

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

06.30.2018



MIDLANDS TECHNICAL COLLEGE

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

A college included in the higher education funds 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 four-year colleges and universities, and to achieve their professional and personal goals. The College equitably provides higher education opportunities that stimulate the local economy by generating a world-class workforce and enhancing the 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, 2018

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MIDLANDS TECHNICAL COLLEGE

PRESIDENT'S LETTER

September 25, 2018

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 2017-2018. 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 that will enable us to continue our mission of making lives better for citizens of the Midlands.

This year, Midlands Technical College opened its \$14.5 million Learning Resource Center on the Beltline Campus. Representatives from local, county, and state government helped cut the ribbon before touring the 43,000-square-foot facility.

MTC Corporate and Continuing Education secured \$430,691 in funding for apprentices through the South Carolina Apprenticeship Initiative grant. Through this grant, MTC has been able to help 19 companies in the service area create more than 173 new apprenticeships in a variety of different industries, including healthcare, manufacturing, and information technology.

Columbia Mayor Steve Benjamin hosted more than 100 business leaders at a luncheon about how supporting MTC can help ensure a healthy, stable economy and strengthen our community's business climate. Also, Army Chief Information Officer Lieutenant General Bruce Crawford visited MTC to meet with Midlands-area employers to discuss their common needs to hire and develop Information Technology talent in Columbia. He also led a session on leadership for MTC students.

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 2016-2017. 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 22nd consecutive year Midlands Technical College has received the prestigious national award.

At Midlands Technical College, we are passionate about providing higher education with real value to our students, college, and community. This year, we awarded 1,765 Corporate and Continuing Education certificates, and more than 2,200 degrees, diplomas, and certificates to academic students. At the commencement ceremony, 92-year-old Annie Dillard set the record as the oldest person to ever graduate from MTC; and almost 50 dual-enrolled high school students received college degrees and certificates, making them the largest group of young graduates in MTC history.

Just as we are proud of all the accomplishments from the past year, we remain dedicated to providing fiscally responsible, 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 25, 2018

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, 2018.

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.



In November 2017, the College opened a new 43,000 square-foot Learning Resource Center on the Beltline Campus. This new ultra-modern facility is a place for students to learn, collaborate and succeed. The facility includes classrooms, dedicated tutoring space, a variety of student resource rooms, as well as the library and computer labs. The building was specifically designed to provide space for student collaboration. The Learning Resource Center really makes a great learning environment because of the integrated space. Students can get help from the Library and Academic Success Center in one central location on campus.

The College's Corporate and Continuing Education Division partnered with multiple school districts within the community to create Project BOOM. Building Occupational Opportunities in the Midlands (BOOM) is a program geared towards high school students who struggle in traditional school environments. Rather than earn a traditional diploma, these students work to earn a credential through Occupational Safety and Health Administration (OSHA) and a

certificate from Midlands Technical College that prepares students with basic construction skills to enter careers in the Building Construction field.

Midlands Technical College held its 2018 graduation in May and nearly 2,200 students received degrees, diplomas, and certificates in over 100 academic programs. The College celebrated milestones applauding the largest group of young graduates. Almost fifty dually-enrolled high school students received college degrees and certificates from MTC before graduating from high school. The College also celebrated the oldest graduate in the college's history, at the age of 92.

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 plan. 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. Fairfield County provided 1.08% of the total county support for the current fiscal year.

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

Fiscal year 2017-2018 was moderately stable economically for the College and other South Carolina higher education institutions as the general economy continues to improve. South Carolina's unemployment rate is at an all-time low of 3.8%. With an improving economy, the technical colleges in the state are experiencing decreases in enrollment. Decreases in student enrollment significantly influence the College's annual budget. The declines in student enrollment adversely affect tuition revenue. The College recognized in 2016 that it had to create a strategic plan that was nimble, flexible and a structure that would allow the College to make changes and adjustments within the established framework of the initiatives, action strategies and key performance measures. The College realized the need to be able to adapt to the changing needs. The plan addressed the enrollment declines and focused on three main initiatives: Growing the College, Leveraging Goodwill, and Making Lives Better. The strategic plan had multiple initiatives to increase enrollment in targeted areas such as STEM related programs, dual enrollment and grow the overall student retention rate. The 2016-2018 Strategic Plan outcomes were successful and most exceeded the initial goal. Without the implementation of this flexible strategic plan, the College could have faced more severe decreases in enrollment. With the goals of the 2016-2018 Strategic Plan met, the College is now moving forward with a new strategic plan.

The 2018-2021 Strategic Plan is set to bolster MTC's role in economic development and workforce preparedness while building a sustainable infrastructure to enable student success. The strategic plan has one overarching goal, Ensuring Student Success and College Sustainability. Programs and services across the college will be reviewed and enhanced to meet the plan's goal. The four focus areas will be enrollment, advisement, retention, and sustainability and resources. These focus areas will help to ensure that the College is prepared for enrollment and funding changes.

This fiscal year, the College did not face any budget reductions from the State. The counties, during fiscal year 2017-2018, continued to fully support the College's physical plant operations budget request and maintained its commitment to the College's capital and debt-service needs by funding the requested amounts.

The College undertook several initiatives designed to increase the pipeline of trained and licensed individuals to meet labor market demands and strengthen its ability to serve and acquire resources for the College.

Midlands Technical College and the University of South Carolina signed an academic agreement aimed at increasing the number of students pursuing undergraduate degrees in education. The articulation agreement creates a clear path for students attending Midlands Technical College to transfer into a bachelor's degree program in early childhood, elementary or middle level education with the University of South Carolina. MTC also entered into an agreement with Columbia College that will pave the way for students to complete two degrees in four years while attending two colleges simultaneously. The colleges formalized a unique nursing agreement that creates a seamless transition for students to earn an Associate in Science degree in Nursing from MTC and a Bachelor of Science degree in Nursing at Columbia College.

The College received a \$430,691 grant from the South Carolina Apprenticeship Initiative grant. This grant is to provide funding for apprentices that will help 19 companies in the service area create more than 173 new apprenticeships in a variety of different industries, including healthcare, manufacturing, and information technology.



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, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the College's 22nd consecutive year receiving this award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report of which all content conforms to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.



A Certificate of Achievement is valid for a period of one year only. The College believes its current report continues to conform to the Certificate of Achievement program requirements and is submitting it to GFOA.

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". The signature is fluid and cursive.

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

A handwritten signature in black ink that reads "Sheila W. Smith". The signature is fluid and cursive.

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

A handwritten signature in black ink that reads "Jessica H. Booth". The signature is fluid and cursive.

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, 2017

Christopher P. Morrill

Executive Director/CEO

MIDLANDS TECHNICAL COLLEGE

Organizational Data

COMMISSION MEMBERS AND OFFICERS

<u>Commissioner</u>	<u>County</u>	<u>Term Expires</u>
George P. Powers, Chair	Richland	July 31, 2021
Margaret U. Holmes, Vice Chair	Fairfield	March 24, 2019
Sandra J. Jackson, Secretary	Richland	July 31, 2020
Ronald H. Burkett, Treasurer	Lexington	November 16, 2018
Katie M. Bolden	Richland	July 31, 2020
Pamela S. Harrison	Richland	June 1, 2021
Paula A. Hite	Lexington	November 16, 2019
Randall M. Jackson	Richland	July 31, 2019
Christopher M. Joye	Lexington	July 31, 2019
Robert C. Lentz	Richland	July 31, 2019
L. Todd Sease	Lexington	May 11, 2019
Diane E. Sumpter	Richland	July 31, 2020
Robert P. Wilkins, Jr.	Lexington	November 16, 2020

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
Carlos C. Johnson	General Counsel
Nancy L. Keon	Associate Vice President for Philanthropy and CEO of the MTC Foundation
J. Thomas Ledbetter	Associate Vice President of the Center for Entrepreneurial Success and Community Engagement
Stefanie L. Goebeler	Assistant Vice President for Marketing Communications
Charlton L. Whipple	Executive Director for the Enterprise Campus Authority (ECA) and Economic Development
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	Interim 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



George P. Powers,
Chair



Margaret U. Holmes,
Vice Chair



Sandra J. Jackson,
Secretary



Ronald H. Burkett,
Treasurer



Katie M. Bolden



Pamela S. Harrison



Paula A. Hite



Randall M. Jackson



Christopher M. Joye



Robert C. Lentz



L. Todd Sease



Diane E. Sumpter



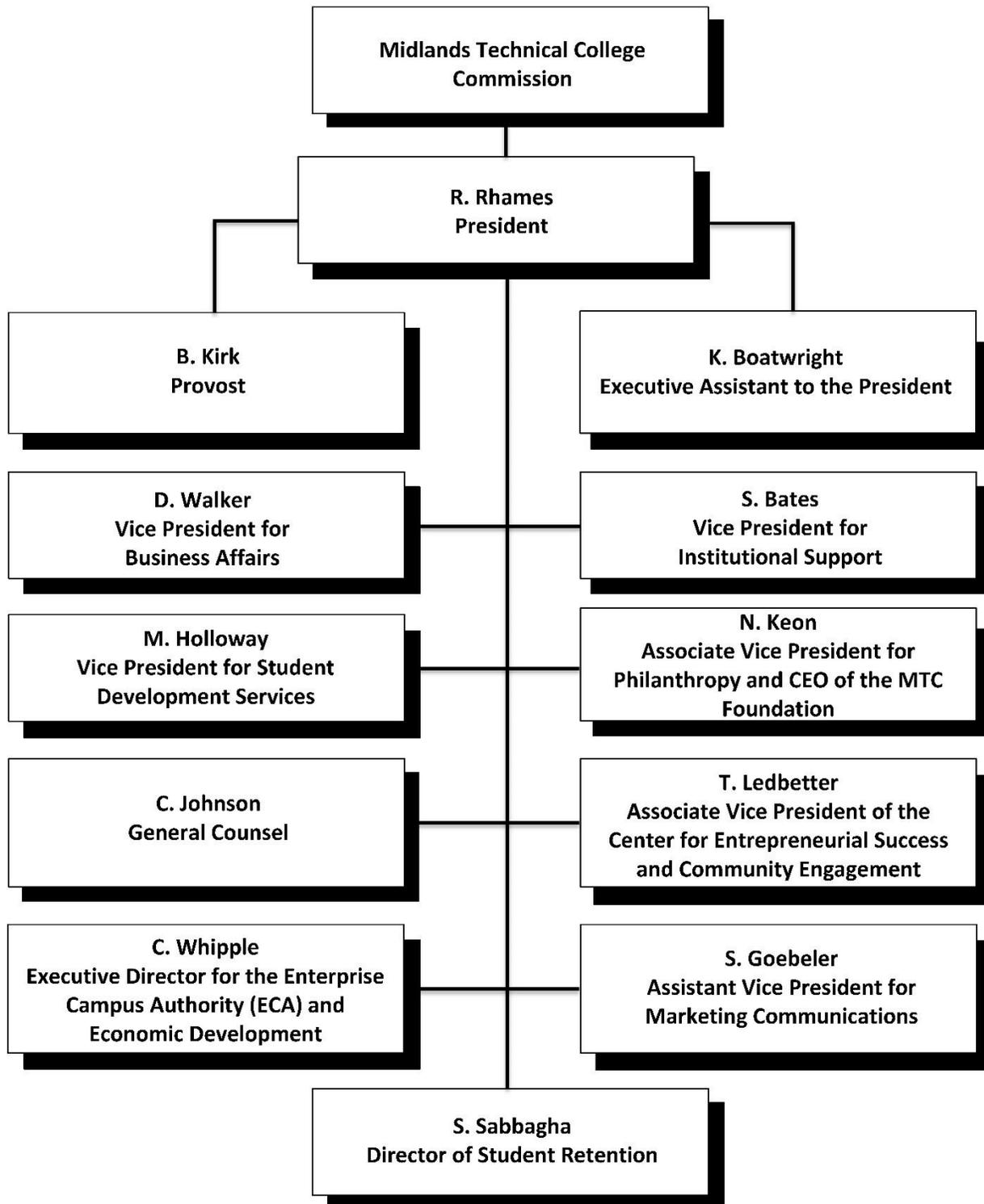
Robert P. Wilkins, Jr.



Ronald L. Rhames,
Ex Officio Member
MTC President

MIDLANDS TECHNICAL COLLEGE

Organizational Chart



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

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, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2018, 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 25, 2018 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 25, 2018

Management's Discussion and Analysis

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, 2018.

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, 2018. 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 Institution'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, 2018 and 2017
(in millions)

	2018	2017	Increase (Decrease)	Percent Change
Current Assets	\$ 73.8	\$ 70.3	\$ 3.5	5.0%
Non-Current Assets				
Capital Assets				
(Net of				
Depreciation)	83.5	86.7	(3.2)	(3.7)%
Other	5.9	5.6	0.3	5.4%
Total Assets	<u>163.2</u>	<u>162.6</u>	<u>0.6</u>	<u>0.4%</u>
Deferred Outflows of Resources*	<u>19.3</u>	<u>14.7</u>	<u>4.6</u>	<u>31.3%</u>
Total Assets and Deferred Outflows of Resources	<u>182.5</u>	<u>177.3</u>	<u>5.2</u>	<u>2.9%</u>
Current Liabilities	12.7	11.7	1.0	8.5%
Non-Current Liabilities*	<u>197.8</u>	<u>117.1</u>	<u>80.7</u>	<u>68.9%</u>
Total Liabilities	<u>210.5</u>	<u>128.8</u>	<u>81.7</u>	<u>63.4%</u>
Deferred Inflows of Resources*	<u>7.5</u>	<u>0.5</u>	<u>7.0</u>	<u>1,400.0%</u>
Total Liabilities and Deferred Inflows of Resources	<u>218.0</u>	<u>129.3</u>	<u>88.7</u>	<u>68.6%</u>
Net Position (Deficit)				
Net Investment in Capital Assets	63.1	64.8	(1.7)	(2.6)%
Restricted for:				
Expendable	58.2	55.3	2.9	5.2%
Unrestricted	<u>(156.8)</u>	<u>(72.1)</u>	<u>(84.7)</u>	<u>(117.5)%</u>
Total Net Position (Deficit)	<u>\$ (35.5)</u>	<u>\$ 48.0</u>	<u>\$ (83.5)</u>	<u>(174.0)%</u>

*The June 30, 2017 figures have not been adjusted for the implementation of GASB 75 as this information is not available.

