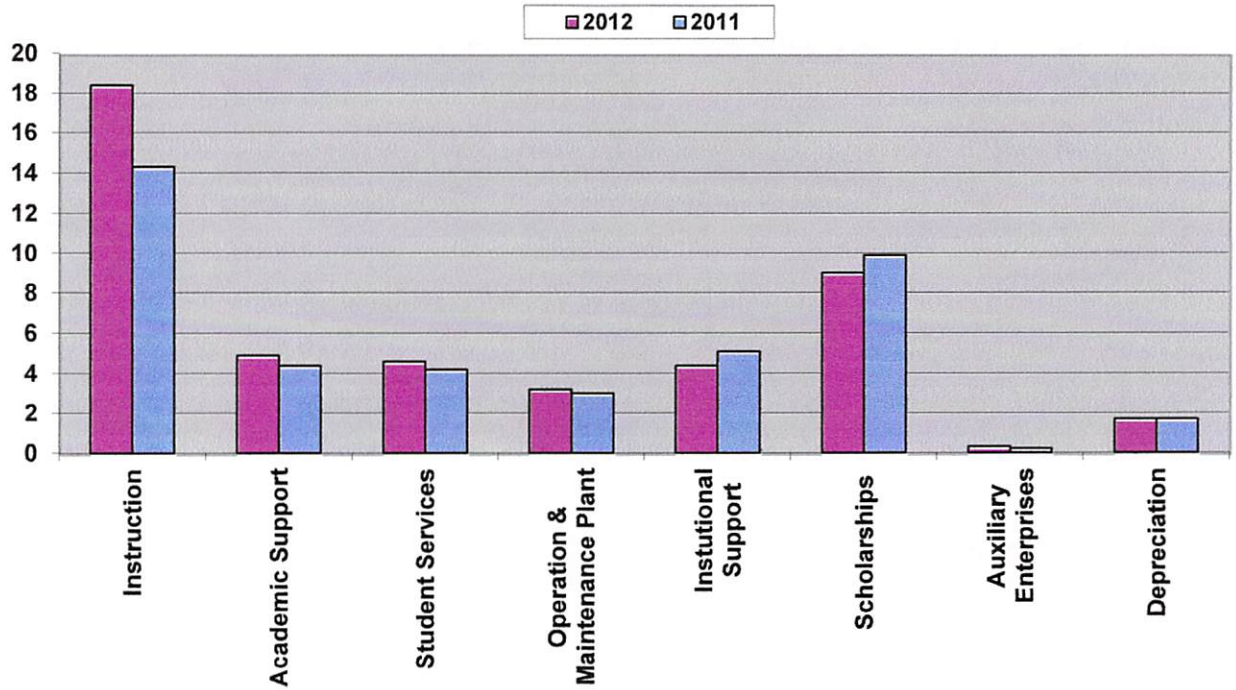
Overall operational expenditures increased 8.6 percent for the current fiscal year. The increase is a result of the College's continued efforts to provide our students with the best educational environment possible through improved instruction, student services, programs and information technology needs.

The following is a graphic of operating expenses:



In excess of \$23,293,903 or 50%, of the College's operating expenses occurred in the instruction and academic support classifications.

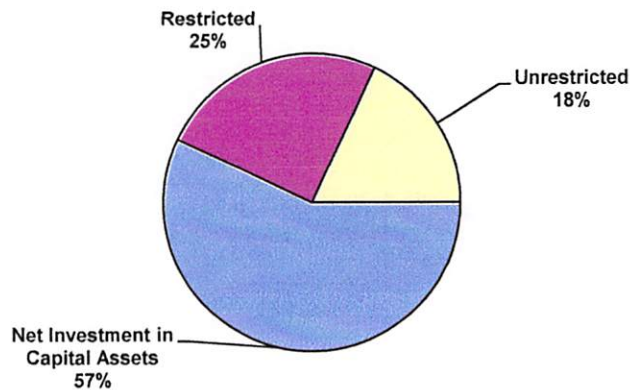
Comparison of Operating Expenses for Fiscal Years 2012 and 2011



	<u>FY 2012</u>	<u>FY 2011</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Invested in Capital Assets	\$ 23.2	\$ 21.3	\$ 1.9	8.9%
Restricted	10.1	9.4	0.7	7.4%
Unrestricted	7.3	9.8	(2.5)	-25.5%
Total Net Assets	<u>\$ 40.6</u>	<u>\$ 40.5</u>	<u>\$ 0.1</u>	<u>0.3%</u>

The following is a graphic illustration of net assets:

Analysis of Net Assets



Economic Factors

Student enrollment has continued to increase requiring greater expenditures for services rendered. The College continues to offer tuition rates that are appealing to students, and management believes the College's financial health will remain stable. The fiscal stability during 2011-2012 sustained the College's financial position, and management believes the College is well positioned to continue to maintain and provide sufficient resources to successfully serve its students.

