

ORANGEBURG-CALHOUN TECHNICAL COLLEGE

# FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

FISCAL YEAR ENDED JUNE 30, 2015



FROM COLLEGE TO CAREER

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

## **Audited Financial Statements**

**Fiscal Year Ended June 30, 2015**

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# *Orangeburg-Calhoun Technical College*

## Organizational Data

June 30, 2015

### **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 (Still serving, as no new appointment has been made)	
Margaret Felder-Wilson, Ph.D. - July 2014 (Still serving, as no new appointment has been made)	

### **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, 2014 - June 30, 2015

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

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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## 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

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the business-type activities 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 and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We 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. The financial statements of the Foundation were not audited in accordance with *Governmental Auditing Standards* issued by the Comptroller General of the United States.

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, 2015, 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.

### ***Change in Accounting Principle***

As discussed in *Note 9* to the financial statements, in 2015 the College adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pension – In Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of Retirement Systems Net Pension Liabilities, and Schedule of Retirement Systems Contributions on pages 6 – 16, 50, and 51 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 23, 2015, 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 23, 2015

## 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, 2015, and June 30, 2014. 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 (\$29,818,898) of Orangeburg-Calhoun Technical College exceeded its liabilities (\$2,775,971) (excluding the GASB 68 unfunded pension obligation) at June 30, 2015, by \$27,042,927 (net position-excluding unfunded pension obligation). Of this amount, \$11,453,010 is unrestricted and may be used to meet the College's ongoing obligations and \$1,032,000 is restricted for use of capital projects – specifically a new Nursing and Health Science building.
- The College experienced an operating loss of \$16,596,389 during the fiscal year ended June 30, 2015, 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 \$9,876,057, state appropriations of \$4,378,875, local appropriations of \$1,428,740, investment income of \$56,058, and other non-operating revenues.
- In the fiscal year 2015, the College's total net position decreased significantly as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The total overall decrease in the College's net position during the year was \$18,544,909. Further implications of the implementation of GASB Statement No. 68 will be discussed later. However, the unrestricted portion of Net Position that may be used to meet the future obligations of the college increased \$394,887 or 3.6%.

## **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 and excluding the effects of GASB 68, assets exceeded liabilities by \$27,042,927 at the close of the most recent fiscal year. This represents an increase of \$1,075,763 over last year's amount of \$25,967,164.

Over half (54%) of the College's net position, excluding GASB 68 unfunded pension obligation, 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.

Approximately 42% of the College's net position, excluding GASB 68 unfunded pension obligation, 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. The remaining 4% is restricted for capital projects.

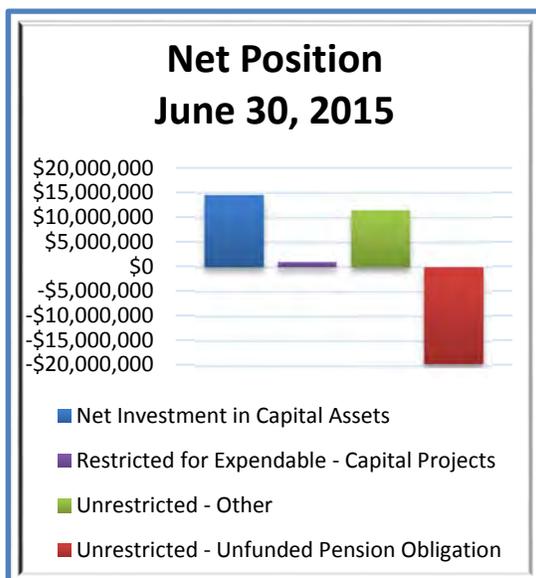
The charts that follows presents specific areas of the College's financial condition on June 30, 2015 and June 30, 2014.

**Orangeburg-Calhoun Technical College**  
**Net Position**  
**As of June 30, 2015 and June 30, 2014**

	<u>2015</u>	<u>2014</u>
Current Assets	\$15,260,981	\$13,693,034
Non-Current Assets		
Capital Assets, Net of Depreciation	<u>14,557,917</u>	<u>14,909,041</u>
Total Assets	<u>29,818,898</u>	<u>28,602,075</u>
Deferred Outflow of Resources		
Deferred pension outflows	<u>1,742,014</u>	_____*
Total Assets and Deferred Outflows of Resources	<u>31,560,912</u>	<u>28,602,075</u>
Current Liabilities	1,668,208	1,576,636
Non-Current Liabilities- Compensated Absences	1,107,763	1,058,275
Non-Current Liabilities – Pension Liability	<u>19,692,626</u>	_____*
Total Liabilities	<u>22,468,597</u>	<u>2,634,911</u>
Deferred Inflow of Resources		
Deferred pension inflows	<u>1,670,060</u>	_____*
Total Liabilities and Deferred Inflows of Resources	<u>24,138,657</u>	<u>2,634,911</u>
Net Position		
Net Investment in Capital Assets	14,557,917	14,909,041
Restricted for expendable-Capital projects	1,032,000	-
Unrestricted–unfunded pension obligation	(19,620,672)	*
Unrestricted-other	<u>11,453,010</u>	<u>11,058,123</u>
Total Net Position	<u>\$ 7,422,255</u>	<u>\$ 25,967,164</u>

\*-The June 30, 2014 figures have not been adjusted for implementation of GASB 68 as this information is not available.

This schedule is prepared from the College’s statement of net position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Please note that assets 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, 2015	June 30, 2014	Increase (Decrease)	Percent Change
<b>Operating</b>				
Operating Revenue				
Tuition and Fees	\$4,971,760	\$4,521,654	\$450,106	9.95%
Federal and State Grants	3,958,753	3,443,663	515,090	14.96%
Auxiliary	704,560	671,649	32,911	4.90%
Other	6,904	14,040	(7,136)	-50.83%
Total Operating Revenue	<u>9,641,977</u>	<u>8,651,006</u>	<u>990,971</u>	<u>11.45%</u>
Less: Operating Expenses	<u>(26,238,366)</u>	<u>(25,078,963)</u>	<u>(1,159,403)</u>	<u>4.62%</u>
Total Operating Income (Loss)	<u>(16,596,389)</u>	<u>(16,427,957)</u>	<u>(168,432)</u>	<u>1.03%</u>
<b>Non-Operating</b>				
State Appropriations	4,378,875	4,136,414	242,461	5.86%
Orangeburg County	1,110,740	1,061,949	48,791	4.59%
Calhoun County	318,000	318,000	-	0.00%
Federal and State Grants	9,876,057	9,683,476	192,581	1.99%
Investment Income	56,058	53,314	2,744	5.15%
Other	658,256	718,383	(60,127)	-8.37%
Total Non-Operating	<u>16,397,986</u>	<u>15,971,536</u>	<u>426,450</u>	<u>2.67%</u>
<b>Net Income (Loss) Before Other</b>				
Revenue, Expenses, Gains, or Losses	(198,403)	(456,421)	258,018	-56.53%
<b>Other Revenue, Expenses, Gains, or Losses</b>				
State Capital Appropriations	1,000,000	-	1,000,000	N/A
County Capital Appropriations	32,000	-	32,000	N/A
Transfer from Other State Agencies	28,576	15,552	13,024	83.74%
Capital grants and gifts	12,439	15,000	(2,561)	-17.07%
Total Capital Contributions	<u>1,073,015</u>	<u>30,552</u>	<u>1,042,463</u>	<u>3412.09%</u>
Increase in Net Position	874,612	(425,869)	1,300,481	
Net Position, Beginning of Year, restated*	<u>6,547,643</u>	<u>26,393,033</u>	<u>(19,845,390)</u>	
Net Position, End of Year	<u>\$7,422,255</u>	<u>\$25,967,164</u>	<u>(\$18,544,909)</u>	