Assets and Deferred Outflows of Resources

A strong indicator of the financial health of the College for the year is the approximate 5:1 ratio of current assets in the amount of \$73.8 million to current liabilities in the amount of \$12.7 million. The College maintains fiscally sound budget practices that provide for the conservative balance between the two categories.

Current assets have increased by \$3.5 million. The overall increase is \$0.6 million in total assets for the fiscal year. The increases in current assets are explained as follows:

- Cash and short term investments increased by \$2.1 million.
- Accounts receivable increased in total by \$1.3 million due to an increase in student receivables of \$0.8 million, increase in company and other receivables of \$0.2 million, and an increase of \$0.3 million in federal and state grant receivables.

- Other assets increased by \$0.1 million due to an increase in prepaid expenses.

Non-current assets include capital assets net of depreciation and other assets, which is comprised of restricted cash. Capital assets net of depreciation are \$83.5 million for the year, a decrease of \$3.2 million over the prior year. Other non-current assets increased by \$0.3 million. The changes from the prior year are explained as follows:

- Construction in progress increased by \$0.1 million due to the start of the Industrial Technology Expansion project.
- Land and improvements decreased by \$0.3 million due to the sale of land.
- Building and improvements increased by \$0.4 million due to the completion of the Center for Entrepreneurial Success Center and the Learning Resource Center.
- Depreciation and amortization expense accounted for \$4.3 million.

See Note 5, Capital Assets, for additional information.

The following table contains an analysis of capital assets as of June 30, 2018 and 2017.

Analysis of Capital Assets
As of June 30, 2018 and 2017
(in millions)

	2018	2017	Increase (Decrease)	Percent Change
Land & Improvements	\$ 15.2	\$ 15.5	\$ (0.3)	(1.9)%
Construction in Progress	0.1	-	0.1	0.0%
Works of Art	0.1	0.1	-	0.0%
Buildings & Improvements	117.0	116.6	0.4	0.3%
Machinery, Equipment, Vehicles & Other	<u>16.4</u>	<u>16.0</u>	<u>0.4</u>	<u>2.5%</u>
Total Capital Assets	<u>148.8</u>	<u>148.2</u>	<u>0.6</u>	<u>0.4%</u>
Less Accumulated Depreciation	<u>(65.3)</u>	<u>(61.5)</u>	<u>(3.8)</u>	<u>(6.2)%</u>
Capital Assets	<u>\$ 83.5</u>	<u>\$ 86.7</u>	<u>\$ (3.2)</u>	<u>(3.7)%</u>

Deferred outflows of resources increased by \$4.6 million. Deferred pension outflows increased by \$2.0 million due to an increase in the difference between expected and actual experience and investment earnings. Deferred outflows of resources also increased by \$2.6 million due to the College recording deferred outflows related to OPEB during the fiscal year.

Liabilities and Deferred Inflows of Resources

Total liabilities are \$210.5 million, which is an increase of \$81.7 million over the prior fiscal year. Current liabilities increased by \$1.0 million. The changes in current liabilities are explained as follows:

- Payroll and related liabilities increased by \$1.0 million.
- Accounts payable decreased by \$0.4 million due to a decrease in construction payable.
- Current portion of compensated absences increased by \$0.2 million.
- Unearned revenue increased by \$0.4 million due to deferred tuition.

Non-current liabilities increased by \$80.7 million. The change in non-current liabilities are explained as follows:

- Pension liability increased by \$6.7 million due to decrease in investment performance for the State of South Carolina’s retirement programs.
- For fiscal year 2018, the College recorded an OPEB liability. This is an increase of \$75.8 million over the prior year.
- Non-current portion of bonds payable decreased by \$1.5 million.
- Non-current portion of compensated absences decreased by \$0.3 million.

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

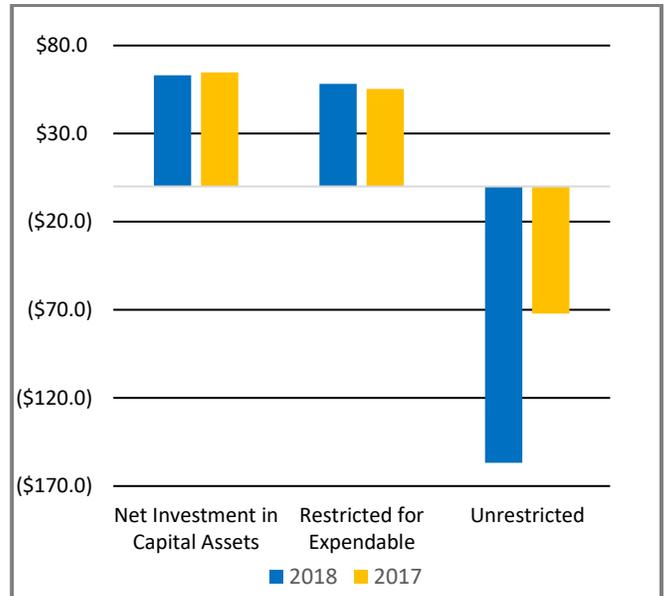
Net Position (Deficit)

Total net position (deficit) for the year is \$(35.5) million, a decrease of \$83.5 million from the prior year. Net investments in capital assets decreased by \$1.7 million, and restricted net position has increased by \$2.9 million.

Unrestricted net position (deficit) decreased by \$84.7 million. Pension related items increased in the amount of \$4.6 million. Unrestricted net position (deficit) also decreased by \$80.4 million due to the adjustment for GASB 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” GASB 75 was effective for employer fiscal year beginning after June 15, 2017. Unrestricted net position (deficit) also consists of amounts related to the College’s 30-day operating reserve that excludes nonessential expenses totaling \$5.9 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, 2018 and 2017.

**Comparative Net Position
As of June 30, 2018 and 2017
(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, 2018, with comparative data for fiscal year ended June 30, 2017.

Condensed Summary of Revenues, Expenses, and Change in Net Position Fiscal Years 2018 and 2017 (in millions)

	2018	2017	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees	\$ 32.3	\$ 32.3	\$ -	0.0%
Grants and Contracts	16.7	18.7	(2.0)	(10.7)%
Auxiliary	1.6	1.4	0.2	14.3%
Other	1.0	1.0	-	0.0%
Total Operating Revenues	51.6	53.4	(1.8)	(3.4)%
Less Operating Expenses*	98.0	111.2	(13.2)	(11.9)%
Net Operating Loss	(46.4)	(57.8)	11.4	19.7%
Non-Operating Revenues				
State Appropriations	18.7	19.4	(0.7)	(3.6)%
Local Appropriations	14.8	13.5	1.3	9.6%
Grants and Contracts	18.5	18.5	-	0.0%
Other	0.8	0.5	0.3	60.0%
Total Non-Operating Revenues	52.8	51.9	0.9	1.7%
Interest Expense	(0.8)	(0.8)	-	0.0%
Increase in Net Position	5.6	(6.7)	12.3	183.6%
Net Position (Deficit), Beginning of Year, as restated	(41.1)	54.7	(95.8)	(175.1)%
Net Position (Deficit), End of Year	(35.5)	48.0	(83.5)	(174.0)%
Total Revenues	\$ 104.4	\$ 105.3	\$ (0.9)	(0.9)%

*The June 30, 2017 figures have not been adjusted for the implementation of GASB 75 as this information is not available.

Revenue

Total revenue decreased by \$0.9 million, which is a decrease of 0.9%.

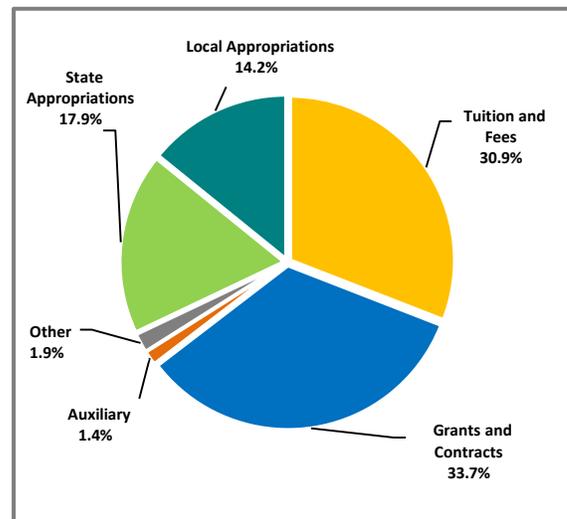
Operating revenue decreased by \$1.8 million. The College had a Board approved tuition increase of 6.25%. Full-time equivalent enrollment decreased by 3.7%. Operating grants and contracts decreased \$2.0 million due to the completion of the BOOST Grant.

Non-operating revenues increased by \$0.9 million. The changes in non-operating revenues are explained as follows:

- Local appropriations increased by \$1.3 million
- State appropriations decreased by \$0.7 million
- Other non-operating revenue increased by 0.3% million.

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

Revenue by Source Fiscal Year 2018



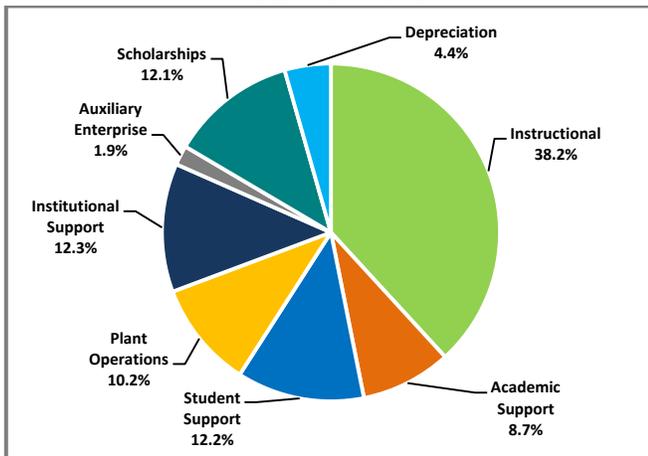
Expenses

Operating expenses were \$98.0 million for the fiscal year, a decrease of \$13.2 million or 11.9% over the prior year. The changes in operating expenses are explained as follows:

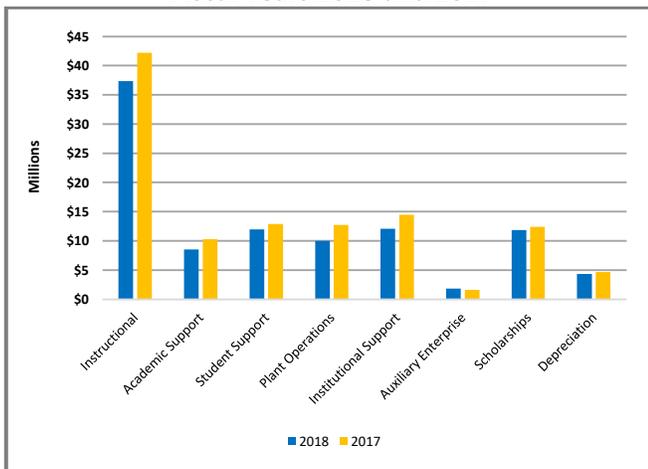
- Scholarships decreased by \$0.5 million.
- Depreciation decreased by \$0.3 million.
- Supplies and other expenses decreased by \$4.0 million. This is due to a decrease in federal and state grants, as well as college operating budget reductions.
- Salaries decreased by \$2.3 million. This is due to the end of the state's TERI program and numerous employees retiring from the College.
- Benefits decreased by \$6.1 million. This is primarily due to an increase in pension expense of \$1.4 million. The College also recognized a decrease in OPEB expense of \$8.8 million.

The following graphs depict operating expenses by function for fiscal year ended June 30, 2018, and a comparison of operating expenses by function for fiscal years ended 2018 and 2017.

**Operating Expenses by Function
Fiscal Year 2018**



**Comparison of Operating Expenses by Function
Fiscal Years 2018 and 2017**



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 to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Cash increased by approximately \$3.3 million from last fiscal year. Net cash flows from operating activities increased by \$2.6 million as seen in the chart below.

Cash flows from non-capital financing activity increased an additional \$0.7 million. Capital and related financing activities increased cash by \$3.0 million due to the College not refunding or issuing any new debt in fiscal year 2018. Net cash provided by investing activities resulted in an increase of \$1.6 million, a change of \$6.1 million from the prior period.

**Condensed Summary of Cash Flow
Fiscal Years 2018 and 2017
(in millions)**

	2018	2017	Increase (Decrease)
Net cash flow used by operating activities	\$ (47.0)	\$ (49.6)	\$ 2.6
Net cash flow provided by non-capital financing activities	48.9	48.2	0.7
Net cash used by capital and related financing activities	(0.2)	(3.2)	3.0
Net cash provided by investing activities	1.6	7.7	(6.1)
Net increase (decrease) in cash	3.3	3.1	0.2
Cash – beginning of year	8.8	5.7	3.1
Cash – end of year	<u>\$ 12.1</u>	<u>\$ 8.8</u>	<u>\$ 3.3</u>

Debt Administration

The College's financial statements reflect \$18,520,000 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 2018-2019 is projected to be slightly increasing at this point.

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.

