

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008



Included in the Higher Education Funds
of the State of South Carolina

MIDLANDS TECHNICAL COLLEGE

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

A college included in the higher education funds of the state of South Carolina

Statement of Mission

Midlands Technical College is a comprehensive, urban, public, two-year college serving the primary region of Richland, Lexington and Fairfield counties of South Carolina. College programs and services provide accessible, affordable, high-quality post-secondary education that prepares traditional and nontraditional students to enter the job market, allows them to transfer to senior colleges and universities, and assists them in achieving their professional and personal goals. Through its programs and services, the college equitably provides higher education opportunities and supports the economic growth of the community.



*Prepared by
the Finance and Accounting Office*

*Dr. Ronald L. Rhames
Senior Vice President for Business Affairs*

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

*Ian A. MacLean, C.P.A., CGFO
Director of Finance and Accounting*

MIDLANDS TECHNICAL COLLEGE

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

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PRESIDENT'S LETTER

September 30, 2008

Members of the Midlands Technical College Commission and the Community:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year 2007-2008. Each year, the College publishes the CAFR to provide relevant information concerning its operations and financial position.

The past fiscal year was significant for the College in terms of financial support, expanding college access, and strengthening community partnerships. The College's budget requests to all three counties in its service area were funded at 100 percent. The College received a \$62,000 award from the Greater Columbia Fuel Cell Challenge to help the College expand its Fuel Cell Technician Program, enhancing next generation workforce development in the vital area of fuel cell technology.

Midlands Technical College took other steps to improve educational opportunities for residents throughout the area. The College opened a new education facility in Batesburg-Leesville, providing college access to rural western Lexington County. The College broke ground on the Harbison Campus for a new classroom and theater building and began design on plans to expand Nursing and Health Science classroom and lab space.

The College continues to expand partnerships with baccalaureate institutions, local school districts, entrepreneurs, economic development entities, and the Midlands Education and Business Alliance (MEBA). Programs like the USC Bridge Program and the Michelin Scholars Program are providing new opportunities for students, whether their educational goals are to move into great careers or to transfer to senior institutions.

Midlands Technical College received for the first time a Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada (GFOA) for its annual budget for the fiscal year 2007-2008. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This is the twelfth consecutive year Midlands Technical College has received the prestigious national award from the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report. I am pleased to announce, as detailed in this CAFR, that the College is in a strong financial position.

Respectfully,



Dr. Marshall (Sonny) White, Jr.
President





September 30, 2008

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Midlands Technical College for fiscal year ended June 30, 2008.

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

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

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

The Management's Discussion and Analysis included in the Financial Section provides a detailed explanation of the changes in financial reporting from the prior year and the resulting effects of those changes, and should be read in conjunction with this letter of transmittal.

PROFILE OF THE COLLEGE

Midlands Technical College is one of 16 colleges included in the South Carolina Technical College System. The State Board for Technical and Comprehensive Education, an agency of the State of South Carolina, governs the system. Midlands Technical College is a comprehensive, public two-year institution that serves Richland, Lexington and Fairfield counties in the Central Midlands region of South Carolina. The College has five campuses, three in Lexington County and two in Richland County, and a teaching location at Fort Jackson that serves enlisted personnel and civilians. The College also delivers instruction in various businesses, industries and public schools located in its service area. It also provides opportunities for students to take classes on the Internet that lead to a degree.



The College's governing board, the Commission, is appointed by the Governor of South Carolina upon the recommendation of the legislative delegations from Richland and Lexington counties. There are 12 Commissioners who are appointed for four-year terms. Currently, there are five Commissioners from Lexington County and seven from Richland County. Officers are elected every two years, with the chairpersonship alternated between the two counties.

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State law mandates Richland and Lexington counties to provide sufficient funding to build, maintain and operate the College's physical plant. The division of financial responsibility is based on population and is used each year for budget request purposes. The current distribution is 60 percent for Richland County and 40 percent for Lexington County.

Fairfield County also provides financial support by funding the difference between the in-county tuition rate and the in-state tuition rate for its residents who attend the College. Fairfield County provided 1.2 percent of the total county support for the current fiscal year.

Midlands Technical College is part of South Carolina's primary government and is included in the Comprehensive Annual Financial Report of the State.

The Midlands Technical College Foundation, Inc. (the Foundation) is a nonprofit organization that was formed August 12, 1970, to benefit and support education at Midlands Technical College. It is a legally separate tax exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. A separate board of directors governs the Foundation. The 39-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. The activity of the Foundation is included separately in the College's financial statements.

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

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

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

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



ECONOMIC CONDITIONS

Fiscal year 2007-2008 economically proved to be a modest year for the College. The state provided a small increase in funding to address the difference in the funding between institutions. This difference is often referred to as parity. The state did provide a small pay increase for state funded employees. Finally, the state also provided a second year of support for the Allied Health and Nursing programs in the form of non-recurring dollars that is being used to expand Lexington Hall's classrooms and labs capacity.

The counties during fiscal year 2007-2008 continued their support by fully funding the College's budget requests to reflect inflation and growth of the College's physical plant. The counties also maintained their commitment to the College's capital and debt service needs by funding the requested amounts.

The state's economic outlook for fiscal year 2008-2009 is projected to decline during the year and result in budget reductions. The College expects that state budget reductions will eliminate the additional funding of approximately \$1 million it received in 2007-2008 for parity funding. Additionally the state authorized a 1% pay increase for employees that it did not fully fund. The College expects to address these reductions by controlling cost, delaying hiring decisions and a modest increase in tuition and fees.

The State continues to underfund aid to students. Lottery Tuition Assistance (LTA) for students who do not qualify for Pell Grants while not reduced will result in lower awards

to students as demand has increased. For students with need, the outlook is expected to be even dimmer. The State's support of need-based students continues to severely lag behind that of the nation with no possibility for increased support on the horizon.

The College's local service-area economies are expected to experience declines similar to the states during 2008-2009. However, the College's major supporting counties of Lexington and Richland have adopted ordinances that fully fund the College's budget requests for operations, capital and debt service. Fairfield County funded the College's budget request at last year's level, or approximately 2% below the requested budget.

The College will undertake several major initiatives during the next fiscal year that will impact its economic vitality. First, the College will prepare and submit its documentation and request for reaccreditation by the Southern Association of Colleges and Schools. Reaccreditation is essential for the economic health of the College. If the College is not reaccredited then its students cannot participate in Title IV financial aid programs and the transferability of its courses becomes severely limited.



Second, the College will seek a way to have a permanent presence in Fairfield County. The Administration and the Commission are meeting with county officials and local leaders to develop a strategy to locate and fund a facility for the College to operate a campus. The campus would focus initially on quick job training. The college recognizes the need for developmental, general

education, and continuing education programs for Fairfield County.

Third, the College, through the Midlands Technical College Foundation, will launch its second major giving campaign. The campaign will focus on generating resources for need-based students. Additionally, the campaign will generate support for the College's facilities and grow the Foundation's endowment.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Midlands Technical College for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government

financial reports. This is the College's twelfth consecutive year receiving this award.

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

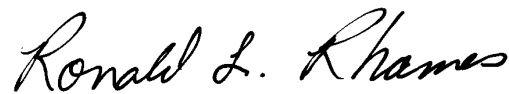
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The College received for the first time the prestigious Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada (GFOA) for its annual budget for the fiscal year 2007-2008. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

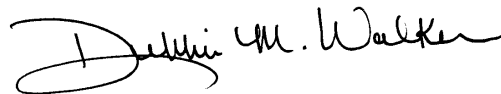
ACKNOWLEDGEMENTS

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

Sincerely,



Dr. Ronald L. Rhames
Senior Vice President for Business Affairs



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



Ian A. MacLean, C.P.A., CGFO
Director of Finance and Accounting

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Midlands Technical College
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

Midlands Technical College

Organizational Data

COMMISSION MEMBERS AND OFFICERS

Commissioner

Ronald H. Burkett, Chair
 Harriet G. Fields, Vice Chair
 James Smith, Secretary
 Christopher M. Joye, Treasurer
 E. Stewart Blume, Jr.
 Katie M. Bolden
 Robert F. Dozier, Jr.
 Robert C. Lentz
 Judith Litman Lindau
 David S. Murray, Jr.
 Peter E. Sercer
 Robert P. Wilkins, Jr.

County

Lexington
 Richland
 Richland
 Lexington
 Richland
 Richland
 Richland
 Richland
 Lexington
 Lexington
 Lexington

Term Expires

November 16, 2010
 July 31, 2008
 July 31, 2009
 July 31, 2011
 July 31, 2008
 July 31, 2008
 July 31, 2009
 July 31, 2011
 July 30, 2011
 May 11, 2011
 November 16, 2011
 November 16, 2008

EXECUTIVE COUNCIL

Marshall (Sonny) White, Jr.	President
Ronald L. Rhames	Senior Vice President for Business Affairs
Starnell K. Bates	Vice President for Advancement
Ronald L. Drayton	Vice President for Academic Affairs
Vann H. Gunter	Vice President for Economic Development and Continuing Education
Sandra L. Oliver	Vice President for Student Development Services
Nancy Pedersen	Executive Assistant to the President

BUSINESS AFFAIRS DIVISION

Ronald L. Rhames	Senior Vice President for Business Affairs
Debbie M. Walker	Associate Vice President for Business Affairs
Stanley Bolton	Director of Auxiliary Services
Craig Hess	Director of Plant Operations
Anthony Hough	Director of Information Resource Management
Ian A. MacLean	Director of Finance and Accounting
Marcia Medway	Director of Support Services
Crystal Rookard	Director of Human Resource Management

COMMISSIONERS



Ronald H. Burkett
Chair



Harriet G. Fields
Vice Chair



James Smith
Secretary



Christopher M. Joye
Treasurer



E. Stewart Blume, Jr.



Katie M. Bolden



Robert F. Dozier, Jr.



Robert C. Lentz



Judith Litman Lindau



David S. Murray, Jr.



Peter E. Sercer



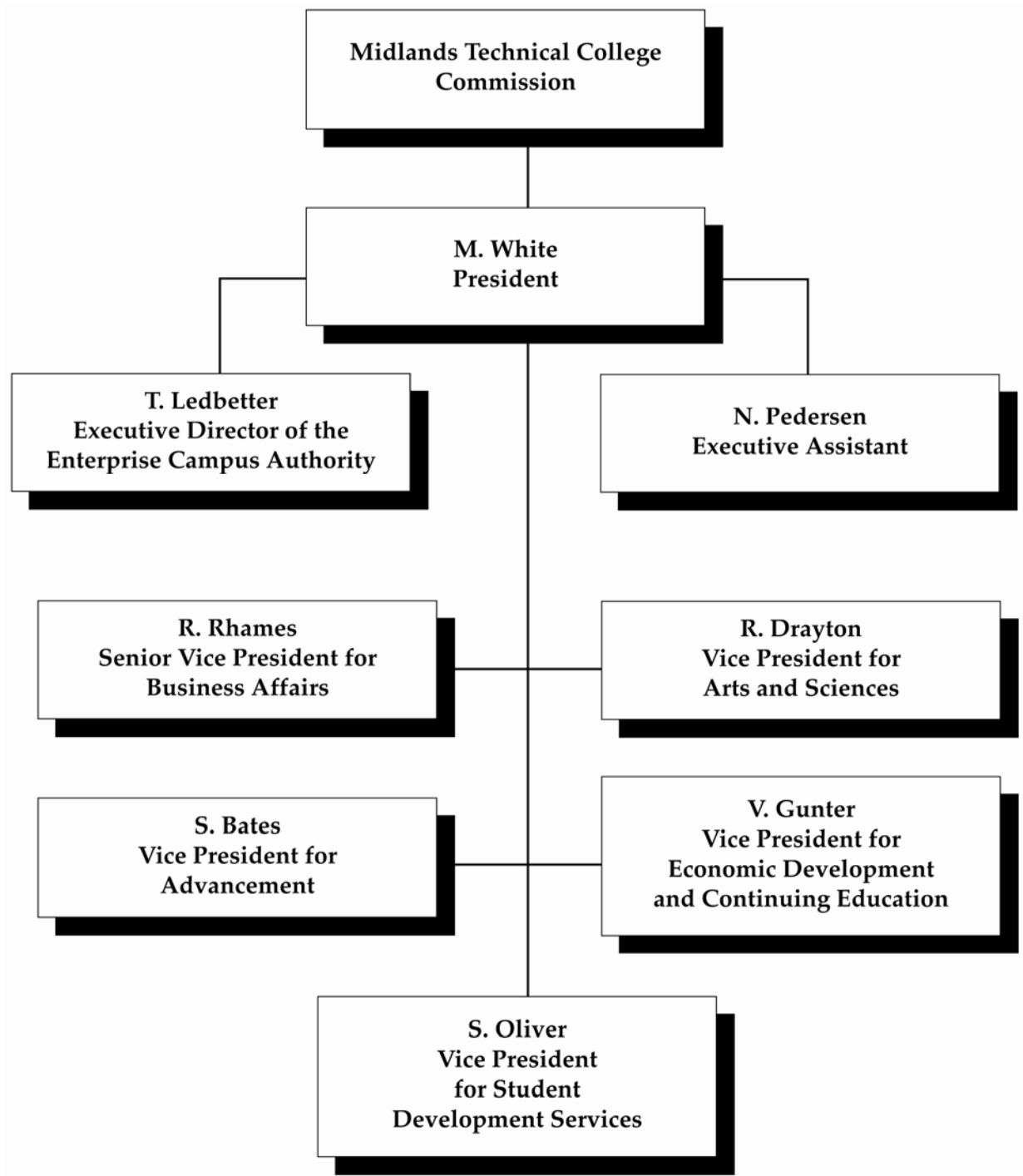
Robert P. Wilkins, Jr.



Marshall (Sonny) White, Jr.
Ex-officio
President
Midlands Technical College

Midlands Technical College

Organizational Chart



Midlands Technical College

College-Wide Goals and Priority Initiatives

Goal 1: The College embraces an innovative learning environment that enhances teaching, learning and individual development.

Priority Initiatives:

1. Define and continuously refine what learning community means to MTC.
2. Develop and strengthen all aspects of programs and services.
3. Provide community access to college and career opportunities.
4. Enhance student retention and goal attainment.
5. Identify and implement student-centered learning enhancements.
6. Promote faculty and staff participation in innovative strategies to enhance the learning environment.
7. Promote global awareness.
8. Integrate diversity and multiculturalism into programs and services.

Goal 2: The College prepares a workforce that meets the demands of business and industry.

Priority Initiatives:

1. Align curricula with workforce needs.
2. Develop employability skills.
3. Provide a critical mass of employable students with competencies and credentials to meet employer needs.
4. Promote career planning and adaptability to prepare students for current and emerging career opportunities.

Goal 3: The College collaborates with educational and community partners to create seamless curricula and quality services for the diverse population bridging K-12, two-year college and university education.

Priority Initiatives:

1. Expand course offerings, student services and articulation with higher education institutions.
2. Expand collaboration and interaction with area school districts.
3. Enhance education through community interaction and adoption of nationally recognized curricula and standards.

Goal 4: The College partners with community constituencies to strengthen the educational, social and economic vitality of the community.

Priority Initiatives:

1. Collaborate with economic development organizations and higher education institutions to increase business and industry development.
2. Expand and strengthen the role of program advisory committees.
3. Seek opportunities for dialogue and interaction to ensure the college is proactive in its participation in advancing the community.
4. Promote learning opportunities that strengthen civic responsibility.

Goal 5: The College serves as a catalyst in economic development.

Priority Initiatives:

1. Design and implement innovative, proactive programs to address the needs of the business community and expand the workforce.
2. Promote public/private partnerships and enterprise development.
3. Establish programs to promote entrepreneurship and small business development.

Goal 6: The College validates its programs and services through a comprehensive evaluation process.

