



# Orangeburg-Calhoun Technical College



@tech



## FINANCIAL STATEMENTS

with Independent Auditor's Report  
FISCAL YEAR ENDED JUNE 30, 2014

# ***ORANGEBURG-CALHOUN TECHNICAL COLLEGE***

## **Audited Financial Statements**

**Fiscal Year Ended June 30, 2014**

### ***TABLE OF CONTENTS***

|   |    |
|---|----|
| Organizational Data .....   | 2  |
| Independent Auditor's Report .....  | 3  |
| <b>Required Supplementary Information:</b>  |    |
| Management's Discussion and Analysis .....  | 6  |
| <b>Basic Financial Statements:</b>  |    |
| Statement of Net Position .....   | 15 |
| Statement of Revenue, Expenses and Changes in Net Position .....  | 16 |
| Statement of Cash Flows .....   | 17 |
| Non-Governmental Component Unit Statement of Financial Position .....   | 19 |
| Non-Governmental Component Unit Statement of Activities.....  | 20 |
| Notes to Financial Statements.....  | 21 |
| <b>Supplementary Information:</b>   |    |
| Independent Accountant's Report on State Lottery Tuition Assistance.....  | 45 |
| <b>Single Audit Act Requirements:</b>   |    |
| Schedule of Expenditures of Federal Awards.....   | 48 |
| Notes to the Schedule of Expenditures of Federal Awards .....   | 50 |
| Independent Auditor's Report on Internal Control over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 51 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal<br>Control over Compliance Required by OMB Circular A-133.....  | 53 |
| Schedule of Findings and Questioned Costs.....  | 55 |

# *Orangeburg-Calhoun Technical College*

## Organizational Data

June 30, 2014

### Area Commission Members and Officers \*

| <b>Orangeburg County</b>                  | <b>Calhoun County</b>                                |
|---|--|
| Chairman John Shuler - June 2016          | Fred Gantt - July 2016                               |
| Lawrence Weathers - July 2015             | David Rickenbaker - July 2011                        |
| Jacqueline Shaw - July 2015               | (Still serving, as no new appointment has been made) |
| Leroy Morant - July 2014                  |  |
| Margaret Felder-Wilson, Ph.D. - July 2014 |  |

### Administrative Staff

Walt Tobin, Ph. D., President  
Donna Elmore, Vice President for Academic Affairs  
Kim Huff, CPA, Vice President for Business Affairs  
Sandra Davis, Ph. D., Vice President for Student Services

### Areas Served By Commission

Orangeburg and Calhoun Counties

### Location

3250 St. Matthews Road (Highway 601)  
Orangeburg, South Carolina 29118-8222

### Audit Period

July 1, 2013 - June 30, 2014

\*Area Commission Members and Officers serve until new appointments are made.

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET

POST OFFICE BOX 5949

WEST COLUMBIA, SOUTH CAROLINA 29171

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PHONE: (803) 739-3090

FAX: (803) 791-0834

## INDEPENDENT AUDITOR'S REPORT

Members of the Orangeburg-Calhoun Commission for Technical Education  
Orangeburg-Calhoun Technical College  
3250 St. Matthews Road  
Orangeburg, South Carolina, 29118-8299

We have audited the accompanying statement of net position of Orangeburg-Calhoun Technical College (the "College"), a component unit of the State of South Carolina and a member institution of the South Carolina Technical College System, as of June 30, 2014, and the statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements. These financial statements and notes to the financial statements, together with the financial statements of the College's discretely presented component unit, which were audited by other auditors, collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orangeburg-Calhoun Technical College Foundation, (the "Foundation") which is a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit, of the College, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

Other auditors have previously audited the College's 2013 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated September 25, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 – 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2014, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*The Brittingham Group LLP*

West Columbia, South Carolina

September 15, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Orangeburg-Calhoun Technical College, we offer readers of the College's financial statements this narrative overview and analysis of the financial activities of the College for the fiscal years ended June 30, 2014, and June 30, 2013. This discussion should be read in conjunction with the financial statements and the notes thereto, which follow this section. Responsibility for the completeness and fairness of this information rests with the College.

### Financial Highlights

- The assets (\$28,602,075) of Orangeburg-Calhoun Technical College exceeded its liabilities (\$2,634,911) at June 30, 2014, by \$25,967,164 (net position). Of this amount, \$11,058,123 is unrestricted and may be used to meet the College's ongoing obligations.
- The College experienced an operating loss of \$16,427,957 during the fiscal year ended June 30, 2014, as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, this operating loss was offset by federal and state grants of \$9,662,649, state appropriations of \$4,136,414, local appropriations of \$1,379,949, investment income of \$53,314, and other non-operating revenues. The overall decrease in the College's net position during the year was \$425,869 or 1.6%.

### Overview of the Financial Statements

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

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and noncurrent. The difference between total assets and total liabilities is net position, which is displayed in three broad categories: Investment in Capital Assets (net of related debt), Restricted, and Unrestricted. Net position is one indicator of the current financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net Position is basically a statement of net income that replaces the fund perspective with the entity-wide perspective. Revenues and expenses are categorized by operating and non-operating, and expenses are reported by object type.



The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, noncapital financing, and investing activities. This statement also emphasizes the importance of state and county appropriations by displaying them separately from operating cash flows.

### **Financial Analysis**

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$25,967,164 at the close of the most recent fiscal year. This represents a decrease of \$425,869 over last year's amount of \$26,393,033.

Over half of the College's net position (57%) reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment). The College uses these capital assets to provide services to students and industry. Consequently, these assets are *not* available for future spending. Currently, the College has no outstanding debt on any of these assets.

The remaining 43% of the College's net position is unrestricted and may be used to meet the College's ongoing obligations. The area commission has designated a portion of these funds for capital projects.

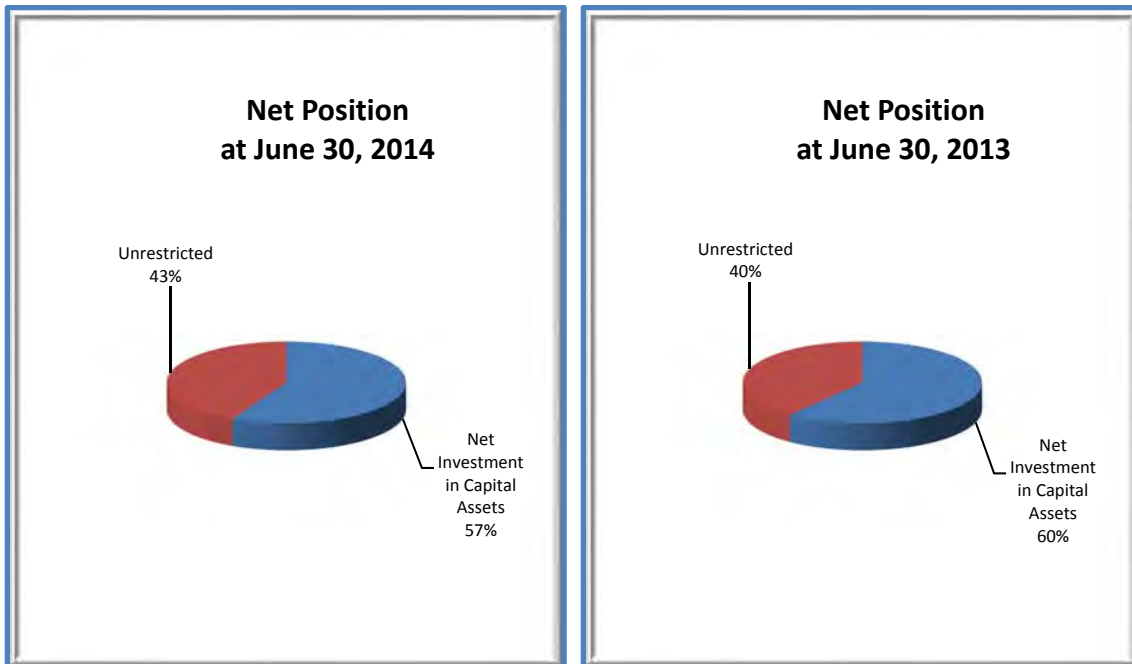
Charts and graphs follow that present specific areas of the College's financial condition on June 30, 2014 and June 30, 2013.



**Orangeburg-Calhoun Technical College**  
**Net Position**  
**As of June 30, 2014 and June 30, 2013**

|   | <u>2014</u>         | <u>2013</u>          |
|---|---------------------|----------------------|
| Current Assets                                | \$13,693,034        | \$12,664,373         |
| Non-Current Assets                            |                     |                      |
| Capital Assets, Net of Depreciation           | <u>14,909,041</u>   | <u>15,928,044</u>    |
| Total Assets                                  | <u>28,602,075</u>   | <u>28,592,417</u>    |
| <br>  |                     |                      |
| Current Liabilities                           | 1,576,636           | 1,185,624            |
| Non-Current Liabilities- Compensated Absences | <u>1,058,275</u>    | <u>1,013,760</u>     |
| Total Liabilities                             | <u>2,634,911</u>    | <u>2,199,384</u>     |
| <br>  |                     |                      |
| Net Position                                  |                     |                      |
| Net Investment in Capital Assets              | 14,909,041          | 15,928,044           |
| Unrestricted                                  | <u>11,058,123</u>   | <u>10,464,989</u>    |
| Total Net Position                            | <u>\$25,967,164</u> | <u>\$ 26,393,033</u> |

This schedule is prepared from the College's statement of net assets, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Please note that assets substantially exceed liabilities, denoting a sound financial position for the College.



