



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2023

A Component Unit of the State of South Carolina

MIDLANDS TECHNICAL COLLEGE

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

A component unit of the State of South Carolina

STATEMENT OF MISSION

Midlands Technical College is a comprehensive, multi-campus, two-year public college serving the primary region of Richland, Lexington and Fairfield counties of South Carolina. College programs and services provide accessible, affordable, quality education that prepares a diverse student population to succeed in the job market, to transfer to 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, M.B.A., CGFO
Director of Finance and Financial Reporting

MIDLANDS TECHNICAL COLLEGE

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

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MIDLANDS TECHNICAL COLLEGE

PRESIDENT'S LETTER

September 20, 2023

Members of the Midlands Technical College Commission and the Community:

It is an honor to present the Annual Comprehensive Financial Report for fiscal year 2022-2023. Midlands Technical College (MTC) publishes this report annually to share important information concerning our operations and financial position.

Fiscal responsibility is fundamental to ensuring college sustainability, student success, and targeted workforce development. I'm pleased to announce, as detailed in this report and through examples in this letter, that MTC remains in a strong financial position.

This March, on the Beltline Campus, MTC formally opened the new Center for Business and Information Technologies. The four-story, 58,245-square-foot facility will help the College expand access to business, information technology, math and science programs. The \$30 million facility replaced the Lindau Engineering Technology building built in 1968.

Funding from grants and generous private support continue to be key in MTC's efforts in regional workforce development and supporting students in their educational pursuits. MTC was awarded \$1,867,570 in new grants, and received \$8,350,678 from continuing grant funding. The MTC Foundation secured nearly \$3.5 million in private funding to support MTC faculty, staff, students and their programs, equipment, and supplies.

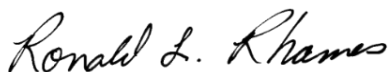
This May, during the College's annual commencement ceremony, MTC graduated 1,597 students from more than 124 academic programs. These students earned 859 associate degrees, 62 diplomas, and 676 certificates. Of these students, 170 were dually-enrolled high school students who earned 191 degrees, diplomas, or certificates. Additionally, this year, in Corporate and Continuing Education programs, 10,970 students were served with 24,662 individual course registrations.

In June, a team of students from MTC's Building Construction Program placed second in the nation during the 2023 SkillsUSA National Leadership & Skills Conference in Atlanta, Georgia, TeamWorks category. This was the second year in a row the MTC Building Construction team placed in the competition, with the team winning the national championship in 2022.

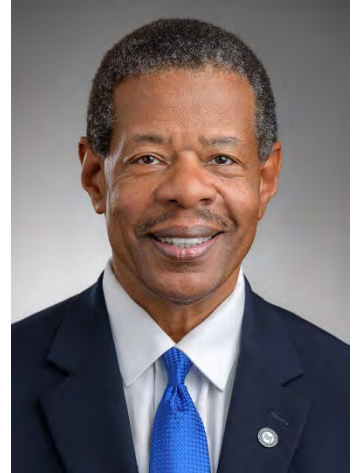
Lastly, I am proud to share that the Government Finance Officers Association (GFOA) has awarded Midlands Technical College the Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2021-2022. The certificate is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a public college or university. This is the 27th consecutive year Midlands Technical College has received the prestigious national award.

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

Respectfully,



Dr. Ronald L. Rhames
President



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



September 20, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (Annual Report) of Midlands Technical College (the "College") for fiscal year ended June 30, 2023.

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 Annual Report and reflects an unmodified opinion on the basic financial statements. As a recipient of federal financial awards, the College complies with the requirements of the Single Audit Act, and separate Single Audit reports have been issued, which are included in the Federal Awards section.

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

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

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

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

PROFILE OF THE COLLEGE

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



The College's governing board, the Commission, is appointed by the Governor of South Carolina upon the recommendation of the legislative delegations from Richland, Lexington, and Fairfield counties. The Commission is composed of thirteen members who will serve for a term of four years. Officers are elected every two years, with the chairmanship alternated between the three counties. State law mandates Richland and Lexington counties to provide sufficient funding to build, maintain, and operate the College's physical plant. The division of financial responsibility is based on population and is used each year for budget request purposes from the two counties. The current distribution is 41.40% for Lexington County and 58.60% for Richland County. Fairfield County also provides financial support by funding the difference between the in-county tuition rate and the in-state tuition rate for its residents who attend the College.

Midlands Technical College is reported as a discretely presented component unit in the State of South Carolina's Annual Comprehensive 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 Trustees governs the Foundation. The Board of the Foundation is self-perpetuating and provides the structure through which individuals, corporations, and other private sector interests can demonstrate their support of the College. The activity of the Foundation is included separately in the College's financial statements.

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

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

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

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

ECONOMIC CONDITIONS

A primary mission of technical colleges is to support economic development through education and training. Midlands Technical College, like all public higher education institutions in South Carolina, is linked to the economic condition of the State and is subject to the funding priorities established by the General Assembly. Additionally, because the College's financial condition is closely connected to the economy in its service area, it is also subject to the priorities of local government.



During fiscal year 2022-2023, the College continued to rebound from the impacts of the COVID-19 pandemic. Throughout the year, the economy of the State continues to improve and strengthen as the State continues to win new economic development projects. The South Carolina Board of Economic Advisors (BEA) serves as the State's economic consultants and provides forecasting and monitoring of the State's revenues which guides the State budgeting process. For fiscal year 2022-2023, the BEA saw an increase in the general fund revenues which finished above the BEA's expectations. The BEA will review the impact of the final fiscal year 2022-2023 numbers on the fiscal year 2023-2024 budget. In fiscal year 2022-2023, the College saw a slight increase in recurring revenues from the State due to tuition mitigation funding and one-time funding for maintenance, renovation and repairs along with the funding for Dual Enrollment and QuickJobs. However, there is some uncertainty for fiscal year 2023-2024 as we move forward due to concerns over inflation, the possibility of a recession, and anticipated actions the Federal Reserve may take.

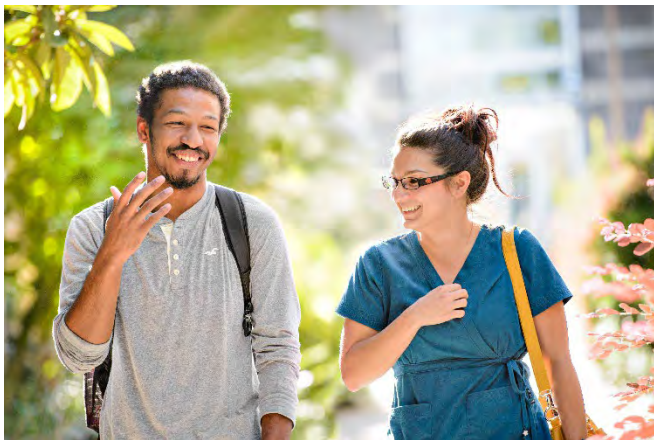
In Fall 2022, Spring 2023 and Summer 2023 semesters, the College offered zero tuition and fees to students. The College received one-time funding to help support zero tuition and fees from the State. An increase in State funding was impactful for students but it did not impact enrollment increases as the College expected.

During fiscal year 2022-2023, Richland and Lexington Counties continued to support the College's physical plant

operations budget requests and maintained its commitment to the College's capital and debt-service needs by funding the requested amounts. Fairfield County funded the College's budget at a slight decrease from the previous year's request. However, Fairfield County supports the only Promise Program the College has for recent high school graduates from Fairfield County.

Midlands Technical College has seen a slight increase in student enrollment. The increases and decreases in student enrollment significantly influence the College's annual budget, as well as tuition revenue. The College continues to implement strategies through its strategic planning process and retention efforts to address the challenges in enrollment, retention and completion.

The 2021-2024 Strategic Plan Reimagine Student Success and College Excellence has four overarching goals. The plan goals are: recruitment, enrollment and economic development; teaching, learning and student support; resource management and diversity equity and inclusion. Some of the priorities of the strategic plan include growing enrollment, increase placement rates, ensure all students have an enriching student learning experience, ensure fiscal needs of the College are met, and create an inclusive environment. The College has worked with a Retention Consultant during the year to implement strategies that aligns with the strategic plan.



MAJOR INITIATIVES

In March 2023, the College formally opened the newly constructed Center for Business and Information Technologies building. The facility on the Beltline Campus will support workforce development for Lexington, Richland, and Fairfield counties. The four story, 58,245 square-foot building features state-of-the-art equipment and high-tech labs. The construction of the building represents a \$30 million capital investment and will be the home to some of the College's most in-demand programs to include management, accounting, business administration and computer science. Businesses, organizations, and

government agencies rely on the MTC programs and other corporate and continuing educations offerings for developing their employees and workforces.

For the 2nd year in a row, the Midlands Technical College Building Construction Technology Program placed in the SkillsUSA National Competition in Spring 2023. In 2022, the team won the national championship, which marked the first time that a SC technical college won a national title in the building trades. In 2023, the Building Construction team placed 2nd in the national event and 1st in the state competition. In addition to the building construction team win, the MTC Welding Technology team won the state SkillsUSA Championship which enabled them to compete for the first time in the welding fabrication category at the national level. The SkillsUSA Championships are career-based competitions that showcase students who are excelling as they learn. Also, in the Fall 2022 semester the Building Construction Technology Program broke ground on its first student-built house. The house provides the students the opportunity to get the hands on learning necessary in the construction technology field.

Midlands Technical College and Truist Bank announced in Spring 2023 a new training program that will help change the landscape of workforce development in the Palmetto State. Funded by \$700,000 from the Truist Foundation and Truist Financial Corporation's community reinvestment department, the Heavy Equipment Operator program will offer two mobile simulator units that will teach students how to operate four types of heavy equipment: backhoes, bulldozers, excavators, and motor graders. In addition to courses offered through the program, the College will also offer customized, on-site, corporate training options.

In January 2023, the workforce demand drove Midlands Technical College and Clemson University to create a transfer articulation agreement for architecture students. The U.S. Bureau of Labor Statistics reports that each year there are 9,100 openings for architects across the country. With this agreement, students in MTC's new degree Associate in Arts with a Concentration in Architecture can be accepted to transfer to Clemson's Bachelor of Arts in Architecture program with advanced standing. While this path is designed for students planning to earn a four-year degree at Clemson, the curriculum will prepare them for bachelor's degrees in architecture at any four-year college or university.

Midlands Technical College introduced its first class of Prisma Health Nursing Scholars in February 2023. The group of 12 students are part of the Prisma Health Nursing Scholars pilot program. Prisma Health will invest \$5 million in pilot nursing recruitment program at five SC universities or colleges. MTC was chosen to participate in the pilot program. The MTC Foundation received \$700,000 to provide these nursing students with financial support, additional hands-on learning

opportunities, and mentorships. The program will help combat the State’s critical nursing shortage.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 27th consecutive year that the College has achieved this prestigious award.

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

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



ACKNOWLEDGEMENTS

The timely preparation of the Annual Comprehensive 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,

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, M.B.A, 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

MIDLANDS TECHNICAL COLLEGE

Organizational Data

As of June 30, 2023

COMMISSION MEMBERS AND OFFICERS

<u>Commissioner</u>	<u>County</u>	<u>Term Expires</u>
L. Todd Sease, Chair	Lexington	May 11, 2023*
Sandra J. Jackson, Vice Chair	Richland	July 31, 2024
Paula A. Hite, Secretary	Lexington	November 16, 2027
George P. Powers, Treasurer	Richland	July 31, 2025
Katie M. Bolden	Richland	July 31, 2026
Ronald H. Burkett	Lexington	November 16, 2022*
Michael S. Farrell	Lexington	November 16, 2024
Pamela S. Harrison	Richland	June 1, 2025
Margaret U. Holmes	Fairfield	June 30, 2022*
Randall M. Jackson	Richland	July 31, 2026
John M. Knotts	Lexington	July 31, 2027
Robert C. Lentz	Richland	July 31, 2023
Diane E. Sumpter	Richland	July 31, 2026

* Still serving until new appointment is made.

EXECUTIVE COUNCIL

Ronald L. Rhames	President
Barrie B. Kirk	Provost
Debbie M. Walker	Vice President for Business Affairs
Starnell K. Bates	Vice President for Institutional Support
Mary H. Holloway	Vice President for Student Development Services
Joseph P. Bias	General Counsel
Stefanie L. Goebeler	Assistant Vice President for Marketing Communications
Partick D. Bennett	Chief Diversity Officer
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
Nicole B. Edwards	Associate Vice President of Human Resource Management
Stanley A. Bolton	Director of Auxiliary, Support Services and Internal Audit
Jessica H. Booth	Director of Finance and Financial Reporting
Kristin W. Cobb	Director of Theatre Operations
Peter B. Hemans	Director of Plant Operations
Anthony L. Hough	Director of Information Resource Management
Timothy E. Martin	Chief of Police

COMMISSIONERS



L. Todd Sease,
Chair



Sandra J. Jackson,
Vice Chair



Paula A. Hite,
Secretary



George P. Powers,
Treasurer



Katie M. Bolden



Ronald H. Burkett



Michael S. Farrell



Pamela S. Harrison



Margaret U. Holmes



Randall M. Jackson



John M. Knotts



Robert C. Lentz



Diane E. Sumpter

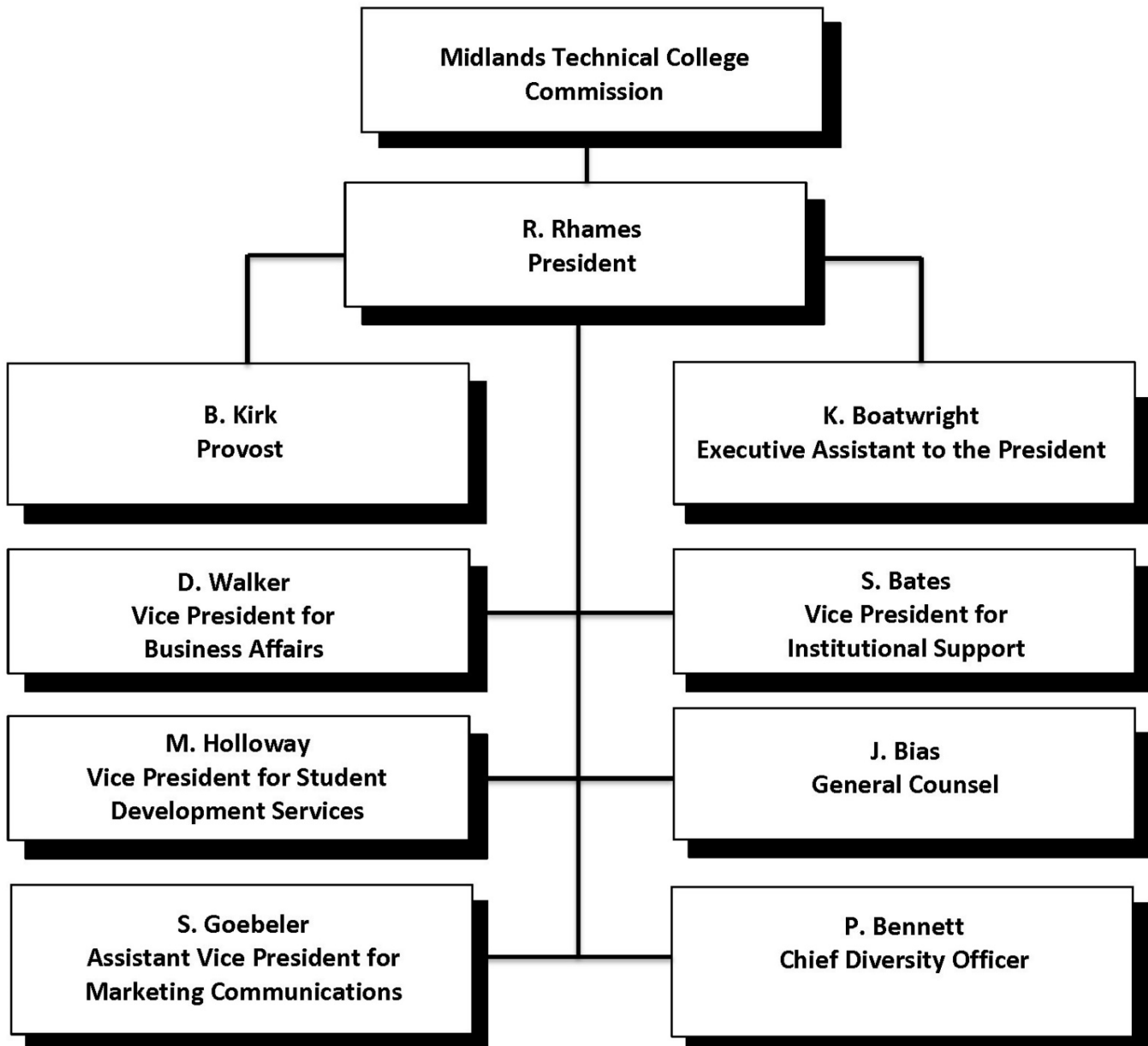


Ronald L. Rhames,
Ex Officio Member
MTC President

MIDLANDS TECHNICAL COLLEGE

Organizational Chart

As of June 30, 2023



MIDLANDS TECHNICAL COLLEGE

2021-2024 MTC Strategic Plan

Reimagining Student Success and College Excellence

Goal 1: Recruitment, Enrollment and Economic Development

Priority Initiatives:

1. Grow enrollment
2. Facilitate a hassle-free student business experience
3. Increase student placement, education and training with Midlands employers

Goal 2: Teaching, Learning and Student Support

Priority Initiatives:

1. Invest in the Guided Pathways Initiative
2. Deliver excellent instruction
3. Support the basic needs of students
4. Ensure all students complete their education objective – includes Academics and CCE
5. Enrich the student learning experience

Goal 3: Resource Management

Priority Initiatives:

1. Ensure fiscal needs of the college are met
2. Promote effective Human Resources planning, development, recruitment and retention
3. Expand and maximize Information Technology resources
4. Develop Physical Resources to maximum utilization college-wide

Goal 4: Diversity, Equity and Inclusion

Priority Initiatives:

1. Create an inclusive environment
2. Increase diversity among faculty and staff
3. Encourage student participation and involvement

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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 the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted

in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are no conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 17 – 22, 65 - 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards 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*, is presented for purposes of additional analysis and is 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2023 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 solely 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 the effectiveness of the College’s 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 20, 2023

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Management's Discussion and Analysis

MIDLANDS TECHNICAL COLLEGE

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Annual Comprehensive 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, 2023.

This discussion should be read in conjunction with the letter of transmittal, 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, 2023. Comparative financial statements are not presented in this report; however, condensed data is presented in this section, which will aid the reader in assessing the changes in the College's financial position since last year. The emphasis of discussions regarding these statements will focus on the current year.

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

STATEMENT OF NET POSITION

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

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

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

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

Condensed Summary of Net Position
As of June 30, 2023 and 2022
(in millions)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current Assets	\$ 126.7	\$ 119.7	\$ 7.0	5.8%
Non-Current Assets				
Capital Assets (Net of Depreciation)	102.0	99.0	3.0	3.0%
Other	8.6	8.4	0.2	2.4%
Total Assets	<u>237.3</u>	<u>227.1</u>	<u>10.2</u>	<u>4.5%</u>
Deferred Outflows of Resources	<u>30.8</u>	<u>36.7</u>	<u>(5.9)</u>	<u>(16.1)%</u>
Total Assets and Deferred Outflows of Resources	<u>268.1</u>	<u>263.8</u>	<u>4.3</u>	<u>1.6%</u>
Current Liabilities	<u>22.2</u>	<u>17.0</u>	<u>5.2</u>	<u>30.6%</u>
Non-Current Liabilities	<u>172.4</u>	<u>199.0</u>	<u>(26.6)</u>	<u>(13.4)%</u>
Total Liabilities	<u>194.6</u>	<u>216.0</u>	<u>(21.4)</u>	<u>(9.9)%</u>
Deferred Inflows of Resources	<u>45.7</u>	<u>33.3</u>	<u>12.4</u>	<u>37.2%</u>
Total Liabilities and Deferred Inflows of Resources	<u>240.3</u>	<u>249.3</u>	<u>(9.0)</u>	<u>(3.6)%</u>
Net Position				
Net Investment in Capital Assets	78.1	75.4	2.7	3.6%
Restricted for:				
Expendable	105.5	102.1	3.4	3.3%
Unrestricted	<u>(155.8)</u>	<u>(163.0)</u>	<u>7.2</u>	<u>4.4%</u>
Total Net Position	<u>\$ 27.8</u>	<u>\$ 14.5</u>	<u>\$ 13.3</u>	<u>91.7%</u>

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 \$126.7 million to current liabilities in the amount of \$22.2 million. The College maintains fiscally sound budget practices that provide for the conservative balance between the two categories.

Current assets have increased by \$7.0 million. The overall increase is \$10.2 million in total assets for the fiscal year. The increases in current assets are explained as follows:

- Short-term investments increased by \$7.8 million due to an increase in student tuition and fees revenue, as well as state and local appropriations.
- Accounts receivable and other assets decreased in total by \$0.8 million. This is primarily due to an increase in student receivables in the amount of \$0.6 million, a decrease in federal and state grant receivables in the amount of \$1.5 million, and a \$0.1 million increase in other receivables.

Non-current assets include capital assets net of depreciation and other assets, which is comprised of restricted cash. Capital assets net of depreciation are \$102.0 million for the year, an increase of \$3.0 million over the prior year. Other non-current assets increased by \$0.2 million over the prior year. The changes from the prior year are explained as follows:

- Construction in progress decreased by \$21.7 million and buildings and improvements increased by \$21.2 million due to the College completing construction of the Business and Information Technologies building.
- Machinery, equipment and vehicles increased by \$6.0 million.
- Accumulated depreciation increased \$2.5 million as a net result of depreciation expense and retirement of assets.
- Restricted cash increased by \$0.2 million due to an increase in the funds held at the State Treasurer's Office.

See Note 5, Capital Assets, for additional information.

The following table contains an analysis of capital assets as of June 30, 2023 and 2022.

Analysis of Capital Assets
As of June 30, 2023 and 2022
(in millions)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land & Improvements	\$ 15.4	\$ 15.4	\$ -	0.0%
Construction in Progress	0.9	22.6	(21.7)	(96.0)%
Works of Art	0.1	0.1	-	0.0%
Buildings & Improvements	143.8	122.6	21.2	17.3%
Machinery, Equipment, Vehicles & Other	<u>24.1</u>	<u>18.1</u>	<u>6.0</u>	<u>33.1%</u>
Total Capital Assets	<u>184.3</u>	<u>178.8</u>	<u>5.5</u>	<u>3.1%</u>
Less Accumulated Depreciation	<u>(82.3)</u>	<u>(79.8)</u>	<u>(2.5)</u>	<u>(3.1)%</u>
Capital Assets	<u>\$ 102.0</u>	<u>\$ 99.0</u>	<u>\$ 3.0</u>	<u>3.0%</u>

Deferred outflows of resources decreased by \$5.9 million over the prior year. Deferred outflows related to the College's proportionate share of the State's net pension liability decreased by \$1.4 million. Deferred outflows related to the College's proportionate share of the State's retiree health benefits (OPEB) liability decreased by \$4.5 million. This is due to the difference between expected and actual experience and investment earnings.

Liabilities and Deferred Inflows of Resources

Total liabilities are \$194.6 million, which is a decrease of \$21.4 million over the prior fiscal year. Current liabilities increased by \$5.2 million. The changes in current liabilities are explained as follows:

- Accounts payable increased by \$0.8 million.
- Unearned revenue increased by \$3.5 million due to grant funding received in advance of expenditures and deferred Corporate and Continuing Education tuition for upcoming semesters.
- Current portion of bonds payable increased by \$0.1 million.
- The current portion of the subscription based IT arrangement (SCITA) liability increased by \$0.8 million due to the implementation of GASB 96.

Non-current liabilities decreased by \$26.6 million. The changes in non-current liabilities are explained as follows:

- Pension liability increased by \$4.8 million.
- OPEB liability decreased by \$29.9 million.
- Non-current portion of bonds payable decreased by \$2.2 million.
- The non-current portion of the subscription based IT arrangement (SBITA) liability increased by \$0.7 million due to the implementation of GASB 96.

See Note 10, Subscriptions Payable, Note 13, Bonds Payable, and Note 14, Long-Term Liabilities, for additional information.

Deferred inflows of resources increased by \$12.4 million over the prior year. Deferred pension inflows decreased by \$11.6 million and deferred OPEB inflows increased by \$24.0 million. Deferred inflows of resources include the calculated difference between actual and projected investment earnings on the State’s pension and retiree health benefit plans.

Net Position

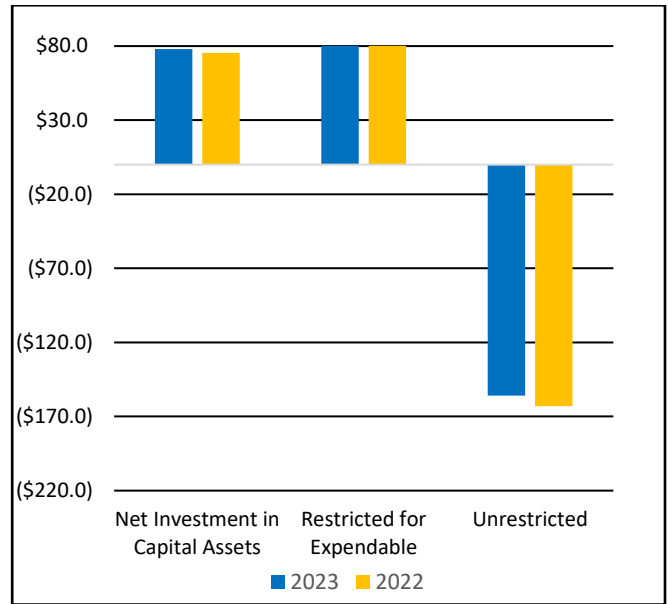
Total net position for the year is \$27.8 million, an increase of \$13.3 million from the prior year. Net investments in capital assets increased by \$2.7 million. Restricted net position has increased by \$3.4 million.

Unrestricted net position (deficit) increased by \$7.2 million. The College’s proportionate share of the State’s net pension liability and net OPEB liability and related deferred inflows and outflows of resources resulted in a \$6.7 million increase in unrestricted position, over the prior year. Unrestricted net position (deficit) also consists of amounts related to the

College’s 30-day operating reserve that excludes nonessential expenses totaling \$6.8 million and unrestricted Enterprise Campus Authority funds of \$1.6 million.

The following chart is a graphic representation of the College’s net position (deficit) at June 30, 2023 and 2022.

**Comparative Net Position
As of June 30, 2023 and 2022
(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 “gain 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, 2023, with comparative data for fiscal year ended June 30, 2022.

Condensed Summary of Revenues, Expenses, and Changes in Net Position Fiscal Years 2023 and 2022 (in millions)

	2023	2022	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees	\$ 30.7	\$ 37.3	\$ (6.6)	(17.7)%
Grants and Contracts	22.5	21.0	1.5	7.1%
Auxiliary	1.1	0.9	0.2	22.2%
Other	1.4	1.2	0.2	16.7%
Total Operating Revenues	55.7	60.4	(4.7)	(7.8)%
Less Operating Expenses	115.3	112.7	2.6	2.3%
Net Operating Loss	(59.6)	(52.3)	(7.3)	(14.0)%
Non-Operating Revenues				
State Appropriations	26.7	23.3	3.4	14.6%
Local Appropriations	18.1	17.7	0.4	2.3%
Grants and Contracts	26.4	29.8	(3.4)	(11.4)%
Other	2.4	(0.9)	3.3	366.7%
Total Non-Operating Revenues	73.6	69.9	3.7	5.3%
Interest Expense	(0.7)	(0.6)	(0.1)	(16.7)%
Increase in Net Position	13.3	17.0	(3.7)	(21.8)%
Net Position (Deficit), Beginning of Year	14.5	(2.5)	17.0	680.0%
Net Position (Deficit), End of Year	\$ 27.8	\$ 14.5	\$ 13.3	91.7%
Total Revenues	\$ 129.3	\$ 130.3	\$ (1.0)	(0.8)%

Revenue

Total revenue decreased by \$1.0 million, which is a decrease of 0.8% over the prior year.

Operating revenue decreased by \$4.7 million. The College did not implement a tuition increase during the fiscal year. Full-time equivalent enrollment increased by 0.6%. The changes in operating revenue are explained as follows:

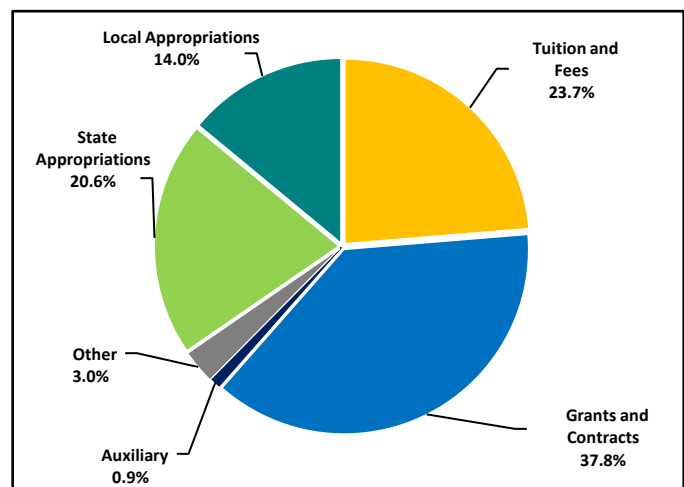
- Tuition and fees, net decreased by \$6.6 million due to an increase in the scholarship allowance amount.
- Auxiliary revenue increased by \$0.2 million.
- Other operating revenue increased by \$0.2 million.
- Federal and state grants increased by \$1.5 million.

Non-operating revenues increased by \$3.7 million. The changes in non-operating revenues are explained as follows:

- State appropriations increased by \$3.4 million.
- Local appropriations increased by \$0.4 million.
- Non-operating grants and contracts decreased by \$3.4 million.
- Other non-operating revenue increased by \$3.3 million due to an increase in investment income.

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

Revenue by Source Fiscal Year 2023



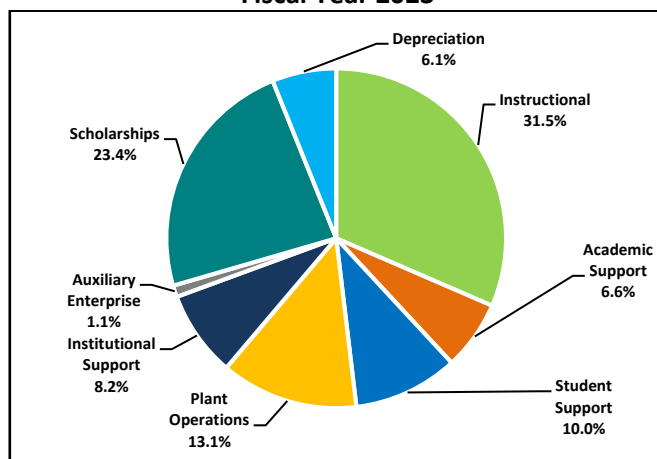
Expenses

Operating expenses were \$115.3 million for the fiscal year, an increase of \$2.6 million or 2.3% over the prior year. The changes in operating expenses are explained as follows:

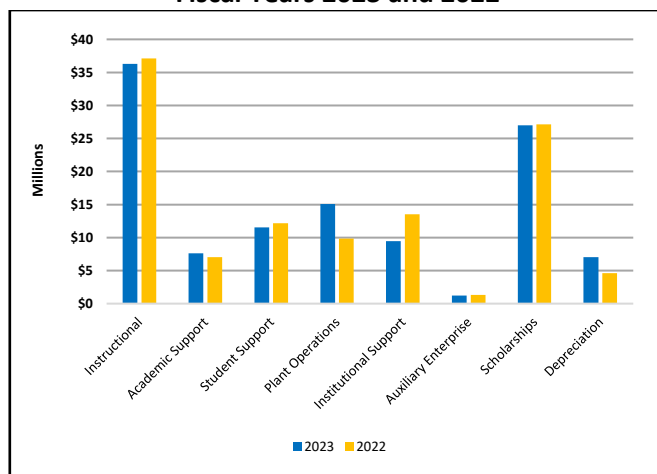
- Scholarships decreased by \$0.2 million.
- Depreciation increased by \$2.4 million.
- Utilities increased by \$0.3 million.
- Supplies and other expenses increased by \$1.5 million.
- Salaries increased by \$1.7 million.
- Benefits increase by \$1.5 million.
- Benefits related to pension expense increased by \$0.1 million. Benefits related to OPEB expense decreased by \$4.7 million.

