



**Audited Financial Statements and Other Financial Information
Year Ended June 30, 2023
With
Independent Auditors' Report**

PIEDMONT TECHNICAL COLLEGE

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PIEDMONT TECHNICAL COLLEGE
Organizational Information
June 30, 2023

<u>PIEDMONT TECHNICAL EDUCATION COMMISSION</u>	<u>Office</u>	<u>Term Expires</u>	<u>County Represented</u>
J. Richard Cain	Chairman	2026	Laurens
Peter J. Manning	Vice Chairman	2026	Greenwood
Cherry Houston Brown	Secretary	2023	McCormick
Y.J. Ahn	Member	2025	Greenwood
Anita M. Butler	Member	2026	Abbeville
George P. Cone, Jr., MD	Member	2025	Greenwood
Blake Davis	Member	2023	Laurens
Charles L. Graves	Member	2025	Greenwood
Jane J. Herlong	Member	2025	Edgefield
Dennis Lambries, Ph.D.	Member	2023	Saluda
H. George Piersol, II	Member	2025	Newberry
Thelma S. Woody	Member	2026	Abbeville

KEY ADMINISTRATIVE STAFF

Hope E. Rivers, Ph.D.	President
K. Paige Childs, CPA, CGMA	Vice President, Business, Finance, Facilities Management
Keli Fewox, Ed.D.	Vice President, Academic Affairs; Chief Academic Officer
Joshua Black	Vice President, Student Affairs
Alesia Brown	Vice President, Human Resources

PRESIDENT'S LEADERSHIP TEAM

Sally Cooke	Executive Assistant, President's Office
Jason Collins	Assistant Vice President, Information Technology
Rusty Denning	Associate Vice President, Economic Development & Strategic Partnerships
Donna Foster, Ph.D.	Associate Vice President, Institutional Effectiveness & Compliance
Russell Martin	Assistant Vice President, Marketing & Public Relations
Fran Wiley	Associate Vice President, Development, PTC Foundation

AREA SERVED BY THE COMMISSION

Counties of: Abbeville, Edgefield, Greenwood, Laurens, McCormick, Newberry and Saluda

ENTITIES PROVIDING FINANCIAL SUPPORT FOR THE INSTITUTION

Counties of: Abbeville, Edgefield, Greenwood, Laurens, McCormick, Newberry, and Saluda
S.C. State Fiscal Accountability Authority
U.S. Department of Commerce
U.S. Department of Education
U.S. Department of Labor

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
620 North Emerald Road
Greenwood, South Carolina 29648

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business type activities of Piedmont Technical College (the "College"), a component unit of the State of South Carolina and a member institution of the South Carolina Technical College System, as of 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 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.

We did not audit the financial statements of Piedmont Technical College Foundation (the "Foundation"), which is a discretely presented component unit and 100 percent, 100 percent, and 100 percent, respectively of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation is based solely on the report of the other auditors.

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 other 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 is 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, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 amounts 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 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 Retirement Systems Contributions, Schedule of Proportionate Share of the South Carolina Retiree Health Insurance Trust Fund Other Postemployment Benefits Liabilities, and Schedule of South Carolina Retiree Health Insurance Trust Fund Contributions on pages 4-11 and 42-47 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 Reconciliation of Revenues and Cash Reimbursements Received from State Board, the Schedule of Local Government Support, and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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, based on our audit, the Schedule of Reconciliation of Revenues and Cash Reimbursements Received from State Board, the Schedule of Local Government Appropriations, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 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 13, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

We present Management's Discussion and Analysis of the College's financial performance during the fiscal year ended June 30, 2023 to assist the reader in understanding the College's operations. This discussion should be read in conjunction with the College's basic financial statements, the component unit's financial statements, and the accompanying note disclosures.

Financial Highlights

- The assets of Piedmont Technical College (PTC) exceeded its liabilities at June 30, 2023 by \$17,177,688. The College has recognized a net pension obligation of \$33,101,736. This is not a legal obligation, and the South Carolina Retirement System (SCRS) does not have recourse to collect the net pension obligation. In addition, the net other post-employment benefit (OPEB) obligation of \$33,071,230 is not a legal obligation, also without recourse; both are shown on the College's Statement of Net Position. The College reports \$17,470,296 as unrestricted net position that may be used to meet ongoing obligations.
- The College's total net position increased from the beginning net position by \$627,166 primarily due to capital project and equipment purchases. The College received state funding for high demand job skill training equipment as well as funding through the Higher Education Emergency Relief Funds that allowed for the purchase of capital equipment. Additionally, the College completed capital renovation projects for the Gunsmithing Program and the Laurens Center for Manufacturing Excellence.
- The College experienced an operating loss of \$35,816,141 as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, this operating loss was offset by state appropriations of \$14,339,479, county appropriations of \$2,697,963, federal grants of \$17,251,678, capital appropriations and contributions of \$1,650,420 and other non-operating revenues.

Overview of the Financial Statements

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

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and non-current components. Governmental Accounting Standards Board (GASB) codification allows for Statement of Net Position categories entitled “deferred outflows of resources” and “deferred inflows of resources”, considered neither assets nor liabilities, but in limited circumstances affect in which fiscal year certain financial accruals of actual or potential transactions are recorded. Deferred inflows and outflows are recorded this year in relation to pension liabilities and other post-employment benefit liabilities. The difference between total assets and deferred outflows less total liabilities and deferred inflows is net position, which is displayed in three broad categories: invested in capital assets (net of related debt), restricted, and unrestricted. Net Position is one indicator of the current financial condition of the College, while the change in net position is an indicator that the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net Position is a statement that presents the College’s results of operations. Revenues and expenses are categorized by operating and non-operating, and expenses are reported by natural classification.

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, non-capital financing, capital and related financing, and investing activities. This statement also emphasizes the College’s dependence on state appropriations, county appropriations, and grants by separating them from operating cash flows. As a result of reporting the non-cash related net pension liability, noted above, the Statement of Cash Flows will take on increased importance as an indicator of the College’s financial viability. The current Statement of Cash Flows will remain more directly comparable to future fiscal year presentations, since annual changes in the net pension liability, net of contributions, will be a non-cash entry, unless changed by the SC legislature.

At June 30, 2023 the College reported \$37,186,162 for its proportionate share of the net pension liabilities of SCRS and PORS. The net pension liability defined of the SCRS defined benefit pension plan was determined based on the July 1, 2021 actuarial valuations 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 plan relative to the contributions of all participating entities. At June 30, 2023, the College’s SCRS proportion was 0.15073%, and its PORS proportion was 0.021539%.

At June 30, 2023, the College reported a liability of \$29,110,900 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College’s proportion of the net OPEB liability was based on a projection of the College’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the College’s proportion was .19137%.

As previously communicated by the South Carolina Public Employee Benefit Authority (PEBA), the financial reporting changes required by GASB 68 and GASB 75 are likely to result in increased volatility in an employers’ reported proportionate share of the net liabilities from one year to the next. Regardless of the net pension liability and net other post-employment benefit liability reported on the employer’s financial statements, the employer is responsible only for making the contributions required by state law during any given year. Employers cannot pay down or pay off their proportionate share of these liabilities.

Financial Analysis of the College as a Whole

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

Net Position as of June 30	
(in millions)	
	<u>FY 2023</u>
Current Assets	\$ 36.5
Noncurrent Capital Assets, Net	52.5
Deferred Outflows - Pension and OPEB Liability	14.6
Total Assets and Deferred Outflows of Resources	<u>103.6</u>
Current Liabilities	4.4
Non-Current Liabilities	67.5
Deferred Inflows - Pension and OPEB Liability	14.5
Total Liabilities and Deferred Inflows of Resources	<u>86.4</u>
Net Position (Deficit):	
Invested in Capital Assets	51.5
Restricted	14.3
Unrestricted - Unfunded Pension Obligation	(33.1)
Unrestricted - Unfunded OPEB Obligation	(33.0)
Unrestricted - Other	17.5
Total Net Position	<u>\$ 17.2</u>

The College's Statement of Net Position (page 12), is presented on an accrual basis of accounting where capital assets are recorded and depreciated. 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 at the end of the fiscal year; and may serve over time as a useful indicator of an entity's financial position.

