

ORANGEBURG-CALHOUN
TECHNICAL COLLEGE
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FISCAL YEAR ENDED JUNE 30, 2020

FINANCIAL STATEMENTS



2020



ORANGEBURG-CALHOUN TECHNICAL COLLEGE

Audited Financial Statements

Fiscal Year Ended June 30, 2020

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Orangeburg-Calhoun Technical College

Organizational Data

June 30, 2020

Area Commission Members and Officers *

Orangeburg County	Calhoun County
Chairman John Shuler - June 2020	Katie Hane - July 2020
Lawrence Weathers - July 2019	David Rickenbaker - July 2023
Jacqueline Shaw - July 2019	
Leroy Morant - July 2020	
Margaret Felder-Wilson, Ph.D. - July 2018	

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, 2019 - June 30, 2020

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

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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WEST COLUMBIA, SOUTH CAROLINA 29171

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business type activities of Orangeburg-Calhoun Technical College (the "College"), a non-major discretely presented component unit of the State of South Carolina and a member institution of the South Carolina Technical College System, including its discretely presented component unit, Orangeburg-Calhoun Technical College Foundation (the "Foundation"), as of and for the year ended June 30, 2020, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 *Government 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, 2020, 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.

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 the South Carolina Retirement Systems Net Pension Liabilities, Schedule of South Carolina Retirement Systems Contributions, Schedule of Proportionate Share of the South Carolina Retiree Health Insurance Trust Fund Other Postemployment Benefits Liabilities, and Schedule of South Carolina Retiree Health Insurance Trust Fund Contributions on pages 6 – 14, and 55 - 58 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 28, 2020 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 28, 2020

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, 2020. Responsibility for the completeness and fairness of this information rests with the College. This discussion should be read in conjunction with the College's basic financial statements, the component unit's financial statements and the notes to the financial statements.

Component Units

The College has included the Orangeburg-Calhoun Technical College Foundation, Inc., (the "Foundation") in its financial statements in accordance with Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units. The Foundation is reported as a discretely presented component unit of the College. The Statement of Financial Position, the Statement of Activities and relevant note disclosures for the Foundation follow the College's financial statements.

Complete financial statements for the Foundation may be obtained by mailing a request to Orangeburg-Calhoun Technical College Foundation, 3250 St. Matthews Road, Orangeburg, South Carolina 29118-8299.

Financial Highlights

- The assets and deferred outflow of resources (\$39,231,630) of Orangeburg-Calhoun Technical College is less than its liabilities and deferred inflow of resources (\$50,000,065) at June 30, 2020, by \$10,768,435 (total net position). The unrestricted net position portion of (\$33,232,722) is a result of the net combined unfunded pension and other post-employment benefit obligations of (\$41,802,012). However, the remaining \$8,569,290 may be used to meet the College's ongoing obligations.
- The College experienced an operating loss of \$14,662,300 during the fiscal year ended June 30, 2020, 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 \$5,723,571, federal capital grant of \$221,255, state appropriations of \$5,448,449, state capital appropriations/reserve of \$360,456, local appropriations of \$1,483,740, local capital appropriations and gifts of \$685,279, investment income of \$177,339, and other non-operating revenues.
- In the fiscal year 2020, the College's total net position decreased as a result of decrease in unfunded pension and opeb obligation net position and increased depreciation expense due to occupation of the new nursing building. The negative amount of the unrestricted net position is due to the recognition of the college's proportionate share of the deferred inflows/outflows/liabilities related to the pension trust funds of South Carolina Retirement System and Police Office Retirement System and other post-employment benefits by the South Carolina Retiree Health Insurance Trust Fund. The unrestricted portion that may be used to meet the future obligations of the college increased \$900,717 or 11.7%.

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 deferred outflow of resources and total liabilities and deferred inflow of resources is net position, which is displayed in three broad categories: Investment in Capital Assets (net of related debt), Restricted, and Unrestricted. Net position is one indicator of the current financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

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

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

Financial Analysis

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets and deferred outflow of resources is less than liabilities and deferred inflow of resources by \$10,768,435 at the close of the most recent fiscal year. This represents an increase of \$235,530 over last year's amount of \$10,532,905. An additional \$137,679 pension expense was recognized due to GASB 68 requirements and an additional other postemployment benefit (OPEB) expenses of \$43,621 due to GASB 75, whereby the college is required to report its share of the state's pension and OPEB expense and related liabilities, deferred outflows and deferred inflows.

The College's net investment in capital assets (e.g., land, buildings, machinery, and equipment) is \$22,444,287. The College uses these capital assets to provide services to students and industry. Consequently, these assets are *not* available for future spending. Currently, the College has no outstanding debt on any of these assets.

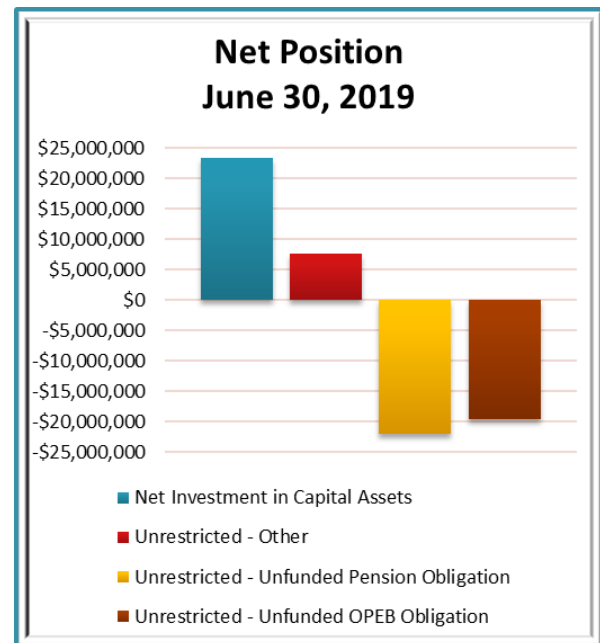
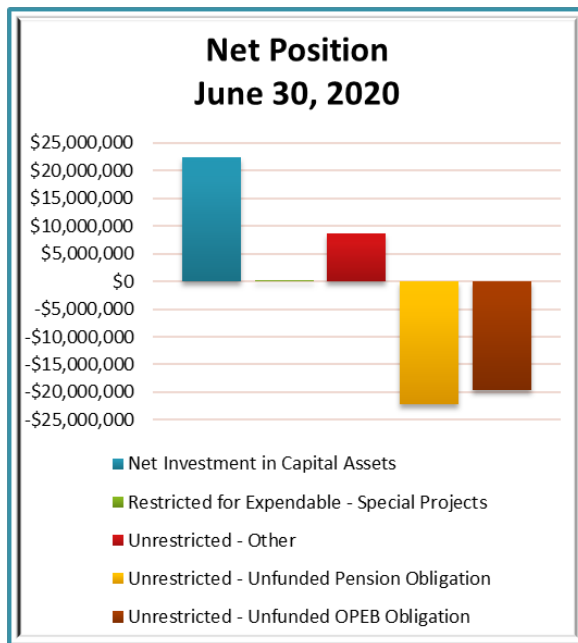
The College's unrestricted portion that may be used to meet the College's ongoing obligations is \$8,569,290. The area commission has designated a portion of these funds for capital projects.

The charts and graphs that follow presents specific areas of the College's financial condition on June 30, 2020 and June 30, 2019.

