

# COMPREHENSIVE **ANNUAL** **FINANCIAL** REPORT

Fiscal Year Ended June 30, 2020



# MIDLANDS TECHNICAL COLLEGE

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

A component unit of the State of South Carolina

### STATEMENT OF MISSION

Midlands Technical College is a comprehensive, multi-campus, two-year public college serving the primary region of Richland, Lexington and Fairfield counties of South Carolina. College programs and services provide accessible, affordable, quality education that prepares a diverse student population to succeed in the job market, to transfer to senior colleges and universities, and to achieve their professional and personal goals. The College equitably provides higher education opportunities, strengthens businesses and enhances the economic and social vitality of the community.



Prepared by  
the Finance and Accounting Office

Debbie M. Walker, M.B.A., CGFO  
Vice President for Business Affairs

Sheila W. Smith, M.B.A.  
Associate Vice President for Business Affairs

Jessica H. Booth, CGFO  
Director of Finance and Financial Reporting



# MIDLANDS TECHNICAL COLLEGE

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

A component unit of the State of South Carolina

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# MIDLANDS TECHNICAL COLLEGE

## PRESIDENT'S LETTER

September 21, 2020

Members of the Midlands Technical College Commission and the Community:

It is an honor to present the Comprehensive Annual Financial Report (CAFR) for fiscal year 2019-2020. Midlands Technical College (MTC) publishes this report annually to share important information concerning our operations and financial position.

I am pleased to announce, as detailed in this CAFR, that MTC is in a strong financial position, allowing us to continue to ensure student success and college sustainability.

At MTC, we are committed to providing excellent, affordable higher education. This year, we awarded more than 1,700 degrees, diplomas, and certificates to students from more than 79 academic programs, and the college's Corporate and Continuing Education (CCE) program had more than 19,000 enrollments. Additionally, 106 dual-enrolled high school students earned their college degrees and high school diplomas in the same year, making this the largest dual-enrolled graduate class in the College's history.

In response to the national health emergency, MTC and the college's health care program leaders gathered supplies normally used for instruction that were critically needed by the medical community. MTC made five significant local donations that included 29,500 gloves, 5,000 thermometer covers, 1,150 surgical masks, and more than 30 pairs of goggles.

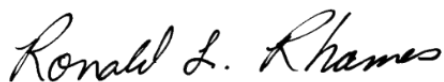
Affirming its longstanding commitment to providing quality higher education and support service to military veterans and their families, the Midlands Technical College Commission signed an agreement designating MTC as a Purple Heart College. The Purple Heart designation is part of an effort MTC has put into place to serve soldiers, their families, and local veterans.

*Diverse: Issues in Higher Education* ranked MTC as one of the top colleges in the nation for African-American students earning associate degrees. Five MTC career areas were in the top 25. This is the 10<sup>th</sup> consecutive year MTC has been designated as a top 100 associate degree producer among the approximately 1,200 technical and community colleges in the country.

Lastly, I am proud to share that the Government Finance Officers Association (GFOA) has awarded Midlands Technical College the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year 2018-2019. The certificate is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a public college or university. This is the 24<sup>th</sup> consecutive year Midlands Technical College has received the prestigious national award.

Just as we are proud of all the accomplishments from the past year, we remain dedicated to providing fiscally responsible and innovative educational leadership for years to come.

Respectfully,



Dr. Ronald L. Rhames  
President



POST OFFICE BOX 2408 • COLUMBIA • SOUTH CAROLINA • 29202 • 803.738.1400



September 21, 2020

To: Midlands Technical College Commission, the President, the Executive Council, and the community served by Midlands Technical College

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Midlands Technical College (the "College") for fiscal year ended June 30, 2020.

State law, federal guidelines, and certain debt covenants require an annual audit of the College's financial records. The College has contracted with the independent certified public accounting firm, The Brittingham Group, L.L.P., to perform the annual audit of its financial statements and federal awards. The Independent Auditors' Report is included in the financial section of this CAFR and reflects an unmodified opinion on the basic financial statements. As a recipient of federal financial awards, the College complies with the requirements of the Single Audit Act, and separate Single Audit reports have been issued, which are included in the Federal Awards section.

The management of the College is responsible for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, the information presented is accurate in all material respects and is comparable to equivalent institutions. All disclosures have been included and will provide the reader with a reasonable understanding of the College's financial activities that support its mission.

The management of the College is responsible for establishing and maintaining the framework of all internal controls. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of policies and procedures related to the internal control framework. The system of internal control is designed to ensure that certain organizational objectives are met. Accordingly, organizational structure, policies, and procedures have been established to safeguard assets; ensure the reliability of accounting data; promote efficient operations; and ensure compliance with established governmental laws, regulations and policies, college policies, and other requirements of those to whom the College is accountable. The internal accounting control structure is designed to provide reasonable, not absolute, assurance that these objectives are met.

The Management's Discussion and Analysis included in the Financial Section provides a detailed explanation of the

changes in financial reporting from the prior year and the resulting effects of those changes, and should be read in conjunction with this letter of transmittal.

## PROFILE OF THE COLLEGE

Midlands Technical College (MTC) is one of 16 colleges included in the South Carolina Technical College System. The State Board for Technical and Comprehensive Education, an agency of the State of South Carolina, governs the system. Midlands Technical College is a comprehensive, public two-year institution that serves Richland, Lexington, and Fairfield counties in the Central Midlands region of South Carolina. The College has six campuses, three in Lexington County, two in Richland County, one in Fairfield County, and a teaching location at Fort Jackson that serves enlisted personnel and civilians.



The College's governing board, the Commission, is appointed by the Governor of South Carolina upon the recommendation of the legislative delegations from Richland, Lexington, and Fairfield counties. The Commission is composed of thirteen members who will serve for a term of four years. Officers are elected every two years, with the chairmanship alternated between the three counties. State law mandates Richland and Lexington counties to provide sufficient funding to build, maintain, and operate the College's physical plant. The division of financial responsibility is based on population and is used each year for budget request purposes from the two counties. The current distribution is 40.56% for Lexington County and 59.44% for Richland County. Fairfield County also provides financial support by funding the difference between the in-county tuition rate and the in-state tuition rate for its residents who attend the College.

Midlands Technical College is reported as a discretely presented component unit in the State of South Carolina's Comprehensive Annual Financial Report.

The Midlands Technical College Foundation, Inc., (the Foundation) is a nonprofit organization that was formed on August 12, 1970, to benefit and support education at Midlands Technical College. It is a legally separate tax exempt discreet component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. A separate Board of Directors governs the Foundation. The 20-member Board of the Foundation is self-perpetuating and provides the structure through which individuals, corporations, and other private sector interests can demonstrate their support of the College. The activity of the Foundation is included separately in the College's financial statements.

The Midlands Technical College Enterprise Campus Authority (the Authority) was established in 2004 by S.C. Act 200, codified as sub-article 3, Article 20, Chapter 53, Title 59, of the 1976 South Carolina Code of Laws, as amended. For accounting purposes, the Authority is considered a blended component unit of Midlands Technical College. The Authority was established to provide for the management, development, and operation of the Enterprise Campus of Midlands Technical College, located on the Northeast Campus. The Board of the Authority consists of the members of the Midlands Technical College Commission. The activity of the Authority is blended in the financial statements of the College.

The College's strategic planning process includes extensive planning in preparation of the budget. The original operating budget is based on preliminary estimates and is approved by the Commission in May of each year. During its October meeting, the Commission approves the revised budget, which is prepared after major sources of revenue are known.

An annual facility plan, which outlines the needs for operations and maintenance of plant facilities, is used for the budget requests submitted to the counties. A long-term facility plan is prepared, reviewed, and updated annually as the College's initiatives are revised.

The College maintains controls in line-item budgets, budget transfer restrictions, and the use of an encumbrance accounting system. These budgetary controls ensure compliance with the annual budget adopted by the governing Board. As demonstrated by the financial statements and schedules included in the financial section of this report, the College management continues to meet its responsibility for sound fiscal administration.

## ECONOMIC CONDITIONS

A primary mission of technical colleges is to support economic development through education and training. Midlands Technical College, like all public higher education institutions in South Carolina, is linked to the economic condition of the state and is subject to the funding priorities established by the General Assembly.

Fiscal year 2019-2020 was severely impacted because of the COVID-19 pandemic. South Carolina's unemployment rate, due to the COVID-19 pandemic at its peak, was in excess of 12%. Prior to the pandemic, the State was expecting a significant year-end positive fund balance and revenues for fiscal year 2020-2021 to grow by approximately \$2 billion. However, because the pandemic slowed business activity in the state, the General Assembly decided to adopt a continuing resolution for the 2020-2021 budget due to the economic uncertainty. While the College did not receive any budget reductions due to the pandemic for fiscal year 2019-2020, the College is uncertain about its state budget for fiscal year 2020-2021.



During fiscal year 2019-2020, Richland and Lexington Counties continued to support the College's physical plant operations budget requests and maintained its commitment to the College's capital and debt-service needs by funding the requested amounts. Fairfield County did not fully fund the College's budget request. However, Fairfield County, for the first time, funded the Fairfield Promise Program for recent high school graduates from the county.

As a result of the COVID-19 pandemic, the College was awarded Higher Education Emergency Relief Funds (HEERF). The funding helped the College to provide emergency financial aid grants to Title IV eligible students for necessary needs. The funding also assisted the College to cover those costs associated with significant changes to the delivery of instruction due to the pandemic.



Midlands Technical College, like most technical colleges in the state, is experiencing decreases in student enrollment. Decreases in student enrollment significantly influence the College's annual budget, therefore; the declines in student enrollment adversely affect tuition revenue. The College had recognized the enrollment declines two years ago and developed a strategic plan to address the issues.

Midlands Technical College's 2018-2021 Strategic Plan has one overarching goal, which is *Ensuring Student Success and College Sustainability*. Programs and services across the college have been reviewed and enhanced to the plan's goal. The four focus areas are enrollment, advisement, retention, and sustainability and resources. These focus areas will help to ensure that the College is prepared for enrollment for funding changes.

As a result of the Strategic Plan, the College recognizes that it must improve student persistence, completion and graduation rates. During fiscal year 2019-2020, the College redesigned its academic structure by adopting a Guided Pathways model. Guided Pathways ensures students complete programs of study that align with their career intentions by getting and keeping students on a clearly defined path. The College's academic leadership spent much of fiscal year 2019-2020 creating clear pathways to employment transfer for its academic programs. When the program is implemented during the Fall 2020 term, the College through centralized advising and other strategies, will be helping students choose and enter their personal pathway, helping them stay on the path and ensure learning with intentional outcomes.

The COVID-19 pandemic impact on student enrollment for academic year 2020-2021 is uncertain as the colleges and universities from all sectors of higher education are reviewing the admission policies, procedures, and practices.

## MAJOR INITIATIVES

The College received zero recommendations from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) on its reaccreditation report in Fall of 2019. This unprecedented achievement is a reflection of our extraordinary faculty, staff and Commission, and follows our zero recommendations at the 2015 five-year interim review and the zero findings in the 2010 reaccreditation review.

The College graduated its first class of Midlands Youth Apprenticeship Graduates during the fiscal year. Seven high school seniors from Richland School District Two became the first group to complete the Midlands Youth Apprenticeship Program (MYAP). The MYAP is a partnership between Midlands Technical College, the Columbia Chamber of Commerce, Apprenticeship Carolina, school districts, and

employers. The high school students earned real experience and a paycheck before graduating.

Harbison Theatre at Midlands Technical College was proud to host South Carolina's Historical Black Colleges and Universities (HBCU) gospel choirs in a program called "Gospel Live," a celebration and tribute to Black History Month. Harbison Theatre was proud to host South Carolina's HBCU gospel choirs, which included Allen University, Benedict College, Clinton College, Denmark Technical College, Morris College, South Carolina State University, and Voorhees College.

Midlands Technical College was prepared when the COVID-19 pandemic hit during Spring 2020. The College moved all programs to a virtual online environment in approximately one week. Thus, there was no significant interruption of the teaching and learning process for students. The College deployed technology, trained faculty and staff how to use the technology and implemented new student support processes in record time. Because of the College's agility, the College was able to maintain its commitment to its mission of workforce development. The pandemic has created a need for educating and training a new wave of working people who are out of work. MTC immediately began planning for the Summer and Fall 2020 terms to provide real world learning for those impacted by layoffs and shutdowns caused by the pandemic. As a result, students during Summer 2020 received a full range of programming as originally planned.



At the height of COVID-19 pandemic, Midlands Technical College answered the call for help. The College's health care program leaders gathered supplies, and personal protection equipment (PPEs) normally used for instruction and made critical donations to the medical community at the time they were most needed.

## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Midlands Technical College for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the 24<sup>th</sup> consecutive year that the college has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.



## ACKNOWLEDGEMENTS

The timely preparation of the Comprehensive Annual Financial Report is a coordinated College-wide effort. We would like to express sincere appreciation to all employees in the Business Affairs Division who contributed to the timely closing of the College's financial records and the preparation of this report; to the Marketing Communications unit for its contributions in design, editing, printing, and publication of the document; and to Institutional Support's Assessment, Research and Planning unit for providing statistical data. Our sincere appreciation is also expressed to other individuals and to our Commission for their support of this initiative.

Sincerely,

A handwritten signature in black ink that reads "Debbie M. Walker".

Debbie M. Walker, M.B.A., CGFO  
Vice President for Business Affairs

A handwritten signature in black ink that reads "Sheila W. Smith".

Sheila W. Smith, M.B.A.  
Associate Vice President for Business Affairs

A handwritten signature in black ink that reads "Jessica H. Booth".

Jessica H. Booth, CGFO  
Director of Finance and Financial Reporting



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Midlands Technical College  
South Carolina**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# MIDLANDS TECHNICAL COLLEGE

## Organizational Data

As of June 30, 2020

### COMMISSION MEMBERS AND OFFICERS

<u>Commissioner</u>	<u>County</u>	<u>Term Expires</u>
Margaret U. Holmes, Chair	Fairfield	March 24, 2019*
L. Todd Sease, Vice Chair	Lexington	May 11, 2023
Paula A. Hite, Secretary	Lexington	November 16, 2019*
Sandra J. Jackson, Treasurer	Richland	July 31, 2020
Katie M. Bolden	Richland	July 31, 2020
Ronald H. Burkett	Lexington	November 16, 2022
Pamela S. Harrison	Richland	June 1, 2021
Randall M. Jackson	Richland	July 31, 2019*
John M. Knotts	Lexington	July 31, 2023
Robert C. Lentz	Richland	July 31, 2019*
George P. Powers	Richland	July 31, 2021
Diane E. Sumpter	Richland	July 31, 2020
Robert P. Wilkins, Jr.	Lexington	November 16, 2020

\*Still serving until new appointment is made.

### EXECUTIVE COUNCIL

Ronald L. Rhames	President
Barrie B. Kirk	Provost
Debbie M. Walker	Vice President for Business Affairs
Starnell K. Bates	Vice President for Institutional Support
Mary H. Holloway	Vice President for Student Development Services
Joseph P. Bias	General Counsel
Nancy K. McKinney	Associate Vice President for Philanthropy and CEO of the MTC Foundation
Stefanie L. Goebeler	Assistant Vice President for Marketing Communications
Charlton L. Whipple	Executive Director for the Enterprise Campus Authority (ECA) and Economic Development
Andrew R. Newton	Director of Academic and Career Advising
Shickre A. Sabbagha	Director of Student Retention
Kimberly S. Boatwright	Executive Assistant to the President

### BUSINESS AFFAIRS DIVISION

Debbie M. Walker	Vice President for Business Affairs
Sheila W. Smith	Associate Vice President for Business Affairs
Stanley A. Bolton	Director of Auxiliary and Support Services
Jessica H. Booth	Director of Finance and Financial Reporting
Kristin W. Cobb	Director of Theatre Operations
Teresa A. Cook	Director of Plant Operations
Faye E. Gowans	Director of Human Resource Management
Anthony L. Hough	Director of Information Resource Management
Ian A. MacLean	Director of Internal Audit and Risk Management

### COMMISSIONERS



Margaret U. Holmes,  
Chair



L. Todd Sease,  
Vice Chair



Paula A. Hite,  
Secretary



Sandra J. Jackson,  
Treasurer



Katie M. Bolden



Ronald H. Burkett



Pamela S. Harrison



Randall M. Jackson



John M. Knotts



Robert C. Lentz



George P. Powers



Diane E. Sumpter



Robert P. Wilkins, Jr.

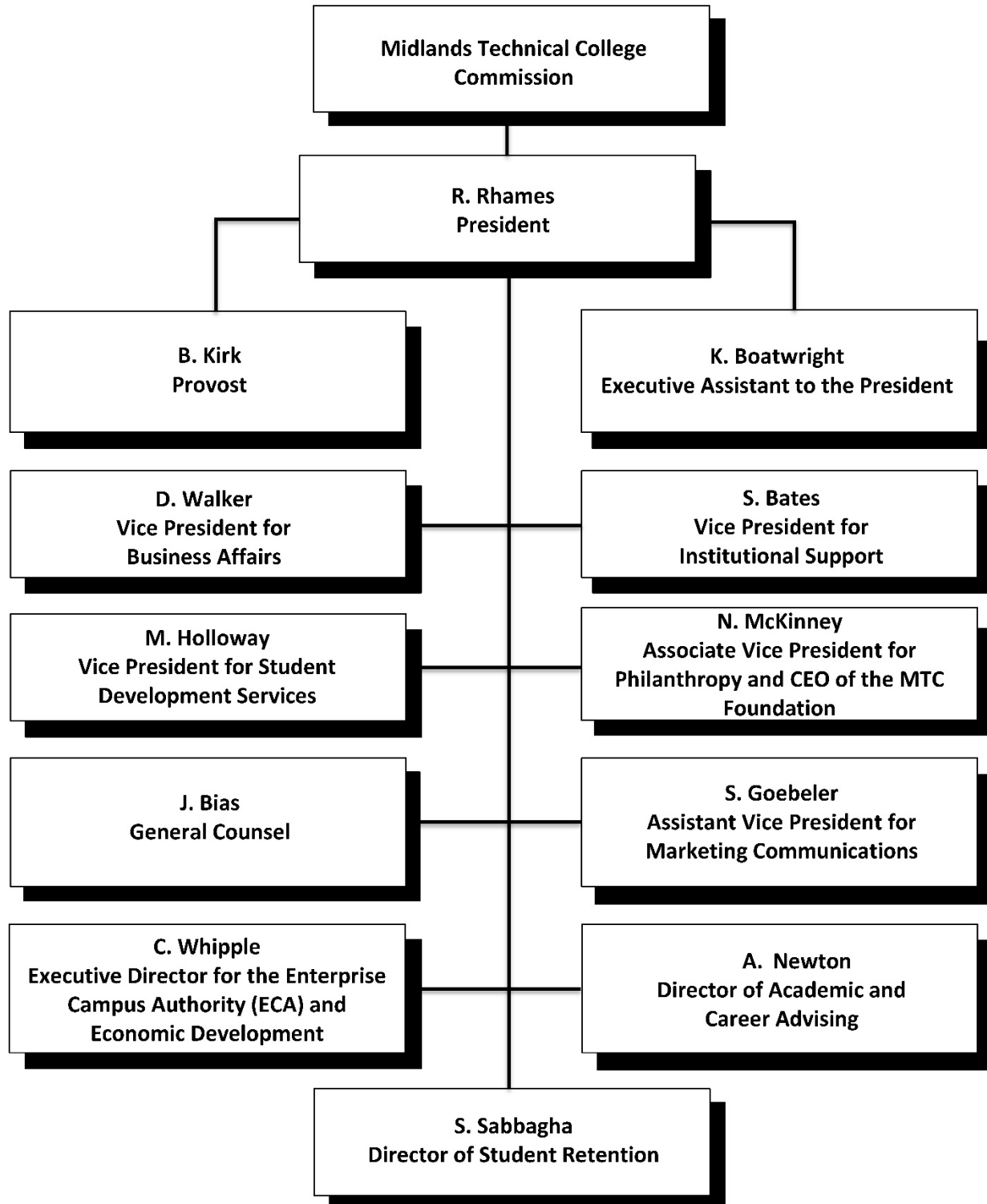


Ronald L. Rhames,  
Ex Officio Member  
MTC President

# MIDLANDS TECHNICAL COLLEGE

## Organizational Chart

As of June 30, 2020



# **MIDLANDS TECHNICAL COLLEGE**

## **2018-2021 MTC Strategic Plan**

### **Ensuring Student Success and College Sustainability**

#### **Goal 1: Enrollment**

##### Priority Initiatives:

1. Increase yield of recent high school graduates from 17% to 27% by Fall 2021.
2. Increase enrollment of first-time adult student learners by 25% by Fall 2021.
3. Increase percentage (yield) of admitted students to enrolled by 6% from Fall 2018 to Fall 2021.

