



**Audited Financial Statements and Other Financial Information
Year Ended June 30, 2014
With
Independent Auditor's Report**

PIEDMONT TECHNICAL COLLEGE

**Audited Financial Statements and Other Financial Information
Year Ended June 30, 2014
With
Independent Auditor's Report**

PIEDMONT TECHNICAL COLLEGE

Table of Contents

June 30, 2014

	<u>Page Number</u>
Organizational Information	ii
Independent Auditor's Report.....	1
Required Supplementary Information	
Management Discussion and Analysis	4
Basic Financial Statements	
Statement of Net Position	12
Non-governmental Discretely Presented Component Unit Statement of Financial Position.....	13
Statement of Revenues, Expenses and Changes in Net Position	14
Non-governmental Discretely Presented Component Unit Statement of Activities.....	15
Statement of Cash Flows.....	16
Notes to Financial Statements.....	17
Other Financial Information	
Schedule of Reconciliation of Revenues and Cash Reimbursements Received from State Board.....	34
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.....	38
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	39
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>	41
Schedule of Findings and Questioned Costs	43

PIEDMONT TECHNICAL COLLEGE

Organizational Information

June 30, 2014

<u>PIEDMONT TECHNICAL EDUCATION COMMISSION</u>	<u>Office</u>	<u>Term Expires</u>	<u>County Represented</u>
Y. J. Ahn	Chairman	2016	Greenwood
Jane J. Herlong	Vice Chairman	2017	Edgefield
Cherry Houston Brown	Secretary	2015	McCormick
J. Richard Cain	Member	2018	Laurens
George P. Cone, Jr., MD	Member	2017	Greenwood
Emma Goodwin	Member	2014	Abbeville
Stephen M. Lamb	Member	2015	Laurens
Peter J. Manning	Member	2018	Greenwood
H. George Piersol, II	Member	2017	Newberry
Rufus C. Sherard	Member	2018	Abbeville
William I. West	Member	2017	Greenwood
William A. Whitfield	Member	2015	Saluda

KEY ADMINISTRATIVE STAFF

L. Rayburn Brooks, Ed.D.	President
K. Paige Childs, CPA, CGMA	Vice President of Business and Finance
Jack Bagwell, Ph.D.	Vice President for Academic Affairs

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

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET
POST OFFICE BOX 5949
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090

FAX: (803) 791-0834

INDEPENDENT AUDITOR'S REPORT

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
620 North Emerald Road
Greenwood, South Carolina 29464

We have audited the accompanying statement of net position of Piedmont Technical College (the "College"), a component unit of the State of South Carolina and a member institution of the South Carolina Technical College System, as of June 30, 2014, and the statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements. These financial statements and notes to the financial statements, together with the financial statements of the College's discretely presented component unit, which were audited by other auditors, collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2014, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina

September 3, 2014



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, 2014 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, 2014 by \$47,080,394. Of this amount, \$9,719,348 may be used to meet the College's ongoing obligations.
- The College's net position increased by \$3,491,293 or 8%. Capital projects during the fiscal year ended June 30, 2014 included the completion of the new Abbeville Campus and the Laurens Center for Advanced Manufacturing Phase II.
- The College experienced an operating loss of \$23,984,437 as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, this operating loss was offset by state appropriations of \$6,603,614, county appropriations of \$2,143,988, federal grants of \$17,287,544, capital appropriations and contributions of \$1,408,522, and other non-operating revenues.

Overview of the Financial Statements

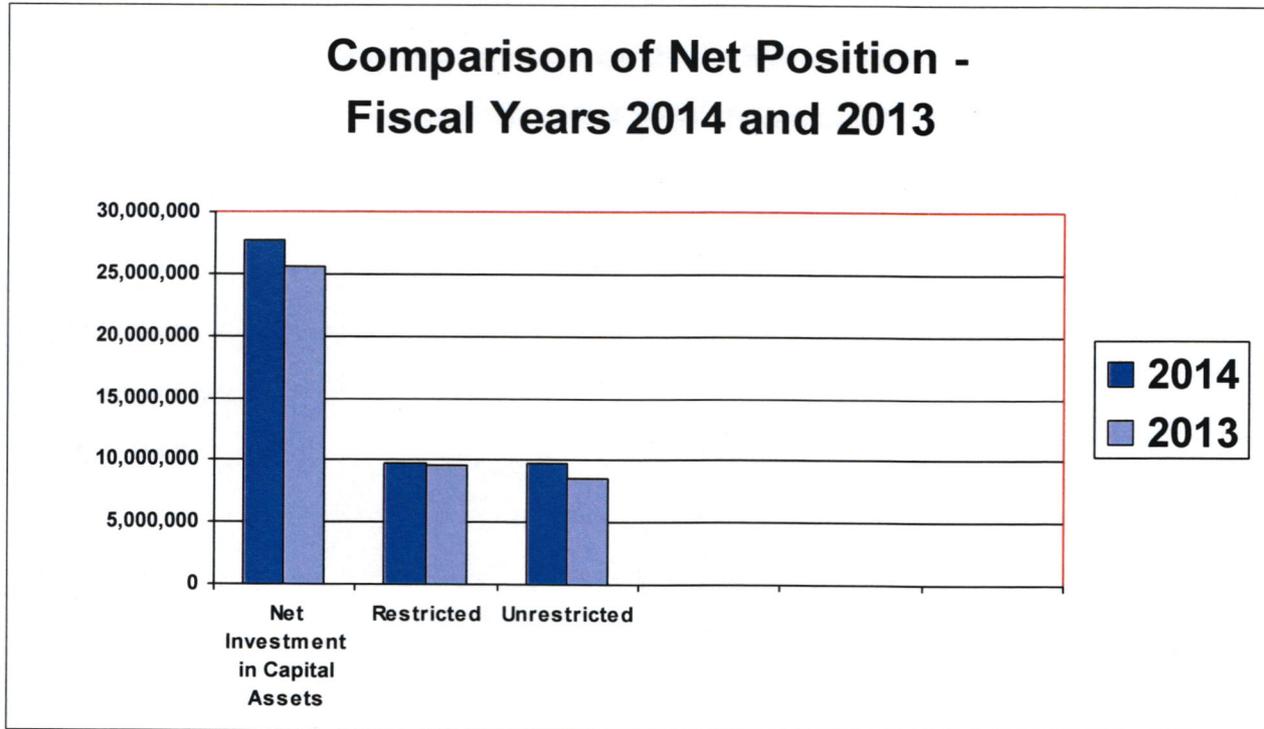
The College is engaged only in Business-Type Activities (BTA) financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Position; Statement of Revenues, Expenses,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

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

The Statement of Revenues, Expenses, and Changes in Net Position is a statement 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 appropriations, County appropriations, and grants by separating them from operating cash flows.