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 Assets
June 30, 2012
(with comparative amounts for the year ended June 30, 2011)

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (Notes 1 and 3)	\$ 12,614,540	\$ 17,962,538
Certificates of Deposit (Note 3)	6,214,870	2,139,884
Accounts Receivable (Note 4)	2,390,485	2,974,021
Other Assets	59,983	54,038
Total Current Assets	21,279,878	23,130,481
NON-CURRENT ASSETS		
Non-depreciable Capital Assets (Note 5)	1,473,036	380,724
Capital Assets, Net of Accumulated Depreciation (Note 5)	21,727,121	21,501,006
Total Non-current Assets	23,200,157	21,881,730
Total Assets	44,480,035	45,012,211
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable (Note 11)	644,364	421,231
Long Term Liabilities - Current Portion (Note 12)	546,244	519,268
Deferred Revenue	1,719,306	2,178,313
Total Current Liabilities	2,909,914	3,118,812
NON-CURRENT LIABILITIES		
Accrued Compensated Absences (Note 12)	887,316	1,331,300
Total Non-current Liabilities	887,316	1,331,300
Total Liabilities	3,797,230	4,450,112
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	23,200,157	21,381,730
Restricted for:		
Expendable:		
Plant Funds	10,140,391	9,395,875
Unrestricted	7,342,257	9,784,494
Total Net Assets	\$ 40,682,805	\$ 40,562,099

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Non-governmental Discretely Presented Component Unit
Statement of Financial Position
Piedmont Technical College Foundation
June 30, 2012
(with comparative amounts for the year ended June 30, 2011)

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and Cash Equivalents	\$ 196,013	\$ 178,852
Investments	2,192,736	2,236,436
Pledges Receivable, Net of Allowance for Uncollectible Pledges of \$0	162,576	144,618
Construction in Progress	141,495	122,850
Accounts Receivable	2,290	-
Other Current Assets	-	25,000
Total Current Assets	<u>2,695,110</u>	<u>2,707,756</u>
Property, Furniture and Equipment, Net of Accumulated Depreciation of \$1,172,697	<u>3,175,909</u>	<u>4,566,173</u>
Other Assets		
Endowment Investments	765,498	715,519
Pledges Receivable, Net of Allowance for Uncollectible Pledges of \$0	80,805	25,605
Cash Surrender Value of Life Insurance	361,565	342,058
Total Other Assets	<u>1,207,868</u>	<u>1,083,182</u>
Total Assets	<u>\$ 7,078,887</u>	<u>\$ 8,357,111</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 12,203	\$ 197,140
Current Portion of Notes Payable	24,543	18,271
Total Current Liabilities	<u>36,746</u>	<u>215,411</u>
Long-term Liabilities		
Annuity Payable	42,123	49,173
Notes Payable	408,193	196,105
Total Long-term Liabilities	<u>450,316</u>	<u>245,278</u>
Total Liabilities	<u>487,062</u>	<u>460,689</u>
Net Assets		
Unrestricted	4,884,883	6,131,735
Temporarily Restricted	941,444	1,049,168
Permanently Restricted	765,498	715,519
Total Net Assets	<u>6,591,825</u>	<u>7,896,422</u>
Total Liabilities and Net Assets	<u>\$ 7,078,887</u>	<u>\$ 8,357,111</u>

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012
(with comparative amounts for the year ended June 30, 2011)

	2012	2011
OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowances of \$12,693,044)	\$ 8,716,403	\$ 10,168,182
Federal Grants and Contracts	2,528,796	2,913,361
State Grants and Contracts	5,686,802	4,001,942
Non-Governmental Contracts	3,910,054	299,600
Auxiliary Enterprises	458,057	469,539
Other Operating Revenues	381,503	275,824
 Total Operating Revenues	 21,681,615	 18,128,448
OPERATING EXPENSES		
Salaries	17,926,955	17,223,000
Benefits	4,907,115	4,665,655
Scholarships (Net of Scholarship Allowances of \$12,693,044)	9,009,643	9,855,745
Utilities	735,286	760,769
Supplies and Other Services	12,248,648	8,569,896
Depreciation	1,679,455	1,750,802
 Total Operating Expenses	 46,507,102	 42,825,867
 Operating Loss	 (24,825,487)	 (24,697,419)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	6,107,298	6,073,844
County Appropriations	1,968,467	2,497,957
Federal Grants and Contracts	16,726,077	18,119,880
Interest Income	12,377	42,229
Net Non-operating Revenues	24,814,219	26,733,910
 Income (Loss) Before Other Revenues, Expenses, Gains or Losses	 (11,268)	 2,036,491
 Capital Grants - State	 131,974	 215,340
 Increase in Net Assets	 120,706	 2,251,831
 Net Assets - Beginning of Year	 40,562,099	 38,310,268
 Net Assets - End of Year	 \$ 40,682,805	 \$ 40,562,099