The following graphs depict operating expenses by function for fiscal year ended June 30, 2023, and a comparison of operating expenses by function for fiscal years ended 2023 and 2022.

**Operating Expenses by Function
Fiscal Year 2023**



**Comparison of Operating Expenses by Function
Fiscal Years 2023 and 2022**



STATEMENT OF CASH FLOWS

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

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

Cash increased by approximately \$12.5 million from last fiscal year. Net cash flows from operating activities decreased by \$10.7 million as seen in the chart below.

Cash flows from non-capital financing activity decreased an additional \$0.6 million. Capital and related financing activities increased cash by \$13.1 million primarily due to a decrease in the purchasing of capital assets. Net cash provided by investing activities resulted in an increase of \$10.7 million from the prior period.

**Condensed Summary of Cash Flow
Fiscal Years 2023 and 2022
(in millions)**

	2023	2022	Increase (Decrease)
Net cash flow used by operating activities	\$ (54.3)	\$ (43.6)	\$ (10.7)
Net cash flow provided by non-capital financing activities	66.3	66.9	(0.6)
Net cash (used)/provided by capital and related financing activities	(5.8)	(18.9)	13.1
Net cash used by investing activities	(6.0)	(16.7)	10.7
Net increase in cash	0.2	(12.3)	12.5
Cash – beginning of year	20.5	32.8	(12.3)
Cash – end of year	\$ 20.7	\$ 20.5	\$ 0.2

Debt Administration

The College's financial statements reflect \$17,355,000 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 13.

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 increased 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 of South Carolina's General Fund revenue collections increased significantly over the prior year. The State's actual revenue collections exceeded the beginning-of-year estimates by \$1.8 billion. The College anticipates the financial outlook for FY 2023-2024 will remain stable.

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, 2023

ASSETS

Current assets:	
Cash and cash equivalents	\$ 12,113,882
Short-term investments	106,933,668
Accounts receivable, net	6,882,220
Other assets	735,415
Total current assets	<u>126,665,185</u>
Non-current assets:	
Restricted cash and cash equivalents	8,603,789
Capital assets:	
Depreciable, net of accumulated depreciation	95,809,683
Non-depreciable	6,229,446
Total non-current assets	<u>110,642,918</u>
Total assets	<u>237,308,103</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows - bond refunding	101,189
Deferred pension outflows	11,025,370
Deferred OPEB outflows	19,629,099
Total deferred outflows of resources	<u>30,755,658</u>
Total assets and deferred outflows of resources	<u>268,063,761</u>

LIABILITIES

Current liabilities:	
Accounts payable	3,381,729
Accrued payroll and related liabilities	2,421,028
Funds held for others	810,579
Unearned revenue	11,963,161
Long-term liabilities – current portion:	
Bonds payable	2,223,372
Compensated absences	328,262
Lease liability	33,104
SBITA liability	828,141
Accrued interest payable	232,583
Total current liabilities	<u>22,221,959</u>
Non-current liabilities:	
Long-term liabilities – non-current portion:	
Bonds payable	19,358,700
Compensated absences	3,007,435
Lease liability	45,661
SBITA liability	687,974
OPEB liability	66,138,499
Pension liability	83,110,519
Total non-current liabilities	<u>172,348,788</u>
Total liabilities	<u>194,570,747</u>

DEFERRED INFLOWS OF RESOURCES

Deferred pension inflows	7,066,582
Deferred OPEB inflows	38,610,226
Total deferred inflows of resources	<u>45,676,808</u>
Total liabilities and deferred inflows of resources	<u>240,247,555</u>

NET POSITION

Net investment in capital assets	78,093,282
Restricted for:	
Capital projects	83,678,279
Debt service	21,867,784
Unrestricted	<u>(155,823,139)</u>
Total net position	<u>\$ 27,816,206</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, 2023

REVENUES

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$30,968,153)	\$ 30,741,071
Federal grants and contracts	3,835,318
State grants and contracts	18,544,185
Non-governmental grants and contracts	91,106
Sales and services of educational departments	30,786
Auxiliary enterprises	1,057,295
Other operating revenues	1,392,116
Total operating revenues	<u>55,691,877</u>

EXPENSES

Operating expenses:	
Salaries	47,375,443
Benefits	12,149,706
Scholarships	26,971,734
Utilities	2,341,823
Supplies and other services	19,375,712
Depreciation and amortization	7,043,815
Total operating expenses	<u>115,258,233</u>
Operating loss	<u>(59,566,356)</u>

NON-OPERATING REVENUES (EXPENSES)

State appropriations	24,918,758
Local appropriations	14,963,725
Investment income (net of investment expenses)	1,813,960
Interest on capital asset-related debt	(698,048)
Federal grants and contracts	26,417,178
Net non-operating revenues (expenses)	<u>67,415,573</u>

Gain before capital grants, gifts, other revenues, and appropriations	<u>7,849,217</u>
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Capital grants, gifts, other revenues, and appropriations:

Contributed capital assets	566,189
Local capital appropriations	3,131,895
State capital appropriations	1,775,841
Total capital grants, gifts, other revenues, and appropriations	<u>5,473,925</u>

Increase in net position	13,323,142
Net position – beginning of year	<u>14,493,064</u>
Net position – end of year	<u>\$ 27,816,206</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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees – net of scholarship allowances	\$ 33,133,025
Federal, state, and local grants and contracts	24,244,478
Non-governmental contracts	91,106
Sales and services of educational departments	30,786
Auxiliary enterprise charges	1,057,295
Other receipts	1,364,944
Payments to vendors	(66,773,192)
Payments to employees	(47,401,579)
Amounts provided to student-governmental student loan program	(8,431,262)
Amounts provided from lenders	8,431,262
Net cash flows used by operating activities	<u>(54,253,137)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	24,918,758
Local appropriations	14,963,725
Federal grants and contracts – non-operating	26,417,178
Net cash flows provided by non-capital financing activities	<u>66,299,661</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Local appropriations for capital	3,131,895
State appropriations for capital	1,775,841
Lease liability payments	(6,911)
SBITA liability payments	1,516,115
Purchase of capital assets	(9,475,255)
Principal paid on capital debt	(1,735,000)
Interest paid on capital debt	(1,067,921)
Net cash flows used by capital and related financing activities	<u>(5,861,236)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	50,599,000
Interest on investments	742,120
Purchase of investments	(57,331,848)
Net cash flows used by investing activities	<u>(5,990,728)</u>
Net increase in cash	194,560
Cash and cash equivalents – beginning of year	20,523,111
Cash and cash equivalents – end of year	<u>\$ 20,717,671</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (59,566,356)
Adjustments to reconcile cash flows used by operating activities:	
Depreciation and amortization expense	7,043,815
Change in assets and liabilities:	
Receivables, net	743,087
Prepaid expense and other assets	5,989,399
Deferred inflows	12,374,187
Pension liability	4,828,245
OPEB liability	(29,888,433)
Deferred revenue	3,475,520
Accounts payable	788,142
Funds held for others	(27,172)
Accrued leave payable	(13,571)
Net cash flows used by operating activities	<u>\$ (54,253,137)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Non-cash investing activities – change in fair value of investments	\$ 1,071,840
Contributed capital assets	566,189
Total non-cash investing, capital and financing activities	<u>\$ 1,638,029</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, 2023

Assets	
Cash and cash equivalents	\$ 576,571
Contributions receivables, net	759,617
Other receivable	28,835
Investments	15,911,399
Total assets	<u>\$ 17,276,422</u>
Liabilities and Net Assets	
Accounts payable	<u>\$ 95,278</u>
Total liabilities	<u>95,278</u>
Net assets:	
Without donor restrictions	727,023
With donor restrictions	16,454,121
Total net assets	<u>17,181,144</u>
Total liabilities and net assets	<u>\$ 17,276,422</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue, gains, and other support			
Contributions, net	\$ 515,505	\$ 2,895,193	\$ 3,410,698
Grant revenue	-	8,000	8,000
Income on long-term investments	89,616	342,329	431,945
Other investment income	19,557	-	19,557
Net unrealized and realized gains on long-term investments	163,269	597,955	761,224
Net assets released from restrictions	1,480,336	(1,480,336)	-
Total revenue, gains, and other support	<u>2,268,283</u>	<u>2,363,141</u>	<u>4,631,424</u>
Expenses and losses			
College support	1,524,846	-	1,524,846
Student support	542,121	-	542,121
Management and general	143,769	-	143,769
Fundraising support	151,602	-	151,602
Total expenses	<u>2,362,338</u>	<u>-</u>	<u>2,362,338</u>
Change in net assets	(94,055)	2,363,141	2,269,086
Net assets at beginning of year	<u>821,078</u>	<u>14,090,980</u>	<u>14,912,058</u>
Net assets at end of year	<u>\$ 727,023</u>	<u>\$ 16,454,121</u>	<u>\$ 17,181,144</u>

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

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 and high school age 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 units. The College is reported as a discretely presented component unit in the State of South Carolina's Annual Comprehensive 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 Board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College or its students by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

Financial Statements

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

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

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

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

Estimates

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

Cash and Cash Equivalents

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

Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds." Governmental Accounting Standards require disclosures related to deposit risks, such as custodial credit risk; and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for

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

Accounts Receivable

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

Capital Assets

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

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. 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.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The College is a lessee for multiple noncancellable leases of equipment. The College recognizes a lease liability and an intangible right to use lease asset in the financial statements for each of these transactions. At the commencement of each lease, the College initially measures the lease liabilities at the present value of payments expected to be made during the lease term. Subsequently, the lease liabilities are reduced by the principal portions of payments made. The lease assets are initially measured as the initial amount of the individual lease liabilities, adjusted for any payments made at or before the commencement dates, plus certain initial indirect costs. The lease assets are amortized using the straight-line method over the lease term.

The College has entered into multiple subscription-based information technology arrangements (SBITA). The College recognizes a subscription liability and an intangible right to use subscription asset in the financial statements for each of these transactions costing \$100,000 or more. At the commencement of each subscription arrangement, the College initially measures the subscription liabilities at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liabilities are reduced by the principal portions of payments made. The subscription assets are initially measured as the initial amount of the individual subscription liabilities, adjusted for any payments made at or before the commencement dates, plus certain initial indirect costs. The subscription assets are amortized using the straight-line method over the subscription term.

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, represent a consumption of net assets that applies to future periods 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, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned Revenues and Deposits

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

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

Compensated Absences

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

Pension Liability

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

Other Postemployment Benefits (OPEB) Liability

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

Net Position (Deficit)

The College's net position (deficit) is classified as follows:

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

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Restricted net position – expendable:* Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
 - *Restricted net position – non-expendable:* Non-expendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The College does not currently report any net position in this classification.
 - *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.
- *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

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:

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$698,048 of interest cost during the year ended June 30, 2023, all of which was expensed.

Discretely Presented Component Unit

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

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

- *Without Donor Restrictions* – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- *With Donor Restrictions* –
 - *Restricted by purpose or time* – Net assets that are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
 - *Restricted in perpetuity* – Net assets that are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets

permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Revenue, Gains and Other Support and Expenses and Losses – Revenues are reported as increases in the net assets classification without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restriction support. Increases in the allowance for uncollectible pledges are netted against contribution income. Expenses are reported as decreases in the without donor restrictions net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in without donor restriction net assets unless their use is restricted by explicit donor stipulation or by law.

Donated Services, Goods, and Facilities – A substantial number of hours to the Foundation's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. During the year ended June 30, 2023, the Foundation received in-kind contributions valued at \$445,087. Substantially, all contributions of equipment to the Foundation become property of the College upon receipt of the property from the donor. Accordingly, the Foundation records the contributions at their fair value with an offset to college support in these financial statements.

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

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

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

income or loss is restricted by donor or law. Securities or other investments donated are recorded at their market value at the date of the gift.

Concentrations of Credit and Market Risk – Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is not limited to any one institution. The Foundation has not experienced any losses on its cash equivalents. Management believes that the Foundation’s

investment portfolio is adequately diversified among issuers. In addition, management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market declines.

Income Taxes – Midlands Technical College Foundation, Inc. has received a determination letter from the Internal Revenue Service that it is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code (the “IRC”). However, it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending June 30, 2023, 2022, 2021, and 2020 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, 2023:

Non-Capital and State Capital Appropriations

Non-Capital Appropriations:

Appropriations per State Board allocation	\$ 21,061,021
Other:	
Nursing Funding	565,890
Critical Needs Nursing Initiative	34,632
Pathways	37,784
QuickJobs	1,521,826
Dual Enrollment	1,697,605
Total Non-Capital Appropriations	24,918,758

Capital Appropriations:

State Capital	281,070
Lottery Technology	396,865
High Demand Job Skill Training Equipment	1,097,906
Total Capital Appropriations	1,775,841

Total Non-Capital and State Capital Appropriations	<u>\$ 26,694,599</u>
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MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits – Deposits include cash and cash equivalents on deposit in banks and are held by the State Treasurer. At year-end, the College’s carrying amount of deposits with banks was \$13,858,485. The bank balances were \$14,837,330, of which \$2,748,007 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 \$8,603,789 in its pooled cash funds in the College’s name. Restricted cash includes \$3,102,532 held for debt service reserve funds; \$5,383,668 held for maintenance, repair, and replacement; and \$117,589 for construction as required by bond indentures. State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. With respect to investments in the State’s internal cash management pool, all of the State Treasurer’s investments are insured or registered or are investments for which the securities are held by the State or its agent in the State’s name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer’s investments is disclosed in the Annual Comprehensive Financial Report of the State of South Carolina.

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

Investments – The College’s investments at June 30, 2023, 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, 2023, 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
Federal Home Loan Bank	\$ 51,226,922	48.7%
Federal Farm Credit Bank	33,419,382	31.8%
Freddie Mac Discount Note	14,211,983	13.5%
Fannie Mae	3,495,244	3.3%
U.S. Treasury	2,832,129	2.7%
Total	\$ 105,185,660	100.0%

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

	Total	Weighted Average Maturity	Weighted Average Days
Bonds	\$ 105,185,660	2.77%	615
Certificates of Deposits	1,748,008	3.29%	390
Total			
Investments	\$ 106,933,668	3.03%	503

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.