Orangeburg-Calhoun Technical College
Net Position
As of June 30, 2020 and June 30, 2019

	2020	2019
Current Assets	\$ 12,312,489	\$ 11,186,186
Non-Current Assets		
Capital assets, net of depreciation	22,444,287	23,419,234
Total assets	<u>34,756,776</u>	<u>34,605,420</u>
Deferred Outflows of Resources		
Deferred pension outflows	2,347,250	2,946,609
Deferred OPEB outflows	2,127,604	987,109
Total assets and deferred outflows of resources	<u>39,231,630</u>	<u>38,539,138</u>
Current Liabilities	2,829,117	2,704,375
Non-Current Liabilities		
Compensated absences	894,082	813,238
Pension liability	22,551,626	23,416,086
OPEB liability	18,439,792	18,170,658
Total liabilities	<u>44,714,617</u>	<u>45,104,357</u>
Deferred Inflows of Resources		
Deferred pension inflows	1,926,906	1,524,126
Deferred OPEB inflows	3,358,542	2,443,560
Total liabilities and deferred inflows of resources	<u>50,000,065</u>	<u>49,072,043</u>
Net Position		
Net investment in capital assets	22,444,287	23,419,234
Restricted for expendable - special projects	20,000	-
Unrestricted - unfunded pension obligation	(22,131,282)	(21,993,603)
Unrestricted - unfunded OPEB obligation	(19,670,730)	(19,627,109)
Unrestricted - other	8,569,290	7,668,573
Total net position	<u>\$ (10,768,435)</u>	<u>\$ (10,532,905)</u>

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.



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

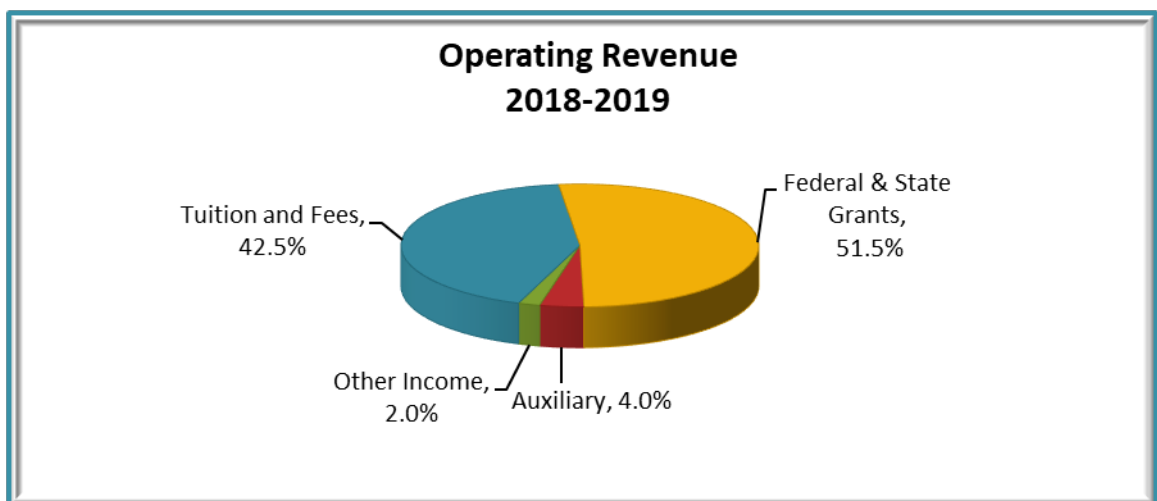
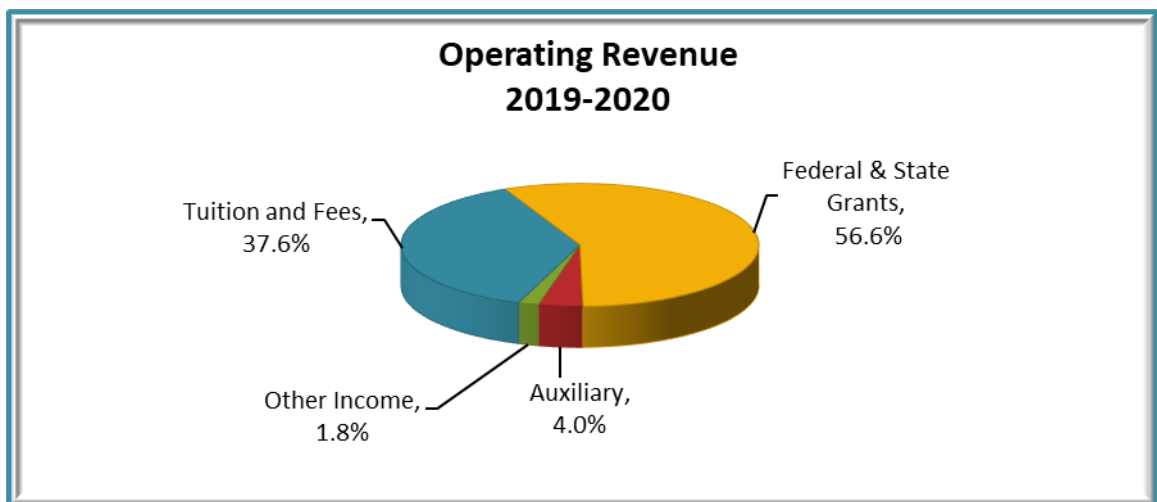
	June 30, 2020	June 30, 2019	Increase (Decrease)	Percent Change
Operating				
Operating Revenue				
Tuition and Fees	\$ 3,648,766	\$ 3,923,666	\$ (274,900)	-7.01%
Federal and State Grants	5,493,296	4,754,812	738,484	15.53%
Auxiliary	386,458	364,439	22,019	6.04%
Other	178,649	180,641	(1,992)	-1.10%
Total Operating Revenue	9,707,169	9,223,558	483,611	5.24%
Less: Operating Expenses	(24,369,469)	(24,605,961)	236,492	-0.96%
Total Operating Income (Loss)	(14,662,300)	(15,382,403)	720,103	-4.68%
Non-Operating				
State Appropriations	5,448,449	5,444,745	3,704	0.07%
Orangeburg County	1,165,740	1,130,740	35,000	3.10%
Calhoun County	318,000	318,000	-	0.00%
Federal and State Grants	5,723,571	6,409,179	(685,608)	-10.70%
Investment Income	177,339	178,190	(851)	-0.48%
Other	326,681	392,765	(66,084)	-16.83%
Total Non-Operating	13,159,780	13,873,619	(713,839)	-5.15%
Net Income (Loss) Before Other				
Revenue, Expenses, Gains, or Losses	(1,502,520)	(1,508,784)	6,264	-0.42%
Other Revenue, Expenses, Gains, or Losses				
Federal capital grant	221,255	1,749,855	(1,528,600)	-87.36%
State capital appropriations	360,456	1,523,072	(1,162,616)	-76.33%
Local capital appropriations and capital gifts	685,279	1,925,000	(1,239,721)	-64.40%
Transfer to state agency	-	(55,345)	55,345	-100%
Total Capital Contributions	1,266,990	5,142,582	(3,875,592)	-75.36%
Increase in Net Position	(235,530)	3,633,798		
Net Position, Beginning of Year,	(10,532,905)	(14,166,703)		
Net Position, End of Year	<u>\$ (10,768,435)</u>	<u>\$ (10,532,905)</u>		

Operating revenues as of June 30, 2020 increased by \$483,611 over the previous fiscal year. Tuition revenue shows a decrease of \$274,900 over the prior year and auxiliary shows an increase of \$22,019. 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 \$738,484 compared to last fiscal year.