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, 2012
(with comparative amounts for the year ended June 30, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Combined Total 2012	Summary Total 2011
Revenues, Gains, and Other Support					
Contributions	\$ 24,453	\$ 635,603	\$ 12,993	\$ 673,049	\$ 196,289
Investment Income	47,544	(11,827)	59	35,776	541,304
Special Events					
Golf Tournament Income	26,385	-	-	26,385	27,740
Car Show Income	-	-	-	-	-
Cobra Income	26,800	-	-	26,800	16,500
Less: Direct Costs	(29,993)	-	-	(29,993)	-
In-kind Contributions	43,600	90,685	-	134,285	91,201
Distance Learning Revenue	400,100	-	-	400,100	396,700
Rental Income	15,000	-	-	15,000	15,000
Other Income	20,023	-	-	20,023	20,627
Gain (Loss) on Sale of Assets	4,183	-	-	4,183	-
Net Assets Released from Restrictions	785,258	(822,185)	36,927	-	-
Total Revenues, Gains, and Other Support	1,363,353	(107,724)	49,979	1,305,608	1,305,361
Expenses					
Program Services					
Distance Learning Program	74,569	-	-	74,569	76,547
Scholarships and Grants	425,374	-	-	425,374	282,044
Other - Impairment Loss	1,698,140	-	-	1,698,140	-
Other Program Services	93,668	-	-	93,668	54,427
Total Program Services	2,291,751	-	-	2,291,751	413,018
Support Services					
Management and General	313,604	-	-	313,604	305,335
Fundraising	4,850	-	-	4,850	9,954
Total Support Services	318,454	-	-	318,454	315,289
Total Expenses	2,610,205	-	-	2,610,205	728,307
Change in Net Assets	(1,246,852)	(107,724)	49,979	(1,304,597)	577,054
Net Assets - Beginning of Year	6,131,735	1,049,168	715,519	7,896,422	7,319,368
Net Assets - End of Year	\$ 4,884,883	\$ 941,444	\$ 765,498	\$ 6,591,825	\$ 7,896,422

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2012
(with comparative amounts for the year ended June 30, 2011)

	June 30	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 8,651,320	\$ 9,491,062
Federal, State and Local Grants and Contracts	12,315,264	5,689,969
Auxiliary Enterprise Charges	458,057	469,539
Other Receipts	381,503	275,824
Payments to Vendors	(26,683,504)	(23,628,555)
Payments to Employees	(18,343,963)	(17,149,738)
Student Loan Receipts from Lenders	15,160,600	13,772,822
Disbursements to Students on Behalf of Lenders	(15,160,600)	(13,740,098)
Net Cash Used by Operating Activities	(23,221,322)	(24,819,175)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State Appropriations	6,107,298	6,073,844
County Appropriations	1,968,467	2,497,957
State, Local and Federal Grants, Gifts and Contracts - Non-Operating	16,726,077	18,119,880
Other Non-operating Receipts	-	25,000
Net Cash Provided by Non-capital Financing Activities	24,801,842	26,716,681
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal, State and Other Grants for Capital	131,974	215,340
Purchase of Capital Assets	(2,997,882)	(2,712,300)
Net Cash Used by Capital and Related Financing Activities	(2,865,908)	(2,496,960)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	12,377	42,229
Purchase of Investments	(5,977,104)	(2,157,339)
Proceed from Maturity of Certificates of Deposit	1,902,118	2,134,665
Net Cash Provided (Used) by Investing Activities	(4,062,609)	19,555
Net (Decrease) in Cash	(5,347,998)	(579,899)
Cash - Beginning of Year	17,962,538	18,542,437
Cash - End of Year	\$ 12,614,540	\$ 17,962,538
Reconciliation of Net Operating Revenue (Expenses) to Net Cash		
Used by Operating Activities:		
Operating Loss	\$ (24,825,487)	\$ (24,697,419)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Provided (Used) by Operating Activities		
Depreciation Expense	1,679,455	1,750,802
Change in Assets and Liabilities		
Receivables, Net	583,536	(1,606,911)
Deferred Charges and Prepaid Expenses	(5,945)	17,272
Accounts Payable	223,133	(293,762)
Long Term Liabilities	(417,007)	573,262
Deferred Revenue	(459,007)	(562,419)
Net Cash Used by Operating Activities	\$ (23,221,322)	\$ (24,819,175)

Non-Cash Activities:

The College received a donation of capital equipment with a value of \$41,140 from the Piedmont Technical College Foundation.

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

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 College's financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in net assets and cash flows.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

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 assets.

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, 2012

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

L. Net Assets

The College's net assets are classified as follows:

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

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

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist 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, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Within the unrestricted net asset 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, 2012

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, 2012, 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.

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, 2012.