Priority Initiatives:

1. Develop systemic processes that provide the leadership of the college with information and data to support strategic and operational decision-making.
2. Support the development and use of national and peer comparisons to measure the effectiveness and efficiency of academic and administrative performance.
3. Support department-based research by faculty and staff.
4. Enhance the College's national recognition as a leader in institutional planning, effectiveness, assessment and innovative research concepts.
5. Develop and disseminate information needed to influence the direction of post-secondary education in South Carolina.
6. Develop and implement comprehensive risk management strategies.

Goal 7: The College engages in efficient, effective and innovative resource development and management.

Priority Initiatives:

1. Seek partnerships with local agencies and higher education institutions to enhance and leverage resources.
2. Seek and obtain alternate funding.
3. Develop methods to conserve resources and increase revenue.
4. Position the college to maximize state and local support.

Goal 8: The College recruits, retains and develops exceptional faculty and staff.

Priority Initiatives:

1. Provide opportunities and funding to ensure the ongoing professional development of faculty and staff.
2. Develop and implement innovative strategies for the recruitment and retention of faculty and staff.
3. Ensure accurate and meaningful communication college-wide.
4. Integrate diversity and multiculturalism into employment practices and professional development.

STUART W. FORD, CPA
CERTIFIED PUBLIC ACCOUNTANT AND CONSULTANT
1401 MAIN STREET, SUITE 660
COLUMBIA, SOUTH CAROLINA 29201

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FAX: (803) 771-6001

Report of Independent Auditor

The President and Members of the Commission
Midlands Technical College
Columbia, South Carolina

I have audited the accompanying basic financial statements of Midlands Technical College, (the "College"), including its blended component unit, the Midlands Technical College Enterprise Campus Authority (the "Authority"), and its discretely presented component unit, Midlands Technical College Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Midlands Technical College, including its blended component unit, the Midlands Technical College Enterprise Campus Authority, and of its discretely presented component unit, Midlands Technical College Foundation, Inc., at June 30, 2008 and the respective changes in financial position and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 30, 2008, on my consideration of the College's internal control over financial reporting and my tests of its compliance with provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis is not a part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the basic financial statements of the Midlands Technical College taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Additionally, the introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

As discussed in *Note 18* to the financial statements, management discovered certain errors in the recording of assets and liabilities in the financial statements for the year ended June 30, 2007. I audited these adjustments that were applied to restate the June 30, 2007 net assets. In my opinion, such adjustments are appropriate and have been properly applied.

A handwritten signature in black ink that reads "Stuart W. Ford, CPA". The signature is written in a cursive style with a horizontal line through the middle of the first name.

September 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Midlands Technical College (the "College") Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2008.

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

COMPONENT UNITS

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

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

USING THIS ANNUAL REPORT

Midlands Technical College is pleased to present its financial statements for fiscal year ended June 30, 2008. Comparative financial statements are not presented in this report; however, condensed data is presented in this section, which will aid the reader in assessing the changes in the College's financial position since last year. The emphasis of discussions regarding these statements will focus on the current year.

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

STATEMENT OF NET ASSETS

The Statement of Net Assets provides a snapshot of the College's assets, liabilities and net assets at the end of the fiscal year. It provides the reader with information concerning the institution's ability to continue its operations and to determine its financial stability.

Assets and liabilities are separated into current, those that are due or to be paid within the current year and non-current, those that are longer term in nature. Net Assets represent the difference between total assets and total liabilities and provides information, in part, concerning any amount available to be spent by the institution.

Net Assets are divided into three major categories. The first category, *invested in capital assets, net of related debt*, provides the equity in property, plant and equipment owned by the College. The next category, which is *restricted net assets*, is expendable in nature and has been approved by the College's governing board specifically for capital projects, and debt service, as indicated. The final category of net assets is *unrestricted*, and not subject to external stipulations. These amounts represent the net assets of the Authority and the College's 30-day operating reserve.

Assets

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

Condensed Summary of Net Assets As of June 30, 2008 and 2007 (in millions)

	2008	2007	Increase (Decrease)	Percent Change
Current Assets	\$ 44.3	\$ 39.6	\$ 4.7	11.9%
Non-current Assets				
Capital Assets (Net of Depreciation)	56.8	51.5	5.3	10.3%
Other	9.0	11.8	(2.8)	(23.7%)
Total Assets	<u>110.1</u>	<u>102.9</u>	<u>7.2</u>	<u>7.0%</u>
Current Liabilities	10.1	7.9	2.2	27.8%
Non-current Liabilities	20.3	20.5	(0.2)	(1.0%)
Total Liabilities	<u>30.4</u>	<u>28.4</u>	<u>2.0</u>	<u>7.0%</u>
Net Assets				
Investment in Capital Assets	43.7	41.4	2.3	5.3%
Restricted for: Expendable	30.7	27.6	3.1	11.2%
Unrestricted	5.3	5.5	(0.2)	(3.6%)
Total Net Assets	<u>\$ 79.7</u>	<u>\$ 74.5</u>	<u>\$ 5.2</u>	<u>7.0%</u>

A strong indicator of the financial health of the College for the year is in the approximate 4:1 ratio of current assets in the amount of \$44.3 million to current liabilities in the amount of \$10.1 million. The College maintains fiscally sound budget practices that provide for the conservative balance between the two categories.

Total net assets for the year were \$79.7 million, up by \$5.2 million from the prior year.

Current assets were \$4.7 million of the overall increase of \$7.2 million in total assets for the fiscal year. The increases are explained as follows:

- Short term investments comprise approximately \$5.2 million of the increase in current assets over the prior fiscal year. Cash decreased by approximately \$0.7 million from the prior year. Essentially this entire net amount resulted from excess revenue over expenses for the fiscal year, of which \$1.1 million is the contingency. The College maintains the contingency in its annual budget for emergencies or major unforeseen expenses. Any funds in excess of the 30-day operating reserve that remain at the end of the fiscal year are authorized by the governing board for one time non-recurring needs of the College. Additional auxiliary income and local appropriations of approximately \$1.2 million and increases of approximately \$1.8 million in gross student revenues contributed to the increase in revenues over expenses.
- Accounts Receivable remained at approximately \$5.2 million, an increase of \$.2 million over the prior year taking into consideration the allowance of doubtful account balance, which increased marginally to \$1.5 million from \$1.4 million for the prior year.
- Inventories and prepaid expenses had negligible changes from the prior year.

Non-current assets include capital assets net of depreciation and other assets, which is comprised primarily of restricted cash. Capital assets net of depreciation were \$56.8 million for the year, an increase of \$5.3 million from the prior year. Other non-current assets decreased by \$2.3 million for the year due primarily to the expenditure of restricted cash for capital projects. See Note 5 for additional information. As construction is completed, invoices are submitted resulting in a net reduction in restricted cash. The changes from the prior year are explained as follows:

- The College capitalized a building located in Batesburg-Leesville within Lexington County which was opened in the fall of 2007. This \$2.3 million project provides an 8,150-square-foot education facility that provides selected educational programs, including general education, career, developmental and continuing education programs in the community in support of economic and community development. The facility contains a student support service area, five classrooms for distance education, a student success/tutoring area and faculty and staff offices. Also capitalized this year was the exterior college-wide lighting project at approximately \$1.9 million as part of the College's initiative for security.
- Construction in progress increased by \$3.7 million, consisting of a general purpose classroom and auditorium on the Harbison campus, which is a budgeted \$8.0 million dollar project. This facility will allow the College to fully meet its strategic objectives to add credit courses on the campus. Also under construction is the Northeast Campus Business Accelerator building. This \$5.0 million, 25,000-square-foot facility will have flexible multibay space and is designed to serve emerging businesses and technologies. See Note 22 for additional information. This project is anticipated to be complete in the fall of 2008 and the Harbison building should be completed by the summer of 2009.
- Depreciation expense accounted for \$2.8 million. See Note 5 for additional information.
- Substantially, the entire decrease in restricted cash resulted from the reimbursement requests for two major initiatives that will strengthen the economy and quality of life in the counties. The funds are used for two construction projects, the Harbison classroom building and the Northeast accelerator. Construction has begun and these balances are reflected in the construction in progress fiscal year end balance.

The following table contains an analysis of capital assets as of June 30, 2008 and 2007.

**Analysis of Capital Assets
As of June 30, 2008 and 2007
(in millions)**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land and Improvements	\$ 5.2	\$ 5.2	\$ 0.0	0.0%
Construction in Progress	5.7	2.0	3.7	185.0%
Works of Art	0.1	0.1	0.0	0.0%
Buildings and Improvements	67.5	66.0	1.5	2.3%
Machinery, Equipment, Vehicles & Other	<u>11.4</u>	<u>12.4</u>	<u>(1.0)</u>	<u>(8.0%)</u>
Total Capital Assets	<u>\$ 89.9</u>	<u>\$ 85.7</u>	<u>\$ 4.2</u>	<u>4.9%</u>
Less Accumulated Depreciation	<u>(33.1)</u>	<u>(34.2)</u>	<u>1.1</u>	<u>(3.2%)</u>
Capital Assets	<u>\$ 56.8</u>	<u>\$ 51.5</u>	<u>\$ 5.3</u>	<u>10.2%</u>

See Note 5 for additional information.

Liabilities

Total liabilities were \$30.4 million, which is an increase of \$2.0 million over the prior fiscal year. Current liabilities increased by \$2.2 million primarily as a result of increases in construction payables of \$0.9 million, accrued payroll of \$0.7 million and funds held for others \$0.6 million.

Accrued compensated absences accounted for a \$0.4 million increase in non-current liabilities offset by a decrease of \$0.6 million in bonds payable. See Note 11 for additional information.

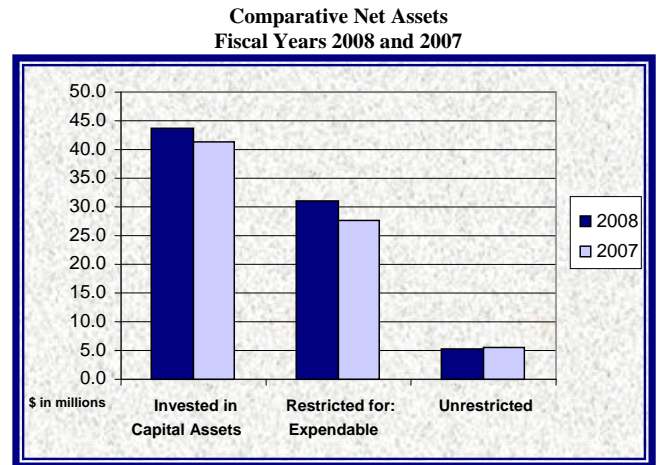
Net Assets

Total net assets at June 30, 2008, were \$79.7 million, up by \$5.2 million from the prior fiscal year.

Investment in capital assets increased to \$43.7 million from the prior fiscal year. Restricted net assets have increased by \$3.1 million.

Unrestricted net assets are down slightly by \$0.2 million over the prior year and consist of amounts related to the Authority totaling \$318,372, and the College's 30-day operating reserve that excludes nonessential expenses totaling \$5,029,545.

The following chart is a graphic representation of the College's Net Assets at June 30, 2008 and 2007.



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses and Changes in Net Assets presents and categorizes revenues earned and expenses incurred during the year by operating and non-operating. Generally, operating revenues and expenses are those which are received and used to carry out the mission of the College. The College depends heavily on financial support from the state and counties for which services are provided. This support is reflected as nonoperating revenue based on governmental accounting standards. The College will always reflect an operating deficit due to the dependence on state and local funding. Nonoperating revenues and expenses offset the operating deficit and result in an overall increase in net assets for the year. State capital appropriations and capital grants and gifts are considered neither operating nor nonoperating revenues and are reported after "income before other revenues, expenses, gains or losses."

Operating Results

The following schedule summarizes the College's operating results for fiscal year ended June 30, 2008 with comparative data for fiscal year ended June 30, 2007. Certain amounts in the prior year have been reclassified to conform to current year presentation.

**Condensed Summary of Revenues,
Expenses and Changes in Net Assets
As of June 30, 2008 and 2007
(in millions)**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues				
Tuition and Fees	\$ 25.3	\$ 23.5	1.8	7.5%
Grants and Contracts	24.9	23.9	1.0	4.3%
Auxiliary	6.8	6.2	0.6	10.3%
Other	<u>0.7</u>	<u>0.7</u>	<u>0.0</u>	<u>0.0%</u>
Total Operating Revenues	57.8	54.3	3.5	6.4%
Less Operating Expenses	<u>85.8</u>	<u>80.8</u>	<u>5.0</u>	<u>6.2%</u>
Net Operating Loss	(28.0)	(26.5)	1.5	(5.6)%
Non-operating Revenue				
State Appropriations	21.4	20.1	1.3	6.2%
Local Appropriations	9.6	9.0	0.6	5.8%
Other	<u>2.0</u>	<u>1.6</u>	<u>0.4</u>	<u>20.0%</u>
Total Non-operating Revenue	<u>33.0</u>	<u>30.7</u>	<u>2.3</u>	<u>6.9%</u>
Increase in Net Assets	5.0	4.2	0.8	18.9%
Net Assets, Beginning of Year	<u>74.7</u>	<u>70.3</u>	<u>4.4</u>	<u>6.3%</u>
Net Assets, End of Year	<u>\$ 79.7</u>	<u>\$ 74.5</u>	<u>\$ 5.2</u>	<u>7.0%</u>
Total Revenues	<u>\$ 90.7</u>	<u>\$ 85.0</u>	<u>\$ 5.7</u>	<u>6.7%</u>

Revenue

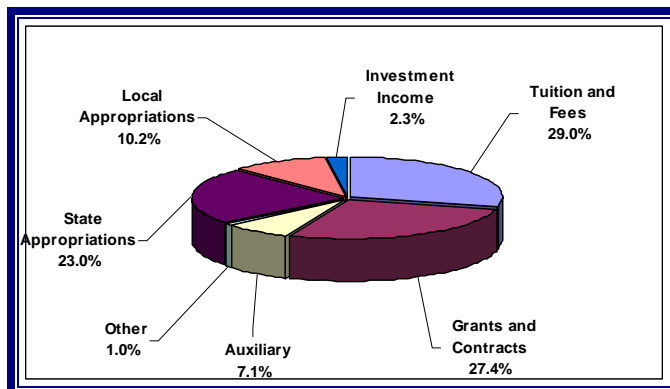
Total revenue increased from \$85.0 million in the prior fiscal year to \$90.7 million, an increase of \$5.7 million or 6.7 percent.

Operating revenue increased consistently over all sources for a total of \$3.5 million, while non-operating revenue increased by \$2.3 million. The increase in tuition and fees is primarily a result of a price increase in conjunction with small enrollment growth as compared to the prior year. Grants and contracts are in line with modest enrollment growth and the increase in the Pell grant award. For auxiliary services the increase is primarily due to bookstore price increases and more volume as a result of market expansion.

The increases in non-operating revenue occurred primarily in state and local appropriations.

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

REVENUE BY SOURCE



Expenses

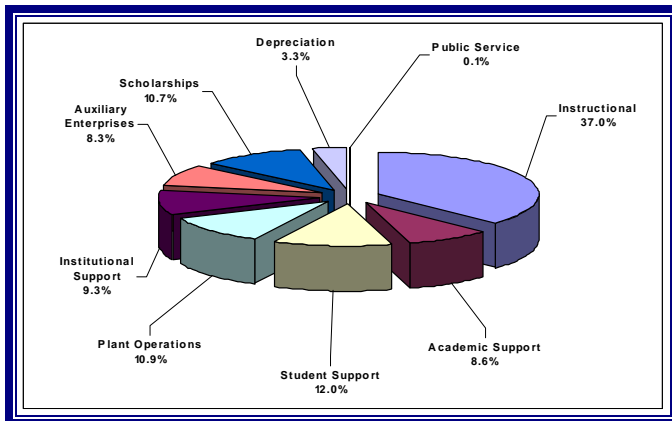
Operating expenses were \$85.8 million for the fiscal year, an increase of \$5.0 million or 6.2 percent over the prior year. Salaries and benefits increased by approximately \$3.4 million, an increase of 7.0 percent. The College's governing board approved a 2 percent salary increase for employees in addition to the 3 percent approved by the state. The state allocation provides approximately 30 percent of the overall increase. New hires of permanent full-time employees resulted in the remaining increase.