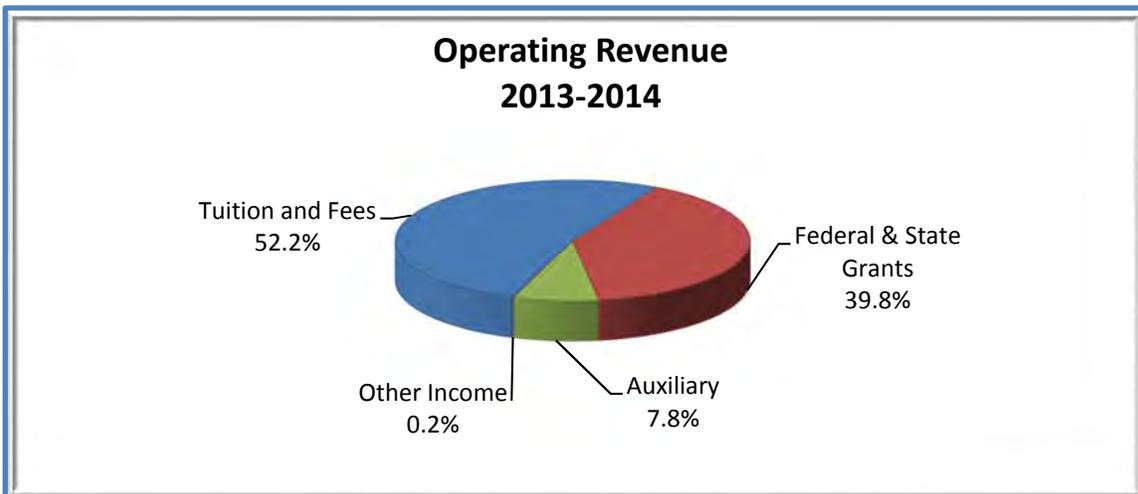
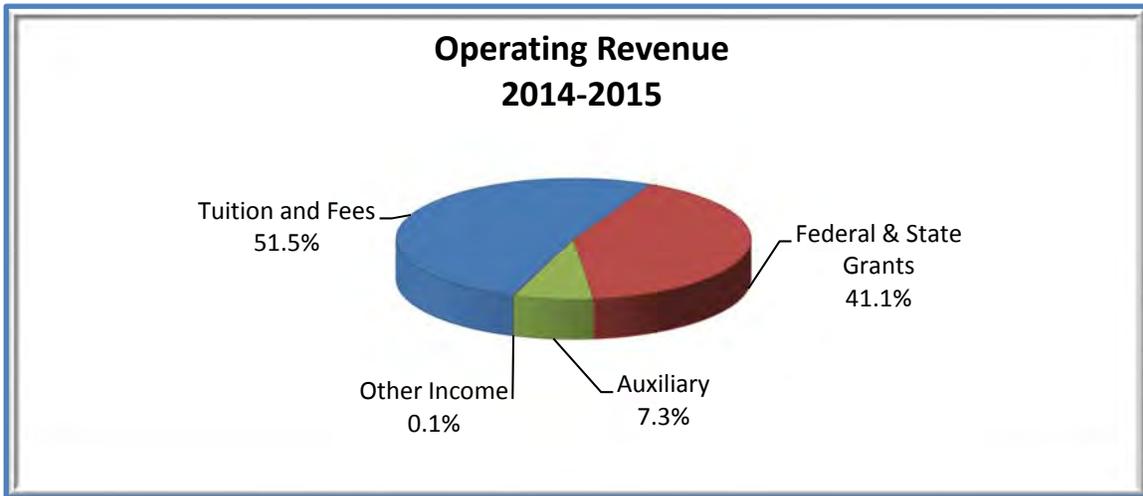
\*-The June 30, 2014 figures have not been adjusted for implementation of GASB 68 as this information is not available.

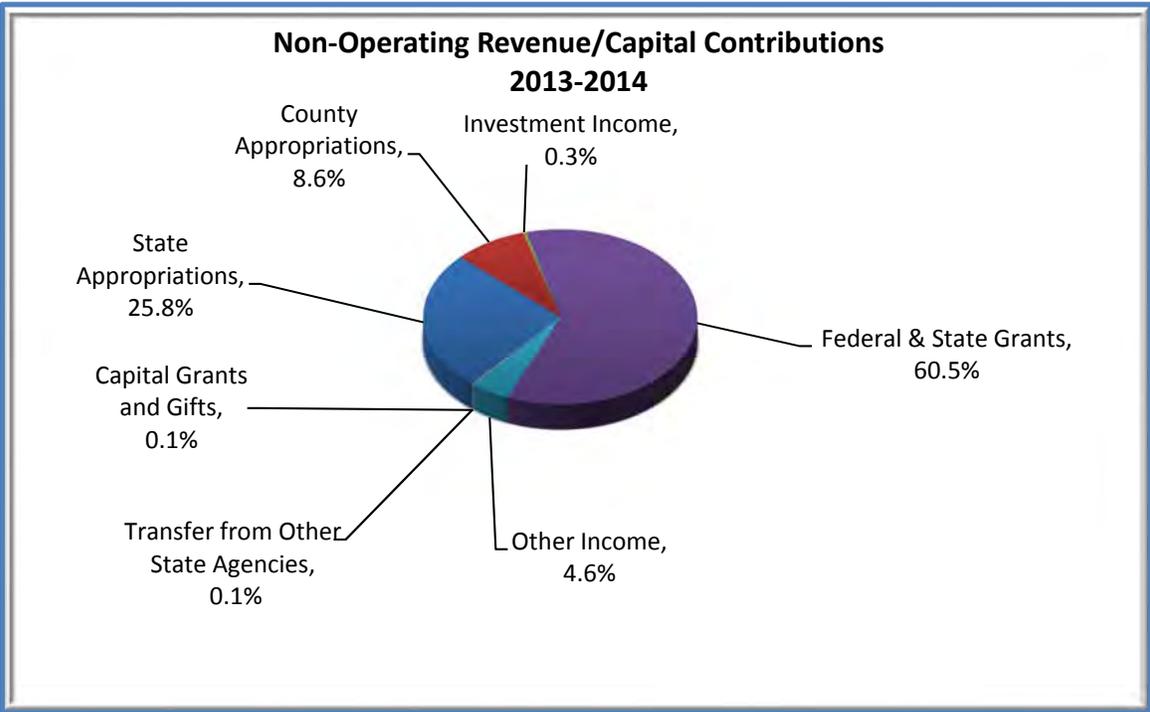
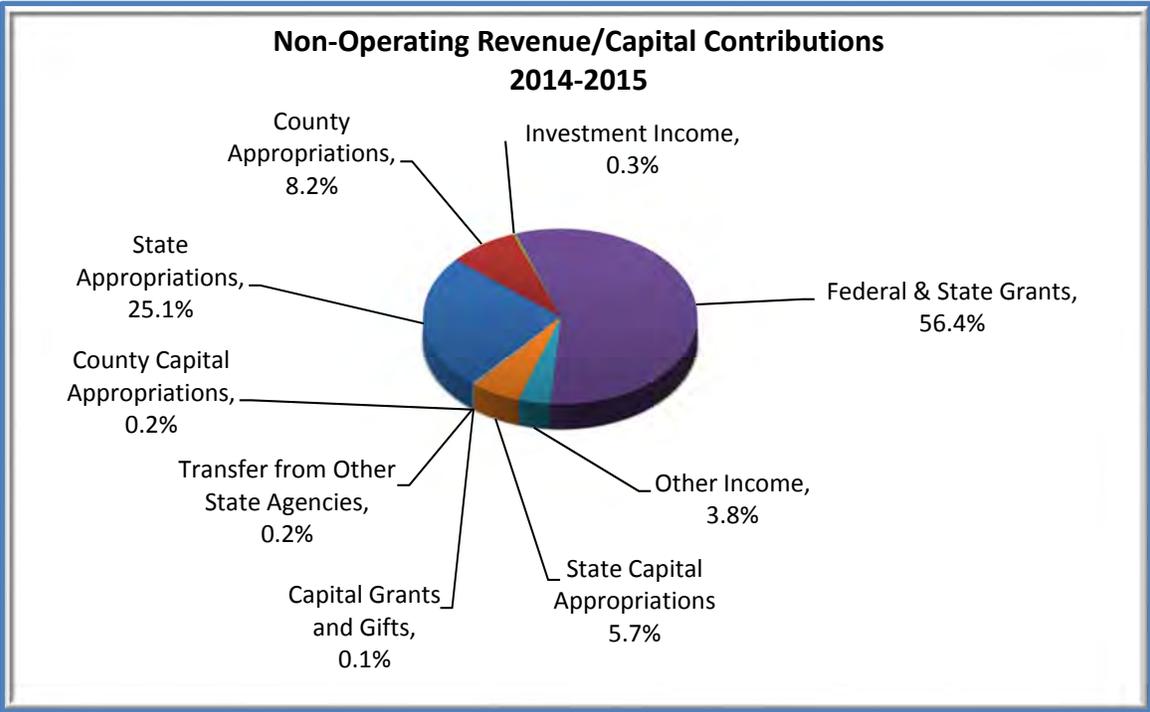
Operating revenues as of June 30, 2015 increased by \$990,971 over the previous fiscal year. Tuition revenue shows an increase of \$450,106 over the prior year and auxiliary shows an increase of \$32,911. The amounts for tuition and auxiliary are not reported as gross revenues. They are shown as a net amount, after a deduction has been made for the amount covered by scholarships. There was also an increase in federal and state operating grants of \$515,090 compared to last fiscal year.