Non-Capital Appropriations	
Current Years Appropriations	
Original Appropriations per Annual Appropriations Act	\$ 6,067,741
Other Adjustments	<u>39,557</u>
Total Non-Capital Appropriations	<u>6,107,298</u>
Capital Appropriations	
Lottery Technology	<u>131,974</u>
Total Capital Appropriations	<u>131,974</u>
Total Appropriations Recorded as Current Year Revenue	<u><u>\$ 6,239,272</u></u>

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The bank balances for deposits of the College at June 30, 2012, were \$21,531,853. Of these, \$10,423,219 is covered by the Federal Deposit Insurance Corporation (FDIC). In addition, \$11,108,634 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 \$196,013 with a bank balance of \$199,738 all of which is covered by FDIC.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

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>
First Citizens	0.55%	\$ 99,999	Aug 25, 2012
First Citizens	0.55%	99,999	Aug 25, 2012
First Citizens	0.55%	45,002	Aug 25, 2012
Palmetto Bank	0.07%	905,817	Jan 30, 2013
Park Sterling	0.50%	63,953	Mar 24, 2013
First Citizens Portfolio	Various	5,000,100	Various
		<u>\$ 6,214,870</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, 2012, are as follows:

<u>Pooled Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Money Market Funds	\$ 150,913	\$ 150,913
U.S. Government Obligations	112,845	127,292
Corporate Common Stocks	1,765,513	2,041,850
Corporate Bonds and Notes	321,849	330,725
Exchange Traded Funds	302,126	307,454
Totals	<u>\$ 2,653,246</u>	<u>\$ 2,958,234</u>

The Foundation's investment income for the year ended June 30, 2012 consisted of \$79,991 in dividends and interest, \$68,021 in realized gains and \$112,236 in unrealized losses.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

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

Statement of net assets	
Current assets	
Cash and cash equivalents	\$ 12,614,540
Investments	6,214,870
Total College	<u>18,829,410</u>
Statement of financial position	
Current assets	
Cash and cash equivalents	196,013
Investments	2,192,736
Noncurrent assets	
Investments	765,498
Total component unit	<u>3,154,247</u>
Total reporting entity	<u>\$ 21,983,657</u>
Note disclosure	
Cash on hand	\$ 2,700
Deposits with banks	18,826,710
Total College	<u>18,829,410</u>
Deposits with banks	196,013
Investments	2,958,234
Total component unit	<u>3,154,247</u>
Total reporting entity	<u>\$ 21,983,657</u>

NOTE 4 - ACCOUNTS RECEIVABLE

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

Student Accounts	\$ 965,545
Federal Grants and Contracts	1,296,245
State Grants and Contract	553,695
Accounts Receivable	2,815,485
Allowance for Uncollectible	(425,000)
Accounts Receivable, Net	<u>\$ 2,390,485</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

NOTE 4 - ACCOUNTS RECEIVABLE, Continued

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

Less than One Year	\$ 162,576
One to Five Years	<u>82,000</u>
	244,576
Less: Discount to Net Present Value	<u>(1,195)</u>
Net Contributions Receivable	<u>\$ 243,381</u>

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

NOTE 5 - CAPITAL ASSETS

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital Assets Not Being Depreciated:				
Land	\$ 195,125	\$ 194,081	\$ -	\$ 389,206
Construction in Progress	<u>185,599</u>	<u>929,799</u>	<u>(31,568)</u>	<u>1,083,830</u>
Total Capital Assets Not Being Depreciated	<u>\$ 380,724</u>	<u>\$ 1,123,880</u>	<u>\$ (31,568)</u>	<u>\$ 1,473,036</u>
Other Capital Assets:				
Depreciable Land Improvements	\$ 769,539	\$ -	\$ -	\$ 769,539
Buildings and Improvements	35,407,281	1,345,288	-	36,752,569
Machinery, Equipment, and Other	6,522,028	560,282	(108,025)	6,974,285
Intangibles	790,983	-	-	790,983
Vehicles	<u>212,796</u>	<u>-</u>	<u>-</u>	<u>212,796</u>
Total Depreciable Assets at Historic Cost	<u>43,702,627</u>	<u>1,905,570</u>	<u>(108,025)</u>	<u>45,500,172</u>
Less Accumulated Depreciation For:				
Depreciable Land Improvements	(46,713)	(38,477)	-	(85,190)
Buildings and Improvements	(15,881,606)	(944,047)	-	(16,825,653)
Machinery, Equipment, and Other	(5,448,898)	(601,990)	108,025	(5,942,863)
Intangibles	(615,720)	(74,099)	-	(689,819)
Vehicles	<u>(208,684)</u>	<u>(20,842)</u>	<u>-</u>	<u>(229,526)</u>
Total Accumulated Depreciation	<u>(22,201,621)</u>	<u>(1,679,455)</u>	<u>108,025</u>	<u>(23,773,051)</u>
Other Capital Assets, Net	<u>\$ 21,501,006</u>	<u>\$ 226,115</u>	<u>\$ -</u>	<u>\$ 21,727,121</u>
Capital Assets, Net	<u>\$ 21,881,730</u>	<u>\$ 1,349,995</u>	<u>\$ (31,568)</u>	<u>\$ 23,200,157</u>