Scholarships to students increased by approximately \$1.5 million. This is related to an increase in the maximum award for eligible Pell grant students.

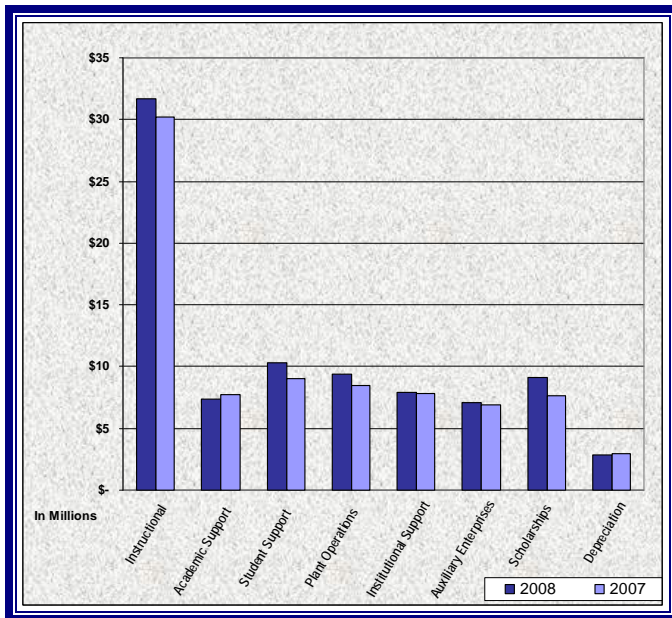
Utilities, supplies and other services increased by \$0.2 million. Depreciation expense decreased by approximately \$0.1 million from the prior year.

The following graphs depict operating expenses by function for fiscal year ended June 30, 2008, and a comparison of operating expenses by function for fiscal years ended 2008 and 2007.

OPERATING EXPENSES BY FUNCTION



COMPARISON OF OPERATING EXPENSES BY FUNCTION Fiscal years 2008 and 2007



STATEMENT OF CASH FLOWS

The Statement of Cash Flows is the final statement to be presented. It presents detailed information about the cash activity of the College during the year and provides the reader with the sources and uses of cash by the major categories of operating, non-capital financing, capital and related financing, and investing activities. This statement

will always show a net use of cash in the section "Cash Flows From Operating Activities" due to the College's dependence on state and local appropriations.

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

Cash decreased by approximately \$3.5 million from last year. Net cash flows from operating activities increased by \$1.4 million primarily from increases in tuition, auxiliary revenue, and federal, state and local grants.

Cash flows from non-capital financing activity contributed an additional \$2.6 million. Capital and related financing activities reduced cash for acquisition of capital assets and debt service payments. The large change from the prior year is a result of bond proceeds included in the prior year's cash flows. Net cash used by investing activities resulted in a decrease of \$3.7 million.

Condensed Summary of Cash Flow As of June 30, (in millions)

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>
Net cash flow used by operating activities	\$ (23.1)	\$ (24.6)	1.5
Net cash flow provided by noncapital financing activities	29.6	27.0	2.6
Net cash used by capital and related financing activities	(6.7)	8.0	(14.7)
Net cash provided (used) by investing activities	<u>(3.3)</u>	<u>3.0</u>	<u>(6.3)</u>
Net increase (decrease) in cash	(3.5)	13.4	(16.9)
Cash- beginning of year	16.1	2.7	13.4
Cash- end of year	<u>\$ 12.6</u>	<u>\$ 16.1</u>	<u>\$ (3.5)</u>

Debt Administration

The College's financial statements reflect \$17,335,000 in (general obligation) bonds payable. These bonds are general obligation bonds of the State backed by the full faith, credit and taxing power of the State. Tuition revenue is pledged up

to the amount of annual debt requirements for the annual payment of principal and interest on the bonds.

Also outstanding at June 30, 2008, is a capital lease payable in the amount of \$126,395 for equipment purchased previously. The College partially financed an upgrade to the hardware that supports its administrative systems with proceeds from this lease. For additional information on debt administration, please refer to Notes 12 and 13.

Economic Factors

The economic condition of the College is dependent to a large degree on that of the state and local governments. State funding remained relatively stable from last year. State support is used to offset salaries and benefits for college employees. Local government support for the College remains strong and continues to provide funding for ongoing maintenance, renovation and construction of new facilities. The State's economic outlook for fiscal year 2008 – 2009 is projected to decline during the year and result in budget reductions.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



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MIDLANDS TECHNICAL COLLEGE
STATEMENT OF NET ASSETS
June 30, 2008

	<u>Midlands Technical College</u>	<u>Enterprise Campus Authority</u>	<u>Total Primary Government</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,623,292	\$ —	\$ 3,623,292
Short-term investments	32,473,674	—	32,473,674
Accounts receivable, net	5,192,290	—	5,192,290
Inventories	2,505,375	—	2,505,375
Other assets	550,152	—	550,152
Internal balances	<u>(318,372)</u>	<u>318,372</u>	<u>—</u>
Total current assets	<u>44,026,411</u>	<u>318,372</u>	<u>44,344,783</u>
Noncurrent assets:			
Restricted cash and cash equivalents	8,982,905	—	8,982,905
Capital assets, net of accumulated depreciation	<u>56,777,801</u>	<u>—</u>	<u>56,777,801</u>
Total noncurrent assets	<u>65,760,706</u>	<u>—</u>	<u>65,760,706</u>
Total assets	<u>109,787,117</u>	<u>318,372</u>	<u>110,105,489</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,068,146	—	3,068,146
Accrued payroll and related liabilities	1,333,630	—	1,333,630
Funds held for others	723,024	—	723,024
Deferred revenue	3,917,539	—	3,917,539
Long-term liabilities-current portion:			
Bonds payable	600,000	—	600,000
Notes payable	62,081	—	62,081
Compensated absences	235,313	—	235,313
Accrued interest payable	<u>199,907</u>	<u>—</u>	<u>199,907</u>
Total current liabilities	<u>10,139,640</u>	<u>—</u>	<u>10,139,640</u>
Noncurrent liabilities:			
Long-term liabilities-non-current portion:			
Bonds payable	16,735,000	—	16,735,000
Capital lease payable	64,314	—	64,314
Accrued compensated absences	3,423,297	—	3,423,297
Unamortized bond premium	<u>84,521</u>	<u>—</u>	<u>84,521</u>
Total noncurrent liabilities	<u>20,307,132</u>	<u>—</u>	<u>20,307,132</u>
Total liabilities	<u>30,446,772</u>	<u>—</u>	<u>30,446,772</u>
NET ASSETS			
Invested in capital assets, net of related debt	43,701,689	—	43,701,689
Restricted for:			
Expendable:			
Capital projects	29,032,913	—	29,032,913
Local capital reservation	539,797	—	539,797
Debt service	1,036,401	—	1,036,401
Unrestricted	<u>5,029,545</u>	<u>318,372</u>	<u>5,347,917</u>
Total net assets	<u>\$ 79,340,345</u>	<u>\$ 318,372</u>	<u>\$ 79,658,717</u>

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

MIDLANDS TECHNICAL COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2008

	<u>Midlands Technical College</u>	<u>Enterprise Campus Authority</u>	<u>Primary Government</u>
REVENUES			
Operating revenues:			
Student tuition and fees (net of scholarship allowances of \$12,473,614)	\$ 25,260,302	\$ —	\$ 25,260,302
Federal grants and contracts	15,112,269	—	15,112,269
State grants and contracts	9,784,694	—	9,784,694
Nongovernmental grants and contracts	23,312	—	23,312
Sales and services of educational departments	47,920	—	47,920
Auxiliary enterprises (net of book allowances of \$1,316,543)	6,837,824	—	6,837,824
Other operating revenues	<u>732,096</u>	<u>—</u>	<u>732,096</u>
Total operating revenues	<u>57,798,417</u>	<u>—</u>	<u>57,798,417</u>
EXPENSES			
Operating expenses:			
Salaries	41,493,810	—	41,493,810
Benefits	10,668,545	—	10,668,545
Scholarships	9,146,725	—	9,146,725
Utilities	1,557,301	—	1,557,301
Supplies and other services	20,091,174	50,240	20,141,414
Depreciation	<u>2,825,469</u>	<u>—</u>	<u>2,825,469</u>
Total operating expenses	<u>85,783,024</u>	<u>50,240</u>	<u>85,833,264</u>
Operating loss	<u>(27,984,607)</u>	<u>(50,240)</u>	<u>(28,034,847)</u>
NONOPERATING REVENUES (EXPENSES)			
State appropriations	21,417,186	—	21,417,186
Local appropriations	7,550,862	—	7,550,862
Investment income (net of investment expense of \$27,048)	1,951,341	—	1,951,341
Interest on capital asset-related debt	(819,216)	—	(819,216)
Federal grants and contracts	33,116	—	33,116
Other nonoperating revenue	<u>1,000</u>	<u>—</u>	<u>1,000</u>
Net nonoperating revenues	<u>30,134,289</u>	<u>—</u>	<u>30,134,289</u>
Income before other revenues, expenses, gains, or losses	<u>2,149,682</u>	<u>(50,240)</u>	<u>2,099,442</u>
Capital grants, gifts, revenue, and appropriations:			
Contributed capital assets	74,171	—	74,171
Research university infrastructure bonds	657,051	—	657,051
Local capital appropriations	2,008,293	—	2,008,293
State capital appropriations	<u>118,615</u>	<u>—</u>	<u>118,615</u>
Total capital grants, gifts, revenue, and appropriations	<u>2,858,130</u>	<u>—</u>	<u>2,858,130</u>
Increase (decrease) in net assets	5,007,812	(50,240)	4,957,572
NET ASSETS			
Net assets-beginning of year	74,103,415	368,612	74,472,027
Prior period adjustments	<u>229,118</u>	<u>—</u>	<u>229,118</u>
Net assets-end of year	<u>\$ 79,340,345</u>	<u>\$ 318,372</u>	<u>\$ 79,658,717</u>

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

MIDLANDS TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2008

	<u>Midlands Technical College</u>	<u>Enterprise Campus Authority</u>	<u>Primary Government 2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Student tuition and fees-net of scholarship allowances	\$ 25,743,970	\$ -	\$ 25,743,970
Federal, state and local grants and contracts	24,973,383	-	24,973,383
Non-governmental contracts	23,312	-	23,312
Sales and services of educational departments	47,920	-	47,920
Auxiliary Enterprise charges	6,834,824	-	6,834,824
Other receipts	732,096	-	732,096
Payments to vendors	(30,349,151)	(50,240)	(30,399,391)
Payments to employees	<u>(51,146,223)</u>	<u>-</u>	<u>(51,146,223)</u>
Net cash flows used by operating activities	<u>(23,139,869)</u>	<u>(50,240)</u>	<u>(23,190,109)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State appropriations	21,417,186	-	21,417,186
County appropriations	7,550,862	-	7,550,862
State, local and federal grants, gifts & contracts-nonoperating	107,287	-	107,287
Expended for agency funds	516,222	-	516,222
Interfund Activity	<u>(50,240)</u>	<u>50,240</u>	<u>-</u>
Net cash flows provided by noncapital financing activities	<u>29,541,317</u>	<u>50,240</u>	<u>29,591,557</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Local appropriations for capital	2,008,293	-	2,008,293
Research university infrastructure bonds	638,824	-	638,824
State appropriations for capital	119,566	-	119,566
Purchase of capital assets	(7,950,886)	-	(7,950,886)
Principal paid on capital debt	(634,925)	-	(634,925)
Interest paid on capital debt	<u>(825,994)</u>	<u>-</u>	<u>(825,994)</u>
Net cash flows used by capital and related financing activities	<u>(6,645,122)</u>	<u>-</u>	<u>(6,645,122)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	50,848,095	-	50,848,095
Interest on investments	1,641,555	-	1,641,555
Purchase of investments	<u>(55,773,158)</u>	<u>-</u>	<u>(55,773,158)</u>
Net cash flows used by investing activities	<u>(3,283,508)</u>	<u>-</u>	<u>(3,283,508)</u>
Net decrease in cash	(3,527,182)	-	(3,527,182)
Cash-beginning of year	<u>16,133,379</u>	<u>-</u>	<u>16,133,379</u>
Cash-end of year	<u>\$ 12,606,197</u>	<u>\$ -</u>	<u>\$ 12,606,197</u>
Reconciliation of net operating loss to net cash used by operating activities:			
Operating loss	\$(27,984,607)	\$ (50,240)	\$(28,034,847)
Adjustments to reconcile net income (loss) to net cash:			
Depreciation Expense	2,825,469	-	2,825,469
Change in assets and liabilities:			
Receivables, net	580,743	-	580,743
Inventories	(74,513)	-	(74,513)
Deferred charges and prepaid expense	(44,468)	-	(44,468)
Deferred revenue	260,362	-	260,362
Accounts payable	928,738	-	928,738
Accrued leave payable	<u>368,407</u>	<u>-</u>	<u>368,407</u>
Net cash flows used by operating activities	<u>\$(23,139,869)</u>	<u>\$ (50,240)</u>	<u>\$(23,190,109)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Non-cash investing activities - change in fair value of investments	\$ 324,627	\$ -	\$ 324,627
Capitalized interest	47,520	-	47,520
Contributed capital assets	<u>74,171</u>	<u>-</u>	<u>74,171</u>
Total non-cash investing, capital and financing activities	<u>\$ 446,318</u>	<u>\$ -</u>	<u>\$ 446,318</u>

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

MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
as of June 30, 2008

	2008
Assets	
Cash and equivalents	\$ 757,928
Contributions receivable	174,667
Other receivable	7,445
Investments - real estate	45,000
Investments	<u>4,716,301</u>
Total assets	<u>\$ 5,701,341</u>
 Liabilities and Net Assets	
Accounts payable	\$ 11,614
Other liability – refundable advance	<u>62,000</u>
Total liabilities	<u>73,614</u>
 Net assets:	
Unrestricted - undesignated	1,477,988
Unrestricted - designated	139,318
Temporarily restricted	1,145,748
Permanently restricted	<u>2,864,673</u>
Total net assets	<u>5,627,727</u>
Total liabilities and net assets	<u>\$ 5,701,341</u>

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

MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
for the year ended June 30, 2008

	<u>Unrestricted</u>		<u>Temporarily</u>	<u>Permanently</u>	<u>Totals</u>
	<u>Undesignated</u>	<u>Designated</u>	<u>Restricted</u>	<u>Restricted</u>	<u>2008</u>
Revenue, gains, and other support					
Contributions	\$ 65,285	\$ -	\$ 146,956	\$ 24,688	\$ 236,929
Income on long-term investments	69,897	15,517	41,541	-	126,955
Other investment income	10,790	-	-	-	10,790
Net unrealized and realized gains (losses) on long-term investments	(404,362)	43,462	121,377	1,397	(238,126)
Net assets released from restrictions:					
Satisfaction of program restrictions	-	233,954	(233,954)	-	-
Expiration of time restrictions	<u>144,134</u>	<u>(4,592)</u>	<u>(155,308)</u>	<u>15,766</u>	<u>-</u>
Total revenue, gains and other support	<u>(144,256)</u>	<u>288,341</u>	<u>(79,388)</u>	<u>41,851</u>	<u>136,548</u>
Expenses and losses					
Management and general	61,653	-	-	-	61,653
College support	224,744	175,607	-	-	400,351
Student support	1,392	69,915	-	-	71,307
Fundraising	<u>1,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,291</u>
Total expenses	<u>289,080</u>	<u>245,522</u>	<u>-</u>	<u>-</u>	<u>534,602</u>
Change in net assets	(403,336)	42,819	(79,388)	41,851	(398,054)
Net assets at beginning of year	<u>1,881,324</u>	<u>96,499</u>	<u>1,225,136</u>	<u>2,822,822</u>	<u>6,025,781</u>
Net assets at end of year	<u>\$ 1,477,988</u>	<u>\$ 139,318</u>	<u>\$ 1,145,748</u>	<u>\$ 2,864,673</u>	<u>\$ 5,627,727</u>

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

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

Reporting Entity

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

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The thirty-nine-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and

invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation’s operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial reporting entity for these differences. However, significant note disclosures to the Foundation’s financial statements have been incorporated into the College’s notes to the financial statements. Financial statements for the Foundation can be obtained by mailing a request to Midlands Technical College Foundation, Post Office Box 2408, Columbia, South Carolina 29202.