Operating expenses as of June 30, 2015, increased by \$1,159,403 over the same period in the previous fiscal year. Major factors contributing to this overall increase were an increase in salaries of \$467,259, an increase in benefits of \$383,090, and increase in supplies and other services of \$466,105. There was also an increase in depreciation expense of \$33,318, an increase in utilities of \$19,397, and a decrease of \$209,766 in scholarships.

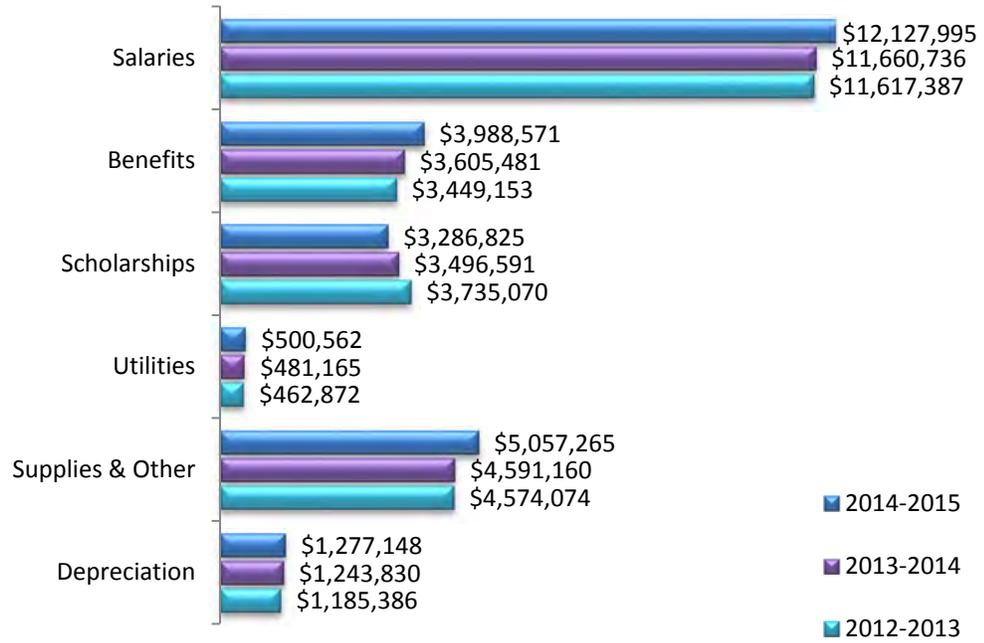
Non-operating revenues increased from last fiscal year to the current year by \$426,450. There was an increase in federal and state non-operating grants of \$192,581 and an increase in state appropriations of \$242,461. Orangeburg County and Calhoun County funding increased by \$48,791. Other areas netted to a decrease of \$57,383.

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, 2015 and June 30, 2014**

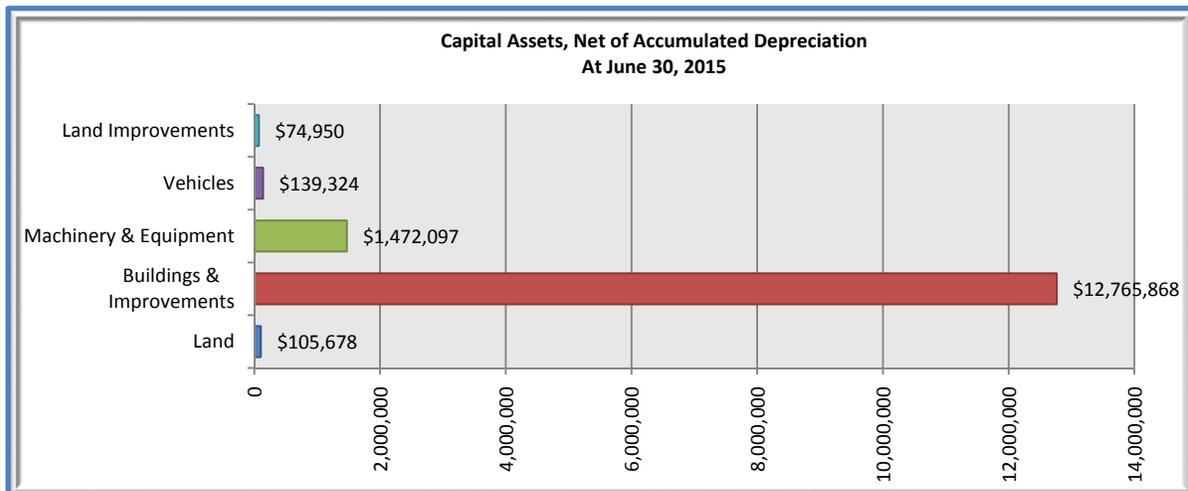
	2015	2014
Cash Flows from Operating Activities	\$(14,982,574)	\$(15,104,593)
Cash Flows from Non-Capital Financing Activities	16,341,928	15,918,224
Cash Flows from Capital and Related Financing Activities	146,991	(194,275)
Cash Flows from Investing Activities	<u>(117,833)</u>	<u>(6,859,002)</u>
 Net Increase (Decrease) in Cash	 1,388,512	 (6,239,646)
 Cash – Beginning of Year	 <u>4,792,380</u>	 <u>11,032,026</u>
Cash – End of Year	<u>\$ 6,180,892</u>	<u>\$ 4,792,380</u>