Depreciation expenses for the current year totaled \$1,679,455.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2012

NOTE 6 - PENSION PLAN(S)

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained from its website www.retirement.sc.gov or by writing to Financial Services, South Carolina Retirement Systems, P.O. Box 11960, Columbia, South Carolina 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

South Carolina Retirement System

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

The required contributions rates from the employees participating in the SCRS were 6.50 percent for fiscal years ended June 30, 2012, 2011, and 2010, respectively. The required contribution rates from the employer were 9.385, 9.24, and 9.24 percent respectively for these same fiscal years. The College's actual contributions to the SCRS for these fiscal years were equal to the required contributions and amounted to \$1,409,569, \$1,366,243, and \$1,315,307, respectively. In addition, the College, as employer, is required to contribute a surcharge to fund retiree health and dental insurance coverage of 4.30 percent, 3.90 percent, and 3.50 percent for 2012, 2011, and 2010, respectively. As a result the actual contribution rates were 13.685 percent, 13.14 percent, and 12.74 percent for the fiscal years ended June 30, 2012, 2011, and 2010, respectively. Also, the College paid employer group-life insurance contributions of \$22,529 in the current fiscal year at the rate of 0.15 percent of compensation.

Police Officers Retirement System

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

The required contribution rates from the employees participating in the PORS were 6.5 percent for the fiscal years ended June 30, 2012, 2011, and 2010. The required contribution rates from the employer were 11.363 percent for 2012, 11.13 percent for 2011, and 10.65 percent for 2010. The College's actual contributions to the PORS for these fiscal years were equal to the required contributions and amounted to \$19,237, \$13,937, and \$10,206, respectively. In addition, the College, as employer, is required to contribute a surcharge to fund retiree health and dental insurance coverage at a rate of 4.30 percent for 2012, 3.90 percent for 2011, and 3.50 percent for 2010, respectively. As a result the actual contribution rates were 15.663 percent for 2012, 15.03 percent for 2011, and 14.15 percent for 2010, respectively. Also, the College paid employer group-life insurance contributions of \$339 and accidental death insurance contributions of \$339 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is 0.20 percent of compensation.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

NOTE 6 - PENSION PLAN(S), Continued

Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.385 percent plus the retiree surcharge of 4.30 percent from the employer in fiscal year 2012.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for post-retirement group life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$86,806 (excluding the surcharge) from the College as employer and \$60,121 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$1,387 in the current fiscal year at the rate of 0.15 percent of compensation.

Deferred Compensation Plans

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

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Postemployment Benefits

The State provides post-employment health and dental benefits to retired employees and their covered dependents through a plan which has been determined to be a cost-sharing multiple-employer defined benefit post-employment healthcare plan by its trustee, the Comptroller General's Office of the State of South Carolina. The plan is administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). A retiree's eligibility for the health and dental benefits is based on his hire date and years of earned retirement service credit. Generally, ten years of service credit with the SC Retirement System is required for full funding of employees enrolled in the system prior to May 2, 2008. For all others who may become enrolled, eligibility requires fifteen years of service for partial funding and twenty-five years for full funding.

In addition the State provides long-term disability benefits to active employees through the Long-Term Disability Plan which has been determined to be a cost sharing multiple-employer plan by its trustee, the Comptroller General's Office of the State of South Carolina. The plan is administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Benefits under this plan are provided to the employee upon approval of the disability by the SC Retirement System.

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires the post-employment benefits be funded through annually established employer's contribution rates, also known as the pension surcharge. Funding for the employer's payment of the surcharge is provided through General Appropriations from the State and other sources. Effective May 1, 2008 through Act 195, the State established the South Carolina Retiree Health Insurance Trust Fund and the Long-Term Disability Insurance Trust Fund for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and employee long-term disability benefits. The Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding may include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The College's actual contribution to this trust fund for the fiscal year ended June 30, 2012, 2011, and 2010 was \$692,885, \$576,661, and \$498,223, which equaled the required contribution rate of 4.30 percent for 2012, 3.90 percent for 2011, and 3.50 percent for 2010 as discussed in *Note 6*. The Long-Term Disability Insurance Trust Fund is funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee contributed to the trust was \$3.22 for the fiscal year ended June 30, 2012.

By state law, the State is liable for the employer share of retiree premiums. Accordingly, an annual required contribution and related liability for the College, as employer, is not included in the accompanying financial statements.