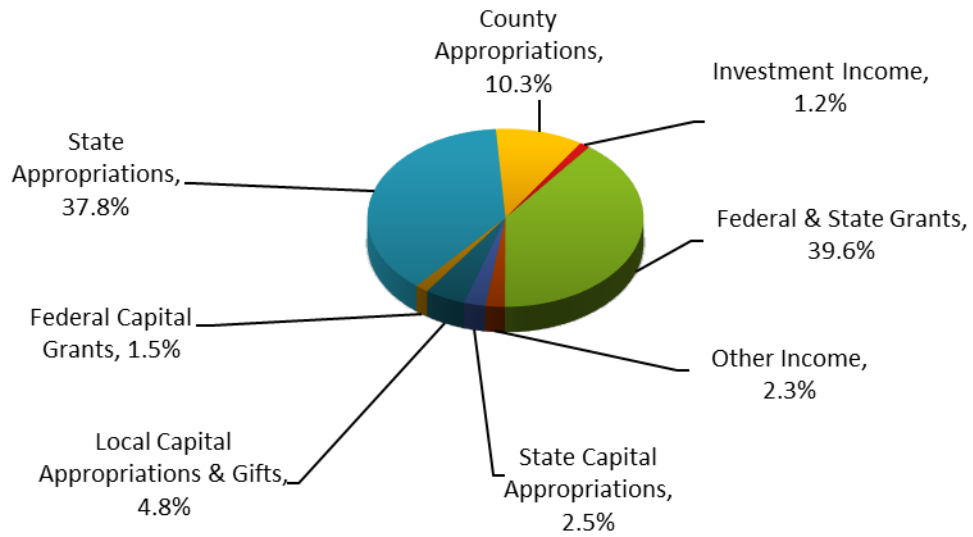
Operating expenses as of June 30, 2020, decreased by \$236,492 over the same period in the previous fiscal year. The major factor contributing to this decrease was decrease in supplies and other services of \$676,539. Other main factors contributing to this variation were an increase in depreciation of \$223,185, an increase in scholarships of \$139,821 and an increase in salaries of \$99,665.

Non-operating revenues decreased from last fiscal year to the current year by \$713,839. The decrease was mainly affected by the decrease in federal and state grants of \$685,608.

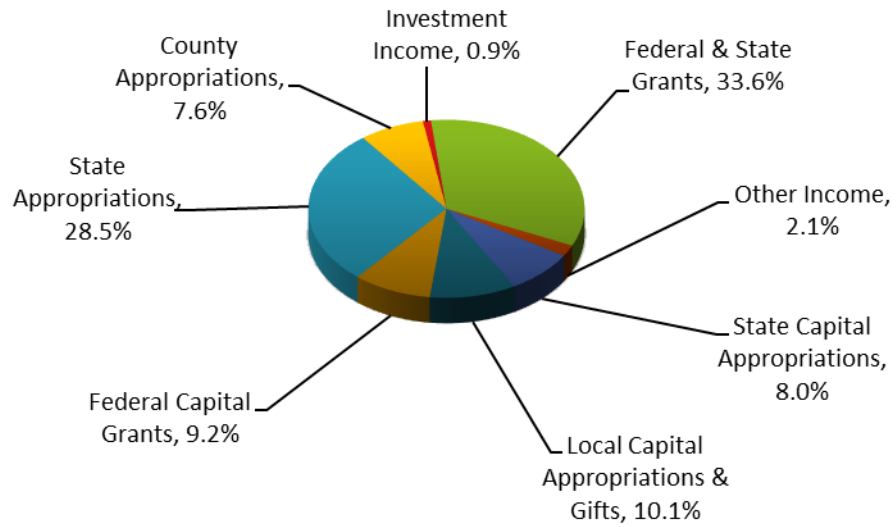
Following are several charts that show the college's revenues and expenditures by major categories. In some instances, separate charts are provided for the last two fiscal years. Other charts may include both years to show easier comparisons.

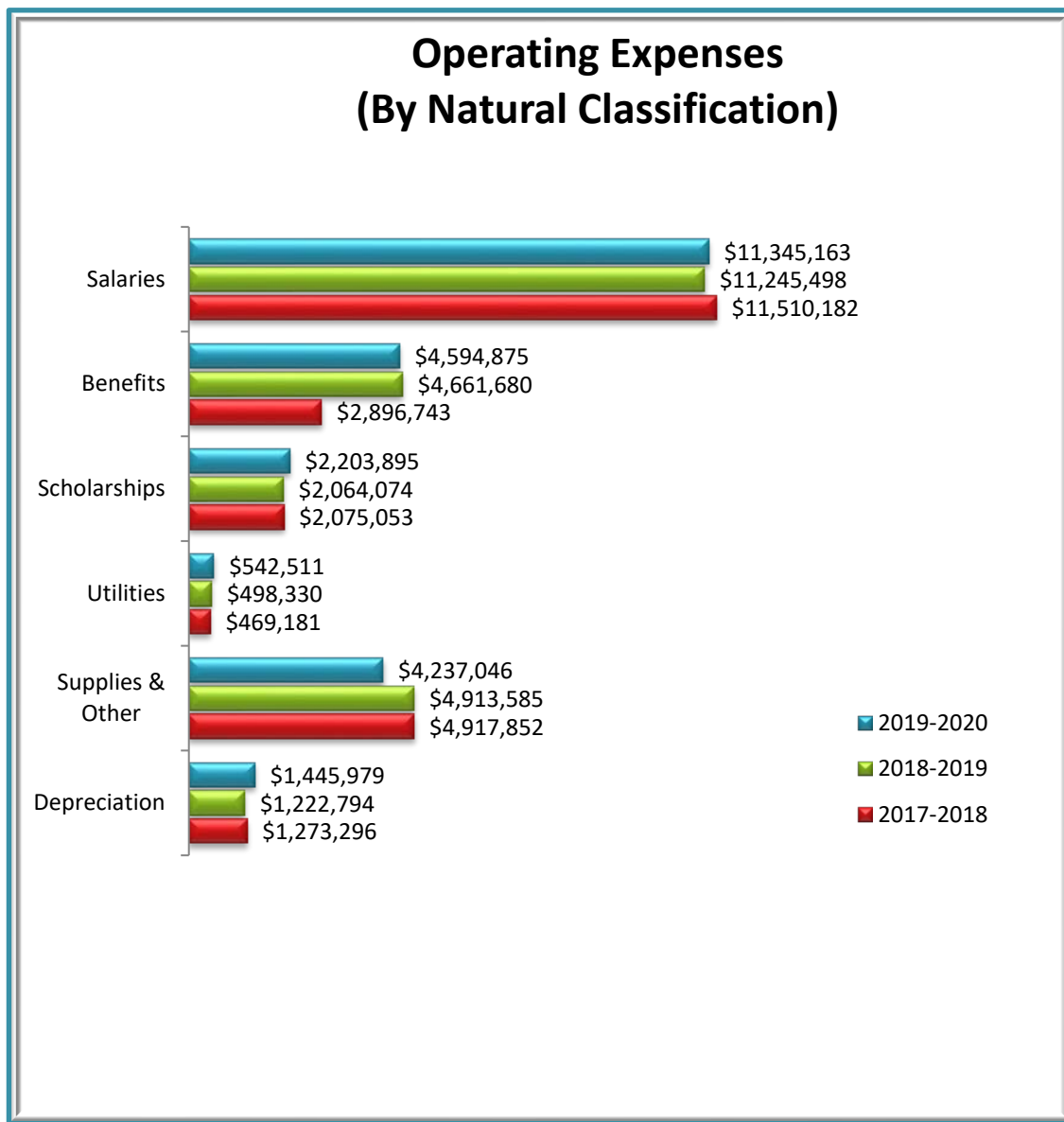


Non-Operating Revenue/Capital Contributions 2019-2020



Non-Operating Revenue/Capital Contributions 2018-2019





Orangeburg-Calhoun Technical College
Cash Flows
For the Years Ended
June 30, 2020 and June 30, 2019