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

Financial Statements

The financial statements are presented in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows that replace the fund-group perspective previously required.

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.

Estimates

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

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Cash and Cash Equivalents

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

Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds." GASB Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3*, requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for*

External Investment Pools. 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 assets.

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 estimated uncollectible amounts.

Inventories

Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 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. Certain works of art are considered inexhaustible. These capital assets are not subject to depreciation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenues and Deposits

Deferred 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. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

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

Compensated Absences

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

Net Assets

The College's net assets are classified as follows:

- *Invested in capital assets, net of related debt:* 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 assets - expendable:* Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- *Restricted net assets - nonexpendable:* Nonexpendable restricted net assets consist 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 assets:* Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

Income Taxes

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

Classification of Revenues and Expenses

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

- *Operating revenues and expenses:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.
- *Non-operating revenues and expenses:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

instructional activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. Midlands Technical College receives such revenues primarily from the automotive and dental auxiliary departments.

Auxiliary Enterprises and Internal Service Activities

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

Scholarship Discounts and Allowances

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

Capitalized Interest

The College's policy is to capitalize as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. The College incurred \$866,736 of interest cost during the year ended June 30, 2008, of which \$819,216 was expensed and \$47,520 was capitalized.

Reclassification

Certain balances have been reclassified to conform to current year presentation.

Discretely Presented Component Unit

The financial statements of the Foundation are presented in accordance with accounting principles generally accepted in the United States of America and are prepared on the accrual basis of accounting. Consequently, the net assets of the Foundation are reported as follows:

- *Unrestricted Undesignated* – Unrestricted Undesignated Net Assets are not subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
- *Unrestricted Designated* – Unrestricted Designated Net Assets are not subject to donor-imposed restrictions but subject to Foundation Board imposed stipulations.
- *Temporarily Restricted* – Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
- *Permanently Restricted* – Permanently Restricted Net Assets are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.
- *Revenue, Gains and Other Support and Expenses and Losses* – Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

- *Donated Services, Goods and Facilities* – A substantial number of volunteers have donated an undetermined number of hours to the Foundation's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

During the year ended June 30, 2008, the Foundation received contributed equipment valued at approximately \$31,845 from donors. Substantially all

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

contributions of equipment to the Foundation become property of the College upon receipt of the property from the donor. Accordingly, the Foundation records the contributions at their fair value with an offset to college support in these financial statements.

- *Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- *Cash and Cash Equivalents* – Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days. Management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.
- *Investments* – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment in real estate held for sale is reported at the lower of cost or market. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Securities or other investments donated are recorded at their market value at the date of the gift.
- *Concentrations of Credit and Market Risk* – Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Foundation has not experienced any losses on its cash equivalents. Management believes that the Foundation's investment portfolio is adequately diversified among issuers. In addition, management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market declines.
- *Income Taxes* – The Foundation has received a determination from the Internal Revenue Service that it is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Service.

MIDLANDS TECHNICAL COLLEGE

NOTES TO FINANCIAL STATEMENTS

- CONTINUED -

NOTE 2 – STATE APPROPRIATIONS

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and

are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a reconciliation of the state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2008:

Non-Capital Appropriations

Appropriations per State Board allocation	\$	20,148,000
Appropriations from SC Education Lottery fund		613,892
Other:		
Nursing funding		613,590
Fire Academy		41,704
		<hr/>
Total non-capital appropriations recorded as current year revenue	\$	<u>21,417,186</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits include cash and cash equivalents on deposit in banks and held by the State Treasurer. At year-end, the College's carrying amount of deposits with banks was \$3,588,648. The bank balance was \$97,231, which was covered by FDIC insurance. The balance was collateralized with securities held by a third-party financial institution (as the College's agent) in the College's name. The State Treasurer held \$8,982,905 in its pooled cash funds in the College's name.

Restricted Cash – Restricted cash includes \$564,136 held for debt service reserve funds and \$1,644,690 held for maintenance, repair and replacement and \$6,774,079 for construction as required by bond indentures.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the College will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The College's policy regarding custodial credit risk related to deposits is to ensure funds on deposit are 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 or collateralized repurchase agreements. Additionally, the College deposits its funds in large financially sound institutions.

The College did not recognize losses due to default by counterparties.

Credit Risk – The College's policy regarding credit risk of deposits is that it only uses high quality brokers and financial institutions to manage its investment portfolios. In addition, the College's investments include only obligations of the United States Government and certificates of deposit. These types of investments are not subject to credit risk as they are fully collateralized and/or insured by the Federal Deposit Insurance Corporation. Therefore, the disclosure of quality ratings on rated debt investments is not applicable to the College.

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

Investments

The College's investments at June 30, 2008, are *not* with the South Carolina State Treasurer's Office and are alternatively held by certain financial institutions in the College's name. The fair value of investments at June 30, 2008, consists solely of certificates of deposits or United States government-backed securities with maturities of less than one year. All of the securities for the reporting period were either fully collateralized or insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The College limits its investments to the safest types of securities, and structures its investment portfolio so securities mature to meet cash requirements for ongoing operations, which therefore prevents the need to sell securities prior to maturity. The College monitors its investments periodically to ensure that the collateral exceeds the market value of investments.

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

All Agencies carry credit ratings of Moody's Aaa and S&P AAA. The Agencies strive to maintain the market perception of credit risk on par with that of the U.S. Government. With the aid of the competitive advantages they receive by charter, they are able to maintain a high level of profitability. As long as Agencies are conservatively managed (which the U.S. Government assures through regulation), they have the capacity to maintain top quality credit ratings.

Certificates of deposit are FDIC insured up to \$100,000 and not rated.

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

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Credit Risk Concentration

Issuers that represent 5% or more of total investments

<u>Summary</u>	<u>Fair Value</u>	<u>% of Investments</u>
Federal Home Loan Mortgage Corporation	\$ 7,919,000	24
Federal National Mortgage Association	17,874,100	55
Federal Farm Credit Bank	3,938,800	12
Federal Home Loan Bank	1,971,000	6

Total Operating Portfolio: Fixed Income

US Government Agencies	31,702,900
Certificates of Deposit	775,921

Investment Pool – The College has deposits of \$8,982,905 held as a part of the State of South Carolina Office of State Treasurer Local Government Investment Pool. Deposit risk information relating to this investment pool may be obtained from the State of South Carolina's Comprehensive Annual Financial Report. Copies of this report may be obtained from the South Carolina Office of the Comptroller General, 1200 Senate Street, 305 Wade Hampton Office Building, Columbia, South Carolina 29201, or by visiting the Comptroller General's website at <http://www.cg.state.sc.us/>.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Part of the interest rate risk experienced with debt securities is maturity risk. The College structures its investment portfolio so securities mature to meet cash requirements for ongoing operations to prevent the need to liquidate securities prior to maturity. The weighted average maturity of the investments (including certificates of deposits held as investments) as of June 30, 2008, was 297 days. Another component of interest rate risk is the exposure to fluctuations in the purchase price caused by stated earnings rates of the investments. The weighted average stated rate for the investments (including certificates of deposit) as of June 30, 2008, was 4.44%.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

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

STATEMENT OF NET ASSETS:

Cash and cash equivalents	\$ 3,623,292
Restricted cash and cash equivalents	8,982,905
Investments	<u>32,473,674</u>
Total statement of net assets	<u>\$ 45,079,871</u>

DEPOSITS AND INVESTMENTS NOTE:

Carrying value of deposits	\$ 3,588,648
Cash on hand	29,497
Held by State Treasurer	8,982,905
Certificates of Deposit	775,921
U.S. Government Agency Securities	<u>31,702,900</u>
Total deposit and investments note	<u>\$ 45,079,871</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Discretely Presented Component Unit

The following summarizes the cost and fair values of investments at June 30, 2008:

	<u>Cost</u>	<u>Fair Value</u>
Marketable Securities:		
Mutual funds-Fixed income	\$ 1,474,133	\$ 1,489,432
Mutual funds-Equities	<u>3,301,218</u>	<u>3,170,554</u>
	4,775,351	4,659,986
Certificate of Deposit	56,315	56,315
Real estate held for sale	<u>45,000</u>	<u>45,000</u>
	<u>\$ 4,876,666</u>	<u>\$ 4,761,301</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2008, including applicable allowances, were as follows:

Receivables:	
Local government	\$ 62,043
Student accounts	2,440,620
Company accounts	1,115,274
Federal grants and contracts	861,117
State grants and contracts	497,793
State appropriations receivable	1,716,470
Less: allowance for uncollectibles	<u>(1,501,027)</u>
Receivables, net	<u>\$ 5,192,290</u>

The above allowance for losses for student accounts receivable is established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

Contributions Receivable-Discretely Presented Component Unit

Unconditional promises to give as of June 30, 2008, are due as follows:

Within one year	\$ 111,308
One to five years	<u>93,984</u>
Total	\$ 205,292
Allowance for uncollectible pledges	(16,333)
Present value discount	<u>(14,292)</u>
Contributions receivable, net	<u>\$ 174,667</u>

The discount rate used on long-term promises to give was 4% for 2008.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 5 – CAPITAL ASSETS

<u>Primary Government</u>	<u>Beginning Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance June 30, 2008</u>
Capital assets not being depreciated:				
Land and improvements	\$ 5,215,485	\$ –	\$ –	\$ 5,215,485
Construction in progress	2,003,964	7,426,935	(3,752,174)	5,678,725
Works of art, historical treasures, and similar assets	<u>95,346</u>	<u>–</u>	<u>–</u>	<u>95,346</u>
Total capital assets not being depreciated	<u>7,314,795</u>	<u>7,426,935</u>	<u>(3,752,174)</u>	<u>10,989,556</u>
Other capital assets:				
Buildings and improvements	58,312,205	1,811,842	–	60,124,047
Machinery, equipment, and other	10,897,412	995,617	(1,857,329)	10,035,700
Vehicles	860,624	8,025	(8,920)	859,729
Depreciable land improvements	5,433,117	1,940,332	–	7,373,449
Intangibles	<u>512,750</u>	<u>–</u>	<u>–</u>	<u>512,750</u>
Total other capital assets at historical cost	<u>76,016,108</u>	<u>4,755,816</u>	<u>(1,866,249)</u>	<u>78,905,675</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,332,885)	(1,571,777)	–	(19,904,662)
Machinery, equipment, and other	(9,398,464)	(866,284)	1,673,202	(8,591,546)
Vehicles	(809,972)	(38,355)	8,920	(839,407)
Depreciable land improvements	(2,920,012)	(349,053)	–	(3,269,065)
Intangibles	<u>(512,750)</u>	<u>–</u>	<u>–</u>	<u>(512,750)</u>
Total accumulated depreciation	<u>(31,974,083)</u>	<u>(2,825,469)</u>	<u>1,682,122</u>	<u>(33,117,430)</u>
Other capital assets, net	<u>44,042,025</u>	<u>1,930,347</u>	<u>(184,127)</u>	<u>45,788,245</u>
Capital assets, net	<u>\$ 51,356,820</u>	<u>\$ 9,357,282</u>	<u>\$ (3,936,301)</u>	<u>\$ 56,777,801</u>

<u>Discretely Presented Component Unit</u>	<u>Beginning Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance June 30, 2008</u>
Depreciable capital assets:				
Equipment	\$ 60,000	\$ –	\$ (60,000)	\$ –
Total depreciable capital assets	<u>60,000</u>	<u>–</u>	<u>(60,000)</u>	<u>–</u>
Less accumulated depreciation:				
Equipment	<u>(7,500)</u>	<u>–</u>	<u>7,500</u>	<u>–</u>
Total accumulated depreciation	<u>(7,500)</u>	<u>–</u>	<u>7,500</u>	<u>–</u>
Capital assets, net	<u>\$ 52,500</u>	<u>\$ –</u>	<u>\$ (52,500)</u>	<u>\$ –</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS

The Retirement Division of the State Budget and Control Board maintains four 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 Financial Services, South Carolina Retirement Systems, PO Box 11960, Columbia, South Carolina 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

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, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

South Carolina Retirement System

The majority of employees of Midlands Technical College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally, all State employees 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. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

From July 1, 1988, to June 30, 2005, employees participating in the SCRS were required to contribute 6.0 percent of all compensation. On July 1, 2005, the required employee contribution increased to 6.25 percent. On July 1, 2006, the required employee contribution increased to 6.50 percent. Effective July 1, 2007, the employer contribution rate became 12.48 percent which included a 3.42 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2008, 2007, and 2006, were \$2,975,357, \$3,445,081, and

\$3,128,133, respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for fiscal year 2006, 8.05 percent (excluding the surcharge) for fiscal year 2007, and 9.06 percent (excluding the surcharge) for 2008. Also, the College paid employer group-life insurance contributions of \$49,261 in the current fiscal year at the rate of 0.15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. 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 the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance 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.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2007, the employer contribution rate became 13.72 percent, which, as for the SCRS, included the 3.42 percent surcharge. The College's actual contributions to the PORS for the years ending June 30, 2008, 2007, and 2006, were \$21,958, \$26,767, and \$26,101, respectively, and equaled the required contributions of 10.3 percent (excluding the surcharge) for each year. Also, the College paid employer group-life insurance contributions of \$426 and accidental death insurance contributions of \$426 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is 0.20 percent of compensation.

Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 6 – PENSION PLANS (Continued)

investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.06 percent plus the retiree surcharge of 3.42 percent from the employer in fiscal year 2008.

Employees are eligible for group life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for post-retirement group life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$237,804 (excluding the surcharge) from Midlands Technical College as employer and \$170,610 from its employees as plan members. In addition, the College paid to the SCRS employer group life insurance contributions of \$3,937 in the current fiscal year at the rate of 0.15 percent of compensation.

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.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits that will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program, prior to July 1, 2005, will not be required to make SCRS contributions.

SCRS employer contribution will increase by 0.26% effective July 1, 2008.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. “Agency” contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least 10 years of retirement service credit. For new hires May 2, 2008, and after, retirees are eligible for benefits if they have established twenty-five years of service for 100 percent employer funding, and 15 through 24 years of service for 50 percent 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.

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.42% and 3.35% of annual covered payroll for 2008 and 2007, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The College paid approximately \$1,220,206 and \$1,116,548 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2008 and 2007, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2008 and 2007.

Information regarding the cost of insurance benefits applicable to the College’s retirees is not available. By

State law, the College has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

Effective May 1, 2008, the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

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

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

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS (Continued)

categories upon completion. At June 30, 2008, the College had remaining commitment balances of approximately \$729,764 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities. Remaining commitment balances with certain parties related to these projects total \$2,005 at June 30, 2008.

The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, local appropriations, and State capital improvement bond proceeds. The State has issued capital improvement bonds to fund improvements and expansion of State facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenditures have been incurred. The College has \$6,774,079 of authorized State capital improvement bond proceeds available to draw at June 30, 2008.

NOTE 9 – LEASE OBLIGATIONS

Operating Leases

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

<u>Year Ended June 30,</u>	<u>Operating Leases with External Parties</u>
2009	\$ 109,617
2010	82,918
2011	57,523
2012	11,666
2013	<u>11,666</u>
Total Minimum Payments	<u>\$ 273,390</u>

Operating lease payments disbursed to external parties during the fiscal year ended 2008 total \$299,633. The College's contingent rental payments were \$247,327 for copiers with expense determined on a cost-per-copy basis.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 9 – LEASE OBLIGATIONS (Continued)

Capital Lease

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2009	\$ 62,081	\$ 4,547	\$ 66,628
2010	64,314	2,314	66,628
	<u>\$ 126,395</u>	<u>\$ 6,861</u>	<u>\$ 133,256</u>

Capital lease payable at June 30, 2008, consists of a lease secured by computer systems and peripheral equipment, dated May 4, 2005, payable in annual installments of \$66,628, beginning in 2006, and maturing on May 4, 2010, at an interest rate of 3.597%, with an outstanding principal balance of \$126,395 at June 30, 2008. The cost of the equipment was \$499,300 less accumulated depreciation of \$465,847 with a net book value of \$33,453.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 10 – LINE OF CREDIT

The Commission authorized the administration to create a temporary line of credit not to exceed \$1,000,000 if needed to support the operations of the College. The line of credit was not opened during the year.