Basic Financial Statements

MIDLANDS TECHNICAL COLLEGE

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MIDLANDS TECHNICAL COLLEGE
STATEMENT OF NET POSITION
June 30, 2018

ASSETS

Current assets:	
Cash and cash equivalents	\$ 6,186,621
Short-term investments	61,483,654
Accounts receivable, net	5,752,405
Other assets	403,247
Total current assets	<u>73,825,927</u>
Non-current assets:	
Restricted cash and cash equivalents	5,908,206
Capital assets:	
Depreciable, net of accumulated depreciation	78,055,599
Non-depreciable	5,430,559
Total non-current assets	<u>89,394,364</u>
Total assets	<u>163,220,291</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows - bond refunding	227,674
Deferred pension outflows	16,444,906
Deferred OPEB outflows	2,665,306
Total deferred outflows of resources	<u>19,337,886</u>
Total assets and deferred outflows of resources	<u>182,558,177</u>

LIABILITIES

Current liabilities:	
Accounts payable	1,952,242
Accrued payroll and related liabilities	3,011,536
Funds held for others	352,828
Unearned revenue	5,187,936
Long-term liabilities – current portion:	
Bonds payable	1,542,614
Compensated absences	430,884
Accrued interest payable	270,700
Total current liabilities	<u>12,748,740</u>
Non-current liabilities:	
Long-term liabilities – non-current portion:	
Bonds payable	19,112,783
Compensated absences	2,863,046
OPEB liability	75,872,077
Pension liability	100,001,509
Total non-current liabilities	<u>197,849,415</u>
Total liabilities	<u>210,598,155</u>

DEFERRED INFLOWS OF RESOURCES

Deferred pension inflows	312,082
Deferred OPEB inflows	7,173,223
Total deferred inflows of resources	<u>7,485,305</u>
Total liabilities and deferred inflows of resources	<u>218,083,460</u>

NET POSITION (DEFICIT)

Net investment in capital assets	63,058,435
Restricted for:	
Capital projects	45,608,591
Debt service	12,568,089
Unrestricted	(156,760,398)
Total net position (deficit)	<u>\$ (35,525,283)</u>

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

MIDLANDS TECHNICAL COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2018

REVENUES

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$24,658,519)	\$ 32,267,352
Federal grants and contracts	4,721,855
State grants and contracts	11,906,001
Non-governmental grants and contracts	77,020
Sales and services of educational departments	43,651
Auxiliary enterprises	1,577,847
Other operating revenues	1,006,792
Total operating revenues	<u>51,600,518</u>

EXPENSES

Operating expenses:	
Salaries	50,084,176
Benefits	12,947,577
Scholarships	11,852,570
Utilities	2,381,439
Supplies and other services	16,371,064
Depreciation and amortization	4,340,031
Total operating expenses	<u>97,976,857</u>
Operating loss	<u>(46,376,339)</u>

NON-OPERATING REVENUES (EXPENSES)

State appropriations	18,549,275
Local appropriations	12,038,094
Investment income (net of investment expenses)	713,983
Interest on capital asset-related debt	(758,038)
Federal grants and contracts	18,526,593
Net non-operating revenues (expenses)	<u>49,069,907</u>

Gain before capital grants, gifts, other revenues, and appropriations	<u>2,693,568</u>
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Capital grants, gifts, other revenues, and appropriations:

Contributed capital assets	128,091
Local capital appropriations	2,719,014
State capital appropriations	100,315
Total capital grants, gifts, other revenues, and appropriations	<u>2,947,420</u>

Increase in net position	5,640,988
Net position (deficit) – beginning of year, as restated	<u>(41,166,271)</u>
Net position (deficit) – end of year	<u>\$ (35,525,283)</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees – net of scholarship allowances	\$ 31,400,824
Federal, state, and local grants and contracts	16,536,336
Non-governmental contracts	77,020
Sales and services of educational departments	43,651
Auxiliary enterprise charges	1,399,137
Other receipts	1,185,502
Payments to vendors	(48,240,674)
Payments to employees	(49,229,929)
Amounts provided to student-governmental student loan program	(18,563,320)
Amounts provided from lenders	18,563,320
Net cash flows used by operating activities	<u>(46,828,133)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	18,549,275
Local appropriations	12,038,094
Federal grants and contracts – non-operating	18,526,593
Net change in funds held for others	(189,458)
Net cash flows provided by non-capital financing activities	<u>48,924,504</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Local appropriations for capital	2,719,014
State appropriations for capital	100,315
Proceeds from sale of assets	510,600
Purchase of capital assets	(1,010,417)
Principal paid on capital debt	(1,265,000)
Interest paid on capital debt	(959,000)
Net cash flows used by capital and related financing activities	<u>95,512</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	41,842,638
Interest on investments	713,983
Purchase of investments	(41,488,094)
Net cash flows provided by investing activities	<u>1,068,527</u>
Net increase in cash	3,260,410
Cash and cash equivalents – beginning of year	8,834,417
Cash and cash equivalents – end of year	<u>\$ 12,094,827</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (46,376,339)
Adjustments to reconcile cash flows used by operating activities:	
Depreciation and amortization expense	4,340,031
Change in assets and liabilities:	
Receivables, net	(1,613,098)
Allowance for doubtful accounts	267,000
Prepaid expense and other assets	(4,723,259)
Deferred inflows	7,006,190
Pension liability	6,731,678
OPEB liability	(13,332,134)
Unearned revenue	386,557
Accounts payable	642,351
Accrued leave payable	(157,110)
Net cash flows used by operating activities	<u>\$ (46,828,133)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Non-cash investing activities – change in fair value of investments	\$ (82,994)
Contributed capital assets	128,091
Total non-cash investing, capital and financing activities	<u>\$ 45,097</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, 2018

Assets

Cash and cash equivalents	\$ 474,676
Contributions receivables, net	1,333,553
Other receivable	31,101
Investments	9,997,113
Total assets	<u>\$ 11,836,443</u>

Liabilities and Net Assets

Liabilities:

Accounts payable	<u>\$ 80,696</u>
Total liabilities	<u>80,696</u>

Net assets:

Unrestricted – undesignated	923,361
Unrestricted – designated	643,433
Temporarily restricted	3,217,689
Permanently restricted	6,971,264
Total net assets	<u>11,755,747</u>
Total liabilities and net assets	<u>\$ 11,836,443</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, 2018

	Unrestricted		Temporarily Restricted	Permanently Restricted	Totals
	Undesignated	Designated			
Revenue, gains, and other support					
Contributions	\$ 273,462	\$ -	\$ 571,566	\$ 116,936	\$ 961,964
Grant revenue	-	-	53,000	-	53,000
Income on long-term investments	92,034	14,758	93,336	578	200,706
Other investment income	1,034	-	-	-	1,034
Net unrealized and realized gains on long-term investments	128,381	25,674	162,409	956	317,420
Net assets released from restrictions	395,657	(31,037)	(367,588)	2,968	-
Total revenue, gains, and other support	<u>890,568</u>	<u>9,395</u>	<u>512,723</u>	<u>121,438</u>	<u>1,534,124</u>
Expenses and losses					
Management and general	111,892	-	-	-	111,892
College support	599,803	-	-	-	599,803
Student support	303,807	-	-	-	303,807
Fundraising	143,103	-	-	-	143,103
Total expenses	<u>1,158,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,158,605</u>
Change in net assets	(268,037)	9,395	512,723	121,438	375,519
Net assets at beginning of year	1,191,398	634,038	2,704,966	6,849,826	11,380,228
Net assets at end of year	<u>\$ 923,361</u>	<u>\$ 643,433</u>	<u>\$ 3,217,689</u>	<u>\$ 6,971,264</u>	<u>\$ 11,755,747</u>

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

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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 three net asset classifications – unrestricted, temporarily restricted, and permanently restricted. Permanently restricted net assets consist of contributions and other inflows of assets whose use is limited in perpetuity by donor-imposed stipulations.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily restricted net assets consist of contributions and other transactions whose use is limited by time or purpose by donor-imposed stipulations. Unrestricted net assets are transactions that are neither temporarily nor permanently restricted. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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

During 2018, the College adopted the provisions of GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." GASB required that the College recognize in its financial statements their proportionate share of the unfunded 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.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *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.
- *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 \$758,038 of interest cost during the year ended June 30, 2018, 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 statements of the Foundation are presented in accordance with accounting principles generally accepted in the United States of America and are prepared on the accrual basis of accounting. Consequently, the net assets of the Foundation are reported as follows:

- *Unrestricted Undesignated* – Unrestricted Undesignated Net Assets are not subject to donor-imposed restrictions that will be met by actions of the Foundation and/or passage of time.
- *Unrestricted Designated* – Unrestricted Designated Net Assets are not subject to donor-imposed restrictions, but are subject to Foundation Board imposed stipulations.
- *Temporarily Restricted* – Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
- *Permanently Restricted* – Permanently Restricted Net Assets 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 unrestricted net asset classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including

unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Increases in the allowance for uncollectible pledges are netted against contribution income. Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net asset as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net asset unless their use is restricted by explicit donor stipulation or by law.

Donated Services, Goods, and Facilities – A substantial number of volunteers have donated an undetermined 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, 2018, the Foundation received in-kind contributions valued at approximately \$236,552. 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 at the time of purchase.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment in real estate held for sale is reported at the lower of cost or market. Securities or other investments donated are recorded at their market value at the date of the gift.

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 limited to any one institution. The Foundation has not experienced any losses on its cash equivalents.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.

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, 2018, 2017, 2016, and 2015 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, 2018:

Non-Capital and State Capital Appropriations

Non-Capital Appropriations:

Appropriations per State Board allocation \$ 16,035,988

Appropriations from SC Education Lottery Fund 1,662,469

Other:

Nursing Funding 370,943

Critical Needs Nursing Initiative 45,203

Pathways 37,784

QuickJobs 396,888

Total Non-Capital Appropriations 18,549,275

Capital Appropriations:

State Capital 100,315

Total Non-Capital and State Capital Appropriations \$ 18,649,590

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 \$11,333,809. The bank balances were \$11,449,729, of which \$5,408,628 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 \$5,908,206 in its pooled cash funds in the College’s name. Restricted cash includes \$14,003 held for debt service reserve funds; \$5,443,742 held for maintenance, repair, and replacement; and \$450,461 for construction as required by bond indentures.

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, 2018, 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, 2018, 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	\$ 13,889,908	24.6
Federal Farm Credit Bank	5,269,052	9.4
Federal Home Loan Bank	34,179,629	60.7
Fannie Mae	2,986,437	5.3
Total	\$ 56,325,026	100.0

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.

	Total	Weighted Average Maturity	Weighted Average Days
Bonds	\$ 56,325,026	1.54%	492
Certificates of Deposits	5,158,628	1.24%	562
Total Investments	\$ 61,483,654	1.39%	527

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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.

Investment Pool – The College has deposits of \$5,908,206 held as a part of the State of South Carolina Office of State

Treasurer Local Government Investment Pool. Deposit risk information relating to this investment pool may be obtained from the State of South Carolina's Comprehensive Annual Financial Report. Copies of this report may be obtained from the South Carolina Office of the Comptroller General, 1200 Senate Street, 305 Wade Hampton Office Building, Columbia, South Carolina 29201; or by visiting the Comptroller General's website at www.cg.sc.gov.

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	\$ 6,186,621
Restricted cash and cash equivalents	5,908,206
Short term investments	<u>61,483,654</u>
Total statement of net position	<u>\$ 73,578,481</u>

DEPOSITS AND INVESTMENTS NOTES:

Carrying value of deposits	\$ 11,333,809
Cash on hand	11,440
Held by State Treasurer	5,908,206
Investments	<u>56,325,026</u>
Total deposit and investments notes	<u>\$ 73,578,481</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 4 – RECEIVABLES

Accounts receivable as of June 30, 2018, including applicable allowances, were as follows:

Receivables:	
Student accounts	\$ 5,366,888
Company accounts	980,505
Federal grants and contracts	259,963
State grants and contracts	606,715
Local government	167,475
Other receivables	25,859
Less: Allowance for uncollectibles	<u>(1,655,000)</u>
Receivables, net	<u><u>\$ 5,752,405</u></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.

Contributions Receivable – Discretely Presented Component Unit

Unconditional promises to give as of June 30, 2018, are due as follows:

Within one year	\$ 1,028,486
One to five years	394,695
Total	<u>1,423,181</u>
Allowance for uncollectible pledges	(7,116)
Present value discount	<u>(82,512)</u>
Contributions receivable, net	<u><u>\$ 1,333,553</u></u>

The discount to net present value was calculated using the estimated earnings rate of 4.38% as of June 30, 2018.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 5 – CAPITAL ASSETS

	Beginning Balance July 1, 2017	Increases	Decreases	Ending Balance June 30, 2018
Capital assets not being depreciated:				
Land and improvements	\$ 5,365,017	\$ -	\$ (331,890)	\$ 5,033,127
Construction in progress	22,819	73,075	(22,819)	73,075
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	<u>5,712,193</u>	<u>73,075</u>	<u>(354,709)</u>	<u>5,430,559</u>
Other capital assets:				
Depreciable land improvements	10,112,223	-	-	10,112,223
Buildings and improvements	116,560,617	402,289	-	116,962,906
Machinery, equipment, and other	14,081,278	979,706	(491,886)	14,569,098
Vehicles	1,100,283	38,147	(25,719)	1,112,711
Depreciable intangibles	635,405	-	-	635,405
Total other capital assets at historical cost	<u>142,489,806</u>	<u>1,420,142</u>	<u>(517,605)</u>	<u>143,392,343</u>
Less accumulated depreciation for:				
Buildings and improvements	(40,963,883)	(2,983,810)	-	(43,947,693)
Machinery, equipment, and other	(12,385,480)	(853,064)	491,886	(12,746,658)
Vehicles	(856,048)	(76,041)	25,719	(906,370)
Depreciable land improvements	(6,673,502)	(427,116)	-	(7,100,618)
Intangibles	(635,405)	-	-	(635,405)
Total accumulated depreciation	<u>(61,514,318)</u>	<u>(4,340,031)</u>	<u>517,605</u>	<u>(65,336,744)</u>
Other capital assets, net	<u>80,975,488</u>	<u>(2,919,889)</u>	<u>-</u>	<u>78,055,599</u>
Capital assets, net	<u>\$ 86,687,681</u>	<u>\$ (2,846,814)</u>	<u>\$ (354,709)</u>	<u>\$ 83,486,158</u>

Depreciation expense for the current year totaled \$4,340,031.

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

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible for disability retirement benefits. The TERI program ended effective June 30, 2018, and a member's participation will not continue after this date.

Effective July 1, 2017, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 19.06%. Included in the total SCRS employer contribution rate is a base retirement contribution of 13.41%, 0.15% for the incidental death program, and a 5.50% surcharge that will fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the years ended June 30, 2018, 2017, and 2016 were approximately \$5,387,282, \$4,715,720 and \$4,288,757 respectively, and equaled the base required retirement contribution rate, excluding retiree insurance surcharge and incidental death benefit program contributions of 13.41% for 2018, 11.41% for 2017, and 10.91% for 2016. Also, the College paid employer incidental death benefit program contributions of approximately \$60,260, \$61,995, and \$58,965, at the rate of 0.15% of compensation for the current fiscal years ended June 30, 2018, 2017, and 2016, 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, 2017, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 21.74%. Included in the total PORS employer contribution rate is a base retirement contribution of 15.84%, 0.20% for the incidental death benefit program, 0.20% for the accidental death program, and a 5.50% surcharge that will fund retiree health and dental insurance coverage. The College's actual contributions to the PORS for the years ended June 30, 2018, 2017, and 2016 were approximately \$70,484, \$58,887, and \$51,130, respectively, and equaled the base retirement required contribution rate, excluding surcharge and death program contributions, of 15.84% for 2018, 13.84% for 2017 and 13.34% for 2016. The College also paid employer incidental death benefit program contributions of approximately \$890, \$851, and \$767, at the rate of 0.20% of compensation for the current fiscal years ended June 30, 2018, 2017, and 2016 respectively. In addition, the College paid accidental death program contributions of approximately \$890, \$851, and \$767, at the rate of 0.20% of compensation for the current fiscal years ended June 30, 2018, 2017, and 2016 respectively.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

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, 13.56% plus the retiree surcharge of 5.50% from the employer in fiscal year 2018. Of the 13.56% employer retirement contribution rate, the employer remits 8.41% 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.