#### **Goal 2: Advisement**

##### Priority Initiatives:

1. Reduce the number of first semester students not meeting the college's standards for academic progress by 10% per term by Fall 2021.
2. Increase average student credit hours by .25 per term by Summer 2021.

#### **Goal 3: Retention**

##### Priority Initiatives:

1. Increase success in targeted gateway courses from 63% to 71% by Fall 2021.
2. Increase Fall to Spring persistence from 70% to 76% by Fall 2021.
3. Increase the graduation rate of the first-time, full-time freshman cohort from 9% to 15% by Fall 2021.

#### **Goal 4: Sustainability and Resources**

##### Priority Initiatives:

1. Decrease expenses for current programs and services by 3% by July 2021.
2. Increase revenue by 6% by July 2021.
3. Automate three manual processes per year.
4. Increase interaction with business (Increase student placement rate by Fall 2021).

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# THE BRITTINGHAM GROUP, L.L.P.

## CERTIFIED PUBLIC ACCOUNTANTS

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

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PHONE: (803) 739-3090  
FAX: (803) 791-0834

### INDEPENDENT AUDITORS' REPORT

The President and Members of the Area Commission  
Midlands Technical College  
Post Office Box 2408  
Columbia, South Carolina 29202

#### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Midlands Technical College (the "College"), a component unit of the State of South Carolina and a member institution of the South Carolina Technical College System, including its blended component unit, the Midlands Technical College Enterprise Campus Authority (the "Authority"), and its discretely presented component unit, Midlands Technical College Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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, 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, 2020, 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, Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities, Schedule of South Carolina Retirement Systems Contributions, Schedule of Proportionate Share of the Retiree Health Insurance Trust Fund Other Postemployment Benefits Liabilities, and Schedule of South Carolina Retiree Health Insurance Trust Fund Contributions on pages 15 – 20, 61 - 64 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 introductory section and statistical section 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2020 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 21, 2020

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## **Management's Discussion and Analysis**

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**MIDLANDS TECHNICAL COLLEGE**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Comprehensive Annual Financial Report of Midlands Technical College (the College) presents Management's Discussion and Analysis of the College's financial performance during the fiscal year ended June 30, 2020.

This discussion should be read in conjunction with the transmittal letter, the College's basic financial statements, the component unit's financial statements, and the notes to the financial statements.

### COMPONENT UNITS

The College has included the Midlands Technical College Foundation, Inc., (the Foundation) and the Midlands Technical College Enterprise Campus Authority (the Authority) in its financial statements in accordance with Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units. The Foundation is reported as a discretely presented component unit of the College. The Statement of Financial Position, the Statement of Activities and relevant note disclosures for the Foundation follow the College's financial statements. The governing body of the Authority is essentially the same Board as that of the College and it provides services that benefit the College, although it does not provide services directly to the College; therefore, the Authority is reported as a blended component unit and the activity is included in the financial statements of the College.

Complete financial statements for the Foundation or the Authority may be obtained by mailing a request to Midlands Technical College, Associate Vice President for Business Affairs, Post Office Box 2408, Columbia, South Carolina 29202.

### USING THIS ANNUAL REPORT

Midlands Technical College is pleased to present its financial statements for fiscal year ended June 30, 2020. Comparative financial statements are not presented in this report; however, condensed data is presented in this section, which will aid the reader in assessing the changes in the College's financial position since last year. The emphasis of discussions regarding these statements will focus on the current year.

The College is engaged only in business-type activities that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows. These statements present financial information in a format similar to that used by the private sector.

### STATEMENT OF NET POSITION

The Statement of Net Position provides a snapshot of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (deficit) at the end of the fiscal year. It provides the reader with information concerning the College's ability to continue its operations and to determine its financial stability.

Assets and liabilities are separated into current, those that are due or to be paid within the current year, and non-current, those that are longer term in nature. Net position (deficit) represents total assets and deferred outflows of resources, minus total liabilities and deferred inflows of resources and provides information, in part, concerning any amount available to be spent by the institution.

Net position (deficit) is divided into three major categories. The first category, net invested in capital assets, provides the equity in property, plant, and equipment owned by the College. The next category, which is restricted net position, is expendable in nature and is specifically for capital projects and debt service, as indicated. The final category of net position is unrestricted, and not subject to external stipulations. These amounts represent the net position (deficit) of the Authority and the College's 30-day operating reserve as well as the College's proportionate share of the unfunded pension and other postemployment benefit (OPEB) liabilities.

The following schedule is a condensed version of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (deficit) and is prepared from the Statement of Net Position.

**Condensed Summary of Net Position**  
**As of June 30, 2020 and 2019**  
**(in millions)**

	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Current Assets	\$ 95.0	\$ 84.5	\$ 10.5	12.4%
Non-Current Assets				
Capital Assets (Net of Depreciation)	80.8	80.2	0.6	0.7%
Other	9.7	7.8	1.9	24.4%
Total Assets	185.5	172.5	13.0	7.5%
Deferred Outflows of Resources	18.9	16.8	2.1	12.5%
Total Assets and Deferred Outflows of Resources	204.4	189.3	15.1	8.0%
Current Liabilities	12.3	12.9	(0.6)	(4.7)%
Non-Current Liabilities	187.6	191.7	(4.1)	(2.1)%
Total Liabilities	199.9	204.6	(4.7)	(2.3)%
Deferred Inflows of Resources	20.0	13.0	7.0	53.8%
Total Liabilities and Deferred Inflows of Resources	219.9	217.6	2.3	1.1%
Net Position (Deficit)				
Net Investment in Capital Assets	63.5	61.3	2.2	3.6%
Restricted for:				
Expendable	83.3	70.3	13.0	18.5%
Unrestricted	(162.2)	(159.9)	(2.3)	(1.4)%
Total Net Position (Deficit)	\$ (15.4)	\$ (28.3)	\$ 12.9	45.6%

**Assets and Deferred Outflows of Resources**

A strong indicator of the financial health of the College for the year is the approximate 7:1 ratio of current assets in the amount of \$95.0 million to current liabilities in the amount of \$12.3 million. The College maintains fiscally sound budget practices that provide for the conservative balance between the two categories.

Current assets have increased by \$10.5 million. The overall increase is \$13.0 million in total assets for the fiscal year. The increases in current assets are explained as follows:

- Cash increased by \$1.0 million due to interest income.
- Short-term investments increased by \$5.1 million due to no on-going construction projects.
- Accounts receivable and other assets increased in total by \$4.4 million. This is primarily due to an increase in federal and state grant receivables of \$4.1 million.

Non-current assets include capital assets net of depreciation and other assets, which is comprised of restricted cash. Capital assets net of depreciation are \$80.8 million for the year, an increase of \$0.6 million over the prior year. Other non-current assets increased by \$1.9 million. This is due to an increase in the funds held at the State Treasurer's Office. The changes from the prior year are explained as follows:

- Construction in progress increased by \$2.4 million due to the continuation of the Industrial Technology Expansion project.
- Buildings and improvement increased by \$1.2 million.
- Machinery, equipment and vehicles increased by \$1.0 million.
- Accumulated depreciation increased \$4.0 million as a net result of depreciation expense and retirement of assets.

See Note 5, Capital Assets, for additional information.

The following table contains an analysis of capital assets as of June 30, 2020 and 2019.

**Analysis of Capital Assets**  
**As of June 30, 2020 and 2019**  
**(in millions)**

	<b>2020</b>	<b>2019</b>	<b>Dollar Change</b>	<b>Percent Change</b>
Land & Improvements	\$ 15.2	\$ 15.2	\$ -	0.0%
Construction in Progress	2.8	0.4	2.4	600.0%
Works of Art	0.1	0.1	-	0.0%
Buildings & Improvements	118.2	117.0	1.2	1.0%
Machinery, Equipment, Vehicles & Other	17.8	16.8	1.0	6.0%
Total Capital Assets	154.1	149.5	4.6	3.1%
Less Accumulated Depreciation	(73.3)	(69.3)	(4.0)	(5.8)%
Capital Assets	\$ 80.8	\$ 80.2	\$ 0.6	0.7%

Deferred outflows of resources increased by \$2.1 million over the prior year. Deferred outflows related to the College's proportionate share of the state's net pension liability decreased by \$2.7 million. Deferred outflows related to the College's proportionate share of the State's retiree health benefits (OPEB) liability increased by \$4.8 million. This is due to the difference between expected and actual experience and investment earnings.

### Liabilities and Deferred Inflows of Resources

Total liabilities are \$199.9 million, which is a decrease of \$4.7 million over the prior fiscal year. Current liabilities decreased by \$0.6 million. The changes in current liabilities are explained as follows:

- Payroll and related liabilities decreased by \$1.7 million.
- Accounts payable increased by \$0.4 million.
- Unearned revenue increased by \$0.6 million due to deferred tuition.
- Current portion of bonds payable increased by \$0.1 million.

Non-current liabilities decreased by \$4.1 million. The changes in non-current liabilities are explained as follows:

- Pension liability decreased by \$3.7 million.
- OPEB liability increased by \$1.0 million.
- Non-current portion of bonds payable decreased by \$1.7 million.
- Non-current portion of compensated absences increased by \$0.3 million.

See Note 12, Bonds Payable, and Note 13, Long-Term Liabilities, for additional information.

Deferred inflows of resources increased by \$7.0 million over the prior year. Deferred pension inflows increased by \$2.9 million and deferred OPEB inflows increased by \$4.1 million. Deferred inflows of resources include the calculated difference between actual and projected investment earnings on the State's pension and retiree health benefit plans.

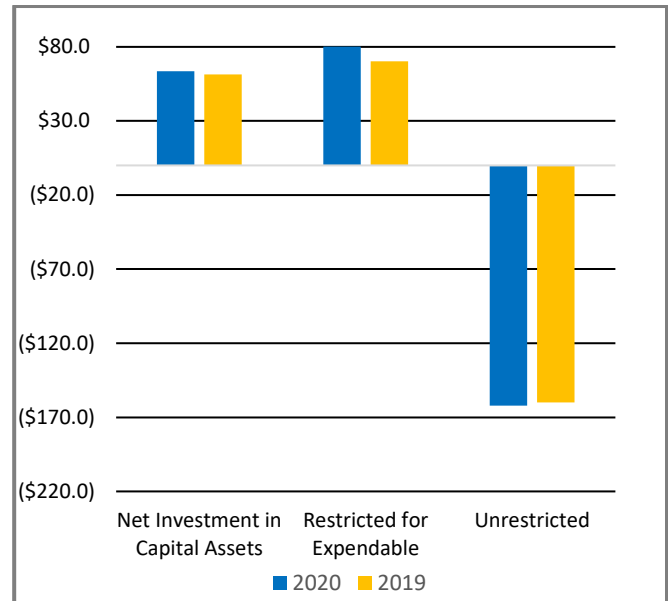
### Net Position (Deficit)

Total net position (deficit) for the year is \$(15.4) million, an increase of \$12.9 million from the prior year. Net investments in capital assets increased by \$2.2 million, and restricted net position has increased by \$13.0 million. This is due to the College receiving county funding for an upcoming construction project.

Unrestricted net position (deficit) decreased by \$2.3 million. The College's proportionate share of the State's net pension liability and net OPEB liability and related deferred inflows and outflows of resources resulted in a \$2.2 million decrease in unrestricted position. Unrestricted net position (deficit) also consists of amounts related to the College's 30-day operating reserve that excludes nonessential expenses totaling \$6.2 million and unrestricted Enterprise Campus Authority funds of \$1.5 million.

The following chart is a graphic representation of the College's net position (deficit) at June 30, 2020 and 2019.

**Comparative Net Position  
As of June 30, 2020 and 2019  
(in millions)**



### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position present and categorize revenues earned and expenses incurred during the year by operating and non-operating. Generally, operating revenues and expenses are those that are received and used to carry out the mission of the College. The College depends on financial support from the state and counties for which services are provided. This support is reflected as non-operating revenue based on governmental accounting standards. The College will always reflect an operating deficit due to the dependence on federal, state, and local funding. Non-operating revenues and expenses offset the operating deficit and result in an overall decrease in net position (deficit) for the year. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "loss before capital grants, gifts, other revenues, and appropriations."

## Operating Results

The following schedule summarizes the College's operating results for fiscal year ended June 30, 2020, with comparative data for fiscal year ended June 30, 2019.

### Condensed Summary of Revenues, Expenses, and Change in Net Position Fiscal Years 2020 and 2019 (in millions)

	2020	2019	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees	\$ 31.4	\$ 32.7	\$ (1.3)	(4.0)%
Grants and Contracts	22.1	16.9	5.2	30.8%
Auxiliary	1.0	1.2	(0.2)	(16.7)%
Other	1.0	1.1	(0.1)	(9.1)%
Total Operating Revenues	55.5	51.9	3.6	6.9%
Less Operating Expenses	105.5	100.8	4.7	4.7%
Net Operating Loss	(50.0)	(48.9)	(1.1)	(2.2)%
Non-Operating Revenues				
State Appropriations	22.9	19.8	3.1	15.7%
Local Appropriations	16.0	17.7	(1.7)	(9.6)%
Grants and Contracts	22.7	17.6	5.1	29.0%
Other	1.9	1.7	0.2	11.8%
Total Non-Operating Revenues	63.5	56.8	6.7	11.8%
Interest Expense	(0.6)	(0.7)	0.1	14.3%
Increase in Net Position	12.9	7.2	5.7	79.2%
Net Position (Deficit), Beginning of Year	(28.3)	(35.5)	7.2	20.3%
Net Position (Deficit), End of Year	(15.4)	(28.3)	12.9	45.6%
Total Revenues	\$ 119.0	\$ 108.7	\$ 10.3	9.5%

## Revenue

Total revenue increased by \$10.3 million, which is an increase of 9.5%.

Operating revenue increased by \$3.6 million. The College had a Board approved tuition increase of 5.6%. Full-time equivalent enrollment decreased by 2.9%. The changes in operating revenue are explained as follows:

- Tuition and fee revenue decreased by \$1.3 million.
- Operating grants and contracts increased by \$5.2 million. This is primarily due to an increase in state grants.
- Auxiliary revenue decreased by \$0.2 million due to a decrease in bookstore sales.
- Other operating revenue decreased by \$0.1 million.

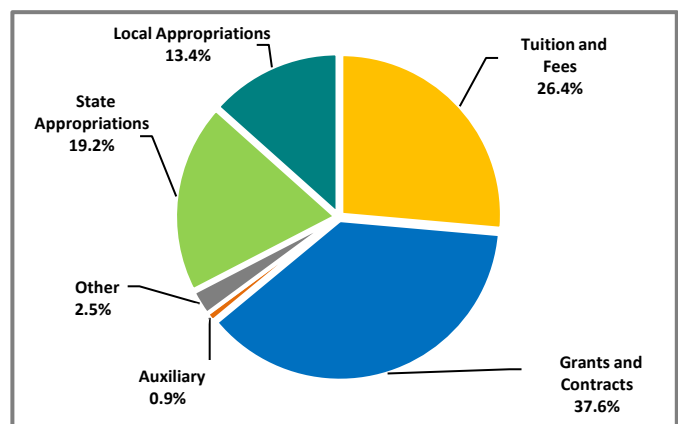
Non-operating revenues increased by \$6.7 million. The changes in non-operating revenues are explained as follows:

- Local appropriations decreased by \$1.7 million.
- State appropriations increased by \$3.1 million.

- Non-operating grants and contracts increased by \$5.1 million. This is primarily due to the college receiving CARES Act funding.
- Other non-operating revenue increased by \$0.2 million due to an increase in investment income.

The following graph represents sources and percentages of revenue to the College for the fiscal year.

### Revenue by Source Fiscal Year 2020



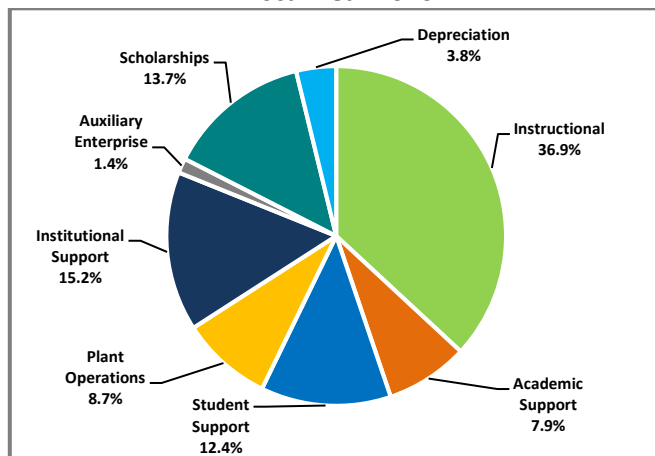
## Expenses

Operating expenses were \$105.5 million for the fiscal year, an increase of \$4.7 million or 4.7% over the prior year. The changes in operating expenses are explained as follows:

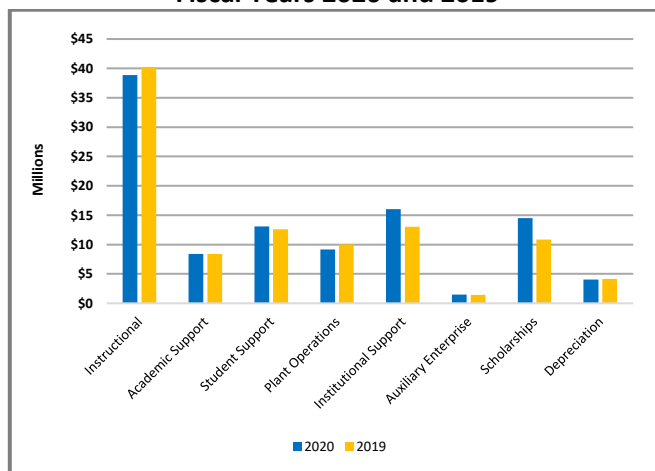
- Scholarships increased by \$3.6 million due to CARES Act funding and SC WINS funding.
- Depreciation decreased by \$0.1 million.
- Utilities increased by \$0.1 million.
- Supplies and other expenses increased by \$1.4 million.
- Salaries decreased by \$0.2 million.
- Benefits decreased by \$0.1 million. This is primarily due to a decrease in pension expense of \$0.7 million and a decrease in OPEB expense of \$0.4 million over the prior year. An increase of \$1.0 million was due to an increase in employer retirement contributions.

The following graphs depict operating expenses by function for fiscal year ended June 30, 2020, and a comparison of operating expenses by function for fiscal years ended 2020 and 2019.

**Operating Expenses by Function  
Fiscal Year 2020**



**Comparison of Operating Expenses by Function  
Fiscal Years 2020 and 2019**



## STATEMENT OF CASH FLOWS

The Statement of Cash Flows is the final statement to be presented. It presents detailed information about the cash activity of the College during the year and provides the reader with the sources and uses of cash by the major categories of operating, non-capital financing, capital and related financing, and investing activities. This statement will always show a net use of cash in the section "Cash Flows from Operating Activities" due to the College's dependence on federal grants, state and local appropriations.

The statement is divided into five parts. The first section reflects the operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-capital financing activities. This section shows the cash received and spent for non-operating, non-investing, and non-capital financing activities. The third section reflects cash flows from capital and related financing activities and shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The final section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Cash increased by approximately \$2.9 million from last fiscal year. Net cash flows from operating activities decreased by \$7.6 million as seen in the chart below.

Cash flows from non-capital financing activity increased an additional \$5.6 million. Capital and related financing activities decreased cash by \$3.1 million due to an increase in purchased capital assets. Net cash provided by investing activities resulted in an increase of \$1.2 million from the prior period.

**Condensed Summary of Cash Flow  
Fiscal Years 2020 and 2019  
(in millions)**

	2020	2019	Increase (Decrease)
Net cash flow used by operating activities	\$ (48.6)	\$ (41.0)	\$ (7.6)
Net cash flow provided by non-capital financing activities	55.4	49.8	5.6
Net cash (used)/provided by capital and related financing activities	(0.7)	2.4	(3.1)
Net cash used by investing activities	(3.2)	(4.4)	1.2
Net increase in cash	2.9	6.8	(3.9)
Cash – beginning of year	18.9	12.1	6.8
Cash – end of year	<u>\$ 21.8</u>	<u>\$ 18.9</u>	<u>\$ 2.9</u>



**Debt Administration**

The College's financial statements reflect \$15,820,000 in bonds payable. These bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged in excess of the amount of annual debt requirements for the annual payment of principal and interest on the bonds to meet bond covenants, see Note 12.