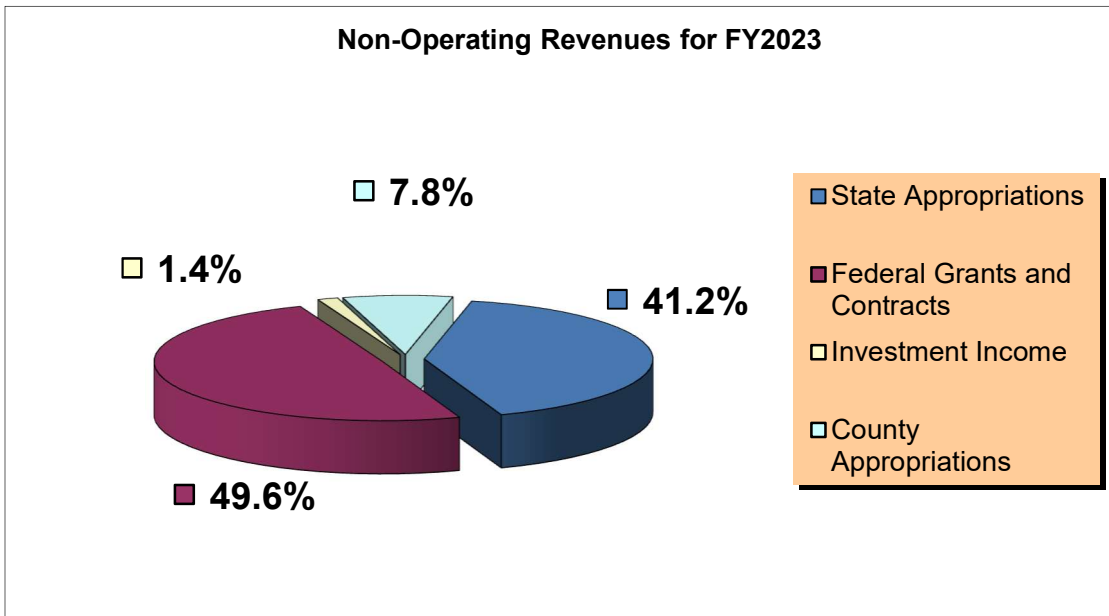
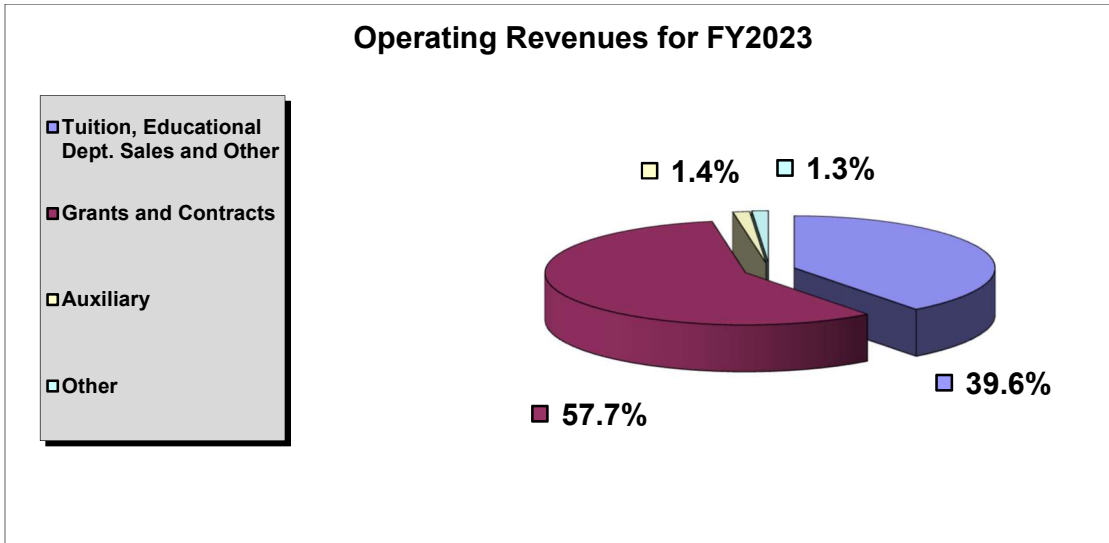
The following schedule is a summary of the College's operating results for the fiscal year:

Operating Results	
(in millions)	
	<u>FY 2023</u>
Operating Revenue	
Student Tuition and Fees	\$ 7.7
Grants and Contracts	11.1
Auxiliary Enterprises	0.3
Other	0.3
Total Operating Revenues	<u>19.4</u>
Less Operating Expenses	<u>(55.2)</u>
Net Operating Loss	<u>(35.8)</u>
Non-Operating Revenue	
State Appropriations	14.3
Local Appropriations	2.7
Federal Grants and Contracts	17.3
Interest Income	0.5
Total Non-Operating Revenue	<u>34.8</u>
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(1.0)
Other Revenues, Expenses, Gains or Losses	1.6
Net Position, Beginning of Year	16.6
Net Position, End of Year	<u>\$ 17.2</u>

A large portion of the revenue included in the Federal Grants and Contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source of funds has been recognized as a reduction of tuition and fees in the form of scholarship allowances, in order to eliminate duplication of revenues.

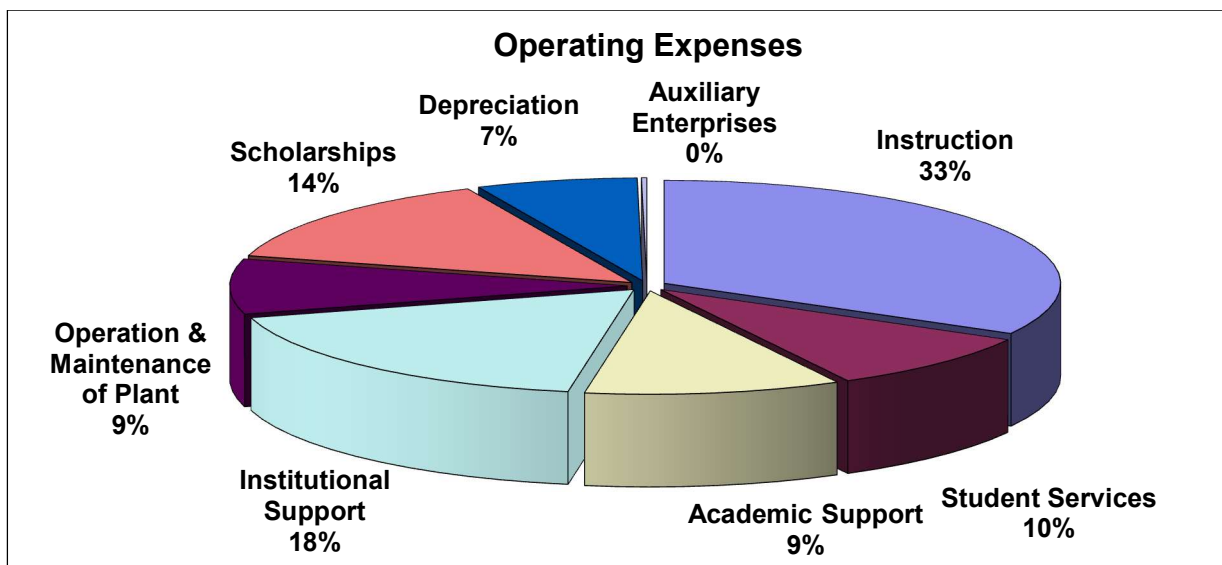
The following are graphic illustrations of revenues by source:

Revenues by Source



Overall operational expenditures decreased 6% for the current fiscal year. The decrease is a result of the College's continued efforts to provide our students with the best educational environment possible through improved facilities, instruction, student services, programs and technology needs while managing costs.

The following is a graphic illustration of operating expenses:



In excess of \$29.1 million or 53%, of the College's operating expenses occurred in the instruction, student and academic support classifications.

Cash Flows

The Statement of Cash Flows is the final statement to be presented. It provides detailed information about the cash activities of the College during the fiscal 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. The statement shows a net use of cash in the section "Cash Flows from Operating Activities" due to the College's dependence on state and local appropriations.

Condensed Summary of Cash Flows (with comparative amounts for the year ended June 30, 2022)

	2023	2022
Net Cash Used by Operating Activities	\$ (29,765,170)	\$ (35,373,577)
Net Cash Provided by Non-Capital Financing Activities	34,289,120	36,718,895
Net Cash Used by Capital and Related Financing Activities	(835,019)	(934,177)
Net Cash Provided by Capital and Related Financing Activities	453,051	29,639
Net Increase in Cash	4,141,982	440,780
Cash and Cash Equivalents - Beginning of Year	24,509,409	24,068,629
Cash and Cash Equivalents - End of Year	<u>\$ 28,651,391</u>	<u>\$ 24,509,409</u>

For your review, a comparative Statement of Net Position is presented below:

Statement of Net Position
(with comparative amounts for the year ended June 30, 2022)

ASSETS	2023	2022
Current Assets	\$ 36,532,517	\$ 33,828,455
Non-Current Assets	52,477,391	52,693,995
Total Assets	89,009,908	86,522,450
 DEFERRED OUTFLOWS OF RESOURCES	 14,584,658	 17,229,224
Total Assets and Deferred Outflows of Resources	103,594,566	103,751,674
 LIABILITIES		
Current Liabilities	4,419,803	3,262,850
Non-Current Liabilities	67,536,513	74,885,165
Total Liabilities	71,956,316	78,148,015
 DEFERRED INFLOWS OF RESOURCES	 14,460,562	 9,053,137
Total Liabilities and Deferred Inflows of Resources	86,416,878	87,201,152
 NET POSITION		
Net Investment in Capital Assets	51,537,165	52,693,995
Restricted: Expendable Plant Funds	14,343,193	12,167,221
Unrestricted - Unfunded Pension Obligation	(33,101,736)	(33,390,132)
Unrestricted - Unfunded OPEB Obligation	(33,071,230)	(32,573,395)
Unrestricted - Other	17,470,296	17,652,833
Total Net Position	\$ 17,177,688	\$ 16,550,522

Economic Factors

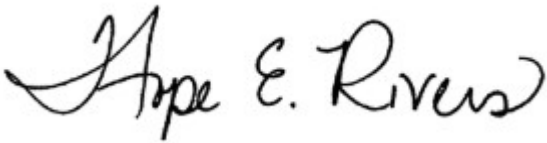
Student enrollment increased by approximately nine percent for the fiscal year ended 2023, while the College continued to offer competitive tuition rates. The financial position and fiscal stability during 2022-2023 remained strong, and management will work to ensure the College's continued financial health. The College is well positioned to maintain and provide adequate resources to successfully serve its students. As the College continues to adjust to a post-coronavirus environment, we are carefully monitoring enrollment for the 2023-2024 academic year and will adjust operations accordingly.