**Orangeburg-Calhoun Technical College**  
**Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended**

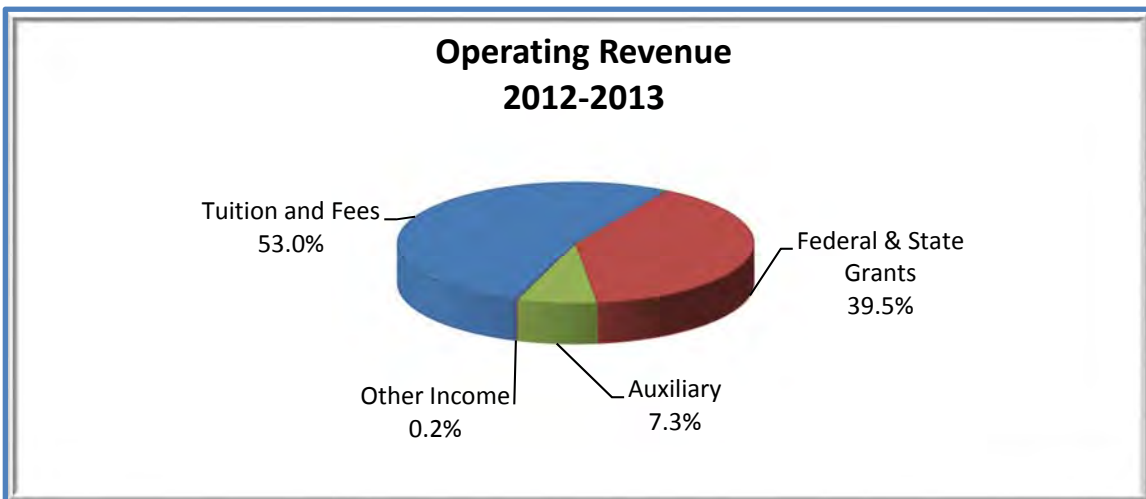
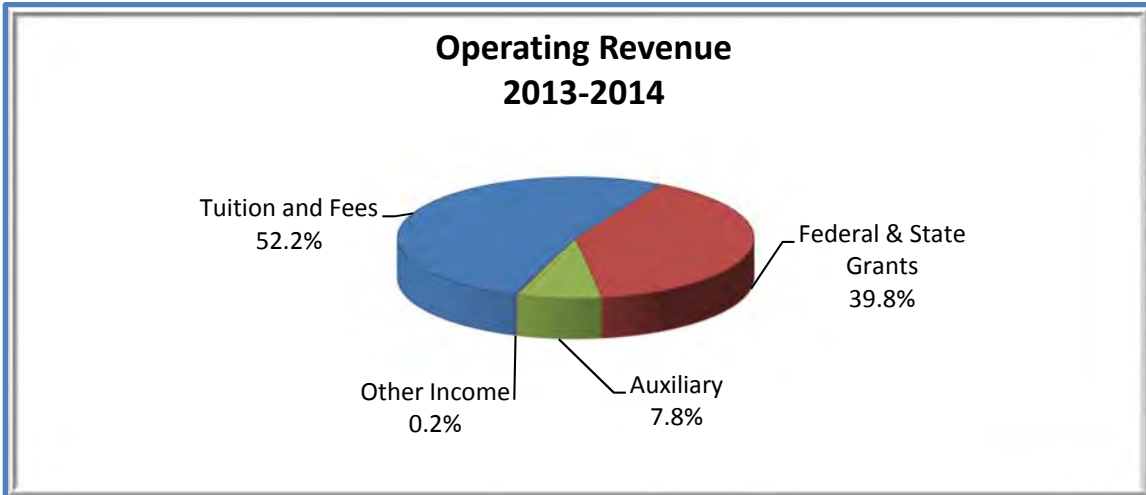
|  | June 30, 2014       | June 30, 2013       | Increase<br>(Decrease) | Percent<br>Change |
|--|---------------------|---------------------|------------------------|-------------------|
| <b>Operating</b>                                 |                     |                     |                        |                   |
| Operating Revenue                                |                     |                     |                        |                   |
| Tuition and Fees                                 | \$4,521,654         | \$4,839,540         | (\$317,886)            | -6.57%            |
| Federal and State Grants                         | 3,443,663           | 3,601,442           | (157,779)              | -4.38%            |
| Auxiliary  | 671,649             | 670,282             | 1,367                  | 0.20%             |
| Other  | 14,040              | 21,589              | (7,549)                | -34.97%           |
| Total Operating Revenue                          | <u>8,651,006</u>    | <u>9,132,853</u>    | <u>(481,847)</u>       | <u>-5.28%</u>     |
| Less: Operating Expenses                         | <u>(25,078,963)</u> | <u>(25,023,942)</u> | <u>(55,021)</u>        | <u>0.22%</u>      |
| Total Operating Income (Loss)                    | <u>(16,427,957)</u> | <u>(15,891,089)</u> | <u>(536,868)</u>       | <u>3.38%</u>      |
| <b>Non-Operating</b>                             |                     |                     |                        |                   |
| State Appropriations                             | 4,136,414           | 4,163,935           | (27,521)               | -0.66%            |
| Orangeburg County                                | 1,061,949           | 1,061,949           | -                      | 0.00%             |
| Calhoun County                                   | 318,000             | 318,000             | -                      | 0.00%             |
| Federal and State Grants                         | 9,662,649           | 8,823,871           | 838,778                | 9.51%             |
| Investment Income                                | 53,314              | 24,269              | 29,045                 | 119.68%           |
| Other  | 739,210             | 697,481             | 41,729                 | 5.98%             |
| Total Non-Operating                              | <u>15,971,536</u>   | <u>15,089,505</u>   | <u>882,031</u>         | <u>5.85%</u>      |
| <b>Net Income (Loss) Before Other</b>            |                     |                     |                        |                   |
| Revenue, Expenses, Gains, or Losses              | (456,421)           | (801,584)           | 345,163                | -43.06%           |
| <b>Other Revenue, Expenses, Gains, or Losses</b> |                     |                     |                        |                   |
| State Capital Appropriations                     | -                   | 500,000             | (500,000)              | -100.00%          |
| Transfer from Other State Agencies               | 15,552              | 562,778             | (547,226)              | -97.24%           |
| Capital grants and gifts                         | 15,000              | -                   | 15,000                 | 100.00%           |
| Total Capital Contributions                      | <u>30,552</u>       | <u>1,062,778</u>    | <u>(1,032,226)</u>     | <u>-47.05%</u>    |
| Increase/(Decrease) in Net Position              | (425,869)           | 261,194             | (687,063)              | -263.05%          |
| Net Position, Beginning of Year                  | <u>26,393,033</u>   | <u>26,131,839</u>   | <u>261,194</u>         | <u>1.00%</u>      |
| Net Position, End of Year                        | <u>\$25,967,164</u> | <u>\$26,393,033</u> | <u>(\$425,869)</u>     | <u>-1.61%</u>     |

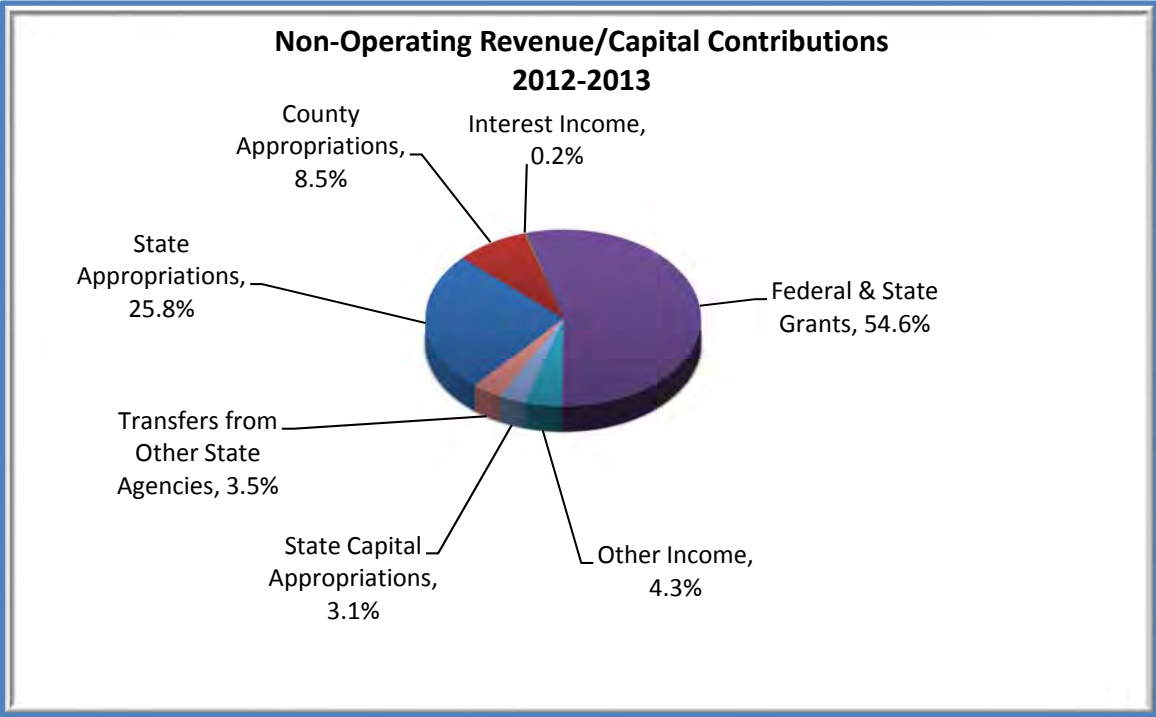
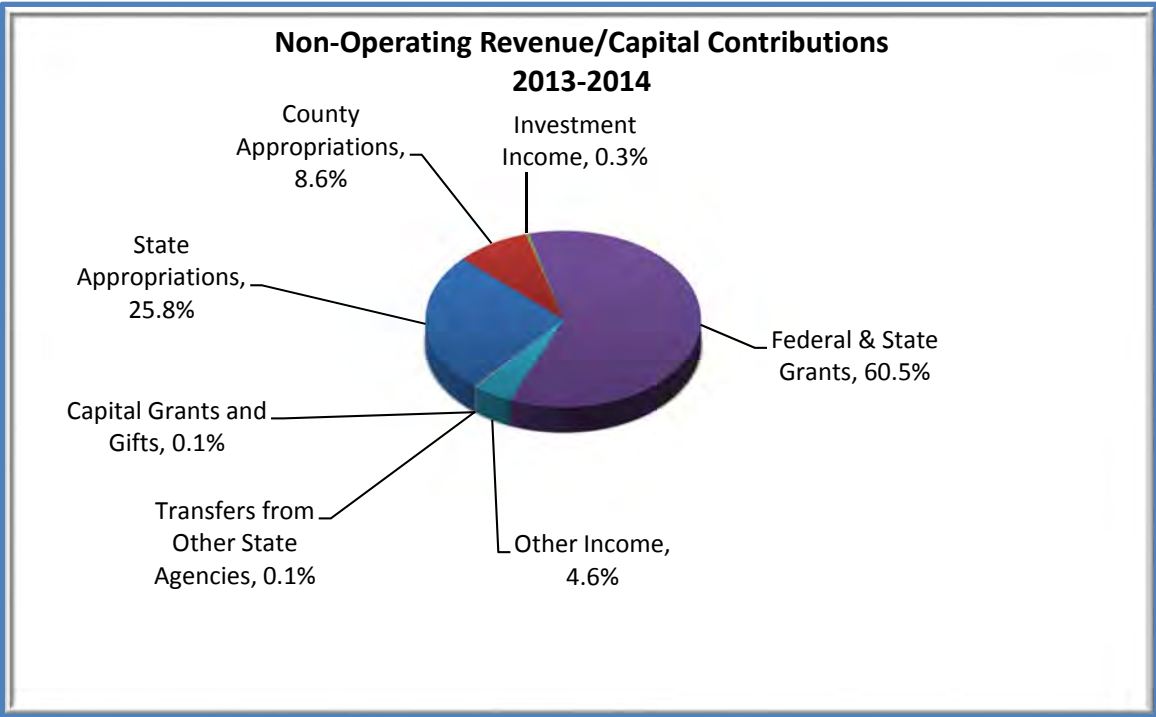
Operating revenues as of June 30, 2014 decreased by \$481,847 over the previous fiscal year. Tuition revenue shows a decrease of \$317,886 over the prior year and auxiliary shows an increase of \$1,367. The amounts for tuition and auxiliary are not reported as gross revenues. They are shown as a net amount, after a deduction has been made for the amount covered by scholarships. There was also a decrease in federal and state operating grants of \$157,779 compared to last fiscal year.