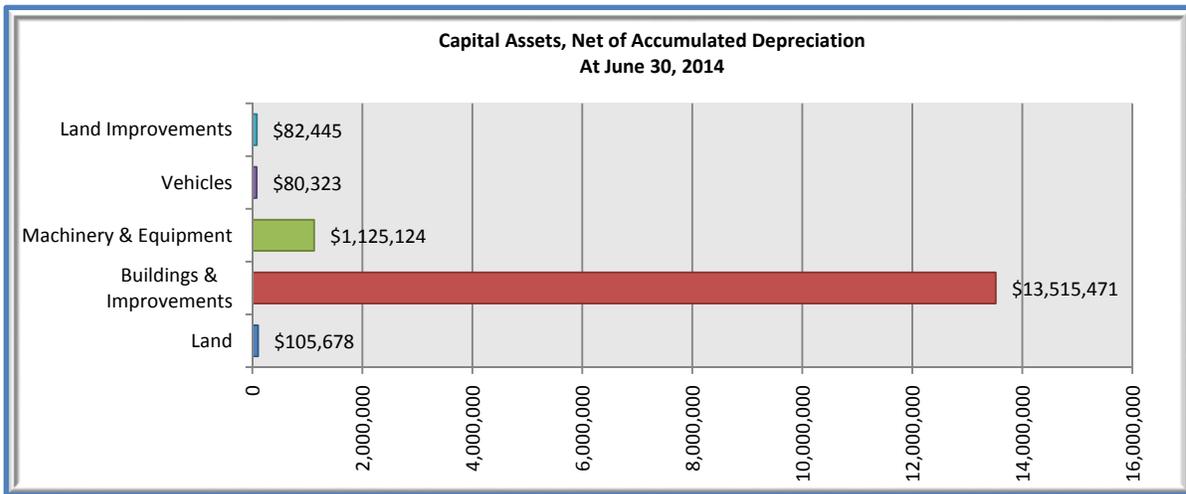
**Capital Asset and Debt Administration**

The College undertook a number of projects during fiscal year 2014-15 including the following: continuing the metal façade restoration on numerous buildings, completion of the campus-wide master plan study and facilities condition assessment, installation of an exhaust system in the diesel lab, and began HVAC system upgrades in the Learning Resource Center, as well as numerous other small projects. Local funds were used for all of these projects.

Plans for the 2015-16 year include continuation and completion of the metal façade restoration, completion of HVAC system upgrades for the Learning Resource Center, and begin construction on roofing projects on ten campus buildings. Local funds will be used to fund these projects as well. The College will also begin some preliminary design work on a possible new Nursing and Health Science building. Final approval has not been given for this project. Funding will come from various sources and is still being secured. The College has no plans to incur debt for this facility.

The College has no long-term debt as of June 30, 2015.





### Implementation of GASB Statement No. 68

The College implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This new standard revises the recognition, measurement, and disclosure requirements for employers' pension plans. As an agency of the State of South Carolina, Orangeburg Calhoun Technical College participates in the South Carolina Retirement System (SCRS) plan administered by the Retirement Benefits Division of the South Carolina Public Employee Benefit Authority (PEBA). The College was required to record a liability of its share of the plans collective Net Pension Liability. The Net Pension Liability of the SCRS plan is equal to the actuarial present value of the projected benefit payments that is attributed to past periods of employee service less the market value of the assets of the plan. Participating employers previously reported an expense for employer contributions actually paid during the fiscal year as required by state law to help fund the pension plan, referred to as the annual required contribution (ARC); as long as ARC was paid, there was no corresponding liability to report. GASB 68 now requires participating employers to report a proportionate share of the Net Pension Liability in the employer's financial statements regardless of the funding process. It is important to keep in mind that this new standard creates an accounting liability rather than a legal liability. This Net Pension Liability cannot be "paid" down to reduce the liability; it is only reflected on the financial statements in order to capture the college's portion of the liability of the system as a whole and to show the liability on the financial statements of where the members of the SCRS are employed. In addition, employers are required by GASB 68 to include significantly expanded note disclosures and required supplementary information regarding their participation in the plans. Further information about GASB 68 will be discussed in the Notes to the Financial Statements.

There is a significant effect of GASB 68 on the College's Financial Statements for the fiscal year ended June 30, 2015. The college recorded prior year adjustment for the College's portion of net pension liability at June 30, 2014 of \$19,419,521. The current year additional pension expense recorded was \$201,151. The expense was calculated in accordance with the actuarially determined pension expense rather than actual contributions remitted. The college also recorded deferred inflows and outflows, which are differences between the expected and actual experience and the changes in assumptions, amortized over a number of years. The net effect of those amounts equals (\$71,954). The result of the above transactions was a current

year pension liability of \$19,692,626 as of June 30, 2015, which is recorded as a non-current liability on the Statement of Net Position.

The following schedule illustrates the impact of the implementation of GASB 68 on Fiscal year 2015 and a comparison of the 2015 results with 2014 without the impact of GASB 68. If GASB 68 were not included, the current year pension expense would have been reduced by \$201,151.

**Orangeburg-Calhoun Technical College**  
**Revenues, Expenses, and Changes in Net Assets**  
**(2015 with and without impact of GASB 68)**  
**for the Years Ended**

	June 30, 2015 Including GASB 68	June 30, 2015 Without Impact of GASB 68	June 30, 2014
Operating			
Operating Revenue			
Tuition and Fees	\$4,971,760	\$4,971,760	\$4,521,654
Federal and State Grants	3,958,753	3,958,753	3,443,663
Auxiliary	704,560	704,560	671,649
Other	6,904	6,904	14,040
Total Operating Revenue	<u>9,641,977</u>	<u>9,641,977</u>	<u>8,651,006</u>
Less: Operating Expenses			
Salaries	12,127,995	12,127,995	11,660,736
Benefits	<b>3,988,571</b>	<b>3,787,420</b>	3,605,481
Scholarships	3,286,825	3,286,825	3,496,591
Utilities	500,562	500,562	481,165
Supplies and other services	5,057,265	5,057,265	4,591,160
Depreciation	1,277,148	1,277,148	1,243,830
Total Operating Expenses	<u>26,238,366</u>	<u>26,037,215</u>	<u>25,078,963</u>
Total Operating Income (Loss)	<u>(16,596,389)</u>	<u>(16,395,238)</u>	<u>(16,427,957)</u>
Non-Operating			
State Appropriations	4,378,875	4,378,875	4,136,414
Orangeburg County	1,110,740	1,110,740	1,061,949
Calhoun County	318,000	318,000	318,000
Federal and State Grants	9,876,057	9,876,057	9,683,476
Investment Income	56,058	56,058	53,314
Other	658,256	658,256	718,383
Total Non-Operating	<u>16,397,986</u>	<u>16,397,986</u>	<u>15,971,536</u>
Net Income (Loss) Before Other			
Revenue, Expenses, Gains, or Losses	(198,403)	2,748	(456,421)
Other Revenue, Expenses, Gains, or Losses			
State Capital Appropriations	1,000,000	1,000,000	-
County Capital Appropriations	32,000	32,000	-
Transfer from Other State Agencies	28,576	28,576	15,552
Capital grants and gifts	12,439	12,439	15,000
Total Capital Contributions	<u>1,073,015</u>	<u>1,073,015</u>	<u>30,552</u>
Increase in Net Position	<u>874,612</u>	<u>1,075,763</u>	<u>(425,869)</u>

## **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 has begun to see slight increases in the base funding from the State of South Carolina, and some 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 past several years, funding from Orangeburg and Calhoun counties has been stable, and actually increased by approximately \$49,000 in the 2014-15 fiscal year. Additionally, for the 2015-16, unrestricted funding from the counties is expected to increase by \$20,000, with another \$32,000 capital appropriation.