The College completed capital projects during the fiscal year such as renovating the classrooms and labs utilized by the Gunsmithing Program, as well as finalizing renovations to the Laurens Center for Advanced Manufacturing with funding that was provided through State capital appropriations. There were also capital projects in progress from the previous fiscal cycle that have been extended into the next fiscal cycle. The extended projects include renovations to the main campus Administration building, as well as the relocation of Campus Police to a more centralized and visible building on the main campus. The College is moving forward with several projects such as building renovations and expansion of the Nursing and Health Science facilities, new Centers for Manufacturing Excellence in both Edgefield and Saluda, as well as renovations to our existing Medford Event Center into a new and improved Family Life and Conference Center. The College is also continuing with plans for the Vision 2035 Master Plan to include several campus beautification projects.

Component Units

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

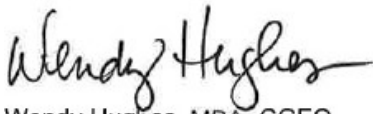
Sincerely,



Hope E. Rivers, Ph.D.
President



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



Wendy Hughes, MBA, CGFO
Controller

PIEDMONT TECHNICAL COLLEGE

Statement of Net Position

June 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (Note 3)	\$ 28,651,391
Investments (Note 3)	4,509,630
Accounts Receivable, Net (Note 4)	2,973,593
Prepaid Expense	397,903

Total Current Assets 36,532,517

NON-CURRENT ASSETS

Right of Use Asset, Net of Accumulated Amortization	8,643
IT Subscriptions, Net of Accumulated Amortization	1,092,032
Non-depreciable Capital Assets (Note 5)	1,598,857
Capital Assets, Net of Accumulated Depreciation (Note 5)	49,777,859

Total Non-Current Assets 52,477,391

Total Assets 89,009,908

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Pension Liability (Note 6)	5,216,645
Deferred Outflows - OPEB Liability (Note 7)	9,368,013

Total Assets and Deferred Outflows of Resources 103,594,566

LIABILITIES

CURRENT LIABILITIES

Lease Liability - Current Portion	3,483
Subscriptions Liability - Current Portion	427,620
Accounts Payable (Note 12)	1,531,335
Accrued Compensated Absences - Current Portion (Note 13)	593,800
Unearned Revenue	1,863,565

Total Current Liabilities 4,419,803

NON-CURRENT LIABILITIES

Lease Liability	3,661
Subscriptions Liability	505,463
Accrued Compensated Absences (Note 13)	730,327
Pension Liability	37,186,162
OPEB Liability	29,110,900

Total Non-Current Liabilities 67,536,513

Total Liabilities 71,956,316

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Pension Liability (Note 6)	1,132,219
Deferred Inflows - OPEB Liability (Note 7)	13,328,343

Total Liabilities and Deferred Inflows of Resources 86,416,878

NET POSITION (DEFICIT)

Net Investment in Capital Assets	51,537,165
Restricted for:	
Expendable:	
Plant Funds	14,343,193
Unrestricted - Unfunded Pension Obligation	(33,101,736)
Unrestricted - Unfunded OPEB Obligation	(33,071,230)
Unrestricted - Other	17,470,296

Total Net Position \$ 17,177,688

PIEDMONT TECHNICAL COLLEGE
Non-Governmental Discretely Presented Component Unit
Statement of Financial Position
Piedmont Technical College Foundation
June 30, 2023

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 268,353
Investments, At Fair Value	5,911,670
Promises to Give, Net	4,344
Accounts Receivable	9,127
Total Current Assets	6,193,494
Property and Equipment, Net	2,605,894
Other Assets	
Endowment Investments, At Fair Value	1,446,872
Promises to Give, Net	21,186
Cash Surrender Value of Life Insurance	485,548
Total Other Assets	1,953,606
Total Assets	\$ 10,752,994

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable and Accrued Liabilities	\$ 23,093
Income Taxes Payable	2,333
Total Current Liabilities	25,426
Net Assets	
Net Assets Without Donor Restrictions	8,014,551
Net Assets With Donor Restrictions	
Restricted by Purpose or Time	1,266,145
Restricted in Perpetuity	1,446,872
Total Net Assets	10,727,568
Total Liabilities and Net Assets	\$ 10,752,994

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

OPERATING REVENUES

Student Tuition and Fees (Net of Scholarship Allowances of \$16,667,669)	\$ 7,683,556
Federal Grants and Contracts	3,677,065
State Grants and Contracts	7,369,132
Local Governmental Contracts	132,041
Auxiliary Enterprises	262,673
Other Operating Revenues	<u>255,681</u>

Total Operating Revenues	<u>19,380,148</u>
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OPERATING EXPENSES

Salaries	21,031,885
Benefits - Other	5,074,416
Benefits - Pension	3,056,654
Benefits - OPEB	497,835
Scholarships (Net of Scholarship Allowances of \$16,667,669)	7,731,306
Utilities	1,019,735
Supplies and Other Services	13,152,646
Loss on Asset Disposal	5,906
Lease Amortization	3,577
Subscriptions Amortization	386,987
Depreciation	<u>3,235,342</u>

Total Operating Expenses	<u>55,196,289</u>
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Operating Loss	<u>(35,816,141)</u>
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NON-OPERATING REVENUES (EXPENSES)

State Appropriations	14,339,479
County Appropriations	2,697,963
Federal Grants and Contracts	17,251,678
Interest Income	503,767
Net Non-operating Revenues	<u>34,792,887</u>

Change in Net Position Before Capital Appropriations and Contributions	(1,023,254)
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State Capital Appropriations	1,639,415
Other Capital Appropriations and Contributions	11,005
Total Capital Appropriations and Contributions	<u>1,650,420</u>

Increase in Net Position	627,166
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Net Position - Beginning of Year	<u>16,550,522</u>
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Net Position - End of Year	<u><u>\$ 17,177,688</u></u>
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See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE
Non-Governmental Discretely Presented Component Unit
Statement of Activities
Piedmont Technical College Foundation
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 71,841	\$ 351,225	\$ 423,066
Investment Income - Net	358,945	94,241	453,186
Special Events			
Golf Tournament Income	36,018	-	36,018
In-kind Contributions	77,400	-	77,400
Distance Learning Revenue	378,000	-	378,000
Rental Income	12,000	-	12,000
Other Income	14,192	-	14,192
Net Assets Released from Restrictions	321,892	(321,892)	-
Total Revenues, Gains, and Other Support	<u>1,270,288</u>	<u>123,574</u>	<u>1,393,862</u>
 EXPENSES			
Program Services			
Distance Learning Program Expenses	129,848	-	129,848
Scholarships and Grants	433,597	-	433,597
Other Program Services	70,966	-	70,966
Total Program Services	<u>634,411</u>	<u>-</u>	<u>634,411</u>
Support Services			
Management and General	218,238	-	218,238
Fundraising	9,410	-	9,410
Total Support Services	<u>227,648</u>	<u>-</u>	<u>227,648</u>
Total Expenses	<u>862,059</u>	<u>-</u>	<u>862,059</u>
 Change in Net Assets	408,229	123,574	531,803
 Net Assets - Beginning of Year	<u>7,606,322</u>	<u>2,589,443</u>	<u>10,195,765</u>
 Net Assets - End of Year	<u>\$ 8,014,551</u>	<u>\$ 2,713,017</u>	<u>\$ 10,727,568</u>

See Accompanying Notes

PIEDMONT TECHNICAL COLLEGE

Statement of Cash Flows

For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 8,011,148
Federal, State and Local Grants and Contracts	12,311,529
Auxiliary Enterprise Charges	262,673
Other Receipts	255,681
Payments to Vendors	(29,623,858)
Payments to Employees	(20,982,343)
Student Loan Receipts from Lenders	12,512,850
Disbursements to Students on Behalf of Lenders	<u>(12,512,850)</u>
Net Cash Used by Operating Activities	<u>(29,765,170)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	14,339,479
County Appropriations	2,697,963
State, Local and Federal Grants, Gifts and Contracts - Non-Operating	<u>17,251,678</u>
Net Cash Provided by Non-capital Financing Activities	<u>34,289,120</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal, State and Other Grants for Capital	1,650,420
Purchase of Capital Assets	(1,936,188)
Right of Use Assets	(3,314)
IT Subscriptions	<u>(545,937)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(835,019)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income	503,767
Net Purchase/Proceeds of Certificates of Deposit	<u>(50,716)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>453,051</u>

Net Change in Cash and Cash Equivalents	4,141,982
Cash - Beginning of Year	<u>24,509,409</u>
Cash - End of Year	<u>\$ 28,651,391</u>

Reconciliation of Net Operating Revenue (Expenses) to Net Cash

Used by Operating Activities:	
Operating Loss	\$ (35,816,141)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities	
Depreciation Expense	3,235,342
Lease Amortization Expense	3,577
Disposal of Assets	5,906
Subscription Amortization Expense	386,987
Receivables, Net	1,480,735
Prepaid Expense	7,900
Changes in Pension/OPEB Related Items	209,440
Accounts Payable	691,394
Accrued Compensated Absences	49,544
Unearned Revenue	<u>(19,854)</u>
Net Cash Used by Operating Activities	<u>\$ (29,765,170)</u>

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

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

B. Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Piedmont Technical College, a non-major discretely presented component unit of the state of South Carolina, and the accounts of Piedmont Technical College Foundation (the "Foundation"), its discretely presented component unit.