Operating expenses as of June 30, 2014, increased by \$55,021 over the same period in the previous fiscal year. Major factors contributing to this overall increase were an increase in salaries of \$43,349, an increase in benefits of \$156,328, and an increase in depreciation expense of \$58,444. There was an increase in supplies and other services of \$17,086, a decrease of \$238,479 in scholarships, and an increase in utilities of \$18,293.

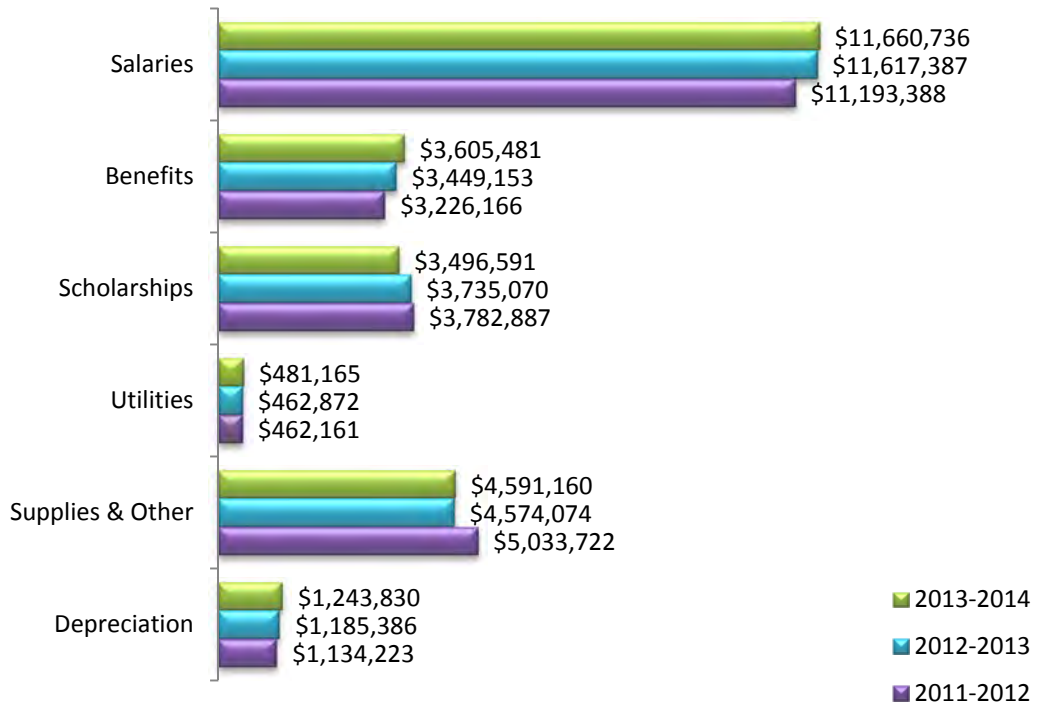
Non-operating revenues increased from last fiscal year to the current year by \$882,031. There was an increase in federal and state non-operating grants of \$838,778 and a decrease in state appropriations of \$27,521. Orangeburg County and Calhoun County funding basically remained unchanged. Other areas netted to an increase of \$70,774.

Following are several charts that show the college's revenues and expenditures by major categories. In some instances separate charts are provided for the last two fiscal years. Other charts may include both years to show easier comparisons.





## Operating Expenses (By Natural Classification)



**Orangeburg-Calhoun Technical College**  
**Cash Flows**  
**For the Years Ended**  
**June 30, 2014 and June 30, 2013**

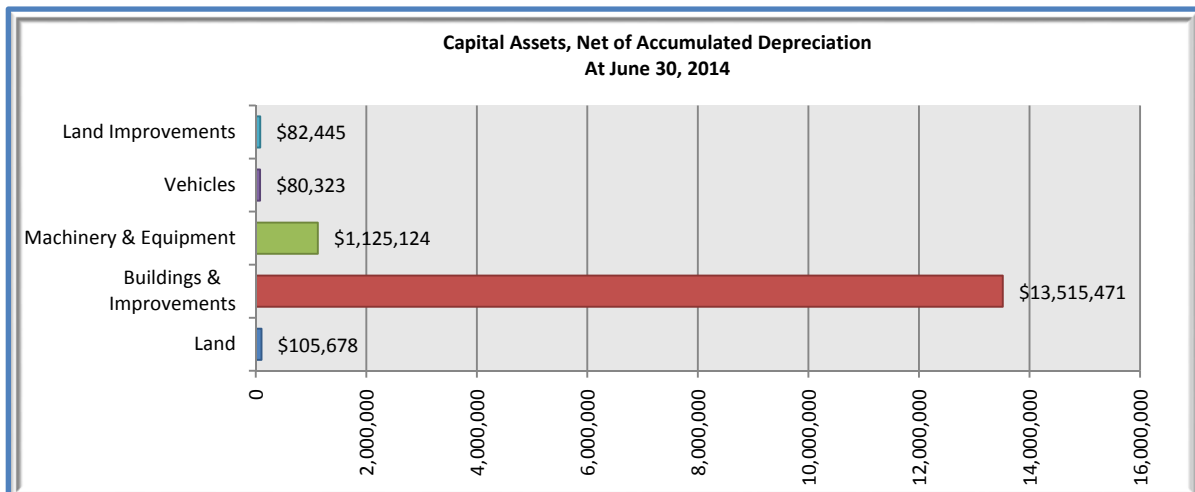
|  | 2014                | 2013                |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities                     | \$(15,104,593)      | \$(14,083,775)      |
| Cash Flows from Non-Capital Financing Activities         | 15,918,224          | 15,087,667          |
| Cash Flows from Capital and Related Financing Activities | (194,275)           | 67,475              |
| Cash Flows from Investing Activities                     | <u>(6,859,002)</u>  | <u>-</u>            |
| Net Increase (Decrease) in Cash                          | (6,239,646)         | 1,071,367           |
| Cash – Beginning of Year                                 | <u>11,032,026</u>   | <u>9,960,659</u>    |
| Cash – End of Year                                       | <u>\$ 4,792,380</u> | <u>\$11,032,026</u> |

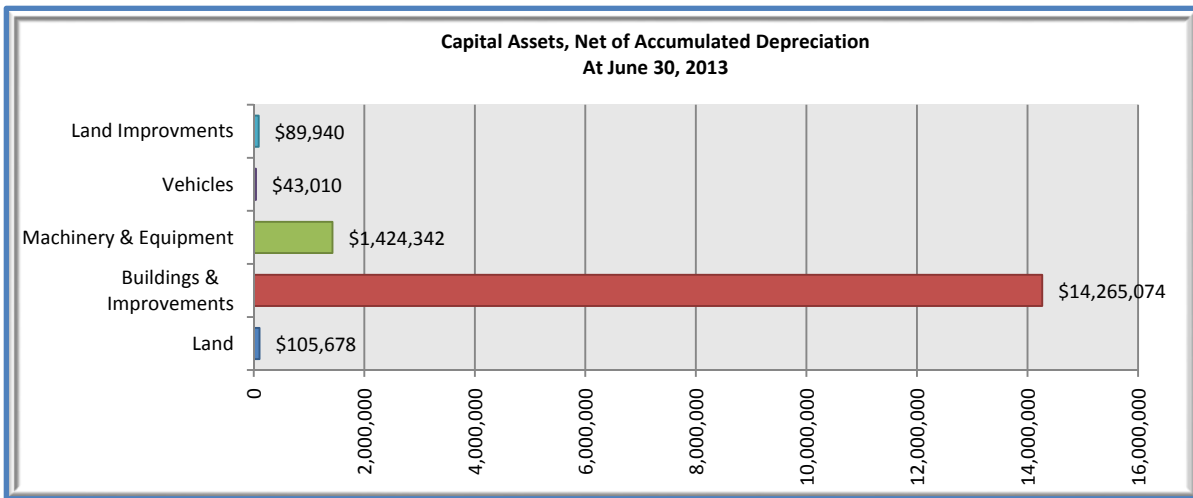
**Capital Asset and Debt Administration**

The College undertook a number of small projects during fiscal year 2013-14 including the following: admissions area renovations, new study carrels in library with technology upgrades, completing lab renovations for the automotive/diesel area, upgrades to transportation building, completing a new lab for the new physical therapy assistant program, began metal façade restoration for several buildings on campus, installation of intruder locks in classrooms across campus, as well as numerous other small projects. The college also contracted with a firm to begin a campus-wide master planning effort to include a campus utilization study and facilities condition assessment. Local funds were used for all of these projects.

Plans for the 2014-15 year include continuation of the metal façade restoration on buildings, completion of the master plan study, installation of an exhaust system in the diesel lab, engineering studies for design of HVAC system for one building and engineering studies for roofing projects on several of the campus buildings. Local funds will be used to fund these projects as well.

The College has no long-term debt as of June 30, 2014.





### **Economic Factors**

After some very significant decreases in state funding during the periods 2001-2004 and 2008-2011, state funding seems to have stabilized (although at a much lower level). The college continues to see very little increases in the base funding from the State of South Carolina, but the state does provide small increases to cover a portion of the college’s increasing retirement and health benefits. However, the college is still responsible for covering the remainder of these costs with tuition and other revenues.

During the fiscal years ended 2010 and 2011, the college also experienced a decline in county funding compared to previous years. Over the past three years, however, funding from Orangeburg and Calhoun counties has stabilized, and funding is actually expected to increase by approximately \$80,000 for the 2014-15 fiscal year.

The college also continues to pursue other funding sources and has been fortunate to have received several federal grants over the past few years. These grants do not replace lost operating funds, but they do provide opportunities to enhance academic instruction and provide necessary services to students.