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, 2015

**Assets**

Current assets

Cash and equivalents	\$ 6,180,892
Investments	7,071,786
Accounts receivable, net	1,664,362
Accrued interest	14,418
Inventories	219,956
Due from component unit	5,764
Prepaid expenses	99,378
Other assets	4,425

Total current assets	15,260,981
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Noncurrent assets

Non-depreciable capital assets	105,678
Other capital assets, net accumulated depreciation	14,452,239

Total noncurrent assets	14,557,917
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Total assets	29,818,898
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**Deferred outflows of resources**

Deferred pension outflows	1,742,014
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Total assets and deferred outflows of resources	31,560,912
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**Liabilities**

Current liabilities

Accounts payable	601,897
Accrued payroll and related liabilities	250,703
Accrued compensated absences	80,434
Unearned revenue	735,174

Total current liabilities	1,668,208
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Noncurrent liabilities

Accrued compensated absences	1,107,763
Pension liability	19,692,626

Total noncurrent liabilities	20,800,389
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Total liabilities	22,468,597
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**Deferred inflows of resources**

Deferred pension inflows	1,670,060
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Total liabilities and deferred inflows of resources	24,138,657
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**Net position**

Net investment in capital assets	14,557,917
Restricted net position - capital projects	1,032,000
Unrestricted - unfunded pension obligation	(19,620,672)
Unrestricted - other	11,453,010

Total net position	\$ 7,422,255
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ORANGEBURG - CALHOUN TECHNICAL COLLEGE  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015

<b>Operating Revenue</b>	
Student tuition and fees (net of scholarship allowances of \$6,440,222)	\$ 4,971,760
Federal grants and contracts	894,330
State grants and contracts	3,064,423
Auxiliary enterprises (net of scholarship allowances of \$1,099,781)	704,560
Other operating income	6,904
Total operating revenue	<u>9,641,977</u>
<b>Operating Expenses</b>	
Salaries	12,127,995
Benefits	3,988,571
Scholarships	3,286,825
Utilities	500,562
Supplies and other services	5,057,265
Depreciation	1,277,148
Total operating expenses	<u>26,238,366</u>
Operating loss	<u>(16,596,389)</u>
<b>Nonoperating Revenue</b>	
State appropriations	4,378,875
County appropriations	1,428,740
Federal grants and contracts	9,293,760
State grants and contracts	582,297
Other nonoperating revenue	658,256
Investment income	56,058
Total nonoperating revenue	<u>16,397,986</u>
Income before other revenue, expenses, transfers, gains or losses	(198,403)
<b>Other revenue, expenses, transfers, gains or losses</b>	
State capital appropriations	1,000,000
County capital appropriations	32,000
Capital grants and gifts	12,439
Transfer from State Agency	28,576
Total other revenue, expenses, transfers, gains or losses	<u>1,073,015</u>
Increase in net position	874,612
Net position at beginning of year, as restated	<u>6,547,643</u>
Net position at end of year	<u><u>\$ 7,422,255</u></u>

*See accompanying notes.*

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015

**Cash flows from operating activities**

Tuition and fees (net of scholarship allowances)	\$ 4,815,883
Federal, State and local grants and contracts	4,121,794
Auxiliary enterprise charges (net of scholarship allowances)	584,349
Other receipts	148,988
Payments to vendors	(5,438,649)
Payments to employees	(12,074,088)
Payments for benefits	(3,854,026)
Payments to students	(3,286,825)
Student loan receipts from lenders	4,053,629
Disbursements to or on behalf of student borrowers	(4,053,629)
Net cash used in operating activities	<u>(14,982,574)</u>

**Cash flows from noncapital financing activities**

State appropriations	4,378,875
County appropriations	1,428,740
State, local and federal grants and contracts - nonoperating	9,853,061
Other income - nonoperating	681,252
Net cash provided by noncapital financing activities	<u>16,341,928</u>

**Cash flows from capital and related financing activities**

State capital appropriations	1,000,000
County capital appropriations	32,000
Other capital gifts	41,015
Purchase of capital assets	(926,024)
Net cash provided by capital and related financing activities	<u>146,991</u>

**Cash flows from investing activities**

Proceeds from sales and maturities of investments	4,444,480
Purchase of investments	(4,617,635)
Interest on investments	55,322
Net cash used in investing activities	<u>(117,833)</u>

Net increase in cash	1,388,512
Cash and cash equivalents, beginning of year	4,792,380
Cash and cash equivalents, end of year	<u><u>\$ 6,180,892</u></u>

(CONTINUED)

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

**Reconciliation of operating loss to net cash**

**used in operating activities:**

Operating loss	\$ (16,596,389)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	1,277,148
Provision for bad debts	165,930
Change in assets and liabilities:	
Receivables, net	7,879
Inventories	(107,795)
Due from component unit	(4,954)
Prepaid expenses and other assets	(66,606)
Deferred outflows of resources	(1,742,014)
Accounts and other payables	124,132
Accrued payroll and related liabilities	7,911
Compensated absences	45,996
Unearned revenue	(36,977)
Pension liabilities	273,105
Deferred inflows of resources	1,670,060
Net cash used in operating activities	\$ (14,982,574)

**Required Supplementary Information**

Contributions of equipment	\$ 12,439
Non capital equipment transferred from other State Agencies	\$ 28,576

*See accompanying notes.*

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NON-GOVERNMENTAL COMPONENT UNIT STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015

**Assets**

Current assets:

Cash and cash equivalents	\$ 485,924
Accounts receivable	1,467
Contributions receivable	230,472
Investments - general	1,011,533
Assets held for sale	14,000
Total current assets	1,743,396

Noncurrent assets:

Contribution receivable	667,085
Investments - endowment	270,993
Total noncurrent assets	938,078

Total assets	\$ 2,681,474
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**Liabilities and Net Assets**

Current liabilities:

Accounts payable	\$ 364
Due to the College	5,764
Total current liabilities	6,128

Net assets:

Unrestricted	
Board designated	189,641
Undesignated	1,058,433
Total unrestricted	1,248,074
Temporarily restricted	1,235,396
Permanently restricted	191,876
Total net assets	2,675,346

Total liabilities and net assets	\$ 2,681,474
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*See accompanying notes.*