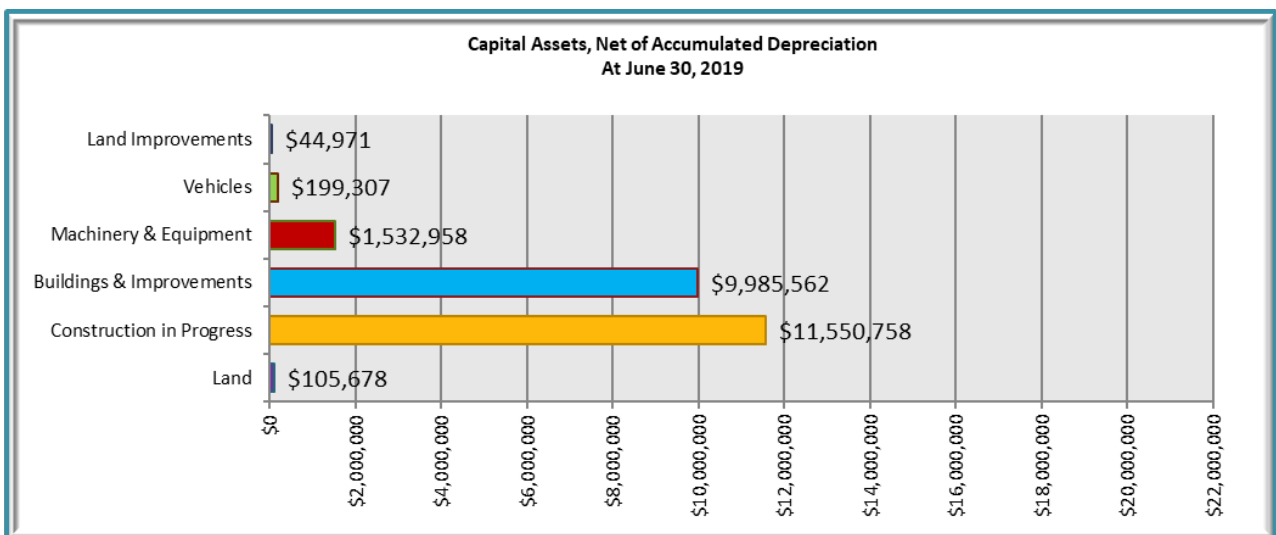
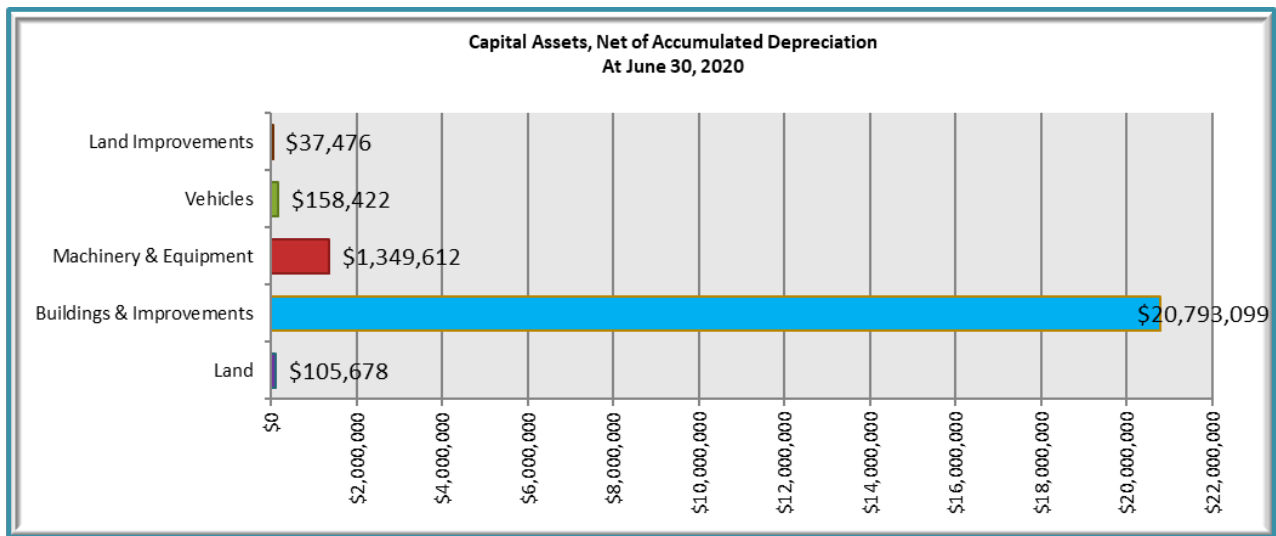
	2020	2019
Cash Flows from Operating Activities	\$ (14,167,690)	\$ (11,636,837)
Cash Flows from Non-Capital Financing Activities	12,982,443	13,695,430
Cash Flows from Capital and Related Financing Activities	881,666	(2,211,167)
Cash Flows from Investing Activities	454,333	197,482
Net Increase in Cash	150,752	44,908
Cash - Beginning of Year	6,076,742	6,031,834
Cash - End of Year	<u>\$ 6,227,494</u>	<u>\$ 6,076,742</u>

Capital Asset and Debt Administration

The college recently completed construction of a new nursing building which houses classrooms, faculty offices, study rooms, and auditoriums for use by the nursing programs. This project cost approximately \$12.2 million, with \$11.7 million being capitalized as the building cost and an additional \$500,000 in equipment and technology upgrades. Funding came from various federal, state, local sources and college reserves. The College incurred no debt for this facility.

The College was also involved in several smaller projects during fiscal year 2019-20, including the upgrade of energy management graphics interface, HVAC replacements/upgrades, carpet/wall/door replacements around campus and drainage improvements. The College used local funds for these projects.

The College has no long-term debt as of June 30, 2020.



Economic Factors

The overall base recurring funding allocation to the Technical College System from the State's general fund has increased slightly over the past few years. In addition, the state has provided additional funds for equipment and scholarships. However, the College continues to push for those funds to be unrestricted so they can be used for the increasing operational costs of the college.

During the past several years, funding from Orangeburg and Calhoun counties has also increased slightly. For the 2020-21, unrestricted funding from the counties is expected to remain stable.

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. The outlook for future new grant awards is unclear at this time.

Because the increasing operating costs have outpaced the increased revenue from state and local sources over the years, the college has become much more dependent on tuition revenues to fund its operations. The College experienced a small decline in enrollment in Fall 2019-Summer 2020 terms. Due to a relatively overall flat enrollment prediction and a projected increase in operating expenses, the College has been forced to evaluate and implement various cost cutting measures. The College closed its Respiratory Care Program in 2019 due to these cost cutting measures. The State has also funded new scholarship opportunities, again for special areas of study. Even with the influx of scholarship funds available to students, OTCtech has still has not experienced an increase in student enrollment. Therefore, 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. With the instability in student enrollment and therefore tuition revenue, the college prepares its budget through conservative spending and cost control measures in order to ensure the College's continued financial health.

The coronavirus (COVID-19) pandemic developed rapidly in the beginning of 2020. Measures taken to contain the virus have significantly affected worldwide economic activity, which in turn may have implications for future enrollment, and therefore, revenue at the college. For the fiscal year 2020, the college received some federal funds to help off-set the increased costs of college operations to help combat the spread of coronavirus. These federal funds were mainly used for purchasing personal protective equipment, moving classes to a virtual environment and limiting class sizes for in-person instruction. Some of these funds remain available for the fiscal year 2021. Thus far in Fall 2020, the college has experienced approximately an 8% decline in enrollment. The college must therefore be proactive in predicting any future significant enrollment declines and is preparing to take further cost cutting measures in the situation where the federal funds are not sufficient to help offset the college's increasing costs.