Because of the decline in state and county funding over the years, the college has become much more dependent on tuition revenues to fund its operations. The college considers small increases in tuition periodically. Tuition increases normally occur in the fall semester. The college carefully weighs the impact on students against the need to provide quality instruction and services.

### **Contact Information**

Questions related to the Management Discussion and Analysis and the accompanying financial statements should be directed to Dayna W. Smoak, Director of Finance, at (803) 535-1215.



ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
STATEMENT OF NET POSITION  
JUNE 30, 2014  
(With comparative amounts for the year ended June 30, 2013)

|  | <b>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
| <b>Assets</b>                                      |               |               |
| Current assets                                     |               |               |
| Cash and equivalents                               | \$ 4,792,380  | \$ 11,032,026 |
| Investments  | 6,898,631     | -             |
| Accounts receivable, net                           | 1,838,171     | 1,240,226     |
| Accrued interest                                   | 13,683        | -             |
| Inventories  | 112,162       | 245,675       |
| Due from component unit                            | 810           | 100,226       |
| Prepaid expenses                                   | 32,772        | 41,796        |
| Other assets                                       | 4,425         | 4,424         |
| Total current assets                               | 13,693,034    | 12,664,373    |
| Noncurrent assets                                  |               |               |
| Non-depreciable capital assets                     | 105,678       | 105,678       |
| Other capital assets, net accumulated depreciation | 14,803,363    | 15,822,366    |
| Total noncurrent assets                            | 14,909,041    | 15,928,044    |
| Total assets                                       | 28,602,075    | 28,592,417    |
| <b>Liabilities</b>                                 |               |               |
| Current liabilities                                |               |               |
| Accounts payable                                   | 477,765       | 278,028       |
| Accrued payroll and related liabilities            | 242,794       | 233,124       |
| Accrued compensated absences                       | 83,926        | 86,082        |
| Unearned revenue                                   | 772,151       | 588,390       |
| Total current liabilities                          | 1,576,636     | 1,185,624     |
| Noncurrent liabilities                             |               |               |
| Accrued compensated absences                       | 1,058,275     | 1,013,760     |
| Total noncurrent liabilities                       | 1,058,275     | 1,013,760     |
| Total liabilities                                  | 2,634,911     | 2,199,384     |
| <b>Net position</b>                                |               |               |
| Net investment in capital assets                   | 14,909,041    | 15,928,044    |
| Unrestricted                                       | 11,058,123    | 10,464,989    |
| Total net position                                 | \$ 25,967,164 | \$ 26,393,033 |

*See accompanying notes.*

ORANGEBURG - CALHOUN TECHNICAL COLLEGE  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014  
(With comparative amounts for the year ended June 30, 2013)

|  | <b>2014</b>          | <b>2013</b>          |
|--|----------------------|----------------------|
| <b>Operating Revenue</b>   |                      |                      |
| Student tuition and fees (net of scholarship allowances<br>of \$6,257,546 for 2014 and \$5,953,214 for 2013) | \$ 4,521,654         | \$ 4,839,540         |
| Federal grants and contracts   | 796,699              | 948,390              |
| State grants and contracts   | 2,646,964            | 2,653,052            |
| Auxiliary enterprises (net of scholarship allowances<br>of \$1,070,711 for 2014 and \$1,026,125 for 2013)    | 671,649              | 670,282              |
| Other operating income   | 14,040               | 21,589               |
| Total operating revenue  | <u>8,651,006</u>     | <u>9,132,853</u>     |
| <b>Operating Expenses</b>  |                      |                      |
| Salaries   | 11,660,736           | 11,617,387           |
| Benefits   | 3,605,481            | 3,449,153            |
| Scholarships   | 3,496,591            | 3,735,070            |
| Utilities  | 481,165              | 462,872              |
| Supplies and other services  | 4,591,160            | 4,574,074            |
| Depreciation   | 1,243,830            | 1,185,386            |
| Total operating expenses   | <u>25,078,963</u>    | <u>25,023,942</u>    |
| Operating loss   | <u>(16,427,957)</u>  | <u>(15,891,089)</u>  |
| <b>Nonoperating Revenue</b>  |                      |                      |
| State appropriations   | 4,136,414            | 4,163,935            |
| County appropriations  | 1,379,949            | 1,379,949            |
| Federal grants and contracts   | 9,104,660            | 8,561,833            |
| State grants and contracts   | 557,989              | 262,038              |
| Other nonoperating revenue   | 739,210              | 697,481              |
| Investment income  | 53,314               | 24,269               |
| Total nonoperating revenue   | <u>15,971,536</u>    | <u>15,089,505</u>    |
| Income before other revenue, expenses, transfers, gains<br>or losses   | (456,421)            | (801,584)            |
| <b>Other revenue, expenses, transfers, gains or losses</b>   |                      |                      |
| State capital appropriations   | -                    | 500,000              |
| Transfer from State Agency   | 15,552               | 562,778              |
| Capital grants and gifts   | 15,000               | -                    |
| Total other revenue, expenses, transfers, gains or losses  | <u>30,552</u>        | <u>1,062,778</u>     |
| Increase (decrease) in net position  | (425,869)            | 261,194              |
| Net position at beginning of year  | 26,393,033           | 26,131,839           |
| Net position at end of year  | <u>\$ 25,967,164</u> | <u>\$ 26,393,033</u> |

*See accompanying notes.*

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014  
(With comparative amounts for the year ended June 30, 2013)

|   | <u>2014</u>         | <u>2013</u>          |
|---|---------------------|----------------------|
| <b>Cash flows from operating activities</b>                             |                     |                      |
| Tuition and fees (net of scholarship allowances)                        | \$ 4,599,887        | \$ 4,860,110         |
| Federal, State and local grants and contracts                           | 3,088,975           | 3,730,364            |
| Auxiliary enterprise charges (net of scholarship allowances)            | 662,955             | 670,282              |
| Other receipts  | 18,520              | 266,644              |
| Payments to vendors   | (4,775,281)         | (4,854,118)          |
| Payments to employees   | (11,608,709)        | (11,609,032)         |
| Payments for benefits   | (3,596,458)         | (3,412,955)          |
| Payments to students  | (3,494,482)         | (3,735,070)          |
| Student loan receipts from lenders                                      | 4,381,067           | 4,536,952            |
| Disbursements to or on behalf of student borrowers                      | (4,381,067)         | (4,536,952)          |
| Net cash used in operating activities                                   | <u>(15,104,593)</u> | <u>(14,083,775)</u>  |
| <b>Cash flows from noncapital financing activities</b>                  |                     |                      |
| State appropriations  | 4,423,837           | 4,004,458            |
| County appropriations   | 1,379,949           | 1,379,949            |
| State, local and federal grants and contracts - nonoperating            | 9,375,226           | 8,823,871            |
| Other income - nonoperating   | 739,212             | 879,389              |
| Net cash provided by noncapital financing activities                    | <u>15,918,224</u>   | <u>15,087,667</u>    |
| <b>Cash flows from capital and related financing activities</b>         |                     |                      |
| State capital appropriations  | -                   | 500,000              |
| Other capital gifts   | 30,552              | -                    |
| Purchase of capital assets  | (224,827)           | (432,525)            |
| Net cash provided by (used in) capital and related financing activities | <u>(194,275)</u>    | <u>67,475</u>        |
| <b>Cash flows from investing activities</b>                             |                     |                      |
| Proceeds from sales and maturities of investments                       | 2,171,000           | -                    |
| Purchase of investments   | (9,069,634)         | -                    |
| Interest on investments   | 39,632              | -                    |
| Net cash used in investing activities                                   | <u>(6,859,002)</u>  | <u>-</u>             |
| Net (decrease) increase in cash   | (6,239,646)         | 1,071,367            |
| Cash and cash equivalents, beginning of year                            | 11,032,026          | 9,960,659            |
| Cash and cash equivalents, end of year                                  | <u>\$ 4,792,380</u> | <u>\$ 11,032,026</u> |

(CONTINUED)

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
STATEMENT OF CASH FLOWS  
(CONTINUED)

|   | 2014            | 2013            |
|---|-----------------|-----------------|
| <b>Reconciliation of operating loss to net cash used in operating activities:</b> |                 |                 |
| Operating loss  | \$ (16,427,957) | \$ (15,891,089) |
| Adjustments to reconcile operating loss to net cash used in operating activities: |                 |                 |
| Depreciation expense  | 1,243,830       | 1,185,386       |
| Provision for bad debts   | 92,212          | 85,736          |
| Change in assets and liabilities:   |                 |                 |
| Receivables, net  | (690,157)       | 332,792         |
| Inventories   | 133,513         | (7,308)         |
| Due from component unit   | 99,416          | (74,717)        |
| Prepaid expenses and other assets   | 9,023           | 11,770          |
| Accounts and other payables   | 199,737         | 157,718         |
| Accrued payroll and related liabilities   | 9,670           | 29,003          |
| Compensated absences  | 42,359          | 15,476          |
| Unearned revenue  | 183,761         | 71,458          |
| Net cash used in operating activities   | \$ (15,104,593) | \$ (14,083,775) |
| <b><u>Supplemental Information</u></b>  |                 |                 |
| Contributions of equipment  | \$ 15,000       | \$ -            |
| Equipment transferred from other State Agency                                     | \$ 23,781       | \$ 547,545      |

*See accompanying notes.*

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NON-GOVERNMENTAL COMPONENT UNIT STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014  
(With comparative amounts for the year ended June 30, 2013)

|                                   | 2014         | 2013         |
|-----------------------------------|--------------|--------------|
| <b>Assets</b>                     |              |              |
| Current assets:                   |              |              |
| Cash and cash equivalents         | \$ 440,616   | \$ 532,226   |
| Accounts receivable               | 1,224        | 101,187      |
| Contributions receivable          | 76,688       | 72,490       |
| Investments                       | 810,176      | 715,850      |
| Assets held for sale              | 14,000       | 14,000       |
| Total current assets              | 1,342,704    | 1,435,753    |
| Noncurrent assets:                |              |              |
| Contribution receivable           | 95,854       | 141,542      |
| Investments - endowment           | 275,144      | 220,399      |
| Total noncurrent assets           | 370,998      | 361,941      |
| Total assets                      | \$ 1,713,702 | \$ 1,797,694 |
| <b>Liabilities and Net Assets</b> |              |              |
| Current liabilities:              |              |              |
| Accounts payable                  | \$ 406       | \$ 373       |
| Due to the College                | 810          | 100,226      |
| Total current liabilities         | 1,216        | 100,599      |
| Net assets:                       |              |              |
| Unrestricted                      |              |              |
| Board designated                  | 219,609      | 264,420      |
| Undesignated                      | 1,074,142    | 1,044,336    |
| Total unrestricted                | 1,293,751    | 1,308,756    |
| Temporarily restricted            | 227,959      | 199,823      |
| Permanently restricted            | 190,776      | 188,516      |
| Total net assets                  | 1,712,486    | 1,697,095    |
| Total liabilities and net assets  | \$ 1,713,702 | \$ 1,797,694 |