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NON-GOVERNMENTAL COMPONENT UNIT STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues</b>				
Contributions	\$ 39,564	\$ 1,242,836	\$ 1,100	\$ 1,283,500
Interest and dividends	34,098	6,350	-	40,448
Net gains from investments	(18,671)	(8,210)	-	(26,881)
Support from Events, net	55,730	-	-	55,730
Other income	1,870	-	-	1,870
Net assets released from:				
Program restrictions	233,539	(233,539)	-	-
Total support and revenues	346,130	1,007,437	1,100	1,354,667
<b>Expenses</b>				
Program services				
Scholarships	72,600	-	-	72,600
Faculty support	211,000	-	-	211,000
Other program services	46,972	-	-	46,972
Total program services	330,572	-	-	330,572
Support services				
General and administrative	56,483	-	-	56,483
Fund raising	4,752	-	-	4,752
Total expenses	391,807	-	-	391,807
Change in net assets	(45,677)	1,007,437	1,100	962,860
Net assets at beginning of year	1,293,751	227,959	190,776	1,712,486
Net assets at end of year	\$ 1,248,074	\$ 1,235,396	\$ 191,876	\$ 2,675,346

*See accompanying notes.*

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

**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 appointed 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 appointed 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 component unit 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 currently reports deferred outflows of resources in the amount of \$1,742,014 as of June 30, 2015.

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 currently reports deferred inflows of resources in the amount of \$1,670,060 as of June 30, 2015.

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.

Pension Liability

During 2015, the College adopted the provisions of GASB 68 "Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27." GASB required that the College recognize in its government wide statements their proportionate share of pension liability as a participant in the South Carolina Retirement System. See Note 5 for additional information.

Net Position

The College's net position is classified as follows:

*Restricted net position:* This represents resources provided by third parties for restricted purposes such as future campus improvements.

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

*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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

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.

*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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

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, 2015, 2014, 2013, and 2012 are still open to audit for both federal and state purposes. The Foundation is not classified as a private foundation.

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.

**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, 2015 a total of \$6,176,198 (bank balance \$6,540,020) 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, 2015 a total of \$485,924 (bank balance \$490,987) was on deposit with local institutions in the name of the Foundation. Of the bank balance \$211,387 was covered by federal depository insurance, \$279,600 was secured by collateral pledged in the Foundation's name. The Foundation did not recognize any losses due to default by counterparties relating to depository relationships.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

Investments

The College's investments at June 30, 2015, 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, 2015, 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.

The College's investments consisted of the following as of June 30, 2015:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Money funds	\$ 2,594	\$ -	\$ -	\$ 2,594
Certificates of deposit	5,168,566	-	-	5,168,566
U.S. Government obligations	1,892,292	10,928	-	1,903,220
Total	<u>\$7,063,452</u>	<u>\$ 10,928</u>	<u>\$ -</u>	<u>\$7,074,380</u>

The Foundation's investments included the following pools as of June 30, 2015:

<u>Investment Pool</u>	<u>Cost</u>	<u>Fair Value</u>
Endowment investments	\$ 263,012	\$ 270,993
General investments	949,485	1,011,533
Total	<u>\$ 1,212,497</u>	<u>\$ 1,282,526</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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

Securities held by the pools as of June 30, 2015 included the following:

	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Money funds	\$ 37,789	\$ -	\$ -	\$ 37,789
Equity funds	705,414	78,686	-	784,100
Mutual bond funds	469,294	-	(8,657)	460,637
<b>Total</b>	<u>\$ 1,212,497</u>	<u>\$ 78,686</u>	<u>\$ (8,657)</u>	<u>\$ 1,282,526</u>

*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	\$ 6,180,892
Investments	7,071,786
Total College	13,252,678
Statement of financial position	
Current assets	
Cash and cash equivalents	485,924
Investments	1,011,533
Noncurrent assets	
Investments	270,993
Total component unit	1,768,450
Total reporting entity	\$ 15,021,128
Note disclosure	
Cash on hand	\$ 2,100
Investments	7,074,380
Deposits with banks	6,176,198
Total College	13,252,678
Investments	1,282,526
Deposits with banks	485,924
Total component unit	1,768,450
Total reporting entity	\$ 15,021,128

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, 2015:

Student accounts	\$ 1,668,823
Federal government	831,260
State agencies	565,068
Other	13,911
	<u>3,079,062</u>
Less, allowance for uncollectibles	<u>(1,414,700)</u>
Net accounts receivable	<u><u>\$ 1,664,362</u></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, 2015, the allowance for uncollectible student accounts is valued at \$1,414,700.

Contributions Receivable

The Foundation had recognized unconditional promises to give as contributions receivable, which are due to be collected as follows at June 30, 2015:

Unconditional promises to give	\$ 921,016
Less unamortized discount	<u>(23,459)</u>
	897,557
Less, allowance for uncollectible pledges	<u>-</u>
Net unconditional promises to give	<u><u>\$ 897,557</u></u>

Amounts due in:	
Less than one year	\$ 230,472
One to five years	667,085
Total	<u><u>\$ 897,557</u></u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

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**4. Capital Assets**

	<b>Beginning Balance July 1, 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance June 30, 2015</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>105,678</u>
Other capital assets:				
Buildings and improvements	27,271,282	-	-	27,271,282
Machinery, equipment and other	4,591,279	841,230	(175,281)	5,257,228
Vehicles	359,075	84,794	(41,149)	402,720
Depreciable land improvements	797,950	-	-	797,950
Intangibles	207,000	-	-	207,000
Total other capital assets at historical cost	<u>33,226,586</u>	<u>926,024</u>	<u>(216,430)</u>	<u>33,936,180</u>
Less, accumulated depreciation for:				
Buildings and improvements	(13,755,811)	(749,603)	-	(14,505,414)
Machinery, equipment and other	(3,466,155)	(494,257)	175,281	(3,785,131)
Vehicles	(278,752)	(25,793)	41,149	(263,396)
Depreciable land improvements	(715,505)	(7,495)	-	(723,000)
Intangibles	(207,000)	-	-	(207,000)
Total accumulated depreciation	<u>(18,423,223)</u>	<u>(1,277,148)</u>	<u>216,430</u>	<u>(19,483,941)</u>
Other capital assets, net	<u>14,803,363</u>	<u>(351,124)</u>	<u>-</u>	<u>14,452,239</u>
Capital assets, net	<u>\$ 14,909,041</u>	<u>\$ (351,124)</u>	<u>\$ -</u>	<u>\$ 14,557,917</u>

Depreciation expense totaled \$1,277,148 for the year ended June 30, 2015.

**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

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**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

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**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, 2014, employees participating in the SCRS were required to contribute 8.00% of all earnable compensation. The employer contribution rate for SCRS was 15.90%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.75%, .15% for the incidental death benefit program and a 5.00% 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, 2015, 2014, and 2013 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>
2015	10.750%	\$ 1,105,105	0.15%	\$ 15,420
2014	10.450%	\$ 1,039,123	0.15%	\$ 14,916
2013	10.450%	\$ 1,030,802	0.15%	\$ 14,796

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

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**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, 2014, employees participating in the PORS were required to contribute 8.41% of all earnable compensation. The employer contribution rate for PORS was 18.41%. Included in the total PORS employer contribution rate is a base retirement contribution of 13.01%, .20% for the incidental death benefit program, .20% for the accidental death program, and a 5.00% 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, 2015, 2014, and 2013 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2015	13.010%	\$ 30,721	0.20%	\$ 472	0.20%	\$ 472
2014	12.440%	\$ 24,463	0.20%	\$ 393	0.20%	\$ 393
2013	11.900%	\$ 23,023	0.20%	\$ 387	0.20%	\$ 387

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, 10.90% plus the retiree surcharge of 5.00% from the employer in fiscal year 2015. Of the 10.90% employer contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.75% retirement contribution and .15% incidental death benefit program contribution amounts are remitted to SCRS.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

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**5. Pension Plans (continued)**

For fiscal year 2015 and 2014, total contributions requirements to the ORP were approximately \$58,911 and \$54,511, respectively (excluding the surcharge) from the College as employer and approximately \$43,841 and \$39,123, 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.