Financial Analysis of the College as a whole



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

	Net Position as of June 30 (in millions)			
	FY 2014	FY 2013	Increase/ (Decrease)	Percent Change
Current Assets	\$ 23.4	\$ 21.8	\$ 1.6	7.3%
Noncurrent Capital Assets, Net	27.7	25.6	2.1	8.2%
Total Assets	<u>51.1</u>	<u>47.4</u>	<u>3.7</u>	<u>7.8%</u>
Current Liabilities	3.1	2.9	0.2	6.9%
Non-Current Liabilities	0.9	0.9	-	0.0%
Total Liabilities	<u>4.0</u>	<u>3.8</u>	<u>0.2</u>	<u>5.3%</u>
Net Position:				
Invested in Capital Assets	27.7	25.6	2.1	8.2%
Restricted	9.7	9.5	0.2	2.1%
Unrestricted	9.7	8.5	1.2	14.1%
Total Net Position	<u>\$ 47.1</u>	<u>\$ 43.6</u>	<u>\$ 3.5</u>	<u>8.0%</u>

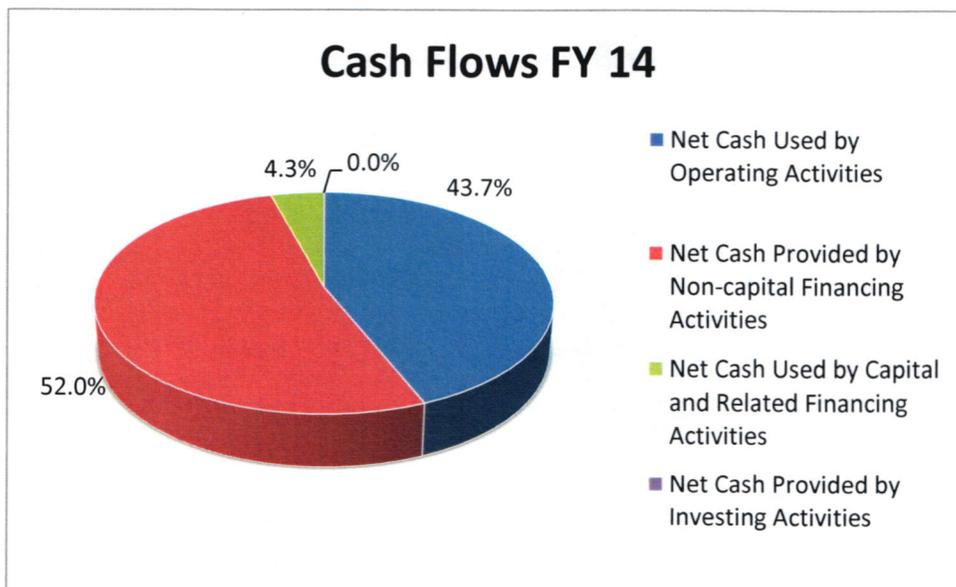
This schedule is prepared from the College's Statement of Net Position (page 12), which is presented on an accrual basis of accounting where capital assets are recorded and depreciated. Total net position at June 30, 2014 increased to \$47.1 million from \$43.6 million in fiscal year 2013.

The Change in Net Position is shown on page 10 in the Analysis of Net Position chart. Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$47,080,394 at the close of the most recent fiscal year.

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

Approximately 20 percent, or \$9,682,001, of the College's net position represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position* of \$9,719,348 or approximately 21 percent may be used to meet the College's ongoing obligations.

Cash provided from non-capital financial activities included State and County appropriations; grants and gifts; and other income; and totaled approximately \$26 million dollars. This cash was used to fund operating activities.



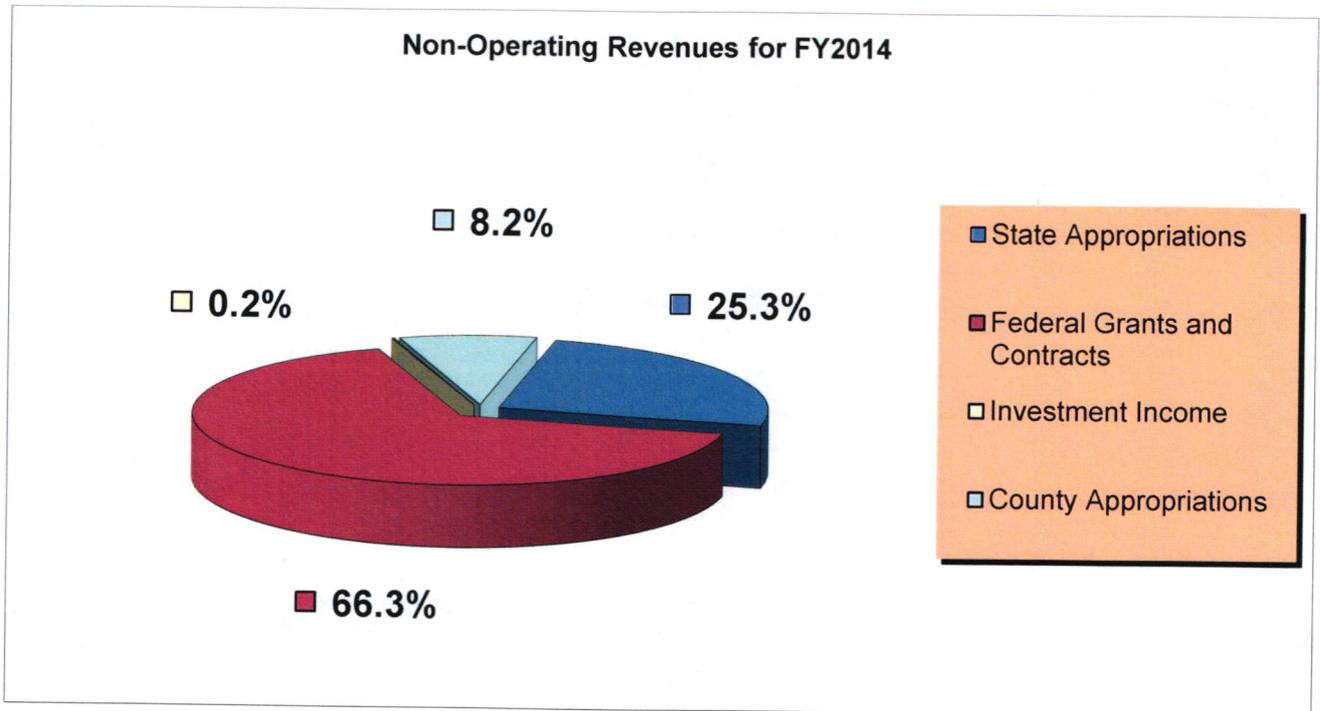
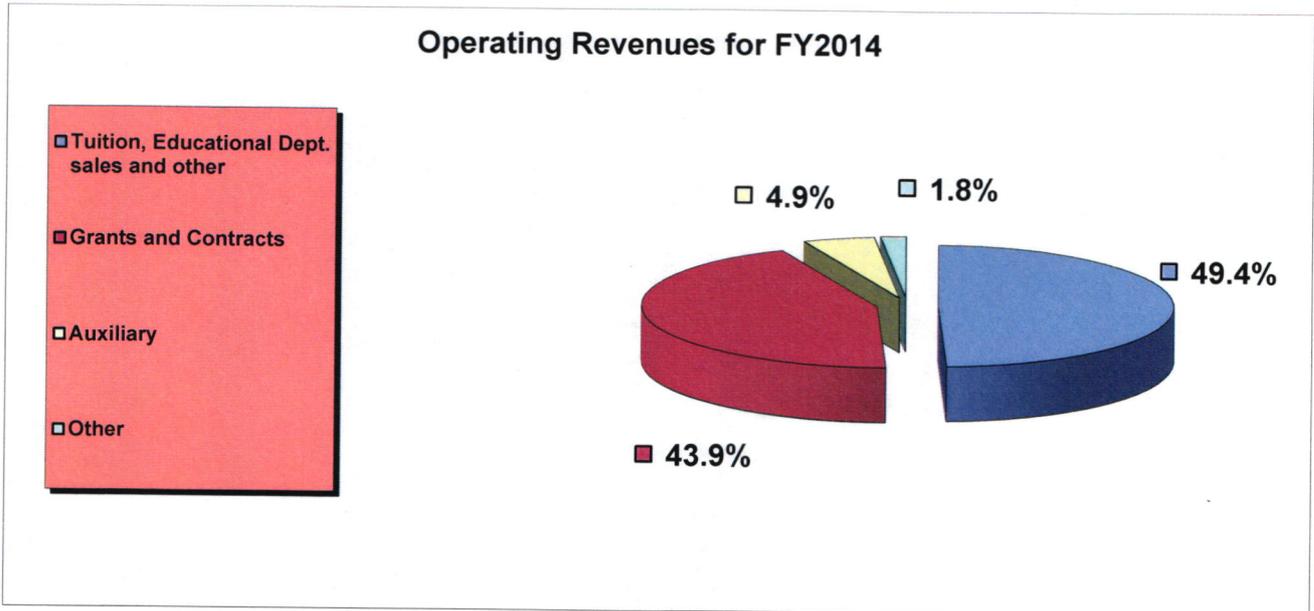
The following schedule is a summary of the College's operating results for the fiscal year:

Operating Results (in millions)				
	<u>FY 2014</u>	<u>FY 2013</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Operating Revenue				
Student Tuition and Fees	\$ 9.9	\$ 9.1	\$ 0.8	8.8%
Grants and Contracts	8.8	11.4	(2.6)	-22.8%
Auxiliary Enterprises	1.0	0.5	0.5	100.0%
Other	0.4	0.5	(0.1)	-20.0%
Total Operating Revenues	<u>20.1</u>	<u>21.5</u>	<u>(1.4)</u>	<u>-6.5%</u>
Less Operating Expenses	<u>(44.0)</u>	<u>(45.1)</u>	<u>1.1</u>	<u>-2.4%</u>
Net Operating Loss	<u>(23.9)</u>	<u>(23.6)</u>	<u>(0.3)</u>	<u>1.3%</u>
Non-Operating Revenue				
State Appropriations	6.6	6.4	0.2	3.1%
Local Appropriations	2.1	2.2	(0.1)	-4.5%
Federal Grants and Contracts	17.3	17.7	(0.4)	-2.3%
Total Non-Operating Revenue	<u>26.0</u>	<u>26.3</u>	<u>(0.3)</u>	<u>-1.1%</u>
Income Before Other Revenues, Expenses, Gains or Losses	2.1	2.7	(0.6)	0.0%
Other Revenues, Expenses, Gains or Losses	1.4	0.3	1.1	366.7%
Net Position, Beginning of Year	<u>43.6</u>	<u>40.6</u>	<u>3.0</u>	<u>7.4%</u>
Net Position, End of Year	<u>\$ 47.1</u>	<u>\$ 43.6</u>	<u>\$ 3.5</u>	<u>8.0%</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:

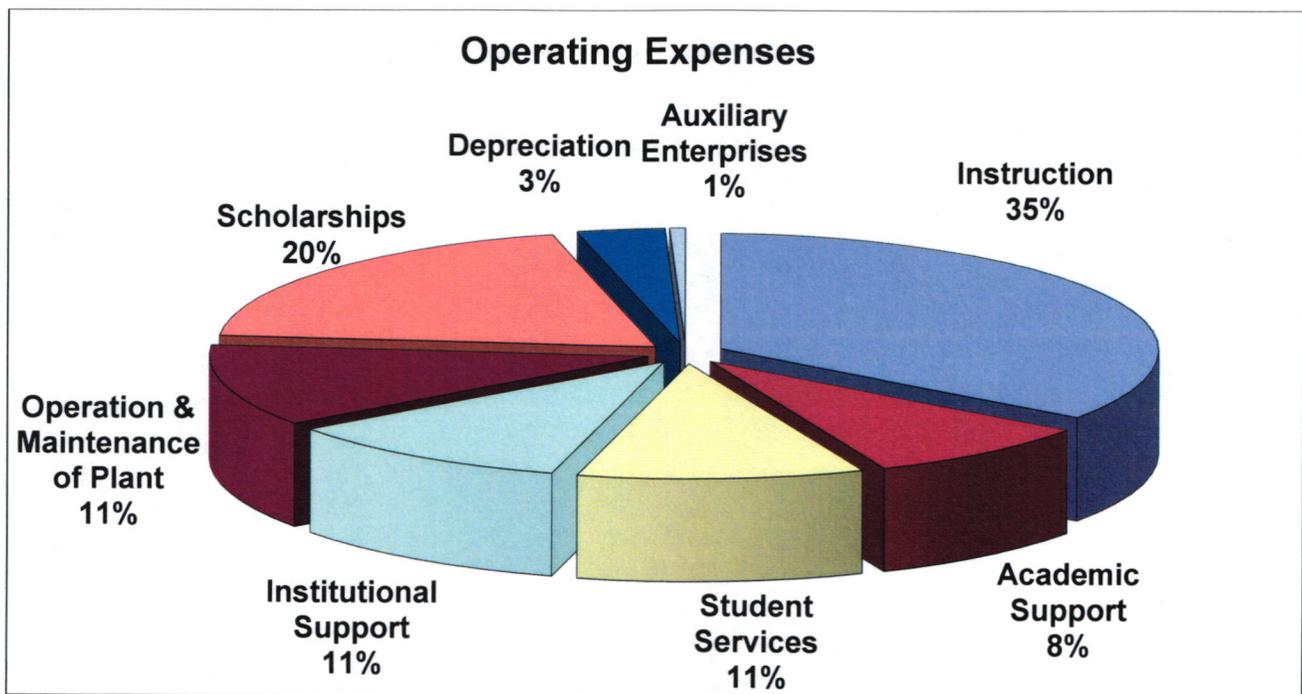
Revenues by Source



Operating Expense (in millions)				
	<u>FY 2014</u>	<u>FY 2013</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Operating Expense				
Instruction	\$ 15.3	\$ 15.4	\$ (0.1)	-0.6%
Academic Support	3.8	4.5	(0.7)	-15.6%
Student Services	4.7	4.8	(0.1)	-2.1%
Operation and Maintenance	5.1	4.3	0.8	18.6%
Instructional Support	4.7	4.5	0.2	4.4%
Scholarships	8.7	9.6	(0.9)	-9.4%
Auxiliary Enterprises	0.3	0.3	-	0.0%
Depreciation	1.4	1.7	(0.3)	-17.6%
Total Operating Expense	<u>\$ 44.0</u>	<u>\$ 45.1</u>	<u>\$ (1.1)</u>	<u>-2.4%</u>