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

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

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

C. Financial Statements

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

D. Basis of Accounting

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

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

F. Deposits

State law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss. To address the custodial credit risk and compliance with the above mentioned law, the College has a written policy that collateral securities are held in the name of the College for any deposits with financial institutions that are in excess of the amount covered by the Federal Deposit Insurance Corporation (FDIC).

G. Investments

College:

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

The College is authorized by the South Carolina Code of Laws to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

Custodial Credit Risk for investments is the risk that, in the event of the failure of the custodian, the College will not be able to recover the value or will not be able to recover sufficient alternative securities that are in the possession of an outside party. For additional information on the College's procedures relating to custodial credit risk, refer to *Note 3*.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Piedmont Technical College does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the College is not exposed to this risk. It is the policy of the College that all deposits and investments be denominated in United States Dollars.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College has no rated debt investments. The credit risk exposure of the College is limited to the deposits exposure.

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment or the earnings potential of an investment. As interest rates rise during a holding period the price potential purchasers are willing to pay for a lower rate security decreases. The College's investment policies address the selection of securities including certificates of deposit based on the best available rate for the needed term as determined through cash management techniques. The exposure to interest rate risk through stated fixed rates and length of maturity are disclosed in *Note 3*.

Foundation:

The Foundation's policy is to carry investments, other than real estate, at fair value. Gains or losses that result from market fluctuations are recorded in investment income (loss) in the period in which the fluctuations occur. See *Note 3* for additional information on fair value measurements. Investments are exposed to various risks such as significant world events, interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amount reported in the consolidated statement of financial position.

H. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of an allowance for estimated uncollectible amounts. The allowance for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Capital Assets and Property & Equipment

College:

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

Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 40 years for buildings and improvements and land improvements and 3 to 25 years for machinery, equipment, and vehicles. Depreciation is taken at the beginning of the month and year the asset is placed in service and no depreciation is taken in the year of disposition.

Foundation:

Property and equipment are recorded at cost. Donated land, buildings, and equipment are recorded at the approximate fair market value of the asset on the date of donation. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the account in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Buildings and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Property and equipment are reviewed on an ongoing basis for impairment based on a comparison of their carrying value to fair value.

J. Unearned Revenues

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

K. Compensated Absences

The College follows the policy of the State of South Carolina which provides for the accumulation of each employee of up to 45 days of annual leave and 180 days for sick leave at varying rates earned based on years of service. Upon termination of employment, accrued vacation time, limited to 45 days, is paid to the employee; however, rights to accumulated sick leave benefits do not vest and are added to service credit upon termination, up to 90 days.

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

L. Net Position

The College's net position is classified as follows:

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

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

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

Without donor restrictions: are net assets that are not subject to or are no longer subject to donor-imposed stipulations.

With donor restrictions:

Restricted by purpose or time are net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. Restricted in perpetuity are net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise be removed by actions of the Foundation.

M. Income Taxes

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

N. Classification of Revenues

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

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

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

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Foundation has classified and recognized revenue and expenses according to the following criteria:

Revenues are reported as increases in net assets without donor restrictions classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in net assets without donor restrictions or net assets with donor restrictions as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in without donor restrictions net assets unless their use is restricted by explicit donor stipulation or by law.

O. Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by bookstore and canteen services. Revenues of internal service and auxiliary enterprise activities and the related expenditures of College departments have been eliminated.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College currently reports deferred outflows of resources of \$14,584,658 as of June 30, 2023.

In addition to the liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separated financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College currently reports deferred inflows of resources of \$14,460,562 as of June 30, 2023.

Q. New Accounting Pronouncements

During the year ended June 30, 2023 the College adopted the requirements of GASB 96: Subscription-Based Information Technology Arrangements (SBITA). This Statement provides guidance on accounting and financial reporting for SBITA for government end users (governments). This Statement (1) defines SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – and intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 2 - STATE APPROPRIATIONS

State funds for operations for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the "Board") and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. The following is a detail schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2023.

Non-capital appropriations		
Current year appropriations		
Original appropriations per Annual Appropriations Act	\$	11,085,480
Other adjustments		<u>3,338,767</u>
Total non-capital appropriations		<u>14,424,247</u>
Capital appropriations		
Special items: LCAM Phase III		11,638
High Demand Training Equipment		1,416,984
Lottery Technology		<u>210,793</u>
Total capital appropriations		<u>1,639,415</u>
Total appropriations recorded as current year revenue	\$	<u>16,063,662</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

The bank balances for deposits of the College at June 30, 2023, were \$34,346,290. Of these, \$4,810,861 is covered by the Federal Deposit Insurance Corporation (FDIC). In addition, \$29,031,715 is collateralized by securities held by the institution pledged in the College's name. The College recognized no loss due to default by counterparties to investment transactions and amounts recovered from prior period losses.

The Foundation reports a bank balance of \$268,353, of which \$250,000 is covered by the FDIC.

Investments

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

<u>Institution</u>	<u>Face rate</u>	<u>Fair Value</u>	<u>Maturing</u>
First Citizens portfolio	Various	<u>\$ 4,509,630</u>	Various

The Foundation pools assets of restricted and unrestricted funds in order to maximize potential earnings. Income, realized gains and losses, and unrealized gains and losses are allocated among the various funds in the pool of assets. Major classifications in investments at June 30, 2023, are as follows:

<u>Pooled Investments</u>	<u>Fair Value</u>
Money market funds	\$ 1,523,317
U.S. Government obligations	249,008
Preferred stock	33,960
Corporate common stocks	2,782,327
Corporate bonds and notes	1,011,966
Publicly traded partnerships	47,669
Exchange traded funds	1,507,324
Mutual funds	202,971
Totals	<u>\$ 7,358,542</u>

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

The Foundation's investment income for the year ended June 30, 2023 consisted of \$171,901 in dividends and interest and \$324,938 in realized/unrealized gains.

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

Statement of net position	
Current assets	
Cash and cash equivalents	\$ 28,651,391
Investments	4,509,629
Total College	<u>33,161,020</u>
Statement of financial position	
Current assets	
Cash and cash equivalents	268,353
Investments, At Fair Value	5,911,670
Noncurrent assets	
Endowment Investments, At Fair Value	1,446,872
Total discretely presented component unit	<u>7,626,895</u>
Total reporting entity	<u>\$ 40,787,915</u>
Note disclosure	
Cash on hand	\$ 3,300
Deposits with banks	28,648,091
Investments	4,509,629
Total College	<u>33,161,020</u>
Deposits with banks	268,353
Investments and Endowments, At Fair Value	7,358,542
Total discretely presented component unit	<u>7,626,895</u>
Total reporting entity	<u>\$ 40,787,915</u>

NOTE 4 - ACCOUNTS RECEIVABLE

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

Student accounts	\$ 820,946
Federal grants and contracts	1,252,930
State grants and contracts	999,717
Accounts receivable	<u>3,073,593</u>
Allowance for uncollectible	(100,000)
Accounts receivable, net	<u>\$ 2,973,593</u>

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 4 - ACCOUNTS RECEIVABLE, Continued

The Foundation's unconditional promises to give receivable as of June 30, 2023 consist of without donor restrictions and with donor restrictions promises to give. These unconditional promises to give are to be received by the Foundation for years subsequent to June 30, 2023 and are deemed to be fully collectible by management. The following schedule summarizes the Foundation's unconditional promises to give at June 30, 2023:

Less than one year	\$ 5,000
One to five years	25,000
	<u>30,000</u>
Less: discount to net present value	<u>(4,470)</u>
Net pledges receivable	<u><u>\$ 25,530</u></u>

Unconditional promises to give are reflected at the present value of estimated future cash flows using a discount rate of 4.80 percent for unconditional promises to give within one to three years and 3.85 percent to give within four to nine years.