At June 30, 2015 the College reported \$19,379,617 and \$313,009 for its proportionate share of the net pension liabilities of SCRS and PORS. The net pension liability defined of the SCRS and the PORS defined benefit pension plans were determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to June 30, 2014, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. The College's portion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2014, the College's SCRS and PORS proportion was .112563% and .01635%, which was the same as its portion of the net pension liability measured as of June 30, 2013. For the year ended June 30, 2015 the College recognized pension expenses of \$205,433 and \$(4,282) for SCRS and PORS.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

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**5. Pension Plans (continued)**

At June 30, 2015 the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	SCRS	PORS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 549,137	\$ 8,353	\$ 557,490
Contributions made from measurement date to June 30, 2015	1,152,858	31,666	1,184,524
<b>Total deferred outflows of resources</b>	<b>\$ 1,701,995</b>	<b>\$ 40,019</b>	<b>\$ 1,742,014</b>

**Deferred Inflows of Resources**

Net differences between projected and actual earnings on Pension Plan Investments	\$ 1,633,843	\$ 36,217	\$ 1,670,060
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Net</u>
2016	\$ (914,251)	\$ (24,778)	\$ (939,029)
2017	238,607	6,888	245,495
2018	238,607	6,888	245,495
2019	368,885	7,200	376,085
	\$ (68,152)	\$ (3,802)	\$ (71,954)

The total pension liabilities in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment Rate or Return	7.50%
Projected Salary Increases	Levels Off at 3.5%
Inflation Rate	2.75%
Benefit Adjustments	Lesser of 1% or \$500

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

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**5. Pension Plans (continued)**

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
Educators and Judges	RP-2000 Males (with White Collar Adjustment) Multiplied by 110%	RP-2000 Females (with White Collar Adjustment) Multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and Members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgement.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provision and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculated of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component. The target allocation and best estimates of arithmetic real rates of return for ach major asset class are summarized in the following table:

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**5. Pension Plans (continued)**

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Short Term</b>	<b>5.0%</b>		
Cash	2.0%	0.3%	0.01%
Short Duration	3.0%	0.6%	0.02%
<b>Domestic Fixed Income</b>	<b>13.0%</b>		
Core Fixed Income	7.0%	1.1%	0.08%
High Yield	2.0%	3.5%	0.07%
Bank Loans	4.0%	3.8%	0.11%
<b>Global Fixed Income</b>	<b>9.0%</b>		
Global Fixed Income	3.0%	0.8%	0.02%
Emerging Markets Debt	6.0%	4.1%	0.25%
<b>Global Public Equity</b>	<b>31.0%</b>	7.8%	2.42%
<b>Global Tactical Asset Allocation</b>	<b>10.0%</b>	5.1%	0.51%
<b>Alternatives</b>	<b>32.0%</b>		
Hedge Funds (Low Beta)	8.0%	4.0%	0.32%
Private Debt	7.0%	10.2%	0.71%
Private Equity	9.0%	10.2%	0.92%
Real Estate (Broad Market)	5.0%	5.9%	0.29%
Commodities	3.0%	5.1%	0.15%
<b>Total Expected Real Return</b>	<b>100.0%</b>		5.88%
<b>Inflation for Actuarial Purposes</b>			2.75%
<b>Total Expected Nominal Return</b>			<b>8.63%</b>

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all SCRS participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

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**5. Pension Plans (continued)**

The following table represents the Fund’s proportionate share of the net SCRS pension liabilities calculated using the discount rate of 7.50 percent, as well as what the Fund’s respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

<b>Plan</b>	<b>1% Decrease 6.50%</b>	<b>Current Rate 7.50%</b>	<b>1% Increase 8.50%</b>
SCRS	\$ 25,078,423	\$ 19,379,617	\$ 14,625,178
PORS	\$ 437,422	\$ 313,009	\$ 210,068

**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.

**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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

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

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, 5.00% of annual covered payroll for 2015 and 4.92% of annual covered payroll for 2014. The IB sets the employer contribution rate based on a pay-as-you-go basis.

The College paid approximately \$553,210 and \$524,572 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2015 and 2014, 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, 2015 and 2014. The College recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$6,382 and \$6,524 for the years ended June 30, 2015 and 2014, respectively.

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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

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

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$1,023,322 and \$988,876 for the years ended June 30, 2015 and 2014.

**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.

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 \$258,328 from the Foundation in nonoperating revenues for the fiscal year ended June 30, 2015. In addition, scholarships and fellowships totaling \$72,600 were awarded to students enrolled at the College and paid to the College on their behalf.

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**8. Transactions with Component Unit (continued)**

The Foundation reimburses the College for any disbursements made by the College on its behalf. During the years ended June 30, 2015, the Foundation paid the College approximately \$23,804 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 year ended June 30, 2015. As of June 30, 2015 the Foundation owed the College \$5,764 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.

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
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**9. Risk Management (continued)**

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

<b>Year Ended</b>	<b>Totals</b>
2015	\$ 79,009
2014	\$ 73,173
2013	\$ 71,320

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, 2015 are summarized as follows:

	<b>Salaries</b>	<b>Benefits</b>	<b>Scholarships</b>	<b>Utilities</b>	<b>Supplies and Other Services</b>	<b>Depreciation</b>	<b>Total</b>
Instruction	\$ 6,708,786	\$ 2,072,831	\$ -	\$ -	\$ 1,182,893	\$ -	\$ 9,964,510
Academic support	1,476,593	481,749	-	-	408,007	-	2,366,349
Student services	1,391,699	454,819	-	-	503,939	-	2,350,457
Operation and maintenance of plant	940,782	391,850	-	500,562	867,251	-	2,700,445
Institutional support	1,535,955	565,689	-	-	640,430	-	2,742,074
Scholarships	-	-	3,286,825	-	-	-	3,286,825
Auxiliary enterprises	74,180	21,633	-	-	1,454,745	-	1,550,558
Depreciation	-	-	-	-	-	1,277,148	1,277,148
Total operating expenses	\$ 12,127,995	\$ 3,988,571	\$ 3,286,825	\$ 500,562	\$ 5,057,265	\$ 1,277,148	\$ 26,238,366

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**11. Contingent Rentals**

During the fiscal year ended June 30, 2015, Orangeburg-Calhoun Technical College expended \$60,525 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 2015 – September 2019.