Audited financial statements of the trust funds may be obtained by written request to Employee Insurance Program, SC Budget and Control Board, 1201 Main Street, Suite 360, Columbia, South Carolina 29201.

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 \$1,357,672 for the year ended June 30, 2012.

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.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

NOTE 8 – RISK MANAGEMENT, continued

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.

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, 2012 the College had various open project commitments with remaining balances approximating \$1,495,312. 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.

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.

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.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

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, 2012 were as follows:

<u>Year Ended June 30</u>	
2013	\$ 441,587
2014	427,961
2015	<u>427,961</u>
Total Minimum Lease Payments	<u>\$ 1,297,509</u>

Total rent expense of \$472,566 was recognized for the fiscal year 2012.

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 \$250 to \$ 3,436. The required future minimum payments to be received are:

<u>Year Ended June 30,</u>	
2013	<u>\$ 69,073</u>
Total	<u>\$ 69,073</u>

The College recognized \$69,271 as revenue under these operating leases during the fiscal year ended June 30, 2012.

NOTE 11- ACCOUNTS PAYABLE

Accounts Payable as of June 30, 2012 are summarized as follows:

Accounts Payable	\$ 35,533
Benefits Payable	581,672
Student Deposits	<u>27,159</u>
Total Accounts Payable	<u>\$ 644,364</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

NOTE 12 - LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2012 was as follows:

	<u>June 30, 2011</u>	<u>Addition</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	\$ 1,350,568	\$ 260,421	\$ (177,429)	\$ 1,433,560	\$ 546,244
Total Long-Term Liabilities	\$ 1,350,568	\$ 260,421	\$ (177,429)	\$ 1,433,560	\$ 546,244

Piedmont Technical College entered into a loan agreement with West Carolina Rural Telephone Cooperative, Inc. dated April 29, 2011. The loan was issued to the College as a sub-recipient pursuant to the Rural Economic Development Loan and Grant Program (313 of the Rural Electrification Act of 1936, as amended, and 7 CFR part 4280, Subpart A). The intent of the loan was to promote rural economic development, which was accomplished through the renovation of a gifted building to be used as our new McCormick County Center. The terms of the loan were as follows: Piedmont Technical College agreed to pay to the order of West Carolina Telephone Cooperative, Inc. the sum of five hundred thousand dollars (\$500,000) without interest in 108 monthly installments of \$4,630 on the last day of the month beginning April 2012. The College prepaid the obligation set forth in the note in whole January 2012.

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 2012:

Tuition for students from fully supporting counties Greenwood, McCormick, Newberry and Saluda	\$1,781
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

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

NOTE 14 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2012 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	\$ 9,370,157	\$ 2,459,604	\$ -	\$ -	\$ 6,606,965	\$ -	\$ 18,436,726
Academic support	2,563,105	684,216	-	-	1,609,856	-	4,857,177
Student services	2,738,516	815,270	-	-	1,033,158	-	4,586,944
Operation and maintenance of plant	807,036	255,544	-	735,286	1,446,569	-	3,244,435
Institutional support	2,432,298	691,107	-	-	1,298,764	-	4,422,169
Scholarships	-	-	9,009,643	-	-	-	9,009,643
Auxiliary enterprises	15,843	1,374	-	-	253,336	-	270,553
Depreciation	-	-	-	-	-	1,679,455	1,679,455
Total Operating Expenses	\$ 17,926,955	\$ 4,907,115	\$ 9,009,643	\$ 735,286	\$ 12,248,648	\$ 1,679,455	\$ 46,507,102

NOTE 15 - REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES

The following information is provided in accordance with the South Carolina Office of Comptroller General's 2012 Audited Financial Statement Manual:

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 21,681,615	\$ 18,128,448	\$ 3,553,167
Operating grants and contributions	18,706,921	20,660,066	(1,953,145)
Capital grants and contributions	131,974	215,340	(83,366)
Less: expenses	<u>(46,507,102)</u>	<u>(42,825,867)</u>	<u>(3,681,235)</u>
Net program revenue (expense)	(5,986,592)	(3,822,013)	(2,164,579)
Transfers:			
Non-capital appropriations	<u>6,107,298</u>	<u>6,073,844</u>	<u>33,454</u>
Change in net assets	120,706	2,251,831	(2,131,125)
Net Assets - Beginning	<u>40,562,099</u>	<u>38,310,268</u>	<u>2,251,831</u>
Net Assets - Ending	<u>\$ 40,682,805</u>	<u>\$ 40,562,099</u>	<u>\$ 120,706</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

NOTE 16 – STATE FISCAL STABILIZATION FUNDS (ARRA FUNDS)

The College incurred expenditures of \$116,234 during fiscal year 2012 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 for adjunct salaries, WIA scholarships and job training, as well as to create public computer centers.

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

Fund	Funds used through June 30, 2012
Broadband	\$ 93,973
Early Childhood	9,761
Health Information Technology	12,500
	\$ 116,234

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.