**Economic Factors**

The economic condition of the College is dependent to a large degree on that of student tuition and fees, along with support of the state and local governments. Tuition increases related to planned improvements in the financial ability of the College to implement new programs, fund new facilities, and provide improved supplies and equipment for the College. Student enrollment has declined compared to the prior year. Local government support for the College remains strong and continues to provide funding for ongoing maintenance, renovation, and construction of new facilities. The State's economic outlook for fiscal year 2020-2021 is unclear due to the economic impact of the COVID-19 pandemic.

**Requests for Information**

Additional information or questions concerning any of the information provided should be requested from the College's Associate Vice President for Business Affairs at Midlands Technical College, PO Box 2408, Columbia, SC 29202, or by email at smithsw@midlandstech.edu.

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# **Basic Financial Statements**

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**MIDLANDS TECHNICAL COLLEGE**

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**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 12,167,256
Short-term investments	72,582,777
Accounts receivable, net	9,816,732
Other assets	490,758
Total current assets	<u>95,057,523</u>
Non-current assets:	
Restricted cash and cash equivalents	9,670,876
Capital assets:	
Depreciable, net of accumulated depreciation	72,655,232
Non-depreciable	8,133,078
Total non-current assets	<u>90,459,186</u>
Total assets	<u>185,516,709</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows - bond refunding	177,080
Deferred pension outflows	9,787,480
Deferred OPEB outflows	8,971,232
Total deferred outflows of resources	<u>18,935,792</u>
Total assets and deferred outflows of resources	<u>204,452,501</u>

**LIABILITIES**

Current liabilities:	
Accounts payable	1,731,359
Accrued payroll and related liabilities	1,605,195
Funds held for others	447,844
Unearned revenue	6,201,947
Long-term liabilities – current portion:	
Bonds payable	1,677,614
Compensated absences	366,713
Accrued interest payable	231,450
Total current liabilities	<u>12,262,122</u>
Non-current liabilities:	
Long-term liabilities – non-current portion:	
Bonds payable	15,822,555
Compensated absences	3,184,084
OPEB liability	76,826,418
Pension liability	91,817,281
Total non-current liabilities	<u>187,650,338</u>
Total liabilities	<u>199,912,460</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred pension inflows	6,429,156
Deferred OPEB inflows	13,530,400
Total deferred inflows of resources	<u>19,959,556</u>
Total liabilities and deferred inflows of resources	<u>219,872,016</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	63,465,221
Restricted for:	
Capital projects	62,882,717
Debt service	20,393,790
Unrestricted	(162,161,243)
Total net position (deficit)	<u>\$ (15,419,515)</u>

**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2020**

**REVENUES**

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$28,811,997)	\$ 31,437,746
Federal grants and contracts	4,560,576
State grants and contracts	17,452,580
Non-governmental grants and contracts	80,701
Sales and services of educational departments	31,803
Auxiliary enterprises	1,028,866
Other operating revenues	908,840
Total operating revenues	<u>55,501,112</u>

**EXPENSES**

Operating expenses:	
Salaries	47,814,489
Benefits	20,668,821
Scholarships	14,491,574
Utilities	1,994,216
Supplies and other services	16,512,932
Depreciation and amortization	4,056,965
Total operating expenses	<u>105,538,997</u>
Operating loss	<u>(50,037,885)</u>

**NON-OPERATING REVENUES (EXPENSES)**

State appropriations	19,499,483
Local appropriations	13,147,412
Investment income (net of investment expenses)	1,924,188
Interest on capital asset-related debt	(620,179)
Federal grants and contracts	22,758,770
Net non-operating revenues (expenses)	<u>56,709,674</u>

Gain before capital grants, gifts, other revenues, and appropriations	<u>6,671,789</u>
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Capital grants, gifts, other revenues, and appropriations:

Contributed capital assets	40,000
Local capital appropriations	2,842,637
State capital appropriations	3,358,213
Total capital grants, gifts, other revenues, and appropriations	<u>6,240,850</u>

Increase in net position	12,912,639
Net position (deficit) – beginning of year	<u>(28,332,154)</u>
Net position (deficit) – end of year	<u>\$ (15,419,515)</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Student tuition and fees – net of scholarship allowances	\$ 32,640,712
Federal, state, and local grants and contracts	17,091,257
Non-governmental contracts	80,701
Sales and services of educational departments	31,803
Auxiliary enterprise charges	1,028,866
Other receipts	908,840
Payments to vendors	(51,108,967)
Payments to employees	(49,315,367)
Amounts provided to student-governmental student loan program	(15,828,725)
Amounts provided from lenders	15,828,725
Net cash flows used by operating activities	<u>(48,642,155)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

State appropriations	19,499,483
Local appropriations	13,147,412
Federal grants and contracts – non-operating	22,758,770
Net change in funds held for others	23,971
Net cash flows provided by non-capital financing activities	<u>55,429,636</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Local appropriations for capital	2,842,637
State appropriations for capital	3,358,213
Purchase of capital assets	(4,644,835)
Principal paid on capital debt	(1,385,000)
Interest paid on capital debt	(842,600)
Net cash flows used by capital and related financing activities	<u>(671,585)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	59,887,000
Interest on investments	1,924,188
Purchase of investments	(64,994,759)
Net cash flows used by investing activities	<u>(3,183,571)</u>

Net increase in cash	2,932,325
Cash and cash equivalents – beginning of year	18,905,807
Cash and cash equivalents – end of year	<u>\$ 21,838,132</u>

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES**

Operating loss	\$ (50,037,885)
Adjustments to reconcile cash flows used by operating activities:	
Depreciation and amortization expense	4,056,965
Change in assets and liabilities:	
Receivables, net	(4,219,915)
Allowance for doubtful accounts	(124,000)
Prepaid expense and other assets	(2,180,884)
Deferred inflows	6,989,861
Pension liability	(3,697,595)
OPEB liability	1,091,302
Deferred revenue	612,472
Accounts payable	(1,429,945)
Accrued leave payable	297,469
Net cash flows used by operating activities	<u>\$ (48,642,155)</u>

**NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

Non-cash investing activities – change in fair value of investments	\$ 504,553
Contributed capital assets	40,000
Total non-cash investing, capital and financing activities	<u>\$ 544,553</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2020**

**Assets**

Cash and cash equivalents	\$ 236,546
Contributions receivables, net	250,840
Other receivable	32,553
Investments	12,103,876
Total assets	<u>\$ 12,623,815</u>

**Liabilities and Net Assets**

Accounts payable	<u>\$ 122,688</u>
Total liabilities	<u>122,688</u>

**Net assets:**

Without donor restrictions	1,446,551
With donor restrictions	<u>11,054,576</u>
Total net assets	<u>12,501,127</u>
Total liabilities and net assets	<u><u>\$ 12,623,815</u></u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenue, gains, and other support</b>			
Contributions, net	\$ 171,035	\$ 614,574	\$ 785,609
Grant revenue	-	30,000	30,000
Income on long-term investments	261,073	22,362	283,435
Other investment income	2,446	-	2,446
Net unrealized and realized gains on long-term investments	18,668	(5,964)	12,704
Net assets released from restrictions	360,860	(360,860)	-
Total revenue, gains, and other support	814,082	300,112	1,114,194
<b>Expenses and losses</b>			
College support	504,728	-	504,728
Student support	288,202	-	288,202
Management and general	130,602	-	130,602
Fundraising support	127,002	-	127,002
Total expenses	1,050,534	-	1,050,534
Change in net assets	(236,452)	300,112	63,660
Net assets at beginning of year	1,683,003	10,754,464	12,437,467
Net assets at end of year	\$ 1,446,551	\$ 11,054,576	\$ 12,501,127

*The accompanying notes are an integral part of these financial statements.*



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Midlands 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 Richland, Lexington, and Fairfield counties. Included in this range of programs are technical and occupational associate degree, diploma, and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services, and offerings to assist students in meeting their personal and professional educational objectives.

#### Reporting Entity

The financial reporting entity, as defined by 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 reporting entity are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Midlands Technical College, as the reporting entity, Midlands Technical College Enterprise Campus Authority (the Authority), and the accounts of the Midlands Technical College Foundation (the Foundation), its component unit. The College is reported as a discretely presented component unit in the State of South Carolina's Comprehensive Annual Financial Report. 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 Midlands Technical College Enterprise Campus Authority (the Authority) was established in 2004 by SC Act 200, codified as sub-article 3, Article 20, Chapter 53, Title 59, of the 1976 South Carolina Code of Laws, as amended. For accounting purposes, the Authority is considered a component unit of Midlands Technical College. The Authority was established to provide for the management, development, and operation of the Enterprise Campus of Midlands Technical College, located on the Northeast

Campus. The Board of the Authority consists of the members of the Midlands Technical College Commission. The activity of the Authority is blended in the financial statements of the College.

The Midlands Technical College Foundation, Inc., (the Foundation) is a private not-for-profit organization that was formed August 12, 1970, to benefit and support education at Midlands Technical College.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The 20-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College or its students by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

#### Financial Statements

The financial statements of the College and its blended component unit are presented in accordance with GASB Standards. The financial statement presentation required by these standards provides a comprehensive, entity-wide perspective of the College's net position (deficit), revenues, expenses, changes in net position (deficit), and cash flows.

The financial statements of the Midlands Technical College Foundation are presented in accordance with the accounting principles generally accepted in the United States of America for not-for-profit organizations as issued by the Financial Accounting Standards Board (FASB) through its Accounting Standards Codification. The Foundation's revenue and expenses are recognized as increases and decreases in one of two net asset classifications – without donor restrictions and with donor restrictions.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial statements for the Foundation can be obtained by mailing a request to Midlands Technical College Foundation, PO Box 2408, Columbia, South Carolina 29202.

#### Basis of Accounting

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

The Foundation's statements are presented on the accrual basis of accounting in accordance with FASB pronouncements. Therefore, certain revenue recognition criteria and presentation features are different from GASB criteria and presentation features. No modifications have been made to the Foundation's financial statements included in the College's financial reporting entity for these differences.

#### Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates. Actual amounts may differ from the estimates used.

#### Cash and Cash Equivalents

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

#### Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds." Governmental Accounting

Standards require disclosures related to deposit risks, such as custodial credit risk; and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value. 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.

#### Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, gift pledges, certain state and local funding; and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

#### Capital Assets

Capital assets are recorded at cost at the date of acquisition or acquisition 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 and 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 or more and a useful life in excess of two years; depreciable land improvements, buildings and improvements; and intangible assets costing \$100,000 or more.

Routine repairs and maintenance and library materials, except individual items costing \$5,000 or more, are charged to operating expenses in the year in which the expense is incurred. Certain works of art are considered inexhaustible. These capital assets are not subject to depreciation.

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,

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and vehicles. Effective July 1, 2012, the State of South Carolina adopted a monthly depreciation convention for the straight-line method. Under this convention, depreciation is recognized in the month of purchase on prorata basis of days placed in service. At the end of the life of the asset, a prorated amount of depreciation is recognized for the days within the month until the assets are removed from service.

#### 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) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate 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.

#### Unearned Revenues and Deposits

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

Deposits represent student fee refunds and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable, and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

#### Compensated Absences

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of 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.

#### Pension Liability

As required under Government Accounting Standards, the College recognizes in their financial statements their proportionate share of pension liability as a participant in the South Carolina Retirement Systems. See Note 6 for additional information.

#### Other Postemployment Benefits (OPEB) Liability

As required under Government Accounting Standards, the College recognizes in their financial statements their proportionate share of other postemployment benefits (OPEB) liability as a participant in the State of South Carolina's cost-sharing retiree health insurance trust fund. See Note 7 for additional information.

#### Net Position (Deficit)

The College's net position (deficit) 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 net investment in capital assets.
- *Restricted net position – expendable:* Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- *Restricted net position – non-expendable:* Non-expendable 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. The College does not currently report any net position in this classification.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

#### Income Taxes

The College is exempt from income taxes under the Internal Revenue Code.

#### Classification of Revenues and Expenses

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

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

- *Non-operating revenues and expenses:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

#### Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional activities that incidentally create goods and services that may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the automotive and dental auxiliary departments.

#### Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by bookstores, food services, the Authority facility rentals, and vending. Revenues of internal service and auxiliary enterprise activities and the related expenditures of College departments have been eliminated.

#### Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants and other federal, state or non-governmental programs are recorded as operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Capitalized Interest

The College's policy is to capitalize 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 incurred \$620,179 of interest cost during the year ended June 30, 2020, all of which was expensed.

#### Discretely Presented Component Unit

What follows below are the more significant accounting policies of the College's Discretely Presented Component Unit (Midlands Technical College Foundation).

The financial statement presentation by the Foundation is in accordance with the accounting principles generally accepted in the United States of America for not-for-profit organizations as issued by the Financial Accounting Standards Board (FASB) through its Accounting Standards Codification (ASC). The guidance from FASB requires organizations like the Foundation to report information regarding its financial position and activities according to two classes of net assets as follows:

- *Without Donor Restrictions* – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- *With Donor Restrictions* –
  - *Restricted by purpose or time* – Net assets that are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
  - *Restricted in perpetuity* – Net assets that are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

#### *Revenue, Gains and Other Support and Expenses and Losses*

– Revenues are reported as increases in the net assets classification without donor restriction 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restriction support. Increases in the allowance for uncollectible pledges are netted against contribution income. Expenses are reported as decreases in the without donor restrictions net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in without donor restriction net assets unless their use is restricted by explicit donor stipulation or by law.

*Donated Services, Goods, and Facilities* – A substantial number of hours to the Foundation's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. During the year ended June 30, 2020, the Foundation received in-kind contributions valued at approximately \$126,603. Substantially, all contributions of equipment to the Foundation become property of the College upon receipt of the property from the donor. Accordingly, the Foundation records the contributions at their fair value with an offset to college support in these financial statements.

*Cash and Cash Equivalents* – Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days. Management believes the Foundation is not exposed to any significant credit risk on cash or cash equivalents.

*Investments* – Investments in marketable securities with readily determinable fair market values and all investments in debt securities are valued at their fair values in the statement of financial position. Investment in real estate is reported at the lower of cost or market. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Securities or other investments donated are recorded at their market value at the date of the gift.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Concentrations of Credit and Market Risk* – Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is not limited to any one institution. The Foundation has not experienced any losses on its cash equivalents. Management believes that the Foundation's investment portfolio is adequately diversified among issuers. In addition, management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market declines.

*Income Taxes* – Midlands Technical College Foundation, Inc. has received a determination letter from the Internal Revenue Service that it is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code (the "IRC"). However, it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending June 30, 2020, 2019, 2018, and 2017 are still open to audit for both federal and state purposes. The Foundation is not classified as a private foundation.

### NOTE 2 – STATE APPROPRIATIONS

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available.

Amounts that are not expended by fiscal year-end lapse are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a reconciliation of the state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2020:

#### Non-Capital and State Capital Appropriations

Non-Capital Appropriations:

Appropriations per State Board allocation	\$ 17,640,796
Appropriations from SC Education Lottery Fund	18,000

Other:

Workforce Pathways	95,549
Nursing Funding	370,943
Critical Needs Nursing Initiative	45,395
Pathways	37,784
QuickJobs	291,016
Dual Enrollment	1,000,000
Total Non-Capital Appropriations	19,499,483

Capital Appropriations:

State Capital	1,956,534
Lottery Technology	559,477
High Demand Job Skill Training Equipment	842,202
Total Capital Appropriations	3,358,213

Total Non-Capital and State Capital Appropriations	<u>\$ 22,857,696</u>
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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 3 – DEPOSITS AND INVESTMENTS

**Deposits** – Deposits include cash and cash equivalents on deposit in banks and are held by the State Treasurer. At year-end, the College's carrying amount of deposits with banks was \$16,140,452. The bank balances were \$17,279,938, of which \$4,983,536 was covered by FDIC insurance. The balance was collateralized with securities held by a third-party financial institution (as the College's agent) in the College's name.

**Restricted Cash** – The State Treasurer held \$9,670,876 in its pooled cash funds in the College's name. Restricted cash includes \$2,245,416 held for debt service reserve funds; \$6,955,620 held for maintenance, repair, and replacement; and \$469,840 for construction as required by bond indentures. State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

**Foreign Currency Risk** – Foreign currency risk is the risk that variances in exchange rates will adversely affect the fair value of a deposit. The College's policy is to not maintain deposits that are denominated in a currency other than the United States dollar, and therefore, is not exposed.

**Investments** – The College's investments at June 30, 2020, are *not* with the South Carolina State Treasurer's Office and are alternatively held by certain financial institutions in the College's name. The fair value of investments at June 30, 2020, consists solely of certificates of deposits or United States government-backed securities with maturities of one to three years. All of the securities for the reporting period were either fully collateralized or insured by the Federal Deposit Insurance Corporation.

**Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that

are in the possession of an outside party. The College's investment policy limits its investments to the safest types of securities, and structures its investment portfolio so securities mature to meet cash requirements for ongoing operations, which therefore prevents the need to sell securities prior to maturity. The College monitors its investments periodically to ensure that the collateral exceeds the market value of investments.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's policy regarding credit risk of investments is that it only uses high-quality brokers and financial institutions to manage its investment portfolios. In addition, the College's investments include only obligations of the United States Government Sponsored Enterprise Debt.

All Agencies carry credit ratings of Moody's Aaa long term and P-1 short term and S&P is AA+ long term and A-1 short term. The Agencies strive to maintain the market perception of credit risk on par with that of the U.S. Government.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

**Credit Risk Concentration** – Investments by issuers are as follows:

	Fair Value	% of Investments
Freddie Mac Discount Note	\$ 9,414,859	13.7%
Federal Farm Credit Bank	20,385,628	29.7%
Federal Home Loan Bank	9,115,369	13.3%
Fannie Mae	15,065,846	22.0%
U.S. Treasury	14,617,539	21.3%
Total	\$ 68,599,241	100.0%

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Part of the interest rate risk experienced with debt securities is maturity risk. The College's investment policy is to structure its investment portfolio so securities mature to meet cash requirements for ongoing operations to prevent the need to liquidate securities prior to maturity.

A reconciliation of the College's deposits and investments on its statement of net position to this footnote disclosure is as follows:

#### STATEMENT OF NET POSITION:

Cash and cash equivalents	\$ 12,167,256
Restricted cash and cash equivalents	9,670,876
Short term investments	72,582,777
Total statement of net position	<u>\$ 94,420,909</u>

#### DEPOSITS AND INVESTMENTS NOTES:

Carrying value of deposits	\$ 16,140,452
Cash on hand	10,340
Held by State Treasurer	9,670,876
Investments	68,599,241
Total deposit and investments notes	<u>\$ 94,420,909</u>

	Total	Weighted Average Maturity	Weighted Average Days
Bonds	\$ 68,599,241	1.50%	616
Certificates of Deposits	3,983,536	1.31%	541
Total Investments	\$ 72,582,777	1.41%	579

### College's Policy Regarding Custodial Risk and Interest Rate Risk for Investments

**Investment Risk** – The College's investment policy states that its primary objectives in priority order of investment activities shall be preservation of capital, liquidity, and yield. The College has no formal investment policy regarding custodial credit risk, although primary objectives are adhered to in accordance with management policy.