NOTE 5 - CAPITAL ASSETS

	Ending Balance June 30, 2022	Increases	Decreases	Ending Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 965,658	\$ -	\$ -	\$ 965,658
Construction in progress	270,107	566,139	(203,047)	633,199
Total capital assets not being depreciated	<u>1,235,765</u>	<u>566,139</u>	<u>(203,047)</u>	<u>1,598,857</u>
Other capital assets:				
Depreciable land improvements	2,214,074	-	-	2,214,074
Buildings and improvements	75,070,867	416,112	-	75,486,979
Machinery, equipment, and other	14,571,899	1,123,333	(191,750)	15,503,482
Intangibles	790,983	-	(108,091)	682,892
Vehicles	688,024	33,651	-	721,675
Total depreciable assets at historic cost	<u>93,335,847</u>	<u>1,573,096</u>	<u>(299,841)</u>	<u>94,609,102</u>
Less accumulated depreciation For:				
Depreciable land improvements	(846,537)	(134,779)	-	(981,316)
Buildings and improvements	(28,576,664)	(1,727,320)	-	(30,303,984)
Machinery, equipment, and other	(11,213,991)	(1,279,422)	185,844	(12,307,569)
Intangibles	(790,983)	-	108,091	(682,892)
Vehicles	(461,661)	(93,821)	-	(555,482)
Total accumulated depreciation	<u>(41,889,836)</u>	<u>(3,235,342)</u>	<u>293,935</u>	<u>(44,831,243)</u>
Other capital assets, net	<u>51,446,011</u>	<u>(1,662,246)</u>	<u>(5,906)</u>	<u>49,777,859</u>
Capital assets, net	<u><u>\$ 52,681,776</u></u>	<u><u>\$ (1,096,107)</u></u>	<u><u>\$ (208,953)</u></u>	<u><u>\$ 51,376,716</u></u>

Depreciation expense for the current year totaled \$3,235,342.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 6 - PENSION PLAN(S)

South Carolina Retirement System

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

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

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

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

Effective July 1, 2022, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 17.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 17.41%, 0.15% for the incidental death program. Piedmont Technical College's actual retirement and incidental death program contributions to the SCRS for the years ended June 30, 2023, 2022, and 2021 were:

<u>Fiscal Year Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2023	17.410%	\$2,983,976	.15%	\$ 25,709
2022	16.410%	\$2,747,885	.15%	\$ 25,118
2021	15.410%	\$2,474,216	.15%	\$ 24,084

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 6 - PENSION PLAN(S), Continued

Police Officers Retirement System

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

Under the PORS, Class II members are eligible for a full service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 2.14 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2022, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 20.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 19.84%, 0.20% for the incidental death program, 0.20% for the accidental death program. Piedmont Technical College's actual retirement, incidental death program and accidental death program contributions to the PORS for the years ended June 30, 2023, 2022, and 2021 were:

<u>Fiscal Year Ended</u>	<u>Rate</u>		<u>Contribution</u>		<u>Rate</u>	<u>Contribution</u>
2023	20.240%	\$ 82,676	.20%	\$ 833	.20%	\$ 833
2022	18.840%	\$ 64,222	.20%	\$ 682	.20%	\$ 682
2021	17.840%	\$ 48,925	.20%	\$ 548	.20%	\$ 548

Optional Retirement Program

As an alternative to membership to SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for State ORP plan other than for payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 17.41%. Of the 17.41% employer retirement contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 12.41% and 0.15% incidental death program contribution amounts are remitted to SCRS. For fiscal year 2023, total contributions to the ORP were approximately \$248,025 from Piedmont Technical College.

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

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 6 - PENSION PLAN(S), Continued

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

The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates.

Deferred Compensation Plans

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

Pension Liability

At June 30, 2023 the College reported \$37,186,162 for its proportionate share of the net pension liabilities of SCRS and PORS. The June 30, 2022 net pension liability was determined by actuary Gabriel Roeder Smith & Company and is based on an actuarial valuation performed as of July 1, 2021. The College's portion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the College's SCRS proportion was 0.150730%, and its PORS proportion was 0.021539%. For the year ended June 30, 2023, the College recognized a decrease in pension expense of \$289,695 for SCRS and an increase in pension expense of \$1,299 for PORS.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 6 - PENSION PLAN(S), Continued

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

	SCRS	PORS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 317,466	\$ 10,838	\$ 328,304
Assumption Changes	1,171,930	26,899	1,198,829
Net difference between projected and actual investment earnings	56,353	1,951	58,304
Differences between employer contributions & proportionate Share	188,343	97,815	286,158
Contributions made from measurement date to June 30, 2023	3,260,707	84,343	3,345,050
Total deferred outflows of resources	<u>\$ 4,994,799</u>	<u>\$ 221,846</u>	<u>\$ 5,216,645</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 159,241	\$ 12,770	\$ 172,011
Differences between employer contributions & proportionate Share	942,788	17,420	960,208
Total deferred inflows of resources	<u>\$ 1,102,029</u>	<u>\$ 30,190</u>	<u>\$ 1,132,219</u>
Net deferred outflows/(inflows)	<u>\$ 3,892,770</u>	<u>\$ 191,656</u>	<u>\$ 4,084,426</u>

\$3,260,707 and \$84,343 for SCRS and PORS respectively reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement dates will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
2024	\$ (570,627)	\$ (37,388)	\$ (608,015)
2025	(81,818)	(44,761)	(126,579)
2026	973,327	(56)	973,271
2027	(952,945)	(25,108)	(978,053)
	<u>\$ (632,063)</u>	<u>\$ (107,313)</u>	<u>\$ (739,376)</u>

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, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for an of the systems.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 6 - PENSION PLAN(S), Continued

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

	SCRS	PORS
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial Assumptions:		
Investment Rate of Return	7%	7%
Includes Inflation Rate at:	2.25%	2.25%
Projected Salary Increase	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefit Adjustment	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

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.

Assumptions used in the determination of the June 30, 2022 total pension liability 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%

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.

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.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 6 - PENSION PLAN(S), Continued

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

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	(0.35)%	(0.09)%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total expected real return	100.0%		4.79%
Inflation for actuarial purposes			2.25%
Total expected nominal return			7.04%

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.

The following table presents the College's proportionate share of the net SCRS and PORS pension liabilities as of June 30, 2023 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 1.00 percent lower (6 percent) or 1.00 percent higher (8 percent) than the current rate:

Plan	1% Decrease	Current	1% Increase
	(6%)	Discount Rate (7%)	(8%)
SCRS	\$ 46,849,039	\$ 36,540,199	\$ 27,969,731
PORS	900,757	645,963	437,391

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 7 – OPEB AND OTHER BENEFITS

Plan Description

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

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

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

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

Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, IB and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA IB. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2023 was 6.25%. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Contributions to the OPEB plan from the College were \$1,222,171 for the year ended June 30, 2023. Employees are not required to contribute to the OPEB plan.

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

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 7 – OPEB AND OTHER BENEFITS, Continued

OPEB Liability

At June 30, 2023, the College reported a liability of \$29,110,900 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the College's proportion was 0.191370%.

For the year ended June 30, 2023, the College recognized an OPEB expense in the amount of \$497,835. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Assumption changes	\$ 6,563,758	\$ 9,357,574
Net difference between projected and actual earnings	624,830	2,559,667
Net difference between projected and actual investment experience	228,897	-
Deferred amounts from changes in proportionate share and differences between employer contributions & proportionate share of total plan employer contributions	728,357	1,411,102
Current year employer contributions	1,222,171	-
Total	<u>\$ 9,368,013</u>	<u>\$ 13,328,343</u>

\$1,222,171 reported as deferred outflows of resources related to OPEB resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of the 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	\$ (797,476)
2025	(491,300)
2026	(296,913)
2027	(545,025)
2028	(1,339,235)
Thereafter	<u>(1,712,552)</u>
	<u>\$ (5,182,501)</u>

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.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 7 – OPEB AND OTHER BENEFITS, Continued

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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 Assumptions:	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 fully 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
Participation Assumptions:	79% participation 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.

The actuarial valuation was performed as of June 30, 2021. Using generally accepted actuarial principals, the total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022.

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 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.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 7 – OPEB AND OTHER BENEFITS, Continued

This 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%
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%

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).

The following table presents the College's proportionate share of net OPEB liability calculated using a Single Discount Rate of 3.69%, as well as what the College's proportionate share of net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease	Current Discount Rate	1% Increase
	2.69%	3.69%	4.69%
Net OPEB Liability	\$ 34,416,957	\$ 29,110,900	\$ 24,846,762

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
	(5.00% decreasing to 3.00%)	(6.00% decreasing to 4.00%)	(7.00% decreasing to 5.00%)
Net OPEB Liability	\$ 23,940,870	\$ 29,110,900	\$ 35,147,192

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

Other Employee Benefits

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

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$2,100,859 for the year ended June 30, 2023.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 8 - RISK MANAGEMENT

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

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

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

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan. See *Note 7* for discussions of amounts paid.