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 \$425,374 in scholarships and grants to the College during 2012. 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, 2012.

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, 2012.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2012

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 5, 2012, 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, 2012

	CURRENT FUND	
	UNRESTRICTED	RESTRICTED
NET REIMBURSEMENTS REQUESTED		
(PER COLLEGE RECORDS)		
State Operational Allocation	\$ 6,067,741	\$ -
Deferred Maintenance	-	597,160
General Fund- Nursing	-	39,557
General Fund-Acad Endowment	-	185
General Fund-Workers Comp Refund	-	6,546
Ready SC	-	96,160
State Pathways	-	37,784
Lottery - Equipment	-	111,900
Lottery-Tuition	-	1,773,804
Sale of Assets	-	16,234
Advance SC	-	39,725
ARRA Stimulus Broadband	-	95,894
ARRA Stimulus HIT	-	12,500
AARA Stimulus Weatherization	-	71,200
AARA Stimulus Stabilization	-	90,863
	<u>6,067,741</u>	<u>2,989,512</u>
 RECONCILIATION - RECEIPTS TO REQUESTS		
Cash Received from State Board:		
State Operational Allocation	6,067,741	-
Deferred Maintenance	-	597,160
General Fund- Nursing	-	39,557
General Fund-Acad Endowment	-	185
Ready SC	-	73,575
State Pathways	-	37,784
Lottery - Equipment	-	180,892
Lottery-Tuition	-	3,458,763
Sale of Assets	-	16,234
Advance SC	-	39,725
ARRA Stimulus Broadband	-	90,429
ARRA Stimulus HIT	-	12,499
ARRA Stimulus Weatherization	-	67,200
ARRA Stimulus Stabilization	-	90,863
	<u>6,067,741</u>	<u>4,704,866</u>

(Continued)

**Schedule of Reconciliation of Revenues and Cash
Reimbursements Received from State Board
For the Year Ended June 30, 2012**

Add: Reimbursements Receivable at 6/30/12		
General Fund-Workers Comp Refund	-	6,546
Ready SC	-	24,376
Lottery - Equipment	-	111,900
ARRA Stimulus Broadband	-	12,009
ARRA Stimulus HIT	-	1
ARRA Stimulus Weatherization	-	4,000
	<u>-</u>	<u>158,832</u>
Deduct: Reimbursements Receivable at 6/30/11		
Ready SC	-	1,791
Lottery - Tuition	-	1,684,959
ARRA Stimulus Broadband	-	6,544
Lottery-Equipment	-	180,892
	<u>-</u>	<u>1,874,186</u>
	<u>\$ 6,067,741</u>	<u>\$ 2,989,512</u>

PIEDMONT TECHNICAL COLLEGE
Schedule of Local Government Support
For the Year Ended June 30, 2012
(with comparative amounts for the year ended June 30, 2011)

LOCAL GOVERNMENT	<u>2012</u>	<u>2011</u>
Greenwood County	\$ 1,200,000	\$ 1,357,641
Laurens County	163,215	206,631
Abbeville County	155,325	155,325
Newberry County	331,008	329,382
Saluda County	147,612	154,565
McCormick County	85,130	94,589
Edgefield County	<u>43,000</u>	<u>43,000</u>
 Total Support	 <u>\$ 2,125,290</u>	 <u>\$ 2,341,133</u>

Piedmont Technical College
Schedule of Expenditures of Federal Awards
June 30, 2012

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	2010-11	P007A103801	\$ 27,222
Federal Supplemental Educational Opportunity Grant	84.007	2011-12	P007A113801	146,708
Total Supplemental Educational Opportunity Grant Program				173,930
Federal Work Study Grant Program	84.033	2010-11	P033A103801	8,284
Federal Work Study Grant Program	84.033	2011-12	P033A113801	175,062
Total Work Study Grant Program				183,346
Federal Pell Grant Program	84.063	2010-11	P063P102479	(14,084)
Federal Pell Grant Program	84.063	2011-12	P063P112479	16,567,363
Total Federal Pell Grant Program				16,553,279
Direct Loans				
Federal Direct Loans	84.268	2010-11	P268K112479	(12,891)
Federal Direct Loans	84.268	2011-12	P268K122479	15,173,491
Total Federal Direct Loan Program				15,160,600
Total Student Financial Aid Cluster				32,071,155
Supporting Opportunities in STEM (SOS)	84.031A	2011-12	P031A110213	196,246
Total Supporting Opportunities in STEM (SOS)				196,246
TRIO CLUSTER:				
Student Support Services	84.042	2010-11	P042A070931-10	46,637
Student Support Services	84.042	2011-12	P042A070931-11	209,484
Total Student Support Services				256,121
Talent Search	84.044	2010-11	P044A060512-10	54,422
Total Talent Search				54,422
Upward Bound	84.047	2010-11	P047A071023-10	41,463
Upward Bound	84.047	2010-12	P047A071023-11	210,717
Upward Bound-LENS	84.047	2010-11	P047A070905-10	44,617
Upward Bound-LENS	84.047	2011-12	P047A070905-11	150,188
Total Upward Bound				446,985
Total TRIO Cluster				757,528