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, 2020
(With comparative amounts for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and equivalents	\$ 6,227,494	\$ 6,076,742
Investments	3,427,543	3,699,540
Accounts receivable, net	2,377,095	1,038,742
Accrued interest	9,734	14,733
Inventories	221,645	187,168
Due from component unit	-	17,235
Prepaid expenses	44,553	147,601
Other assets	4,425	4,425
Total current assets	12,312,489	11,186,186
Noncurrent assets		
Non-depreciable capital assets	105,678	11,656,436
Other capital assets, net accumulated depreciation	22,338,609	11,762,798
Total noncurrent assets	22,444,287	23,419,234
Total assets	34,756,776	34,605,420
Deferred Outflows of Resources		
Deferred pension outflows	2,347,250	2,946,609
Deferred OPEB outflows	2,127,604	987,109
Total assets and deferred outflows of resources	39,231,630	38,539,138
Liabilities		
Current liabilities		
Accounts payable	535,323	1,267,040
Due to component unit	2,497	-
Accrued payroll and related liabilities	283,277	319,116
Accrued compensated absences	126,090	124,418
Unearned revenue	1,881,930	993,801
Total current liabilities	2,829,117	2,704,375
Noncurrent liabilities		
Accrued compensated absences	894,082	813,238
Pension liability	22,551,626	23,416,086
OPEB liability	18,439,792	18,170,658
Total noncurrent liabilities	41,885,500	42,399,982
Total liabilities	44,714,617	45,104,357
Deferred Inflows of Resources		
Deferred pension inflows	1,926,906	1,524,126
Deferred OPEB inflows	3,358,542	2,443,560
Total liabilities and deferred inflows of resources	50,000,065	49,072,043
Net Position (deficit)		
Net investment in capital assets	22,444,287	23,419,234
Restricted for expendable - special projects	20,000	-
Unrestricted - unfunded pension obligation	(22,131,282)	(21,993,603)
Unrestricted - unfunded OPEB obligation	(19,670,730)	(19,627,109)
Unrestricted - other	8,569,290	7,668,573
Total net position (deficit)	<u>\$ (10,768,435)</u>	<u>\$ (10,532,905)</u>

See accompanying notes.

ORANGEBURG - CALHOUN TECHNICAL COLLEGE
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative amounts for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Operating Revenue		
Student tuition and fees (net of scholarship allowances of \$7,175,314 and \$7,179,328)	\$ 3,648,766	\$ 3,923,666
Federal grants and contracts	744,757	1,150,244
State grants and contracts	4,748,539	3,604,568
Auxiliary enterprises (net of scholarship allowances of \$847,123 and \$868,406)	386,458	364,439
Other operating income	178,649	180,641
Total operating revenue	<u>9,707,169</u>	<u>9,223,558</u>
Operating Expenses		
Salaries	11,345,163	11,245,498
Benefits	4,594,875	4,661,680
Scholarships	2,203,895	2,064,074
Utilities	542,511	498,330
Supplies and other services	4,237,046	4,913,585
Depreciation	1,445,979	1,222,794
Total operating expenses	<u>24,369,469</u>	<u>24,605,961</u>
Operating loss	<u>(14,662,300)</u>	<u>(15,382,403)</u>
Nonoperating Revenue		
State appropriations	5,448,449	5,444,745
County appropriations	1,483,740	1,448,740
Federal grants and contracts	5,477,605	5,861,039
State grants and contracts	245,966	548,140
Other nonoperating revenue	326,681	392,765
Investment income	177,339	178,190
Total nonoperating revenue	<u>13,159,780</u>	<u>13,873,619</u>
Loss before other revenue, expenses, transfers, gains or losses	<u>(1,502,520)</u>	<u>(1,508,784)</u>
Other Revenue, Expenses, Transfers, Gains or Losses		
Federal capital grant	221,255	1,749,855
State capital appropriations and capital reserve	360,456	1,523,072
Local capital appropriations and capital gifts	685,279	1,925,000
Transfer to state agency	-	(55,345)
Total other revenue, expenses, transfers, gains or losses	<u>1,266,990</u>	<u>5,142,582</u>
Increase (decrease) in net position	(235,530)	3,633,798
Net position (deficit) at beginning of year	(10,532,905)	(14,166,703)
Net position (deficit) at end of year	<u>\$ (10,768,435)</u>	<u>\$ (10,532,905)</u>

See accompanying notes.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative amounts for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Tuition and fees (net of scholarship allowances)	\$ 3,270,046	\$ 3,931,033
Federal, State and local grants and contracts	5,386,378	6,684,462
Auxiliary enterprise charges (net of scholarship allowances)	348,233	326,463
Other receipts	132,103	417,882
Payments to vendors	(5,491,542)	(5,363,638)
Payments to employees	(11,298,486)	(11,319,209)
Payments for benefits	(4,310,527)	(4,249,756)
Payments to students	(2,203,895)	(2,064,074)
Student loan receipts from lenders	1,550,548	2,235,322
Disbursements to or on behalf of student borrowers	(1,550,548)	(2,235,322)
Net cash used in operating activities	<u>(14,167,690)</u>	<u>(11,636,837)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	5,448,450	5,444,745
County appropriations	1,483,740	1,448,740
State, local and federal grants and contracts - nonoperating	5,723,571	6,409,178
Other income - nonoperating	326,682	392,767
Net cash provided by noncapital financing activities	<u>12,982,443</u>	<u>13,695,430</u>
Cash Flows from Capital and Related Financing Activities		
Federal capital grant	306,963	1,442,892
State capital appropriations	360,456	810,505
Local capital appropriations and capital gifts	685,279	1,925,000
State tech capital appropriations	-	712,567
Purchase of capital assets	(471,032)	(7,102,131)
Net cash provided by (used in) capital and related financing activities	<u>881,666</u>	<u>(2,211,167)</u>
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	3,229,829	2,461,147
Purchase of investments	(2,957,833)	(2,439,938)
Interest on investments	182,337	176,273
Net cash provided by investing activities	<u>454,333</u>	<u>197,482</u>
Net increase in cash	150,752	44,908
Cash and cash equivalents, beginning of year	6,076,742	6,031,834
Cash and cash equivalents, end of year	<u><u>\$ 6,227,494</u></u>	<u><u>\$ 6,076,742</u></u>

(CONTINUED)

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

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Loss to Net Cash		
Used in Operating Activities:		
Operating loss	\$ (14,662,300)	\$ (15,382,403)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,445,979	1,222,794
Provision for bad debts	237	354
Change in assets and liabilities:		
Receivables, net	(1,424,298)	2,312,936
Inventories	(34,477)	(15,794)
Due from component unit	19,732	(10,430)
Prepaid expenses and other assets	103,048	4,100
Deferred outflows of resources	(541,136)	559,891
Accounts and other payables	(731,717)	58,708
Accrued payroll and related liabilities	(35,839)	1,493
Compensated absences	82,516	(75,205)
Unearned revenue	888,129	(161,214)
Pension liabilities	(864,460)	(1,528,102)
OPEB liabilities	269,134	(215,509)
Deferred inflows of resources	1,317,762	1,591,544
Net cash used in operating activities	<u>\$ (14,167,690)</u>	<u>\$ (11,636,837)</u>
Schedule of non-cash capital and related financing activities:		
Transfer of capital assets to other state agency	<u>\$ -</u>	<u>\$ 55,345</u>

See accompanying notes.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NON-GOVERNMENTAL COMPONENT UNIT STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