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 4 – RECEIVABLES

Accounts receivable as of June 30, 2020, including applicable allowances, were as follows:

<b>Receivables:</b>	
Student accounts	\$ 4,735,364
Company accounts	1,020,860
Federal grants and contracts	3,182,801
State grants and contracts	1,275,182
Local government	397,370
Other receivables	791,155
Less: Allowance for uncollectibles	<u>(1,586,000)</u>
Receivables, net	<u>\$ 9,816,732</u>

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

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### Contributions Receivable – Discretely Presented Component Unit

Unconditional promises to give as of June 30, 2020, are due as follows:

Within one year	\$ 126,218
One to five years	<u>153,619</u>
Total	<u>279,837</u>
Allowance for uncollectible pledges	(4,813)
Present value discount	<u>(24,184)</u>
Contributions receivable, net	<u>\$ 250,840</u>

The discount to net present value was calculated using the estimated earnings rate of 4.58% as of June 30, 2020.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 5 – CAPITAL ASSETS

	Beginning Balance July 1, 2019	Increases	Decreases	Ending Balance June 30, 2020
Capital assets not being depreciated:				
Land and improvements	\$ 5,033,127	\$ -	\$ -	\$ 5,033,127
Construction in progress	355,522	2,462,277	(42,205)	2,775,594
Non-depreciable intangibles	229,011	-	-	229,011
Works of art, historical treasures, and similar assets	95,346	-	-	95,346
Total capital assets not being depreciated	5,713,006	2,462,277	(42,205)	8,133,078
Other capital assets:				
Depreciable land improvements	10,112,223	-	-	10,112,223
Buildings and improvements	116,962,906	1,209,515	-	118,172,421
Machinery, equipment, and other	14,924,936	1,007,692	(134,340)	15,798,288
Vehicles	1,160,490	47,556	-	1,208,046
Depreciable intangibles	635,405	-	-	635,405
Total other capital assets at historical cost	143,795,960	2,264,763	(134,340)	145,926,383
Less accumulated depreciation for:				
Buildings and improvements	(46,916,477)	(2,890,384)	-	(49,806,861)
Machinery, equipment, and other	(13,312,753)	(652,850)	134,340	(13,831,263)
Vehicles	(955,601)	(86,337)	-	(1,041,938)
Depreciable land improvements	(7,528,290)	(427,394)	-	(7,955,684)
Intangibles	(635,405)	-	-	(635,405)
Total accumulated depreciation	(69,348,526)	(4,056,965)	134,340	(73,271,151)
Other capital assets, net	74,447,434	(1,792,202)	-	72,655,232
Capital assets, net	\$ 80,160,440	\$ 670,075	\$ (42,205)	\$ 80,788,310

Depreciation expense for the current year totaled \$4,056,965.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS

#### South Carolina Retirement System

The majority of employees of Midlands 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). 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 lifetime monthly retirement annuity benefits to eligible members as well as disability, survivor options, annual benefit adjustments, and incidental death benefits to eligible employees and retired members.

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

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 on or after July 1, 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 member's age plus the years of service add up to a total of at least 90). The benefit formula for full-service retirement annuity effective since July 1, 1989 for the SCRS is 1.82% 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 five 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 minimum of eight years of credited service. For disability applications received after December 31, 2014, 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 July 1, 2019, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 21.81%. Included in the total SCRS employer contribution rate is a base retirement contribution of 15.41%, 0.15% for the incidental death program, and a 6.25% surcharge that will fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the years ended June 30, 2020, 2019, and 2018 were approximately \$5,844,882, \$5,496,824 and \$5,387,282 respectively, and equaled the base required retirement contribution rate, excluding retiree insurance surcharge and incidental death benefit program contributions of 15.41% for 2020, 14.41% for 2019, and 13.41% for 2018.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

Also, the College paid employer incidental death benefit program contributions of approximately \$56,894, \$57,219, and \$60,260, at the rate of 0.15% of compensation for the current fiscal years ended June 30, 2020, 2019, and 2018, respectively.

#### Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan. 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 that 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% 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, 2019, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 24.49%. Included in the total PORS employer contribution rate is a base retirement contribution of 17.84%, 0.20% for the incidental death benefit program, 0.20% for the accidental death program, and a 6.25% surcharge that will fund retiree health and dental insurance coverage. The College's actual contributions to the PORS for the years ended June 30, 2020, 2019, and 2018 were approximately \$80,021, \$70,756, and \$70,484, respectively, and equaled the base retirement required contribution rate, excluding surcharge and death program contributions, of 17.84% for 2020, 16.84% for 2019 and 15.84% for 2018. The College also paid employer incidental death benefit program contributions of approximately \$897, \$840, and \$890, at the rate of 0.20% of compensation for the current fiscal years ended June 30, 2020, 2019, and 2018, respectively. In addition, the College paid accidental death program contributions of approximately \$897, \$840, and \$890, at the rate of 0.20% of compensation for the current fiscal years ended June 30, 2020, 2019, and 2018, respectively.

#### Optional Retirement Program

As an alternative to membership in the SCRS, newly hired employees of the College 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 South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for the State ORP plan other than for the employer's payment of contribution 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, 15.41% plus the retiree surcharge of 6.25% from the employer in fiscal year 2020. Of the 15.41% employer retirement contribution rate, the employer remits 10.41% directly to the participant's ORP account, and the remaining 5.00% retirement contribution and 0.15% incidental death benefit program contribution amounts are remitted to SCRS.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

For fiscal year 2020, total contributions requirements to the ORP were approximately \$640,686 (excluding the surcharge) from the College as employer and approximately \$553,907 from its employees as plan members. The amounts paid by the College for pension, incidental death program, and accidental death benefit 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 rate to SCRS 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.

### Net Pension Liability

At June 30, 2020, the College reported \$90,973,674 for its proportionate share of the net pension liabilities of SCRS and \$843,607 for PORS. The net pension liability defined of the SCRS and PORS defined benefit pension plan was determined based on the July 1, 2018 actuarial valuations, using the most recent membership data, projected forward to June 30, 2019, and financial information of the pension trust funds as of June 30, 2019, using generally accepted actuarial procedures. The College's portion of the net pension liability was based on the College's share of contributions to the pension plans relative to the contributions of all participating entities. At June 30, 2019, the College's SCRS proportion was 0.398% and 0.029% for PORS. For the year ended June 30, 2020, the College recognized pension expense of \$1,902,115 for SCRS and \$50,082 for PORS.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

At June 30, 2020, the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Deferred Outflows	Deferred Inflows	Net
Differences between expected and actual experience – SCRS	\$ 62,536	\$ (653,539)	\$ (591,003)
Differences between expected and actual experience – PORS	17,346	(6,235)	11,111
Net differences between projected and actual investments earnings – SCRS	805,420	-	805,420
Net differences between projected and actual investments earnings – PORS	10,696	-	10,696
Assumption changes – SCRS	1,833,251	-	1,833,251
Assumption changes – PORS	33,453	-	33,453
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions – SCRS	369,066	(5,717,547)	(5,348,481)
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions – PORS	22,203	(51,835)	(29,632)
Contributions made from measurement date to June 30, 2020 – SCRS	6,551,694	-	6,551,694
Contributions made from measurement date to June 30, 2020 – PORS	81,815	-	81,815
Total	<u>\$ 9,787,480</u>	<u>\$ (6,429,156)</u>	<u>\$ 3,358,324</u>

The College reported \$6,551,694 for SCRS and \$81,815 for PORS as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	SCRS	PORS	Net
2021	\$ (619,031)	\$ (36,949)	\$ (655,980)
2022	2,928,988	(722)	2,928,266
2023	1,267,264	12,031	1,279,295
2024	(276,408)	12	(276,396)
	<u>\$ 3,300,813</u>	<u>\$ (25,628)</u>	<u>\$ 3,275,185</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2019.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate or Return <sup>1</sup>	7.25%	7.25%
Projected Salary Increases	3.0% to 12.5% (varies by service) <sup>1</sup>	3.5% to 9.5% (varies by service) <sup>1</sup>
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

<sup>1</sup> Includes inflation at 2.25%

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the determination of the June 30, 2018, total pension liability are as follows:

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

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	100%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the

long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
Plan	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
SCRS	\$ 114,607,792	\$ 90,973,674	\$ 71,249,633
PORS	1,143,287	843,607	598,093
Total	\$ 115,751,079	\$ 91,817,281	\$ 71,847,726



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

#### 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-employers 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.

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### NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

The majority of employees of the College are covered by the South Carolina Retiree Health Insurance Trust Fund (SCRHITF), which was established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. In accordance with Act 195, the SCRHITF is administered by the PEBA, Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee. The SCRHITF is a cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the plan and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental benefits to retired State and school district employees and their covered dependents.

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public-school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 year of service for 100% employer funding and 15-24 years of service for 50% employer funding.

PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the SCRHITF. This information is publicly available through the Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA-Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, SCRHITF fund financial information is also included in the comprehensive annual financial report of the state. Detailed information about the SCRHITF's plan fiduciary net position is available in the separately issued SCRHITF audit report.

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment to be funded through annual appropriations by the General Assembly for active employees to PEBA, Insurance Benefits and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (Continued)

The covered payroll surcharge for the year ended June 30, 2020 was 6.25%. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Contributions to the OPEB plan from the College were \$2,783,264 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

At June 30, 2020, the College reported a liability of \$76,826,418 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the College's proportion was 0.50806%.

For the year ended June 30, 2020, the College recognized OPEB expense in the amount of \$295,384. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Assumption changes	\$ 5,083,668	\$ (4,757,509)	\$ 326,159
Net difference between projected and actual earnings	904,648	(2,497,272)	(1,592,624)
Net difference between projected and actual investment earnings	199,652	(109,785)	89,867
Deferred amounts from changes in proportionate share and difference between employer contributions and proportionate share of total plan employer contributions	-	(6,165,834)	(6,165,834)
Current year employer contributions	2,783,264	-	2,783,264
Total	<u>\$ 8,971,232</u>	<u>\$ (13,530,400)</u>	<u>\$ (4,559,168)</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (Continued)

The College reported \$2,783,264 as deferred outflows of resources related to OPEB resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Net</u>
2021	\$ 1,547,428
2022	1,547,428
2023	1,576,989
2024	1,623,833
2025	811,106
Thereafter	235,648
	<u>\$ 7,342,432</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the

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

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

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Normal Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense, including inflation
Single Discount Rate:	3.13% as of June 30, 2019
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Healthcare Trend Rate:	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years.
Retiree Participation:	79% for retirees who are eligible for Funded Premiums. 59% for retirees who are eligible for Partial Funded Premiums. 20% for retirees who are eligible for Non-Funded Premiums.
Notes:	There were no benefit changes during the year; the discount rate changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019; minor updates were made to the healthcare trend rate assumption.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (Continued)

The actuarial valuation was performed as of June 30, 2018. Update procedures were used to roll forward the total OPEB liability to June 30, 2019.

The long-term expected rate of return represents assumptions developed using an arithmetic building block

approach primarily based on consensus expectations and market-based inputs. The expected return, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rate of return by the target allocation percentage and adding expected inflation.

The information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash Equivalents	20.00%	0.10%	0.02%
<b>Total</b>	100.00%		0.50%
Expected Inflation			2.25%
<b>Total Return</b>			2.75%
<b>Investment Return Assumption</b>			2.75%

The Single Discount Rate of 3.13% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent). The following table presents the College's proportionate share of net OPEB liability calculated using a Single Discount Rate of 3.13%, as well as what the College's proportionate share of net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
Net OPEB Liability	\$ 91,076,778	\$ 76,826,418	\$ 65,389,913

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 62,698,564	\$ 76,826,418	\$ 95,225,057

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued SCRHITF financial report.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 8 – 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.

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset categories upon completion. At June 30, 2020, the College had remaining commitment balances of approximately \$3,578,085 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities. Remaining commitment balances with certain parties related to these projects total \$8,946 at June 30, 2020.

The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and local appropriations. Authorized funds can be requested as needed once state authorities have given approval to begin specific projects and project expenditures have been incurred.

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### NOTE 9 – LEASE OBLIGATIONS

#### Operating Leases

The College leases certain office equipment under operating leases with external parties. Future minimum payments under these non-cancelable leases are as follows:

Year Ended June 30,	Operating Leases with External Parties
2021	\$ 4,042
2022	4,042
Total Minimum Payments	<u>\$ 8,084</u>

Operating lease payments disbursed to external parties during the fiscal year ended 2020 total \$137,359. The College's contingent rental payments were \$66,992 for copiers with expense determined on a cost-per-copy basis.

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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 10 – LINE OF CREDIT

The Commission authorized the administration to create a temporary line of credit not to exceed \$1,000,000 if needed to support the operations of the College. The line of credit was not used during the year. At June 30, 2020, the unused amount of the line of credit was \$1,000,000. The College has a monthly line of credit in the purchasing card program of \$500,000 and an executive credit card line of credit of \$150,000. At June 30, 2020, the unused amount from the purchasing card program and executive credit card was \$319,643 and \$123,776, respectively.

### NOTE 11 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2020, are summarized as follows:

Accounts Payable	\$ 1,647,483
Employee Payable	1,080
Construction Payable	8,357
Retainage Payable	74,439
	<u>\$ 1,731,359</u>

Construction payable are payables from restricted assets.

### NOTE 12 – BONDS PAYABLE

Bonds and note payable consisted of the following at June 30, 2020:

	<u>Interest Rates</u>	<u>Original Balance</u>	<u>Final Maturity</u>	<u>Current Balance</u>
<b>General Obligation Bonds</b>				
Series 2016C	5.0%	\$ 8,765,000	04/01/2027	\$ 6,320,000
Series 2011C	2.0% to 5.0%	<u>15,000,000</u>	03/01/2031	<u>9,500,000</u>
<b>Total Bonds Payable</b>		<u>\$ 23,765,000</u>		<u>\$ 15,820,000</u>

General obligation bonds of the State are backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged up to the amount of annual debt requirements for the payment of principal and interest on general obligation bonds. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed 90 percent of the sums received from tuition and fees for the preceding fiscal year. Tuition bond fees for the preceding year are \$3,390,918 which results in a legal annual debt service at June 30, 2020, of \$3,051,826. The annual debt service payments for the fiscal year ended June 30, 2020, were \$2,227,600; all issues are subject to arbitrage regulations.

The College reported \$177,080 as deferred outflows of resources due to bond refunding. In fiscal year 2016, the College purchased Series 2016C General Obligation State Institution Refunding Bond to reduce total debt service. This refunding resulted in a deferred loss of prepaid interest that is being amortized over the remaining term of the Series 2007A Bond using the straight-line method. Other amounts reported as deferred outflows of resources related to bond refunding will be recognized in interest expense as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2021	\$ 25,297
2022	25,297
2023	25,297
2024	25,297
2025	25,297
Thereafter	50,595
Total	<u>\$ 177,080</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 12 – BONDS PAYABLE (continued)

The scheduled maturities of the bonds payable are as follows:

General Obligation Bonds	Principal	Interest	Total Payments
2021	\$ 1,450,000	\$ 773,350	\$ 2,223,350
2022	1,525,000	700,850	2,225,850
2023	1,600,000	624,600	2,224,600
2024	1,680,000	544,600	2,224,600
2025	1,765,000	460,600	2,225,600
2026 – 2031	7,800,000	1,167,488	8,967,488
Total	<u>\$ 15,820,000</u>	<u>\$ 4,271,488</u>	<u>\$ 20,091,488</u>

### NOTE 13 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020, was as follows:

	June 30, 2019	Additions	Reductions	June 30, 2020	Due Within One Year
Bonds Payable					
General obligation bonds	\$ 17,205,000	\$ -	\$ (1,385,000)	\$ 15,820,000	\$ 1,450,000
Unamortized bond premium	1,907,783	-	(227,614)	1,680,169	227,614
Total bonds payable	19,112,783	-	(1,612,614)	17,500,169	1,677,614
Accrued compensated absences	3,253,328	1,481,468	(1,183,999)	3,550,797	366,713
Total long-term liabilities	<u>\$ 22,366,111</u>	<u>\$ 1,481,468</u>	<u>\$ (2,796,613)</u>	<u>\$ 21,050,966</u>	<u>\$ 2,044,327</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 14 – RESTRICTIONS/LIMITATIONS ON NET ASSETS— DISCRETELY PRESENTED COMPONENT UNIT

The Foundation's Board of Directors has chosen to place the following limitations on net assets without donor restrictions:

Designated for scholarships	\$ 106,513
Designated for programs	214,468
Designated for equipment, other programs or general use	373,609
Total designated net assets	694,590
Undesignated	751,961
Total net assets without donor restrictions	<u>\$ 1,446,551</u>

Donor restricted net assets by purpose or time are available for the following purposes:

Endowment scholarships	\$ 105,150
Endowment programs	104,895
Endowment equipment and other programs	46,719
General scholarships	655,448
General programs	490,350
General equipment and other programs	1,030,442
Donor restricted net assets by purpose or time	<u>\$ 2,433,004</u>

Donor restricted net assets in perpetuity consist of the following:

Permanently restricted endowment gifts to be retained either by explicit donor stipulations or by UPMIFA:

Donor restricted net assets in perpetuity	\$ 8,621,572
Total net assets with donor restrictions	<u>\$ 11,054,576</u>

Net assets restricted in perpetuity consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support the Foundation's scholarship activities.

During the year, net assets with restrictions were released for satisfaction of the following restrictions:

Time restrictions released	
Non-endowed equipment and other programs	\$ 9,788
Total time restrictions released	<u>\$ 9,788</u>

Purpose restrictions released	
Non-endowed scholarships	\$ 130,170
Non-endowed programs	39,912
Non-endowed equipment and other programs	49,479
Endowment scholarships	121,621
Endowment programs	9,890
Total purpose restrictions released	<u>\$ 351,072</u>
Total time and purpose restrictions released	<u>\$ 360,860</u>

### NOTE 15 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY AND BLENDED PRESENTED COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational programs. Financial statements for these entities are audited by independent auditors and retained by them. They include the Foundation and Enterprise Campus Authority. Management has reviewed its relationship with the Foundation. Because of the nature and the significance of its relationship with the College, the Foundation is considered a component unit of the College.

Following is a more detailed discussion of the Foundation and a summary of significant transactions (if any) between the Foundation and the College for the year ended June 30, 2020.

#### The Midlands Technical College Foundation:

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

The Foundation exists to provide support of educational programs at Midlands Technical College. All of the Foundation's expenditures are for the operation of the Foundation, scholarships for Midlands Technical College students, or other support of Midlands Technical College. Midlands Technical College provides office space and support services to the Foundation at no cost. Total payments to the College for items such as salary supplements, legislative support, travel and other costs totaled \$504,728 during the 2020 fiscal year. Total payments



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 15 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY AND BLENDED PRESENTED COMPONENT UNITS (Continued)

College a total of \$3,000 for administrative services during the year.

The Foundation's assets as of June 30, 2020, were \$12,623,815.

to the College for items such as scholarships and grants, and other support for the students totaled \$288,202 during the 2020 fiscal year. Additionally, the Foundation paid the

Amounts due from/to the Foundation as of June 30, 2020, are as follows:

Due from the Foundation \$122,688.

### The Midlands Technical College Enterprise Campus Authority:

The Midlands Technical College Enterprise Campus Authority (ECA), as described in Note 1, is a blended component unit and balances for the ECA are incorporated into these financial statements.