(Continued)

**Piedmont Technical College
Schedule of Expenditures of Federal Awards
June 30, 2012**

FEDERAL GRANTOR Pass-Through Entity Program Title	CFDA Number	Grant Period	Award Number	Expenditures
Project Genesis	84.382A	2011-12	P382A110035	<u>334,065</u>
Total Direct Programs:				<u>33,358,994</u>
PASS-THROUGH SC DEPARTMENT OF EDUCATION:				
Career and Technical Education - Basic Grants to States	84.048	2011-12		<u>303,721</u>
Total U.S. Department of Education				<u>33,662,715</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)				
PASS-THROUGH UNIVERSITY OF SC AND SC TECHNICAL COLLEGE SYSTEM				
Health Information Technology Grant	93.718	2010-11	315	<u>12,500</u>
Total Department of Health and Human Services (HHS)				<u>12,500</u>
DEPARTMENT OF COMMERCE				
PASS-THROUGH SC TECHNICAL COLLEGE SYSTEM				
Broadband Technology Opportunities Program	11.557	2010-13	287	<u>93,973</u>
Total Department of Commerce				<u>93,973</u>
DEPARTMENT OF SOCIAL SERVICES				
PASS-THROUGH SC TECHNICAL COLLEGE SYSTEM				
ABC Child Care Program	93.713	2010-11	G10076T	<u>9,761</u>
Total Department of Social Services				<u>9,761</u>
U.S. DEPARTMENT OF LABOR				
PASS-THROUGH UPPER SAVANNAH COUNCIL OF GOVERNMENTS:				
WIA Adult Program	17.258	2011-12	11396A1	132,920
WIA Adult Workforce Readiness	17.258	2011-12	11W961A	<u>37,765</u>
Total WIA Adult				<u>170,685</u>

(Continued)

Piedmont Technical College
Schedule of Expenditures of Federal Awards
June 30, 2012

FEDERAL GRANTOR Pass-Through Entity Program Title	CFDA Number	Grant Period	Award Number	Expenditures
WIA Dislocated Workers Program	17.278	2011-12	12396A1	95,868
WIA Dislocated Worker NEG On-the Job Training	17.277	2011-12	02N96A1	32,090
WIA Dislocated Worker Rapid Response	17.278	2011-12	12R96A1	73,745
WIA Dislocated Worker Rapid Response #2	17.278	2011-12		50,000
WIA Dislocated Worker Workforce Readiness	17.278	2011-12	12W96A1	40,127
Total WIA Dislocated				291,830
WIA Youth Workforce Readiness	17.259	2011-12	13W961A	29,849
Total WIA Youth				29,849
Total WIA				492,364
CONSORTIUM - FLORENCE DARLINGTON TECHNICAL COLLEGE TAACCT- ASSIST	17.282	2011-12	TC-22521-11-60-A-45	51,419
Total U.S. Department of Labor				543,783
National Science Foundation NSF Hi-Tech Scholars Program	47.076	2011-12	DUE-1060587	98,052
Total National Science Foundation				98,052
TOTAL FEDERAL AWARDS				\$ 34,420,784

PIEDMONT TECHNICAL COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

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 \$15,160,600.

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 on Compliance with Requirements
That Could Have a Direct and Material Effect on Each
Major Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133**

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

Compliance

We have audited Piedmont Technical College's (the "College") compliance with the types of compliance requirements described in the United States Office of Management and Budget (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, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College's complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

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

This report is intended solely for the information and use of the members of the Area Commission, management and the federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than those specified parties.

Rebecca S. Williamson, C.C.P.

September 5, 2012

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 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 the basic financial statements of Piedmont Technical College (the "College") as of and for the year ended June 30, 2012, and have issued our report thereon dated September 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Releach & Williamson, L.L.P.

September 5, 2012

PIEDMONT TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

Summary of Auditors' Results:

1. The auditor's report expresses an unqualified 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 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 with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Piedmont Technical College expresses an unqualified 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
TRIO Cluster	
Student Support Services	CFDA #84.042
Talent Search	CFDA #84.044
Upward Bound	CFDA #84.047
Strengthening Minority – Serving Institutions	CFDA #84.382
Career and Technical Education - Basic Grants to States	CFDA #84.048
WIA Cluster	
Adult Program	CFDA #17.258
Dislocated Worker Formula Grants	CFDA #17.278
Dislocated Workers	CFDA #17.277
Youth Activities	CFDA #17.259

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

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.

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, 2012

Status of Prior Year Findings:

None were reported.