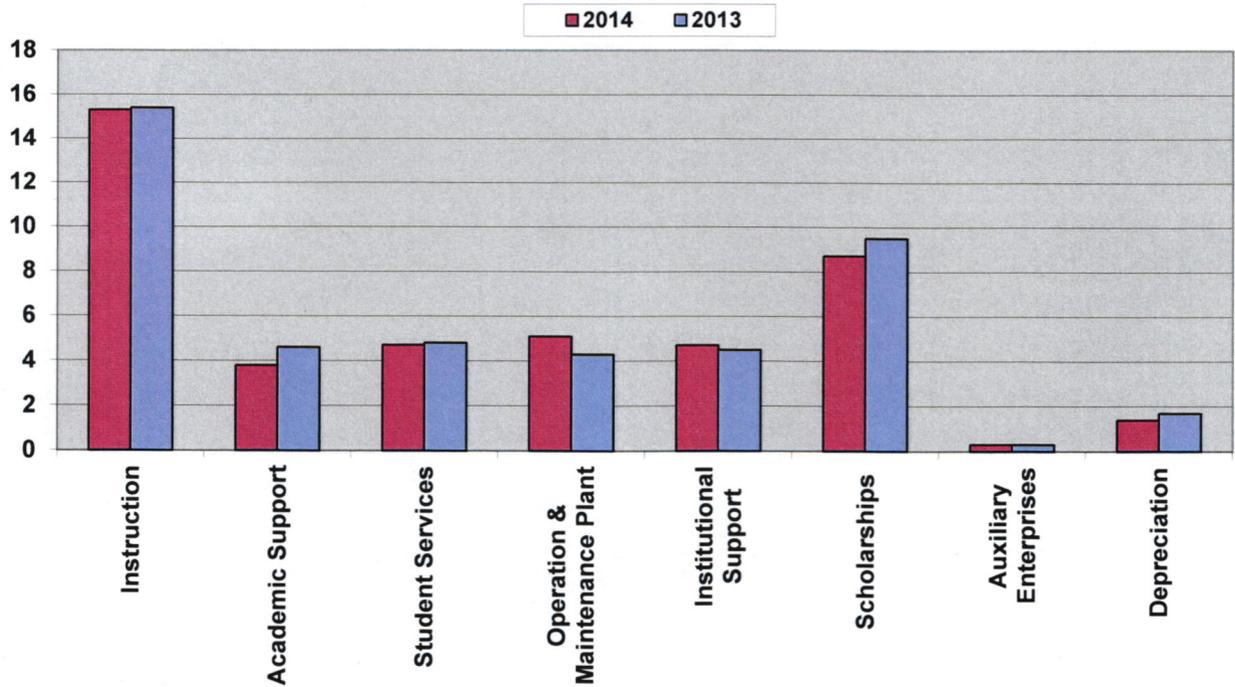
Overall operational expenditures decreased 2.4 percent for the current fiscal year. The decrease is a result of the College's continued efforts to manage costs while providing our students the best educational environment possible through improved instruction, student services, programs and information technology needs.

The following is a graphic illustration of operating expenses:



In excess of \$23,814,417 or 54%, of the College's operating expenses occurred in the instruction, student and academic support classifications.

Comparison of Operating Expenses for Fiscal Years 2014 and 2013

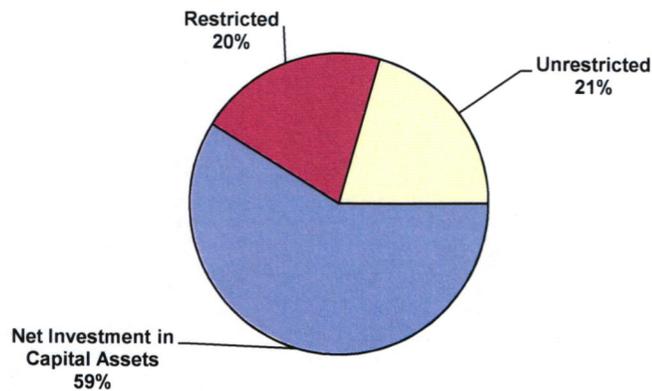


Analysis of Net Position (in millions)

	FY 2014	FY 2013	Increase/ Decrease	Percent Change
Invested in Capital Assets	\$ 27.7	\$ 25.6	\$ 2.1	8.2%
Restricted	9.7	9.5	0.2	2.1%
Unrestricted	9.7	8.5	1.2	14.1%
Total Net Position	\$ 47.1	\$ 43.6	\$ 3.5	8.0%

The following is a graphic illustration of net position:

Analysis of Net Position



Economic Factors

Student enrollment remained relatively constant for the fiscal year ended 2014, and the College continued to offer competitive tuition rates. The financial position and fiscal stability during 2013-2014 were strong, and management believes the College's financial health will remain stable. The College is well positioned to maintain and provide adequate resources to successfully serve its students. A decline in enrollment is anticipated for the 2014-2015 academic year, and the College is adjusting accordingly. Also, with the implementation of GASB 68, agencies will be required to recognize their proportionate share of the State's net pension liability beginning with fiscal years ending June 30, 2015. We are uncertain at this point what the effect of this pronouncement will be to the College's net position. The financial statements that follow reflect a substantial increase in net assets primarily due to the Abbeville County Campus and Laurens Center for Advanced Manufacturing construction projects.

Component Units

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

Sincerely,



Dr. Luther R. Brooks
President



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



Wendy Hughes, CGFO
Accounting Manager

PIEDMONT TECHNICAL COLLEGE
Statement of Net Position
June 30, 2014
(with comparative amounts for the year ended June 30, 2013)

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 1)	\$ 15,736,752	\$ 13,682,112
Certificates of Deposit (Note 3)	6,057,833	6,042,122
Accounts Receivable (Note 4)	1,538,680	2,029,284
Other Assets	54,966	52,051
Total Current Assets	23,388,231	21,805,569
NON-CURRENT ASSETS		
Non-depreciable Capital Assets (Note 5)	918,737	1,152,421
Capital Assets, Net of Accumulated Depreciation (Note 5)	26,760,308	24,399,789
Total Non-current Assets	27,679,045	25,552,210
Total Assets	51,067,276	47,357,779
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable (Note 11)	794,331	598,935
Long Term Liabilities - Current Portion (Note 12)	546,909	539,554
Unearned Revenue	1,723,207	1,764,313
Total Current Liabilities	3,064,447	2,902,802
NON-CURRENT LIABILITIES		
Accrued Compensated Absences (Note 12)	922,435	865,876
Total Non-current Liabilities	922,435	865,876
Total Liabilities	3,986,882	3,768,678
NET POSITION		
Net Investment in Capital Assets	27,679,045	25,552,210
Restricted for:		
Expendable:		
Plant Funds	9,682,001	9,551,780
Unrestricted	9,719,348	8,485,111
Total Net Position	\$ 47,080,394	\$ 43,589,101

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Non-governmental Discretely Presented Component Unit
Statement of Financial Position
Piedmont Technical College Foundation
June 30, 2014
(with comparative amounts for the year ended June 30, 2013)

ASSETS

	2014	2013
Current Assets		
Cash and Cash Equivalents	\$ 240,687	\$ 140,082
Investments	3,001,540	2,467,317
Pledges Receivable, Net	32,000	58,168
Construction in Progress	-	40,219
Accounts Receivable	9,637	1,579
Total Current Assets	3,283,864	2,707,365
Property, Furniture and Equipment, Net	3,679,087	3,028,480
Other Assets		
Endowment Investments	795,564	803,934
Pledges Receivable, Net	41,456	27,508
Cash Surrender Value of Life Insurance	394,137	380,124
Total Other Assets	1,231,157	1,211,566
Total Assets	\$ 8,194,108	\$ 6,947,411