For fiscal year 2018, total contributions requirements to the ORP were approximately \$456,760 (excluding the surcharge) from the College as employer and approximately \$488,804 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, 2018, the College reported \$99,135,945 for its proportionate share of the net pension liabilities of SCRS and \$865,564 for PORS. The net pension liability defined of the SCRS and PORS defined benefit pension plan was determined based on the July 1, 2017 actuarial valuations, using membership data as of July 1, 2015, projected forward to June 30, 2017, and financial information of the pension trust funds as of June 30, 2017, 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, 2017, the College's SCRS proportion was 0.440% and 0.032% for PORS. For the year ended June 30, 2018, the College recognized pension expense of \$4,540,456 for SCRS and \$57,468 for PORS.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net</u>
Differences between expected and actual experience – SCRS	\$ 441,948	\$ (54,948)	\$ 387,000
Differences between expected and actual experience – PORS	7,720	-	7,720
Net differences between projected and actual investments earnings – SCRS	2,767,410	-	2,767,410
Net differences between projected and actual investments earnings – PORS	30,849	-	30,849
Assumption changes – SCRS	5,803,346	-	5,803,346
Assumption changes – PORS	82,163	-	82,163
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions – SCRS	1,267,871	(257,134)	1,010,737
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions – PORS	58,886	-	58,886
Contributions made from measurement date to June 30, 2018 – SCRS	5,912,449	-	5,912,449
Contributions made from measurement date to June 30, 2018 – PORS	72,264	-	72,264
Total	<u>\$ 16,444,906</u>	<u>\$ (312,082)</u>	<u>\$ 16,132,824</u>

The College reported \$5,912,449 for SCRS and \$72,264 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	<u>SCRS</u>	<u>PORS</u>	<u>Net</u>
2019	\$ (3,055,218)	\$ (42,734)	\$ (3,097,952)
2020	(4,537,860)	(56,559)	(4,594,419)
2021	(3,163,153)	(40,933)	(3,204,086)
2022	787,738	(39,392)	748,346
	<u>\$ (9,968,493)</u>	<u>\$ (179,618)</u>	<u>\$ (10,148,111)</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, 2017.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate or Return ¹	7.25%	7.25%
Projected Salary Increases	3.0% to 12.5% (varies by service) ¹	4.5% to 9.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

¹ Includes inflation at 2.25%

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 as of July 1, 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 System's 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, 2017, 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 2017 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
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100%		5.32%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.57%

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.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

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	\$ 127,772,615	\$ 99,135,945	\$ 81,760,215
PORS	1,168,676	865,564	626,807
Total	\$ 128,941,291	\$ 100,001,509	\$ 82,387,022

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.

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 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

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (Continued)

State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2018 was 5.50%. 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 \$2,534,936 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

At June 30, 2018, the College reported a liability of \$75,872,077 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, 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, 2017, the College's proportion was 0.560155%.

For the year ended June 30, 2018, the College recognized a reduction of OPEB expense in the amount of \$8,824,217. At June 30, 2018, 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	\$ -	\$ (7,139,209)	\$ (7,139,209)
Net difference between projected and actual earnings	-	(32,929)	(32,929)
Net difference between projected and actual investment earnings	130,370	-	130,370
Deferred amounts from changes in proportionate share and difference between employer contributions and proportionate share of total plan employer contributions	-	(1,085)	(1,085)
Current year employer contributions	2,534,936	-	2,534,936
Total	\$ 2,665,306	\$ (7,173,223)	\$ (4,507,917)

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (Continued)

The College reported \$2,534,936 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, 2019.

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>
2019	\$ 1,115,859
2020	1,115,859
2021	1,115,859
2022	1,115,859
2023	1,148,451
Thereafter	1,430,966
	<u>\$ 7,042,853</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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Normal Inflation:	2.25%
Investment Rate of Return:	4.00%, net of OPEB Plan investment expense including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for 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 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years.
Aging Factor:	Based on plane specific experience.
Retiree Participation:	79% for retirees who are eligible for funded premiums.
Notes:	There were no benefit changes during the year; the discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017.

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, 2016. Update procedures were used to roll forward the total OPEB liability to June 30, 2017. 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 2017 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%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
Total	100.00%		1.84%
Expected Inflation			2.25%
Total Return			4.09%
Investment Return Assumption			4.00%

The Single Discount Rate of 3.56% 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 3.56%, 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 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Net OPEB Liability	\$ 89,355,862	\$ 75,872,077	\$ 65,000,846

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 (6.00% decreasing to 3.15%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.15%)	1% Increase (8.00% decreasing to 5.15%)
Net OPEB Liability	\$ 62,218,247	\$ 75,872,077	\$ 93,550,505

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, 2018, the College had no remaining commitment balances 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 \$193,180 at June 30, 2018.

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.

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
2019	\$ 58,547
2020	56,276
2021	4,042
2022	4,042
Total Minimum Payments	<u>\$ 122,907</u>

Operating lease payments disbursed to external parties during the fiscal year ended 2018 total \$139,300. The College's contingent rental payments were \$72,070 for copiers with expense determined on a cost-per-copy basis.

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. 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 \$120,000.

NOTE 11 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2018, are summarized as follows:

Accounts Payable	\$ 1,887,132
Employee Payable	16,427
Construction Payable	48,532
Retainage Payable	151
	<u>\$ 1,952,242</u>

Construction and Retainage payable are payables from restricted assets.

NOTE 12 – BONDS PAYABLE

Bonds and note payable consisted of the following at June 30, 2018:

	<u>Interest Rates</u>	<u>Original Balance</u>	<u>Final Maturity</u>	<u>Current Balance</u>
General Obligation Bonds				
Series 2016C	5.0%	\$ 8,765,000	04/01/2027	\$ 7,700,000
Series 2011C	2.0% to 5.0%	15,000,000	03/01/2031	10,820,000
Total Bonds Payable		<u>\$ 23,765,000</u>		<u>\$ 18,520,000</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 \$2,890,918, which results in a legal annual debt service at June 30, 2018, of \$2,601,826. The annual debt service payments for the fiscal year ended June 30, 2018, were \$2,224,000; all issues are subject to arbitrage regulations.

The College reported \$227,674 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>
2019	\$25,297
2020	25,297
2021	25,297
2022	25,297
2023	25,297
Thereafter	101,189
Total	<u>\$ 227,674</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 12 – BONDS PAYABLE (continued)

The scheduled maturities of the bonds payable are as follows:

<u>General Obligation Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2019	\$ 1,315,000	\$ 908,350	\$ 2,223,350
2020	1,385,000	842,600	2,227,600
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 – 2028	8,170,000	1,860,188	10,030,188
2029 – 2031	3,075,000	312,500	3,387,500
Total	<u>\$ 18,520,000</u>	<u>\$ 6,022,438</u>	<u>\$ 24,542,438</u>

NOTE 13 – LONG-TERM LIABILITIES

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

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>	<u>Due Within One Year</u>
Bonds Payable					
General obligation bonds	\$ 19,785,000	\$ -	\$ (1,265,000)	\$ 18,520,000	\$ 1,315,000
Unamortized bond premium	2,363,011	-	(227,614)	2,135,397	227,614
Total bonds payable	22,148,011	-	(1,492,614)	20,655,397	1,542,614
Accrued compensated absences	3,451,040	1,404,481	(1,561,591)	3,293,930	430,884
Total Long-Term Liabilities	<u>\$ 25,599,051</u>	<u>\$ 1,404,481</u>	<u>\$ (3,054,205)</u>	<u>\$ 23,949,327</u>	<u>\$ 1,973,498</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS – DISCRETELY PRESENTED COMPONENT UNIT

At June 30, 2018, temporarily restricted net assets are available for the following specific program services:

Periods after June 30, 2018	\$ 231,824
Specific programs	<u>2,985,865</u>
	<u>\$ 3,217,689</u>

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

Total program and time restrictions released	<u>\$ 367,588</u>
--	-------------------

NOTE 15 – PERMANENTLY RESTRICTED NET ASSETS DISCRETELY PRESENTED COMPONENT UNIT

Permanently restricted net assets of \$6,971,264 at June 30, 2018, are restricted to investment in perpetuity; the income from which is expendable to support the Foundation's objectives.

NOTE 16 – 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, 2018.

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 \$599,803 during the 2018 fiscal year. Total payments to the College for items such as scholarships and grants, and other support for the students totaled \$303,807 during the 2018 fiscal year. Additionally, the Foundation paid the College a total of \$3,000 for administrative services during the year.

The Foundation's assets as of June 30, 2018, were \$11,836,443.

Amounts due from/to the Foundation as of June 30, 2018, are as follows:

Due from the Foundation \$80,696.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 16 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY AND BLENDED PRESENTED COMPONENT UNITS (Continued)

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, 2018:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Primary Government
Current assets:			
Cash and cash equivalents	\$ 6,186,621	\$ -	\$ 6,186,621
Short-term investments	61,483,654	-	61,483,654
Accounts receivable, net	5,752,405	-	5,752,405
Internal balances	(1,549,394)	1,549,394	-
Other current assets	403,247	-	403,247
Total current assets	<u>72,276,533</u>	<u>1,549,394</u>	<u>73,825,927</u>
Non-current assets			
Capital assets, net of depreciation	77,204,244	6,281,914	83,486,158
Other non-current assets	5,908,206	-	5,908,206
Total non-current assets	<u>83,112,450</u>	<u>6,281,914</u>	<u>89,394,364</u>
Total assets	<u>155,388,983</u>	<u>7,831,308</u>	<u>163,220,291</u>
Deferred outflows of resources	19,337,886	-	19,337,886
Total assets and deferred outflows of resources	<u>174,726,869</u>	<u>7,831,308</u>	<u>182,558,177</u>
Current liabilities:			
Accounts payable	1,950,309	1,933	1,952,242
Unearned revenue	5,185,223	2,713	5,187,936
Other current liabilities	5,608,562	-	5,608,562
Total current liabilities	<u>12,744,094</u>	<u>4,646</u>	<u>12,748,740</u>
Non-current liabilities	197,849,415	-	197,849,415
Total liabilities	<u>210,593,509</u>	<u>4,646</u>	<u>210,598,155</u>
Deferred inflows of resources	7,485,305	-	7,485,305
Total liabilities and deferred inflows of resources	<u>218,078,814</u>	<u>4,646</u>	<u>218,083,460</u>
Net position (deficit):			
Net investment in capital assets	56,776,521	6,281,914	63,058,435
Restricted for expendable	58,176,680	-	58,176,680
Unrestricted	(158,305,146)	1,544,748	(156,760,398)
Total net position (deficit)	<u>\$ (43,351,945)</u>	<u>\$ 7,826,662</u>	<u>\$ (35,525,283)</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 16 – 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, 2018:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Primary Government
Operating revenues	\$ 51,452,847	\$ 147,671	\$ 51,600,518
Operating expenses			
Depreciation	4,161,734	178,297	4,340,031
Other expenses	93,276,851	359,975	93,636,826
Total operating expenses	97,438,585	538,272	97,976,857
Operating income (loss)	(45,985,738)	(390,601)	(46,376,339)
Nonoperating revenues (expenses)	52,017,327	-	52,017,327
Increase (decrease) in net position	6,031,589	(390,601)	5,640,988
Net position (deficit) -beginning of year, as restated	(49,204,824)	8,038,553	(41,166,271)
Net position (deficit) -end of year	\$ (43,351,945)	\$ 7,826,662	\$ (35,525,283)

Condensed statement of cash flows for the fiscal year ended June 30, 2018:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Primary Government
Net cash provided (used) by:			
Operating activities	\$ (46,277,657)	\$ (550,476)	\$ (46,828,133)
Noncapital financing activities	48,924,504	-	48,924,504
Capital and related financing activities	(454,964)	550,476	95,512
Investing activities	1,068,527	-	1,068,527
Net increase (decrease) in cash	3,260,410	-	3,260,410
Beginning cash and cash equivalent balances	8,834,417	-	8,834,417
Ending cash and cash equivalent balances	\$ 12,094,827	\$ -	\$ 12,094,827

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 17 – 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.

NOTE 18 – OPERATING EXPENSES BY FUNCTION

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

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation and Amortization	Total
Instructional	\$ 27,377,872	\$ 6,534,732	\$ -	\$ -	\$ 3,443,962	\$ -	\$ 37,356,566
Academic Support	5,219,758	1,637,534	-	-	1,652,451	-	8,509,743
Student Services	8,311,151	2,663,375	-	-	999,385	-	11,973,911
Plant Operations	2,210,521	210,616	-	2,381,439	5,222,444	-	10,025,020
Institutional Support	6,406,529	1,493,831	-	-	4,182,879	-	12,083,239
Scholarships	-	-	11,852,570	-	-	-	11,852,570
Auxiliary Enterprises	558,345	407,489	-	-	869,943	-	1,835,777
Depreciation	-	-	-	-	-	4,340,031	4,340,031
Total	\$ 50,084,176	\$ 12,947,577	\$ 11,852,570	\$ 2,381,439	\$ 16,371,064	\$ 4,340,031	\$ 97,976,857

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:

- 2016 \$4,793,246
- 2017 \$5,044,441
- 2018 \$5,102,603

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.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 19 – TAX ABATEMENTS

Midlands Technical College’s property tax revenues were reduced by \$455,215 under agreements entered into by Lexington County as of June 30, 2018. The State of South Carolina reimbursed Lexington County \$10,507 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.

	Lexington County	State of South Carolina
Tax Abatement Program	Amount of Taxes Abated During the Fiscal Year	Revenue Reimbursement Amount
Fee-in-Lieu of Taxes Program (FILOT)	\$ 70,047	\$ 3,338
Fee-in-Lieu of Tax and Special Source Revenue Credit Program (FILOT+SSRC)	123,213	1,304
Infrastructure Program (IP)	131	-
Fee-in-Lieu of Tax and Infrastructure Program (FILOT+IP)	70,721	5,865
Special Source Revenue Credit and Infrastructure Program (SSRC+IP)	109	-
Fee-in-Lieu of Tax, Special Source Revenue Credit and Infrastructure Program (FILOT+SSRC+IP)	190,994	-
	<u>\$ 455,215</u>	<u>\$ 10,507</u>

NOTE 20 – TRANSACTION 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 21 – 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.