(With comparative amounts for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 192,437	\$ 87,973
Contributions receivable	426,020	263,964
Accounts receivable	-	2,402
Due from the College	2,497	-
Investments - general	1,262,290	1,287,965
Assets held for sale	14,000	14,000
Total current assets	<u>1,897,244</u>	<u>1,656,304</u>
Noncurrent assets:		
Contributions receivable	1,313,219	45,305
Investments - endowment	880,694	792,537
Total noncurrent assets	<u>2,193,913</u>	<u>837,842</u>
Total assets	<u><u>\$ 4,091,157</u></u>	<u><u>\$ 2,494,146</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 46	\$ 666
Due to the College	-	17,235
Total current liabilities	<u>46</u>	<u>17,901</u>
Net assets:		
Net assets without donor restrictions	2,971,743	1,301,662
Net assets with donor restrictions	1,119,368	1,174,583
Total net assets	<u>4,091,111</u>	<u>2,476,245</u>
Total liabilities and net assets	<u><u>\$ 4,091,157</u></u>	<u><u>\$ 2,494,146</u></u>

See accompanying notes.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NON-GOVERNMENTAL COMPONENT UNIT STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(With comparative amounts for the year ended June 30, 2019)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020 Totals	2019 Totals
Support and Revenues				
Contributions	\$ 1,770,872	\$ 118,437	\$ 1,889,309	\$ 421,891
Interest and dividends	33,675	16,223	49,898	52,754
Net gains (losses) from investments	8,053	(836)	7,217	77,825
Support from events, net	70,878	-	70,878	88,056
Other income	1,006	-	1,006	1,401
Net assets released from:				
Program restrictions	189,039	(189,039)	-	-
Total support and revenues	2,073,523	(55,215)	2,018,308	641,927
Expenses				
Program services:				
Scholarships	88,254	-	88,254	80,868
Faculty support	46,516	-	46,516	98,266
Other program services	189,439	-	189,439	984,756
Total program services	324,209	-	324,209	1,163,890
Support services:				
Management and general	62,577	-	62,577	63,656
Fund raising	16,656	-	16,656	3,211
Total expenses	403,442	-	403,442	1,230,757
Change in net assets	1,670,081	(55,215)	1,614,866	(588,830)
Net assets at beginning of year	1,301,662	1,174,583	2,476,245	3,065,075
Net assets at end of year	<u>\$ 2,971,743</u>	<u>\$ 1,119,368</u>	<u>\$ 4,091,111</u>	<u>\$ 2,476,245</u>

See accompanying notes.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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 local 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 non-major discretely presented 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 two net asset classifications, net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions consist of contributions and other inflows of assets whose use is limited in perpetuity by donor-imposed stipulations, and contributions and other transactions whose use is limited by time or purpose by donor-imposed stipulations. Net assets without donor restrictions are transactions that are not classified as net assets with donor restrictions. The use of net assets with donor restrictions 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 net assets with donor restrictions.

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)

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 \$4,474,854 as of June 30, 2020.

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 \$5,285,448 as of June 30, 2020.

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.

OPEB Liability

Effective for fiscal year ended June 30, 2018, the college adopted provisions of *GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The college now reports its proportionate share of the State of South Carolina's net OPEB liability. Changes in net OPEB liability not included in benefits expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contribution subsequent to the measurement date of the net position liability are reported as deferred outflows of resources. See *Note 6* for further discussion of this change.

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 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 revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Auxiliary Enterprises and Internal Service Activities

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

Nonexchange Transactions

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

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

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

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

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, 2020, 2019, 2018 and 2017 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.

Fair Value

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

The College and the Foundation have the following recurring fair value measurements as of June 30, 2020:

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

Prior-Year Comparative Totals

The financial statements include certain prior-year summarized comparative information to facilitate financial analysis. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Discretely Presented Component Unit

Below are the more significant accounting policies of the College's Discretely Presented Component Unit (Orangeburg-Calhoun Technical College Foundation, Inc.).

The financial statements of the Foundation are presented in accordance with accounting principles generally accepted in the United States of America and are prepared on the accrual basis of accounting.

Consequently, the net assets of the Foundation are reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are those currently available for use by the Foundation.

Net Assets With Donor Restrictions - Net assets with donor restrictions are contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. This also includes contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Foundation's actions.

Support and Expenses – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Expense Recognition and Allocation – Expenses that can be identified with a specific program or support service are charged directly to the program or support service. Costs common to multiple functions are allocated among the various functions identified.

Income Tax – The Foundation is organized as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income tax. The Foundation's Forms 990, Return of Organization Exempt from Income Tax, are routinely open for review by the tax authorities for three years from their due dates.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Discretely Presented Component Unit (continued)

Cash and Cash Equivalents – Cash and cash equivalents may consist of cash held in checking and money market accounts with maturities of less than 90 days except if those instruments are used to temporarily invest endowment funds until appropriate investments are identified. The Foundation maintains its cash in bank deposit accounts at financial institutions. The Foundation has not experienced any losses on its cash equivalents.

Investments – Investments in certificates of deposit, equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increase or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

The Foundation's investments do not represent significant concentrations of market risk inasmuch as the Foundation's investment portfolio is adequately diversified among issuers, industries, and geographic regions.

Reclassifications

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

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, 2020 a total of \$5,809,125 (bank balance \$6,265,605) 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, 2020 the carrying amount of the Foundation's deposits and cash on hand was \$192,437 and the bank balance was \$288,268, of which \$38,268 was not covered by the Federal Deposit Insurance Corporation.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

2. Deposits and Investments (continued)

Investments

The College's investments at June 30, 2020, 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 (quoted prices in active markets – level 1 inputs) of investments at June 30, 2020, 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, 2020:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money funds	\$ 416,397	\$ -	\$ (8)	\$ 416,389
U.S. Government obligations	3,356,263	71,280	-	3,427,543
Total	<u>\$ 3,772,660</u>	<u>\$ 71,280</u>	<u>\$ (8)</u>	<u>\$ 3,843,932</u>

The College's investments consisted of the following as of June 30, 2019:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money funds	\$ 17,249	\$ -	\$ -	\$ 17,249
U.S. Government obligations	3,683,707	15,833	-	3,699,540
Total	<u>\$ 3,700,956</u>	<u>\$ 15,833</u>	<u>\$ -</u>	<u>\$ 3,716,789</u>

The Foundation's investments included the following pools as of June 30, 2020 and 2019:

Investment Pool	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Endowment investments	\$ 849,095	\$ 880,694	\$ 772,969	\$ 792,537
General investments	1,188,626	1,262,290	1,176,886	1,237,965
Total	<u>\$ 2,037,721</u>	<u>\$ 2,142,984</u>	<u>\$ 1,949,855</u>	<u>\$ 2,030,502</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

2. Deposits and Investments (continued)

The Foundation had a certificate of deposit held at Grand South Bank with an interest rate of 2.75% that matured on May 11, 2020. At June 30, 2019 the CD balance was \$50,000.

Securities held by the pools as of June 30, 2020 included the following:

	Cost	Unrealized Appreciation	Fair Value
Money funds	\$ 28,857	\$ -	\$ 28,857
Equity funds	1,254,662	71,050	1,325,712
Mutual bond funds	754,202	34,213	788,415
Total	<u>\$ 2,037,721</u>	<u>\$ 105,263</u>	<u>\$ 2,142,984</u>

Securities held by the pools as of June 30, 2019 included the following:

	Cost	Unrealized Appreciation	Fair Value
Money funds	\$ 141,671	\$ -	\$ 141,671
Equity funds	1,026,027	71,530	1,097,557
Mutual bond funds	782,157	9,117	791,274
Total	<u>\$ 1,949,855</u>	<u>\$ 80,647</u>	<u>\$ 2,030,502</u>

Fair Value

As discussed in *Note 1*, the Foundation values all of its investments in accordance with Level 1 inputs.