NOTE 11 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2008, are summarized as follows:

Accounts payable	\$ 2,277,175
Student payable	36,543
Employee payable	22,659
Construction payable	511,552
Retainage payable	<u>220,217</u>
Total accounts payable	<u>\$ 3,068,146</u>

Construction and retainage payable are payables from restricted assets.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 12 – BONDS AND NOTES PAYABLE

Bonds Payable

Bonds payable consisted of the following at June 30, 2008:

	Interest	Maturity	
	Rates	Dates	Balance
General Obligation Bonds			
Series 2007A	4.0% to 5.0%	04/01/2027	\$ 9,865,000
Series 2002C	3.0% to 4.5%	10/01/2021	\$ 4,320,000
Series 1998A	4.5% to 4.7%	03/01/2018	\$ 3,150,000
 Total Bonds Payable			 \$ 17,335,000

General obligation bonds of the State are backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged up to the amount of annual debt requirements for the payment of principal and interest on general obligation bonds. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed 90 percent of the sums received from tuition bond fees for the preceding fiscal year. Tuition bond fees for the

preceding year were \$1,800,000, which results in a legal annual debt service at June 30, 2008, of \$1,620,000. The annual debt service payments for the fiscal year ended June 30, 2008, were \$1,339,843.

The scheduled maturities of the bonds payable are as follows:

<u>General Obligation Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2009	\$ 600,000	\$ 742,299	\$ 1,342,299
2010	625,000	717,630	1,342,630
2011	650,000	691,785	1,341,785
2012	675,000	664,160	1,339,160
2013	705,000	634,930	1,339,930
2014 - 2018	4,035,000	2,685,750	6,720,750
2019 - 2023	5,055,000	1,736,555	6,791,555
2024 - 2028	4,990,000	534,450	5,524,450
Total	<u>\$ 17,335,000</u>	<u>\$ 8,407,559</u>	<u>\$ 25,742,559</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 13 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2008, was as follows:

Bonds and Note Payable	June 30, 2007	Additions	Reductions	June 30, 2008	Due Within One Year
General obligation bonds	\$ 17,910,000	\$ –	\$ (575,000)	\$ 17,335,000	\$ 600,000
Unamortized bond premium	89,009	–	(4,488)	84,521	–*
Capital lease payable	186,320	–	(59,925)	126,395	62,081
Total bonds, notes and capital leases	18,185,329	–	(639,413)	17,545,916	662,081
Accrued compensated absences	3,290,203	1,109,373	(740,966)	3,658,610	235,313
Total Long-Term Liabilities	\$ 21,475,532	\$ 1,109,373	\$ (1,380,379)	\$ 21,204,526	\$ 897,394

*amortized to interest expense, straight line, 20 years

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

At June 30, 2008, temporarily restricted net assets are available for the following specific program services:

Periods after June 30, 2008	\$ 131,071
Specific grant programs	<u>1,014,677</u>
	<u>\$ 1,145,748</u>

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

Scholarships	\$ 4,615
Professional development	170,993
Program support	1,862
Student support	56,484
Total program restrictions released	<u>\$ 233,954</u>
Time restrictions released	<u>\$ 11,174</u>

NOTE 15 – PERMANENTLY RESTRICTED NET ASSETS DISCRETELY PRESENTED COMPONENT UNIT

Permanently restricted net assets of \$2,864,673 at June 30, 2008, are restricted to investment in perpetuity; the income from which is expendable to support the Foundation's objectives.

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 16 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

The College recorded non-governmental gifts receipts of \$471,658 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2008. These funds were used to support College programs such as scholarships. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space and support services to the Foundation. The value of this office space and support services was approximately \$191,313 for the year ended June 30, 2008. Additionally, the Foundation paid the College a total of \$3,000 for administrative services during the year.

NOTE 17 – RISK MANAGEMENT

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

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

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

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

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

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

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

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

NOTE 18 – ACCOUNTING CHANGES AND PRIOR PERIOD ADJUSTMENTS

Restatement of Beginning Net Assets

During the current year certain corrections to beginning net assets were identified. The following summarizes restatements to beginning net assets:

Net Assets at June 30, 2007	\$ 74,472,027
Additions to beginning net assets:	
Correct overstatement of deferred revenue	519,042
Reductions to beginning net assets:	
Correct overstatement of capital assets	(183,166)
Correct understatement of workers' compensation liability	(106,758)
Restated net assets at June 30, 2007	<u>\$ 74,701,145</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 19 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2008, are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Other Services</u>	<u>Depreciation</u>	<u>Total</u>
Instructional	\$ 23,198,430	\$ 5,645,690	\$ 186	\$ -	\$ 2,885,924	\$ -	\$ 31,730,230
Academic Support	3,879,336	1,157,315	2,700	-	2,322,553	-	7,361,904
Student Services	7,272,366	1,813,056	-	-	1,190,537	-	10,275,959
Plant Operations	1,852,303	609,657	-	1,530,552	5,367,999	-	9,360,511
Institutional Support	4,434,156	1,246,205	478	-	2,283,997	-	7,964,836
Scholarships	-	-	9,143,361	-	-	-	9,143,361
Auxiliary Enterprises	857,219	196,622	-	26,749	6,040,164	-	7,120,754
Public Service	-	-	-	-	50,240	-	50,240
Depreciation	-	-	-	-	-	2,825,469	2,825,469
Total Operating Expenses	<u>\$ 41,493,810</u>	<u>\$ 10,668,545</u>	<u>\$ 9,146,725</u>	<u>\$ 1,557,301</u>	<u>\$ 20,141,414</u>	<u>\$ 2,825,469</u>	<u>\$ 85,833,264</u>

MIDLANDS TECHNICAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

NOTE 20 – STATEMENT OF ACTIVITIES

Midlands Technical College's transactions are reported in the Higher Education Fund, an enterprise fund, of the State of South Carolina. Following is information needed to present the College's business-type activities in the State's government-wide Statement of Activities.

	<u>2008</u>	<u>2007</u>	<u>Increase/ (Decrease)</u>
Charges for services	\$ 57,066,321	\$ 53,569,732	\$ 3,496,589
Operating grants and contributions	9,785,004	9,784,233	771
Capital grants and contributions	2,201,079	1,896,418	304,661
Less: expenses	<u>(86,169,069)</u>	<u>(81,117,246)</u>	<u>(5,051,823)</u>
Net program revenue (expense)	<u>(17,116,665)</u>	<u>(15,866,863)</u>	<u>(1,249,802)</u>
Transfers:			
State appropriation	21,417,186	19,759,248	1,657,938
Research university infrastructure bond proceeds	<u>657,051</u>	<u>339,970</u>	<u>317,081</u>
Total general revenue and transfers	<u>22,074,237</u>	<u>20,009,218</u>	<u>1,975,019</u>
Change in net assets	4,957,572	4,256,564	701,008
Prior year adjustments	229,118	(24,209)	253,327
Net assets-beginning	<u>74,472,027</u>	<u>70,239,672</u>	<u>4,232,355</u>
Net assets-ending	<u>\$ 79,658,717</u>	<u>\$ 74,472,027</u>	<u>\$ 5,186,690</u>

NOTE 21 – TRANSACTION WITH OTHER AGENCIES

The College had significant transactions with the State of South Carolina and various agencies. Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General. Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

NOTE 22 – SUBSEQUENT EVENTS

On September 17, 2008, the Midlands Technical College Commission and the board of the Enterprise Campus Authority (ECA) authorized the transfer of land and building with a book value of approximately \$7 million from the College to the ECA.

STATISTICAL SECTION

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

CONTENTS

SCHEDULES

Financial Trends

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

1 - 4

Revenue Capacity

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

5 - 8

Debt Capacity

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

9 - 10

Demographic and Economic Information

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

11 - 12

Operating Information

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

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FINANCIAL TRENDS



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MIDLANDS TECHNICAL COLLEGE
SCHEDULE OF NET ASSETS BY COMPONENT
Fiscal Years 2002 - 2008

	For the Year Ended June 30,						
	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 43,701,689	\$ 41,282,858	\$ 41,863,617	\$ 42,354,530	\$ 40,695,692	\$ 46,821,316	\$ 42,557,763
Restricted for Expendable:							
Capital projects	29,572,710	27,511,577	22,734,164	20,241,902	18,473,541	12,085,610	11,787,687
Debt service	1,036,401	550,985	226,150	91,547	146,043	124,283	59,982
Unrestricted ^a	<u>5,347,917</u>	<u>5,355,725</u>	<u>5,415,743</u>	<u>4,710,567</u>	<u>4,407,885</u>	<u>4,165,611</u>	<u>3,892,549</u>
Total College net assets	<u>\$ 79,658,717</u>	<u>\$ 74,701,145</u>	<u>\$ 70,239,674</u>	<u>\$ 67,398,546</u>	<u>\$ 63,723,161</u>	<u>\$ 63,196,820</u>	<u>\$ 58,297,981</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.
^a Beginning in 2006, the unrestricted net assets includes the Midlands Technical College Enterprise Campus Authority.

Source: Midlands Technical College Audited Financial Statements

Schedule 2

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF OTHER CHANGES IN NET ASSETS
Fiscal Years 2002 - 2008

	For the Year Ended June 30,						
	2008	2007	2006	2005	2004	2003	2002
Income Before Other Revenues, Expenses, Gains or Losses	\$ 2,099,442	\$ 1,995,967	\$ 956,477	\$ 952,604	\$ 1,495,602	\$ 129,313	\$ 2,077,407
State capital appropriations	-	-	181,858	-	-	90,574	510,651
Other	-	107,250	-	-	-	-	-
Local capital appropriations	2,008,293	1,762,000	1,727,000	1,693,000	1,661,000	2,886,859	800,000
Research university infrastructure bonds	657,051	339,970	-	-	-	-	-
Proceeds from state capital improvement bonds	118,615	-	-	-	-	1,758,688	6,658,896
Proceeds from state institution bonds	-	-	-	-	-	33,405	-
Contributed capital assets	74,171	27,168	-	652,380	-	-	-
Gain on disposal of capital assets	-	-	-	384,212	-	-	-
Total increase in net assets	<u>\$ 4,957,572</u>	<u>\$ 4,232,355</u>	<u>\$ 2,865,335</u>	<u>\$ 3,682,196</u>	<u>\$ 3,156,602</u>	<u>\$ 4,898,839</u>	<u>\$ 10,046,954</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

Source: Midlands Technical College Audited Financial Statements

Schedule 3

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF EXPENSES BY FUNCTION
Fiscal Years 2002 - 2008

	For the Year Ended June 30,						
	2008	2007	2006	2005	2004	2003	2002
Expenses:							
Instruction	\$ 31,730,230	\$ 30,216,217	\$ 25,277,930	\$ 24,500,016	\$ 23,860,773	\$ 23,170,134	\$ 22,270,481
Academic Support	7,361,904	7,751,721	11,030,361	11,602,944	8,441,232	9,078,844	7,428,017
Student Services	10,275,959	9,006,646	9,163,890	8,860,551	8,359,302	7,811,033	7,475,511
Operation and Maintenance of Plant	9,360,511	8,456,033	7,366,825	5,545,289	5,654,610	4,929,832	4,024,633
Institutional Support	7,964,836	7,793,643	7,776,530	7,837,847	8,075,989	8,439,172	8,235,131
Scholarships	9,143,361	7,657,801	7,563,351	8,266,923	7,605,148	2,509,298	341,915
Auxiliary Enterprises	7,120,754	6,934,043	6,520,301	6,174,328	5,943,317	2,800,393	2,594,131
Public Service ^a	50,240	-	-	-	-	-	-
Depreciation	2,825,469	2,942,705	3,195,626	3,114,946	2,731,849	2,801,639	2,625,318
Total Operating Expenses ^b	<u>85,833,264</u>	<u>80,758,809</u>	<u>77,894,814</u>	<u>75,902,844</u>	<u>70,672,220</u>	<u>61,540,345</u>	<u>54,995,137</u>
Interest on capital asset-related debt	819,216	358,435	316,707	387,754	407,341	493,206	447,526
Loss on disposal of capital assets	-	9,021	11,098	-	11,453	-	-
Total Expenses	<u>\$ 86,652,480</u>	<u>\$ 81,126,265</u>	<u>\$ 78,222,619</u>	<u>\$ 76,290,598</u>	<u>\$ 71,091,014</u>	<u>\$ 62,033,551</u>	<u>\$ 55,442,663</u>

	For the Year Ended June 30, (percentage of total)						
	2008	2007	2006	2005	2004	2003	2002
Expenses:							
Instruction	36.6%	37.3%	32.4%	32.1%	33.4%	37.5%	40.1%
Academic Support	8.5%	9.6%	14.1%	15.2%	11.9%	14.6%	13.4%
Student Services	11.9%	11.1%	11.7%	11.6%	11.8%	12.6%	13.5%
Operation and Maintenance of Plant	10.8%	10.4%	9.4%	7.3%	8.0%	7.9%	7.3%
Institutional Support	9.2%	9.6%	9.9%	10.3%	11.4%	13.6%	14.9%
Scholarships	10.6%	9.4%	9.7%	10.8%	10.7%	4.0%	0.6%
Auxiliary Enterprises	8.2%	8.5%	8.3%	8.1%	8.4%	4.5%	4.7%
Public Service	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Depreciation	3.3%	3.6%	4.1%	4.1%	3.8%	4.5%	4.7%
Total Operating Expenses ^c	<u>99.1%</u>	<u>99.5%</u>	<u>99.6%</u>	<u>99.5%</u>	<u>99.4%</u>	<u>99.2%</u>	<u>99.2%</u>
Interest on capital asset-related debt	0.9%	0.5%	0.4%	0.5%	0.6%	0.8%	0.8%
Loss on disposal of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Expenses	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Note: ^a Public Service added in 2008 for the Enterprise Campus Authority.

^b Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

^c There was a change in allocation estimates beginning with the 2007 fiscal year from telephone usage to square footage.

Source: Midlands Technical College Audited Financial Statements

Schedule 4

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF EXPENSES BY USE
Fiscal Years 2002 - 2008

	For the Year Ended June 30,						
	2008	2007	2006	2005	2004	2003	2002
Expenses:							
Salaries	\$ 41,493,810	\$ 38,946,598	\$ 37,437,269	\$ 35,475,529	\$ 32,879,920	\$ 31,727,924	\$ 30,586,060
Benefits	10,668,545	9,761,904	8,762,729	8,346,803	8,270,566	7,830,747	7,106,237
Scholarships	9,146,725	7,664,137	7,567,105	8,266,923	7,605,148	2,509,298	341,915
Utilities	1,557,301	1,507,205	1,478,465	1,322,563	1,310,794	1,178,237	1,004,628
Supplies and other services	20,141,414	19,936,260	19,453,620	19,376,080	17,873,943	15,492,500	13,330,979
Depreciation	<u>2,825,469</u>	<u>2,942,705</u>	<u>3,195,626</u>	<u>3,114,946</u>	<u>2,731,849</u>	<u>2,801,639</u>	<u>2,625,318</u>
Total Operating Expenses	<u>85,833,264</u>	<u>80,758,809</u>	<u>77,894,814</u>	<u>75,902,844</u>	<u>70,672,220</u>	<u>61,540,345</u>	<u>54,995,137</u>
Interest on capital asset-related debt	819,216	358,435	316,707	387,754	407,341	493,206	447,526
Loss on disposal of capital assets	-	9,021	11,098	-	11,453	-	-
Total Expenses	<u>\$ 86,652,480</u>	<u>\$ 81,126,265</u>	<u>\$ 78,222,619</u>	<u>\$ 76,290,598</u>	<u>\$ 71,091,014</u>	<u>\$ 62,033,551</u>	<u>\$ 55,442,663</u>

	For the Year Ended June 30,						
	<i>(percentage of total)</i>						
	2008	2007	2006	2005	2004	2003	2002
Expenses:							
Salaries	47.9%	48.0%	47.8%	46.6%	46.4%	51.2%	55.3%
Benefits	12.3%	12.0%	11.2%	10.9%	11.6%	12.6%	12.8%
Scholarships	10.6%	9.4%	9.7%	10.8%	10.7%	4.0%	0.6%
Utilities	1.8%	1.9%	1.9%	1.7%	1.8%	1.9%	1.8%
Supplies and other services	23.2%	24.6%	24.9%	25.4%	25.1%	25.0%	24.0%
Depreciation	<u>3.3%</u>	<u>3.6%</u>	<u>4.1%</u>	<u>4.1%</u>	<u>3.8%</u>	<u>4.5%</u>	<u>4.7%</u>
Total Operating Expenses	<u>99.1%</u>	<u>99.5%</u>	<u>99.6%</u>	<u>99.5%</u>	<u>99.4%</u>	<u>99.2%</u>	<u>99.2%</u>
Interest on capital asset-related debt	0.9%	0.5%	0.4%	0.5%	0.6%	0.8%	0.8%
Loss on disposal of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Expenses	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available.