*See accompanying notes.*

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NON-GOVERNMENTAL COMPONENT UNIT STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014

(With comparative amounts for the year ended June 30, 2013)

|                                 | <b>2014</b>         |                                   |                                   | <b>Total</b>        | <b>2013</b>         |
|---------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|---------------------|
|                                 | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> |                     |                     |
| <b>Support and Revenues</b>     |                     |                                   |                                   |                     |                     |
| Contributions                   | \$ 34,362           | \$ 239,713                        | \$ 2,260                          | \$ 276,335          | \$ 235,899          |
| Interest and dividends          | 28,920              | 5,355                             | -                                 | 34,275              | 35,444              |
| Net gains from investments      | 80,691              | 20,657                            | -                                 | 101,348             | 51,497              |
| Support from Events, net        | 64,316              | -                                 | -                                 | 64,316              | 72,283              |
| Other income                    | 2,018               | -                                 | -                                 | 2,018               | 6,455               |
| Net assets released from:       |                     |                                   |                                   |                     |                     |
| Program restrictions            | 237,589             | (237,589)                         | -                                 | -                   | -                   |
| Total support and revenues      | 447,896             | 28,136                            | 2,260                             | 478,292             | 401,578             |
| <b>Expenses</b>                 |                     |                                   |                                   |                     |                     |
| Program services                |                     |                                   |                                   |                     |                     |
| Scholarships                    | 86,429              | -                                 | -                                 | 86,429              | 93,728              |
| Faculty support                 | 211,000             | -                                 | -                                 | 211,000             | 211,000             |
| Other program services          | 67,951              | -                                 | -                                 | 67,951              | 36,449              |
| Total program services          | 365,380             | -                                 | -                                 | 365,380             | 341,177             |
| Support services                |                     |                                   |                                   |                     |                     |
| General and administrative      | 90,736              | -                                 | -                                 | 90,736              | 51,809              |
| Fund raising                    | 6,785               | -                                 | -                                 | 6,785               | 2,367               |
| Total expenses                  | 462,901             | -                                 | -                                 | 462,901             | 395,353             |
| Change in net assets            | (15,005)            | 28,136                            | 2,260                             | 15,391              | 6,225               |
| Net assets at beginning of year | 1,308,756           | 199,823                           | 188,516                           | 1,697,095           | 1,690,870           |
| Net assets at end of year       | <u>\$ 1,293,751</u> | <u>\$ 227,959</u>                 | <u>\$ 190,776</u>                 | <u>\$ 1,712,486</u> | <u>\$ 1,697,095</u> |

*See accompanying notes.*

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

**1. Summary of Significant Accounting Policies**

The accounting policies of Orangeburg-Calhoun Technical College (the “College”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States. The following is a summary of the more significant accounting policies:

Nature of Operations

Orangeburg-Calhoun Technical 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 Orangeburg and Calhoun 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 skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

Reporting Entity

The core of the financial reporting entity is the primary government which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn component units may have component units.

The financial reporting entity, as defined by the Governmental Accounting Standards Board (“GASB”), consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

As a member institute of the South Carolina Technical College System, the College is reported as a part of the primary government of the State of South Carolina (the “State”) in the State’s Comprehensive Annual Financial Report. In addition, the accompanying financial statements present the College as the primary government with its component units. The College has identified the Orangeburg-Calhoun Technical College Foundation (the “Foundation”) as a discretely presented component unit. However, based on the nature and significance of the Foundation’s relationship with the State, the Foundation is not a component unit of the State.

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ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

The Foundation is a legally separate eleemosynary organization with a self-perpetuating Board of Trustees. It was chartered to receive private funds for the exclusive benefit and support 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 are restricted to solely support activities of the College. Therefore, the Foundation qualifies as a discretely presented component unit. As a non-governmental not-for-profit organization the Foundation's reports are prepared under guidance issued by the Financial Accounting Standards Board ("FASB"), which differs from the reporting guidance of GASB. No modifications have been made to the Foundation's financial statements included in the College's statements for these differences.

Complete financial statements for the Foundation may be obtained at its administrative offices located at 3250 Saint Matthews Road, Orangeburg, South Carolina 29118.

Financial Statements

The financial statements of the College are presented in accordance with the GASB Codification. The financial statement presentation required by this Codification provides a comprehensive, entity-wide perspective of the College's net position, revenues, expenses and changes in net position and cash flows.

Basis of Accounting

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

The Foundation's statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for Not-for-Profit Organizations through guidance from FASB. The Foundation's revenue and expenses are recognized as increases and decreases in one of three net asset classifications, unrestricted, temporarily restricted and permanently restricted. Permanently restricted net assets consist of contributions and other inflows of assets whose use is limited in perpetuity by donor imposed stipulations. Temporarily restricted net assets consist of contributions and other transactions whose use is limited by time or purpose by donor imposed stipulations. Unrestricted net assets are transactions which are neither temporarily nor permanently restricted. The use of temporarily restricted net assets through satisfaction of time or purpose restriction is recognized in the Statement of Activities as a simultaneous increase and decrease in the classes of net assets thereby as a release from restrictions.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

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.

The Area Commission, governing board of the College, has established policies regarding the custodial credit risk of the deposits with financial institutions that require the collateralization of all deposits with obligations of the United States or its agencies. The policies require that all deposits be denominated in United States dollars.

Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws. The College accounts for its investments at fair value. Changes in unrealized gain or loss on the carrying value of investments are reported as a component of investment income in the statement of revenue, expenses and changes in net position.

The Area Commission has established investment policies allowing the investment in overnight repurchase agreements or certificates of deposits. The certificates of deposit are required to be guaranteed by obligations of the United States or collateralized by pledged securities by a third party. Furthermore the investments must be in accordance with the Code of Laws of South Carolina. The policy states that the most competitive yield available should be selected for investment purchases. The investment policy does not specifically address diversification of investments.

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

The Foundation accounts for its investments at fair value. Changes in unrealized gain or loss are reported as increases or decreases in unrestricted net assets unless donor stipulation restricts the use of these changes for specific purpose or reinvestment in the corpus which would be reported as temporarily or permanently restricted net assets, respectively.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students. Accounts receivable also includes amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

The College has established an allowance for uncollectible accounts receivable based upon past collection experience, current market conditions, and other factors known to management.

Receivables for the Foundation include contributions receivable recognized as a receivable at the date of notification of the promise to give. The amount reported net of allowance and discount for time value is the present value of the estimated future cash flows expected to be collected.

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 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.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally fifteen to fifty years for buildings and improvements and land improvements and two to twenty-five years for machinery, equipment and vehicles.

Unearned Revenue and Deposits

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College does not currently have any items that qualify for reporting in this category.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College does not currently have any items that qualify for reporting in this category

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 salary and benefit expenses in the statement of revenue, expense, and changes in net position.

Net Position

The College's net position is classified as follows:

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

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

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

Classification of Revenue

The College has classified its revenue as either operating or nonoperating revenue according to the following criteria:

*Operating revenue:* Operating revenue generally results from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenue 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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

*Nonoperating revenue:* Nonoperating revenue includes activities that have the characteristics of nonexchange transactions. These revenue 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.

Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenue primarily represents revenue generated by the bookstore and cafeteria services. Revenue of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

Nonexchange Transactions

Nonexchange transactions involving financial or capital resources are transactions in which the College either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. The types of nonexchange transactions the College engages in include “Voluntary nonexchange transactions” (certain grants and donations), “Imposed nonexchange revenue” (fines and penalties), and “Government-mandated nonexchange transactions.”

Voluntary nonexchange transactions usually involve eligibility requirements that must be met before transactions are recognized. The eligibility requirements can include one or more of the following:

- a. The recipient has the characteristics specified by the provider.
- b. Time requirements specified by the provider have been met.
- c. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
- d. The provider’s offer of resources is contingent upon a specified action of the recipient and that action occurred.

Resources transmitted before the eligibility requirements are met are reported as advances by the provider and as unearned revenue by recipients.

Assets from imposed nonexchange revenue are recognized when an enforceable legal claim to the assets arise or when the resources are received, whichever occurs first.

Income Taxes

The College is exempt from income taxes under the Internal Revenue Code. Orangeburg-Calhoun Technical College Foundation, Inc. has received a determination letter from the Internal Revenue Service that it is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code (the “IRC”). However, it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending June 30, 2014, 2013, 2012, and 2011 are still open to audit for both federal and state purposes. The Foundation is not classified as a private foundation.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**1. Summary of Significant Accounting Policies (continued)**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

Prior-Year Comparative Totals

The financial statements include certain prior-year summarized comparative information to facilitate financial analysis. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Fund's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

**2. Deposits and Investments**

Deposits

The College's policies regarding the risk of financial instruments are included in *Note 1*. The College is exposed to certain custodial credit risks from the use of local financial institutions for its depository accounts. At June 30, 2014 a total of \$4,790,280 (bank balance \$5,195,011) was on deposit with local institutions in the name of the College and were fully insured or collateralized by securities held in the College's name. The College did not recognize any losses due to default by counterparties relating to depository relationships.

At June 30, 2014 a total of \$440,616 (bank balance \$472,276) was on deposit with local institutions in the name of the Foundation. Of the bank balance \$250,000 was covered by federal depository insurance, \$63,576 was secured by collateral pledged in the Foundation's name and \$158,700 was uninsured/uncollateralized. The Foundation did not recognize any losses due to default by counterparties relating to depository relationships.