**12. Compensated Absences**

Compensated absences activity for the year ended June 30, 2015 was as follows:

	<b>June 30, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2015</b>	<b>Due Within One Year</b>
Accrued compensated absences	\$ 1,142,201	\$ 547,844	\$ (501,848)	\$ 1,188,197	\$ 80,434

**13. State Appropriations**

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

The following is a detail schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2015:

	<b>2015</b>
<b>Non-Capital Appropriations</b>	
Appropriations per annual appropriations act	\$4,073,368
Lottery technology funds	135,710
Pathways	37,784
Nursing supplement	17,672
STEM Critical Needs Workforce	75,999
Lottery funds - special items equipment	38,276
From Commission on higher education:	
Academic Endowment	66
Total non-capital appropriations recorded as current year revenue	\$4,378,875

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

**14. 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>2015</b>	<b>2014</b>	<b>Increase (Decrease)</b>
Charges for services	\$ 9,635,073	\$ 8,636,966	\$ 998,107
Operating grants and contributions	12,026,015	11,849,162	176,853
Less: expenses	(26,238,366)	(25,078,963)	(1,159,403)
Net program revenue (expense)	(4,577,278)	(4,592,835)	15,557
Transfers:			
State appropriations	4,378,875	4,136,414	242,461
State capital appropriations	1,000,000	-	1,000,000
County capital appropriations	32,000	-	32,000
Capital grants and gifts	12,439	15,000	(2,561)
Other transfers in from state agencies	28,576	15,552	13,024
Change in net assets	874,612	(425,869)	1,300,481
Net assets at beginning of year, as restated	6,547,643	6,973,512	(425,869)
Net assets at end of year	\$ 7,422,255	\$ 6,547,643	\$ 874,612

**15. Restatement**

The College implemented the provisions of GASB 68 *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* during the current year. The implementation requires the College to restate its beginning net position. The balances that were affected are as follows:

Audited net position as of June 30, 2014	\$ 25,967,164
Pension liability and deferred items	(19,419,521)
Restated net position as of June 30, 2014	\$ 6,547,643

**16. Subsequent Events**

Subsequent events were evaluated through September 23, 2015, 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.

REQUIRED SUPPLEMENTARY INFORMATION

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
 SCHEDULE OF PROPORTIONATE SHARE OF  
 RETIREMENT SYSTEMS  
 NET PENSION LIABILITIES

LAST TEN FISCAL YEARS\*

**SOUTH CAROLINA RETIREMENT SYSTEM**

	<b>2015</b>	<b>2014</b>
College's proportion of the net pension liability	0.1126%	0.1126%
College's proportionate share of the net pension liability	\$ 19,379,617	\$ 20,189,787
College's covered-employee payroll	\$ 10,828,056	\$ 10,465,396
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	178.98%	192.92%
Plan fiduciary net position as a percentage of the total pension liability	59.92%	56.39%

**POLICE OFFICERS RETIREMENT SYSTEM**

	<b>2015</b>	<b>2014</b>
College's proportion of the net pension liability	0.0164%	0.0164%
College's proportionate share of the net pension liability	\$ 313,009	\$ 338,931
College's covered-employee payroll	\$ 236,135	\$ 196,646
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	132.56%	172.36%
Plan fiduciary net position as a percentage of the total pension liability	67.55%	62.98%

\* - The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the Fund implemented GASB 68 during fiscal year 2015. As such, only the last two years of information is available

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
SCHEDULE OF RETIREMENT SYSTEMS CONTRIBUTIONS

LAST TEN FISCAL YEARS\*\*

**SOUTH CAROLINA RETIREMENT SYSTEM**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 1,152,858	\$ 1,083,250	\$ 1,076,518	\$ 926,992	\$ 908,731
Contributions in relation to the contractually required contribution	(1,152,858)	(1,083,250)	(1,076,518)	(926,992)	(908,731)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State covered-employee payroll	\$ 10,828,056	\$ 10,465,396	\$ 10,416,277	\$ 9,983,961	\$ 9,915,549
Contributions as a percentage of covered-employee payroll	10.65%	10.35%	10.33%	9.28%	9.16%

**POLICE OFFICER RETIREMENT SYSTEM**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 31,666	\$ 25,249	\$ 23,796	\$ 20,941	\$ 18,539
Contributions in relation to the contractually required contribution	(31,666)	(25,249)	(23,796)	(20,941)	(18,539)
Contribution deficiency/(excess)	<u>\$ -</u>				
State covered-employee payroll	\$ 236,135	\$ 196,646	\$ 193,468	\$ 178,027	\$ 160,788
Contributions as a percentage of covered-employee payroll	13.41%	12.84%	12.30%	11.76%	11.53%

\*\* - The information for fiscal years 2006 through 2010 is not available.

## SINGLE AUDIT ACT REQUIREMENTS

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Identifying Number	Federal Expenditures June 30, 2015
<b>Direct Programs:</b>			
<b>U. S. Department of Education</b>			
Federal Supplemental Educational Opportunity Grants	84.007		\$ 153,000
Federal Work-Study Program	84.033		125,090
Federal Pell Grant Program	84.063		7,210,872
Federal Direct Student Loans	84.268		<u>3,981,830</u>
Total Student Financial Aid Cluster			<u>11,470,792</u>
TRIO Student Support Services	84.042		<u>293,053</u>
Higher Education-Institutional Aid (PBI)	84.031		<u>192,996</u>
Total U.S. Department of Education			<u>11,956,841</u>
<b>U. S. Department of Labor</b>			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		<u>1,673,174</u>
Total U. S. Department of Labor			<u>1,673,174</u>
<b>National Science Foundation</b>			
Education and Human Resources	47.076		<u>41,583</u>
Total National Science Foundation			<u>41,583</u>
<b>Department of Transportation</b>			
Federal Motor Carrier Safety Administration Program	20.235		<u>68,865</u>
Total Department of Transportation			<u>68,865</u>
<b>Total Direct Programs:</b>			<u>13,740,463</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	15EA410	160,513
Career and Technical Education - Basic Grants to States	84.048	15VA410	<u>152,637</u>
Total Passed through South Carolina Department of Education			<u>313,150</u>
Total U.S. Department of Education			<u>313,150</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		<u>54,138</u>
Total U. S. Department of Labor			<u>54,138</u>

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ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Identifying Number	Federal Expenditures June 30, 2015
<b>Indirect Programs: (Continued)</b>			
<b>U. S. Department of Health and Human Services</b>			
Passed through the First Steps of South Carolina:			
Child Care and Development Block Grant	93.575		<u>2,701</u>
Passed through SC Eat Smart Move More Coalition:			
SC Eat Smart Move More Coalition PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by			
2012 Prevention and Public Health Funds	93.531		<u>17,746</u>
Total U.S. Department of Health and Human Services			<u>20,447</u>
<b>National Science Foundation</b>			
Passed through American Association of Community Colleges:			
Education and Human Resources	47.076		<u>3,220</u>
Passed through South Carolina State University:			
Historically Black Colleges and Universities Undergraduate Programs	47.076		<u>38,501</u>
Total National Science Foundation			<u>41,721</u>
<b>Total Indirect Programs:</b>			<u>429,456</u>
<b>Total Federal Awards</b>			<u><u>\$ 14,169,919</u></u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2015

**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, 2014 through June 30, 2015, 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

POST OFFICE BOX 5949

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 financial statement of the business-type activities, and the discretely presented component unit of Orangeburg-Calhoun Technical College (the "College"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 23, 2015. Our report includes a reference to other auditors who audited the financial statements of the Orangeburg-Calhoun Technical College Foundation, (the "Foundation"), as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

### ***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 23, 2015

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET

POST OFFICE BOX 5949

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

### ***Report on Compliance for Each Major Federal Program***

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, 2015. 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, 2015.

### ***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 23, 2015

ORANGEBURG-CALHOUN TECHNICAL COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

**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.