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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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2. Deposits and Investments (continued)

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.

The following schedule reconciles cash and investments as reported in the financial statements to the footnote disclosures provided for deposits and investments at June 30, 2020:

Statement of net position	
Current assets	
Cash and cash equivalents	\$ 6,227,494
Investments	3,427,543
Total College	<u>9,655,037</u>
Statement of financial position	
Current assets	
Cash and cash equivalents	192,437
Investments	1,262,290
Noncurrent assets	
Investments	<u>880,694</u>
Total component unit	<u>2,335,421</u>
Total reporting entity	<u><u>\$ 11,990,458</u></u>
Note disclosure	
Cash on hand	\$ 1,980
Investments	3,843,932
Deposits with banks	<u>5,809,125</u>
Total College	<u>9,655,037</u>
Investments	2,142,984
Deposits with banks	<u>192,437</u>
Total component unit	<u>2,335,421</u>
Total reporting entity	<u><u>\$ 11,990,458</u></u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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3. Accounts and Contributions Receivable

Accounts receivable including applicable allowances, is as follows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Student accounts	\$ 2,785,320	\$ 1,994,525
Federal government	791,646	629,740
State agencies	595,244	196,886
Other	112,885	62,591
	<u>4,285,095</u>	<u>2,883,742</u>
Less, allowance for uncollectibles	(1,908,000)	(1,845,000)
Net accounts receivable	<u>\$ 2,377,095</u>	<u>\$ 1,038,742</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, 2020, the allowance for uncollectible student accounts is valued at \$1,908,000.

Contributions Receivable

The Foundation recognized unconditional promises to give as contributions receivable, which is due to be collected as follows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 431,574	\$265,875
Receivable in one to five years	1,334,500	47,533
Total contributions receivable	<u>1,766,074</u>	<u>313,408</u>
Less, discounts to net present value	(26,835)	(4,139)
Net contributions receivable	<u>\$1,739,239</u>	<u>\$309,269</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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4. Capital Assets

	Beginning Balance July 1, 2019	Increases	Decreases	Ending Balance June 30, 2020
Capital assets not being depreciated				
Land	\$ 105,678	\$ -	\$ -	\$ 105,678
Construction in progress	11,550,758	171,651	(11,722,409)	-
Total capital assets not being depreciated	11,656,436	171,651	(11,722,409)	105,678
Other capital assets:				
Buildings and improvements	27,271,282	11,722,409	-	38,993,691
Machinery, equipment and other	6,510,023	299,381	-	6,809,404
Vehicles	515,951	-	(19,335)	496,616
Depreciable land improvements	797,950	-	-	797,950
Intangibles	207,000	-	-	207,000
Total other capital assets at historical cost	35,302,206	12,021,790	(19,335)	47,304,661
Less, accumulated depreciation for:				
Buildings and improvements	(17,285,720)	(914,872)	-	(18,200,592)
Machinery, equipment and other	(4,977,065)	(482,727)	-	(5,459,792)
Vehicles	(316,644)	(40,885)	19,335	(338,194)
Depreciable land improvements	(752,979)	(7,495)	-	(760,474)
Intangibles	(207,000)	-	-	(207,000)
Total accumulated depreciation	(23,539,408)	(1,445,979)	19,335	(24,966,052)
Other capital assets, net	11,762,798	10,575,811	-	22,338,609
Capital assets, net	\$ 23,419,234	\$ 10,747,462	\$ (11,722,409)	\$ 22,444,287

Depreciation expense totaled \$1,445,979 for the year ended June 30, 2020.

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), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides life-time monthly retirement annuity benefits to eligible members as well as disability, survivor options, annual benefit adjustments, death benefits 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. 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 July 1, 2019, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 15.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 15.41%, .15% for the incidental death benefit program. An additional 6.25% surcharge funds 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, 2020, 2019 and 2018 were:

Fiscal Year Ended	Retirement		Incidental Death	
	Rate	Contribution	Rate	Contribution
2020	15.410%	\$ 1,510,062	0.15%	\$ 14,691
2019	14.410%	\$ 1,408,081	0.15%	\$ 14,657
2018	13.410%	\$ 1,368,616	0.15%	\$ 15,307

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.

Under the PORS, Class II members are eligible for a full-service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full-service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits effective since July 1, 1989 for the 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).

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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5. Pension Plans (continued)

Effective July 1, 2019, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 18.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 17.84%, .20% for the incidental death benefit program, and .20% for the accidental death program. An additional 6.25% surcharge funds 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, 2020, 2019 and 2018 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2020	17.840%	\$ 40,129	0.20%	\$ 450	0.20%	\$ 450
2019	16.840%	\$ 44,921	0.20%	\$ 534	0.20%	\$ 534
2018	15.840%	\$ 41,389	0.20%	\$ 523	0.20%	\$ 523

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, 15.56% plus the retiree surcharge of 6.25% from the employer in fiscal year 2020. Of the 15.56% employer contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 10.41% retirement contribution and .15% incidental death benefit program contribution amounts are remitted to SCRS.

For fiscal year 2020, 2019 and 2018, total contributions requirements to the ORP were approximately \$104,867, \$90,810 and \$79,935, respectively (excluding the surcharge) from the College as employer and approximately \$61,246, \$56,717 and \$53,648, 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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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5. Pension Plans (continued)

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

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, 2020, the College reported \$22,024,559 and \$527,067 for its proportionate share of the net pension liabilities of SCRS and PORS. The net pension liability of the SCRS and the PORS defined benefit pension plans were determined based on the July 1, 2018 actuarial valuations, using the most recent membership data, projected forward to June 30, 2019, and financial information of the pension trust funds as of June 30, 2019, 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, 2020, the College's SCRS and PORS proportion was 0.096% and 0.018%. For the year ended June 30, 2020 the College recognized additional pension expenses of \$97,067 and \$40,612 due to recognizing proportionate share of net pension liabilities for SCRS and PORS.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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5. Pension Plans (continued)

At June 30, 2020 the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Deferred Outflows	Deferred Inflows	Net
Differences between expected and actual experience - SCRS	\$ 15,140	\$ (158,220)	\$ (143,080)
Differences between expected and actual experience - PORS	10,838	(3,895)	6,943
Assumption changes - SCRS	443,827	-	443,827
Assumption changes - PORS	20,901	-	20,901
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions - SCRS	-	(1,714,591)	(1,714,591)
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions - PORS	17,225	(50,200)	(32,975)
Net difference between projected and actual earnings on investments - SCRS	194,991	-	194,991
Net difference between projected and actual earnings on investments - PORS	6,683	-	6,683
Current year employer contributions - SCRS	1,596,616	-	1,596,616
Current year employer contributions - PORS	41,029	-	41,029
Total	\$ 2,347,250	\$ (1,926,906)	\$ 420,344

\$1,596,616 and \$41,029 reported as deferred outflows of resources related to pension resulting from contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended June 30,	SCRS	PORS	Net
2021	\$ 175,576	\$ (16,416)	\$ 159,160
2022	802,338	9,357	811,695
2023	307,994	7,057	315,051
2024	(67,055)	(1,550)	(68,605)
	<u>\$ 1,218,853</u>	<u>\$ (1,552)</u>	<u>\$ 1,217,301</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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5. Pension Plans (continued)

The total pension liabilities in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate or Return	7.25%	7.25%
Projected Salary Increases	3.0% to 12.5%	3.5% to 9.5%
Inflation Rate	2.25%	2.25%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2016.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumption used in the determination of the June 30, 2019, SCRS valuation is as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

The long-term expected rate of return on pension plan investments is based upon the 20-year capital market assumptions. The long-term expected rate of returns represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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5. Pension Plans (continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding the expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return (which is set in statute) used in the calculated of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
Opportunistic	8.0%		
GTAA	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	100%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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5. Pension Plans (continued)

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's 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.