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

STATEMENT OF NET POSITION:

Cash and cash equivalents	\$ 12,113,882
Restricted cash and cash equivalents	8,603,789
Short term investments	106,933,668
Total statement of net position	<u>\$ 127,651,339</u>

DEPOSITS AND INVESTMENTS NOTES:

Carrying value of deposits	\$ 13,858,485
Cash on hand	3,405
Held by State Treasurer	8,603,789
Investments	105,185,660
Total deposit and investments notes	<u>\$ 127,651,339</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 4 – RECEIVABLES

Accounts receivable as of June 30, 2023, including applicable allowances, were as follows:

Receivables:	
Student accounts	\$ 4,534,553
Company accounts	697,294
Federal grants and contracts	939,403
State grants and contracts	1,423,502
Local government	756,873
Other receivables	157,595
Less: Allowance for uncollectibles	<u>(1,627,000)</u>
Receivables, net	<u>\$ 6,882,220</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, 2023, are due as follows:

Within one year	\$ 413,429
One to five years	<u>435,113</u>
Total	848,542
Allowance for uncollectible pledges	-
Present value discount	<u>(88,925)</u>
Contributions receivable, net	<u>\$ 759,617</u>

The discount to net present value was calculated using the estimated earnings rate of 5.15% as of June 30, 2023.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 5 – CAPITAL ASSETS

	Beginning Balance July 1, 2022	Increases	Decreases	Ending Balance June 30, 2023
Capital assets not being depreciated:				
Land and improvements	\$ 5,033,127	\$ -	\$ -	\$ 5,033,127
Construction in progress	22,601,257	871,962	(22,601,257)	871,962
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>27,958,741</u>	<u>871,962</u>	<u>(22,601,257)</u>	<u>6,229,446</u>
Other capital assets:				
Depreciable land improvements	10,320,501	-	-	10,320,501
Buildings and improvements	122,637,906	25,260,921	(4,055,973)	143,842,854
Machinery, equipment, and other	15,856,741	2,344,223	(466,922)	17,734,042
Vehicles	1,312,005	8,212	-	1,320,217
Leased equipment	135,943	24,490	-	160,433
Subscription based IT arrangements	-	4,132,893	-	4,132,893
Depreciable intangibles	635,405	-	-	635,405
Total other capital assets at historical cost	<u>150,898,501</u>	<u>31,770,739</u>	<u>(4,522,895)</u>	<u>178,146,345</u>
Less accumulated depreciation for:				
Buildings and improvements	(55,831,715)	(3,280,464)	4,055,973	(55,056,206)
Machinery, equipment, and other	(13,443,659)	(962,261)	466,922	(13,938,998)
Vehicles	(1,093,299)	(69,491)	-	(1,162,790)
Depreciable land improvements	(8,757,287)	(263,281)	-	(9,020,568)
Leased equipment	(54,377)	(31,679)	-	(86,056)
Subscription based IT arrangements	-	(2,436,639)	-	(2,436,639)
Intangibles	(635,405)	-	-	(635,405)
Total accumulated depreciation	<u>(79,815,742)</u>	<u>(7,043,815)</u>	<u>4,522,895</u>	<u>(82,336,662)</u>
Other capital assets, net	<u>71,082,759</u>	<u>24,726,924</u>	<u>-</u>	<u>95,809,683</u>
Capital assets, net	<u>\$ 99,041,500</u>	<u>\$ 25,598,886</u>	<u>\$ (22,601,257)</u>	<u>\$ 102,039,129</u>

Depreciation and amortization expense for the current year totaled \$7,043,815.

The College chooses to amortize the lease asset and subscription based IT arrangement asset on a straight-line basis.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the State of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the State's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through 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 a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for the State.

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the State and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and first-term individuals elected to the South Carolina General Assembly. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

State ORP – As an alternative to membership in SCRS, newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the State; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55

with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the

legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

Required *employee* contribution rates¹ are as follows:

	<u>Fiscal Year 2023¹</u>	<u>Fiscal Year 2022¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Required *employer* contribution rates¹ are as follows:

	<u>Fiscal Year 2023¹</u>	<u>Fiscal Year 2022¹</u>
SCRS		
Employer Class Two	17.41%	16.41%
Employer Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	19.84%	18.84%
Employer Class Three	19.84%	18.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

² Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP service provider to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

The College’s actual contributions to the SCRS for the years ended June 30, 2023 and 2022 were approximately \$6,516,746 and \$5,923,756, respectively, and equaled the base required retirement contribution rate, excluding retiree insurance surcharge and incidental death benefit program contributions of 17.41% for fiscal year ended June 30, 2023 and 16.41% for fiscal year ended June 30, 2022. Also, the College paid employer incidental death benefit program contributions of approximately \$56,147 and \$54,148, at the rate of 0.15% of compensation for the fiscal years ended June 30, 2023 and 2022, respectively.

The College’s actual contributions to the PORS for the years ended June 30, 2023 and 2022 were approximately \$102,567 and \$81,904, respectively, and equaled the base retirement required contribution rate, excluding surcharge and death program contributions of 19.84% for 2023 and 18.84% for 2022. The College also paid employer incidental death benefit program contributions of approximately \$1,034 and \$869, at the rate of 0.20% of compensation for the current fiscal years ended June 30, 2023 and 2022, respectively. In addition, the College paid accidental death program contributions of approximately \$1,034 and \$869, at the rate of 0.20% of compensation for the current fiscal years ended June 30, 2023 and 2022, respectively.

For fiscal year 2023, total contributions requirements to the ORP were approximately \$804,558 (excluding the surcharge)

from the College as employer and approximately \$583,483 from its employees as plan members.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith, & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate or Return ¹	7.0%	7.0%
Projected Salary Increases	3.0% to 11.0% (varies by service) ¹	3.5% to 10.5% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

¹ Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

Assumptions used in the determination of the June 30, 2022, TPL are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	\$ 8,937,686,946	\$ 5,938,707,767	\$ 2,998,979,179	66.4%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2023, the College reported \$82,286,710 for its proportionate share of the net pension liabilities of SCRS and \$823,809 for PORS. The net pension liability defined of the

SCRS and PORS defined benefit pension plan was determined based on the July 1, 2021 actuarial valuations, using the most recent membership data, projected forward to June 30, 2022, and financial information of the pension trust funds as of June 30, 2022, 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, 2022, the College's SCRS proportion was 0.339% and 0.027% for PORS. For the year ended June 30, 2023, the College recognized a reduction of pension expense of \$5,305,237 for SCRS and \$54,486 for PORS.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

South Carolina Retirement System (SCRS):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 714,918	\$ (358,603)
Net differences between projected and actual investment earnings	126,903	-
Assumption changes	2,639,128	-
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	(6,641,682)
Contributions subsequent to the measurement date	7,387,175	-
Total SCRS Outflows and Inflows of Resources	\$ 10,868,124	\$ (7,000,285)

Police Officers Retirement System (PORS):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,822	\$ (16,285)
Net differences between projected and actual investment earnings	2,488	-
Assumption changes	34,305	-
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	1,996	(50,012)
Contributions subsequent to the measurement date	104,635	-
Total PORS Outflows and Inflows of Resources	\$ 157,246	\$ (66,297)

The College reported \$7,387,175 for SCRS and \$104,635 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	SCRS	PORS	Net
2024	\$ 1,679,598	\$ 4	\$ 1,679,602
2025	1,149,731	3,865	1,153,596
2026	2,835,993	41,839	2,877,832
2027	(2,145,986)	(32,022)	(2,178,008)
	\$ 3,519,336	\$ 13,686	\$ 3,533,022

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return

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.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 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 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	(0.35)%	(0.09)%
Private Equity ¹	9.0%	8.75%	0.79%
Private Debt ¹	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate ¹	9.0%	4.12%	0.37%
Infrastructure ¹	3.0%	5.88%	0.18%
Total Expected Return ²	100%		4.79%
Inflation for Actuarial Purposes			2.25%
			<u>7.04%</u>

¹RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

²Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 15% of total assets.

Discount Rate

The discount rate used to measure the TPL was 7 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, the System's fiduciary net position was projected to be available to make all the 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 TPL.

Sensitivity Analysis

The following table represents the College's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7 percent, as well as what the College's respective net pension liabilities would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Plan	1% Decrease 6.0%	Current Rate 7.0%	1% Increase 8.0%
SCRS	\$ 105,501,716	\$ 82,286,710	\$ 62,986,449
PORS	1,148,753	823,809	557,813
Total	<u>\$ 106,650,469</u>	<u>\$ 83,110,519</u>	<u>\$ 63,544,262</u>

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 Annual Comprehensive 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.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

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NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

The Other Post-Employment Benefits Trust Fund (OPEB Trust), refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF), 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 States retiree health and dental plans.

In accordance with Act 195, the OPEB Trusts are 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 OPEB Trust is a cost-sharing multiple-employer defined benefit OPEB plan. Article 5 of the State Code of Laws defines the plans and authorizes the Trustee to at any time adjust the plan, including its benefits and contributions, as necessary to insure the fiscal stability of the plan. 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.

Benefits

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 twenty-five years of service for 100% employer funding and fifteen to twenty-four years of service for 50% employer funding.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration

Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2023 was 6.25%. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (Continued)

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefit’s 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, OPEB Trust fund financial information is also included in the annual comprehensive financial report of the State.

For the year ended June 30, 2023, the College’s SCRHITF contributions totaled \$2,776,948. The College’s proportionate share of the implicit subsidy recognized for the year ended June 30, 2023 was \$16,431.

Actuarial Assumptions and Methods

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

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.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2021
Actuarial Cost Method:	Individual Entry – Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.69% as of June 30, 2022
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	The discount rate changed from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (Continued)

Roll Forward Disclosures

The actuarial valuations were performed as of June 30, 2021. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2022.

Net OPEB Liability

The Net OPEB Liability is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

At June 30, 2023, the College reported a liability of \$66,138,499 for its proportionate share of the SCRHITF net OPEB liability. At June 30, 2022, the College's proportionate share of the SCRHITF net OPEB liability was 0.434783%. For

the year ended June 30, 2023, the College recognized a reduction in OPEB expense of \$1,351,982.

Single Discount Rate

The Single Discount Rate of 3.69% 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).

Long-term Expected Rate of Return

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 returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 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. This information is summarized in the following table:

The information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash Equivalents	20.00%	0.35%	0.07%
Total	100.00%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			2.75%

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.69%, as well as what the College's 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 2.69%	Current Discount Rate 3.69%	1% Increase 4.69%
Net OPEB Liability	\$ 78,193,593	\$ 66,138,499	\$ 56,450,592

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

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NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (Continued)

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 54,392,451	\$ 66,138,499	\$ 79,852,651

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Assumption changes	\$ 14,912,527	\$ (21,259,937)	\$ (6,347,410)
Net difference between projected and actual experience	1,419,583	(5,815,434)	(4,395,851)
Net difference between projected and actual investment earnings	520,041	-	520,041
Deferred amounts from changes in proportionate share and difference between employer contributions and proportionate share of total plan employer contributions	-	(11,534,855)	(11,534,855)
Current year employer contributions	2,776,948	-	2,776,948
Total	<u>\$ 19,629,099</u>	<u>\$ (38,610,226)</u>	<u>\$ (18,981,127)</u>

The College reported \$2,776,948 as deferred outflows of resources resulting from College contributions subsequent to the measurement date during the year ended June 30, 2023 will be recognized as a reduction of net OPEB liability in the year ended June 30, 2024.

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>
2024	\$ 4,294,628
2025	3,598,987
2026	2,976,489
2027	2,756,184
2028	3,815,107
Thereafter	4,316,680
	<u>\$ 21,758,075</u>

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, 2023, the College had remaining commitment balances of approximately \$1,972,951 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 \$501,217 at June 30, 2023.

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

The financial statements include GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. See Note 5 – Capital Assets for information on leased assets and associated accumulated amortization.

On January 1, 2021, the College entered into a capital lease of \$135,943 for the use of printing equipment for a five year period. The College entered into this lease with Presidio Technology. Payments of \$31,591 are due in five annual installments with an interest rate of 5.22%. The value of the right-to-use assets acquired under this agreement as of June 30, 2023 is \$54,377. The outstanding liability as of June 30, 2023 is \$58,557.

On August 1, 2022, the College entered into a capital lease of \$24,490 for the use of copier equipment for a five year period. The College entered into this lease with Presidio Technology. Payments of \$5,928 are due in five annual installments with an interest rate of 6.72%. The value of the right-to-use assets acquired under this agreement as of June 30, 2023 is \$20,000. The outstanding liability as of June 30, 2023 is \$20,208.

The annual payment schedule for reducing the lease liability is as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 33,104	\$ 4,415	\$ 37,519
2025	34,901	2,618	37,519
2026	5,205	723	5,928
2027	5,555	373	5,928
	<u>\$ 78,765</u>	<u>\$ 8,129</u>	<u>\$ 86,894</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

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NOTE 10 – SUBSCRIPTIONS PAYABLE

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right-to-use an underlying asset. Under this Statement, the College is required to recognize a subscription liability and an intangible right-to-use subscription asset. See Note 5 - Capital Assets for information on SBITA assets and associated accumulated amortization.

On June 1, 2021, the College entered into a 5 year, 6 month subscription for the use of Anthology Programs. An initial subscription liability was recorded in the amount of \$315,318. As of June 30, 2023, the value of the subscription liability is \$187,235. The College is required to make annual fixed payments of \$62,749. The subscription has an implicit interest rate of 2.275%. The value of the right-to-use asset as of June 30, 2023 is \$183,936.

On August 1, 2020, the College entered into a 5 year subscription for the use of Bridgetek Solutions. An initial subscription liability was recorded in the amount of \$232,735. As of June 30, 2023, the value of the subscription liability is \$96,246. The College is required to make annual fixed payments of \$49,771. The subscription has an implicit interest rate of 2.275%. The value of the right-to-use asset as of June 30, 2023 is \$96,973.

On February 28, 2023, the College entered into a 5 year subscription for the use of Coursedog.com. An initial subscription liability was recorded in the amount of \$707,129. As of June 30, 2023, the value of the subscription liability is \$470,086. The College is required to make annual payments of \$115,497. The amount of the annual payments increase by 5% each year. The subscription has an implicit interest rate of 2.275%. The value of the right-to-use asset as of June 30, 2023 is \$659,987.

On January 1, 2021, the College entered into a 5 year subscription for the use of Recruit Cloud Software. An initial subscription liability was recorded in the amount of \$255,033. As of June 30, 2023, the value of the subscription liability is \$105,467. The College is required to make fixed

annual payments of \$54,540. The subscription has an implicit interest rate of 2.275%. The value of the right-to-use asset as of June 30, 2023 is \$127,517.

On July 1, 2021, the College entered into a 5 year subscription for the use of E2E Advising Software. An initial subscription liability was recorded in the amount of \$225,387. As of June 30, 2023, the value of the subscription liability is \$138,262. The College is required to make fixed annual payments of \$48,200. The subscription has an implicit interest rate of 2.275%. The value of the right-to-use asset as of June 30, 2023 is \$135,232.

On July 1, 2019, the College entered into a 5 year subscription for the use of Ellucian. An initial subscription liability was recorded in the amount of \$2,221,939. As of June 30, 2023, the value of the subscription liability is \$482,152. The College is required to make annual payments of \$478,759. The amount of the annual payments increase by 3% each year. The subscription has an implicit interest rate of 2.275%. The value of the right-to-use asset as of June 30, 2023 is \$444,388.

On November 20, 2019, the College entered into a 5 year subscription for the use of Tutor.com Software. An initial subscription liability was recorded in the amount of \$175,353. As of June 30, 2023, the value of the subscription liability is \$36,666. The College is required to make fixed annual payments of \$37,500. The subscription has an implicit interest rate of 2.275%. The value of the right-to-use asset as of June 30, 2023 is \$48,222.

The annual payment schedule for reducing the SBITA liability is as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total
2024	\$ 828,141	\$ 34,492	\$ 862,633
2025	323,416	15,651	339,067
2026	233,830	8,294	242,124
2027	130,728	2,974	133,702
	\$ 1,516,115	\$ 61,411	\$ 1,577,526

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 11 – LINE OF CREDIT

The Commission authorized the administration to create a temporary line of credit not to exceed \$1,000,000 if needed to support the operations of the College. The line of credit was not used during the year. At June 30, 2023, the unused amount of the line of credit was \$1,000,000. The College has a monthly line of credit in the purchasing card program of \$500,000 and an executive credit card line of credit of \$130,000. At June 30, 2023, the unused amount from the purchasing card program and executive credit card was \$302,382 and \$105,204, respectively.

NOTE 12 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2023, are summarized as follows:

Accounts Payable	\$ 2,200,300
Employee Payable	27,944
Construction Payable	269,254
Retainage Payable	<u>884,231</u>
	<u>\$ 3,381,729</u>

Construction and Retainage payable are payables from restricted assets. Construction payable and retainage payable related to capitalized projects is \$3,035 and \$867,049, respectively.

NOTE 13 – BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2023:

	<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	\$ 3,905,000
Series 2021B	3.0% to 5.0%	<u>15,175,000</u>	04/01/2040	<u>13,450,000</u>
Total Bonds Payable		<u>\$ 23,940,000</u>		<u>\$ 17,355,000</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 \$2,944,389 which results in a legal annual debt service at June 30, 2023, of \$2,649,950. The annual debt service payments for the fiscal year ended June 30, 2023, were \$2,643,700; all issues are subject to arbitrage regulations.