Source: Midlands Technical College Audited Financial Statements

REVENUE CAPACITY



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MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF REVENUES BY SOURCE
Fiscal Years 2002 – 2008

	For the Year Ended June 30,						
	2008	2007	2006	2005	2004	2003	2002
Revenues:							
Student tuition and fees (net of scholarship allowances)	\$ 25,260,302	\$ 23,468,385	\$ 21,991,171	\$ 22,071,267	\$ 21,447,627	\$ 11,878,505	\$ 10,666,408
Federal grants and contracts	15,112,269	13,584,530	13,125,843	14,198,013	13,244,727	12,559,529	11,091,433
State grants and contracts	9,784,694	10,079,966	9,263,216	7,708,835	6,916,114	6,537,431	1,190,540
Nongovernmental grants and contracts	23,312	195,870	265,726	996,733	219,232	55,238	45,165
Sales and services	47,920	59,011	65,595	66,857	55,172	61,154	66,350
Auxiliary enterprises (net of book allowances)	6,837,824	6,181,968	5,842,028	5,909,485	5,586,006	3,591,881	3,313,459
Other operating revenues	<u>732,096</u>	<u>742,382</u>	<u>707,089</u>	<u>562,669</u>	<u>598,040</u>	<u>639,050</u>	<u>433,355</u>
Total Operating Revenues	<u>57,798,417</u>	<u>54,312,112</u>	<u>51,260,668</u>	<u>51,513,859</u>	<u>48,066,918</u>	<u>35,322,788</u>	<u>26,806,710</u>
State appropriations	21,417,186	19,759,248	19,059,973	19,014,685	18,323,689	21,767,831	23,757,529
Local appropriations	7,550,862	7,198,337	7,628,088	5,915,254	5,758,676	5,484,775	6,418,590
Investment income	1,951,341	1,832,051	1,189,573	664,880	256,266	297,464	368,970
Federal grants and contracts	33,116	20,484	22,816	25,887	26,025	30,184	138,914
State grants and contracts	-	-	17,978	194,714	155,042	92,358	29,358
State capital appropriations	118,615	-	181,858	-	-	90,574	510,651
Local capital appropriations	2,008,293	1,762,000	1,727,000	1,693,000	1,661,000	2,886,859	800,000
Capital asset contributions	74,171	27,168	-	652,380	-	-	-
Proceeds from state capital improvement bonds	-	-	-	-	-	1,758,688	-
Proceeds from state institution bonds	-	-	-	-	-	33,405	6,658,896
Gains on disposal of capital assets	-	-	-	384,212	-	115,767	-
Research university infrastructure bonds	657,051	339,970	-	-	-	-	-
Other	<u>1,000</u>	<u>107,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues	<u>33,811,635</u>	<u>31,046,508</u>	<u>29,827,286</u>	<u>28,545,012</u>	<u>26,180,698</u>	<u>32,557,905</u>	<u>38,682,908</u>
Total Revenues	<u>\$ 91,610,052</u>	<u>\$ 85,358,620</u>	<u>\$ 81,087,954</u>	<u>\$ 80,058,871</u>	<u>\$ 74,247,616</u>	<u>\$ 67,880,693</u>	<u>\$ 65,489,618</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available. Certain classifications of revenues for fiscal years 2002-03 were changed to conform to subsequent reporting years for consistency.

Source: Midlands Technical College Audited Financial Statements

Schedule 5 (continued)

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF REVENUES BY SOURCE

Fiscal Years 2002 - 2008

(continued)

	For the Year Ended June 30,						
	<i>(percentage of total)</i>						
	2008	2007	2006	2005	2004	2003	2002
Revenues:							
Student tuition and fees (net of scholarship allowances)	27.6%	27.5%	27.1%	27.6%	28.9%	17.5%	16.3%
Federal grants and contracts	16.5%	15.9%	16.2%	17.7%	17.8%	18.5%	16.9%
State grants and contracts	10.7%	11.8%	11.4%	9.6%	9.3%	9.6%	1.8%
Nongovernmental grants and contracts	0.0%	0.2%	0.3%	1.3%	0.3%	0.1%	0.1%
Sales and services	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Auxiliary enterprises (net of book allowances)	7.5%	7.2%	7.2%	7.4%	7.5%	5.2%	5.1%
Other operating revenues	<u>0.8%</u>	<u>0.9%</u>	<u>0.9%</u>	<u>0.7%</u>	<u>0.8%</u>	<u>0.9%</u>	<u>0.7%</u>
Total Operating Revenues	<u>63.1%</u>	<u>63.6%</u>	<u>63.2%</u>	<u>64.4%</u>	<u>64.7%</u>	<u>51.9%</u>	<u>41.0%</u>
State appropriations	23.4%	23.1%	23.6%	23.8%	24.7%	32.2%	36.1%
Local appropriations	8.2%	8.4%	9.4%	7.4%	7.8%	8.1%	9.9%
Investment income	2.1%	2.1%	1.5%	0.8%	0.4%	0.4%	0.6%
Federal grants and contracts	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
State grants and contracts	0.0%	0.0%	0.0%	0.2%	0.2%	0.1%	0.0%
State capital appropriations	0.1%	0.0%	0.2%	0.0%	0.0%	0.1%	0.8%
Local capital appropriations	2.2%	2.1%	2.1%	2.1%	2.2%	4.3%	1.2%
Capital contributions	0.1%	0.0%	0.0%	0.8%	0.0%	0.0%	0.0%
Proceeds from state capital improvement bonds	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	0.0%
Proceeds from state institution bonds	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.2%
Gains on disposal of capital assets	0.0%	0.0%	0.0%	0.5%	0.0%	0.1%	0.0%
Research university infrastructure bonds	0.7%	0.4%	0.0%	0.0%	0.0%	0.2%	0.0%
Other	<u>0.0%</u>	<u>0.1%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Total Nonoperating Revenues	<u>36.9%</u>	<u>36.4%</u>	<u>36.8%</u>	<u>35.6%</u>	<u>35.3%</u>	<u>48.1%</u>	<u>59.0%</u>
Total Revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2008 are available. Certain classifications of revenues for fiscal years 2002-03 were changed to conform to subsequent reporting years for consistency.

Source: Midlands Technical College Audited Financial Statements

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

		<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Technical Colleges											
In-County											
Aiken	a	\$ 3,298	\$ 3,190	\$ 3,036	\$ 2,836	\$ 2,600	\$ 2,192	\$ 1,800	\$ 1,300	\$ 1,110	
Central Carolina	a	\$ 2,920	\$ 2,900	\$ 2,700	\$ 2,500	\$ 2,500	\$ 2,092	\$ 1,700	\$ 1,200	\$ 1,038	
Denmark	a	\$ 2,278	\$ 2,278	\$ 2,378	\$ 2,278	\$ 2,248	\$ 2,152	\$ 1,700	\$ 1,080	\$ 1,080	
Florence-Darlington	a	\$ 3,190	\$ 3,074	\$ 3,026	\$ 2,986	\$ 2,976	\$ 2,112	\$ 1,720	\$ 1,500	\$ 1,320	
Greenville	a	\$ 3,290	\$ 3,190	\$ 3,000	\$ 2,900	\$ 2,600	\$ 2,142	\$ 1,750	\$ 1,500	\$ 1,300	
Horry-Georgetown	a	\$ 3,114	\$ 2,944	\$ 2,800	\$ 2,680	\$ 2,394	\$ 2,136	\$ 1,744	\$ 1,363	\$ 1,235	
Midlands	a	\$ 3,244	\$ 3,100	\$ 3,004	\$ 2,908	\$ 2,836	\$ 2,192	\$ 1,800	\$ 1,396	\$ 1,300	
Northeastern TC	a	\$ 2,982	\$ 2,646	\$ 2,526	\$ 2,346	\$ 2,346	\$ 2,092	\$ 1,705	\$ 1,225	\$ 1,100	
Orangeburg-Calhoun	a	\$ 2,832	\$ 2,832	\$ 2,640	\$ 2,640	\$ 2,496	\$ 1,992	\$ 1,700	\$ 1,296	\$ 1,104	
Piedmont	a	\$ 3,126	\$ 2,956	\$ 2,860	\$ 2,740	\$ 2,596	\$ 2,350	\$ 1,760	\$ 1,300	\$ 1,224	
Spartanburg	a	\$ 3,194	\$ 3,094	\$ 2,902	\$ 2,806	\$ 2,660	\$ 2,132	\$ 1,740	\$ 1,400	\$ 1,300	
TC of the Lowcountry	a	\$ 3,150	\$ 3,050	\$ 3,050	\$ 2,900	\$ 2,600	\$ 2,142	\$ 1,700	\$ 1,250	\$ 1,150	
Tri County	a	\$ 2,976	\$ 2,856	\$ 2,738	\$ 2,546	\$ 2,450	\$ 2,022	\$ 1,800	\$ 1,200	\$ 1,100	
Trident	a	\$ 3,220	\$ 3,114	\$ 2,950	\$ 2,688	\$ 2,446	\$ 2,092	\$ 1,700	\$ 1,300	\$ 1,140	
Williamsburg	a	\$ 2,830	\$ 2,830	\$ 2,692	\$ 2,692	\$ 2,112	\$ 2,112	\$ 1,700	\$ 1,100	\$ 840	
York	a	\$ 3,124	\$ 3,124	\$ 3,036	\$ 2,886	\$ 2,736	\$ 2,108	\$ 1,712	\$ 1,236	\$ 1,140	
Two-Year Regional Campuses of USC											
In-State											
USC - Lancaster	a	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	\$ 2,100	
USC - Salkehatchie	a	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	\$ 2,100	
USC - Sumter	a	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	\$ 2,100	
USC - Union	a	\$ 4,868	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	\$ 2,100	

Source: South Carolina Commission on Higher Education

a Data not available

Schedule 6 (continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Technical Colleges										
Out of State										
Aiken	a	\$ 9,222	\$ 8,906	\$ 8,518	\$ 7,942	\$ 7,300	\$ 4,124	\$ 5,060	\$ 3,740	\$ 3,270
Central Carolina	a	\$ 5,176	\$ 5,156	\$ 4,800	\$ 5,118	\$ 5,188	\$ 4,604	\$ 3,844	\$ 3,344	\$ 2,892
Denmark	a	\$ 4,366	\$ 4,366	\$ 4,466	\$ 4,466	\$ 4,036	\$ 4,144	\$ 3,400	\$ 2,160	\$ 2,160
Florence-Darlington	a	\$ 5,286	\$ 5,286	\$ 5,122	\$ 5,082	\$ 5,072	\$ 4,208	\$ 3,720	\$ 3,500	\$ 3,070
Greenville	a	\$ 6,698	\$ 6,490	\$ 6,110	\$ 5,900	\$ 5,550	\$ 4,542	\$ 3,800	\$ 3,500	\$ 3,250
Horry-Georgetown	a	\$ 4,914	\$ 4,408	\$ 4,408	\$ 4,288	\$ 4,248	\$ 4,248	\$ 3,788	\$ 2,655	\$ 2,897
Midlands	a	\$ 9,532	\$ 9,100	\$ 8,812	\$ 8,524	\$ 8,308	\$ 6,436	\$ 5,200	\$ 3,988	\$ 3,700
Northeastern TC	a	\$ 5,454	\$ 5,118	\$ 4,110	\$ 3,936	\$ 3,936	\$ 3,700	\$ 3,365	\$ 3,386	\$ 3,300
Orangeburg-Calhoun	a	\$ 4,464	\$ 4,464	\$ 4,464	\$ 4,464	\$ 4,464	\$ 3,940	\$ 3,624	\$ 3,408	\$ 3,336
Piedmont	a	\$ 4,734	\$ 4,564	\$ 4,468	\$ 4,372	\$ 4,252	\$ 3,748	\$ 3,210	\$ 2,200	\$ 1,962
Spartanburg	a	\$ 6,110	\$ 5,988	\$ 5,490	\$ 5,370	\$ 5,200	\$ 4,332	\$ 3,940	\$ 3,600	\$ 3,240
TC of the Lowcountry	a	\$ 6,912	\$ 5,932	\$ 5,932	\$ 3,860	\$ 3,860	\$ 3,860	\$ 3,710	\$ 3,710	\$ 3,710
Tri County	a	\$ 6,594	\$ 6,348	\$ 6,084	\$ 5,916	\$ 5,820	\$ 5,510	\$ 5,480	\$ 3,864	\$ 3,512
Trident	a	\$ 6,100	\$ 5,898	\$ 5,586	\$ 5,274	\$ 4,976	\$ 4,492	\$ 2,880	\$ 3,672	\$ 3,310
Williamsburg	a	\$ 5,292	\$ 5,292	\$ 4,990	\$ 4,990	\$ 4,968	\$ 3,912	\$ 2,880	\$ 2,480	\$ 2,640
York	a	\$ 7,000	\$ 7,000	\$ 6,664	\$ 6,336	\$ 6,016	\$ 5,204	\$ 5,100	\$ 5,016	\$ 3,072
Two-Year Regional Campuses of USC										
Out of State										
USC - Lancaster	a	\$ 11,780	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	\$ 5,198
USC - Salkehatchie	a	\$ 11,780	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	\$ 5,198
USC - Sumter	a	\$ 11,780	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	\$ 5,198
USC - Union	a	\$ 11,780	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	\$ 5,198