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

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

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

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

NOTE 9 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Project Commitments

As of June 30, 2023 the College had various open project commitments with remaining balances approximating \$4,958,794. The amount and timing of payment depends on the availability of the vendor and consideration of the inconvenience to students while the work is being performed.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 10 - LEASE OBLIGATIONS

Operating Leases

The College entered into a 48 month lease agreement on December 1, 2021 for a Mailing System with Presidio Technology Capital. As of June 30, 2023, the total amount of the Right to use lease asset, and the related amortization, disclosed separately from other capital assets is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Leased machine being amortized	\$ 14,306	\$ -	\$ -	\$ 14,306
Leased machine accumulated amortization	(2,086)	(3,577)	-	(5,663)
Total, net of accumulated amortization	<u>\$ 12,220</u>	<u>\$ (3,577)</u>	<u>\$ -</u>	<u>\$ 8,643</u>

The principal and interest requirements to maturity for the lease liability is as follows:

Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Ending Balance</u>
2024	\$ 3,483	\$ 365	\$ 3,848
2025	3,661	188	3,849
Total	<u>\$ 7,144</u>	<u>\$ 553</u>	<u>\$ 7,697</u>

Facilities Leased to Others

The College leased certain office space to another State agency under a 12 month non-cancellable lease. The monthly lease payment of \$2,195 was determined based on square footage used. The required future minimum payments to be received are \$26,343 for Fiscal Year 2024.

The College recognized \$26,343 as revenue under these operating leases during the fiscal year ended June 30, 2023.

NOTE 11 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Subscriptions Payable

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. 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, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 10/19/2022, Piedmont Technical College, SC entered into a 36 month subscription for the use of TargetX CRM Recruitment Suite. An initial subscription liability was recorded in the amount of \$234,991. As of 06/30/2023, the value of the subscription liability is \$154,044. Piedmont Technical College, SC is required to make annual fixed payments of \$80,947. The subscription has an interest rate of 3.3780%. The value of the right to use asset as of 06/30/2023 of \$277,791 with accumulated amortization of \$64,818 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, Piedmont Technical College, SC entered into a 24 month subscription for the use of Ellucian - Oracle Relational Database System. An initial subscription liability was recorded in the amount of \$470,129. As of 06/30/2023, the value of the subscription liability is \$232,514. Piedmont Technical College, SC is required to make annual fixed payments of \$237,615. The subscription has an interest rate of 2.1940%. The value of the right to use asset as of 06/30/2023 of \$470,129 with accumulated amortization of \$235,065 is included with Software on the Subscription Class activities table found below. Piedmont Technical College, SC has 1 extension option(s), each for 12 months.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 11 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS, Continued

On 11/30/2022, Piedmont Technical College, SC entered into a 60 month subscription for the use of Navigate Application. An initial subscription liability was recorded in the amount of \$678,134. As of 06/30/2023, the value of the subscription liability is \$546,524. Piedmont Technical College, SC is required to make annual fixed payments of \$131,610. The subscription has an interest rate of 3.4450%. The value of the right to use asset as of 06/30/2023 of \$731,099 with accumulated amortization of \$87,104 is included with Software on the Subscription Class activities table found below.

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	Subscription Asset Value	As of Fiscal Year-end	
		Accumulated Amortization	Ending Balance
Software	\$ 1,479,019	\$ 386,987	\$ 1,092,032
Total Subscriptions	\$ 1,479,019	\$ 386,987	\$ 1,092,032

Principal and Interest Requirements to Maturity

Fiscal Year	Principal Payments	Interest Payments	Ending Balance
2024	\$ 427,620	\$ 29,133	\$ 456,753
2025	208,687	17,361	226,048
2026	142,131	10,224	152,355
2027	154,645	5,328	159,973
Total	\$ 933,083	\$ 62,046	\$ 995,129

NOTE 12- ACCOUNTS PAYABLE

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

Accounts payable	\$ 744,763
Benefits payable	718,430
Student deposits	68,142
Total accounts payable	<u>\$ 1,531,335</u>

NOTE 13 - LONG-TERM LIABILITIES

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

	June 30, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
Accrued compensated absences	<u>\$ 1,274,583</u>	<u>\$ 823,456</u>	<u>\$ (773,912)</u>	<u>\$ 1,324,127</u>	<u>\$ 593,800</u>

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 14 - STUDENT INSTRUCTIONAL FEES

Since the College receives financial support from county, state and federal sources, students pay only a small portion of the total cost of their education. Instructional fees are based on the extent of financial support provided by the county in which the student resides and were as follows for the 2022-2023 academic year:

Tuition for students from fully supporting counties Greenwood, McCormick, Newberry and Saluda	\$2,325
Tuition for students from non-fully supporting counties will be increased by \$22.50 per credit hour for students from counties listed below which contribute only partial support:	
Abbeville, Edgefield and Laurens	\$2,595
Other South Carolina counties	\$2,730
Out of state	\$3,399
Out of country	\$4,353

NOTE 15 - 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
Instruction	\$ 9,500,529	\$ 3,711,476	\$ -	\$ -	\$ 5,054,432	\$ -	\$ 18,266,437
Academic support	3,368,191	1,352,312	-	-	317,320	-	5,037,823
Student services	3,296,111	1,324,020	-	-	1,130,415	-	5,750,546
Operation and maintenance of plant	900,276	396,122	-	1,019,735	2,441,093	-	4,757,226
Institutional support	3,945,654	1,839,800	-	-	4,120,733	-	9,906,187
Scholarships	-	-	7,731,306	-	-	-	7,731,306
Auxiliary enterprises	21,124	5,175	-	-	94,559	-	120,858
Depreciation and Amortization	-	-	-	-	-	3,625,906	3,625,906
 Total operating expenses	 \$ 21,031,885	 \$ 8,628,905	 \$ 7,731,306	 \$ 1,019,735	 \$ 13,158,552	 \$ 3,625,906	 \$ 55,196,289

PIEDMONT TECHNICAL COLLEGE
Notes to Financial Statements
June 30, 2023

NOTE 16 - REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES

The following information is provided in accordance with the South Carolina Office of Comptroller General's 2023 Audited Financial Statement Manual:

	2023
Charges for services	\$ 19,295,380
Grants and contributions	20,453,408
Capital appropriations and contributions	1,650,420
Less: expenses	(55,196,289)
Net program revenue (expense)	(13,797,081)
Transfers:	
Non-capital appropriations	14,424,247
Change in net assets	627,166
Net Assets - Beginning	16,550,522
Net Assets - Ending	\$ 17,177,688

NOTE 17 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY 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 program. Financial statements for these entities are audited by independent auditors and retained by them. They include the Piedmont Technical College Foundation.

Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14 as amended by GASB 39. Because of the nature and the significance of its relationship with the College, the Foundation is considered a discreetly presented component unit of the College.

The Foundation paid a total of \$273,045 in scholarships, grants, and supplements to the College during 2023. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space and management services to the Foundation. The value of this office space and management services totaled \$77,400 for the year ended June 30, 2023.

Piedmont Technical College is one of the partners in network with other educational institutions in the seven county area serviced by Piedmont Technical College in distance learning technology (PEN) for the delivery of classes. Piedmont Technical College paid the Foundation \$378,000 for the use of seventeen rooms and for use of the PEN system.

There were no related receivables or payables as of June 30, 2023.

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 18 – FAIR VALUE

College:

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30, 2023:

- Investments are valued using quoted market prices (Level 1 inputs).

Foundation:

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of June 30, 2023.

	Fair value measurements at June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Money market funds	\$ -	\$ 1,523,317	\$ -	\$ 1,523,317
U.S. Government obligations	-	249,008	-	249,008
Preferred stock	-	33,960	-	33,960
Corporate bonds and notes	-	1,011,966	-	1,011,966
Publicly traded parterships	47,669	-	-	47,669
Corporate common stocks	2,782,327	-	-	2,782,327
Exchange traded funds	1,507,324	-	-	1,507,324
Mutual funds	202,971	-	-	202,971
Cash surrender value of life insurance	-	485,548	-	485,548
Total assets at fair value	<u>\$ 4,540,291</u>	<u>\$ 3,303,799</u>	<u>\$ -</u>	<u>\$ 7,844,090</u>

PIEDMONT TECHNICAL COLLEGE

Notes to Financial Statements

June 30, 2023

NOTE 19 – TAX ABATEMENTS

The State of South Carolina has enacted the Fee-in-Lieu of Tax Program, the Special Source Revenue Credit Program, and the Infrastructure Program as part of Title 12 of the South Carolina Code of Laws in support of economic development. The legislation allows the counties to enter into negotiated fee-in-lieu of tax (FILOT) arrangements with entities in exchange for making investments in facilities and jobs in the county. The FILOT's typically include millage caps and reduced assessment ratios for entities who commit to certain investment and employment targets. Some FILOT's also include Special Source Revenue Credits which further reduce the negotiated fee by a percentage for a specified time period.