The College reported \$101,189 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>
2024	\$ 25,297
2025	25,297
2026	25,297
2027	<u>25,298</u>
Total	<u>\$ 101,189</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 13 – 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>
2024	\$ 1,825,000	\$ 821,950	\$ 2,646,950
2025	1,915,000	730,700	2,645,700
2026	2,015,000	634,950	2,649,950
2027	2,110,000	534,200	2,644,200
2028	1,120,000	428,700	1,548,700
2029-2033	4,595,000	1,291,000	5,886,000
2034-2038	2,595,000	478,150	3,073,150
2039-2040	1,180,000	53,400	1,233,400
Total	<u>\$ 17,355,000</u>	<u>\$ 4,973,050</u>	<u>\$ 22,328,050</u>

NOTE 14 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Due Within One Year</u>
Bonds Payable					
General obligation bonds	\$ 19,090,000	\$ -	\$ (1,735,000)	\$ 17,355,000	\$ 1,825,000
Unamortized bond premium	4,625,444	-	(398,372)	4,227,072	398,372
Total bonds payable	23,715,444	-	(2,133,372)	21,582,072	2,223,372
Accrued compensated absences	3,349,268	1,415,976	(1,429,547)	3,335,697	328,262
Total long-term liabilities	<u>\$ 27,064,712</u>	<u>\$ 1,415,976</u>	<u>\$ (3,562,919)</u>	<u>\$ 24,917,769</u>	<u>\$ 2,551,634</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 15 – RESTRICTIONS/LIMITATIONS ON NET ASSETS– DISCRETELY PRESENTED COMPONENT UNIT

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

Designated for equipment, other programs or general use	\$ 382,205
Total board designated net assets	<u>\$ 382,205</u>

Donor restricted net assets:

	Restricted for Purpose or Time	Restricted in Perpetuity	Total Net Assets With Donor Restrictions
Endowment scholarships	\$ 23,195	\$ 7,068,427	\$ 7,091,622
Endowment programs	108,813	3,358,943	3,467,756
Endowment equipment and other programs	50,068	2,319,633	2,369,701
General scholarships	926,799	-	926,799
General programs	760,049	-	760,049
General equipment and other programs	1,838,194	-	1,838,194
Endowment net assets, June 30, 2023	<u>\$ 3,707,118</u>	<u>\$ 12,747,003</u>	<u>\$ 16,454,121</u>

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

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

Time restrictions released	
Non-endowed equipment and other programs	\$ -
Total time restrictions released	<u>-</u>
Purpose restrictions released	
Non-endowed scholarships	382,325
Non-endowed programs	30,811
Non-endowed equipment and other programs	599,696
Endowment scholarships	297,474
Endowment programs	123,690
Endowment equipment and other programs	46,340
Total purpose restrictions released	<u>1,480,336</u>
Total time and purpose restrictions released	<u>\$ 1,480,336</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

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, 2023.

The Midlands Technical College Foundation:

The Foundation is a legally separate 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 Trustees.

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 \$1,524,846 during the 2023 fiscal year.

Total payments to the College for items such as scholarships and grants, and other support for the students totaled \$542,121 during the 2023 fiscal year. Additionally, the Foundation paid the College a total of \$3,000 for administrative services during the year.

The Foundation's net assets as of June 30, 2023, were \$17,181,144.

Amounts due from/to the Foundation as of June 30, 2023, are as follows:

Due from the Foundation \$95,278.

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, 2023:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Total
Current assets:			
Cash and cash equivalents	\$ 12,113,882	\$ -	\$ 12,113,882
Short-term investments	106,933,668	-	106,933,668
Accounts receivable, net	6,881,190	1,030	6,882,220
Internal balances	(1,673,927)	1,673,927	-
Other current assets	735,415	-	735,415
Total current assets	<u>124,990,228</u>	<u>1,674,957</u>	<u>126,665,185</u>
Non-current assets			
Capital assets, net of depreciation	96,648,778	5,390,351	102,039,129
Other non-current assets	8,603,789	-	8,603,789
Total non-current assets	<u>105,252,567</u>	<u>5,390,351</u>	<u>110,642,918</u>
Total assets	<u>230,242,795</u>	<u>7,065,308</u>	<u>237,308,103</u>
Deferred outflows of resources	<u>30,755,658</u>	<u>-</u>	<u>30,755,658</u>
Total assets and deferred outflows of resources	<u>260,998,453</u>	<u>7,065,308</u>	<u>268,063,761</u>
Current liabilities:			
Accounts payable	3,372,475	9,254	3,381,729
Unearned revenue	11,938,161	25,000	11,963,161
Other current liabilities	6,877,069	-	6,877,069
Total current liabilities	<u>22,187,705</u>	<u>34,254</u>	<u>22,221,959</u>
Non-current liabilities	<u>172,348,788</u>	<u>-</u>	<u>172,348,788</u>
Total liabilities	<u>194,536,493</u>	<u>34,254</u>	<u>194,570,747</u>
Deferred inflows of resources	<u>45,676,808</u>	<u>-</u>	<u>45,676,808</u>
Total liabilities and deferred inflows of resources	<u>240,213,301</u>	<u>34,254</u>	<u>240,247,555</u>
Net position:			
Net investment in capital assets	72,702,931	5,390,351	78,093,282
Restricted for expendable	105,546,063	-	105,546,063
Unrestricted	(157,463,842)	1,640,703	(155,823,139)
Total net position	<u>\$ 20,785,152</u>	<u>\$ 7,031,054</u>	<u>\$ 27,816,206</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, 2023:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Total
Operating revenues	\$ 55,532,743	\$ 159,134	\$ 55,691,877
Operating expenses			
Depreciation	6,865,440	178,375	7,043,815
Other expenses	108,116,556	97,862	108,214,418
Total operating expenses	114,981,996	276,237	115,258,233
Operating income (loss)	(59,449,253)	(117,103)	(59,566,356)
Nonoperating revenues (expenses)	72,889,498	-	72,889,498
Increase (decrease) in net position	13,440,245	(117,103)	13,323,142
Net position -beginning of year	7,344,907	7,148,157	14,493,064
Net position -end of year	\$ 20,785,152	\$ 7,031,054	\$ 27,816,206

Condensed statement of cash flows for the fiscal year ended June 30, 2023:

	Midlands Technical College	Midlands Technical College Enterprise Campus Authority	Total
Net cash provided (used) by:			
Operating activities	\$ (54,350,999)	\$ 97,862	\$ (54,253,137)
Noncapital financing activities	66,299,661	-	66,299,661
Interfund activity	97,862	(97,862)	-
Capital and related financing activities	(5,861,236)	-	(5,861,236)
Investing activities	(5,990,728)	-	(5,990,728)
Net decrease in cash	194,560	-	194,560
Beginning cash and cash equivalent balances	20,523,111	-	20,523,111
Ending cash and cash equivalent balances	\$ 20,717,671	\$ -	\$ 20,717,671

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.

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:

- 2021 \$5,221,921
- 2022 \$5,033,536
- 2023 \$5,371,127

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

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

NOTE 18 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2023, are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation and Amortization	Total
Instructional	\$ 25,733,286	\$ 6,419,233	\$ -	\$ -	\$ 4,137,786	\$ -	\$ 36,290,305
Academic Support	4,575,720	1,236,102	-	-	1,817,431	-	7,629,253
Student Services	8,224,166	2,272,835	-	-	1,063,011	-	11,560,012
Plant Operations	2,133,729	659,263	-	2,329,560	9,942,844	-	15,065,396
Institutional Support	6,190,234	1,414,045	-	-	1,860,218	-	9,464,497
Scholarships	-	-	26,971,734	-	-	-	26,971,734
Auxiliary Enterprises	518,308	148,228	-	12,263	554,422	-	1,233,221
Depreciation	-	-	-	-	-	7,043,815	7,043,815
Total	\$ 47,375,443	\$ 12,149,706	\$ 26,971,734	\$ 2,341,823	\$ 19,375,712	\$ 7,043,815	\$ 115,258,233

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 19 – TAX ABATEMENTS

Midlands Technical College’s property tax revenues were reduced by \$464,494 under agreements entered into by Lexington County as of June 30, 2023. The State of South Carolina reimbursed Lexington County \$24,606 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 Revenue Reimbursement Amount
Tax Abatement Program	Amount of Taxes Abated During the Fiscal Year	
Fee-in-Lieu of Taxes Program (FILOT)	\$ 24,954	\$ 1,914
Fee-in-Lieu of Tax and Special Source Revenue Credit Program (FILOT+SSRC)	158,191	1,961
Infrastructure Program (IP)	-	-
Fee-in-Lieu of Tax and Infrastructure Program (FILOT+IP)	27,880	2,536
Special Source Revenue Credit and Infrastructure Program (SSRC+IP)	-	-
Fee-in-Lieu of Tax, Special Source Revenue Credit and Infrastructure Program (FILOT+SSRC+IP)	253,469	18,195
	<u>\$ 464,494</u>	<u>\$ 24,606</u>

NOTE 20 – TRANSACTIONS WITH OTHER AGENCIES

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

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

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 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.
- Restricted cash- The fair value of restricted cash is 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, 2023:

	<u>Level</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Short-term investments	1	\$ 106,933,668	\$ 106,933,668
Restricted Cash	1	\$ 8,603,789	\$ 8,603,789
Bonds payable	3	\$ 21,582,072	\$ 21,582,072

Changes in Level 3 fair value measurements were as follows:

	<u>Bonds Payable</u>
Ending balance – June 30, 2022	\$ 23,715,444
Principal payments	(2,133,372)
Ending balance – June 30, 2023	<u>\$ 21,582,072</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:

	Level	Carrying Value	Fair Value
Investments in Marketable Securities			
Money market funds	1	\$ 1,679,129	\$ 1,679,129
Fixed income	2	\$ 3,395,713	\$ 3,395,713
Equities	1	\$ 6,079,030	\$ 6,079,030
Mutual funds	1	\$ 3,334,240	\$ 3,334,240
Alternative investments	1	\$ 1,418,287	\$ 1,418,287
Contributions receivable	3	\$ 759,617	\$ 759,617

The Foundation recognized a significant increase in the amount of \$625,851 in level 3 due to the increase in contributions receivable during the year.

NOTE 22 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 20, 2023, which is the date the financial statements were available for issue.

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
2023	0.3394%	\$ 82,286,710	\$ 36,098,450	227.95%	57.1%
2022	0.3582%	77,523,371	36,205,276	214.12%	60.7%
2021	0.3790%	96,589,328	37,929,153	254.66%	50.7%
2020	0.3984%	90,973,674	38,145,896	238.49%	54.4%
2019	0.4222%	94,603,955	40,173,613	235.49%	54.1%
2018	0.4404%	99,135,945	41,329,712	239.87%	53.3%
2017	0.4331%	92,506,530	39,310,329	235.32%	52.9%
2016	0.4357%	82,641,330	38,307,709	215.73%	57.0%
2015	0.4316%	77,410,953	36,971,826	209.38%	59.9%
2014	0.4316%	74,304,629	35,354,673	210.17%	56.4%

Police Officers Retirement System (PORS)					
For the Year	College's proportion of net pension liability	College's proportionate share of the net pension liability	College's covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.0275%	\$ 823,809	\$ 434,733	189.50%	66.4%
2022	0.0295%	758,903	452,171	167.84%	70.4%
2021	0.0297%	984,944	448,546	219.59%	58.8%
2020	0.0294%	843,607	420,166	200.78%	62.7%
2019	0.0321%	910,921	444,974	204.71%	61.7%
2018	0.0316%	865,564	425,485	203.43%	60.9%
2017	0.0301%	763,301	383,280	199.15%	60.4%
2016	0.0288%	627,695	356,094	176.27%	64.6%
2015	0.0266%	550,561	319,434	172.36%	59.9%
2014	0.0266%	508,453	266,964	190.46%	56.4%

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

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's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 6,516,746	\$ (6,516,746)	-	\$ 37,431,048	17.41%
2022	5,923,756	(5,923,756)	-	36,098,450	16.41%
2021	5,579,233	(5,579,233)	-	36,205,276	15.41%
2020	5,844,882	(5,844,882)	-	37,929,153	15.41%
2019	5,496,824	(5,496,824)	-	38,145,896	14.41%
2018	5,387,282	(5,387,282)	-	40,173,613	13.41%
2017	4,715,720	(4,715,720)	-	41,329,712	11.41%
2016	4,288,757	(4,288,757)	-	39,310,329	10.91%
2015	4,118,079	(4,118,079)	-	38,307,709	10.75%
2014	3,863,556	(3,863,556)	-	36,971,826	10.45%

Police Officers Retirement System (PORS)

For the Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (excess)	College's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 102,567	\$ (102,567)	-	\$ 516,969	19.84%
2022	81,904	(81,904)	-	434,733	18.84%
2021	80,667	(80,667)	-	452,171	17.84%
2020	80,021	(80,021)	-	448,546	17.84%
2019	70,756	(70,756)	-	420,166	16.84%
2018	70,484	(70,484)	-	444,974	15.84%
2017	58,887	(58,887)	-	425,485	13.84%
2016	51,130	(51,130)	-	383,280	13.34%
2015	46,328	(46,328)	-	356,094	13.01%
2014	39,738	(39,738)	-	319,434	12.44%

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
2023	0.4348%	\$ 66,138,499	\$ 42,734,739	154.77%	9.6%
2022	0.4612%	96,026,932	43,081,885	222.89%	7.5%
2021	0.4831%	87,208,343	44,532,251	195.83%	8.4%
2020	0.5081%	76,826,418	44,434,124	172.90%	8.4%
2019	0.5345%	75,735,116	46,089,741	164.32%	7.9%
2018	0.5602%	75,872,077	47,236,974	160.62%	7.6%
2017	0.5602%	89,204,211	44,485,931	200.52%	7.6%

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

MIDLANDS TECHNICAL COLLEGE

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

Other Postemployment Benefits Contributions					
For the Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	College's covered payroll	Contributions as a percentage of covered payroll
2023	\$ 2,776,948	\$ (2,776,948)	-	\$ 44,431,163	6.25%
2022	2,670,921	(2,670,921)	-	42,734,739	6.25%
2021	2,692,618	(2,692,618)	-	43,081,885	6.25%
2020	2,783,266	(2,783,266)	-	44,532,251	6.25%
2019	2,688,264	(2,688,264)	-	44,434,124	6.05%
2018	2,534,936	(2,534,936)	-	46,089,741	5.50%
2017	2,517,731	(2,517,731)	-	47,236,974	5.33%
2016	2,371,100	(2,371,100)	-	44,485,931	5.33%
2015	2,167,401	(2,167,401)	-	43,348,013	5.00%
2014	2,036,044	(2,036,044)	-	41,382,999	4.92%

MIDLANDS TECHNICAL COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

1. Changes of Assumptions

Amounts reported for the year ended June 30, 2023 reflect actuarial assumption changes effective July 1, 2021 based on the results of an actuarial experience study completed in 2022.