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 16,765	\$ 11,351
Other Payable	44,000	-
Current Portion of Notes Payable	38,000	27,316
Total Current Liabilities	98,765	38,667
Long-term Liabilities		
Annuity Payable	27,181	34,652
Notes Payable	357,156	219,090
Total Long-term Liabilities	384,337	253,742
Total Liabilities	483,102	292,409
Net Assets		
Unrestricted	5,836,115	5,015,751
Temporarily Restricted	1,079,327	835,317
Permanently Restricted	795,564	803,934
Total Net Assets	7,711,006	6,655,002
Total Liabilities and Net Assets	\$ 8,194,108	\$ 6,947,411

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014
(with comparative amounts for the year ended June 30, 2013)

	2014	2013
OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowances of \$14,407,875)	\$ 9,910,611	\$ 9,060,021
Federal Grants and Contracts	2,598,554	4,652,480
State Grants and Contracts	5,681,416	6,527,562
Non-Governmental Contracts	528,841	235,190
Auxiliary Enterprises	987,697	529,984
Other Operating Revenues	349,568	487,709
Total Operating Revenues	20,056,687	21,492,946
OPERATING EXPENSES		
Salaries	18,641,674	18,241,025
Benefits	5,569,000	5,325,941
Scholarships (Net of Scholarship Allowances of \$14,407,875)	8,724,084	9,586,520
Utilities	882,929	811,424
Supplies and Other Services	8,805,996	9,416,493
Depreciation	1,417,441	1,700,235
Total Operating Expenses	44,041,124	45,081,638
Operating Loss	(23,984,437)	(23,588,692)
NON-OPERATING REVENUES (EXPENSES)		
State Appropriations	6,603,614	6,380,519
County Appropriations	2,143,988	2,156,699
Federal Grants and Contracts	17,287,544	17,677,841
Interest Income	32,062	29,140
Net Non-operating Revenues	26,067,208	26,244,199
Income Before Other Capital Appropriations and Contributions	2,082,771	2,655,507
Capital Appropriations and Contributions	1,408,522	250,789
Increase in Net Position	3,491,293	2,906,296
Net Position - Beginning of Year	43,589,101	40,682,805
Net Position - End of Year	\$ 47,080,394	\$ 43,589,101

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, 2014
(with comparative summary amounts for the year ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Combined Total 2014	Summary Total 2013
Revenues, Gains, and Other Support					
Contributions	\$ 66,145	\$ 356,627	\$ 37,610	\$ 460,382	\$ 217,067
Investment Income	411,048	163,577	2,020	576,645	344,282
Special Events		-	-		
Golf Tournament Income	37,179	-	-	37,179	33,234
In-kind Contributions	411,084	-	-	411,084	98,174
Distance Learning Revenue	400,154	-	-	400,154	402,399
Rental Income	90,000	-	-	90,000	15,000
Other Income	95	-	-	95	19,014
Gain (Loss) on Sale of Assets	(31,320)	-	-	(31,320)	(152,518)
Reclassification of Donor Intent	-	48,000	(48,000)	-	-
Net Assets Released from Restrictions	324,194	(324,194)	-	-	-
Total Revenues, Gains, and Other Support	<u>1,708,579</u>	<u>244,010</u>	<u>(8,370)</u>	<u>1,944,219</u>	<u>976,652</u>
Expenses					
Program Services					
Distance Learning Program	53,113	-	-	53,113	74,944
Scholarships and Grants	486,180	-	-	486,180	446,408
Other Program Services	55,228	-	-	55,228	66,153
Total Program Services	<u>594,521</u>	<u>-</u>	<u>-</u>	<u>594,521</u>	<u>587,505</u>
Support Services					
Management and General	286,970	-	-	286,970	323,946
Fundraising	6,724	-	-	6,724	2,024
Total Support Services	<u>293,694</u>	<u>-</u>	<u>-</u>	<u>293,694</u>	<u>325,970</u>
Total Expenses	<u>888,215</u>	<u>-</u>	<u>-</u>	<u>888,215</u>	<u>913,475</u>
Change in Net Assets	820,364	244,010	(8,370)	1,056,004	63,177
Net Assets - Beginning of Year	5,015,751	835,317	803,934	6,655,002	6,591,825
Net Assets - End of Year	<u>\$ 5,836,115</u>	<u>\$ 1,079,327</u>	<u>\$ 795,564</u>	<u>\$ 7,711,006</u>	<u>\$ 6,655,002</u>

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2014
(with comparative amounts for the year ended June 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 9,729,461	\$ 9,342,202
Federal, State and Local Grants and Contracts	9,439,459	11,539,258
Auxiliary Enterprise Charges	987,697	529,984
Other Receipts	349,568	487,709
Payments to Vendors	(23,789,528)	(25,177,873)
Payments to Employees	(18,577,760)	(18,269,156)
Student Loan Receipts from Lendors	14,740,365	17,751,730
Disbursements to Students on Behalf of Lendors	(14,740,365)	(17,751,730)
Net Cash Used by Operating Activities	(21,861,103)	(21,547,876)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State Appropriations	6,603,614	6,380,519
County Appropriations	2,143,988	2,156,699
State, Local and Federal Grants, Gifts and Contracts - Non-Operating	17,287,544	17,677,841
Net Cash Provided by Non-capital Financing Activities	26,035,146	26,215,059
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal, State and Other Grants for Capital	1,408,522	250,789
Purchase of Capital Assets	(3,544,276)	(4,052,288)
Net Cash Used by Capital and Related Financing Activities	(2,135,754)	(3,801,499)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	32,062	29,140
Purchase of Investments	(922,799)	(1,105,406)
Proceed from Maturity of Certificates of Deposit	907,088	1,278,154
Net Cash Provided by Investing Activities	16,351	201,888
Net Change in Cash	2,054,640	1,067,572
Cash - Beginning of Year	13,682,112	12,614,540
Cash - End of Year	\$ 15,736,752	\$ 13,682,112
Reconciliation of Net Operating Revenue (Expenses) to Net Cash		
Used by Operating Activities:		
Operating Loss	\$ (23,984,437)	\$ (23,588,692)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities		
Depreciation Expense	1,417,441	1,700,235
Change in Assets and Liabilities		
Receivables, Net	490,604	361,201
Deferred Charges and Prepaid Expenses	(2,915)	7,932
Accounts Payable	195,395	(45,429)
Long Term Liabilities	63,915	(28,130)
Unearned Revenue	(41,106)	45,007
Net Cash Used by Operating Activities	\$ (21,861,103)	\$ (21,547,876)

Non-Cash Activities:

The College received a donation of capital equipment with a value of \$155,250 from Florence Darlington Technical College in correlation with the ASSIST grant.