The College is subjected to tax abatements granted by Greenwood County since Greenwood County provides funding to the College based on tax millage. For the fiscal year ended June 30, 2023, Greenwood County abated property taxes of which \$526,096 would have been paid to the College without such abatements. See the chart below for further details:

<u>Tax abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Fee-in-Lieu of Taxes Program (FILOT)	\$ 151,925
Special Source Revenue Credit Program (SSRC)	5,464
Fee-in-Lieu of Tax and Special Source Revenue Credit Program (FILOT + SSRC)	361,089
Special Source Revenue Credit and Infrastructure Program (SSRC + IP)	7,618
	<u>\$ 526,096</u>

Newberry County abated property taxes totaling \$4,119,685 of which \$168,093 would have been paid to the College without such abatements.

Laurens County abated property taxes totaling \$322,241 of which \$4,203 would have been paid to the College without such abatements.

Saluda County abated property taxes totaling \$65,607 of which \$16,454 would have been paid to the College without such abatements.

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 13, 2023, which is the date the financial statements were available for issuance. In March 2020, the 2019 novel coronavirus (or "COVID-19") adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. These conditions could continue to affect the College's financial condition and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of certain College operations.

PIEDMONT TECHNICAL COLLEGE
Schedule of Proportionate Share of the South Carolina
Retirement Systems Net Pension Liabilities
June 30, 2023

SOUTH CAROLINA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	<u>2023</u>	<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>
College's proportion of the net pension Liability	0.150730%	0.153032%	0.157800%	0.154461%	0.151182%	0.157390%	0.165428%	0.178534%	0.18011%	0.18011%
College's proportionate share of the net pension liability	\$ 36,540,199	\$ 33,118,052	\$ 40,320,743	\$ 35,269,925	\$ 33,875,130	\$ 35,431,020	\$ 35,335,175	\$ 33,859,834	\$ 31,009,791	\$ 30,572,033
College's covered payroll	\$ 16,745,187	\$ 16,055,912	\$ 16,286,463	\$ 15,154,417	\$ 14,817,463	\$ 15,282,691	\$ 15,415,291	\$ 16,047,329	\$ 15,716,099	\$ 15,583,527
College's proportionate share of the net pension liability as a percentage of its covered employee-payroll	218.21%	206.27%	247.57%	232.74%	228.62%	231.84%	229.22%	211.00%	197.31%	196.18%
Plan fiduciary net position as a percentage of the total pension liability	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

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* - 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.

PIEDMONT TECHNICAL COLLEGE
Schedule of Proportionate Share of the South Carolina
Retirement Systems Net Pension Liabilities
June 30, 2023

POLICE OFFICERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	<u>2023</u>	<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>
College's proportion of the net pension Liability	0.02154%	0.01824%	0.01640%	0.01871%	0.01859%	0.01897%	0.01826%	0.01719%	0.01689%	0.01689%
College's proportionate share of the net pension liability	\$ 645,963	\$ 469,250	\$ 543,959	\$ 536,285	\$ 526,622	\$ 519,775	\$ 463,084	\$ 374,655	\$ 323,448	\$ 323,945
College's covered payroll	\$ 340,882	\$ 274,244	\$ 247,792	\$ 269,247	\$ 257,249	\$ 255,505	\$ 232,757	\$ 212,964	\$ 203,085	\$ 149,072
College's proportionate share of the net pension liability as a percentage of its covered employee-payroll	189.50%	171.11%	219.52%	199.18%	204.71%	203.43%	198.96%	175.92%	159.27%	217.31%
Plan fiduciary net position as a percentage of the total pension liability	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

* - 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.

PIEDMONT TECHNICAL COLLEGE
Schedule of Retirement Systems Contributions
June 30, 2023

SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEM CONTRIBUTIONS

LAST TEN FISCAL YEARS

	<u>2023</u>	<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>
Contractually required contributions	\$ 2,983,976	\$ 2,747,885	\$ 2,474,216	\$ 2,509,744	\$ 2,183,752	\$ 1,987,022	\$ 1,743,755	\$ 1,681,808	\$ 1,725,088	\$ 1,642,332
Contributions in relation to the contractually required contribution	(2,983,976)	(2,747,885)	(2,474,216)	(2,509,744)	(2,183,752)	(1,987,022)	(1,743,755)	(1,681,808)	(1,725,088)	(1,642,332)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 17,139,434	\$ 16,745,187	\$ 16,055,912	\$ 16,286,463	\$ 15,154,417	\$ 14,817,463	\$ 15,282,691	\$ 15,415,291	\$ 16,047,329	\$ 15,716,099
Contributions as a percentage of College's covered payroll	17.410%	16.410%	15.410%	15.410%	14.410%	13.410%	11.410%	10.910%	10.750%	10.450%

PIEDMONT TECHNICAL COLLEGE
Schedule of Retirement Systems Contributions
June 30, 2023

SCHEDULE OF POLICE OFFICERS RETIREMENT SYSTEM CONTRIBUTIONS

LAST TEN FISCAL YEARS

	<u>2023</u>	<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>
Contractually required contributions	\$ 82,676	\$ 64,222	\$ 48,925	\$ 44,206	\$ 45,341	\$ 40,748	\$ 35,362	\$ 31,050	\$ 27,707	\$ 25,264
Contributions in relation to the contractually required contribution	(82,676)	(64,222)	(48,925)	(44,206)	(45,341)	(40,748)	(35,362)	(31,050)	(27,707)	(25,264)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 416,714	\$ 340,882	\$ 274,244	\$ 247,792	\$ 269,247	\$ 257,249	\$ 255,505	\$ 232,757	\$ 212,964	\$ 203,085
Contributions as a percentage of College's covered payroll	19.840%	18.840%	17.840%	17.840%	16.840%	15.840%	13.840%	13.340%	13.010%	12.440%

PIEDMONT TECHNICAL COLLEGE
Schedule of Proportionate Share of the South Carolina Retiree Health Insurance
Trust Fund Other Postemployment Benefits Liabilities
June 30, 2023

LAST TEN FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
College's proportion of the OPEB Liability	0.191370%	0.194746%	0.200159%	0.196490%	0.190367%	0.196818%	0.196818%
College's proportionate share of the net OPEB liability	\$ 29,110,900	\$ 40,552,312	\$ 36,131,595	\$ 29,712,284	\$ 26,976,117	\$ 26,658,676	\$ 28,476,870
College's covered payroll	\$ 18,809,709	\$ 18,161,595	\$ 18,450,325	\$ 17,184,680	\$ 16,416,750	\$ 16,597,396	\$ 16,751,821
College's proportionate share of the net OPEB liability as a percentage of its covered employee-payroll	154.77%	223.29%	195.83%	172.90%	164.32%	160.62%	169.99%
Plan fiduciary net position as a percentage of the total OPEB liability	9.64%	7.48%	8.39%	8.44%	7.91%	7.60%	6.62%

* - The College implemented *GASB 75* during fiscal year 2018. As such, only the last seven years of information are available.

PIEDMONT TECHNICAL COLLEGE
Schedule of South Carolina Retiree Health Insurance Trust Fund Contributions
June 30, 2022

LAST TEN FISCAL YEARS

	<u>2023</u>	<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>
Contractually required contributions	\$ 1,222,171	\$ 1,175,607	\$ 1,135,100	\$ 1,153,145	\$ 1,039,673	\$ 902,921	\$ 884,641	\$ 893,172	\$ 877,006	\$ 842,139
Contributions in relation to the contractually required contribution	(1,222,171)	(1,175,607)	(1,135,100)	(1,153,145)	(1,039,673)	(902,921)	(884,641)	(893,172)	(877,006)	(842,139)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 19,554,735	\$ 18,809,709	\$ 18,161,595	\$ 18,450,325	\$ 17,184,680	\$ 16,416,750	\$ 16,597,396	\$ 16,751,821	\$ 17,540,111	\$ 17,116,641
Contributions as a percentage of College's covered payroll	6.250%	6.250%	6.250%	6.250%	6.050%	5.500%	5.330%	5.332%	5.000%	4.920%

PIEDMONT TECHNICAL COLLEGE
Notes to Required Supplementary Information
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Changes of Assumptions

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

Schedule of Reconciliation of Revenues and Cash
Reimbursements Received from State Board
For the Year Ended June 30, 2023