Investments

The College's investments at June 30, 2014, 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, 2014, consists solely of certificates of deposits or United States government-backed securities with maturities of one to two years. All of the securities for the reporting period were either fully collateralized or insured by the Federal Deposit Insurance Corporation. See below for a reconciliation of the investment classification differences for statement and note disclosure presentation.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**2. Deposits and Investments (continued)**

The College's investments consisted of the following as of June 30, 2014:

|                             | <u>Cost</u>                | <u>Unrealized<br/>Gains</u> | <u>Unrealized<br/>Losses</u> | <u>Fair<br/>Value</u>      |
|-----------------------------|----------------------------|-----------------------------|------------------------------|----------------------------|
| Certificates of deposit     | \$ 5,740,732               | \$ 10,479                   | \$ -                         | \$ 5,751,211               |
| U.S. Government obligations | 1,143,104                  | 4,316                       | -                            | 1,147,420                  |
| <b>Total</b>                | <b><u>\$ 6,883,836</u></b> | <b><u>\$ 14,795</u></b>     | <b><u>\$ -</u></b>           | <b><u>\$ 6,898,631</u></b> |

The Foundation's investments included the following pools:

| <u>Investment Pool</u> | <u>June 30, 2014</u>     |                            | <u>June 30, 2013</u>     |                          |
|------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
|                        | <u>Cost</u>              | <u>Fair Value</u>          | <u>Cost</u>              | <u>Fair Value</u>        |
| Scholarship Endowment  | \$ 239,413               | \$ 275,144                 | \$ 197,712               | \$ 220,399               |
| Term Endowment         | 679,922                  | 810,176                    | 631,802                  | 715,850                  |
| <b>Total</b>           | <b><u>\$ 919,335</u></b> | <b><u>\$ 1,085,320</u></b> | <b><u>\$ 829,514</u></b> | <b><u>\$ 936,249</u></b> |

Securities held by the pools as of June 30, 2014 included the following:

|                   | <u>Cost</u>              | <u>Unrealized<br/>Gains</u> | <u>Unrealized<br/>Losses</u> | <u>Fair<br/>Value</u>      |
|-------------------|--------------------------|-----------------------------|------------------------------|----------------------------|
| Money funds       | \$ 52,550                | \$ -                        | \$ -                         | \$ 52,550                  |
| Equity funds      | 481,616                  | 163,262                     | -                            | 644,878                    |
| Mutual bond funds | 385,169                  | 2,723                       | -                            | 387,892                    |
| <b>Total</b>      | <b><u>\$ 919,335</u></b> | <b><u>\$ 165,985</u></b>    | <b><u>\$ -</u></b>           | <b><u>\$ 1,085,320</u></b> |

Securities held by the pools as of June 30, 2013 included the following:

|                   | <u>Cost</u>              | <u>Unrealized<br/>Gains</u> | <u>Unrealized<br/>Losses</u> | <u>Fair<br/>Value</u>    |
|-------------------|--------------------------|-----------------------------|------------------------------|--------------------------|
| Money funds       | \$ 29,573                | \$ -                        | \$ -                         | \$ 29,573                |
| Equity funds      | 475,808                  | 110,298                     | -                            | 586,106                  |
| Mutual bond funds | 324,133                  | -                           | (3,563)                      | 320,570                  |
| <b>Total</b>      | <b><u>\$ 829,514</u></b> | <b><u>\$ 110,298</u></b>    | <b><u>\$ (3,563)</u></b>     | <b><u>\$ 936,249</u></b> |



ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**2. Deposits and Investments (continued)**

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of a failure of the counter- party to a transaction, the investor will not be able to recover the value of the investments or collateral securities that are in the possession of the outside party. All of the investment pool assets are uninsured and unregistered, held by the counter party's trust department or agent in the investor's name.

The Foundation has not experienced any losses resulting from custodial credit risk or credit risk.

*Credit Risk*

Credit risk is managed through the diversification of securities and types of securities within the investment pools.

*Interest Rate Risk*

Interest rate risk is managed through the diversification of securities and types of securities within the investment pools.

*Liquidity Risk*

Liquidity risk is managed through the diversification of types of securities, issuers, and issues within the investment pools.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**2. Deposits and Investments (continued)**

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

|                                 |               |
|---------------------------------|---------------|
| Statement of net position       |               |
| Current assets                  |               |
| Cash and cash equivalents       | \$ 4,792,380  |
| Investments                     | 6,898,631     |
| Total College                   | 11,691,011    |
| Statement of financial position |               |
| Current assets                  |               |
| Cash and cash equivalents       | 440,616       |
| Investments                     | 810,176       |
| Noncurrent assets               |               |
| Investments                     | 275,144       |
| Total component unit            | 1,525,936     |
| Total reporting entity          | \$ 13,216,947 |
| Note disclosure                 |               |
| Cash on hand                    | \$ 2,100      |
| Investments                     | 6,898,631     |
| Deposits with banks             | 4,790,280     |
| Total College                   | 11,691,011    |
| Investments                     | 1,085,320     |
| Deposits with banks             | 440,616       |
| Total component unit            | 1,525,936     |
| Total reporting entity          | \$ 13,216,947 |

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**3. Accounts and Contributions Receivable**

Accounts receivable including applicable allowances, are as follows at June 30:

|                                    | <u>2014</u>         | <u>2013</u>         |
|------------------------------------|---------------------|---------------------|
| Student accounts                   | \$ 1,405,964        | \$ 1,300,419        |
| Federal government                 | 899,930             | 406,850             |
| State agencies                     | 651,198             | 698,107             |
| Other                              | 143,579             | 5,850               |
|                                    | <u>3,100,671</u>    | <u>2,411,226</u>    |
| Less, allowance for uncollectibles | <u>(1,262,500)</u>  | <u>(1,171,000)</u>  |
| Net accounts receivable            | <u>\$ 1,838,171</u> | <u>\$ 1,240,226</u> |

Allowance for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2014, the allowance for uncollectible student accounts is valued at \$1,262,500.

Contributions Receivable

The Foundation had recognized unconditional promises to give as contributions receivable, which are due to be collected as follows at June 30:

|   | <u>2014</u>       | <u>2013</u>       |
|---|-------------------|-------------------|
| Unconditional promises to give            | \$ 177,930        | \$ 223,232        |
| Less unamortized discount                 | (5,388)           | (9,200)           |
|   | <u>172,542</u>    | <u>214,032</u>    |
| Less, allowance for uncollectible pledges | -                 | -                 |
| Net unconditional promises to give        | <u>\$ 172,542</u> | <u>\$ 214,032</u> |
| Amounts due in:                           |                   |                   |
| Less than one year                        | \$ 76,688         | \$ 72,490         |
| One to five years                         | 95,854            | 141,542           |
| Total                                     | <u>\$ 172,542</u> | <u>\$ 214,032</u> |

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**4. Capital Assets**

|   | <b>Beginning<br/>Balance<br/>July 1, 2013</b> | <b>Increases</b>      | <b>Decreases</b> | <b>Transfers</b> | <b>Ending<br/>Balance<br/>June 30, 2014</b> |
|---|---|-----------------------|------------------|------------------|---|
| Capital assets not being depreciated          |   |                       |                  |                  |   |
| Land and improvements                         | \$ 105,678                                    | \$ -                  | \$ -             | \$ -             | \$ 105,678                                  |
| Total capital assets not being depreciated    | <u>105,678</u>                                | <u>-</u>              | <u>-</u>         | <u>-</u>         | <u>105,678</u>                              |
| Other capital assets:                         |   |                       |                  |                  |   |
| Buildings and improvements                    | 27,271,282                                    | -                     | -                | -                | 27,271,282                                  |
| Machinery, equipment and other                | 4,602,044                                     | 166,897               | (201,444)        | 23,782           | 4,591,279                                   |
| Vehicles                                      | 301,145                                       | 57,930                | -                | -                | 359,075                                     |
| Depreciable land improvements                 | 797,950                                       | -                     | -                | -                | 797,950                                     |
| Intangibles                                   | 207,000                                       | -                     | -                | -                | 207,000                                     |
| Total other capital assets at historical cost | <u>33,179,421</u>                             | <u>224,827</u>        | <u>(201,444)</u> | <u>23,782</u>    | <u>33,226,586</u>                           |
| Less, accumulated depreciation for:           |   |                       |                  |                  |   |
| Buildings and improvements                    | (13,006,208)                                  | (749,603)             | -                | -                | (13,755,811)                                |
| Machinery, equipment and other                | (3,177,702)                                   | (466,115)             | 201,444          | (23,782)         | (3,466,155)                                 |
| Vehicles                                      | (258,135)                                     | (20,617)              | -                | -                | (278,752)                                   |
| Depreciable land improvements                 | (708,010)                                     | (7,495)               | -                | -                | (715,505)                                   |
| Intangibles                                   | (207,000)                                     | -                     | -                | -                | (207,000)                                   |
| Total accumulated depreciation                | <u>(17,357,055)</u>                           | <u>(1,243,830)</u>    | <u>201,444</u>   | <u>(23,782)</u>  | <u>(18,423,223)</u>                         |
| Other capital assets, net                     | <u>15,822,366</u>                             | <u>(1,019,003)</u>    | <u>-</u>         | <u>-</u>         | <u>14,803,363</u>                           |
| Capital assets, net                           | <u>\$ 15,928,044</u>                          | <u>\$ (1,019,003)</u> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 14,909,041</u>                        |

Depreciation expense totaled \$1,243,830 for the year ended June 30, 2014.

**5. Pension Plans**

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**5. Pension Plans (continued)**

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

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

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member's job and they have a minimum of eight years of credited service. For disability applications received after December 31, 2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits.

An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**5. Pension Plans (continued)**

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 which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018 and a member's participation may not continue after this date.

Effective July 1, 2013, employees participating in the SCRS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for SCRS was 15.52%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45%, .15% for the incidental death benefit program and a 4.92% surcharge that will fund retiree health and dental insurance coverage. The College's actual retirement and incidental death benefit program contributions to the SCRS for the years ended June 30, 2014, 2013, and 2012 were:

| <b>Fiscal Year Ended</b> | <b>Retirement</b> |                     | <b>Incidental Death</b> |                     |
|--------------------------|-------------------|---------------------|-------------------------|---------------------|
|                          | <b>Rate</b>       | <b>Contribution</b> | <b>Rate</b>             | <b>Contribution</b> |
| 2014                     | 10.450%           | \$ 1,039,123        | 0.15%                   | \$ 14,916           |
| 2013                     | 10.450%           | \$ 1,030,802        | 0.15%                   | \$ 14,796           |
| 2012                     | 9.385%            | \$ 890,111          | 0.15%                   | \$ 14,226           |

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement plan. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides for lifetime monthly annuity benefits as well as disability, survivor benefits and incidental death benefits to eligible employees and retirees. In addition, participating employers in the PORS may elect to contribute to the accidental death program 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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**5. Pension Plans (continued)**

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

Effective July 1, 2013, employees participating in the PORS were required to contribute 7.84% of all earnable compensation. The employer contribution rate for PORS was 17.76%. Included in the total PORS employer contribution rate is a base retirement contribution of 12.44%, .20% for the incidental death benefit program, .20% for the accidental death program, and a 4.92% surcharge that will fund retiree health and dental insurance coverage. The College's actual retirement, incidental death benefit program and accidental death program contributions to the PORS for the years ended June 30, 2014, 2013, and 2012 were:

| Fiscal Year<br>Ended | Retirement |              | Incidental Death |              | Accidental Death |              |
|----------------------|------------|--------------|------------------|--------------|------------------|--------------|
|                      | Rate       | Contribution | Rate             | Contribution | Rate             | Contribution |
| 2014                 | 12.440%    | \$ 24,463    | 0.20%            | \$ 393       | 0.20%            | \$ 393       |
| 2013                 | 11.900%    | \$ 23,023    | 0.20%            | \$ 387       | 0.20%            | \$ 387       |
| 2012                 | 11.363%    | \$ 20,229    | 0.20%            | \$ 356       | 0.20%            | \$ 356       |

As an alternative to membership in the SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution retirement plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for the State ORP plan other than for the employer's payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.60% plus the retiree surcharge of 4.92% from the employer in fiscal year 2014. Of the 10.60% employer contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.45% retirement contribution and .15% incidental death benefit program contribution amounts are remitted to SCRS.



ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**5. Pension Plans (continued)**

For fiscal year 2014 and 2013, total contributions requirements to the ORP were approximately \$54,511 and \$57,699, respectively (excluding the surcharge) from the College as employer and approximately \$39,123 and \$38,650, respectively from its employees as plan members.

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

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

While the surcharge to fund retiree health and dental insurance benefits is collected by the Retirement Benefits Division of PEBA, it is remitted to the Insurance Benefits Division of PEBA, which is responsible for administration of retiree health and dental insurance benefits and establishment of the applicable retiree insurance surcharge rate.

For the current fiscal year, the SCRS and PORS do not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, the College's liability under the plans is limited to the amount of required employer contributions (stated as a percentage of covered payroll) as established by the South Carolina Public Employee Benefit Authority and as appropriated in the South Carolina Appropriation Act and from other applicable revenue sources. Accordingly, the College recognizes no contingent liability for unfunded costs associated with participation in the plans.

**Deferred Compensation Plans**

Several optional deferred compensation plans are available to state employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employers plans, create under Internal Revenue Sections 457, 401(k), and 403(b), are administrated 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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**6. Post Employment and Other Employee Benefits**

**Plan Description**

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. The College contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple employer defined benefit postemployment healthcare and long-term disability plans administered by the Insurance Benefits Division (IB) of the South Carolina Public Employee Benefit Authority (PEBA).

Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding.

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

**Funding Policies**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, 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, 4.92% of annual covered payroll for 2014 and 4.55% of annual covered payroll for 2013. The IB sets the employer contribution rate based on a pay-as-you-go basis.

The College paid approximately \$524,572 and \$482,743 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2014 and 2013, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2014 and 2013. The College recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$6,524 and \$6,218 for the years ended June 30, 2014 and 2013, respectively.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**6. Post Employment and Other Employee Benefits (continued)**

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 SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated IB reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions.

A copy of the separately issued financial statements for the benefit plans and the trust funds may be obtained by writing to the South Carolina Public Employee Benefit Authority – Insurance Benefits Division, P.O. Box 11960, Columbia, South Carolina 29211-1960.

*Other Employee Benefits*

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

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$988,876 and \$887,861 for the years ended June 30, 2014 and 2013.

**7. Contingencies, Litigation, and Project Commitments**

During fiscal year 2010 the College completed the construction of a new classroom and training building, which houses new and existing academic programs related to the transportation and logistics industry. The college received a federal grant from the US Department of Commerce in the amount of \$1,500,000 and state funds of \$200,000 to be used towards construction costs. As part of the grant from the US Department of Commerce the College has granted the Federal Government a 20 year encumbrance on the land that the building was constructed. Should the College use the building for the purpose for which it was constructed the encumbrance will be removed in 2030. The terms of the agreement allow for the US Department of Commerce to seek certain remedies should the College not use the building as intended including but not limited to the repayment of \$1,280,866 of the funds received for construction to the US Department of Commerce.

From time to time the College may be a 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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**7. Contingencies, Litigation, and Project Commitments (continued)**

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.

**8. Transactions with Component Unit**

The College recorded non-governmental gift receipts of \$271,482 and \$234,712 from the Foundation in nonoperating revenues and capital grants and gifts for the fiscal years ending June 30, 2014 and 2013. In addition, scholarships and fellowships totaling \$86,429 and \$93,728 were awarded to students enrolled at the College and paid to the College on their behalf.

The Foundation reimburses the College for any disbursements made by the College on its behalf. During the years ended June 30, 2014 and 2013, the Foundation paid the College approximately \$22,130 and \$22,031 as reimbursement for these disbursements. The Foundation also paid the College \$2,400 for accounting services and \$20,000 for management services and office space during the years ended June 30, 2014 and 2013. As of June 30, 2014 and 2013, the Foundation owed the College \$810 and \$100,226, respectively, for reimbursements of disbursements made by the College.

**9. Risk Management**

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

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

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

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**9. Risk Management (continued)**

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 watercrafts
- Torts
- Natural disasters
- Medical Malpractice claims against the infirmary

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

| Year Ended | Totals    |
|------------|-----------|
| 2014       | \$ 73,173 |
| 2013       | \$ 71,320 |
| 2012       | \$ 71,513 |

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.

**10. Operating Expenses by Function**

Operating expenses by functional classification for the year ended June 30, 2014 are summarized as follows:

|                                       | Salaries      | Benefits     | Scholarships | Utilities  | Supplies<br>and Other<br>Services | Depreciation | Total         |
|---------------------------------------|---------------|--------------|--------------|------------|-----------------------------------|--------------|---------------|
| Instruction                           | \$ 6,254,986  | \$ 1,809,661 | \$ -         | \$ -       | \$ 1,254,837                      | \$ -         | \$ 9,319,484  |
| Academic support                      | 1,465,095     | 452,861      | -            | -          | 365,626                           | -            | 2,283,582     |
| Student services                      | 1,482,843     | 455,157      | -            | -          | 492,138                           | -            | 2,430,138     |
| Operation and<br>maintenance of plant | 924,583       | 365,094      | -            | 481,165    | 540,078                           | -            | 2,310,920     |
| Institutional support                 | 1,465,372     | 505,279      | -            | -          | 591,423                           | -            | 2,562,074     |
| Scholarships                          | -             | -            | 3,496,591    | -          | -                                 | -            | 3,496,591     |
| Auxiliary enterprises                 | 67,857        | 17,429       | -            | -          | 1,347,058                         | -            | 1,432,344     |
| Depreciation                          | -             | -            | -            | -          | -                                 | 1,243,830    | 1,243,830     |
| Total operating<br>expenses           | \$ 11,660,736 | \$ 3,605,481 | \$ 3,496,591 | \$ 481,165 | \$ 4,591,160                      | \$ 1,243,830 | \$ 25,078,963 |

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**10. Operating Expenses by Function (continued)**

Operating expenses by functional classification for the year ended June 30, 2013 are summarized as follows:

|                                       | Salaries             | Benefits            | Scholarships        | Utilities         | Supplies<br>and Other<br>Services | Depreciation        | Total                |
|---------------------------------------|----------------------|---------------------|---------------------|-------------------|-----------------------------------|---------------------|----------------------|
| Instruction                           | \$ 6,332,388         | \$ 1,755,043        | \$ -                | \$ -              | \$ 1,308,773                      | \$ -                | \$ 9,396,204         |
| Academic support                      | 1,468,817            | 431,678             | -                   | -                 | 229,537                           | -                   | 2,130,032            |
| Student services                      | 1,398,774            | 425,879             | -                   | -                 | 334,308                           | -                   | 2,158,961            |
| Operation and<br>maintenance of plant | 896,399              | 334,986             | -                   | 462,872           | 674,761                           | -                   | 2,369,018            |
| Institutional support                 | 1,445,019            | 484,479             | -                   | -                 | 727,115                           | -                   | 2,656,613            |
| Scholarships                          | -                    | -                   | 3,735,070           | -                 | -                                 | -                   | 3,735,070            |
| Auxiliary enterprises                 | 75,990               | 17,088              | -                   | -                 | 1,299,580                         | -                   | 1,392,658            |
| Depreciation                          | -                    | -                   | -                   | -                 | -                                 | 1,185,386           | 1,185,386            |
| Total operating<br>expenses           | <u>\$ 11,617,387</u> | <u>\$ 3,449,153</u> | <u>\$ 3,735,070</u> | <u>\$ 462,872</u> | <u>\$ 4,574,074</u>               | <u>\$ 1,185,386</u> | <u>\$ 25,023,942</u> |

**11. Contingent Rentals**

During the fiscal year ended June 30, 2014, Orangeburg-Calhoun Technical College expended \$63,299 to vendors on contingent rentals for copier and other equipment rentals, which is based upon the usage of the machine. Copiers are leased on a five year contract with no minimum monthly payment (based on per copy charge). Contracts are due to expire from July 2014 - May 2018.

The College also incurred additional charges for mileage under vehicle leases as described in *Note 12*.

**12. Operating Leases**

The College was a party to operating leases through the South Carolina State Fleet Management Division. The lease provided month-to-month use with a \$280 minimum per vehicle monthly payment with additional charges for excess mileage. During the fiscal year ended June 30, 2013, the College expended \$2,520 for minimum payments under the cancelable operating leases. These leases expired in March 2013 and were not renewed.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**13. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2014 was as follows:

|                              | <u>June 30,<br/>2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30,<br/>2014</u> | <u>Due Within<br/>One Year</u> |
|------------------------------|--------------------------|------------------|-------------------|--------------------------|--------------------------------|
| Accrued compensated absences | \$ 1,099,842             | \$ 524,340       | \$ (481,981)      | \$ 1,142,201             | \$ 83,926                      |

**14. State Appropriations**

State funds for operations for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the “Board”), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner.