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

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

B. Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Piedmont Technical College, as the primary government, and the accounts of Piedmont Technical College Foundation (the "Foundation"), its component unit. The College is part of the primary government of the State of South Carolina. However, based on the nature and significance of the Foundation's relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt organization with a self-perpetuating Board of Directors. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 35 member board of the Foundation is composed of members from the College's seven county region. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests is restricted by the donors to benefiting the College or its students. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a discretely presented component unit of the College. The Foundation's financial information is presented in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under guidance issued by the Financial Accounting Standards Board (FASB) through its Accounting Standards Codification (ASC). Under this guidance, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The financial information has been obtained from the Foundation and presented for the same periods. Significant note disclosures to the Foundation's financial statements have been incorporated into the College's notes.

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

C. Financial Statements

The financial statement presentation for the College meets the requirements of The Governmental Accounting Standards Board (GASB). As such, this financial statement presentation provides a comprehensive, entity-wide perspective of the College's net position, revenues, expenses and changes in net position and cash flows.

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2014

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.

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. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

The College is authorized by the South Carolina Code of Laws 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*.

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. Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include 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 current and long-term liabilities in the statement of net position and as a component of benefit expenses in the statement of revenues, expenses, and changes in net position.

L. Net Position

The College's net position is classified as follows:

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

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

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

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

The College's policy for spending either restricted or unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

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

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

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

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

M. Income Taxes

The College is exempt from income taxes under the Internal Revenue Code. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income earned in furtherance of the Foundation's tax-exempt purpose is exempt from federal and state income taxes. Any activities not directly related to the Foundation's tax-exempt purpose are subject to taxation as unrelated business income.

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, 2014

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, 2014, and no interest was capitalized.

Q. Comparative Information

The College's statements include comparative information from the prior year.

R. Deferred Outflows/Inflows of Resources

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

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

NOTE 2 - STATE APPROPRIATIONS

State funds for operations for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the "Board") and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. The following is a detail schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2014.

Non-Capital Appropriations		
Current Years Appropriations		
Original Appropriations per Annual Appropriations Act	\$	6,564,057
Other Adjustments		39,557
Total Non-Capital Appropriations		6,603,614
Capital Appropriations		
State Non-recurring		909,000
Lottery Technology		249,522
Total Capital Appropriations		1,158,522
Total Appropriations Recorded as Current Year Revenue	\$	7,762,136

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The bank balances for deposits of the College at June 30, 2014, were \$23,080,931. Of these, \$142,117 is covered by the Federal Deposit Insurance Corporation (FDIC). In addition, \$22,938,814 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 \$240,687 with a bank balance of \$235,655 all of which is covered by FDIC.

Investments

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

<u>Institution</u>	<u>Face rate</u>	<u>Fair Value</u>	<u>Maturing</u>
Palmetto Bank	0.07%	\$ 907,088	Dec 01, 2014
Park Sterling	0.40%	124,998	Sept 24, 2014
First Citizens Portfolio	Various	5,025,747	Various
		<u>\$ 6,057,833</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, 2014, are as follows:

<u>Pooled Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Money Market Funds	\$ 156,355	\$ 156,355
U.S. Government Obligations	82,390	82,845
Publicly Traded Partnerships	152,216	286,487
Corporate Common Stocks	1,267,032	1,639,724
Corporate Bonds and Notes	755,655	763,460
Exchange Traded Funds	149,525	200,365
Mutual Funds	645,711	667,868
Totals	<u>\$ 3,208,884</u>	<u>\$ 3,797,104</u>

The Foundation's investment income for the year ended June 30, 2014 consisted of \$82,036 in dividends and interest, \$332,571 in realized gains and \$162,038 in unrealized gains.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

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

Statement of net position	
Current assets	
Cash and cash equivalents	\$ 15,736,752
Investments	6,057,833
Total College	<u>21,794,585</u>
Statement of financial position	
Current assets	
Cash and cash equivalents	240,687
Investments	3,001,540
Noncurrent assets	
Investments	795,564
Total component unit	<u>4,037,791</u>
Total reporting entity	<u>\$ 25,832,376</u>
Note disclosure	
Cash on hand	\$ 2,700
Deposits with banks	21,791,885
Total College	<u>21,794,585</u>
Deposits with banks	240,687
Investments	3,797,104
Total component unit	<u>4,037,791</u>
Total reporting entity	<u>\$ 25,832,376</u>

NOTE 4 - ACCOUNTS RECEIVABLE

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

Student Accounts	\$ 1,013,024
Federal Grants and Contracts	281,828
State Grants and Contracts	733,828
Accounts Receivable	<u>2,028,680</u>
Allowance for Uncollectible	(490,000)
Accounts Receivable, Net	<u>\$ 1,538,680</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2014

NOTE 4 - ACCOUNTS RECEIVABLE, Continued

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

Less than One Year	\$ 32,000
One to Five Years	42,250
	74,250
Less: Discount to Net Present Value	(794)
Net Contributions Receivable	\$ 73,456

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

NOTE 5 - CAPITAL ASSETS

	Ending Balance June 30, 2013	Increases	Decreases	Ending Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 389,206	\$ -	\$ -	\$ 389,206
Construction in Progress	763,215	513,281	(746,965)	529,531
Total Capital Assets Not Being Depreciated	\$ 1,152,421	\$ 513,281	\$ (746,965)	\$ 918,737
Other Capital Assets:				
Depreciable Land Improvements	\$ 769,539	\$ -	\$ -	\$ 769,539
Buildings and Improvements	40,361,589	2,387,509	-	42,749,098
Machinery, Equipment, and Other Intangibles	7,667,843	1,348,217	(1,119,050)	7,897,010
Vehicles	790,983	-	-	790,983
	247,747	42,234	(43,708)	246,273
Total Depreciable Assets at Historic Cost	49,837,701	3,777,960	(1,162,758)	52,452,903
Less Accumulated Depreciation For:				
Depreciable Land Improvements	(123,667)	(38,477)	-	(162,144)
Buildings and Improvements	(17,832,542)	(783,957)	-	(18,616,499)
Machinery, Equipment, and Other Intangibles	(6,451,481)	(611,112)	1,119,050	(5,943,543)
Vehicles	(790,983)	-	-	(790,983)
	(239,239)	16,105	43,708	(179,426)
Total Accumulated Depreciation	(25,437,912)	(1,417,441)	1,162,758	(25,692,595)
Other Capital Assets, Net	\$ 24,399,789	\$ 2,360,519	\$ -	\$ 26,760,308
Capital Assets, Net	\$ 25,552,210	\$ 2,873,800	\$ (746,965)	\$ 27,679,045

Depreciation expenses for the current year totaled \$1,417,441.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2014

NOTE 6 - PENSION PLAN(S)

South Carolina Retirement System

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

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

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

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member's job and they have a minimum of eight years of credited service. For disability applications received after December 31, 2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018 and a member's participation may not continue after this date.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2014

NOTE 6 - PENSION PLAN(S), Continued

Effective July 1, 2013, employees participating in the SCRS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for SCRS was 15.52%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45%, .15% for the incidental death benefit program and a 4.92% surcharge that will fund retiree health and dental insurance coverage. Piedmont Technical College's actual retirement and incidental death program contributions to the SCRS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year Ended	Retirement		Incidental Death	
	Rate	Contribution	Rate	Contribution
2014	10.450%	\$1,642,332	.15%	\$ 23,574
2013	10.450%	\$1,628,479	.15%	\$ 23,375
2012	9.385%	\$1,409,569	.15%	\$ 22,529