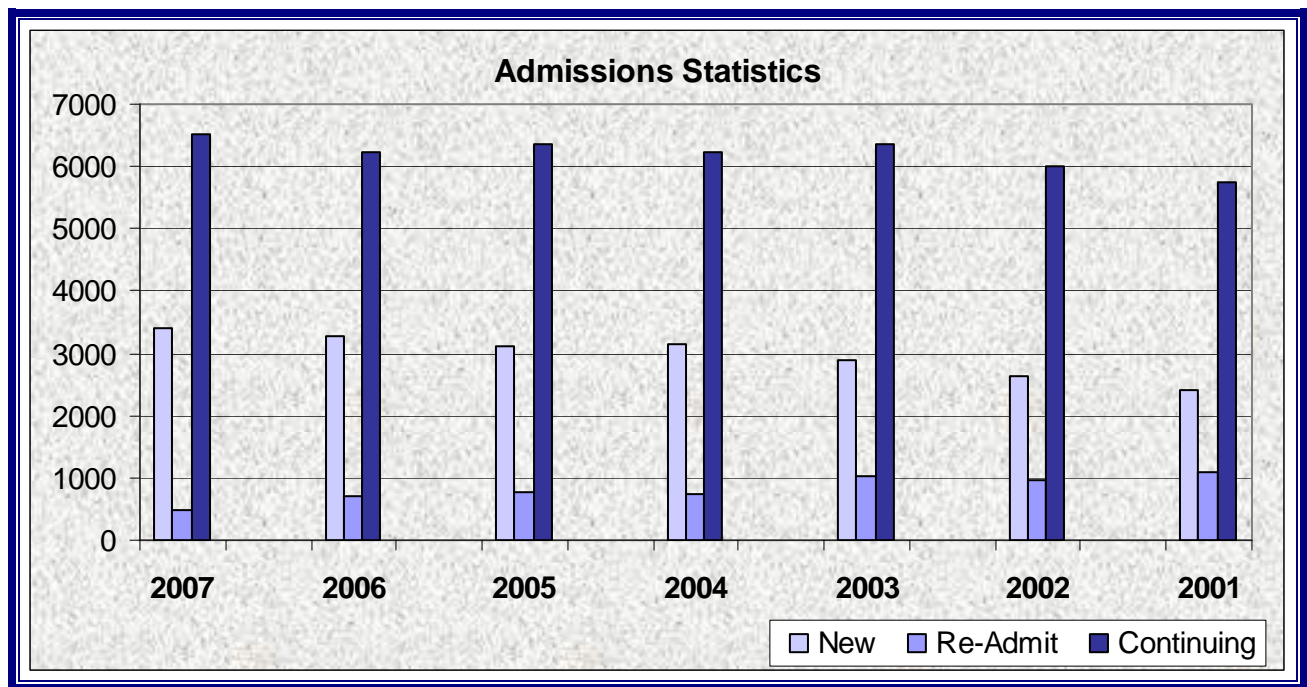
Source: South Carolina Commission on Higher Education

a Data not available

MIDLANDS TECHNICAL COLLEGE

ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS Last Ten Academic Years

	Academic Year Beginning in Fall									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Degree Seeking Students										
Admissions - Freshman										
New	3,402	3,281	3,126	3,154	2,885	2,624	2,397	a	a	a
Re-admit	472	721	773	752	1,038	959	1,077	a	a	a
Continuing	<u>6,532</u>	<u>6,221</u>	<u>6,344</u>	<u>6,238</u>	<u>6,358</u>	<u>6,014</u>	<u>5,758</u>	a	a	a
Total	<u>10,406</u>	<u>10,223</u>	<u>10,243</u>	<u>10,144</u>	<u>10,281</u>	<u>9,597</u>	<u>9,232</u>	a	a	a



Notes:

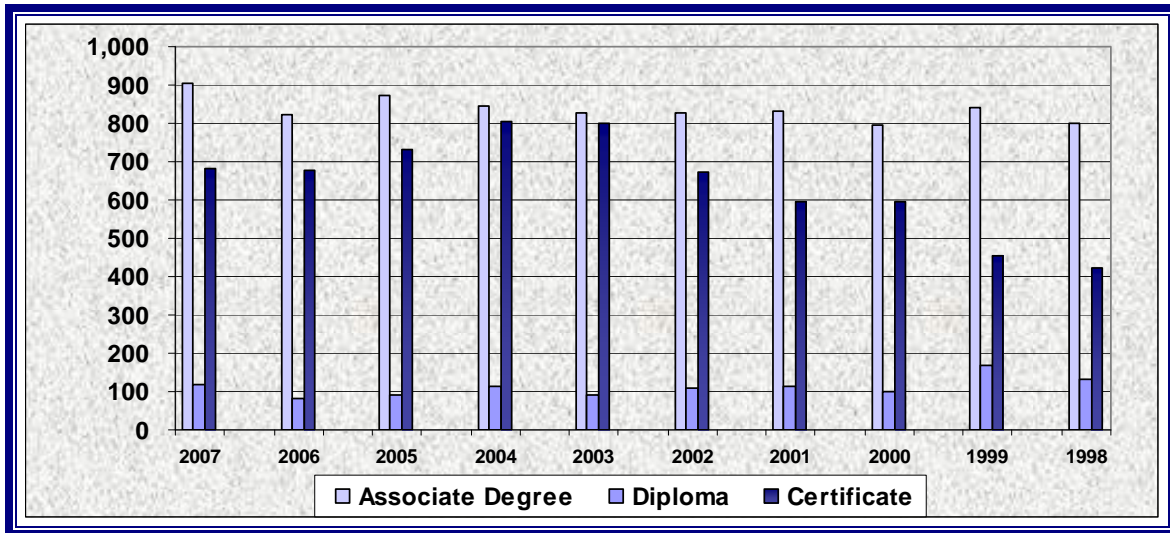
*Midlands Technical College has an open enrollment policy.
All figures are unduplicated unless otherwise stated.*

a Admissions data for 1998-2000 is not available due to system conversion.

MIDLANDS TECHNICAL COLLEGE

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

	Academic Year Beginning in Fall									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Enrollment (Credit Programs only)										
Undergraduate FTE	8,005	7,822	7,770	7,807	7,710	7,544	7,165	6,832	6,837	6,953
Undergraduate headcount	15,602	15,426	15,551	15,460	15,317	15,002	14,578	13,998	14,145	14,434
Percentage of men	38%	37%	37%	37%	38%	39%	40%	41%	41%	41%
Percentage of women	62%	63%	63%	63%	62%	61%	60%	59%	59%	59%
Percentage of African-American	35%	37%	37%	37%	37%	36%	34%	32%	33%	33%
Percentage of Hispanic	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Percentage of white	56%	55%	55%	54%	55%	53%	53%	53%	58%	59%
Percentage of other	6%	6%	6%	7%	7%	9%	11%	13%	7%	7%
Degrees Granted										
	(Based on IPEDS terms beginning Summer, Fall, Spring)									
Associate Degree	904	824	872	844	828	827	831	796	841	800
Diploma	116	80	93	113	93	110	115	101	166	131
Certificate	680	679	732	805	799	675	594	594	456	421
Total Awarded	1,700	1,583	1,697	1,762	1,720	1,612	1,540	1,491	1,463	1,352



Notes:

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

Schedule 8

MIDLANDS TECHNICAL COLLEGE

CREDIT STUDENT ENROLLMENT PERCENTAGES BY COUNTY
Last Ten Fall Term

Historic County of Residence

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Richland	48%	48%	48%	47%	47%	47%	46%	49%	50%	50%
Lexington	34%	35%	35%	35%	35%	35%	34%	33%	33%	34%
Fairfield	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Other	<u>16%</u>	<u>15%</u>	<u>15%</u>	<u>16%</u>	<u>16%</u>	<u>16%</u>	<u>18%</u>	<u>16%</u>	<u>15%</u>	<u>14%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Historic Campus of Attendance*

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Airport	51%	51%	52%	52%	50%	50%	48%	48%	48%	48%
Beltline	39%	39%	39%	40%	42%	43%	47%	48%	48%	47%
Other	<u>10%</u>	<u>10%</u>	<u>9%</u>	<u>8%</u>	<u>8%</u>	<u>7%</u>	<u>5%</u>	<u>4%</u>	<u>4%</u>	<u>5%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Historic Average Age

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Average Age	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>27</u>

*Note: Does not include Harbison Campus, which offers continuing education courses only.

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DEBT CAPACITY



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MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF RATIOS OF OUTSTANDING BONDED DEBT

Last Ten Fiscal Years

(dollars in thousands, except for per student)

	For the Year Ended June 30,				
	2008	2007	2006	2005	2004
General obligation bonds	\$ 17,335	\$ 17,910	\$ 8,330	\$ 8,725	\$ 9,105
Total outstanding debt	\$ 17,335	\$ 17,910	\$ 8,330	\$ 8,725	\$ 9,105
Full-time equivalent students					
Credit	7,775	7,802	7,741	7,539	7,786
Continuing Education	649	628	626	658	679
Total enrollment	8,424	8,430	8,367	8,197	8,465
Outstanding debt per FTE	\$ 2,058	\$ 2,125	\$ 996	\$ 1,064	\$ 1,076

Notes: Other debt on the Statement of Net Assets includes Notes Payable, which is not material to this presentation.
Continuing Education contact hours converted to full-time equivalent enrollment.

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

Schedule 9 (continued)

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF RATIOS OF OUTSTANDING BONDED DEBT

Last Ten Fiscal Years

(dollars in thousands, except for per student)

	For the Year Ended June 30,				
	2003	2002	2001	2000	1999
General obligation bonds	\$ 9,460	\$ 7,985	\$ 8,360	\$ 8,720	\$ 9,050
Total outstanding debt	\$ 9,460	\$ 7,985	\$ 8,360	\$ 8,720	\$ 9,050
Full-time equivalent students					
Credit	6,957	6,388	6,118	6,844	6,953
Continuing Education	712	744	772	837	826
Total enrollment	7,669	7,132	6,890	7,681	7,779
Outstanding debt per FTE	\$ 1,234	\$ 1,120	\$ 1,213	\$ 1,135	\$ 1,163

Notes: Other debt on the Statement of Net Assets includes Notes Payable, which is not material to this presentation. Continuing Education contact hours converted to full-time equivalent enrollment.

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

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF BOND COVERAGE
Last Ten Fiscal Years

General Obligation Bonds

<u>Fiscal Year Ended June 30,</u>	<u>Budgeted Capital Fees</u>	<u>Debt Service Requirement</u>			<u>Coverage Ratio</u>	
		<u>Total Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>		<u>Total</u>
2008	\$ 1,800,000	\$ 1,800,000	\$ 575,000	\$ 764,843	\$ 1,339,843	1.34
2007	1,800,000	1,800,000	420,000	355,818	775,818	2.32
2006	1,800,000	1,800,000	395,000	370,968	765,968	2.35
2005	1,493,820	1,493,820	380,000	385,393	765,393	1.95
2004	1,132,000	1,132,000	355,000	402,703	757,703	1.49
2003	1,132,000	1,132,000	215,000	486,370	701,370	1.61
2002	1,132,000	1,132,000	375,000	440,211	815,211	1.39
2001	1,281,033	1,281,033	360,000	460,688	820,688	1.56
2000	1,738,500	1,738,500	330,000	479,737	809,737	2.15
1999	1,236,968	1,236,968	300,000	498,063	798,063	1.55

Source: Midlands Technical College Finance and Accounting Office

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DEMOGRAPHIC AND ECONOMIC INFORMATION



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MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

	<u>Population in College's Service Area^a</u>			<u>Per Capita Personal Income^c</u>			<u>Unemployment Rate</u>			
	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>Richland^d</u>	<u>Lexington^d</u>	<u>Fairfield^d</u>	<u>South Carolina^e</u>
2007	357,734	243,270	23,333	b	b	b	5.50%	4.40%	8.60%	5.90%
2006	348,226	240,160	23,810	33,157	33,645	25,427	5.80%	4.70%	8.80%	6.50%
2005	340,078	235,272	24,047	31,518	31,575	23,926	5.90%	4.90%	7.80%	6.70%
2004	335,597	230,861	24,144	30,190	31,282	22,524	6.00%	4.90%	8.00%	6.90% ^f
2003	331,858	226,984	23,827	28,628	29,633	21,414	5.60%	4.50%	10.60%	6.80%
2002	327,830	222,723	23,884	28,166	29,034	21,024	4.80%	4.00%	8.60%	5.40%
2001	323,883	220,037	23,688	27,784	28,641	20,689	4.30%	3.70%	8.70%	5.40%
2000	321,403	216,891	23,547	27,110	28,901	20,045	3.10%	2.60%	4.80%	3.90%
1999	307,279	208,972	22,573	25,577	27,286	19,379	2.50%	1.80%	5.10%	4.50%
1998	304,891	205,044	22,415	25,477	24,973	18,307	2.10%	1.70%	7.80%	4.50%

Sources:

^a Office of Research & Statistics, South Carolina State Budget & Control Board Annual Population Estimates for Counties of South Carolina^b Data not available^c 2006 Per Capita Personal Income is from the Bureau of Economic Analysis^d U.S. Department of Labor Bureau of Labor Statistics County Data^e U.S. Census Bureau Statistical Abstract of the United States^f Labor Market Info Online - Labor Force not seasonally adjusted data

Note: Data not available for 2008.

Schedule 12

MIDLANDS TECHNICAL COLLEGE

PRINCIPAL EMPLOYERS BY COUNTY

June 30, 2008

County		
Richland	Lexington	Fairfield
BlueCross BlueShield of South Carolina	Bi-Lo, Inc.	A T Williams Oil Company, Inc.
Cellco Partnership	Carolina First Bank, Inc.	Fairfield County Board of Disabilities and Special Needs
City of Columbia	Columbia Farms, Inc.	Fairfield County Council
Department of Defense	DIS	Fairfield Electric Cooperative, Inc.
Kilgore Group, Inc.	Family Dollar Stores	Fairfield Healthcare Center, LLC
Midlands Technical College	Lexington County	Fairfield Memorial Hospital
Palmetto GBA, LLC	Lexington County Health Service	Fairfield Middle School
Palmetto Health Alliance, Inc.	Lexington County School District #1	Fluor Daniel, Inc.
Richland County	Lexington County School District #2	Lang Mekra North America, LLC
Richland County School District #1	Lexington County School District #3	MC Squared Finishing Solutions, LLC
Richland County School District #2	Lexington County School District #4	Perry Ellis Meanswear, LLC
Sisters of Charity Providence Hospital	Lexington County School District #5	Plastech Exterior Systems, Inc.
South Carolina Department of Corrections	Lexmed, Inc.	Saint Gobain BTI, Inc.
South Carolina Department of Mental Health	Lowes Home Centers, Inc.	South Carolina Electric and Gas
South Carolina Department of Transportation	Medical Services of America, Inc.	Southern Medical of Ridgeway, Inc.
South Carolina Health and Environmental Control	Michelin Tire Corporation	The Ben Arnold-Sunbelt Beverage
University of South Carolina	Southeastern Freight Lines, Inc.	The Wackenhut Corporation
US Postal Service	Staffing Solutions Southeast, Inc.	Town of Winnsboro
Wal-Mart Associates, Inc.	United Parcel Service	Wal-Mart Associates, Inc.
WJBD VA Medical Center	US Foodservice	Winnsboro Petroleum Company, Inc.
	Wal-Mart Associates, Inc.	

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

Source: South Carolina Employment Security Commission

OPERATING INFORMATION

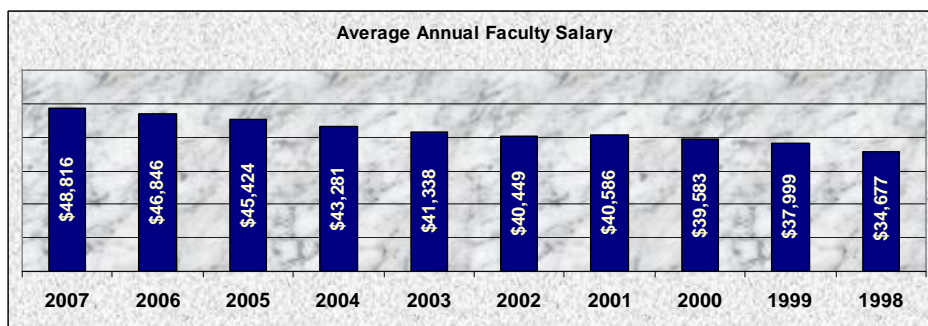
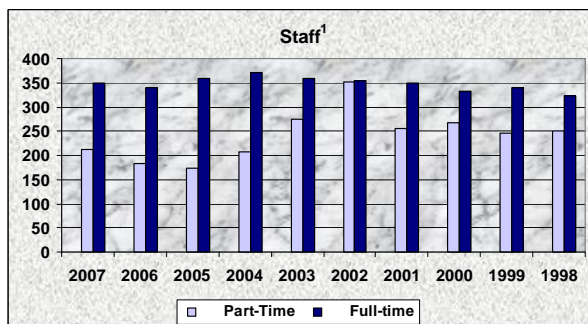
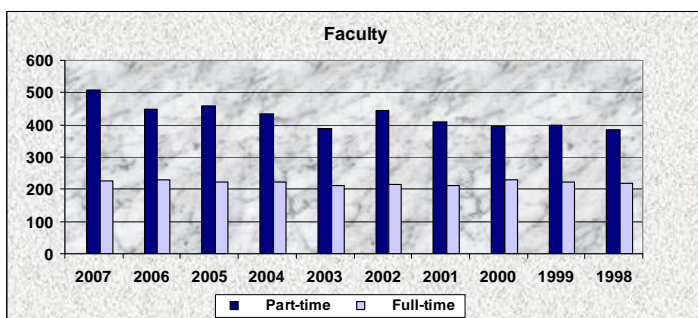


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MIDLANDS TECHNICAL COLLEGE

FACULTY AND STAFF STATISTICS Last Ten Fiscal Years

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Faculty										
Part-time	509	450	458	435	387	444	408	394	400	383
Full-time	225	230	223	221	212	214	213	228	223	218
Staff ¹										
Part-Time	212	183	173	208	275	352	256	268	246	251
Full-time	349	340	358	372	360	355	350	333	340	323
Total Employees	1295	1203	1212	1236	1234	1365	1227	1223	1209	1175
Part-time	721	633	631	643	662	796	664	662	646	634
Full-time	574	570	581	593	572	569	563	561	563	541
Average Annual Faculty Salary	\$ 48,816	\$ 46,846	\$ 45,424	\$ 43,281	\$ 41,338	\$ 40,449	\$ 40,586	\$ 39,583	\$ 37,999	\$ 35,737



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

Note: ¹ Includes administrators
Data not available for 2008.