The following is a detail schedule of State appropriations revenue reported in the financial statements for the fiscal years ended June 30, 2014 and June 30, 2013:

|   | <u>2014</u>         | <u>2013</u>         |
|---|---------------------|---------------------|
| <b>Non-Capital Appropriations</b>                                 |                     |                     |
| Appropriations per annual appropriations act                      | \$ 3,931,080        | \$ 3,795,406        |
| Deferred maintenance  | -                   | 164,322             |
| Lottery technology funds  | 149,815             | 148,684             |
| Pathways  | 37,784              | 37,784              |
| Nursing supplement  | 17,672              | 17,672              |
| From Commission on higher education:                              |                     |                     |
| Academic Endowment  | 63                  | 67                  |
| Total non-capital appropriations recorded as current year revenue | <u>\$ 4,136,414</u> | <u>\$ 4,163,935</u> |

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**15. Statement of Activities**

Orangeburg-Calhoun 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.

|  | <b>2014</b>   | <b>2013</b>   | <b>Increase<br/>(Decrease)</b> |
|--|---------------|---------------|--------------------------------|
| Charges for services                   | \$ 8,636,966  | \$ 9,111,264  | \$ (474,298)                   |
| Operating grants and contributions     | 11,849,162    | 10,947,159    | 902,003                        |
| Capital grants and gifts               | 15,000        | -             | 15,000                         |
| Less: expenses                         | (25,078,963)  | (25,023,942)  | (55,021)                       |
| Net program revenue (expense)          | (4,577,835)   | (4,965,519)   | 387,684                        |
| Transfers:                             |               |               |                                |
| State appropriations                   | 4,136,414     | 4,163,935     | (27,521)                       |
| State capital appropriations           | -             | 500,000       | (500,000)                      |
| Other transfers in from state agencies | 15,552        | 562,778       | (547,226)                      |
| Change in net assets                   | (425,869)     | 261,194       | (687,063)                      |
| Net assets at beginning of year        | 26,393,033    | 26,131,839    | 261,194                        |
| Net assets at end of year              | \$ 25,967,164 | \$ 26,393,033 | \$ (425,869)                   |

**16. Subsequent Events**

Subsequent events were evaluated through September 15, 2014, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.



## SUPPLEMENTARY INFORMATION

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET

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## **Independent Accountant's Report On State Lottery Tuition Assistance**

Members of the Orangeburg-Calhoun Commission for Technical Education  
Orangeburg-Calhoun Technical College  
3250 St. Matthews Road  
Orangeburg, South Carolina, 29118-8299

As a part of our examination of the financial statements of Orangeburg-Calhoun Technical College as of and for the year ended June 30, 2014, we 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 33 students was selected from the College's list of financial aid recipients.

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

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

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

By analytical tools we tested all lottery recipients for the lottery award compliance with restrictions regarding limitations associated with other awards received, amounts received within each term, and eligibility criteria associated with the Life Scholarship program.

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

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

This report is intended solely for the use of management and of the Orangeburg-Calhoun 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.

*The Brittingham Group LLP*

West Columbia, South Carolina

September 15, 2014

## SINGLE AUDIT ACT REQUIREMENTS

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2014

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title                         | Federal<br>CFDA<br>Number | Pass<br>Through<br>Identifying<br>Number | Federal<br>Expenditures<br>June 30, 2014 |
|--|---------------------------|--|--|
| <b>Direct Programs:</b>  |                           |  |  |
| <b>U. S. Department of Education</b>   |                           |  |  |
| Federal Supplemental Educational Opportunity Grants                                | 84.007                    |  | \$ 117,729                               |
| Federal Work-Study Program   | 84.033                    |  | 128,578                                  |
| Federal Pell Grant Program   | 84.063                    |  | 7,748,009                                |
| Federal Direct Student Loans   | 84.268                    |  | 4,278,224                                |
| Total Student Financial Aid Cluster  |                           |  | <u>12,272,540</u>                        |
| TRIO Student Support Services  | 84.042                    |  | 269,240                                  |
| Higher Education-Institutional Aid (PBI)   | 84.031                    |  | 285,547                                  |
| Total U.S. Department of Education   |                           |  | <u>12,827,327</u>                        |
| <b>U. S. Department of Labor</b>   |                           |  |  |
| Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants | 17.282                    |  | 500,490                                  |
| Total U. S. Department of Labor  |                           |  | <u>500,490</u>                           |
| <b>National Science Foundation</b>   |                           |  |  |
| Education and Human Resources  | 47.076                    |  | 100,258                                  |
| Total National Science Foundation  |                           |  | <u>100,258</u>                           |
| <b>Department of Transportation</b>  |                           |  |  |
| Federal Motor Carrier Safety Administration Program                                | 20.235                    |  | 77,739                                   |
| Total Department of Transportation   |                           |  | <u>77,739</u>                            |
| <b>Total Direct Programs:</b>  |                           |  | <u>13,505,814</u>                        |
| <b>Indirect Programs:</b>  |                           |  |  |
| <b>U. S. Department of Education</b>   |                           |  |  |
| Passed through South Carolina Department of Education:                             |                           |  |  |
| Adult Education - Basic Grants to States   | 84.002                    | 14EA410                                  | 123,841                                  |
| Adult Education - Basic Grants to States   | 84.002                    | 13EA410                                  | 10,590                                   |
| Career and Technical Education - Basic Grants to States                            | 84.048                    | 14VA410                                  | 147,383                                  |
| Total Passed through South Carolina Department of Education                        |                           |  | <u>281,814</u>                           |
| Passed through South Carolina Board of Technical College Education:                |                           |  |  |
| Commission on Higher Education Statewide Longitude - SLDS Award                    | 84.372                    | 6/30/2013                                | 2,000                                    |
| Total U.S. Department of Education   |                           |  | <u>283,814</u>                           |
| <b>U. S. Department of Labor</b>   |                           |  |  |
| Passed through Florence Darlington Technical College:                              |                           |  |  |
| Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants | 17.282                    | 9/30/2013                                | 351,541                                  |
| Total U. S. Department of Labor  |                           |  | <u>351,541</u>                           |

-CONTINUED-

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2014

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title   | Federal<br>CFDA<br>Number | Pass<br>Through<br>Identifying<br>Number | Federal<br>Expenditures<br>June 30, 2014 |
|--|---------------------------|--|--|
| <b>Indirect Programs: (Continued)</b>  |                           |  |  |
| <b>U. S. Department of Health and Human Services</b>   |                           |  |  |
| Passed through the First Steps of South Carolina:<br>Child Care and Development Block Grant  | 93.575                    | 6/30/2012                                | <u>210</u>                               |
| Passed through SC Eat Smart Move More Coalition:<br>SC Eat Smart Move More Coalition PPHF 2012: Community Transformation Grants<br>and National Dissemination and Support for Community Transformation Grants - financed solely by<br>2012 Prevention and Public Health Funds        | 93.531                    | 9/30/2014                                | <u>28,934</u>                            |
| Passed through South Carolina Tobacco Collaborative:<br>SC Eat Smart Move More Coalition PPHF 2012: Community Transformation Grants<br>and National Dissemination and Support for Community Transformation Grants - financed solely by<br>2012 Prevention and Public Health Funds    | 93.531                    | 9/30/2013                                | <u>2,576</u>                             |
| Passed through The Regional Medical Center of Orangeburg Calhoun Counties:<br>The Regional Medical Center of Orangeburg Calhoun Counties Rural Health Care Services Outreach,<br>Rural Health Care Network Development and Small Health Care Provider Quality Improvement<br>Program | 93.912                    | 7/31/2013                                | <u>2,156</u>                             |
| Total U.S. Department of Health and Human Services   |                           |  | <u>33,876</u>                            |
| <b>National Aeronautical and Space Administration</b>  |                           |  |  |
| Passed through College of Charleston:<br>College of Charleston Education   | 43.008                    | 9/30/2013                                | <u>570</u>                               |
| Total National Aeronautical and Space Administration   |                           |  | <u>570</u>                               |
| <b>United States Department of Agriculture</b>   |                           |  |  |
| Passed through Clemson University:<br>Clemson University Higher Education Multicultural Scholars Programs  | 10.220                    | 7/31/2017                                | <u>1,163</u>                             |
| Total United States Department of Agriculture  |                           |  | <u>1,163</u>                             |
| <b>National Science Foundation</b>   |                           |  |  |
| Passed through South Carolina State University:<br>Historically Black Colleges and Universities Undergraduate Programs   | 47.076                    | 6/30/2016                                | <u>2,806</u>                             |
| Total National Science Foundation  |                           |  | <u>2,806</u>                             |
| <b>Total Indirect Programs:</b>  |                           |  | <u>673,770</u>                           |
| <b>Total Federal Awards</b>  |                           |  | <u><u>\$ 14,179,584</u></u>              |

ORANGEBURG-CALHOUN TECHNICAL COLLEGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2014

**1. Description**

Orangeburg-Calhoun Technical College has adopted the Federal Office of Management and Budget's OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, whereby the Single Audit Act Amendments of 1996 were adopted to fulfill the financial and compliance audit requirements of federal grantor agencies. 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 Policies**

The financial activity shown on the Schedule of Expenditures of Federal Awards reflects amounts recorded by Orangeburg-Calhoun Technical College during its fiscal year, July 1, 2013 through June 30, 2014, and, accordingly, does not include a full year's financial activity for grants awarded or terminated on dates not coinciding with the College's fiscal year. The College reports these on the accrual basis of accounting.

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET

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WEST COLUMBIA, SOUTH CAROLINA 29171

## **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***

Members of the Orangeburg-Calhoun Commission for Technical Education  
Orangeburg-Calhoun Technical College  
3250 St. Matthews Road  
Orangeburg, South Carolina, 29118-8299

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position of Orangeburg-Calhoun Technical College (the "College"), as of June 30, 2014, and the statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements. These financial statements and notes to the financial statements together with the financial statements of the College's discretely presented component unit, which were audited by other auditors, collectively comprise the College's basic financial statements, and have issued our report thereon dated September 15, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*The Brittingham Group LLP*

West Columbia, South Carolina

September 15, 2014

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET

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WEST COLUMBIA, SOUTH CAROLINA 29171

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Members of the Orangeburg-Calhoun Commission for Technical Education  
Orangeburg-Calhoun Technical College  
3250 St. Matthews Road  
Orangeburg, South Carolina, 29118-8299

We have audited Orangeburg-Calhoun Technical College's (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2014. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

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

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*The Brittingham Group LLP*

West Columbia, South Carolina

September 15, 2014

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2014

**Summary of Auditors' Results:**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Orangeburg-Calhoun Technical College.
2. No material weaknesses or significant deficiencies relating to the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Orangeburg-Calhoun Technical College were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of major federal awards are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Orangeburg-Calhoun Technical College expresses an unmodified opinion.
6. No audit findings were reported relative to the major federal award programs for Orangeburg-Calhoun Technical College as depicted below in this schedule.
7. Major federal programs:  
Student Financial Aid Cluster

|   |              |
|---|--------------|
| Supplemental Education Opportunity Grants | CFDA #84.007 |
| Federal Work-Study Program                | CFDA #84.033 |
| Federal Pell Grant Program                | CFDA #84.063 |
| Federal Direct Student Loans              | CFDA #84.268 |
8. The threshold for distinguishing between Type A and Type B Programs was \$300,000.
9. Orangeburg-Calhoun Technical College did qualify as a low risk auditee.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

**Financial Statement Findings:**

None

**Federal Awards Findings and Questioned Costs:**

No findings or questioned costs.

**Status of Prior Year Findings:**

None were reported.