Police Officers Retirement System

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

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

Effective July 1, 2013, employees participating in the PORS were required to contribute 7.84% of all earnable compensation. The employer contribution rate for PORS was 17.76%. Included in the total PORS employer contribution rate is a base retirement contribution of 12.44%, .20% for the incidental death benefit program, .20% for the accidental death program, and a 4.92% surcharge that will fund retiree health and dental insurance coverage. Piedmont Technical College's actual retirement, incidental death program and accidental death program contributions to the PORS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2014	12.440%	\$ 25,264	.20%	\$ 406	.20%	\$ 406
2013	11.900%	\$ 17,740	.20%	\$ 298	.20%	\$ 298
2012	11.363%	\$ 19,237	.20%	\$ 339	.20%	\$ 339

Optional Retirement Program

As an alternative to membership in the SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution retirement plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2014

NOTE 6 - PENSION PLAN(S), Continued

The State assumes no liability for the State ORP plan other than for the employer's payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.60% plus the retiree surcharge of 4.92% from the employer in fiscal year 2014. Of the 10.60% employer retirement contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.45% retirement contribution and .15% incidental death benefit program contribution amounts are remitted to SCRS.

For fiscal year 2014, total contributions requirements to the ORP were approximately \$126,930 (excluding the surcharge) from Piedmont Technical College as employer and approximately \$89,809 from its employees as plan members.

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

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

While the surcharge to fund retiree health and dental insurance benefits is collected by the Retirement Benefits Division of PEBA, it is remitted to the Insurance Benefits Division of PEBA, which is responsible for administration of retiree health and dental insurance benefits and establishment of the applicable retiree insurance surcharge rate.

For the current fiscal year, the SCRS and PORS do not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, Piedmont Technical College's liability under the plans is limited to the amount of required employer contributions (stated as a percentage of covered payroll) as established by the South Carolina Public Employee Benefit Authority and as appropriated in the South Carolina Appropriation Act and from other applicable revenue sources. Accordingly, Piedmont Technical College recognizes no contingent liability for unfunded costs associated with participation in the plans. However, with the implementation of GASB 68 agencies will be required to recognize the agency's proportionate share of the net pension liability beginning with fiscal years ending June 30, 2015.

Deferred Compensation Plans

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

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Plan Description

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

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2014

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS, Continued

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

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

Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.92% of annual covered payroll for 2014 and 4.55% of annual covered payroll for 2013. The IB sets the employer contribution rate based on a pay-as-you-go basis. Piedmont Technical College paid approximately \$842,139 and \$769,055 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2014 and 2013, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2014 and 2013.

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

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

Other Employee Benefits

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

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$1,573,249 for the year ended June 30, 2014.

NOTE 8 - RISK MANAGEMENT

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

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

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

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2014

NOTE 8 - RISK MANAGEMENT, Continued

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, 2014 the College had various open project commitments with remaining balances approximating \$1,713,997. 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.

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 \$1 to \$31,500 for terms averaging 48 months. The future minimum lease payments required for these operating leases as of June 30, 2014 were as follows:

<u>Year Ended June 30</u>	
2014	\$ 502,958
2015	471,463
2016	<u>471,463</u>
Total Minimum Lease Payments	<u>\$ 1,445,884</u>

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2014

NOTE 10 - LEASE OBLIGATIONS, Continued

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

Total rent expense of \$502,958 was recognized for the fiscal year 2014.

Facilities Leased to Others

The College leased certain office space to other State agencies under non-cancellable leases ranging from 12 to 24 months. The monthly lease payments required were determined based on square footage used and ranged from \$2,195 to \$ 3,436. The required future minimum payments to be received are:

<u>Year Ended June 30,</u>	
2015	<u>\$ 57,243</u>
Total	<u><u>\$ 57,243</u></u>

The College recognized \$48,678.50 as revenue under these operating leases during the fiscal year ended June 30, 2014.

NOTE 11- ACCOUNTS PAYABLE

Accounts Payable as of June 30, 2014 are summarized as follows:

Accounts Payable	\$ 369,660
Benefits Payable	406,825
Student Deposits	<u>17,846</u>
Total Accounts Payable	<u><u>\$ 794,331</u></u>

NOTE 12 - LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2014 was as follows:

	<u>June 30, 2013</u>	<u>Addition</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	<u>\$ 1,405,430</u>	<u>\$ 280,220</u>	<u>\$ (216,306)</u>	<u>\$ 1,469,344</u>	<u>\$ 546,909</u>
Total Long-Term Liabilities	<u><u>\$ 1,405,430</u></u>	<u><u>\$ 280,220</u></u>	<u><u>\$ (216,306)</u></u>	<u><u>\$ 1,469,344</u></u>	<u><u>\$ 546,909</u></u>

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2014

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 2014:

Tuition for students from fully supporting counties Greenwood, McCormick, Newberry and Saluda	\$1,850
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	\$2,006
Other South Carolina counties	\$2,054
Out of State	\$2,654
Out of Country	\$3,590

NOTE 14 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2014 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	\$ 9,913,349	\$ 2,859,256	\$ -	\$ -	\$ 2,592,520	\$ -	\$ 15,365,125
Academic support	2,419,280	691,347	-	-	686,099	-	3,796,726
Student services	2,755,248	796,298	-	-	1,101,020	-	4,652,566
Operation and maintenance of plant	853,699	263,516	-	882,929	3,076,118	-	5,076,262
Institutional support	2,681,848	954,933	-	-	1,116,535	-	4,753,316
Scholarships	-	-	8,724,084	-	-	-	8,724,084
Auxiliary enterprises	18,250	3,650	-	-	233,704	-	255,604
Depreciation	-	-	-	-	-	1,417,441	1,417,441
Total Operating Expenses	\$ 18,641,674	\$ 5,569,000	\$ 8,724,084	\$ 882,929	\$ 8,805,996	\$ 1,417,441	\$ 44,041,124

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2014

NOTE 15 - REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES

The following information is provided in accordance with the South Carolina Office of Comptroller General's 2014 Audited Financial Statement Manual:

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 20,056,687	\$ 21,492,946	\$ (1,436,259)
Operating grants and contributions	19,463,594	19,863,680	(400,086)
Capital appropriations and contributions	1,408,522	250,789	1,157,733
Less: expenses	<u>(44,041,124)</u>	<u>(45,081,638)</u>	<u>1,040,514</u>
Net program revenue (expense)	(3,112,321)	(3,474,223)	361,902
Transfers:			
Non-capital appropriations	<u>6,603,614</u>	<u>6,380,519</u>	<u>223,095</u>
Change in net assets	3,491,293	2,906,296	584,997
Net Assets - Beginning	<u>43,589,101</u>	<u>40,682,805</u>	<u>2,906,296</u>
Net Assets - Ending	<u>\$ 47,080,394</u>	<u>\$ 43,589,101</u>	<u>\$ 3,491,293</u>

NOTE 16 - 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 partnered 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 \$526,000 in scholarships, grants, and supplements to the College during 2014. 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 \$51,084 for the year ended June 30, 2014.