Condensed statement of net position as of June 30, 2020:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Total
Current assets:			
Cash and cash equivalents	\$ 12,167,256	\$ -	\$ 12,167,256
Short-term investments	72,582,777	-	72,582,777
Accounts receivable, net	9,816,732	-	9,816,732
Internal balances	(1,538,561)	1,538,561	-
Other current assets	490,758	-	490,758
Total current assets	93,518,962	1,538,561	95,057,523
Non-current assets			
Capital assets, net of depreciation	74,862,988	5,925,322	80,788,310
Other non-current assets	9,670,876	-	9,670,876
Total non-current assets	84,533,864	5,925,322	90,459,186
Total assets	178,052,826	7,463,883	185,516,709
Deferred outflows of resources	18,935,792	-	18,935,792
Total assets and deferred outflows of resources	196,988,618	7,463,883	204,452,501
Current liabilities:			
Accounts payable	1,720,596	10,763	1,731,359
Unearned revenue	6,201,947	-	6,201,947
Other current liabilities	4,328,816	-	4,328,816
Total current liabilities	12,251,359	10,763	12,262,122
Non-current liabilities	187,650,338	-	187,650,338
Total liabilities	199,901,697	10,763	199,912,460
Deferred inflows of resources	19,959,556	-	19,959,556
Total liabilities and deferred inflows of resources	219,861,253	10,763	219,872,016
Net position (deficit):			
Net investment in capital assets	57,539,899	5,925,322	63,465,221
Restricted for expendable	83,276,507	-	83,276,507
Unrestricted	(163,689,041)	1,527,798	(162,161,243)
Total net position (deficit)	\$ (22,872,635)	\$ 7,453,120	\$ (15,419,515)

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 15 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY AND BLENDED PRESENTED COMPONENT UNITS (Continued)

Condensed statement of revenues, expenses, and changes in net position for the fiscal year ended June 30, 2020:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Total
Operating revenues	\$ 55,393,726	\$ 107,386	\$ 55,501,112
Operating expenses			
Depreciation	3,878,669	178,296	4,056,965
Other expenses	101,393,335	88,697	101,482,032
Total operating expenses	105,272,004	266,993	105,538,997
Operating income (loss)	(49,878,278)	(159,607)	(50,037,885)
Nonoperating revenues (expenses)	62,950,524	-	62,950,524
Increase (decrease) in net position	13,072,246	(159,607)	12,912,639
Net position (deficit) -beginning of year, as restated	(35,944,881)	7,612,727	(28,332,154)
Net position (deficit) -end of year	\$ (22,872,635)	\$ 7,453,120	\$ (15,419,515)

Condensed statement of cash flows for the fiscal year ended June 30, 2020:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Total
Net cash provided (used) by:			
Operating activities	\$ (48,730,852)	\$ 88,697	\$ (48,642,155)
Noncapital financing activities	55,429,636	-	55,429,636
Interfund activity	88,697	(88,697)	-
Capital and related financing activities	(671,585)	-	(671,585)
Investing activities	(3,183,571)	-	(3,183,571)
Net increase (decrease) in cash	2,932,325	-	2,932,325
Beginning cash and cash equivalent balances	18,905,807	-	18,905,807
Ending cash and cash equivalent balances	\$ 21,838,132	\$ -	\$ 21,838,132

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 16 – 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 assumes substantially all the risk for the following claims of covered employees:

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

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

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

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

The combined insurance expense for the previously mentioned benefits and insurance for the last three years incurred at the College is as follows:

- 2018 \$5,102,603
- 2019 \$5,095,394
- 2020 \$5,323,569

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 17 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2020, are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation and Amortization	Total
Instructional	\$ 24,572,292	\$ 10,577,248	\$ -	\$ -	\$ 3,713,608	\$ -	\$ 38,863,148
Academic Support	4,879,689	2,014,456	-	-	1,492,704	-	8,386,849
Student Services	8,579,816	3,563,938	-	-	962,254	-	13,106,008
Plant Operations	2,325,734	1,382,925	-	1,982,172	3,451,822	-	9,142,653
Institutional Support	6,871,788	2,804,620	-	-	6,352,579	-	16,028,987
Scholarships	-	-	14,491,574	-	-	-	14,491,574
Auxiliary Enterprises	585,170	325,634	-	12,044	539,965	-	1,462,813
Depreciation	-	-	-	-	-	4,056,965	4,056,965
<b>Total</b>	<b>\$ 47,814,489</b>	<b>\$ 20,668,821</b>	<b>\$ 14,491,574</b>	<b>\$ 1,994,216</b>	<b>\$ 16,512,932</b>	<b>\$ 4,056,965</b>	<b>\$ 105,538,997</b>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 18 – TAX ABATEMENTS

Midlands Technical College's property tax revenues were reduced by \$529,579 under agreements entered into by Lexington County as of June 30, 2020. The State of South Carolina reimbursed Lexington County \$19,187 of these property tax revenues, which Lexington County disbursed back to the College. See the chart below for further details. Richland County also funds the College based on millage, however, their information was not available at the time the College's financial statements were issued.

Tax Abatement Program	Lexington County	State of South Carolina
	Amount of Taxes Abated During the Fiscal Year	Revenue Reimbursement Amount
Fee-in-Lieu of Taxes Program (FILOT)	\$ 68,265	\$ 3,927
Fee-in-Lieu of Tax and Special Source Revenue Credit Program (FILOT+SSRC)	169,100	1,635
Infrastructure Program (IP)	71	-
Fee-in-Lieu of Tax and Infrastructure Program (FILOT+IP)	37,912	2,404
Special Source Revenue Credit and Infrastructure Program (SSRC+IP)	111	-
Fee-in-Lieu of Tax, Special Source Revenue Credit and Infrastructure Program (FILOT+SSRC+IP)	254,120	11,221
	<u>\$ 529,579</u>	<u>\$ 19,187</u>

### NOTE 19 – TRANSACTIONS WITH OTHER AGENCIES

The College had significant transactions with the State of South Carolina and various agencies. Services received at no cost from state agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services

from the State Treasurer; and legal services from the Attorney General. Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 20 – FAIR VALUE

The College and the Foundation categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following levels of input for measurement of fair value have been defined to assist the user in evaluating the fair value disclosure information:

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

- Contributions receivable- The fair value of promises to give that are due in one year or more is estimated by discounting the future cash flows using observable earnings rate.
- Short-term investments and investments in marketable securities- The fair value of investments are based on quoted market prices.
- Bonds payable- Fair value approximates carrying value since stated rates are similar to rates currently available for debt with similar terms and maturities.

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The College has the following recurring fair value measurements as of June 30, 2020:

	Level	Carrying Value	Fair Value
Short-term investments	1	\$ 72,582,777	\$ 72,582,777
Bonds payable	3	\$ 17,500,169	\$ 17,500,169

Changes in Level 3 fair value measurements were as follows:

	Bonds Payable
Ending balance – June 30, 2019	\$ 19,112,783
Principal payments	1,612,614
Ending balance – June 30, 2020	<u>\$ 17,500,169</u>

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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 20 – FAIR VALUE (Continued)

#### Discretely Presented Component Unit

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

	<u>Level</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Financial assets			
Investments in marketable securities	1	\$ 12,098,876	\$ 12,098,876
Contributions receivable	3	\$ 250,840	\$ 250,840

The Foundation recognized a decrease in the amount of \$236,118 in level 3 due to the decrease in contributions receivable during the year.

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### NOTE 21 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 21, 2020, which is the date the financial statements were available for issue. In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread to other countries, including the United States ("U.S."). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts on the College will continue for some time.

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## **Required Supplemental Information**

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**MIDLANDS TECHNICAL COLLEGE**



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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF PROPORTIONATE SHARE OF THE SOUTH CAROLINA RETIREMENT SYSTEMS NET PENSION LIABILITIES Last Ten Fiscal Years\*

South Carolina Retirement System (SCRS)					
For the Year	College's proportion of net pension liability	College's proportionate share of the net pension liability	College's covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.3984%	\$ 90,973,674	\$ 38,145,896	238.49%	54.4%
2019	0.4222%	94,603,955	40,173,613	235.49%	54.1%
2018	0.4404%	99,135,945	41,329,712	239.87%	53.3%
2017	0.4331%	92,506,530	39,310,329	235.32%	52.9%
2016	0.4357%	82,641,330	38,307,709	215.73%	57.0%
2015	0.4316%	77,410,953	36,971,826	209.38%	59.9%
2014	0.4316%	74,304,629	35,354,673	210.17%	56.4%

Police Officers Retirement System (PORS)					
For the Year	College's proportion of net pension liability	College's proportionate share of the net pension liability	College's covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.0294%	\$ 843,607	\$ 420,166	200.78%	62.7%
2019	0.0321%	910,921	444,974	204.71%	61.7%
2018	0.0316%	865,564	425,485	203.43%	60.9%
2017	0.0301%	763,301	383,280	199.15%	60.4%
2016	0.0288%	627,695	356,094	176.27%	64.6%
2015	0.0266%	550,561	319,434	172.36%	59.9%
2014	0.0266%	508,453	266,964	190.46%	56.4%

\*The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the College implemented GASB 68 during fiscal year 2015. As such, only the last seven years of information is available.

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS Last Ten Fiscal Years

### South Carolina Retirement System (SCRS)

For the Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (excess)	College Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 5,844,882	\$ (5,844,882)	\$ -	\$ 37,929,153	15.41%
2019	5,496,824	(5,496,824)	-	38,145,896	14.41%
2018	5,387,282	(5,387,282)	-	40,173,613	13.41%
2017	4,715,720	(4,715,720)	-	41,329,712	11.41%
2016	4,288,757	(4,288,757)	-	39,310,329	10.91%
2015	4,118,079	(4,118,079)	-	38,307,709	10.75%
2014	3,863,556	(3,863,556)	-	36,971,826	10.45%
2013	3,694,563	(3,694,563)	-	35,354,673	10.45%
2012	3,128,448	(3,128,448)	-	33,334,559	9.39%
2011	3,193,295	(3,193,295)	-	34,559,475	9.24%

### Police Officers Retirement System (PORS)

For the Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (excess)	College Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 80,021	\$ (80,021)	\$ -	\$ 448,546	17.84%
2019	70,756	(70,756)	-	420,166	16.84%
2018	70,484	(70,484)	-	444,974	15.84%
2017	58,887	(58,887)	-	425,485	13.84%
2016	51,130	(51,130)	-	383,280	13.34%
2015	46,328	(46,328)	-	356,094	13.01%
2014	39,738	(39,738)	-	319,434	12.44%
2013	31,769	(31,769)	-	266,964	11.90%
2012	22,919	(22,919)	-	201,670	11.36%
2011	29,096	(29,096)	-	261,420	11.13%

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF PROPORTIONATE SHARE OF THE SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND OTHER POSTEMPLOYMENT BENEFITS LIABILITIES Last Ten Fiscal Years\*

Other Postemployment Benefit (OPEB) Liability					
For the Year	College's proportion of OPEB liability	College's proportionate share of the net OPEB liability	College's covered payroll	College's proportionate share of the net OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2020	0.5081%	\$ 76,826,418	\$ 44,434,124	172.90%	8.4%
2019	0.5345%	75,735,116	46,089,741	164.32%	7.9%
2018	0.5602%	75,872,077	47,236,974	160.62%	7.6%
2017	0.5602%	89,204,211	44,485,931	200.52%	7.6%

*\*The amounts presented for each fiscal year were determined as of July 1 of three years prior, using membership date as of the day, projected forward to June 30 of the previous year. Additionally, the College implemented GASB 75 during the fiscal year 2018. As such, only years subsequent to fiscal year 2016 have information available.*

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND CONTRIBUTIONS Last Ten Fiscal Years

Other Postemployment Benefits Contributions					
For the Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	College covered payroll	Contributions as a percentage of covered payroll
2020	\$ 2,783,266	\$ (2,783,266)	\$ -	\$ 44,532,251	6.25%
2019	2,688,264	(2,688,264)	-	44,434,124	6.05%
2018	2,534,936	(2,534,936)	-	46,089,741	5.50%
2017	2,517,731	(2,517,731)	-	47,236,974	5.33%
2016	2,371,100	(2,371,100)	-	44,485,931	5.33%
2015	2,167,401	(2,167,401)	-	43,348,013	5.00%
2014	2,036,044	(2,036,044)	-	41,382,999	4.92%
2013	1,778,397	(1,778,397)	-	39,085,645	4.55%
2012	1,565,243	(1,565,243)	-	36,401,005	4.30%
2011	1,477,197	(1,477,197)	-	37,832,753	3.90%

# **MIDLANDS TECHNICAL COLLEGE**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2020**

### **1. Changes of Assumptions**

Amounts reported for the year ended June 30, 2020 reflect actuarial assumption changes effective July 1, 2018 based on the results of an actuarial experience study completed in 2019.

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# STATISTICAL SECTION

This section of the Midlands Technical College Comprehensive Annual Financial Report presents information that will assist in understanding the information in the financial statements, note disclosures, and the required supplementary information about the overall financial health of the College.

## **CONTENTS**

## **SCHEDULES**

### **Financial Trends**

**1 - 4**

The schedules in this section contain trend information to assist in understanding of how the College's financial performance and well-being have changed over time.

### **Revenue Capacity**

**5 - 8**

The schedules in this section contain information to assess the College's most significant revenue sources.

### **Debt Capacity**

**9 - 10**

The schedules in this section present information that assesses the affordability of the College's current levels of outstanding debt and the ability of the College to issue additional debt in future years.

### **Demographic and Economic Information**

**11 - 12**

The schedules in this section offer demographic and economic indicators to assist in understanding the environment within which the College's financial activities occur.

### **Operating Information**

**13 - 14**

The schedules in this section contain service and infrastructure data to assist in understanding how the information in the College's financial report relates to the services it provides and the activities it performs.



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## **Financial Trends**

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**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF NET POSITION BY COMPONENT Fiscal Years 2011 - 2020

	For the Year Ended June 30,				
	2020	2019	2018	2017 <sup>a</sup>	2016 <sup>a</sup>
<b>Net Investment in capital assets</b>	\$ 63,465,221	\$ 61,250,034	\$ 63,058,435	\$ 64,808,234	\$ 63,896,096
Restricted for Expendable:					
Capital projects	62,882,717	53,823,827	45,608,591	42,982,479	49,779,931
Debt service	20,393,790	16,494,126	12,568,089	12,299,456	10,065,113
Unrestricted	(162,161,243)	(159,900,141)	(156,760,398)	(72,052,229)	(69,001,525)
<b>Total College net position (deficit)</b>	<u>\$ (15,419,515)</u>	<u>\$ (28,332,154)</u>	<u>\$ (35,525,283)</u>	<u>\$ 48,037,940</u>	<u>\$ 54,739,615</u>

	For the Year Ended June 30,				
	2015 <sup>a</sup>	2014 <sup>b</sup>	2013 <sup>b</sup>	2012 <sup>b</sup>	2011 <sup>b</sup>
<b>Net Investment in capital assets</b>	\$ 57,352,248	\$ 52,497,784	\$ 52,728,938	\$ 49,180,406	\$ 44,494,581
Restricted for Expendable:					
Capital projects	57,842,571	65,337,108	64,126,456	66,404,436	59,870,645
Debt service	9,609,756	8,745,178	8,693,518	6,532,137	5,655,988
Unrestricted	(67,371,667)	7,097,021	6,934,039	6,879,099	6,577,063
<b>Total College net position (deficit)</b>	<u>\$ 57,432,908</u>	<u>\$ 133,677,091</u>	<u>\$ 132,482,951</u>	<u>\$ 128,996,078</u>	<u>\$ 116,598,277</u>

**Notes:**

<sup>a</sup> The June 30, 2015-2017 figures have not been adjusted for the implementation of GASB 75 as this information is not available.

<sup>b</sup> The June 30, 2011-2014 figures have not been adjusted for the implementation of GASB 68 and GASB 75 as this information is not available.

Source: Midlands Technical College Audited Financial Statements

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF OTHER CHANGES IN NET POSITION Fiscal Years 2011 - 2020

For the Year Ended June 30,

	2020	2019	2018	2017 <sup>a</sup>	2016 <sup>a</sup>
<b>Income Before Other Revenues,</b>					
<b>Expenses, Gains or Losses</b>	\$ 6,671,789	\$ 1,682,793	\$ 2,693,568	\$ (9,969,743)	\$ (5,904,626)
State capital appropriations	3,358,213	240,244	100,315	528,836	615,396
Local capital appropriations	2,842,637	5,215,092	2,719,014	2,554,970	2,421,425
Research University Infrastructure Bonds	-	-	-	-	-
Contributed capital assets	40,000	55,000	128,091	184,262	174,512
<b>Total increase (decrease) in net position</b>	<u>\$ 12,912,639</u>	<u>\$ 7,193,129</u>	<u>\$ 5,640,988</u>	<u>\$ (6,701,675)</u>	<u>\$ (2,693,293)</u>

For the Year Ended June 30,

	2015 <sup>a</sup>	2014 <sup>b</sup>	2013 <sup>b</sup>	2012 <sup>b</sup>	2011 <sup>b</sup>
<b>Income Before Other Revenues,</b>					
<b>Expenses, Gains or Losses</b>	\$ (5,213,434)	\$ (1,632,734)	\$ 585,666	\$ 6,789,217	\$ 13,421,144
State capital appropriations	198,392	27,735	537,494	1,152,994	3,418
Local capital appropriations	2,362,880	2,389,914	2,327,645	4,129,952	2,193,177
Research University Infrastructure Bonds	19,685	37,026	9,897	30,743	-
Contributed capital assets	155,470	372,199	26,171	294,895	-
<b>Total increase (decrease) in net position</b>	<u>\$ (2,477,007)</u>	<u>\$ 1,194,140</u>	<u>\$ 3,486,873</u>	<u>\$ 12,397,801</u>	<u>\$ 15,617,739</u>

## Notes:

<sup>a</sup> The June 30, 2015-2017 figures have not been adjusted for the implementation of GASB 75 as this information is not available.<sup>b</sup> The June 30, 2011-2014 figures have not been adjusted for the implementation of GASB 68 and GASB 75 as this information is not available.

Source: Midlands Technical College Audited Financial Statements

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF EXPENSES BY FUNCTION Fiscal Years 2011 - 2020

	For the Year Ended June 30,				
	2020	2019	2018	2017 <sup>a</sup>	2016 <sup>a</sup>
<b>Expenses:</b>					
Instruction	\$ 38,863,148	\$ 40,240,368	\$ 37,356,566	\$ 42,226,605	\$ 39,568,923
Academic Support	8,386,849	8,405,032	8,509,743	10,286,746	9,162,696
Student Services	13,106,008	12,590,318	11,973,911	12,893,625	12,846,164
Operation and Maintenance of Plant	9,142,653	10,054,031	10,025,020	12,703,659	11,983,192
Institutional Support	16,028,987	13,055,611	12,083,239	14,444,235	12,251,986
Scholarships	14,491,574	10,860,493	11,852,570	12,386,434	13,867,388
Auxiliary Enterprises	1,462,813	1,452,548	1,835,777	1,584,204	1,384,996
Depreciation and amortization	4,056,965	4,167,233	4,340,031	4,657,456	4,445,803
<b>Total Operating Expenses</b>	<b>105,538,997</b>	<b>100,825,634</b>	<b>97,976,857</b>	<b>111,182,964</b>	<b>105,511,148</b>
Interest on capital asset-related debt	620,179	686,887	758,038	773,073	1,009,590
<b>Total Expenses</b>	<b>\$ 106,159,176</b>	<b>\$ 101,512,521</b>	<b>\$ 98,734,895</b>	<b>\$ 111,956,037</b>	<b>\$ 106,520,738</b>

	For the Year Ended June 30, (percentage of total)				
	2020	2019	2018	2017 <sup>a</sup>	2016 <sup>a</sup>
<b>Expenses:</b>					
Instruction	36.6%	39.6%	37.8%	37.7%	37.1%
Academic Support	7.9%	8.3%	8.6%	9.2%	8.6%
Student Services	12.3%	12.4%	12.1%	11.5%	12.1%
Operation and Maintenance of Plant	8.6%	9.9%	10.2%	11.3%	11.2%
Institutional Support	15.1%	12.9%	12.2%	12.9%	11.5%
Scholarships	13.7%	10.7%	12.0%	11.1%	13.0%
Auxiliary Enterprises	1.4%	1.4%	1.9%	1.4%	1.3%
Depreciation and amortization	3.8%	4.1%	4.4%	4.2%	4.2%
<b>Total Operating Expenses</b>	<b>99.4%</b>	<b>99.3%</b>	<b>99.2%</b>	<b>99.3%</b>	<b>99.0%</b>
Interest on capital asset-related debt	0.6%	0.7%	0.8%	0.7%	1.0%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Note:**

<sup>a</sup> The June 30, 2015-2017 figures have not been adjusted for the implementation of GASB 75 as this information is not available.

<sup>b</sup> The June 30, 2011-2014 figures have not been adjusted for the implementation of GASB 68 and GASB 75 as this information is not available.

Source: Midlands Technical College Audited Financial Statements

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF EXPENSES BY FUNCTION Fiscal Years 2011 – 2020 (Continued)

	For the Year Ended June 30,				
	2015 <sup>a</sup>	2014 <sup>b</sup>	2013 <sup>b</sup>	2012 <sup>b</sup>	2011 <sup>b</sup>
<b>Expenses:</b>					
Instruction	\$ 37,332,167	\$ 36,429,842	\$ 34,798,524	\$ 33,140,850	\$ 31,565,974
Academic Support	9,407,990	8,985,418	7,476,733	6,862,681	6,871,478
Student Services	12,764,467	11,954,018	11,093,180	10,415,386	9,503,947
Operation and Maintenance of Plant	10,335,871	9,712,593	11,693,667	8,953,667	8,874,602
Institutional Support	13,506,033	10,680,963	10,281,312	8,232,320	8,083,095
Scholarships	15,055,590	16,011,523	16,547,445	16,809,935	16,298,147
Auxiliary Enterprises	4,783,312	7,328,121	8,695,672	8,738,133	8,471,850
Depreciation and amortization	4,247,801	4,621,551	3,208,354	3,128,168	3,162,951
<b>Total Operating Expenses <sup>a</sup></b>	<b>107,433,231</b>	<b>105,724,029</b>	<b>103,794,887</b>	<b>96,281,140</b>	<b>92,832,044</b>
Interest on capital asset-related debt	1,033,908	1,222,969	850,118	1,054,012	740,597
<b>Total Expenses</b>	<b>\$ 108,467,139</b>	<b>\$ 106,946,998</b>	<b>\$104,645,005</b>	<b>\$ 97,335,152</b>	<b>\$ 93,572,641</b>

	For the Year Ended June 30, (percentage of total)				
	2015 <sup>a</sup>	2014 <sup>b</sup>	2013 <sup>b</sup>	2012 <sup>b</sup>	2011 <sup>b</sup>
<b>Expenses:</b>					
Instruction	34.4%	34.1%	33.3%	34.0%	33.7%
Academic Support	8.7%	8.4%	7.1%	7.1%	7.3%
Student Services	11.8%	11.2%	10.6%	10.7%	10.2%
Operation and Maintenance of Plant	9.5%	9.1%	11.2%	9.2%	9.5%
Institutional Support	12.4%	10.0%	9.8%	8.5%	8.6%
Scholarships	13.9%	15.0%	15.8%	17.2%	17.4%
Auxiliary Enterprises	4.4%	6.8%	8.3%	9.0%	9.1%
Depreciation and amortization	3.9%	4.3%	3.1%	3.2%	3.4%
<b>Total Operating Expenses <sup>b</sup></b>	<b>99.0%</b>	<b>98.9%</b>	<b>99.2%</b>	<b>98.9%</b>	<b>99.2%</b>
Interest on capital asset-related debt	1.0%	1.1%	0.8%	1.1%	0.8%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Note:

<sup>a</sup> The June 30, 2015-2017 figures have not been adjusted for the implementation of GASB 75 as this information is not available.