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STATISTICAL SECTION

This section of the Midlands Technical College Annual Comprehensive 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 2014 - 2023

	For the Year Ended June 30,				
	2023	2022	2021	2020	2019
Net Investment in capital assets	\$ 78,093,282	\$ 75,366,867	\$ 57,587,954	\$ 63,465,221	\$ 61,250,034
Restricted for Expendable:					
Capital projects	83,678,279	83,460,442	89,975,856	62,882,717	53,823,827
Debt service	21,867,784	18,736,510	15,279,091	20,393,790	16,494,126
Unrestricted	(155,823,139)	(163,070,755)	(165,368,915)	(162,161,243)	(159,900,141)
Total College net position (deficit)	<u>\$ 27,816,206</u>	<u>\$ 14,493,064</u>	<u>\$ (2,526,014)</u>	<u>\$ (15,419,515)</u>	<u>\$ (28,332,154)</u>

	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>

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, 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 2014 - 2023

For the Year Ended June 30,

	2023	2022	2021	2020	2019
Income Before Other Revenues,					
Expenses, Gains or Losses	\$ 7,849,217	\$ 12,815,704	\$ 7,003,401	\$ 6,671,789	\$ 1,682,793
State capital appropriations	1,775,841	870,151	2,765,731	3,358,213	240,244
Local capital appropriations	3,131,895	3,065,635	2,971,367	2,842,637	5,215,092
Research University Infrastructure Bonds	-	-	-	-	-
Contributed capital assets	566,189	18,588	153,002	40,000	55,000
Other capital contributions	-	249,000	-	-	-
Total increase (decrease) in net position	<u>\$ 13,323,142</u>	<u>\$ 17,019,078</u>	<u>\$ 12,893,501</u>	<u>\$ 12,912,639</u>	<u>\$ 7,193,129</u>

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
Other capital contributions	-	-	-	-	-
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>

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, 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 2014 - 2023

	For the Year Ended June 30,				
	2023	2022	2021	2020	2019
Expenses:					
Instruction	\$ 36,290,305	\$ 37,094,914	\$ 39,624,420	\$ 38,863,148	\$ 40,240,368
Academic Support	7,629,253	7,024,795	6,787,336	8,386,849	8,405,032
Student Services	11,560,012	12,174,658	12,521,644	13,106,008	12,590,318
Operation and Maintenance of Plant	15,065,396	9,819,507	11,424,585	9,142,653	10,054,031
Institutional Support	9,464,497	13,529,346	13,056,131	16,028,987	13,055,611
Scholarships	26,971,734	27,129,920	18,206,837	14,491,574	10,860,493
Auxiliary Enterprises	1,233,221	1,304,801	1,172,315	1,462,813	1,452,548
Depreciation and amortization	7,043,815	4,633,280	4,158,039	4,056,965	4,167,233
Total Operating Expenses	115,258,233	112,711,221	106,951,307	105,538,997	100,825,634
Interest on capital asset-related debt	698,048	612,432	265,387	620,179	686,887
Total Expenses	\$ 115,956,281	\$ 113,323,653	\$ 107,216,694	\$ 106,159,176	\$ 101,512,521

	For the Year Ended June 30, (percentage of total)				
	2023	2022	2021	2020	2019
Expenses:					
Instruction	31.2%	32.8%	36.9%	36.6%	39.6%
Academic Support	6.5%	6.2%	6.3%	7.9%	8.3%
Student Services	10.0%	10.7%	11.7%	12.3%	12.4%
Operation and Maintenance of Plant	13.0%	8.7%	10.7%	8.6%	9.9%
Institutional Support	8.2%	11.9%	12.2%	15.1%	12.9%
Scholarships	23.3%	23.9%	17.0%	13.7%	10.7%
Auxiliary Enterprises	1.1%	1.2%	1.1%	1.4%	1.4%
Depreciation and amortization	6.1%	4.1%	3.9%	3.8%	4.1%
Total Operating Expenses	99.4%	99.5%	99.8%	99.4%	99.3%
Interest on capital asset-related debt	0.6%	0.5%	0.2%	0.6%	0.7%
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, 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 2014 – 2023 (Continued)

	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	<u>97,976,857</u>	<u>111,182,964</u>	<u>105,511,148</u>	<u>107,433,231</u>	<u>105,724,029</u>
Interest on capital asset-related debt	758,038	773,073	1,009,590	1,033,908	1,222,969
Total Expenses	<u>\$ 98,734,895</u>	<u>\$ 111,956,037</u>	<u>\$ 106,520,738</u>	<u>\$ 108,467,139</u>	<u>\$ 106,946,998</u>

	For the Year Ended June 30,				
	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	<u>99.2%</u>	<u>99.3%</u>	<u>99.0%</u>	<u>99.0%</u>	<u>98.9%</u>
Interest on capital asset-related debt	0.8%	0.7%	1.0%	1.0%	1.1%
Total Expenses	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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, 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 2014 - 2023

	For the Year Ended June 30,				
	2023	2022	2021	2020	2019
Expenses:					
Salaries	\$ 47,375,443	\$ 45,747,819	\$ 46,067,898	\$ 47,814,489	\$ 48,045,647
Benefits	12,149,706	15,275,901	20,644,342	20,668,821	20,793,699
Scholarships	26,971,734	27,129,920	18,206,837	14,491,574	10,860,493
Utilities	2,341,823	2,085,529	1,943,486	1,994,216	1,890,230
Supplies and Other Services	19,375,712	17,838,772	15,930,705	16,512,932	15,068,332
Depreciation and amortization	7,043,815	4,633,280	4,158,039	4,056,965	4,167,233
Total Operating Expenses	115,258,233	112,711,221	106,951,307	105,538,997	100,825,634
Interest on capital asset-related debt	698,048	612,432	265,387	620,179	686,887
Total Expenses	\$ 115,956,281	\$ 113,323,653	\$ 107,216,694	\$ 106,159,176	\$ 101,512,521

	For the Year Ended June 30, (percentage of total)				
	2023	2022	2021	2020	2019
Expenses:					
Salaries	40.8%	40.5%	43.0%	44.9%	47.3%
Benefits	10.5%	13.5%	19.3%	19.5%	20.5%
Scholarships	23.3%	23.9%	17.0%	13.7%	10.7%
Utilities	2.0%	1.8%	1.8%	1.9%	1.9%
Supplies and Other Services	16.7%	15.7%	14.9%	15.6%	14.8%
Depreciation and amortization	6.1%	4.1%	3.9%	3.8%	4.1%
Total Operating Expenses	99.4%	99.5%	99.9%	99.4%	99.3%
Interest on capital asset-related debt	0.6%	0.5%	0.1%	0.6%	0.7%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%

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, 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 2014 - 2023 (Continued)

	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	<u>97,976,857</u>	<u>111,182,964</u>	<u>105,511,148</u>	<u>107,433,231</u>	<u>105,724,029</u>
Interest on capital asset-related debt	758,038	773,073	1,009,590	1,033,908	1,222,969
Total Expenses	<u>\$ 98,734,895</u>	<u>\$ 111,956,037</u>	<u>\$ 106,520,738</u>	<u>\$ 108,467,139</u>	<u>\$ 106,946,998</u>

	For the Year Ended June 30,				
	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	<u>99.2%</u>	<u>99.3%</u>	<u>99.1%</u>	<u>99.0%</u>	<u>98.9%</u>
Interest on capital asset-related debt	0.8%	0.7%	0.9%	1.0%	1.1%
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, 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 2014 – 2023

	For the Year Ended June 30,				
	2023	2022	2021	2020	2019
Revenues:					
Student tuition and fees (net of scholarship allowances)	\$ 30,741,071	\$ 37,332,550	\$ 31,451,240	\$ 31,437,746	\$ 32,671,945
Federal grants and contracts	3,835,318	3,299,354	3,806,546	4,560,576	4,717,283
State grants and contracts	18,544,185	17,621,346	18,229,282	17,452,580	12,196,368
Non-governmental grants and contracts	91,106	99,242	64,992	80,701	14,161
Sales and services	30,786	40,238	49,876	31,803	39,675
Auxiliary enterprises (net of book allowances)	1,057,295	925,275	614,015	1,028,866	1,156,418
Other operating revenues	1,392,116	1,103,738	637,711	908,840	1,072,222
Total operating revenues	55,691,877	60,421,743	54,853,662	55,501,112	51,868,072
State appropriations	24,918,758	22,399,680	18,878,017	19,499,483	19,622,148
Local appropriations	14,963,725	14,651,423	12,815,686	13,147,412	12,503,399
Investment income (net of investment expenses)	1,813,960	(1,155,572)	430,911	1,924,188	1,631,490
Federal grants and contracts	26,417,178	29,822,083	27,241,819	22,758,770	17,570,205
State capital appropriations	1,775,841	870,151	2,765,731	3,358,213	240,244
Local capital appropriations	3,131,895	3,065,635	2,971,367	2,842,637	5,215,092
Contributed capital assets	566,189	18,588	153,002	40,000	55,000
Other capital contributions	-	249,000	-	-	-
Research university infrastructure bonds	-	-	-	-	-
Total non-operating revenues	73,587,546	69,920,988	65,256,533	63,570,703	56,837,578
Total Revenues	\$ 129,279,423	\$ 130,342,731	\$ 120,110,195	\$ 119,071,815	\$ 108,705,650

	For the Year Ended June 30,				
	2023	2022	2021	2020	2019
	(percentage of total)				
Revenues:					
Student tuition and fees (net of scholarship allowances)	23.8%	28.6%	26.2%	26.4%	30.1%
Federal grants and contracts	3.0%	2.5%	3.2%	3.8%	4.3%
State grants and contracts	14.3%	13.5%	15.2%	14.7%	11.2%
Non-governmental grants and contracts	0.1%	0.1%	0.1%	0.1%	-
Sales and services	-	-	-	-	-
Auxiliary enterprises (net of book allowances)	0.8%	0.7%	0.5%	0.9%	1.1%
Other operating revenues	1.1%	0.8%	0.5%	0.8%	1.0%
Total operating revenues	43.1%	46.2%	45.7%	46.7%	47.7%
State appropriations	19.3%	17.3%	15.6%	16.4%	18.1%
Local appropriations	11.6%	11.2%	10.7%	11.0%	11.5%
Investment income (net of investment expenses)	1.4%	(0.9)%	0.4%	1.6%	1.5%
Federal grants and contracts	20.4%	22.9%	22.7%	19.1%	16.2%
State capital appropriations	1.4%	0.7%	2.3%	2.8%	0.2%
Local capital appropriations	2.4%	2.4%	2.5%	2.4%	4.8%
Contributed capital assets	0.4%	-	0.1%	-	-
Other capital contributions	-	0.2%	-	-	-
Research university infrastructure bonds	-	-	-	-	-
Total non-operating revenues	56.9%	53.8%	54.3%	53.3%	52.3%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Midlands Technical College Audited Financial Statements

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF REVENUES BY SOURCE Fiscal Years 2014 – 2023 (Continued)

	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 (net of investment expenses)	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
Contributed capital assets	128,091	184,262	174,512	155,470	372,199
Other capital contributions	-	-	-	-	-
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,				
	2018	2017	2016	2015	2014
	<i>(percentage of total)</i>				
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 (net of investment expenses)	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	0.1%	0.5%	0.6%	0.2%	-
Local capital appropriations	2.6%	2.4%	2.3%	2.2%	2.3%
Contributed capital assets	0.1%	0.2%	0.2%	0.1%	0.3%
Other capital contributions	-	-	-	-	-
Research university infrastructure bonds	-	-	-	-	-
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%

Source: Midlands Technical College Audited Financial Statements

MIDLANDS TECHNICAL COLLEGE

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

	Academic Year Beginning in Fall									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Technical Colleges										
In-County										
Aiken	\$ 4,946	\$ 4,766	\$ 4,646	\$ 4,656	\$ 4,468	\$ 4,348	\$ 4,262	\$ 4,098	\$ 3,972	\$ 3,866
Central Carolina	\$ 4,896	\$ 4,896	\$ 4,752	\$ 4,608	\$ 4,440	\$ 4,320	\$ 4,200	\$ 3,840	\$ 3,720	\$ 3,584
Denmark	\$ 5,041	\$ 5,241	\$ 4,566	\$ 4,566	\$ 4,440	\$ 3,787	\$ 3,580	\$ 2,624	\$ 2,568	\$ 2,568
Florence-Darlington	\$ 4,606	\$ 4,606	\$ 4,606	\$ 4,462	\$ 4,270	\$ 4,174	\$ 4,078	\$ 3,958	\$ 3,886	\$ 3,766
Greenville	\$ 4,778	\$ 4,618	\$ 4,618	\$ 4,590	\$ 4,422	\$ 4,326	\$ 4,224	\$ 4,094	\$ 3,974	\$ 3,866
Horry-Georgetown	\$ 4,372	\$ 4,322	\$ 4,322	\$ 4,252	\$ 4,108	\$ 4,036	\$ 3,960	\$ 3,854	\$ 3,590	\$ 3,530
Midlands	\$ 4,788	\$ 4,788	\$ 4,788	\$ 4,530	\$ 4,318	\$ 4,064	\$ 3,988	\$ 3,888	\$ 3,838	\$ 3,788
Northeastern TC	\$ 4,372	\$ 4,872	\$ 4,488	\$ 4,158	\$ 4,110	\$ 4,090	\$ 3,846	\$ 3,726	\$ 3,630	\$ 3,534
Orangeburg-Calhoun	\$ 4,788	\$ 4,680	\$ 4,560	\$ 4,466	\$ 4,250	\$ 4,130	\$ 4,010	\$ 3,890	\$ 3,770	\$ 3,650
Piedmont	\$ 4,902	\$ 4,532	\$ 4,532	\$ 4,456	\$ 4,300	\$ 4,228	\$ 4,084	\$ 3,958	\$ 3,850	\$ 3,714
Spartanburg	\$ 4,902	\$ 4,752	\$ 4,632	\$ 4,662	\$ 4,444	\$ 4,300	\$ 4,192	\$ 4,064	\$ 3,940	\$ 3,820
TC of the Lowcountry	\$ 5,140	\$ 5,040	\$ 4,752	\$ 4,684	\$ 4,516	\$ 4,276	\$ 4,180	\$ 4,060	\$ 3,940	\$ 3,772
Tri-County	\$ 4,448	\$ 4,448	\$ 4,448	\$ 4,327	\$ 4,172	\$ 4,050	\$ 3,967	\$ 3,852	\$ 3,744	\$ 3,648
Trident	\$ 4,528	\$ 4,528	\$ 4,528	\$ 4,439	\$ 4,280	\$ 4,156	\$ 4,070	\$ 3,942	\$ 3,823	\$ 3,712
Williamsburg	\$ 4,488	\$ 4,488	\$ 4,488	\$ 4,368	\$ 4,224	\$ 4,080	\$ 4,008	\$ 3,756	\$ 3,650	\$ 3,540
York	\$ 4,562	\$ 4,562	\$ 4,532	\$ 4,344	\$ 4,176	\$ 4,056	\$ 3,960	\$ 3,840	\$ 3,744	\$ 3,712
Two-Year Regional Campus of USC										
In State										
USC - Lancaster	\$ 7,558	\$ 7,558	\$ 7,558	\$ 7,558	\$ 7,478	\$ 7,232	\$ 7,008	\$ 6,686	\$ 6,482	\$ 6,284
USC - Salkehatchie	\$ 7,558	\$ 7,558	\$ 7,558	\$ 7,558	\$ 7,478	\$ 7,233	\$ 6,918	\$ 6,686	\$ 6,482	\$ 6,284
USC - Sumter	\$ 7,558	\$ 7,558	\$ 7,558	\$ 7,558	\$ 7,438	\$ 7,152	\$ 6,928	\$ 6,686	\$ 6,482	\$ 6,284
USC - Union	\$ 7,558	\$ 7,558	\$ 7,558	\$ 7,558	\$ 7,388	\$ 7,132	\$ 6,908	\$ 6,686	\$ 6,482	\$ 6,284