The College has the following recurring fair value measurements as of June 30, 2018:

	<u>Level</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Short-term investments	1	\$ 61,483,654	\$ 61,483,654
Bonds payable	3	(20,655,397)	(20,655,397)

Changes in Level 3 fair value measurements were as follows:

	<u>Bonds Payable</u>
Ending balance – June 30, 2017	<u>\$ 22,148,011</u>
Principal payments	<u>(1,492,614)</u>
Ending balance – June 30, 2018	<u>\$ 20,655,397</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 21 – 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	\$ 9,992,113	\$ 9,992,113
Contributions receivable	3	\$ 1,333,553	\$ 1,333,553

The Foundation recognized a decrease in the amount of \$709,827 in level 3 due to the decrease in contributions receivable during the year.

NOTE 22 – RESTATEMENT

The College implemented the provisions of GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" during the current year. The implementation requires the College to restate its beginning net position. The balances that were affected are as follows:

Audited net position as of June 30, 2017	\$ 48,037,940
OPEB liability	<u>89,204,211</u>
Restated net position (deficit) as of June 30, 2017	<u><u>\$ (41,166,271)</u></u>

NOTE 23 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 25, 2018, which is the date the financial statements were available for issue.

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Required Supplemental Information

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
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
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 five 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
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%
2010	2,771,512	(2,771,512)	-	29,994,714	9.24%
2009	3,056,676	(3,056,676)	-	33,080,913	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
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%
2010	21,337	(21,337)	-	200,343	10.65%
2009	23,634	(23,634)	-	221,912	10.65%

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
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 two 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
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%
2010	1,147,606	(1,147,606)	-	32,057,372	3.50%
2009	1,263,427	(1,263,427)	-	34,471,156	3.50%

MIDLANDS TECHNICAL COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

1. Changes of Assumptions

Amounts reported for the year ended June 30, 2018 reflect actuarial assumption changes effective July 1, 2016 based on the results of an actuarial experience study completed in 2017.

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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

MIDLANDS TECHNICAL COLLEGE

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MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF NET POSITION BY COMPONENT Fiscal Years 2009 - 2018

	For the Year Ended June 30,				
	2018	2017 ^a	2016 ^a	2015 ^a	2014 ^b
Net Investment in capital assets	\$ 63,058,435	\$ 64,808,234	\$ 63,896,096	\$ 57,352,248	\$ 52,497,784
Restricted for Expendable:					
Capital projects	45,608,591	42,982,479	49,779,931	57,842,571	65,337,108
Debt service	12,568,089	12,299,456	10,065,113	9,609,756	8,745,178
Unrestricted	(156,760,398)	(72,052,229)	(69,001,525)	(67,371,667)	7,097,021
Total College net position (deficit)	<u>\$ (35,525,283)</u>	<u>\$ 48,037,940</u>	<u>\$ 54,739,615</u>	<u>\$ 57,432,908</u>	<u>\$ 133,677,091</u>

	For the Year Ended June 30,				
	2013 ^b	2012 ^b	2011 ^b	2010 ^b	2009 ^b
Net Investment in capital assets	\$ 52,728,938	\$ 49,180,406	\$ 44,494,581	\$ 44,208,837	\$ 43,628,532
Restricted for Expendable:					
Capital projects	64,126,456	66,404,436	59,870,645	46,261,014	34,405,115
Debt service	8,693,518	6,532,137	5,655,988	3,872,761	2,302,791
Unrestricted	6,934,039	6,879,099	6,577,063	6,637,926	5,069,251
Total College net position (deficit)	<u>\$ 132,482,951</u>	<u>\$ 128,996,078</u>	<u>\$ 116,598,277</u>	<u>\$ 100,980,538</u>	<u>\$ 85,405,689</u>

Notes:

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

^b The June 30, 2009-2014 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 2009 - 2018

For the Year Ended June 30,

	2018	2017 ^a	2016 ^a	2015 ^a	2014 ^b
Income Before Other Revenues,					
Expenses, Gains or Losses	\$ 2,693,568	\$ (9,969,743)	\$ (5,904,626)	\$ (5,213,434)	\$ (1,632,734)
State capital appropriations	100,315	528,836	615,396	198,392	27,735
Local capital appropriations	2,719,014	2,554,970	2,421,425	2,362,880	2,389,914
Research University Infrastructure Bonds	-	-	-	19,685	37,026
Contributed capital assets	128,091	184,262	174,512	155,470	372,199
Total increase (decrease) in net position	<u>\$ 5,640,988</u>	<u>\$ (6,701,675)</u>	<u>\$ (2,693,293)</u>	<u>\$ (2,477,007)</u>	<u>\$ 1,194,140</u>

For the Year Ended June 30,

	2013 ^b	2012 ^b	2011 ^b	2010 ^b	2009 ^b
Income Before Other Revenues,					
Expenses, Gains or Losses	\$ 585,666	\$ 6,789,217	\$ 13,421,144	\$ 11,315,492	\$ 2,960,023
State capital appropriations	537,494	1,152,994	3,418	2,109,890	606,897
Local capital appropriations	2,327,645	4,129,952	2,193,177	2,065,651	2,077,644
Research University Infrastructure Bonds	9,897	30,743	-	54,082	37,409
Contributed capital assets	26,171	294,895	-	32,734	62,000
Total increase (decrease) in net position	<u>\$ 3,486,873</u>	<u>\$ 12,397,801</u>	<u>\$ 15,617,739</u>	<u>\$ 15,577,849</u>	<u>\$ 5,743,973</u>

Notes:

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

^b The June 30, 2009-2014 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 2009 - 2018

	For the Year Ended June 30,				
	2018	2017 ^a	2016 ^a	2015 ^a	2014 ^b
Expenses:					
Instruction	\$ 37,356,566	\$ 42,226,605	\$ 39,568,923	\$ 37,332,167	\$ 36,429,842
Academic Support	8,509,743	10,286,746	9,162,696	9,407,990	8,985,418
Student Services	11,973,911	12,893,625	12,846,164	12,764,467	11,954,018
Operation and Maintenance of Plant	10,025,020	12,703,659	11,983,192	10,335,871	9,712,593
Institutional Support	12,083,239	14,444,235	12,251,986	13,506,033	10,680,963
Scholarships	11,852,570	12,386,434	13,867,388	15,055,590	16,011,523
Auxiliary Enterprises	1,835,777	1,584,204	1,384,996	4,783,312	7,328,121
Depreciation and amortization	4,340,031	4,657,456	4,445,803	4,247,801	4,621,551
Total Operating Expenses	97,976,857	111,182,964	105,511,148	107,433,231	105,724,029
Interest on capital asset-related debt	758,038	773,073	1,009,590	1,033,908	1,222,969
Total Expenses	\$ 98,734,895	\$ 111,956,037	\$ 106,520,738	\$ 108,467,139	\$ 106,946,998

	For the Year Ended June 30, (percentage of total)				
	2018	2017 ^a	2016 ^a	2015 ^a	2014 ^b
Expenses:					
Instruction	37.8%	37.7%	37.1%	34.4%	34.1%
Academic Support	8.6%	9.2%	8.6%	8.7%	8.4%
Student Services	12.1%	11.5%	12.1%	11.8%	11.2%
Operation and Maintenance of Plant	10.2%	11.3%	11.2%	9.5%	9.1%
Institutional Support	12.2%	12.9%	11.5%	12.4%	10.0%
Scholarships	12.0%	11.1%	13.0%	13.9%	15.0%
Auxiliary Enterprises	1.9%	1.4%	1.3%	4.4%	6.8%
Depreciation and amortization	4.4%	4.2%	4.2%	3.9%	4.3%
Total Operating Expenses	99.2%	99.3%	99.0%	99.0%	98.9%
Interest on capital asset-related debt	0.8%	0.7%	1.0%	1.0%	1.1%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%

- Continued -

Note:

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

^b The June 30, 2009-2014 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 2009 – 2018 (Continued)

	For the Year Ended June 30,				
	2013 ^b	2012 ^b	2011 ^b	2010 ^b	2009 ^b
Expenses:					
Instruction	\$ 34,798,524	\$ 33,140,850	\$ 31,565,974	\$ 31,659,503	\$ 32,518,891
Academic Support	7,476,733	6,862,681	6,871,478	6,564,331	6,457,966
Student Services	11,093,180	10,415,386	9,503,947	9,668,047	10,496,248
Operation and Maintenance of Plant	11,693,667	8,953,667	8,874,602	9,826,562	7,848,873
Institutional Support	10,281,312	8,232,320	8,083,095	6,407,241	6,947,251
Scholarships	16,547,445	16,809,935	16,298,147	14,856,332	10,805,481
Auxiliary Enterprises	8,695,672	8,738,133	8,471,850	8,752,164	8,214,863
Depreciation and amortization	3,208,354	3,128,168	3,162,951	3,480,213	2,946,028
Total Operating Expenses ^a	103,794,887	96,281,140	92,832,044	91,214,393	86,235,601
Interest on capital asset-related debt	850,118	1,054,012	740,597	580,474	694,459
Total Expenses	\$104,645,005	\$ 97,335,152	\$ 93,572,641	\$ 91,794,867	\$ 86,930,060

	For the Year Ended June 30,				
	(percentage of total)				
	2013 ^b	2012 ^b	2011 ^b	2010 ^b	2009 ^b
Expenses:					
Instruction	33.3%	34.0%	33.7%	34.5%	37.4%
Academic Support	7.1%	7.1%	7.3%	7.2%	7.4%
Student Services	10.6%	10.7%	10.2%	10.5%	12.1%
Operation and Maintenance of Plant	11.2%	9.2%	9.5%	10.7%	9.0%
Institutional Support	9.8%	8.5%	8.6%	7.0%	8.1%
Scholarships	15.8%	17.2%	17.4%	16.2%	12.4%
Auxiliary Enterprises	8.3%	9.0%	9.1%	9.5%	9.4%
Depreciation and amortization	3.1%	3.2%	3.4%	3.8%	3.4%
Total Operating Expenses ^b	99.2%	98.9%	99.2%	99.4%	99.2%
Interest on capital asset-related debt	0.8%	1.1%	0.8%	0.6%	0.8%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

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

^b The June 30, 2009-2014 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 2009 - 2018

	For the Year Ended June 30,				
	2018	2017 ^a	2016 ^a	2015 ^a	2014 ^b
Expenses:					
Salaries	\$ 50,084,176	\$ 52,359,440	\$ 50,418,321	\$ 49,117,417	\$ 47,363,980
Benefits	12,947,577	19,069,494	17,060,866	15,624,914	13,405,597
Scholarships	11,852,570	12,386,434	13,867,388	15,055,590	16,011,523
Utilities	2,381,439	2,338,004	2,301,819	2,256,536	2,277,366
Supplies and Other Services	16,371,064	20,372,136	17,416,951	21,130,973	22,044,012
Depreciation and amortization	4,340,031	4,657,456	4,445,803	4,247,801	4,621,551
Total Operating Expenses	97,976,857	111,182,964	105,511,148	107,433,231	105,724,029
Interest on capital asset-related debt	758,038	773,073	1,009,590	1,033,908	1,222,969
Total Expenses	\$ 98,734,895	\$ 111,956,037	\$ 106,520,738	\$ 108,467,139	\$ 106,946,998

	For the Year Ended June 30, (percentage of total)				
	2018	2017 ^a	2016 ^a	2015 ^a	2014 ^b
Expenses:					
Salaries	50.7%	46.7%	47.3%	45.3%	44.3%
Benefits	13.1%	17.0%	16.0%	14.3%	12.5%
Scholarships	12.0%	11.1%	13.0%	13.9%	15.0%
Utilities	2.4%	2.1%	2.2%	2.1%	2.2%
Supplies and Other Services	16.6%	18.2%	16.4%	19.5%	20.6%
Depreciation and amortization	4.4%	4.2%	4.2%	3.9%	4.3%
Total Operating Expenses	99.2%	99.3%	99.1%	99.0%	98.9%
Interest on capital asset-related debt	0.8%	0.7%	0.9%	1.0%	1.1%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%

- Continued -

Notes:

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

^b The June 30, 2009-2014 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 2009 - 2018 (Continued)

	For the Year Ended June 30,				
	2013 ^b	2012 ^b	2011 ^b	2010 ^b	2009 ^b
Expenses:					
Salaries	\$ 44,959,110	\$ 41,959,466	\$ 40,521,050	\$ 40,944,520	\$ 41,659,673
Benefits	12,715,736	11,156,998	10,813,160	10,400,461	10,716,789
Scholarships	16,547,445	16,809,935	16,298,147	14,856,351	10,806,293
Utilities	2,158,908	1,908,301	1,897,733	1,862,323	1,704,171
Supplies and Other Services	24,205,334	21,318,272	20,139,003	19,670,525	18,402,647
Depreciation and amortization	3,208,354	3,128,168	3,162,951	3,480,213	2,946,028
Total Operating Expenses	<u>103,794,887</u>	<u>96,281,140</u>	<u>92,832,044</u>	<u>91,214,393</u>	<u>86,235,601</u>
Interest on capital asset-related debt	850,118	1,054,012	740,597	580,474	694,459
Total Expenses	<u>\$ 104,645,005</u>	<u>\$ 97,335,152</u>	<u>\$ 93,572,641</u>	<u>\$ 91,794,867</u>	<u>\$ 86,930,060</u>

	For the Year Ended June 30, (percentage of total)				
	2013 ^b	2012 ^b	2011 ^b	2010 ^b	2009 ^b
Expenses:					
Salaries	43.0%	43.1%	44.3%	44.6%	47.9%
Benefits	12.2%	11.5%	11.6%	11.3%	12.3%
Scholarships	15.8%	17.3%	17.4%	16.2%	12.4%
Utilities	2.0%	2.0%	2.0%	2.0%	2.0%
Supplies and Other Services	23.1%	21.9%	21.5%	21.4%	21.2%
Depreciation and amortization	3.1%	3.2%	2.4%	3.8%	3.4%
Total Operating Expenses	<u>99.2%</u>	<u>99.0%</u>	<u>99.2%</u>	<u>99.3%</u>	<u>99.2%</u>
Interest on capital asset-related debt	0.8%	1.0%	0.8%	0.7%	0.8%
Total Expenses	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Notes:

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

^b The June 30, 2009-2014 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

Revenue Capacity

MIDLANDS TECHNICAL COLLEGE

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MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF REVENUES BY SOURCE Fiscal Years 2009 – 2018

	For the Year Ended June 30,				
	2018	2017	2016	2015	2014
Revenues:					
Student tuition and fees (net of scholarship allowances)	\$ 32,267,352	\$ 32,254,325	\$ 31,767,771	\$ 31,718,289	\$ 33,811,937
Federal grants and contracts	4,721,855	6,314,707	4,866,429	5,948,479	4,360,298
State grants and contracts	11,906,001	12,313,470	12,384,489	11,795,174	11,484,830
Non-governmental grants and contracts	77,020	28,511	68,355	87,792	164,963
Sales and services	43,651	42,694	40,789	44,608	37,089
Auxiliary enterprises (net of book allowances)	1,577,847	1,363,015	1,446,420	3,343,765	5,518,854
Other operating revenues	1,006,792	1,036,694	1,061,287	1,077,926	1,003,535
Total Operating Revenues	51,600,518	53,353,416	51,635,540	54,016,033	56,381,506
State appropriations	18,549,275	18,896,896	17,105,945	15,734,384	15,182,000
Local appropriations	12,038,094	10,910,576	10,499,287	9,906,990	9,576,063
Investment income	713,983	318,800	441,118	263,444	185,848
Federal grants and contracts	18,526,593	18,506,606	20,934,222	23,332,854	23,988,847
State capital appropriations	100,315	528,836	615,396	198,392	27,735
Local capital appropriations	2,719,014	2,554,970	2,421,425	2,362,880	2,389,914
Capital asset contributions	128,091	184,262	174,512	155,470	372,199
Research university infrastructure bonds	-	-	-	19,685	37,026
Total Non-operating Revenues	52,775,365	51,900,946	52,191,905	51,974,099	51,759,632
Total Revenues	\$ 104,375,883	\$ 105,254,362	\$ 103,827,445	\$ 105,990,132	\$ 108,141,138

	For the Year Ended June 30, (percentage of total)				
	2018	2017	2016	2015	2014
Revenues:					
Student tuition and fees (net of scholarship allowances)	30.9%	30.6%	30.6%	29.9%	31.3%
Federal grants and contracts	4.5%	6.0%	4.7%	5.6%	4.0%
State grants and contracts	11.4%	11.7%	11.9%	11.1%	10.6%
Non-governmental grants and contracts	0.1%	-	0.1%	0.1%	0.2%
Sales and services	-	-	-	-	-
Auxiliary enterprises (net of book allowances)	1.5%	1.3%	1.4%	3.2%	5.1%
Other operating revenues	1.0%	1.0%	1.0%	1.1%	0.9%
Total Operating Revenues	49.4%	50.6%	49.7%	51.0%	52.1%
State appropriations	17.8%	18.0%	16.5%	14.9%	14.0%
Local appropriations	11.5%	10.4%	10.1%	9.3%	8.9%
Investment income	0.7%	0.3%	0.4%	0.2%	0.2%
Federal grants and contracts	17.8%	17.6%	20.2%	22.1%	22.2%
State capital appropriations	-	0.5%	0.6%	0.2%	-
Local capital appropriations	0.1%	2.4%	2.3%	2.2%	2.3%
Capital contributions	2.6%	0.2%	0.2%	0.1%	0.3%
Research university infrastructure bonds	0.1%	-	-	-	-
Total Non-operating Revenues	50.6%	49.4%	50.3%	49.0%	47.9%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%

- Continued -

Source: Midlands Technical College Audited Financial Statements

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF REVENUES BY SOURCE Fiscal Years 2009 – 2018 (Continued)

	For the Year Ended June 30,				
	2013	2012	2011	2010	2009
Revenues:					
Student tuition and fees (net of scholarship allowances)	\$ 33,794,392	\$ 34,197,090	\$ 33,701,765	\$ 30,100,618	\$ 27,458,566
Federal grants and contracts	3,989,733	3,086,863	4,297,583	4,647,287	4,247,981
State grants and contracts	11,508,569	10,267,703	10,471,492	10,414,431	10,488,055
Non-governmental grants and contracts	23,333	34,181	21,035	24,297	50,495
Sales and services	37,089	41,724	50,674	57,263	49,404
Auxiliary enterprises (net of book allowances)	6,653,893	7,100,047	7,402,923	7,870,276	7,446,119
Other operating revenues	1,097,921	617,427	1,053,742	778,608	579,939
Total Operating Revenues	57,104,930	55,345,035	56,999,214	53,892,780	50,320,559
State appropriations	13,764,914	12,988,274	12,541,521	14,889,269	16,429,386
Local appropriations	9,084,966	8,691,390	8,501,897	8,249,216	8,007,084
Investment income	291,393	454,254	425,412	412,046	1,166,228
Federal grants and contracts	24,984,468	26,645,416	28,525,741	25,667,048	13,975,824
State capital appropriations	537,494	1,152,994	3,418	2,109,890	606,897
Local capital appropriations	2,327,645	4,129,952	2,193,177	2,065,651	2,077,644
Capital asset contributions	26,171	294,895	-	32,734	62,000
Research university infrastructure bonds	9,897	30,743	-	54,082	37,409
Total Non-operation Revenues	51,026,948	54,387,918	52,191,166	53,479,936	42,362,472
Total Revenues	\$ 108,131,878	\$ 109,732,953	\$ 109,190,380	\$ 107,372,716	\$ 92,683,031

	For the Year Ended June 30,				
	2013	2012	2011	2010	2009
	<i>(percentage of total)</i>				
Revenues:					
Student tuition and fees (net of scholarship allowances)	31.3%	31.2%	30.9%	28.0%	29.6%
Federal grants and contracts	3.7%	2.8%	3.9%	4.3%	4.6%
State grants and contracts	10.6%	9.4%	9.7%	9.7%	11.3%
Non-governmental grants and contracts	-	-	-	-	0.1%
Sales and services	-	-	-	0.1%	0.1%
Auxiliary enterprises (net of book allowances)	6.2%	6.5%	6.8%	7.3%	8.0%
Other operating revenues	1.0%	0.5%	1.0%	0.7%	0.6%
Total Operating Revenues	52.8%	50.4%	52.3%	50.1%	54.3%
State appropriations	12.7%	11.8%	11.4%	13.9%	17.7%
Local appropriations	8.4%	7.9%	7.8%	7.7%	8.6%
Investment income	0.3%	0.4%	0.4%	0.4%	1.3%
Federal grants and contracts	23.1%	24.3%	26.1%	23.9%	15.1%
State capital appropriations	0.5%	1.1%	-	2.0%	0.7%
Local capital appropriations	2.2%	3.8%	2.0%	1.9%	2.2%
Capital contributions	-	0.3%	-	-	0.1%
Research university infrastructure bonds	-	-	-	0.1%	-
Total Non-operation Revenues	47.2%	49.6%	47.7%	49.9%	45.7%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Midlands Technical College Audited Financial Statements

ANNUAL TUITION AND FEES

SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – IN STATE Last Ten Academic Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Technical Colleges										
In-County										
Aiken	\$ 4,468	\$ 4,348	\$ 4,262	\$ 4,098	\$ 3,972	\$ 3,866	\$ 3,722	\$ 3,706	\$ 3,626	\$ 3,506
Central Carolina	\$ 4,440	\$ 4,320	\$ 4,200	\$ 3,840	\$ 3,720	\$ 3,584	\$ 3,476	\$ 3,380	\$ 3,308	\$ 3,020
Denmark	\$ 4,440	\$ 3,787	\$ 3,580	\$ 2,624	\$ 2,568	\$ 2,568	\$ 2,500	\$ 2,500	\$ 2,492	\$ 2,378
Florence-Darlington	\$ 4,270	\$ 4,174	\$ 4,078	\$ 3,958	\$ 3,886	\$ 3,766	\$ 3,658	\$ 3,526	\$ 3,302	\$ 3,190
Greenville	\$ 4,422	\$ 4,326	\$ 4,224	\$ 4,094	\$ 3,974	\$ 3,866	\$ 3,748	\$ 3,616	\$ 3,492	\$ 3,396
Horry-Georgetown	\$ 4,108	\$ 4,036	\$ 3,960	\$ 3,854	\$ 3,590	\$ 3,530	\$ 3,530	\$ 3,357	\$ 3,206	\$ 3,194
Midlands	\$ 4,318	\$ 4,064	\$ 3,988	\$ 3,888	\$ 3,838	\$ 3,788	\$ 3,706	\$ 3,608	\$ 3,608	\$ 3,360
Northeastern TC	\$ 4,110	\$ 4,090	\$ 3,846	\$ 3,726	\$ 3,630	\$ 3,534	\$ 3,438	\$ 3,342	\$ 3,342	\$ 3,270
Orangeburg-Calhoun	\$ 4,250	\$ 4,130	\$ 4,010	\$ 3,890	\$ 3,770	\$ 3,650	\$ 3,554	\$ 3,434	\$ 3,218	\$ 3,048
Piedmont	\$ 4,300	\$ 4,228	\$ 4,084	\$ 3,958	\$ 3,850	\$ 3,714	\$ 3,572	\$ 3,540	\$ 3,334	\$ 3,076
Spartanburg	\$ 4,444	\$ 4,300	\$ 4,192	\$ 4,064	\$ 3,940	\$ 3,820	\$ 3,740	\$ 3,576	\$ 3,434	\$ 3,314
TC of the Lowcountry	\$ 4,516	\$ 4,276	\$ 4,180	\$ 4,060	\$ 3,940	\$ 3,722	\$ 3,676	\$ 3,556	\$ 3,382	\$ 3,270
Tri-County	\$ 4,172	\$ 4,050	\$ 3,967	\$ 3,852	\$ 3,744	\$ 3,648	\$ 3,570	\$ 3,465	\$ 3,168	\$ 3,060
Trident	\$ 4,280	\$ 4,156	\$ 4,070	\$ 3,942	\$ 3,823	\$ 3,712	\$ 3,600	\$ 3,530	\$ 3,450	\$ 3,330
Williamsburg	\$ 4,224	\$ 4,080	\$ 4,008	\$ 3,756	\$ 3,650	\$ 3,540	\$ 3,438	\$ 3,264	\$ 3,042	\$ 2,942
York	\$ 4,176	\$ 4,056	\$ 3,960	\$ 3,840	\$ 3,744	\$ 3,712	\$ 3,628	\$ 3,496	\$ 3,352	\$ 3,244
Two-Year Regional Campus of USC										
In State										
USC - Lancaster	\$ 7,478	\$ 7,232	\$ 7,008	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264
USC - Salkehatchie	\$ 7,478	\$ 7,233	\$ 6,918	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264
USC - Sumter	\$ 7,438	\$ 7,152	\$ 6,928	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264
USC - Union	\$ 7,388	\$ 7,132	\$ 6,908	\$ 6,686	\$ 6,482	\$ 6,284	\$ 6,092	\$ 5,864	\$ 5,528	\$ 5,264

Source: South Carolina Commission on Higher Education

ANNUAL TUITION AND FEES

SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – OUT OF STATE Last Ten Academic Years (Continued)