<sup>b</sup> The June 30, 2011-2014 figures have not been adjusted for the implementation of GASB 68 and GASB 75 as this information is not available.

Source: Midlands Technical College Audited Financial Statements

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF EXPENSES BY USE Fiscal Years 2011 - 2020

	For the Year Ended June 30,				
	2020	2019	2018	2017 <sup>a</sup>	2016 <sup>a</sup>
<b>Expenses:</b>					
Salaries	\$ 47,814,489	\$ 48,045,647	\$ 50,084,176	\$ 52,359,440	\$ 50,418,321
Benefits	20,668,821	20,793,699	12,947,577	19,069,494	17,060,866
Scholarships	14,491,574	10,860,493	11,852,570	12,386,434	13,867,388
Utilities	1,994,216	1,890,230	2,381,439	2,338,004	2,301,819
Supplies and Other Services	16,512,932	15,068,332	16,371,064	20,372,136	17,416,951
Depreciation and amortization	4,056,965	4,167,233	4,340,031	4,657,456	4,445,803
<b>Total Operating Expenses</b>	<b>105,538,997</b>	<b>100,825,634</b>	<b>97,976,857</b>	<b>111,182,964</b>	<b>105,511,148</b>
Interest on capital asset-related debt	620,179	686,887	758,038	773,073	1,009,590
<b>Total Expenses</b>	<b>\$ 106,159,176</b>	<b>\$ 101,512,521</b>	<b>\$ 98,734,895</b>	<b>\$ 111,956,037</b>	<b>\$ 106,520,738</b>

	For the Year Ended June 30, (percentage of total)				
	2020	2019	2018	2017 <sup>a</sup>	2016 <sup>a</sup>
<b>Expenses:</b>					
Salaries	44.9%	47.3%	50.7%	46.7%	47.3%
Benefits	19.5%	20.5%	13.1%	17.0%	16.0%
Scholarships	13.7%	10.7%	12.0%	11.1%	13.0%
Utilities	1.9%	1.9%	2.4%	2.1%	2.2%
Supplies and Other Services	15.6%	14.8%	16.6%	18.2%	16.4%
Depreciation and amortization	3.8%	4.1%	4.4%	4.2%	4.2%
<b>Total Operating Expenses</b>	<b>99.4%</b>	<b>99.3%</b>	<b>99.2%</b>	<b>99.3%</b>	<b>99.1%</b>
Interest on capital asset-related debt	0.6%	0.7%	0.8%	0.7%	0.9%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Notes:**

<sup>a</sup> The June 30, 2015-2017 figures have not been adjusted for the implementation of GASB 75 as this information is not available.

<sup>b</sup> The June 30, 2011-2014 figures have not been adjusted for the implementation of GASB 68 and GASB 75 as this information is not available.

Source: Midlands Technical College Audited Financial Statements



# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF EXPENSES BY USE

### Fiscal Years 2011 - 2020

(Continued)

	For the Year Ended June 30,				
	2015 <sup>a</sup>	2014 <sup>b</sup>	2013 <sup>b</sup>	2012 <sup>b</sup>	2011 <sup>b</sup>
<b>Expenses:</b>					
Salaries	\$ 49,117,417	\$ 47,363,980	\$ 44,959,110	\$ 41,959,466	\$ 40,521,050
Benefits	15,624,914	13,405,597	12,715,736	11,156,998	10,813,160
Scholarships	15,055,590	16,011,523	16,547,445	16,809,935	16,298,147
Utilities	2,256,536	2,277,366	2,158,908	1,908,301	1,897,733
Supplies and Other Services	21,130,973	22,044,012	24,205,334	21,318,272	20,139,003
Depreciation and amortization	4,247,801	4,621,551	3,208,354	3,128,168	3,162,951
<b>Total Operating Expenses</b>	<b>107,433,231</b>	<b>105,724,029</b>	<b>103,794,887</b>	<b>96,281,140</b>	<b>92,832,044</b>
Interest on capital asset-related debt	1,033,908	1,222,969	850,118	1,054,012	740,597
<b>Total Expenses</b>	<b>\$ 108,467,139</b>	<b>\$ 106,946,998</b>	<b>\$ 104,645,005</b>	<b>\$ 97,335,152</b>	<b>\$ 93,572,641</b>

	For the Year Ended June 30,				
	2015 <sup>a</sup>	2014 <sup>b</sup>	2013 <sup>b</sup>	2012 <sup>b</sup>	2011 <sup>b</sup>
<b>Expenses:</b>					
Salaries	45.3%	44.3%	43.0%	43.1%	44.3%
Benefits	14.3%	12.5%	12.2%	11.5%	11.6%
Scholarships	13.9%	15.0%	15.8%	17.3%	17.4%
Utilities	2.1%	2.2%	2.0%	2.0%	2.0%
Supplies and Other Services	19.5%	20.6%	23.1%	21.9%	21.5%
Depreciation and amortization	3.9%	4.3%	3.1%	3.2%	2.4%
<b>Total Operating Expenses</b>	<b>99.0%</b>	<b>98.9%</b>	<b>99.2%</b>	<b>99.0%</b>	<b>99.2%</b>
Interest on capital asset-related debt	1.0%	1.1%	0.8%	1.0%	0.8%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Notes:

<sup>a</sup> The June 30, 2015-2017 figures have not been adjusted for the implementation of GASB 75 as this information is not available.

<sup>b</sup> The June 30, 2011-2014 figures have not been adjusted for the implementation of GASB 68 and GASB 75 as this information is not available.

Source: Midlands Technical College Audited Financial Statements

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## **Revenue Capacity**

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**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF REVENUES BY SOURCE Fiscal Years 2011 – 2020

	For the Year Ended June 30,				
	2020	2019	2018	2017	2016
<b>Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	\$ 31,437,746	\$ 32,671,945	\$ 32,267,352	\$ 32,254,325	\$ 31,767,771
Federal grants and contracts	4,560,576	4,717,283	4,721,855	6,314,707	4,866,429
State grants and contracts	17,452,580	12,196,368	11,906,001	12,313,470	12,384,489
Non-governmental grants and contracts	80,701	14,161	77,020	28,511	68,355
Sales and services	31,803	39,675	43,651	42,694	40,789
Auxiliary enterprises (net of book allowances)	1,028,866	1,156,418	1,577,847	1,363,015	1,446,420
Other operating revenues	908,840	1,072,222	1,006,792	1,036,694	1,061,287
<b>Total operating revenues</b>	<b>55,501,112</b>	<b>51,868,072</b>	<b>51,600,518</b>	<b>53,353,416</b>	<b>51,635,540</b>
State appropriations	19,499,483	19,622,148	18,549,275	18,896,896	17,105,945
Local appropriations	13,147,412	12,503,399	12,038,094	10,910,576	10,499,287
Investment income	1,924,188	1,631,490	713,983	318,800	441,118
Federal grants and contracts	22,758,770	17,570,205	18,526,593	18,506,606	20,934,222
State capital appropriations	3,358,213	240,244	100,315	528,836	615,396
Local capital appropriations	2,842,637	5,215,092	2,719,014	2,554,970	2,421,425
Contributed capital assets	40,000	55,000	128,091	184,262	174,512
Research university infrastructure bonds	-	-	-	-	-
<b>Total non-operating revenues</b>	<b>63,570,703</b>	<b>56,837,578</b>	<b>52,775,365</b>	<b>51,900,946</b>	<b>52,191,905</b>
<b>Total Revenues</b>	<b>\$ 119,071,815</b>	<b>\$ 108,705,650</b>	<b>\$ 104,375,883</b>	<b>\$ 105,254,362</b>	<b>\$ 103,827,445</b>

	For the Year Ended June 30, (percentage of total)				
	2020	2019	2018	2017	2016
<b>Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	26.4%	30.1%	30.9%	30.6%	30.6%
Federal grants and contracts	3.8%	4.3%	4.5%	6.0%	4.7%
State grants and contracts	14.7%	11.2%	11.4%	11.7%	11.9%
Non-governmental grants and contracts	0.1%	-	0.1%	-	0.1%
Sales and services	-	-	-	-	-
Auxiliary enterprises (net of book allowances)	0.9%	1.1%	1.5%	1.3%	1.4%
Other operating revenues	0.8%	1.0%	1.0%	1.0%	1.0%
<b>Total operating revenues</b>	<b>46.7%</b>	<b>47.7%</b>	<b>49.4%</b>	<b>50.6%</b>	<b>49.7%</b>
State appropriations	16.4%	18.1%	17.8%	18.0%	16.5%
Local appropriations	11.0%	11.5%	11.5%	10.4%	10.1%
Investment income	1.6%	1.5%	0.7%	0.3%	0.4%
Federal grants and contracts	19.1%	16.2%	17.8%	17.6%	20.2%
State capital appropriations	2.8%	0.2%	0.1%	0.5%	0.6%
Local capital appropriations	2.4%	4.8%	2.6%	2.4%	2.3%
Contributed capital assets	-	-	0.1%	0.2%	0.2%
Research university infrastructure bonds	-	-	-	-	-
<b>Total non-operating revenues</b>	<b>53.3%</b>	<b>52.3%</b>	<b>50.6%</b>	<b>49.4%</b>	<b>50.3%</b>
<b>Total Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Midlands Technical College Audited Financial Statements

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF REVENUES BY SOURCE Fiscal Years 2011 – 2020 (Continued)

	For the Year Ended June 30,				
	2015	2014	2013	2012	2011
<b>Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	\$ 31,718,289	\$ 33,811,937	\$ 33,794,392	\$ 34,197,090	\$ 33,701,765
Federal grants and contracts	5,948,479	4,360,298	3,989,733	3,086,863	4,297,583
State grants and contracts	11,795,174	11,484,830	11,508,569	10,267,703	10,471,492
Non-governmental grants and contracts	87,792	164,963	23,333	34,181	21,035
Sales and services	44,608	37,089	37,089	41,724	50,674
Auxiliary enterprises (net of book allowances)	3,343,765	5,518,854	6,653,893	7,100,047	7,402,923
Other operating revenues	1,077,926	1,003,535	1,097,921	617,427	1,053,742
<b>Total operating revenues</b>	<b>54,016,033</b>	<b>56,381,506</b>	<b>57,104,930</b>	<b>55,345,035</b>	<b>56,999,214</b>
State appropriations	15,734,384	15,182,000	13,764,914	12,988,274	12,541,521
Local appropriations	9,906,990	9,576,063	9,084,966	8,691,390	8,501,897
Investment income	263,444	185,848	291,393	454,254	425,412
Federal grants and contracts	23,332,854	23,988,847	24,984,468	26,645,416	28,525,741
State capital appropriations	198,392	27,735	537,494	1,152,994	3,418
Local capital appropriations	2,362,880	2,389,914	2,327,645	4,129,952	2,193,177
Contributed capital assets	155,470	372,199	26,171	294,895	-
Research university infrastructure bonds	19,685	37,026	9,897	30,743	-
<b>Total non-operating revenues</b>	<b>51,974,099</b>	<b>51,759,632</b>	<b>51,026,948</b>	<b>54,387,918</b>	<b>52,191,166</b>
<b>Total Revenues</b>	<b>\$ 105,990,132</b>	<b>\$ 108,141,138</b>	<b>\$ 108,131,878</b>	<b>\$ 109,732,953</b>	<b>\$ 109,190,380</b>

	For the Year Ended June 30,				
	2015	2014	2013	2012	2011
<b>Revenues:</b>					
Student tuition and fees (net of scholarship allowances)	29.9%	31.3%	31.3%	31.2%	30.9%
Federal grants and contracts	5.6%	4.0%	3.7%	2.8%	3.9%
State grants and contracts	11.1%	10.6%	10.6%	9.4%	9.7%
Non-governmental grants and contracts	0.1%	0.2%	-	-	-
Sales and services	-	-	-	-	-
Auxiliary enterprises (net of book allowances)	3.2%	5.1%	6.2%	6.5%	6.8%
Other operating revenues	1.1%	0.9%	1.0%	0.5%	1.0%
<b>Total operating revenues</b>	<b>51.0%</b>	<b>52.1%</b>	<b>52.8%</b>	<b>50.4%</b>	<b>52.3%</b>
State appropriations	14.9%	14.0%	12.7%	11.8%	11.4%
Local appropriations	9.3%	8.9%	8.4%	7.9%	7.8%
Investment income	0.2%	0.2%	0.3%	0.4%	0.4%
Federal grants and contracts	22.1%	22.2%	23.1%	24.3%	26.1%
State capital appropriations	0.2%	-	0.5%	1.1%	-
Local capital appropriations	2.2%	2.3%	2.2%	3.8%	2.0%
Contributed capital assets	0.1%	0.3%	-	0.3%	-
Research university infrastructure bonds	-	-	-	-	-
<b>Total non-operating revenues</b>	<b>49.0%</b>	<b>47.9%</b>	<b>47.2%</b>	<b>49.6%</b>	<b>47.7%</b>
<b>Total Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Midlands Technical College Audited Financial Statements

# MIDLANDS TECHNICAL COLLEGE

## SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – IN STATE ANNUAL TUITION AND FEES Last Ten Academic Years

	Academic Year Beginning in Fall									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Technical Colleges</b>										
<b>In-County</b>										
Aiken	\$ 4,826	\$ 4,656	\$ 4,468	\$ 4,348	\$ 4,262	\$ 4,098	\$ 3,972	\$ 3,866	\$ 3,722	\$ 3,706
Central Carolina	\$ 4,752	\$ 4,608	\$ 4,440	\$ 4,320	\$ 4,200	\$ 3,840	\$ 3,720	\$ 3,584	\$ 3,476	\$ 3,380
Denmark	\$ 4,566	\$ 4,440	\$ 4,440	\$ 3,787	\$ 3,580	\$ 2,624	\$ 2,568	\$ 2,568	\$ 2,500	\$ 2,500
Florence-Darlington	\$ 4,606	\$ 4,462	\$ 4,270	\$ 4,174	\$ 4,078	\$ 3,958	\$ 3,886	\$ 3,766	\$ 3,658	\$ 3,526
Greenville	\$ 4,778	\$ 4,590	\$ 4,422	\$ 4,326	\$ 4,224	\$ 4,094	\$ 3,974	\$ 3,866	\$ 3,748	\$ 3,616
Horry-Georgetown	\$ 4,372	\$ 4,252	\$ 4,108	\$ 4,036	\$ 3,960	\$ 3,854	\$ 3,590	\$ 3,530	\$ 3,530	\$ 3,357
Midlands	\$ 4,788	\$ 4,530	\$ 4,318	\$ 4,064	\$ 3,988	\$ 3,888	\$ 3,838	\$ 3,788	\$ 3,706	\$ 3,608
Northeastern TC	\$ 4,518	\$ 4,158	\$ 4,110	\$ 4,090	\$ 3,846	\$ 3,726	\$ 3,630	\$ 3,534	\$ 3,438	\$ 3,342
Orangeburg-Calhoun	\$ 4,610	\$ 4,466	\$ 4,250	\$ 4,130	\$ 4,010	\$ 3,890	\$ 3,770	\$ 3,650	\$ 3,554	\$ 3,434
Piedmont	\$ 4,582	\$ 4,456	\$ 4,300	\$ 4,228	\$ 4,084	\$ 3,958	\$ 3,850	\$ 3,714	\$ 3,572	\$ 3,540
Spartanburg	\$ 4,782	\$ 4,662	\$ 4,444	\$ 4,300	\$ 4,192	\$ 4,064	\$ 3,940	\$ 3,820	\$ 3,740	\$ 3,576
TC of the Lowcountry	\$ 4,852	\$ 4,684	\$ 4,516	\$ 4,276	\$ 4,180	\$ 4,060	\$ 3,940	\$ 3,722	\$ 3,676	\$ 3,556
Tri-County	\$ 4,448	\$ 4,327	\$ 4,172	\$ 4,050	\$ 3,967	\$ 3,852	\$ 3,744	\$ 3,648	\$ 3,570	\$ 3,465
Trident	\$ 4,563	\$ 4,439	\$ 4,280	\$ 4,156	\$ 4,070	\$ 3,942	\$ 3,823	\$ 3,712	\$ 3,600	\$ 3,530
Williamsburg	\$ 4,488	\$ 4,368	\$ 4,224	\$ 4,080	\$ 4,008	\$ 3,756	\$ 3,650	\$ 3,540	\$ 3,438	\$ 3,264
York	\$ 4,532	\$ 4,344	\$ 4,176	\$ 4,056	\$ 3,960	\$ 3,840	\$ 3,744	\$ 3,712	\$ 3,628	\$ 3,496
<b>Two-Year Regional Campus of USC</b>										
<b>In State</b>										
USC - Lancaster	\$ 7,558	\$ 7,558	\$ 7,478	\$ 7,232	\$ 7,008	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864
USC - Salkehatchie	\$ 7,558	\$ 7,558	\$ 7,478	\$ 7,233	\$ 6,918	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864
USC - Sumter	\$ 7,558	\$ 7,558	\$ 7,438	\$ 7,152	\$ 6,928	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864
USC - Union	\$ 7,558	\$ 7,558	\$ 7,388	\$ 7,132	\$ 6,908	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864

Source: South Carolina Commission on Higher Education

# MIDLANDS TECHNICAL COLLEGE

## SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – OUT OF STATE ANNUAL TUITION AND FEES Last Ten Academic Years (Continued)