Schedule 14

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF CAPITAL ASSET INFORMATION BY FUNCTION
Last Five Fiscal Years

	<u>2007</u>	<u>2006²</u>	<u>2005</u>	<u>2004</u>	<u>2003¹</u>
Instruction					
Assignable Square Feet	327,371	331,243	331,243	331,879	331,879
Percent Use	55.31%	55.55%	55.55%	55.64%	55.64%
Public Service					
Assignable Square Feet	575	575	575	575	575
Percent Use	0.10%	0.10%	0.10%	0.10%	0.10%
Academic Support					
Assignable Square Feet	28,209	28,209	28,209	28,209	28,209
Percent Use	4.77%	4.73%	4.73%	4.73%	4.73%
Student Services					
Assignable Square Feet	41,159	41,159	41,159	41,159	41,159
Percent Use	6.95%	6.90%	6.90%	6.90%	6.90%
Institutional Support					
Assignable Square Feet	47,770	47,507	47,507	47,507	47,507
Percent Use	8.07%	7.97%	7.97%	7.97%	7.97%
Plant Operations and Maintenance					
Assignable Square Feet	112,047	112,839	112,839	112,405	112,405
Percent Use	18.93%	18.92%	18.92%	18.85%	18.85%
Auxiliary Enterprises					
Assignable Square Feet	34,712	34,712	34,712	34,712	34,712
Percent Use	5.87%	5.82%	5.82%	5.82%	5.82%
Total Assignable Square Feet	591,843	596,244	596,244	596,446	596,446
Parking Facilities					
Parking spaces available	4,354	4,271	4,271	4,271	4,271
Number of employees	981	1,203	1,212	1,236	1,234
Number of students ³	3,373	3,068	3,059	3,035	3,037

1 Northeast Campus made available for use

2 Latest available data

3 Students park in spaces not designated

Source: South Carolina Commission on Higher Education

OTHER INFORMATION



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College Accreditation as of June 30, 2008

Midlands Technical College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (1866 Southern Lane, Decatur, Georgia 30033-4097; telephone number 404-679-4501) to award associate degrees, diplomas and certificates.

Program Approval and Accreditations

The Legal Assistant/Paralegal and Court Reporting programs are approved respectively by:

- American Bar Association
- National Court Reporters Association

Specific programs are accredited by:

- American Society of Health-System Pharmacists
- Association of Collegiate Business Schools and Programs
- Commission on Dental Accreditation of the American Dental Association
- Commission on Accreditation in Physical Therapy Education
- Council on Accreditation of Allied Health Education Programs
 - Council on Education of the American Health Information Management Association
 - Committee on Accreditation for Respiratory Care
 - Accreditation Review Committee on Education in Surgical Technology
 - American Association of Medical Assisting Education Review Board (MAERB)
- Joint Review Committee on Educational Programs in Nuclear Medicine Technology
- Joint Review Committee on Education in Radiologic Technology
- National Accrediting Agency for Clinical Laboratory Sciences
- National Association for the Education of Young Children (NAEYC)
- National Automotive Technicians Education Foundation (NATEF)
- National Council for Standards in Human Services Education
- National Institute for Metalworking Skills (NIMS)
- National League for Nursing Accrediting Commission
- Printing Industries of America
- South Carolina Board of Nursing
- Technology Accreditation Commission of the Accreditation Board for Engineering and Technology; Architectural, Civil and Electronics Engineering Technology (ABET)

Statement of Nondiscrimination

Midlands Technical College does not discriminate in admissions or employment on the basis of race, sex, national origin or ethnic group, color, age, religion, disability or military service in its administration of educational policies, programs and services; its admissions policies; scholarship and loan programs; or employment. In compliance with Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1992, Midlands Technical College offers access and equal opportunity in its admissions policies, academic programs and services, and employment of disabled individuals in that no otherwise qualified person will be denied these provisions on the basis of a disability. Dr. Ronald L. Rhames has been designated to coordinate compliance with the nondiscrimination requirements contained in section 35.107 of the Department of Justice regulations, section 504 and Title IX regulation. Information concerning the provisions of the Americans with Disabilities Act and the rights and privileges thereunder are available from Dr. Rhames in his position as ADA/EEOC coordinator. He can be reached at: Midlands Technical College, P.O. Box 2408, Columbia, SC 29202, (803) 822-3261.

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FEDERAL AWARDS

Single Audit Section



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MIDLANDS TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF June 30, 2008

	Major	Federal CFDA Number	Program Year	Program or Award Amount	Accrued Revenue at 7/1/2007	Receipts	Disbursements	Accrued Revenue at 6/30/2008			
Student Financial Assistance Cluster											
U. S. Department of Education											
		9840217	SEOG 2006-2007	*	84.007A	06/07	449,390.00	68,000.70	(68,000.70)	-	-
		9840218	SEOG 2007-2008	*	84.007A	07/08	289,536.00	-	(232,630.10)	315,786.00	83,155.90
							738,926.00	68,000.70	(300,630.80)	315,786.00	83,155.90
		9840100	College Work Study Program	*	84.033A	07/08	44,654.00	692.67	(45,346.67)	44,654.00	-
		9840120	College Work Study Program	*	84.003A	07/08	401,885.00	34,934.82	(336,077.16)	334,874.49	33,732.15
		9840127	College Work Study Program	*	84.003A	06/07	50,889.09	-	(39,965.38)	39,965.38	-
							497,428.09	35,627.49	(421,389.21)	419,493.87	33,732.15
		9840317	PELL	*	84.063	06/07	10,000,000.00	1,083,544.53	(1,079,350.12)	(4,194.41)	-
		9840318	PELL	*	84.063	07/08	11,095,000.00	-	(11,004,740.37)	11,079,906.81	75,166.44
							21,095,000.00	1,083,544.53	(12,084,090.49)	11,075,712.40	75,166.44
		9843750	Academic Competitiveness	*	84.375	07/08	135,637.00	-	(75,475.00)	78,825.00	3,350.00
Total Student Financial Assistant Cluster							22,466,991.09	1,187,172.72	(12,881,585.50)	11,889,817.27	195,404.49
TRIO Cluster											
		9841106	Upward Bound	*	84.047A	05/06	287,703.00	12,341.05	(12,251.05)	-	90.00
		9841107	Upward Bound	*	84.047A	06/07	287,703.00	73,077.47	(162,625.24)	89,090.39	(457.38)
		9841108	Upward Bound	*	84.047A	07/08	296,334.00	-	(139,844.27)	188,879.12	49,034.85
							871,740.00	85,418.52	(314,720.56)	277,969.51	48,667.47
		9841206	Talent Search	*	84.044A	05/06	345,561.00	1,564.13	(1,564.13)	-	-
		9841207	Talent Search	*	84.044A	06/07	345,561.00	34,667.65	(95,827.21)	61,159.56	-
		9841208	Talent Search	*	84.044A	07/08	355,928.00	-	(264,625.62)	295,441.30	30,815.68
							1,047,050.00	36,231.78	(362,016.96)	356,600.86	30,815.68
		9841217	Student Support Services (SSS-AC)	*	84.042A	06/07	267,986.00	20,493.32	(61,685.50)	41,192.18	-
		9841218	Student Support Services (SSS-AC)	*	84.042A	07/08	267,986.00	-	(198,855.03)	219,635.68	20,780.65
							535,972.00	20,493.32	(260,540.53)	260,827.86	20,780.65
		9841307	Education Opportunity Center (EOC)	*	84.066A	06/07	220,000.00	18,984.02	(54,392.64)	35,408.62	-
		9841308	Education Opportunity Center (EOC)	*	84.066A	07/08	226,600.00	-	(168,341.61)	186,861.49	18,519.88
							446,600.00	18,984.02	(222,734.25)	222,270.11	18,519.88
Total TRIO Cluster							2,901,362.00	161,127.64	(1,160,012.30)	1,117,668.34	118,783.68

MIDLANDS TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

9841707	Title III	06/07	361,435.00	22,884.34	(189,799.37)	167,726.13	811.10
9841708	Title III	07/08	412,728.00	-	(96,521.52)	119,665.52	23,144.00
			774,163.00	22,884.34	(286,320.89)	287,391.65	23,955.10
9843003	Passed Through S.C. Department of Education Perkins III (08VA409)	07/08	718,319.00	188,368.06	(664,567.62)	718,093.99	241,894.43
	Total passed Through S.C. Dept of Education		718,319.00	188,368.06	(664,567.62)	718,093.99	241,894.43
9843366	Passed Through University of South Carolina Teacher Quality (05-1059)	05/06	85,000.00	2,701.93	(34,619.18)	37,230.25	5,313.00
9843367	Teacher Quality (05-1059)	06/07	67,368.00	6,603.63	(38,884.02)	32,280.39	-
9843368	Teacher Quality (05-1059)	07/08	64,290.00	-	-	5,816.59	5,816.59
	Total passed Through University of South Carolina		216,658.00	9,305.56	(73,503.20)	75,327.23	11,129.59
	Total U.S. Department of Education		27,077,493.09	1,568,858.32	(15,065,989.51)	14,088,298.48	591,167.29
9172616	U.S. Department of Labor Creating Capacity in Health Science	07/08	1,946,563.00	84,555.51	(537,323.51)	636,940.57	184,172.57
9170522	Passed Through Midlands Workforce Development Board WIA-Youth (7Y694C1)	07/08	386,130.00	37,373.70	(219,809.70)	230,598.23	48,162.23
	Total passed Through Midlands Workforce Development Board		386,130.00	37,373.70	(219,809.70)	230,598.23	48,162.23
	Total U.S. Department of Labor		2,332,693.00	121,929.21	(757,133.21)	867,538.80	232,334.80
9172670	SC Department of Commerce Passed Through South Carolina Technical College System WIA-Incentive	05/06	21,767.23	21,767.23	(21,767.23)	-	-
	Total SC Department of Commerce		21,767.23	21,767.23	(21,767.23)	-	-
9470006	National Science Foundation Passed Through South Carolina State University SCAMP (05-444677)	05/06	32,500.00	2,382.61	(2,999.06)	616.45	-
9470007	SCAMP	06/07	32,500.00	-	(32,500.00)	32,500.00	-
	Total Passed Through South Carolina State University		65,000.00	2,382.61	(35,499.06)	33,116.45	-

MIDLANDS TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

Passed Through University of South Carolina									
9470050 NSF-Peer Review (05-1057)	47.076	05/06	32,972.00	3,879.18	(3,879.18)	-	-	-	-
9470767 NSF-EFFECT	47.076	07/08	36,001.00	-	(21,442.37)	21,442.37	-	-	-
Total Passed Through University of South Carolina			68,973.00	3,879.18	(25,321.55)	21,442.37	-	-	-
Total National Science Foundation			133,973.00	6,261.79	(60,820.61)	54,558.82	-	-	-
U.S. Department of Health and Human Services									
Passed through South Carolina First Steps									
9843200 TEACH	93.575	07/08	127,806.50	29,722.00	(119,582.50)	126,967.50	37,107.00		
9843201 TEACH bins	93.575	07/08	-	(11,352.42)	(200.00)	7,156.25	(4,396.17)		
9843210 TEACH CE	93.575	07/08	2,280.00	(280.00)	(2,000.00)	880.00	(1,400.00)		
Total U.S. Department of Health and Human Services			130,086.50	18,089.58	(121,782.50)	135,003.75	31,310.83		
TOTAL FEDERAL ASSISTANCE			\$ 29,696,012.82	\$ 1,736,906.13	\$ (16,027,493.06)	\$ 15,145,399.85	\$ 854,812.92		

Guaranteed student loans awarded totaled \$16,218,450.16 at June 30, 2008.

* denotes major program.

MIDLANDS TECHNICAL COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2008

1. Description

Midlands Technical College (the “College”) has adopted the Federal Office of Management and Budget’s (“OMB”) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (as revised). For purposes of implementing OMB Circular A-133, federal grant awards were made susceptible to audit and are included in the Schedule of Expenditures of Federal Awards.

2. Summary of Significant Accounting Principles

Basis of Presentation

The financial activity shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by the College on the accrual basis, during its fiscal year July 1, 2007, through June 30, 2008.

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**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***

The President and Members of the Commission
Midlands Technical College
Columbia, South Carolina

I have audited the basic financial statements of Midlands Technical College (the "College") as of and for the year ended June 30, 2008, and have issued my report thereon dated September 30, 2008. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the College's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies

in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's basic financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Commission, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Stuart W. Ford, CPA". The signature is written in a cursive style with a horizontal line above the first few letters.

September 30, 2008

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**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133**

The President and Members of the Commission
Midlands Technical College
Columbia, South Carolina

Compliance

I have audited the compliance of Midlands Technical College (the "College") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. My responsibility is to express an opinion on the College's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the College's compliance with those requirements.

In my opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on

compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Commission, others within the entity, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Stuart W. Ford, CPA". The signature is written in a cursive style with a large, stylized initial 'S'.

September 30, 2008

MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of Midlands Technical College.
2. No material weaknesses 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 Midlands Technical College were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal awards are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Midlands Technical College expresses an unqualified opinion.
6. Major federal programs:
 - Student Financial Aid Cluster
 - Federal Supplemental Education Opportunity Grant CFDA #84.007
 - Federal Work-study CFDA #84.033
 - Pell Grants CFDA #84.063
 - Academic Competitiveness CFDA #84.375
 - Trio Cluster
 - Upward Bound CFDA#84.047
 - Talent Search CFDA#84.044
 - Student Support Services CFDA#84.042
 - Education Opportunity Center CFDA#84.066
 - Creating Capacity in Health Science CFDA#17.261
7. The threshold for distinguishing between Type A and Type B Programs was \$454,362.
8. Midlands Technical College qualified as a low risk auditee.

Financial Statement Findings:

No findings or questioned costs.

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

Status of Prior Year Findings:

No findings or questioned costs were reported in the prior year.

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Independent Accountant's Report on State Lottery Tuition Assistance

The President and Members of the Commission
Midlands Technical College
Columbia, South Carolina

As a part of my examination of the financial statements of Midlands Technical College as of and for the year ended June 30, 2008, I reviewed the administrative procedures and internal controls 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 40 students was selected from the College's list of recipients of lottery tuition assistance.

I 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. I 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, FSEOG, SC Need-Based grants, and other applicable grants.

I also selected a sample of students not receiving funds from the Lottery Tuition Assistance Program, and determined that the students were granted the right to appeal the decision to deny 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.

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

I tested the population of Lottery Tuition Assistance Program recipients to determine that their award was in compliance with restrictions of receipt of this program and the Life Scholarship program.

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

In my 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 and of the Midlands Technical College Area Commission and management of the State Board for Technical and Comprehensive Education and should not be used by anyone other than these specified parties.

Steven W. Ford, CPA

September 30, 2008

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