Schedule 1

NET REIMBURSEMENTS REQUESTED (PER COLLEGE RECORDS)	CURRENT FUND	
	UNRESTRICTED	RESTRICTED
State Operational Allocation	\$ 11,085,480	\$ -
General Fund Workforce Scholarship	-	182,327
Critical Needs Nursing	-	15,909
Critical Needs Workforce Allocation	-	164,327
Pathways	-	37,784
LCAM Phase III	-	11,638
Lottery -High Demand Job Skills Training Equipment	-	1,416,984
Career/Workforce Scholarships & Grants	-	2,691,421
Lottery-Tuition Assistance	-	3,564,215
SCWINS	-	549,462
Workforce Scholarships for the Future II	-	362,166
Workforce Scholarships for the Future III	-	1,424,622
Elementary Secondary School Emergency Relief K12	-	644,382
Elementary Secondary School Emergency Relief Adult	-	37,155
Elementary Secondary School Emergency Relief Dual	-	331,018
State Apprenticeship Expansion Grant	-	14,876
SC Youth Apprenticeship Readiness Initiative	-	10,897
State Apprenticeship Expansion, Equity and Innovation	-	55,445
Workforce Innovation Projects	-	8,381
Ready SC	-	14,367
Total Net Reimbursements Requested	\$ 11,085,480	\$ 11,537,376
 RECONCILIATION - RECEIPTS TO REQUESTS		
Cash Received from State Board:		
State Operational Allocation	\$ 11,085,480	\$ -
General Fund Workforce Scholarship & Grants	-	182,327
Critical Needs Nursing	-	15,909
Critical Needs Workforce Allocation	-	164,327
Pathways	-	37,784
LCAM Phase III	-	11,638
Lottery -High Demand Job Skills Training Equipment	-	1,416,984
Career/Workforce Scholarships & Grants	-	2,691,421
Lottery-Tuition Assistance	-	3,388,303
SCWINS	-	1,218,028
Workforce Scholarships for the Future I	-	52,785
Workforce Scholarships for the Future II	-	362,638
Workforce Scholarships for the Future III	-	670,849
Elementary Secondary School Emergency Relief K12	-	649,890
Elementary Secondary School Emergency Relief Adult	-	5,518
Elementary Secondary School Emergency Relief Dual	-	331,018
State Apprenticeship Expansion Grant	-	14,876
SC Youth Apprenticeship Readiness Initiative	-	10,897
State Apprenticeship Expansion, Equity and Innovation	-	55,445
Workforce Innovation Projects	-	8,381
Ready SC	-	14,367
	11,085,480	11,303,385
 Add: Reimbursements Receivable at 6/30/23		
Elementary Secondary School Emergency Relief K12	-	14,477
Elementary Secondary School Emergency Relief Adult	-	31,637
Lottery Tuition Assistance-2023	-	860,886
Workforce Scholarships for the Future III	-	914,132
	-	1,821,132
 Deduct: Reimbursements Receivable at 6/30/22		
ESSER K12	-	(19,985)
Lottery Tuition Assistance-2022	-	(684,974)
SC Wins Scholarship Program	-	(668,566)
Workforce Scholarships for the Future	-	(213,616)
	-	(1,587,141)
Total Reconciliation - Receipts to Requests	\$ 11,085,480	\$ 11,537,376

PIEDMONT TECHNICAL COLLEGE

Schedule 2

Schedule of Local Government Appropriations

For the Year Ended June 30, 2023

(with comparative amounts for the year ended June 30, 2022)

LOCAL GOVERNMENT	<u>2023</u>	<u>2022</u>
Greenwood County	\$ 1,345,279	\$ 1,513,419
Laurens County	262,154	207,586
Abbeville County	157,154	155,437
Newberry County	511,869	480,206
Saluda County	251,377	198,477
McCormick County	85,130	85,130
Edgefield County	<u>85,000</u>	<u>75,000</u>
 Total Support	 <u><u>\$ 2,697,963</u></u>	 <u><u>\$ 2,715,255</u></u>

Piedmont Technical College
Schedule of Expenditures of Federal Awards
June 30, 2023

FEDERAL GRANTOR Pass-Through Entity Program Title	CFDA Number	Grant Period	Award Number	Expenditures
U.S. DEPARTMENT OF EDUCATION				
STUDENT FINANCIAL AID CLUSTER:				
Federal Supplemental Educational Opportunity Grant	84.007	2021-2022	P007A213801	\$ (28)
Federal Supplemental Educational Opportunity Grant	84.007	2022-2023	P007A223801	306,467
Total Supplemental Educational Opportunity Grant Program				306,439
Federal Work Study Grant Program	84.033	2022-2023	P033A223801	170,975
Total Work Study Grant Program				170,975
Federal Pell Grant Program	84.063	2021-2022	P063P212479	(37,589)
Federal Pell Grant Program	84.063	2022-2023	P063P222479	12,824,723
Total Federal Pell Grant Program				12,787,134
Direct Loans				
Federal Direct Loans	84.268	2021-2022	P268K222479	(16,781)
Federal Direct Loans	84.268	2022-2023	P268K232479	12,529,631
Total Federal Direct Loan Program				12,512,850
Total Student Financial Aid Cluster				25,777,398
Higher Education Emergency Relief Fund - Student Portion	84.425E	2020-2022	P425E200760 - 20B	881,010
Higher Education Emergency Relief Fund - Institutional Portion	84.425F	2020-2022	P425F201611 - 20A	65,011
Higher Education Emergency Relief Fund - Institutional Portion	84.425F	2020-2022	P425F201611 - 20B	3,080,850
Total Higher Education Emergency Relief Fund				4,026,871
Student Support Services	84.042A	2021-2022	P042A211317	63,594
Student Support Services	84.042A	2022-2023	P042A211317	243,050
Total Student Support Services				306,644
PASS-THROUGH SC DEPARTMENT OF EDUCATION:				
Career and Technical Education - Basic Grants to States	84.048A	2021-2022	H63010107122	126,891
Career and Technical Education - Basic Grants to State Reserve	84.048A	2021-2022	H63010107122	23,455
Career and Technical Education - Basic Grants to States	84.048A	2022-2023	H63010107123	357,832
Total Career and Technical Education				508,178
PASS-THROUGH SC TECHNICAL COLLEGE SYSTEM				
Workforce Scholarships for the Future (GEER)	84.425C	2022-2023	S425C200010	362,638
Workforce Scholarships for the Future III (GEER)	84.425V	2022-2023	H63010EANS22	1,424,622
Elementary and Secondary School Emergency Relief (ESSER III)	84.425U	2022-2023	H63010497523	529,307
Elementary and Secondary School Emergency Relief (ESSER III) Adult Education	84.425U	2022-2023	H63010497523	37,155
Elementary and Secondary School Emergency Relief (ESSER III) Dual Enrollment	84.425U	2022-2023	H63010497523	331,018
Total Pass-through SC Technical College System				2,684,740
Total U.S. Department of Education				33,303,831

Piedmont Technical College
Schedule of Expenditures of Federal Awards
June 30, 2023

FEDERAL GRANTOR Pass-Through Entity Program Title	CFDA Number	Grant Period	Award Number	Expenditures
National Science Foundation				
NSF 21-598 Advanced Technological Education	47.076	2023-2026	2300950	7,000
Total National Science Foundation				7,000
Total National Science Foundation				7,000
TOTAL FEDERAL AWARDS				\$ 33,310,831

PIEDMONT TECHNICAL COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Piedmont Technical College. The reporting entity is defined in Note 1(B) of the College's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1(D) of the College's financial statements.

3. LOAN PROGRAMS

The College has students who have approved Federal Direct Loans. Those loans were disbursed to the students during the current fiscal year. The College is not the lender. The College only processes the loans for the lender, the Department of Education. The total Federal Direct Loans for the current fiscal year were \$12,512,850.

4. INDIRECT COST

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

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

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
620 North Emerald Road
Greenwood, South Carolina 29648

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, the aggregate discretely presented component unit of Piedmont 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 13, 2023. Our report includes a reference to other auditors who audited financial statements of Piedmont Technical College Foundation, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation or that are reported on separately by those auditors who audited the financial statements of the Foundation.

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 have not been 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 13, 2023

THE BRITTINGHAM GROUP, L.L.P.

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

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
620 North Emerald Road
Greenwood, South Carolina 29648

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Piedmont 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 for 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 judgement made by a reasonable user of the report 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 13, 2023

PIEDMONT TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

Summary of Auditors' Results:

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

Education Stabilization Fund

Higher Education Emergency Relief Fund – Student Aid Portion	CFDA #84.425E
Higher Education Emergency Relief Fund – Institutional Portion	CFDA #84.425F
Governor's Emergency Education Relief (GEER) Fund	CFDA #84.425C
American Rescue Plan - Elementary and Secondary School Emergency Relief (ESSER) Fund	CFDA #84.425U
American Rescue Plan – Emergency Assistance to Non-Public Schools	CFDA #84.425V

Student Financial Aid Cluster

Federal Supplemental Education Opportunity Grants	CFDA #84.007
Federal Work-Study Program	CFDA #84.033
Federal Pell Grant Program	CFDA #84.063
Federal Direct Student Loans	CFDA #84.268

PIEDMONT TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

8. The threshold for distinguishing between Type A and Type B Programs was \$999,325.
9. Piedmont Technical College did qualify as a low risk auditee.

Financial Statement Finding:

None were reported.

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

Status of Prior Year Findings:

None were reported.

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INDEPENDENT ACCOUNTANTS' REPORT ON STATE LOTTERY TUITION ASSISTANCE

Members of the Area Commission for Piedmont Technical College
Piedmont Technical College
620 North Emerald Road
Greenwood, South Carolina 29648

As a part of our examination of the financial statements of Piedmont 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 Piedmont College, management of the South Carolina State Board for Technical and Comprehensive Education, and the South Carolina Commission of Higher Education and should not be used by anyone other than these specified parties.

The Brittingham Group LLP

West Columbia, South Carolina
September 13, 2023