Source: South Carolina Commission on Higher Education

MIDLANDS TECHNICAL COLLEGE

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

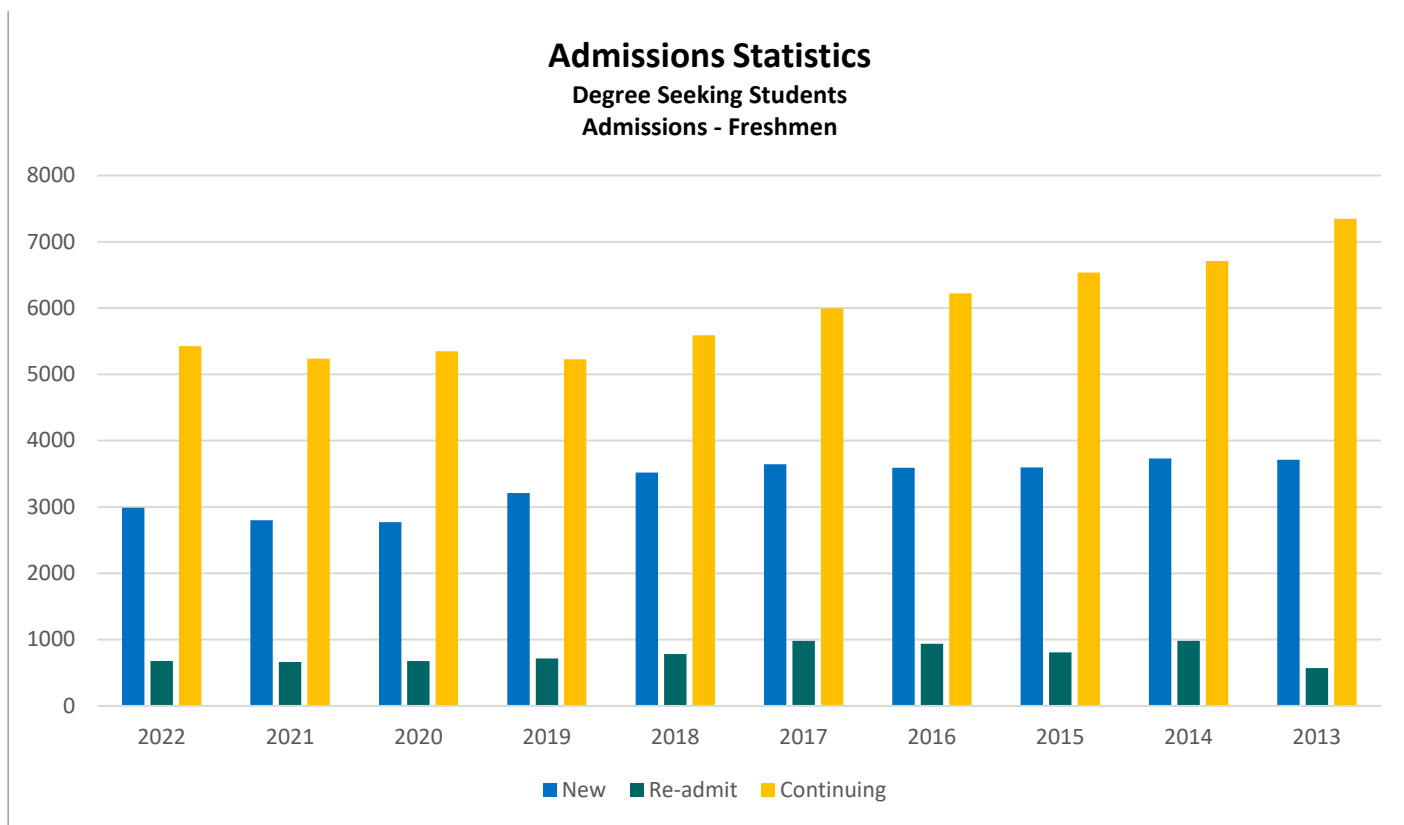
	Academic Year Beginning in Fall									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Technical Colleges										
Out of State										
Aiken	\$ 6,880	\$ 6,880	\$ 6,880	\$ 6,850	\$ 6,830	\$ 6,638	\$ 6,496	\$ 10,178	\$ 10,130	\$ 10,130
Central Carolina	\$ 8,184	\$ 8,184	\$ 7,944	\$ 7,704	\$ 7,416	\$ 7,200	\$ 6,768	\$ 6,624	\$ 6,432	\$ 6,232
Denmark	\$ 9,542	\$ 9,742	\$ 8,892	\$ 8,892	\$ 8,640	\$ 6,458	\$ 6,850	\$ 5,048	\$ 4,920	\$ 4,920
Florence-Darlington	\$ 6,742	\$ 8,878	\$ 6,742	\$ 6,598	\$ 6,406	\$ 6,262	\$ 6,166	\$ 6,046	\$ 5,982	\$ 5,862
Greenville	\$ 9,410	\$ 9,410	\$ 9,410	\$ 9,102	\$ 8,766	\$ 8,550	\$ 8,448	\$ 8,438	\$ 8,150	\$ 7,910
Horry-Georgetown	\$ 8,620	\$ 8,620	\$ 8,620	\$ 8,380	\$ 8,092	\$ 7,948	\$ 6,918	\$ 6,726	\$ 6,294	\$ 5,794
Midlands	\$ 13,812	\$ 13,812	\$ 13,812	\$ 13,074	\$ 12,478	\$ 11,744	\$ 11,524	\$ 11,234	\$ 11,086	\$ 10,940
Northeastern TC	\$ 7,878	\$ 7,877	\$ 7,350	\$ 6,918	\$ 6,870	\$ 6,802	\$ 6,462	\$ 6,342	\$ 6,174	\$ 6,078
Orangeburg-Calhoun	\$ 7,490	\$ 7,490	\$ 7,370	\$ 7,226	\$ 7,010	\$ 6,890	\$ 6,746	\$ 6,602	\$ 6,458	\$ 6,218
Piedmont	\$ 6,628	\$ 8,446	\$ 6,628	\$ 6,448	\$ 6,220	\$ 6,148	\$ 5,836	\$ 5,710	\$ 5,458	\$ 5,322
Spartanburg	\$ 9,822	\$ 9,822	\$ 9,582	\$ 9,342	\$ 8,956	\$ 8,692	\$ 8,472	\$ 8,208	\$ 7,956	\$ 7,716
TC of the Lowcountry	\$ 11,020	\$ 11,020	\$ 10,396	\$ 10,036	\$ 9,676	\$ 9,268	\$ 9,076	\$ 8,812	\$ 8,548	\$ 8,212
Tri-County	\$ 10,304	\$ 10,208	\$ 10,040	\$ 9,751	\$ 9,356	\$ 9,042	\$ 8,815	\$ 8,568	\$ 8,328	\$ 8,124
Trident	\$ 8,606	\$ 8,606	\$ 8,606	\$ 8,372	\$ 8,073	\$ 7,838	\$ 7,676	\$ 7,434	\$ 7,209	\$ 7,000
Williamsburg	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,280	\$ 8,016	\$ 7,752	\$ 7,608	\$ 7,260	\$ 7,056	\$ 6,840
York	\$ 9,866	\$ 9,866	\$ 9,836	\$ 9,504	\$ 9,336	\$ 9,240	\$ 9,024	\$ 8,736	\$ 8,520	\$ 8,392
Two-Year Regional Campuses of USC										
Out of State										
USC - Lancaster	\$ 18,238	\$ 18,238	\$ 18,238	\$ 18,238	\$ 17,858	\$ 17,264	\$ 16,728	\$ 16,130	\$ 15,632	\$ 15,158
USC - Salkehatchie	\$ 18,238	\$ 18,238	\$ 18,238	\$ 18,238	\$ 17,858	\$ 17,265	\$ 16,638	\$ 16,130	\$ 15,632	\$ 15,158
USC - Sumter	\$ 18,238	\$ 18,238	\$ 18,238	\$ 18,238	\$ 17,818	\$ 17,184	\$ 16,648	\$ 16,130	\$ 15,632	\$ 15,158
USC - Union	\$ 18,238	\$ 18,238	\$ 18,238	\$ 18,238	\$ 17,768	\$ 17,164	\$ 16,628	\$ 16,130	\$ 15,632	\$ 15,158

Source: South Carolina Commission on Higher Education

MIDLANDS TECHNICAL COLLEGE

ADMISSIONS, ENROLLMENT, AND DEGREE STATISTICS Last Ten Academic Years

	Academic Year Beginning in Fall									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Degree Seeking Students										
Admissions - Freshmen										
New	2,988	2,801	2,770	3,212	3,519	3,646	3,593	3,599	3,734	3,713
Re-admit	679	665	676	718	782	983	936	809	981	572
Continuing	5,424	5,236	5,348	5,230	5,591	5,996	6,220	6,538	6,709	7,349
Total	9,091	8,702	8,794	9,160	9,892	10,625	10,749	10,946	11,424	11,634



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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Enrollment (Credit Programs Only)										
Undergraduate FTE	6,606	6,567	6,328	6,742	6,943	7,429	7,713	8,075	8,383	8,585
Undergraduate headcount	12,632	12,602	11,804	12,115	13,163	14,576	14,389	15,072	15,721	16,109
Percentage of men	36%	35%	36%	38%	39%	39%	39%	40%	41%	41%
Percentage of women	64%	65%	64%	62%	61%	61%	61%	60%	59%	59%
Percentage of African-American	37%	37%	36%	35%	36%	36%	36%	37%	37%	37%
Percentage of Hispanic	8%	7%	7%	7%	6%	5%	4%	4%	3%	3%
Percentage of white	42%	44%	46%	46%	45%	46%	48%	50%	51%	52%
Percentage of other	13%	12%	11%	12%	13%	13%	12%	9%	8%	8%
Degrees Granted										
Associate Degree	888	1,015	1,248	1,209	1,095	1,215	1,056	993	1,067	1,089
Diploma	58	44	74	78	101	104	92	91	90	71
Certificate	597	743	819	838	912	1,026	829	903	909	775
Total Awarded	1,543	1,802	2,141	2,125	2,108	2,345	1,977	1,987	2,066	1,935

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Richland	44%	44%	45%	44%	45%	46%	47%	49%	49%	49%
Lexington	38%	37%	36%	36%	35%	34%	34%	33%	33%	34%
Fairfield	2%	3%	3%	3%	2%	2%	2%	2%	2%	2%
Other	16%	16%	16%	17%	18%	18%	17%	16%	16%	15%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Historic Campus of Attendance

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Airport	27%	28%	45%	49%	47%	48%	51%	49%	48%	49%
Beltline	12%	11%	23%	32%	34%	34%	33%	36%	37%	37%
Other	61%	61%	32%	19%	19%	18%	16%	15%	15%	14%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Historic Average Age

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Average Age	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>26</u>

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,				
	2023	2022	2021	2020	2019
General obligation bonds*	\$ 17,355	\$ 19,090	\$ 20,735	\$ 15,820	\$ 17,205
Unamortized bond premium*	4,227	4,625	5,024	1,680	1,908
Total Outstanding debt	\$ 21,582	\$ 23,715	\$ 25,759	\$ 17,500	\$ 19,113
Full-time equivalent students					
Credit	6,606	6,567	6,328	6,742	6,943
Corporate and Continuing Education	961	567	723	747	931
Total enrollment	7,567	7,134	7,051	7,489	7,874
Outstanding debt per FTE	\$ 2,852	\$ 3,611	\$ 3,653	\$ 2,337	\$ 2,427

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

*Source: Midlands Technical College Annual Comprehensive 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,				
	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
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

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

Source: Midlands Technical College Annual Comprehensive 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	
2023	\$ 2,944,389	\$ 2,944,389	\$ 1,735,000	\$ 908,700	\$ 908,700	1.11
2022	2,944,389	2,944,389	1,645,000	990,950	2,635,950	1.12
2021	2,944,389	2,944,389	1,450,000	898,116	2,348,116	1.25
2020	3,390,918	3,390,918	1,385,000	842,600	2,227,600	1.52
2019	3,390,918	3,390,918	1,315,000	908,350	2,223,350	1.53
2018	2,890,918	2,890,918	1,265,000	959,000	2,224,000	1.30
2017	2,890,918	2,890,918	1,185,000	1,041,071	2,226,071	1.30
2016	2,890,918	2,890,918	1,405,000	927,433	2,332,433	1.24
2015	2,890,918	2,890,918	1,360,000	1,164,090	2,524,090	1.15
2014	2,890,918	2,890,918	1,325,000	1,213,780	2,538,780	1.14

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

	Population in College's Service Area ^a		
	Richland	Lexington	Fairfield
2022	421,566	304,797	20,455
2021	418,307	300,137	20,690
2020	414,660	295,033	22,406
2019	415,759	298,750	22,347
2018	414,576	295,032	22,402
2017	411,592	290,642	22,607
2016	409,549	286,196	22,653
2015	407,051	281,833	22,744
2014	401,566	277,888	22,976
2013	399,256	273,752	23,109

	Total Annual Personal Income			
	Richland	Lexington	Fairfield	South Carolina
	b	b	b	b
2022				
2021	52,980	55,304	48,634	52,467
2020	49,678	50,188	41,827	48,021
2019	47,299	47,922	37,834	45,348
2018	45,529	46,513	36,758	43,702
2017	43,863	44,497	36,198	41,633
2016	42,245	42,843	34,801	39,517
2015	41,025	41,764	33,633	38,302
2014	38,811	39,935	31,449	36,677
2013	38,346	37,956	29,500	35,831

	Unemployment Rate			
	Richland ^c	Lexington ^c	Fairfield ^c	South Carolina ^d
2022	3.30%	2.70%	4.70%	3.20%
2021	4.10%	3.00%	5.80%	5.30%
2020	5.80%	4.40%	7.90%	6.20%
2019	2.80%	2.30%	4.40%	2.80%
2018	3.40%	2.90%	6.20%	3.40%
2017	4.30%	3.60%	7.40%	4.30%
2016	4.70%	4.00%	7.00%	4.80%
2015	5.70%	4.80%	8.00%	6.00%
2014	6.00%	5.10%	8.60%	6.40%
2013	7.20%	5.80%	9.40%	7.60%

Sources:

^a South Carolina Department of Employment & Workforce

^b Data not available for 2022

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

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

MIDLANDS TECHNICAL COLLEGE
PRINCIPAL EMPLOYERS BY COUNTY
June 30, 2023

County		
Richland	Lexington	Fairfield
Amazon Com Services, Inc.	Amazon Com Services, Inc.	Accenture, LLP
Belk, Inc.	Charter Communications, LLC	Atlantic Group, Inc.
BlueCross BlueShield of SC	Dominion Resources Services, Inc.	Bomag Americas, Inc.
City of Columbia	Food Lion, LLC	Breakthru Beverage South Carolina
Department of Veterans Affairs	Lexington County	Dominion Resources Services, Inc.
Department of Defense	Lexington County Health Services District	Element TV Company, LP
Prisma Health	Lexington County School District 1	Fairfield County Council
Prisma Health Med Group	Lexington County School District 2	Fairfield County Disabilities
Prisma Health Midlands	Lexington County School District 5	Fairfield County School District
Richland County	Lexington Health, Inc.	Food Lion, LLC
Richland School District 1	Michelin North America, Inc.	Healthcare SC, LLC
Richland School District 2	Nephron SC, Inc.	Isola USA Corp
SC Dept of Corrections	Palmetto State Armory, LLC	Mekra Lang North America, LLC
SC Dept of Mental Health	Prysmian Communications Cables	Pops Mart Fuels, LLC
SC Health & Environmental Control	Publix Super Markets, Inc.	Precious Adult Care, Inc.
Universal Protection Service, LLC	Richland County Commission for Technology	Pruitthealth Ridgeway, LLC
University of South Carolina	Southeastern Freight Lines, Inc.	Ridgeway Manor Healthcare Center
Wal-Mart Associates, Inc.	United Parcel Service	SC Electric & Gas Company
Wells Fargo & Company, Inc.	Wal-Mart Associates, Inc.	Town of Winnsboro
		Universal Protection Service, LLC