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, 2014.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2014

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 3, 2014, 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, 2014

	<u>CURRENT FUND</u>	
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>
NET REIMBURSEMENTS REQUESTED		
(PER COLLEGE RECORDS)		
State Operational Allocation	\$ 6,564,057	\$ -
Capital Reserve Fund	-	909,000
General Fund- Nursing	-	39,557
General Fund-Acad Endowment	-	164
Ready SC	-	10,431
State Pathways	-	37,784
Lottery - Equipment	-	249,522
Lottery-Tuition	-	3,319,767
South Carolina Manufacturing Certified	-	141,476
Work Keys	-	15,670
Student Development Conference	-	200
Total Net Reimbursements Requested	<u><u>6,564,057</u></u>	<u><u>4,723,571</u></u>
 RECONCILIATION - RECEIPTS TO REQUESTS		
Cash Received from State Board:		
State Operational Allocation	6,818,635	-
Capital Reserve Fund	-	909,000
General Fund- Nursing	-	39,557
General Fund-Acad Endowment	-	164
Ready SC	-	17,526
State Pathways	-	37,784
Lottery - Equipment	-	274,809
South Carolina Manufacturing Certified	-	140,558
Lottery-Tuition	-	3,626,013
Work Keys	-	15,670
Student Development Conference	-	200
	<u>6,818,635</u>	<u>5,061,281</u>
 Add: Reimbursements Receivable at 6/30/14		
Lottery- Tuition	-	730,618
Sout Carolina Manufacturing Certified	-	918
	<u>-</u>	<u>731,536</u>
 Deduct: Reimbursements Receivable at 6/30/13		
Appropriations	254,578	-
Ready SC	-	7,095
Lottery-Equipment	-	25,287
Lottery-Tuition	-	1,036,864
	<u>254,578</u>	<u>1,069,246</u>
 Total Reconciliation - Receipts to Requests	<u><u>\$ 6,564,057</u></u>	<u><u>\$ 4,723,571</u></u>

PIEDMONT TECHNICAL COLLEGE
 Schedule of Local Government Support
 For the Year Ended June 30, 2014
 (with comparative amounts for the year ended June 30, 2013)

LOCAL GOVERNMENT	<u>2014</u>	<u>2013</u>
Greenwood County	\$ 1,200,000	\$ 1,200,000
Laurens County	157,158	175,831
Abbeville County	155,325	155,325
Newberry County	331,008	331,008
Saluda County	168,367	166,405
McCormick County	85,130	85,130
Edgefield County	<u>47,000</u>	<u>43,000</u>
 Total Support	 <u>\$ 2,143,988</u>	 <u>\$ 2,156,699</u>

** Please note the above includes a 2014 receivable amount due from Greenwood and Saluda Counties.*

Piedmont Technical College
Schedule of Expenditures of Federal Awards
June 30, 2014

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	2012-2013	P007A123801	\$ 3,000
Federal Supplemental Educational Opportunity Grant	84.007	2013-2014	P007A133801	183,043
Total Supplemental Educational Opportunity Grant Program				186,043
Federal Work Study Grant Program	84.033	2012-2013	P033A123801	15,471
Federal Work Study Grant Program	84.033	2013-2014	P033A133801	152,338
Total Work Study Grant Program				167,809
Federal Pell Grant Program	84.063	2009-2010	P063P122479	(845)
Federal Pell Grant Program	84.063	2012-2013	P063P122479	(183)
Federal Pell Grant Program	84.063	2013-2014	P063P132479	17,111,222
Total Federal Pell Grant Program				17,110,194
Direct Loans				
Federal Direct Loans	84.268	2012-2013	P268K132479	1,960
Federal Direct Loans	84.268	2013-2014	P268K142479	14,738,405
Total Federal Direct Loan Program				14,740,365
Total Student Financial Aid Cluster				
				32,204,411
Higher Education Institutional Aid	84.031	2011-2012	P031A110213	44,735
Higher Education Institutional Aid	84.031	2012-2013	P031A110213-12	185,149
Higher Education Institutional Aid	84.031	2013-2014	P031A110213-13	174,314
Total Higher Education Institutional Aid				404,198
Student Support Services	84.042	2012-2013	P042A111018-12	44,843
Student Support Services	84.042	2013-2014	P042A111018-13	208,182
Total Student Support Services				253,025
Project Genesis	84.382	2011-2012	P382A110035	56,495
Project Genesis	84.382	2012-2013	P382A110035-12	194,446
Project Genesis	84.382	2013-2014	P382A110035-13	289,450
Total Project Genesis				540,391
Total Direct Programs				
				33,402,025
PASS-THROUGH SC DEPARTMENT OF EDUCATION:				
Career and Technical Education - Basic Grants to States	84.048	2013-2014	14VA411	327,252
Total U.S. Department of Education				
				33,729,277

Piedmont Technical College
Schedule of Expenditures of Federal Awards
June 30, 2014

FEDERAL GRANTOR Pass-Through Entity Program Title	CFDA Number	Grant Period	Award Number	Expenditures
U.S. DEPARTMENT OF LABOR				
PASS-THROUGH UPPER SAVANNAH COUNCIL OF GOVERNMENTS:				
WIA Adult Program	17.258	2013-2014	31396A1	171,978
WIA Adult Workforce Readiness	17.258	2013-2014	31W96A1	31,666
Total WIA Adult				203,644
WIA Dislocated Worker Program	17.278	2013-2014	32396A1	64,301
WIA Dislocated Worker NEG On-the Job Training	17.278	2013-2014	32N96A1	57,671
WIA Dislocated Worker Rapid Response	17.278	2013-2014	32R96A2	43,657
WIA Dislocated Worker Workforce Readiness	17.278	2013-2014	32W96A1	50,829
Total WIA Dislocated				216,458
WIA Youth Workforce Readiness	17.259	2013-2014	33W96A1	22,061
Total WIA Youth				22,061
Total WIA				442,163
CONSORTIUM - FLORENCE DARLINGTON TECHNICAL COLLEGE				
TAACT- ASSIST	17.282	2013-2014	TC-22521-11-60-A-45	244,341
Total U.S. Department of Labor				686,504
National Science Foundation				
NSF Hi-Tech Scholars Program	47.076	2012-2013	DUE-1060587	93,153
NSF Hi-Tech Scholars Program	47.076	2013-2014	DUE-1060587	118,033
Total NSF Hi-Tech Scholars Program				211,186
Total National Science Foundation				211,186
TOTAL FEDERAL AWARDS				\$ 34,626,967

PIEDMONT TECHNICAL COLLEGE

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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 \$14,740,365.

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET

POST OFFICE BOX 5949

WEST COLUMBIA, SOUTH CAROLINA 29171

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

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
620 North Emerald Road
Greenwood, South Carolina 29464

We have audited Piedmont Technical College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2014. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

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

The Brittingham Group LLP

West Columbia, South Carolina

September 3, 2014

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET
POST OFFICE BOX 5949
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090

FAX: (803) 791-0834

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
620 North Emerald Road
Greenwood, South Carolina 29464

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position of Piedmont Technical College (the "College"), as of June 30, 2014, and the statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements. These financial statements and notes to the financial statements together with the financial statements of the College's discretely presented component unit, which were audited by other auditors, collectively comprise the College's basic financial statements, and have issued our report thereon dated September 3, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

The Brittingham Group LLP

West Columbia, South Carolina

September 3, 2014

PIEDMONT TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2014

Summary of Auditors' Results:

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

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

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

Financial Statement Findings:

None

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

Status of Prior Year Findings:

None were reported.