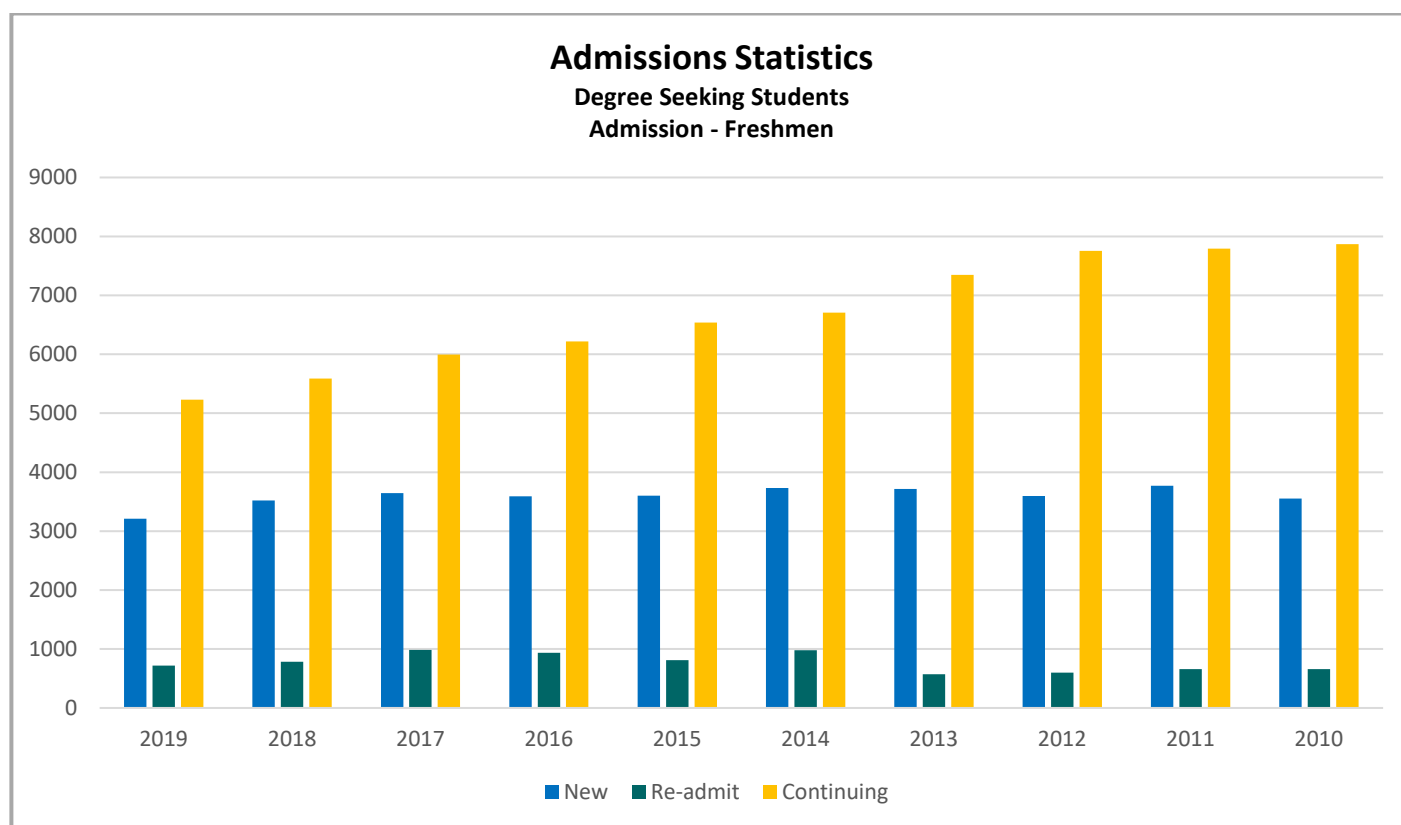
	Academic Year Beginning in Fall									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Technical Colleges</b>										
<b>Out of State</b>										
Aiken	\$ 6,880	\$ 6,850	\$ 6,830	\$ 6,638	\$ 6,496	\$ 10,178	\$ 10,130	\$ 10,130	\$ 10,130	\$ 10,130
Central Carolina	\$ 7,944	\$ 7,704	\$ 7,416	\$ 7,200	\$ 6,768	\$ 6,624	\$ 6,432	\$ 6,232	\$ 6,042	\$ 5,872
Denmark	\$ 8,892	\$ 8,640	\$ 8,640	\$ 6,458	\$ 5,542	\$ 5,048	\$ 4,920	\$ 4,920	\$ 4,780	\$ 4,780
Florence-Darlington	\$ 6,742	\$ 6,598	\$ 6,406	\$ 6,262	\$ 6,166	\$ 6,046	\$ 5,982	\$ 5,862	\$ 5,754	\$ 5,622
Greenville	\$ 9,410	\$ 9,102	\$ 8,766	\$ 8,550	\$ 8,448	\$ 8,438	\$ 8,150	\$ 7,910	\$ 7,660	\$ 7,372
Horry-Georgetown	\$ 8,620	\$ 8,380	\$ 8,092	\$ 7,948	\$ 6,918	\$ 6,726	\$ 6,294	\$ 5,794	\$ 5,794	\$ 5,354
Midlands	\$13,812	\$ 13,074	\$ 12,478	\$ 11,744	\$ 11,524	\$ 11,232	\$ 11,086	\$ 10,940	\$ 10,714	\$ 10,640
Northeastern TC	\$ 7,350	\$ 6,918	\$ 6,870	\$ 6,802	\$ 6,462	\$ 6,342	\$ 6,174	\$ 6,078	\$ 5,982	\$ 5,886
Orangeburg-Calhoun	\$ 7,370	\$ 7,226	\$ 7,010	\$ 6,890	\$ 6,746	\$ 6,602	\$ 6,458	\$ 6,218	\$ 6,218	\$ 6,218
Piedmont	\$ 6,628	\$ 6,448	\$ 6,220	\$ 6,148	\$ 5,836	\$ 5,710	\$ 5,458	\$ 5,322	\$ 5,180	\$ 5,148
Spartanburg	\$ 9,582	\$ 9,342	\$ 8,956	\$ 8,692	\$ 8,472	\$ 8,208	\$ 7,956	\$ 7,716	\$ 7,616	\$ 7,338
TC of the Lowcountry	\$10,396	\$10,036	\$ 9,676	\$ 9,268	\$ 9,076	\$ 8,812	\$ 8,548	\$ 8,212	\$ 8,020	\$ 7,760
Tri-County	\$10,040	\$ 9,751	\$ 9,356	\$ 9,042	\$ 8,815	\$ 8,568	\$ 8,328	\$ 8,124	\$ 7,944	\$ 7,767
Trident	\$ 8,606	\$ 8,372	\$ 8,073	\$ 7,838	\$ 7,676	\$ 7,434	\$ 7,209	\$ 7,000	\$ 6,814	\$ 6,682
Williamsburg	\$ 8,400	\$ 8,280	\$ 8,016	\$ 7,752	\$ 7,608	\$ 7,260	\$ 7,056	\$ 6,840	\$ 6,642	\$ 6,282
York	\$ 9,836	\$ 9,504	\$ 9,336	\$ 9,240	\$ 9,024	\$ 8,736	\$ 8,520	\$ 8,392	\$ 8,176	\$ 7,864
<b>Two-Year Regional Campuses of USC</b>										
<b>Out of State</b>										
USC - Lancaster	\$ 18,238	\$ 18,238	\$ 17,858	\$ 17,264	\$ 16,728	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144
USC - Salkehatchie	\$ 18,238	\$ 18,238	\$ 17,858	\$ 17,265	\$ 16,638	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144
USC - Sumter	\$ 18,238	\$ 18,238	\$ 17,818	\$ 17,184	\$ 16,648	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144
USC - Union	\$ 18,238	\$ 18,238	\$ 17,768	\$ 17,164	\$ 16,628	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144

Source: South Carolina Commission on Higher Education

# MIDLANDS TECHNICAL COLLEGE

## ADMISSIONS, ENROLLMENT, AND DEGREE STATISTICS Last Ten Academic Years

	Academic Year Beginning in Fall									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Degree Seeking Students</b>										
<b>Admissions - Freshmen</b>										
New	3,212	3,519	3,646	3,593	3,599	3,734	3,713	3,595	3,772	3,552
Re-admit	718	782	983	936	809	981	572	600	659	657
Continuing	5,230	5,591	5,996	6,220	6,538	6,709	7,349	7,754	7,793	7,869
<b>Total</b>	<b>9,160</b>	<b>9,892</b>	<b>10,625</b>	<b>10,749</b>	<b>10,946</b>	<b>11,424</b>	<b>11,634</b>	<b>11,949</b>	<b>12,224</b>	<b>12,078</b>



**Notes:**

Midlands Technical College has an open enrollment policy.  
All figures are unduplicated unless otherwise stated.



# MIDLANDS TECHNICAL COLLEGE

## ADMISSIONS, ENROLLMENT, AND DEGREE STATISTICS Last Ten Academic Years (Continued)

	Academic Year Beginning in Fall									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Enrollment (Credit Programs Only)</b>										
Undergraduate FTE	6,742	6,943	7,429	7,713	8,075	8,383	8,585	8,916	9,209	9,274
Undergraduate headcount	12,115	13,163	14,576	14,389	15,072	15,721	16,109	16,946	17,486	17,355
Percentage of men	38%	39%	39%	39%	40%	41%	41%	40%	39%	39%
Percentage of women	62%	61%	61%	61%	60%	59%	59%	60%	61%	61%
Percentage of African-American	35%	36%	36%	36%	37%	37%	37%	38%	38%	36%
Percentage of Hispanic	7%	6%	5%	4%	4%	3%	3%	3%	2%	2%
Percentage of white	46%	45%	46%	48%	50%	51%	52%	52%	53%	55%
Percentage of other	12%	13%	13%	12%	9%	8%	8%	7%	7%	7%
<b>Degrees Granted</b>										
Associate Degree	1,209	1,095	1,215	1,056	993	1,067	1,089	1,144	1,006	917
Diploma	78	101	104	92	91	90	71	111	76	87
Certificate	838	912	1,026	829	903	909	775	906	832	782
Total Awarded	2,125	2,108	2,345	1,977	1,987	2,066	1,935	2,161	1,914	1,786

**Notes:**

Midlands Technical College has an open enrollment policy.  
All figures are unduplicated unless otherwise stated.

# MIDLANDS TECHNICAL COLLEGE

## CREDIT STUDENT ENROLLMENT PERCENTAGES BY COUNTY Last Ten Fall Terms

### Historic County of Residence

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Richland	44%	45%	46%	47%	49%	49%	49%	49%	48%	48%
Lexington	36%	35%	34%	34%	33%	33%	34%	34%	35%	35%
Fairfield	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Other	17%	18%	18%	17%	16%	16%	15%	15%	15%	15%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

### Historic Campus of Attendance

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Airport	49%	47%	48%	51%	49%	48%	49%	49%	48%	49%
Beltline	32%	34%	34%	33%	36%	37%	37%	39%	40%	40%
Other	19%	19%	18%	16%	15%	15%	14%	12%	12%	11%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

### Historic Average Age

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Average Age	<u>24</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>

Source: Midlands Technical College Student Information System database

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## **Debt Capacity**

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**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF RATIOS OF OUTSTANDING BONDED DEBT AND NOTE PAYABLE Last Ten Fiscal Years

	For the Year Ended June 30,				
	2020	2019	2018	2017	2016
General obligation bonds*	\$ 15,820	\$ 17,205	\$ 18,520	\$ 19,785	\$ 20,970
Unamortized bond premium	1,680	1,908	2,135	2,363	2,598
Note Payable	-	-	-	-	-
Total Outstanding debt	<u>\$ 17,500</u>	<u>\$ 19,113</u>	<u>\$ 20,655</u>	<u>\$ 22,148</u>	<u>\$ 23,568</u>
Full-time equivalent students					
Credit	6,742	6,943	7,429	7,713	8,075
Corporate and Continuing Education	747	931	980	859	861
Total enrollment	<u>7,489</u>	<u>7,874</u>	<u>8,409</u>	<u>8,572</u>	<u>8,936</u>
Outstanding debt per FTE	\$ 2,337	\$ 2,427	\$ 2,456	\$ 2,584	\$ 2,637

Note: Corporate and Continuing Education contact hours converted to full-time equivalent enrollment

Source: Midlands Technical College Comprehensive Annual Financial Reports  
Formula Computation Allocation Worksheet provided by the System Office for years presented

\*Dollars in thousands

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF RATIOS OF OUTSTANDING BONDED DEBT AND NOTE PAYABLE Last Ten Fiscal Years (Continued)

	For the Year Ended June 30,				
	2015	2014	2013	2012	2011
General obligation bonds*	\$ 25,235	\$ 26,595	\$ 27,920	\$ 29,205	\$ 30,460
Unamortized bond premium	691	736	781	826	871
Note Payable	-	-	-	30	41
Total Outstanding debt	<u>\$ 25,926</u>	<u>\$ 27,331</u>	<u>\$ 28,701</u>	<u>\$ 30,061</u>	<u>\$ 31,372</u>
Full-time equivalent students					
Credit	8,383	8,585	8,916	9,209	9,274
Corporate and Continuing Education	803	738	781	878	920
Total enrollment	<u>9,186</u>	<u>9,323</u>	<u>9,697</u>	<u>10,087</u>	<u>10,194</u>
Outstanding debt per FTE	\$ 2,822	\$ 2,932	\$ 2,960	\$ 2,980	\$ 3,077

Note: Corporate and Continuing Education contact hours converted to full-time equivalent enrollment

Source: Midlands Technical College Comprehensive Annual Financial Reports  
Formula Computation Allocation Worksheet provided by the System Office for years presented

\*Dollars in thousands

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF BOND COVERAGE Last Ten Fiscal Years

### General Obligation Bonds

Fiscal Year Ended June 30,	Budgeted Capital Fees	Debt Service Requirements				Coverage Ratio
		Total Revenue Available for Debt Service	Principal	Interest	Total	
2020	\$ 3,390,918	\$ 3,390,918	\$ 1,385,000	\$ 842,600	\$ 2,227,600	1.52
2019	3,390,918	3,390,918	1,315,000	908,350	2,223,350	1.53
2018	2,890,918	2,890,918	1,265,000	959,000	2,224,000	1.30
2017	2,890,918	2,890,918	1,185,000	1,041,071	2,226,071	1.30
2016	2,890,918	2,890,918	1,405,000	927,433	2,332,433	1.24
2015	2,890,918	2,890,918	1,360,000	1,164,090	2,524,090	1.15
2014	2,890,918	2,890,918	1,325,000	1,213,780	2,538,780	1.14
2013	2,890,918	2,890,918	1,285,000	1,257,430	2,542,430	1.14
2012	2,890,918	2,890,918	1,255,000	1,298,260	2,553,260	1.13
2011	1,850,025	1,850,025	650,000	691,785	1,341,785	1.38

Source: Midlands Technical College Finance and Accounting Office



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## **Demographic and Economic Information**

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**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

	<u>Population in College's Service Area <sup>a</sup></u>			<u>Total Annual Personal Income</u>				<u>Unemployment Rate</u>			
	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>South Carolina</u>	<u>Richland <sup>c</sup></u>	<u>Lexington <sup>c</sup></u>	<u>Fairfield <sup>c</sup></u>	<u>South Carolina <sup>d</sup></u>
2019	415,759	298,750	22,347	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>	2.80%	2.30%	4.40%	2.80%
2018	414,576	295,032	22,402	45,529	46,513	36,758	43,702	3.40%	2.90%	6.20%	3.40%
2017	411,592	290,642	22,607	43,863	44,497	36,198	41,633	4.30%	3.60%	7.40%	4.30%
2016	409,549	286,196	22,653	42,245	42,843	34,801	39,517	4.70%	4.00%	7.00%	4.80%
2015	407,051	281,833	22,744	41,025	41,764	33,633	38,302	5.70%	4.80%	8.00%	6.00%
2014	401,566	277,888	22,976	38,811	39,935	31,449	36,677	6.00%	5.10%	8.60%	6.40%
2013	399,256	273,752	23,109	38,346	37,956	29,500	35,831	7.20%	5.80%	9.40%	7.60%
2012	389,347	270,406	23,363	38,195	37,224	29,271	34,226	8.40%	6.90%	12.00%	9.60%
2011	389,116	267,129	23,571	36,647	35,211	27,062	33,388	9.20%	7.80%	12.40%	10.70%
2010	374,922	258,887	33,991	35,018 <sup>e</sup>	34,313 <sup>e</sup>	26,703 <sup>e</sup>	32,193 <sup>e</sup>	9.60%	8.10%	13.40%	11.20%

### Sources:

<sup>a</sup> South Carolina Department of Employment & Workforce

<sup>b</sup> Data not available for 2019

<sup>c</sup> U.S. Department of Labor, Bureau of Labor Statistics, County Data

<sup>d</sup> U.S. Census Bureau, Statistical Abstract of the United States

<sup>e</sup> 2010 SC PCPI Source – Bureau of Business & Economic Research, CA1-3 Personal income summary.

# MIDLANDS TECHNICAL COLLEGE

## PRINCIPAL EMPLOYERS BY COUNTY

June 30, 2020

County		
Richland	Lexington	Fairfield <sup>1</sup>
Amazon Com Services, Inc.	Amazon.com, DEDC, LLC	BHI Energy I Power Services, LLC
BlueCross BlueShield of SC	Babcock Center, Inc.	Bomag Americas, Inc.
City of Columbia	Charter Communications, LLC	Breakthru Beverage South Carolina
Department of Defense	General Information Solutions, Inc.	Element TV Company, LP
Enterprise Leasing Company-Southeast	Integrity Staffing Solutions, Inc.	Fairfield County Council
Palmetto GBA, LLC	Lexington County	Fairfield County Disabilities
Palmetto Health University of South Carolina	Lexington County Health Services District	Fairfield County School District
Palmetto Health Midlands	Lexington County School District 1	G4S Secure Solutions USA, Inc.
Richland County	Lexington County School District 2	Isola USA Corp
Richland School District 1	Lexington County School District 5	Mekra Lang North America, LLC
Richland School District 2	Michelin North America, Inc.	Pilot Travel Center, LLC
SC Dept of Corrections	Nephron Sterile Compounding Center	Precious Adult Care, Inc.
SC Dept of Mental Health	Publix Super Markets, Inc.	Pruitthealth Ridgeway, LLC
SC Health & Environmental Control	Richland County Commission for Technology	RAM Jack of South Carolina, Inc.
TPUSA, Inc.	SCANA Services, Inc.	Ridgeway Manor Healthcare Center
Universal Protection Service, LLC	SC Electric & Gas Company	SC Electric & Gas Company
University of South Carolina	Southeastern Freight Lines, Inc.	Team Industrial Services, Inc.
Wal-Mart Associates, Inc.	United Parcel Service	The Blythewood Oil Company, Inc.
Wells Fargo & Company, Inc.	Wal-Mart Associates, Inc.	Town of Winnsboro
WJBD VA Medical Center	Walter P Rawl & Sons, Inc.	Winnsboro Petroleum Company, Inc.

*Note: Due to confidentiality issues, the number of employees for each company is not available. The employers are listed alphabetically and not in order of size.*

*Source: South Carolina Department of Employment & Workforce – 2018 Q4*

<sup>1</sup> – Fairfield Economic Development

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# **Operating Information**

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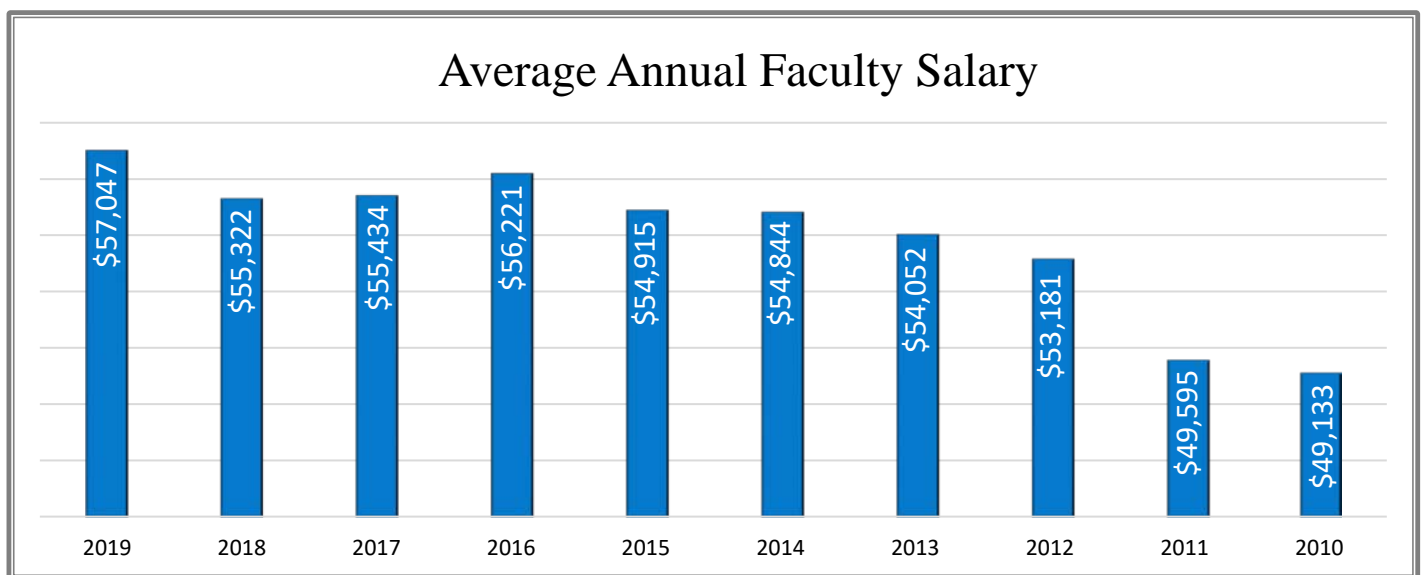
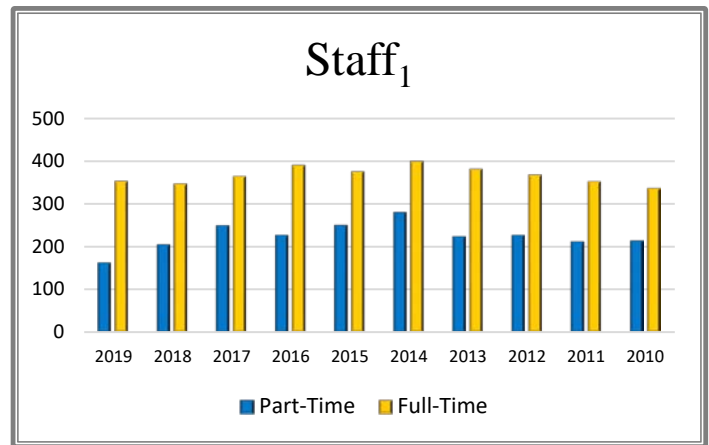
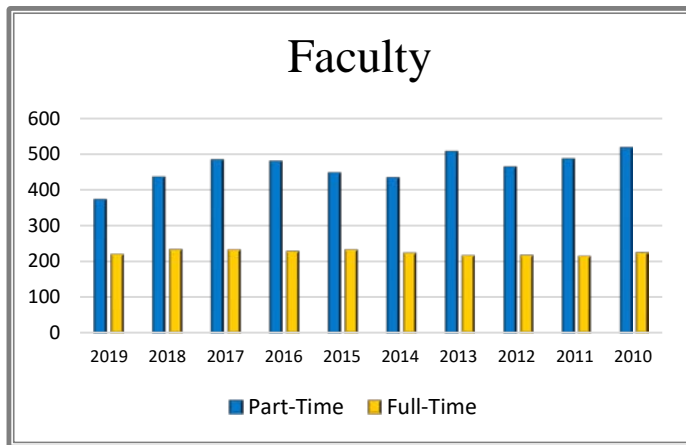
**MIDLANDS TECHNICAL COLLEGE**