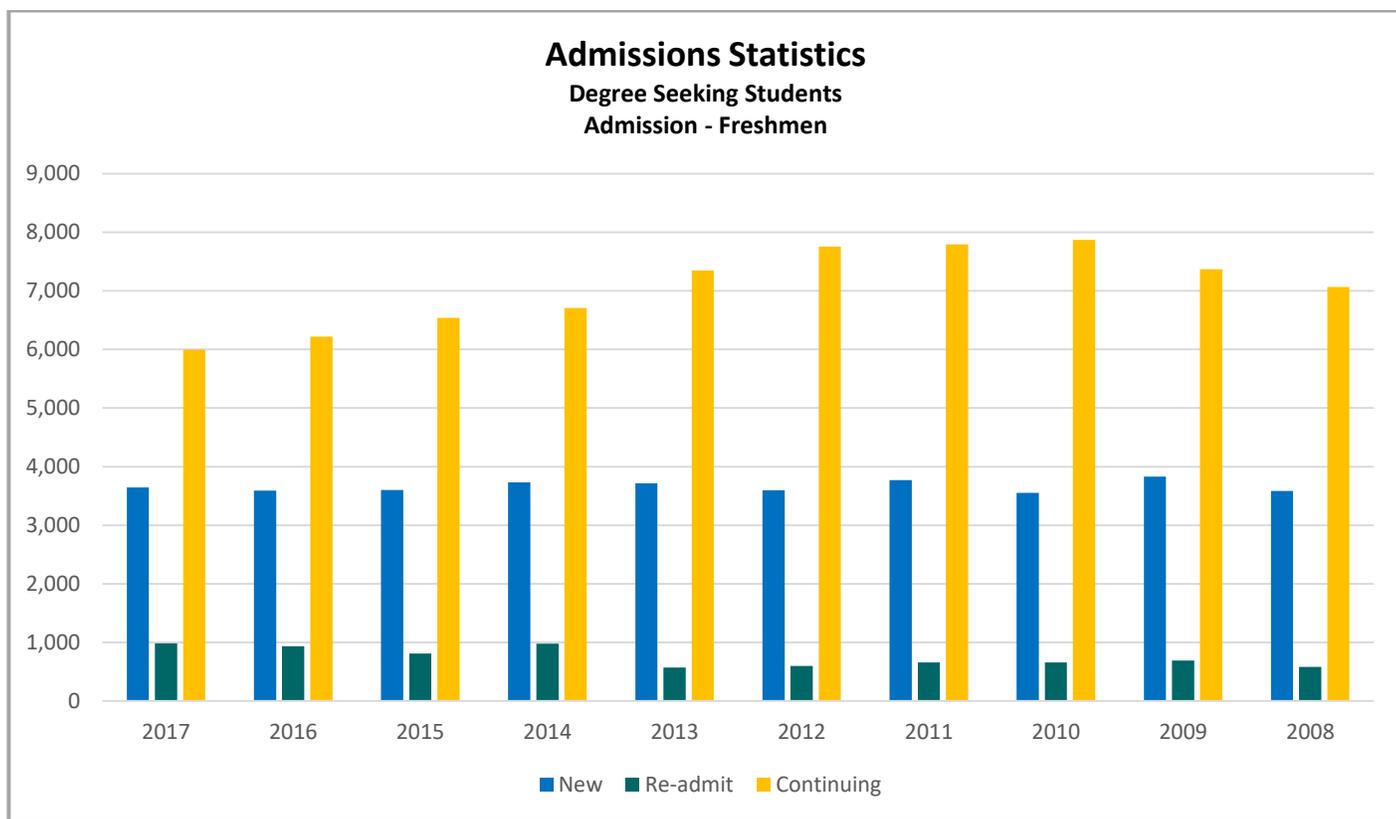
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Technical Colleges										
Out of State										
Aiken	\$ 6,830	\$ 6,638	\$ 6,496	\$ 10,178	\$ 10,130	\$ 10,130	\$ 10,130	\$ 10,130	\$ 10,130	\$ 9,794
Central Carolina	\$ 7,416	\$ 7,200	\$ 6,768	\$ 6,624	\$ 6,432	\$ 6,232	\$ 6,042	\$ 5,872	\$ 5,744	\$ 5,372
Denmark	\$ 8,640	\$ 6,458	\$ 5,542	\$ 5,048	\$ 4,920	\$ 4,920	\$ 4,780	\$ 4,780	\$ 4,676	\$ 4,466
Florence-Darlington	\$ 6,406	\$ 6,262	\$ 6,166	\$ 6,046	\$ 5,982	\$ 5,862	\$ 5,754	\$ 5,622	\$ 5,398	\$ 5,286
Greenville	\$ 8,766	\$ 8,550	\$ 8,448	\$ 8,438	\$ 8,150	\$ 7,910	\$ 7,660	\$ 7,372	\$ 7,116	\$ 6,912
Horry-Georgetown	\$ 8,092	\$ 7,948	\$ 6,918	\$ 6,726	\$ 6,294	\$ 5,794	\$ 5,794	\$ 5,354	\$ 5,046	\$ 5,034
Midlands	\$ 12,478	\$ 11,744	\$ 11,524	\$ 11,232	\$ 11,086	\$ 10,940	\$ 10,714	\$ 10,640	\$ 10,474	\$ 9,840
Northeastern TC	\$ 6,870	\$ 6,802	\$ 6,462	\$ 6,342	\$ 6,174	\$ 6,078	\$ 5,982	\$ 5,886	\$ 5,886	\$ 5,886
Orangeburg-Calhoun	\$ 7,010	\$ 6,890	\$ 6,746	\$ 6,602	\$ 6,458	\$ 6,218	\$ 6,218	\$ 6,218	\$ 6,218	\$ 4,488
Piedmont	\$ 6,220	\$ 6,148	\$ 5,836	\$ 5,710	\$ 5,458	\$ 5,322	\$ 5,180	\$ 5,148	\$ 4,942	\$ 4,684
Spartanburg	\$ 8,956	\$ 8,692	\$ 8,472	\$ 8,208	\$ 7,956	\$ 7,716	\$ 7,616	\$ 7,338	\$ 7,196	\$ 7,048
TC of the Lowcountry	\$ 9,676	\$ 9,268	\$ 9,076	\$ 8,812	\$ 8,548	\$ 8,212	\$ 8,020	\$ 7,760	\$ 7,436	\$ 7,082
Tri-County	\$ 9,356	\$ 9,042	\$ 8,815	\$ 8,568	\$ 8,328	\$ 8,124	\$ 7,944	\$ 7,767	\$ 7,032	\$ 6,786
Trident	\$ 8,073	\$ 7,838	\$ 7,676	\$ 7,434	\$ 7,209	\$ 7,000	\$ 6,814	\$ 6,682	\$ 6,532	\$ 6,308
Williamsburg	\$ 8,016	\$ 7,752	\$ 7,608	\$ 7,260	\$ 7,056	\$ 6,840	\$ 6,642	\$ 6,282	\$ 5,850	\$ 5,642
York	\$ 9,336	\$ 9,240	\$ 9,024	\$ 8,736	\$ 8,520	\$ 8,392	\$ 8,176	\$ 7,864	\$ 7,528	\$ 7,288
Two-Year Regional Campuses of USC										
Out of State										
USC - Lancaster	\$ 17,858	\$ 17,264	\$ 16,728	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680
USC - Salkehatchie	\$ 17,858	\$ 17,265	\$ 16,638	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680
USC - Sumter	\$ 17,818	\$ 17,184	\$ 16,648	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680
USC - Union	\$ 17,768	\$ 17,164	\$ 16,628	\$ 16,130	\$ 15,632	\$ 15,158	\$ 14,696	\$ 14,144	\$ 13,304	\$ 12,680

Source: South Carolina Commission on Higher Education

MIDLANDS TECHNICAL COLLEGE

ADMISSIONS, ENROLLMENT, AND DEGREE STATISTICS Last Ten Academic Years

	Academic Year Beginning in Fall									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Degree Seeking Students										
Admissions - Freshmen										
New	3,646	3,593	3,599	3,734	3,713	3,595	3,772	3,552	3,827	3,583
Re-admit	983	936	809	981	572	600	659	657	693	584
Continuing	5,996	6,220	6,538	6,709	7,349	7,754	7,793	7,869	7,370	7,067
Total	10,625	10,749	10,946	11,424	11,634	11,949	12,224	12,078	11,890	11,234



- Continued -

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Enrollment (Credit Programs Only)										
Undergraduate FTE	7,429	7,713	8,075	8,383	8,585	8,916	9,209	9,274	9,306	8,520
Undergraduate headcount	14,576	14,389	15,072	15,721	16,109	16,946	17,486	17,355	17,440	16,490
Percentage of men	39%	39%	40%	41%	41%	40%	39%	39%	39%	38%
Percentage of women	61%	61%	60%	59%	59%	60%	61%	61%	61%	62%
Percentage of African-American	36%	36%	37%	37%	37%	38%	38%	36%	37%	36%
Percentage of Hispanic	5%	4%	4%	3%	3%	3%	2%	2%	2%	2%
Percentage of white	46%	48%	50%	51%	52%	52%	53%	55%	54%	54%
Percentage of other	13%	12%	9%	8%	8%	7%	7%	7%	7%	7%
Degrees Granted										
Associate Degree	1,215	1,056	993	1,067	1,089	1,144	1,006	917	922	905
Diploma	104	92	91	90	71	111	76	87	126	116
Certificate	1,026	829	903	909	775	906	832	782	724	683
Total Awarded	2,345	1,977	1,987	2,066	1,935	2,161	1,914	1,786	1,772	1,704

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Richland	46%	47%	49%	49%	49%	49%	48%	48%	47%	47%
Lexington	34%	34%	33%	33%	34%	34%	35%	35%	34%	34%
Fairfield	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Other	18%	17%	16%	16%	15%	15%	15%	15%	17%	17%
Total	<u>100%</u>									

Historic Campus of Attendance*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Airport	48%	51%	49%	48%	49%	49%	48%	49%	49%	50%
Beltline	34%	33%	36%	37%	37%	39%	40%	40%	40%	39%
Other	18%	16%	15%	15%	14%	12%	12%	11%	11%	11%
Total	<u>100%</u>									

Historic Average Age

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Average Age	25	25	25	25	26	26	26	26	26	26

**Note: Does not include Harbison Campus, which offers continuing education courses only
Source: Midlands Technical College Student Information System database*

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Debt Capacity

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,				
	2018	2017	2016	2015	2014
General obligation bonds*	\$ 18,520	\$ 19,785	\$ 20,970	\$ 25,235	\$ 26,595
Unamortized bond premium	2,135	2,363	2,598	691	736
Note Payable	-	-	-	-	-
Total Outstanding debt	\$ 20,655	\$ 22,148	\$ 23,568	\$ 25,926	\$ 27,331
Full-time equivalent students					
Credit	7,429	7,713	8,075	8,383	8,585
Corporate and Continuing Education	980	859	861	803	738
Total enrollment	8,409	8,572	8,936	9,186	9,323
Outstanding debt per FTE	\$ 2,456	\$ 2,584	\$ 2,637	\$ 2,822	\$ 2,932

- Continued -

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,				
	2013	2012	2011	2010	2009
General obligation bonds*	\$ 27,920	\$ 29,205	\$ 30,460	\$ 16,110	\$ 16,735
Unamortized bond premium	781	826	871	76	80
Note Payable	-	30	41	-	64
Total Outstanding debt	\$ 28,701	\$ 30,061	\$ 31,372	\$ 16,186	\$ 16,879
Full-time equivalent students					
Credit	8,916	9,209	9,274	8,386	7,846
Corporate and Continuing Education	781	878	920	727	667
Total enrollment	9,697	10,087	10,194	9,113	8,513
Outstanding debt per FTE	\$ 2,960	\$ 2,980	\$ 3,077	\$ 1,776	\$ 1,983

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	
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
2010	1,347,947	1,347,947	625,000	717,630	1,342,630	1.00
2009	1,347,947	1,347,947	600,000	742,299	1,342,299	1.34

Source: Midlands Technical College Finance and Accounting Office

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Demographic and Economic Information

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</u> ^a			<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</u> ^c	<u>Lexington</u> ^c	<u>Fairfield</u> ^c	<u>South Carolina</u> ^d
2017	411,592	290,642	22,607	^b	^b	^b	^b	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 ^e	34,313 ^e	26,703 ^e	32,193 ^e	9.60%	8.10%	13.40%	11.20%
2009	372,023	255,607	23,343	36,302	33,996	27,395	31,799	9.60%	8.40%	13.40%	11.70%
2008	364,007	248,518	23,435	36,006	35,960	27,263	31,884	6.10%	4.90%	10.80%	6.90%

Sources:

^a South Carolina Department of Employment & Workforce

^b Data not available for 2017

^c U.S. Department of Labor, Bureau of Labor Statistics, County Data

^d U.S. Census Bureau, Statistical Abstract of the United States

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

MIDLANDS TECHNICAL COLLEGE
PRINCIPAL EMPLOYERS BY COUNTY
June 30, 2018

County		
Richland	Lexington	Fairfield ¹
BlueCross BlueShield of SC	Akebono Corporation North America	Bomag Americas, Inc.
Cellco Partnership	Amazon.com, DEDC, LLC	Breakthru Beverage South Carolina
City of Columbia	Babcock Center, Inc.	Element TV Company, LP
Colonial Life & Accident Insurance	Charter Communications, LLC	Fairfield County Council
Department of Defense	General Information Solutions, Inc.	Fairfield County Disabilities
Palmetto GBA, LLC	House of Raeford Farms, Inc.	Fairfield County School District
Palmetto Health	Lexington County	Fairfield Memorial Hospital
Palmetto Health University of South Carolina	Lexington County Health Services District	Flour Daniel Maintenance Services
Richland County	Lexington County School District 1	Flour Enterprises, Inc.
Richland School District 1	Lexington County School District 2	G4S Secure Solutions USA, Inc.
Richland School District 2	Lexington County School District 5	Isola USA Corp
SC Dept of Corrections	Michelin North America, Inc.	Mekra Lang North America, LLC
SC Dept of Mental Health	Publix Super Markets, Inc.	Palmetto State Armory, LLC
SC Dept of Transportation	Richland County Commission for Technology	Performance Fibers, Inc.
SC Health & Environmental Control	SCANA Services, Inc.	Pruitthealth Ridgeway, LLC
Universal Protection Service, LLC	SC Electric & Gas Company	SCANA Services, Inc.
University of South Carolina	Southeastern Freight Lines, Inc.	SC Electric & Gas Company
US Postal Service	Teleperformance USA, Inc.	Stone & Webster Services, LLC
Wal-Mart Associates, Inc.	United Parcel Service	Town of Winnsboro
WJBD VA Medical Center	Wal-Mart Associates, 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 – 2016 Q4

¹ – *Fairfield Economic Development*

Operating Information

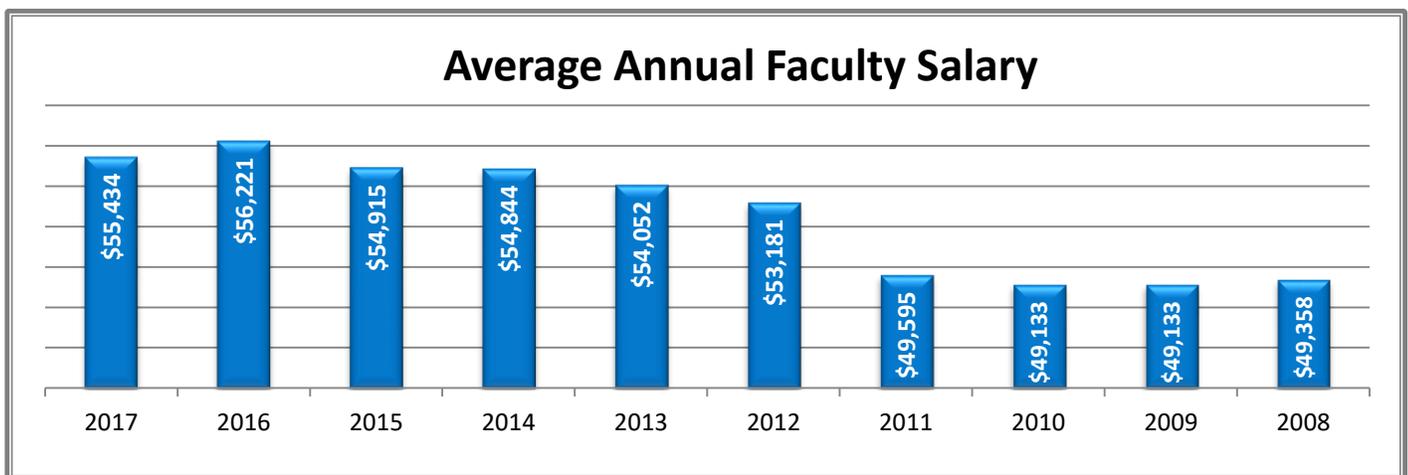
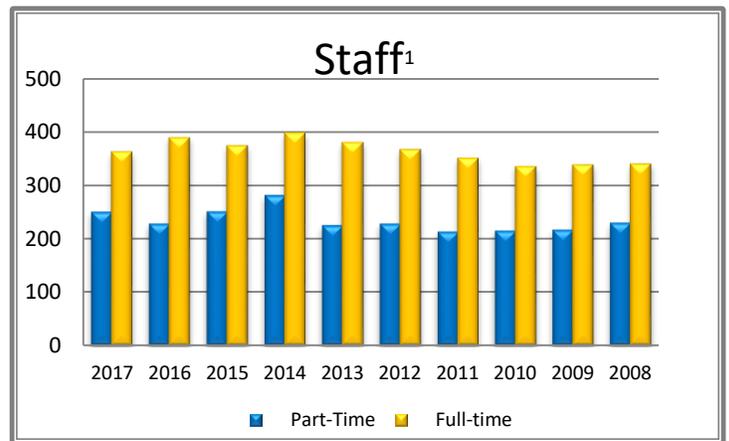
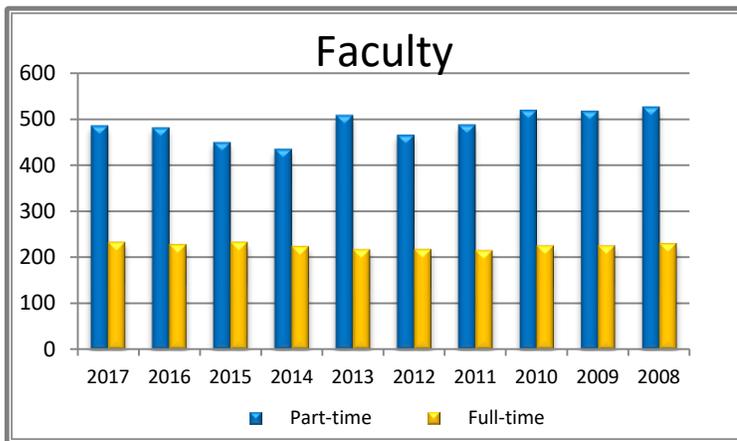
MIDLANDS TECHNICAL COLLEGE