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 – 2022 Q4

Operating Information

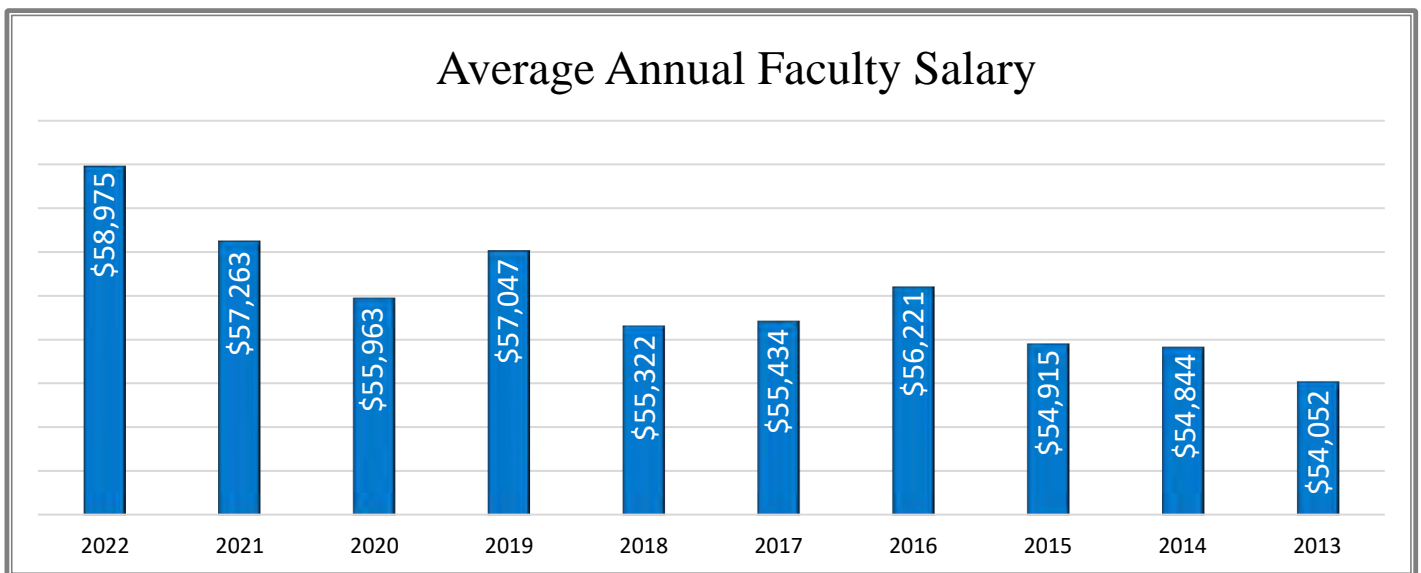
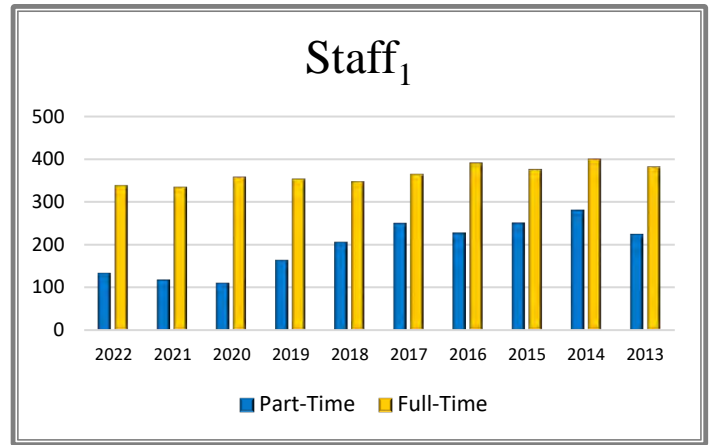
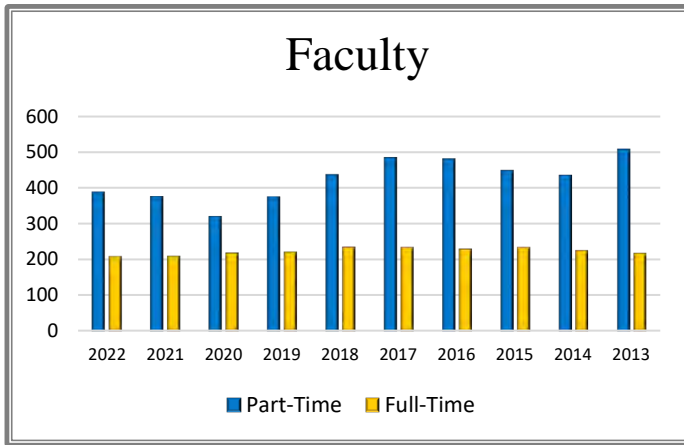
MIDLANDS TECHNICAL COLLEGE

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MIDLANDS TECHNICAL COLLEGE

FACULTY AND STAFF STATISTICS Last Ten Fiscal Years²

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Faculty										
Part-time	389	376	321	375	437	485	481	449	435	508
Full-time	207	208	217	219	233	232	227	232	223	216
Staff ¹										
Part-time	134	118	111	164	206	250	228	251	281	225
Full-time	338	334	357	353	347	364	390	375	399	381
Total Employees	1,068	1,036	1,006	1,111	1,223	1,331	1,326	1,307	1,338	1,330
Part-time	523	494	432	539	643	735	709	700	716	733
Full-time	545	542	574	572	580	596	617	607	622	597
Average Annual Faculty Salary	\$ 58,975	\$ 57,263	\$ 55,963	\$ 57,047	\$ 55,322	\$ 55,434	\$ 56,221	\$ 54,915	\$ 54,844	\$ 54,052



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

Note: ¹ Includes administrators

Note: ² 2023 data not available

Schedule 14

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF CAPITAL ASSET INFORMATION BY FUNCTION Last Ten Fiscal Years¹

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Instruction										
Assignable Square Feet	433,777	425,729	424,200	424,522	424,142	434,833	423,689	403,341	402,931	372,815
Percent Use	61.10%	60.80%	60.70%	61.36%	61.35%	60.89%	60.27%	59.38%	59.36%	57.83%
Public Service										
Assignable Square Feet	1,420	700	699	575	575	575	575	575	575	575
Percent Use	0.20%	0.10%	0.10%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.09%
Academic Support										
Assignable Square Feet	21,298	21,006	20,965	21,116	21,116	32,064	32,064	29,351	29,351	29,351
Percent Use	3.00%	3.00%	3.00%	3.05%	3.05%	4.50%	4.56%	4.32%	4.32%	4.55%
Student Services										
Assignable Square Feet	44,017	43,413	43,329	43,293	43,293	43,293	43,293	43,293	43,293	43,293
Percent Use	6.20%	6.20%	6.20%	6.26%	6.26%	6.06%	6.16%	6.38%	6.38%	6.71%
Institutional Support										
Assignable Square Feet	47,566	47,614	47,522	47,505	47,505	47,711	47,711	47,711	47,711	47,711
Percent Use	6.70%	6.80%	6.80%	6.87%	6.87%	6.68%	6.79%	7.03%	7.03%	7.40%
Plant Operations and Maintenance										
Assignable Square Feet	119,981	119,736	120,202	119,999	119,999	120,787	120,787	120,080	120,080	116,127
Percent Use	16.90%	17.10%	17.20%	17.34%	17.35%	16.91%	17.18%	17.68%	17.69%	18.01%
Auxiliary Enterprises										
Assignable Square Feet	34,787	35,011	34,942	34,876	34,876	34,876	34,876	34,876	34,876	34,876
Percent Use	4.90%	5.00%	5.00%	5.04%	5.04%	4.88%	4.96%	5.13%	5.14%	5.41%
Unassigned	7,099	7,002	6,988	6,961	6,961	6,961	6,961	6,961	6,961	6,961
Total	709,945	700,211	698,847	698,847	698,467	721,100	709,956	686,188	685,778	651,709
Parking Facilities										
Parking spaces available	4,491	4,491	4,491	4,491	4,491	4,539	4,539	4,539	4,535	4,535
Number of employees	746	746	746	746	746	707	707	707	588	588
Number of students ²	3,745	3,745	3,745	3,745	3,745	3,832	3,832	3,832	3,947	3,947

Notes:

All campuses are included.

¹ 2023 data not available

² 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, 2023

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

Specific programs are accredited and/or approved by the:

- Accreditation Council for Business Schools and Programs (ACBSP)
- Accreditation Commission for Education in Nursing (ACEN)
- American Bar Association (ABA) Standing Committee on Paralegals
- American Society of Health-System Pharmacists (ASHP)
- Accreditation Council for Pharmacy Education (ACPE)
- Commission on Dental Accreditation (CODA) of the American Dental Association – Dental Assisting Program & Dental Hygiene Program
- Commission on Accreditation in Physical Therapy Education (CAPTE)
- Commission on Accreditation for Respiratory Care (CoARC)
- Commission on Accreditation of Allied Education Programs (CAAHEP) – Accreditation Review Committee on Education in Surgical Technology and Surgical Assisting (ARC/STSA) – Medical Assisting Education Review Board (MAERB)
- Council for Standards in Human Services Education (CSHSE)
- Engineering Technology Accreditation Commission of ABET
- 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 Automotive Technicians Education Foundation (NATEF)
- National Institute for Metalworking Skills (NIMS)
- National Association for the Education of Young Children (NAEYC)
- South Carolina Board of Nursing (SCBN)
- South Carolina Department of Health and Human Services (SCDHHS) – Nursing Assistant Program

STATEMENT OF NONDISCRIMINATION

Midlands Technical College does not discriminate in admissions, educational programs or employment on the basis of race, sex, sexual orientation, national origin, ethnic group, color, age, religion, disability, genetic information, gender, gender identity, military service, pregnancy, childbirth, or related medical conditions including but not limited to lactation, or any other category protected by applicable law. In compliance with all federal and state laws, including Section 35.107 of the Department of Justice regulations, the Age Discrimination Act of 1967, Title VI and Title VII of the Civil Rights Act of 1964 and Title IX of the Education Amendments of 1972, Sections 503 and 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1992 as well as the ADA Amendments of 2008 (ADAA), the South Carolina Pregnancy Accommodations Act of 2018 and the Genetic Information Nondiscrimination Act of 2008 (GINA), Midlands Technical College offers access and equal opportunity in its admissions policies, academic programs and services, and employment of disabled individuals in that no otherwise qualified person will be denied these provisions on the basis of a disability. Midlands Technical College also prohibits retaliation against any person for bringing a complaint of discrimination or for participating in an investigation of a complaint of discrimination.

Student inquiries or complaints should be directed to Ms. Debbie M. Walker in her position as Chief Compliance Officer/Title IX Coordinator. She can be reached at Midlands Technical College in Suite 165, Saluda Hall, Airport Campus, 1260 Lexington Drive, West Columbia, SC 29170; by telephone at 803.822.3261; or email at walkerd@midlandstech.edu.

Faculty and staff inquiries or complaints should be directed to Ms. Alexea Ray in her position as Employee Relations Manager/Equal Employment Opportunity (EEO) Officer. She can be reached at Midlands Technical College in Suite 134, Reed Hall, Airport Campus, 1260 Lexington Drive, West Columbia, SC 29170; by telephone at 803.822.3051; or email at alexearay@midlandstech.edu.

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, 2023

	Federal CFDA Number	Grant/Contract Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007A	P007A213793	\$ 171,840
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007A	P007A223793	749,552
			<u>921,392</u>
Federal Work-Study Program (CWS)	84.033A	P033A213793	149,508
Federal Work-Study Program (CWS)	84.033A	P033A213793	10,194
			<u>159,702</u>
Federal Pell Grant Program	84.063	P063P212480	35,671
Federal Pell Grant Program	84.063	P063P222480	16,837,676
			<u>16,873,347</u>
Federal Direct Student Loans	84.268	P268K222480	15,893
Federal Direct Student Loans	84.268	P268K232480	7,378,017
			<u>7,393,910</u>
Total Student Financial Assistance Cluster			<u>25,348,351</u>
TRIO Cluster			
TRIO-Upward Bound	84.047A	P047A180389	362,120
TRIO-Talent Search	84.044A	P044A210278	478,768
TRIO-Student Support Services (SSS)	84.042A	P042A200194	368,600
TRIO-Educational Opportunity Center (EOC)	84.066A	P066A210075	141,614
Total TRIO Cluster			<u>1,351,102</u>
Education Stabilization Funds, CARES Act			
Education Stabilization Fund, ARPA Student Portion	84.425E	P425E201314	4,989,084
Education Stabilization Fund, ARPA Institutional Portion	84.425F	P425F200809	4,203,082
Education Stabilization Fund, Strengthening Institutions Program (SIP)	84.425M	P425M200173	614,055
Total Educational Stabilization Funds, CARES Act			<u>9,806,221</u>
Passed Through State Board for Technical and Comprehensive Education			
Education Stabilization Fund, Governor's Emergency Education Relief (GEER)	84.425C	S425C200010	228,440
Education Stabilization Fund, ESSER, GED by 23	84.425U	H63010497523	26,316
Education Stabilization Fund, Workforce Scholarships for the Future	84.425C	S425C210010	1,579
Education Stabilization Fund, Workforce Scholarships for the Future Phase II	84.425C	S425C200010	650,512
Education Stabilization Fund, ESSER Dual Enrollment	84.425U	H63010497523	273,667
Education Stabilization Fund, Workforce Scholarships for the Future Phase II	84.425V	H63010EANS22	2,508,566
Total Passed Through State Board for Technical and Comprehensive Education			<u>3,689,080</u>
Passed Through S.C. Department of Education			
Career & Technical Education, Perkins	84.048A	H63010107123	509,916
Career & Technical Education, Perkins	84.048A	21VA409	175,794
Total Passed Through S.C. Department of Education			<u>685,710</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>40,880,464</u>

**Midlands Technical College
Schedule of Expenditures of Federal Awards
As of June 30, 2023**

	Federal CFDA Number	Grant/Contract Number	Expenditures
U.S. DEPARTMENT OF LABOR			
Passed Through State Board for Technical and Comprehensive Education			
Apprenticeship USA Grant, Building State Capacity to Expand Apprenticeship (SAE)	17.285		457,919
Apprenticeship USA Grant, Youth Apprenticeship Evolved Program (SCYARI)	17.285		<u>238,071</u>
Total Passed Through State Board for Technical and Comprehensive Education			<u>695,990</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>695,990</u>
DEPARTMENT OF THE TREASURY			
Passed Through Richland County			
Coronavirus Relief Fund	21.019		<u>375,000</u>
Total Passed Through Richland County			<u>375,000</u>
TOTAL DEPARTMENT OF THE TREASURY			<u>375,000</u>
NATIONAL SCIENCE FOUNDATION			
Passed Through The University of South Carolina			
STEM Education; NOYCE Grant	47.076	22-4878	<u>7,674</u>
Total Passed Through The University of South Carolina			<u>7,674</u>
TOTAL NATIONAL SCIENCE FOUNDATION			<u>7,674</u>
DEPARTMENT OF JUSTICE			
Passed Through South Carolina Department of Public Safety			
Bulletproof Vest Partnership Program	16.607		<u>1,248</u>
Total Passed Through South Carolina Department of Public Safety			<u>1,248</u>
TOTAL DEPARTMENT OF JUSTICE			<u>1,248</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through South Carolina First Steps			
Childcare and Development Block Grant, TEACH Bins	93.575		<u>12,500</u>
Total Passed Through South Carolina First Steps			<u>12,500</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>12,500</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 41,972,876</u>

MIDLANDS TECHNICAL COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

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, 2022 through June 30, 2023.

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 \$7,393,910.

4. Indirect Cost

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

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THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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

PHONE: (803) 739-3090

FAX: (803) 791-0834

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, 2023, 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 20, 2023.

Report on 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) as a basis for designing 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 were not identified.

Report on 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 20, 2023

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 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

Opinion on Each Major Federal Program

We have audited Midlands Technical College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the *OMB 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, 2023. 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.

In our opinion, the College complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 20, 2023

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

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
 - Education Stabilization Fund CFDA #84.425C
 - Education Stabilization Fund CFDA #84.425E
 - Education Stabilization Fund CFDA #84.425F
 - Education Stabilization Fund CFDA #84.425M
 - Education Stabilization Fund CFDA #84.425U
 - Education Stabilization Fund CFDA#84.425V

(CONTINUED)

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

8. The threshold for distinguishing between Type A and Type B Programs was \$1,259,186.
9. Midlands Technical College qualified as a low risk auditee.

Financial Statement Findings:

None

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

Status of Prior Year Findings:

None were reported.

THE BRITTINGHAM GROUP, L.L.P.

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INDEPENDENT ACCOUNTANTS' REPORT ON STATE LOTTERY TUITION ASSISTANCE

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

As a part of our examination of the financial statements of Midlands Technical College (the "College") as of and for the year ended June 30, 2023, we reviewed the administrative procedures and internal control related to the State Lottery Tuition Assistance Program to determine that the College administered the program in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

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

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

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

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

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

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

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

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

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

West Columbia, South Carolina
September 20, 2023



MIDLANDS
TECHNICAL COLLEGE