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# MIDLANDS TECHNICAL COLLEGE

## FACULTY AND STAFF STATISTICS Last Ten Fiscal Years<sup>2</sup>

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Faculty										
Part-time	375	437	485	481	449	435	508	465	487	519
Full-time	219	233	232	227	232	223	216	217	214	224
Staff <sup>1</sup>										
Part-time	164	206	250	228	251	281	225	228	213	215
Full-time	353	347	364	390	375	399	381	368	352	336
Total Employees	1,111	1,223	1,331	1,326	1,307	1,338	1,330	1,278	1,266	1,294
Part-time	539	643	735	709	700	716	733	693	700	734
Full-time	572	580	596	617	607	622	597	585	566	560
Average Annual Faculty Salary	\$ 57,047	\$ 55,322	\$ 55,434	\$ 56,221	\$ 54,915	\$ 54,844	\$ 54,052	\$ 53,181	\$ 49,595	\$ 49,133



Source: Integrated Postsecondary Education Data System (IPEDS) data for years indicated

Note: <sup>1</sup> Includes administrators

Note: <sup>2</sup> 2020 data not available



**Schedule 14**

# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF CAPITAL ASSET INFORMATION BY FUNCTION Last Ten Fiscal Years<sup>1</sup>

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction										
Assignable Square Feet	424,522	424,142	434,833	423,689	403,341	402,931	372,815	352,788	348,678	342,550
Percent Use	61.36%	61.35%	60.89%	60.27%	59.38%	59.36%	57.83%	56.49%	56.21%	55.77%
Public Service										
Assignable Square Feet	575	575	575	575	575	575	575	575	575	575
Percent Use	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.09%	0.09%	0.09%	0.09%
Academic Support										
Assignable Square Feet	21,116	21,116	32,064	32,064	29,351	29,351	29,351	29,099	29,099	29,099
Percent Use	3.05%	3.05%	4.50%	4.56%	4.32%	4.32%	4.55%	4.66%	4.69%	4.74%
Student Services										
Assignable Square Feet	43,293	43,293	43,293	43,293	43,293	43,293	43,293	43,293	43,293	43,293
Percent Use	6.26%	6.26%	6.06%	6.16%	6.38%	6.38%	6.71%	6.93%	6.98%	7.05%
Institutional Support										
Assignable Square Feet	47,505	47,505	47,711	47,711	47,711	47,711	47,711	47,711	47,711	47,711
Percent Use	6.87%	6.87%	6.68%	6.79%	7.03%	7.03%	7.40%	7.64%	7.69%	7.77%
Plant Operations and Maintenance										
Assignable Square Feet	119,999	119,999	120,787	120,787	120,080	120,080	116,127	116,127	116,127	116,127
Percent Use	17.34%	17.35%	16.91%	17.18%	17.68%	17.69%	18.01%	18.60%	18.72%	18.91%
Auxiliary Enterprises										
Assignable Square Feet	34,876	34,876	34,876	34,876	34,876	34,876	34,876	34,876	34,876	34,876
Percent Use	5.04%	5.04%	4.88%	4.96%	5.13%	5.14%	5.41%	5.58%	5.62%	5.68%
Total	691,886	691,506	714,139	702,995	679,227	678,817	644,748	624,469	620,359	614,231
Unassigned	6,961	6,961	6,961	6,961	6,961	6,961	6,961	6,961	6,961	6,961
Parking Facilities										
Parking spaces available	4,491	4,491	4,539	4,539	4,539	4,535	4,535	4,535	4,535	4,470
Number of employees	746	746	707	707	707	588	588	584	689	998
Number of students <sup>2</sup>	3,745	3,745	3,832	3,832	3,832	3,947	3,947	3,951	3,846	3,472

**Notes:**

All campuses are included.

<sup>1</sup> 2020 data not available

<sup>2</sup> Students park in spaces not designated

Source: South Carolina Commission on Higher Education

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## **Other Information**

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**MIDLANDS TECHNICAL COLLEGE**

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# **MIDLANDS TECHNICAL COLLEGE**

## **COLLEGE ACCREDITATION AS OF JUNE 30, 2020**

Midlands Technical College is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate degrees, diplomas and certificates. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097 or call 404-679-4500 for questions about the accreditation of Midlands Technical College.

### **Program Approval and Accreditations**

The Paralegal Studies program is approved by:

- American Bar Association

The Nursing programs are approved by:

- South Carolina Board of Nursing (SCBN)

The Nursing Assistant Program is approved by:

- South Carolina Department of Health and Human Services (SC DHHS)

Specific programs are accredited by:

- American Society of Health-System Pharmacists (ASHP)
- Accreditation Council for Pharmacy Education (ACPE)
- Accreditation Commission for Education in Nursing (ACEN)
- Accreditation Council for Business Schools and Programs (ACBSP)
- Commission on Dental Accreditation of the American Dental Association (CODA-ADA)
- Commission on Accreditation in Physical Therapy Education (CAPTE)
- Commission on Accreditation for Respiratory Care (COARC)
- Council on Accreditation of Allied Health Education Programs (CAAHEP)
- Accreditation Review Council on Education in Surgical Technology and Surgical Assisting (ARC-STSA)
- Medical Assisting Education Review Board (MAERB)
- Joint Review Committee on Educational Programs in Nuclear Medicine Technology (JRCNMT)
- Joint Review Committee on Education in Radiologic Technology (JRCERT)
- National Accrediting Agency for Clinical Laboratory Sciences (NAACLS)
- National Association for the Education of Young Children (NAEYC)
- National Automotive Technicians Education Foundation (NATEF)
- Council for Standards in Human Services Education (CSHSE)
- National Institute for Metalworking Skills (NIMS)
- Technology Accreditation Commission of the Accreditation Board for Engineering and Technology; Architectural, Civil and Electronics Engineering Technology (ABET)

### **STATEMENT OF NONDISCRIMINATION**

Midlands Technical College does not discriminate in admissions, educational programs or employment on the basis of race, sex, sexual orientation, national origin, ethnic group, color, age, religion, disability, genetic information, gender, gender indemnity, military service, pregnancy, childbirth, or related medical conditions including but not limited to lactation, or any other category protected by applicable law. In compliance with all federal and state laws, including Section 35.107 of the Department of Justice regulations, the Age Discrimination Act of 1967, Title VI and Title VII of the Civil Rights Act of 1964 and Title IX of the Education Amendments of 1972, Sections 503 and 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1992 as well as the ADA Amendments of 2008 (ADAA), the South Carolina Pregnancy Accommodations Act of 2018 and the Genetic Information Nondiscrimination Act of 2008 (GINA), Midlands Technical College offers access and equal opportunity in its admissions policies, academic programs and services, and employment of disabled individuals in that no otherwise qualified person will be denied these provisions on the basis of a disability. Midlands Technical College also prohibits retaliation against any person for bringing a complaint of discrimination or for participating in an investigation of a complaint of discrimination. Student inquiries or complaints should be directed to Mr. Ian A. MacLean in his position as Chief Compliance Officer/Title IX Coordinator. He can be reached at Midlands Technical College, P.O. Box 2408, Columbia, SC 29202, by telephone at 803.822.3204. Faculty and staff inquires or complaints should be directed to Ms. Nicole B. Edwards, Assistant Director of Human Resources Management/Equal Employment Opportunity (EEO) Officer, at 803.822.3050.

### **STATEMENT OF GAINFUL EMPLOYMENT**

For information about MTC graduation rates, the median debt of students who completed their programs, and other information, please visit our website at [www.midlandstech.edu/gep](http://www.midlandstech.edu/gep).

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**Federal Awards**  
**Single Audit and other Compliance Reports Section**

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**MIDLANDS TECHNICAL COLLEGE**

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**Midlands Technical College**  
**Schedule of Expenditures of Federal Awards**  
**As of June 30, 2020**

		<b>Program Year</b>	<b>Federal CFDA Number</b>	<b>Grant/Contract Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<b>Student Financial Assistance Cluster</b>					
9841120	Federal Supplemental Educational Opportunity Grants (SEOG)	19/20	84.007A	P007A193793	\$ 612,819
9840100	Federal Work-Study Program (CWS)	19/20	84.033A	P033A193793	15,657
9840120	Federal Work-Study Program (CWS)	19/20	84.033A	P033A193793	286,815
9840121	Federal Work-Study Program (CWS-Summer)	18/19	84.033A	P033A183793	37,386
					<u>339,858</u>
9840329	Federal Pell Grant Program	18/19	84.063	P063P182480	21,961
9841220	Federal Pell Grant Program	19/20	84.063	P063P192480	17,650,728
					<u>17,672,689</u>
9090029	Federal Direct Student Loans	18/19	84.268	P268K192480	25,356
9091020	Federal Direct Student Loans	19/20	84.268	P268K202480	12,862,005
9090059	Federal Direct Student Loans (PLUS)	18/19	84.268	P268K192480	5,168
9092020	Federal Direct Student Loans (PLUS)	19/20	84.268	P268K202480	1,367,572
					<u>14,260,101</u>
<b>Total Student Financial Assistance Cluster</b>					<u><b>32,885,467</b></u>
<b>TRIO Cluster</b>					
9842119	TRIO-Upward Bound	18/19	84.047A	P047A180389	58,046
9842120	TRIO-Upward Bound	19/20	84.047A	P047A180389	206,834
					<u>264,880</u>
9842219	TRIO-Talent Search	18/19	84.044A	P044A160121	79,669
9842220	TRIO-Talent Search	19/20	84.044A	P044A160121	343,108
					<u>422,777</u>
9842319	TRIO-Student Support Services (SSS)	18/19	84.042A	P042A150541	60,632
9842320	TRIO-Student Support Services (SSS)	19/20	84.042A	P042A150541	226,745
					<u>287,377</u>
9842418	TRIO-Educational Opportunity Center (EOC)	17/18	84.066A	P066A160044	63
9842419	TRIO-Educational Opportunity Center (EOC)	18/19	84.066A	P066A160044	50,288
9842420	TRIO-Educational Opportunity Center (EOC)	19/20	84.066A	P066A160044	198,865
					<u>249,216</u>
<b>Total TRIO Cluster</b>					<u><b>1,224,250</b></u>
<b>Higher Education Emergency Relief Funds, CARES Act</b>					
9844250	Higher Education Emergency Relief Funds, CARES Act Student Portion	19/20	84.425E	P425E201314	2,230,824
9844251	Higher Education Emergency Relief Funds, CARES Act Institution Portion	19/20	84.425F	P425F200809	2,848,257
	<b>Total Higher Education Emergency Relief Funds, CARES Act</b>				<u><b>5,079,081</b></u>
<b>Higher Education Institutional Aid-MTC CARES</b>					
9843019	Higher Education Institutional Aid-MTC CARES	18/19	84.031A	P031A150260	154,745
9843020	Higher Education Institutional Aid-MTC CARES	19/20	84.031A	P031A150260	285,671
	<b>Total Higher Education Institutional Aid-MTC CARES</b>				<u><b>440,416</b></u>
<b>Passed Through S.C. Department of Education</b>					
9843003	Career & Technical Education, Perkins V	19/20	84.048	19VA409	600,071
9843004	Career & Technical Education, Perkins IV	18/19	84.048	18VA409	64,678
	<b>Total Passed Through S.C. Department of Education</b>				<u><b>664,749</b></u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>					<u><b>40,293,963</b></u>



**Midlands Technical College**  
**Schedule of Expenditures of Federal Awards**  
**As of June 30, 2020**

		<b>Program Year</b>	<b>Federal CFDA Number</b>	<b>Grant/Contract Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF LABOR</b>					
<b>H-1B Job Training Grants, TechHire Partnership</b>					
9172687	H-1B Job Training Grants, TechHire Partnership	16/17	17.268	HG-29353	795,221
	<b>Total H-1B Job Training Grant, TechHire Partnership</b>				<b>795,221</b>
<b>Passed Through American Association of Community Colleges</b>					
9172850	Apprenticeship USA Grants, AACC ECCA	19/20	17.285		41,979
	<b>Total Passed Through American Association of Community Colleges</b>				<b>41,979</b>
<b>Passed Through State Board for Technical and Comprehensive Education</b>					
9172858	Apprenticeship USA Grants, SC Apprenticeship Evolved Program	19/20	17.285		33,177
9176816	H-1B Training Grants, SC Apprenticeship Initiative	15/16	17.268		54,216
	<b>Total Passed Through State Board for Technical and Comprehensive Education</b>				<b>87,393</b>
<b>Passed Through South Carolina Department of Employment and Workforce</b>					
9172789	WIOA Dislocated Worker Formula Grants; HIRED	18/19	17.278		261,033
	<b>Total Passed Through SC Department of Employment and Workforce</b>				<b>261,033</b>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>					<b>1,185,626</b>
<b>NATIONAL SCIENCE FOUNDATION</b>					
<b>Passed Through South Carolina State University</b>					
9470117	Education and Human Resources Grant, SCAMP	17/18	47.076		2,000
9470118	Education and Human Resources Grant, SCAMP	18/19	47.076		5,000
	<b>Total Passed Through South Carolina State University</b>				<b>7,000</b>
<b>Passed Through University of Northern Colorado</b>					
9470769	Education and Human Resources Grant, STEM+C	19/20	47.076		70,148
	<b>Total Passed Through University of Northern Colorado</b>				<b>70,148</b>
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>					<b>77,148</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>Passed Through South Carolina First Steps</b>					
9843201	Childcare and Development Block Grant, TEACH Bins	19/20	93.575		17,407
9843204	Childcare and Development Block Grant, SAC101 Online	19/20	93.575		2,310
9843210	Childcare and Development Block Grant, TEACH CE	19/20	93.575		1,576
	<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>21,293</b>
<b>DEPARTMENT OF JUSTICE</b>					
<b>Passed Through South Carolina Department of Public Safety</b>					
9166072	Bulletproof Vest Partnership Program	19/20	16.607		1,416
	<b>TOTAL DEPARTMENT OF JUSTICE</b>				<b>1,416</b>
<b>TOTAL FEDERAL ASSISTANCE</b>					<b>\$ 41,579,446</b>

**MIDLANDS TECHNICAL COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2020**

**1. Description**

Midlands Technical College has adopted *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards were adopted to fulfill the financial and compliance audit requirements of federal grantor agencies. For purposes of implementing Uniform Guidance, federal grant awards were susceptible to audit and are included in the Schedule of Expenditures of Federal Awards.

**2. Summary of Significant Accounting Principles**

Basis of Presentation

The financial activity shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by the College on the accrual basis, during its fiscal year July 1, 2019 through June 30, 2020.

**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 \$14,260,101.

**4. Indirect Cost**

The College has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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# THE BRITTINGHAM GROUP, L.L.P.

## CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET  
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### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The President and Members of the Area Commission  
Midlands Technical College  
Post Office Box 2408  
Columbia, South Carolina 29202

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Midlands Technical College (the "College"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated September 21, 2020.

#### **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 21, 2020

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The President and Members of the Area Commission  
Midlands Technical College  
Post Office Box 2408  
Columbia, South Carolina 29202

### ***Report on Compliance for Each Major Federal Program***

We have audited Midlands Technical College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular 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, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Midlands Technical College's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Midlands Technical College's, 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, 2020.

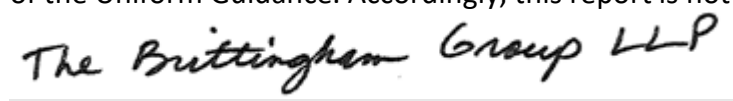
**Report on Internal Control Over Compliance**

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The Brittingham Group LLP

West Columbia, South Carolina  
September 21, 2020

## MIDLANDS TECHNICAL COLLEGE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

#### **Summary of Auditors' Results:**

1. The auditors' report expresses an unmodified opinion on the basic financial statements of Midlands Technical College.
2. No material weaknesses or significant deficiencies relating to the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Midlands Technical College were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of major federal awards is reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Midlands Technical College expresses an unmodified opinion.
6. No audit findings were reported relative to the major federal award programs for Midlands Technical College as depicted below in this schedule.
7. Major federal programs:  
Student Financial Aid Cluster

Federal Supplemental Educational Opportunity Grants	CFDA #84.007
Federal Work-Study Program	CFDA #84.033
Federal Pell Grant Program	CFDA #84.063
Federal Direct Student Loans	CFDA #84.268
Higher Education Emergency Relief Funds, CARES Act Student Portion	CFDA #84.425E
Higher Education Emergency Relief Funds, CARES Act Institution Portion	CFDA #84.425F
8. The threshold for distinguishing between Type A and Type B Programs was \$1,247,383.
9. Midlands Technical College qualified as a low risk auditee.

#### **Financial Statement Findings:**

None



MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

**Federal Awards Findings and Questioned Costs:**

No findings or questioned costs.

**Status of Prior Year Findings:**

None were reported.

# THE BRITTINGHAM GROUP, L.L.P.

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## **INDEPENDENT ACCOUNTANTS' REPORT ON STATE LOTTERY TUITION ASSISTANCE**

The President and Members of the Area Commission  
Midlands Technical College  
Post Office Box 2408  
Columbia, South Carolina 29202

As a part of our examination of the financial statements of Midlands Technical College (the "College") as of and for the year ended June 30, 2020, we reviewed the administrative procedures and internal control related to the State Lottery Tuition Assistance Program to determine that the College administered the program in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

A random sample of 25 students was selected from the College's list of financial aid recipients.

We reviewed the student records maintained by the financial aid office of each applicant randomly selected to determine that they contained all necessary information and documentation to determine eligibility. We also determined that any lottery tuition assistance awarded did not exceed the remaining cost of tuition and academic fees for the applicable semester after first applying Pell grants, Federal Supplemental Education Opportunity Grants, South Carolina Need-Based grants, and other applicable grants.

For students included in our sample not receiving funds from the Lottery Tuition Assistance Program, we determined that the students were granted the right to appeal the decision by submitting a written request to the institution's Director of Financial Aid, and determined that the students' requests were handled in accordance with the institution's financial aid procedures as reflected in the student's financial aid record.

We traced amounts to the student account detail to determine that the awarded amounts were identifiably credited to the student's account.

By analytical tools we tested all lottery recipients for the lottery award compliance with restrictions regarding limitations associated with other awards received, amounts received within each term, and eligibility criteria associated with the Life Scholarship program. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

In our opinion, the State Lottery Tuition Assistance Program has been administered in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

This report is intended solely for the use of management of the College, the Area Commission for Midlands Technical College, management of the South Carolina State Board for Technical and Comprehensive Education, and the South Carolina Commission of Higher Education and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "The Brittingham Group LLP". The signature is written in a cursive, flowing style. It is contained within a thin black rectangular border.

West Columbia, South Carolina  
September 21, 2020