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MIDLANDS TECHNICAL COLLEGE

FACULTY AND STAFF STATISTICS Last Ten Fiscal Years²

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Faculty										
Part-time	485	481	449	435	508	465	487	519	517	526
Full-time	232	227	232	223	216	217	214	224	224	229
Staff¹										
Part-time	250	228	251	281	225	228	213	215	217	230
Full-time	364	390	375	399	381	368	352	336	339	341
Total Employees										
Part-time	1,331	1,326	1,307	1,338	1,330	1,278	1,266	1,294	1,297	1,326
Full-time	735	709	700	716	733	693	700	734	734	756
Full-time	596	617	607	622	597	585	566	560	563	570
Average Annual Faculty Salary										
Faculty Salary	\$55,434	\$56,221	\$54,915	\$54,844	\$54,052	\$53,181	\$49,595	\$49,133	\$49,133	\$49,358



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

Note: ¹ Includes administrators

Note: ² 2018 data not available

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF CAPITAL ASSET INFORMATION BY FUNCTION Last Ten Fiscal Years¹

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction										
Assignable Square Feet	434,833	423,689	403,341	402,931	372,815	352,788	348,678	342,550	330,758	330,442
Percent Use	60.89%	60.27%	59.38%	59.36%	57.83%	56.49%	56.21%	55.77%	55.05%	55.31%
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%	0.09%	0.09%	0.09%	0.09%	0.10%	0.10%
Academic Support										
Assignable Square Feet	32,064	32,064	29,351	29,351	29,351	29,099	29,099	29,099	29,099	29,099
Percent Use	4.50%	4.56%	4.32%	4.32%	4.55%	4.66%	4.69%	4.74%	4.84%	4.85%
Student Services										
Assignable Square Feet	43,293	43,293	43,293	43,293	43,293	43,293	43,293	43,293	43,293	42,669
Percent Use	6.06%	6.16%	6.38%	6.38%	6.71%	6.93%	6.98%	7.05%	7.12%	7.12%
Institutional Support										
Assignable Square Feet	47,711	47,711	47,711	47,711	47,711	47,711	47,711	47,711	47,711	47,895
Percent Use	6.68%	6.79%	7.03%	7.03%	7.40%	7.64%	7.69%	7.77%	7.94%	7.99%
Plant Operations and Maintenance										
Assignable Square Feet	120,787	120,787	120,080	120,080	116,127	116,127	116,127	116,127	114,527	113,875
Percent Use	16.91%	17.18%	17.68%	17.69%	18.01%	18.60%	18.72%	18.91%	19.06%	19.00%
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	4.88%	4.96%	5.13%	5.14%	5.41%	5.58%	5.62%	5.68%	5.80%	5.82%
Total	714,139	702,995	679,227	678,817	644,748	624,469	620,359	614,231	600,839	599,431
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	4,539	4,539	4,539	4,535	4,535	4,535	4,535	4,461	4,460	4,460
Number of employees	707	707	707	588	588	584	689	998	998	998
Number of students ²	3,832	3,832	3,832	3,947	3,947	3,951	3,846	3,472	3,472	3,472

Notes:

All campuses are included.

¹ 2018 data not available² Students park in spaces not designated

Source: South Carolina Commission on Higher Education

Other Information

MIDLANDS TECHNICAL COLLEGE

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MIDLANDS TECHNICAL COLLEGE

COLLEGE ACCREDITATION AS OF JUNE 30, 2018

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 Legal Assistant/Paralegal program is approved respectively by:

- American Bar Association

The Nursing programs are approved by:

- South Carolina Board of Nursing (SCBN)

Specific programs are accredited by:

- American Society of Health-System Pharmacists (ASHP)
- 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 the Accreditation for Health Informatics and Information Management (CAHIIM)
- 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)
- National Council for Standards in Human Services Education (NCSHSE)
- 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, national origin or ethnic group, color, age, religion, disability, genetic information, gender, military service, pregnancy or other category protected by applicable law. In compliance with all federal and state laws, including 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), 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. Mr. Ian A. MacLean has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the Department of Justice regulations, Sections 503 and 504 of the Rehabilitation Act of 1973, Title VI and Title VII and Title IX regulations. Information concerning the provisions of the Americans with Disabilities Act and the right and privileges thereunder are available from Mr. Ian A. MacLean in his position as Director of Internal Audit and Risk Management and the Chief Compliance Officer for Affirmative Action, Equal Opportunity, Sexual Harassment and Disability Action and the Title IX Coordinator. He can be reached at Midlands Technical College, PO Box 2408, Columbia, SC 29202, 803.822.3204.

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.

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Federal Awards
Single Audit and other Compliance Reports Section

MIDLANDS TECHNICAL COLLEGE

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MIDLANDS TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As of June 30, 2018

		Federal CFDA Number	Program Year	Program or Award Amount	Accrued Revenue at 7/1/2017	Receipts	Disbursements	Accrued Revenue at 06/30/2018
U.S. DEPARTMENT OF EDUCATION								
Student Financial Assistance Cluster								
9840227	Federal Supplemental Educational Opportunity Grants (SEOG)	84.007A	16/17	\$ 410,785	\$ 2,651	\$ (2,651)	\$ -	\$ -
9840228	Federal Supplemental Educational Opportunity Grants (SEOG)	84.007A	17/18	403,282	-	(428,282)	428,282	-
				814,067	2,651	(430,933)	428,282	-
9840100	Federal Work-Study Program (CWS)	84.033A	16/17	44,654	-	(6,829)	9,262	2,433
9840120	Federal Work-Study Program (CWS)	84.033A	16/17	420,438	39,841	(376,236)	363,228	26,833
9840121	Federal Work-Study Program (CWS-Summer)	84.033A	15/16	84,683	-	(62,398)	62,398	-
				549,775	39,841	(445,463)	434,888	29,266
9840327	Federal Pell Grant Program	84.063	16/17	18,455,000	726	(49,668)	48,942	-
9840328	Federal Pell Grant Program	84.063	17/18	18,455,000	-	(18,469,779)	18,469,651	(128)
				36,910,000	726	(18,519,447)	18,518,593	(128)
9090027	Federal Direct Student Loans	84.268	16/17	17,741,700	9,154	(30,585)	21,431	-
9090028	Federal Direct Student Loans	84.268	17/18	17,741,700	-	(15,538,322)	15,538,322	-
9090057	Federal Direct Student Loans (PLUS)	84.268	16/17	1,395,515	-	934	(934)	-
9090058	Federal Direct Student Loans (PLUS)	84.268	17/18	1,395,515	-	(1,570,205)	1,570,205	-
				38,274,430	9,154	(17,138,178)	17,129,024	-
Total Student Financial Assistance Cluster				76,548,272	52,372	(36,534,021)	36,510,787	29,138
TRIO Cluster								
9842115	TRIO-Upward Bound	84.047A	14/15	296,334	-	(724)	724	-
9842116	TRIO-Upward Bound	84.047A	15/16	296,334	1,648	(3,781)	2,133	-
9842117	TRIO-Upward Bound	84.047A	16/17	305,224	74,571	(119,225)	44,654	-
9842118	TRIO-Upward Bound	84.047A	17/18	312,855	-	(220,268)	256,604	36,336
				1,210,747	76,219	(343,998)	304,115	36,336
9842217	TRIO-Talent Search	84.044A	16/17	396,000	1,674	(64,851)	65,533	2,356
9842218	TRIO-Talent Search	84.044A	17/18	405,900	-	(340,352)	342,259	1,907
				801,900	1,674	(405,203)	407,792	4,263
9842316	TRIO-Student Support Services (SSS)	84.042A	15/16	281,511	476	(476)	-	-
9842317	TRIO-Student Support Services (SSS)	84.042A	16/17	289,956	-	(65,612)	67,203	1,591
9842318	TRIO-Student Support Services (SSS)	84.042A	17/18	297,205	-	(233,952)	233,952	-
				868,672	476	(300,040)	301,155	1,591
9842417	TRIO-Educational Opportunity Center (EOC)	84.066A	16/17	236,900	3,437	(56,619)	53,182	-
9842418	TRIO-Educational Opportunity Center (EOC)	84.066A	17/18	242,823	-	(137,977)	150,586	12,609
				479,723	3,437	(194,596)	203,768	12,609
Total TRIO Cluster				3,361,042	81,806	(1,243,837)	1,216,830	54,799

MIDLANDS TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As of June 30, 2018

	Federal CFDA Number	Program Year	Program or Award Amount	Accrued Revenue at 7/1/2017	Receipts	Disbursements	Accrued Revenue at 06/30/2018
9843016	84-031A	15/16	246,440	4,171	(4,171)	-	-
9843017	84-031A	16/17	545,045	12,844	(175,135)	162,291	-
9843018	84-031A	17/18	493,533	-	(288,229)	290,628	2,399
			1,285,018	17,015	(467,535)	452,919	2,399
Passed Through S.C. Department of Education							
9843003	84-048	17/18	550,936	274,529	(609,993)	496,388	160,924
9843004	84-048	16/17	558,892	-	(28,662)	28,662	-
			1,109,828	274,529	(638,655)	525,050	160,924
TOTAL U.S. DEPARTMENT OF EDUCATION							
			82,304,160	425,722	(38,884,048)	38,705,586	247,260
U.S. DEPARTMENT OF LABOR							
Passed Through State Board for Technical and Comprehensive Education							
9172587	17-258	16/17	40,000	(1,499)	(28,986)	30,485	-
9172858	17-258	17/18	100,000	-	(83,400)	83,400	-
9176816	17-268	15/16	430,691	18,738	(200,929)	180,891	(1,300)
			570,691	17,239	(313,315)	294,776	(1,300)
Total Passed Through State Board for Technical and Comprehensive Education							
9172687	17-268	16/17	1,736,057	52,982	(1,114,099)	1,067,691	6,574
			1,736,057	52,982	(1,114,099)	1,067,691	6,574
Trade Adjustment Assistance Community College & Career Training Grant, BOOST							
9172804	17-282	13/14	1,414,214	1,771	(2,196)	425	-
9172805	17-282	14/15	674,732	51	(273)	222	-
9172806	17-282	15/16	719,818	286	(42,140)	41,854	-
9172815	17-282	14/15	1,308,280	302	(771)	469	-
9172816	17-282	15/16	1,196,181	3,840	(35,080)	31,240	-
9172817	17-282	16/17	955,303	6,182	(229,527)	223,345	-
			6,268,528	12,432	(309,987)	297,555	-
TOTAL U.S. DEPARTMENT OF LABOR							
			8,575,276	82,653	(1,737,401)	1,660,022	5,274

MIDLANDS TECHNICAL COLLEGE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 As of June 30, 2018

	Federal CFDA Number	Program Year	Program or Award Amount	Accrued Revenue at 7/1/2017	Receipts	Disbursements	Accrued Revenue at 06/30/2018
NATIONAL SCIENCE FOUNDATION							
Passed Through South Carolina State University							
	9470115	14/15	18,000	5,333	(7,333)	2,000	-
	9470117	17/18	18,000	-	-	6,000	6,000
			36,000	5,333	(7,333)	8,000	6,000
			36,000	5,333	(7,333)	8,000	6,000
TOTAL NATIONAL SCIENCE FOUNDATION							
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed Through South Carolina First Steps							
	9843201	16/17	4,200	(5,418)	(7,800)	2,241	(10,977)
	9843204	16/17	3,125	(2,947)	-	-	(2,947)
	9843210	16/17	2,000	-	(2,000)	1,621	(379)
			9,325	(8,365)	(9,800)	3,862	(14,303)
			9,325	(8,365)	(9,800)	3,862	(14,303)
			\$ 90,924,761	\$ 505,343	\$ (40,638,582)	\$ 40,377,470	\$ 244,231

MIDLANDS TECHNICAL COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018

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, 2017, through June 30, 2018.

3. Loan Programs

The College has students who have approved Federal Direct Loans. Those loans were disbursed to the students during the current fiscal year. The College is not the lender. The College only processes the loans for the lender, the Department of Education. The total Federal Direct Loans for the current fiscal year were \$17,129,024.

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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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, 2018, 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 25, 2018.

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 25, 2018

THE BRITTINGHAM GROUP, L.L.P.

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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, 2018. 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, 2018.

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 25, 2018

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

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
 - TRIO Cluster
 - Student Support Services CFDA #84.042
 - Talent Search CFDA #84.044
 - Upward Bound CFDA #84.047
 - Educational Opportunity Center CFDA #84.066
 - H-1B Training Grants Growing Resources for Information Technology CFDA #17.268
8. The threshold for distinguishing between Type A and Type B Programs was \$1,211,324.
9. Midlands Technical College qualified as a low risk auditee.

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

Financial Statement Findings:

None

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

Status of Prior Year Findings:

None were reported.

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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, 2018, 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.

The Brittingham Group LLP

West Columbia, South Carolina
September 25, 2018