The following table represents the College's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7.25 percent, as well as what the College's respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Plan	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
SCRS	\$ 27,746,335	\$ 22,024,559	\$ 17,249,405
PORS	\$ 714,301	\$ 527,067	\$ 373,675

Deferred Compensation Plans

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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6. Other Post-Employment Benefits

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

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

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

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2020 was 6.25 percent. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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6. Other Post-Employment Benefits (continued)

Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Contributions to the OPEB plan from the College were \$668,725 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

At June 30, 2020, the College reported a liability of \$18,439,792 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the College's proportion was 0.122%.

For the year ended June 30, 2020, the College recognized an increase of OPEB expense in the amount of \$43,621. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	\$ 1,220,176	\$ (1,141,892)
Net difference between projected and actual experience	217,133	(599,393)
Net difference between projected and actual investment earnings	21,570	-
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	(1,617,257)
Current year employer contributions	668,725	-
Total	\$ 2,127,604	\$ (3,358,542)

\$668,725 reported as deferred outflows of resources related to OPEB resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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6. Other Post-Employment Benefits (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a reduction in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Net</u>
2021	\$ 398,000
2022	398,000
2023	405,096
2024	416,339
2025	221,269
Thereafter	60,959
	<u>\$ 1,899,663</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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6. Other Post-Employment Benefits (continued)

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	June 30, 2018
Actuarial cost method:	Entry Age Normal
Normal Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense including inflation
Single Discount Rate:	3.13% as of June 30, 2019
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years.
Retiree Participation:	79% for retirees who are eligible for funded premiums. 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	There were no benefit changes during the current year; the discount rate changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019; minor updates were made to the healthcare trend rate assumption

The actuarial valuation was performed as of June 30, 2018. Update procedures were used to roll forward the total OPEB liability to June 30, 2019.

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected return, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rate of return by the target allocation percentage and adding expected inflation.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

6. Other Post-Employment Benefits (continued)

This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash	20.00%	0.10%	0.02%
Total	100.00%		0.50%
Expected Inflation			2.25%
Total Return			2.75%
Investment Return Assumption			2.75%

The Single Discount Rate of 3.13% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

The following table presents the College's proportionate share of net OPEB liability calculated using a Single Discount Rate of 3.13%, as well as what the College's proportionate share of net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
Net OPEB Liability	\$ 21,860,148	\$ 18,439,792	\$ 15,694,815

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

	1% Decrease (5.4% decreasing to 3.15%)	Current Healthcare Cost Trend Rate (6.4% decreasing to 4.15%)	1% Increase (7.4% decreasing to 5.15%)
Net OPEB Liability	\$ 15,048,840	\$ 18,439,792	\$ 22,855,813

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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.

During the fiscal year 2020, the College completed construction of a new nursing building. A construction agreement with the contractor was signed in August 2017. The college was awarded a federal grant from the US Department of Commerce in the amount of \$1,971,110, state funds of \$6,000,000, and local, county funds of \$3,082,000. As part of the grant from the US Department of Commerce, the College has granted the Federal Government a 20-year Covenant on the land that the building was constructed. In twenty years, the College may request of release of the Federal Interest of the Project Property. 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 \$1,971,110 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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

8. Transactions with Component Unit

The Foundation exists to provide support to Orangeburg-Calhoun Technical College and the College's students. The College provides office space, staff, accounting and other services to the Foundation under a service agreement. The Foundation provides scholarships to students attending the College; faculty support in the form of mini grants; contributions of property and equipment and other services.

During the years ended June 30, 2020 and June 30, 2019, the Foundation paid \$2,400 each year under the accounting service contract with the College, \$22,115 and \$27,137 in reimbursements for other administrative expenses of the Foundation and \$154,695 and \$152,284 program expenses, respectively. During the year ended June 30, 2020 and 2019, the Foundation also paid the College \$75,000 and \$925,000 for the construction of the new Nursing building, respectively. For the year ended June 30, 2020, the College owed the Foundation \$2,497 for the overpayment of program expenses. For the year ended June 30, 2019, the Foundation owed the College \$17,235 for administrative and program expenses paid by the College.

9. Risk Management

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

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

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

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Risk Management (continued)

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

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

The combined insurance expense for the previously mentioned benefits and insurance for the year ended June 30, 2020 was \$112,783.

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, 2020 are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 6,075,347	\$ 2,296,666	\$ -	\$ -	\$ 1,284,843	\$ -	\$ 9,656,856
Academic support	1,491,260	604,397	-	-	332,962	-	2,428,619
Student services	1,116,527	465,516	-	-	361,467	-	1,943,510
Operation and maintenance of plant	991,020	519,258	-	542,511	592,378	-	2,645,167
Institutional support	1,599,042	684,387	-	-	620,699	-	2,904,128
Scholarships	-	-	2,203,895	-	-	-	2,203,895
Auxiliary enterprises	71,967	24,651	-	-	1,044,697	-	1,141,315
Depreciation	-	-	-	-	-	1,445,979	1,445,979
Total operating expenses	<u>\$ 11,345,163</u>	<u>\$ 4,594,875</u>	<u>\$ 2,203,895</u>	<u>\$ 542,511</u>	<u>\$ 4,237,046</u>	<u>\$ 1,445,979</u>	<u>\$ 24,369,469</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

10. Operating Expenses by Function (continued)

Operating expenses by functional classification for the year ended June 30, 2019 are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 5,995,055	\$ 2,319,219	\$ -	\$ -	\$ 1,503,023	\$ -	\$ 9,817,297
Academic support	1,433,945	602,472	-	-	787,557	-	2,823,974
Student services	1,196,858	489,874	-	-	267,385	-	1,954,117
Operation and maintenance of plant	1,000,102	520,090	-	498,330	679,495	-	2,698,017
Institutional support	1,544,198	705,076	-	-	674,268	-	2,923,542
Scholarships	-	-	2,064,074	-	-	-	2,064,074
Auxiliary enterprises	75,340	24,949	-	-	1,001,857	-	1,102,146
Depreciation	-	-	-	-	-	1,222,794	1,222,794
Total operating expenses	<u>\$ 11,245,498</u>	<u>\$ 4,661,680</u>	<u>\$ 2,064,074</u>	<u>\$ 498,330</u>	<u>\$ 4,913,585</u>	<u>\$ 1,222,794</u>	<u>\$ 24,605,961</u>

11. Contingent Rentals

During the fiscal year ended June 30, 2020, Orangeburg-Calhoun Technical College expended \$57,486 to vendors on contingent rentals for copier and other equipment rentals, which is based upon the usage of the machine. Copiers are under a five-year cost per copy agreement, some with no minimum monthly payment (based on per copy charge). Other copier agreements require a minimum monthly amount. Copier agreements are due to expire from September 2019 – December 2024.

12. Accrued Compensated Absences

Accrued Compensated absences activity for the year ended June 30, 2020 was as follows:

	June 30, 2019	Additions	Reductions	June 30, 2020	Due Within One Year
Accrued compensated absences	<u>\$ 937,656</u>	<u>\$947,015</u>	<u>\$(864,499)</u>	<u>\$1,020,172</u>	<u>\$ 126,090</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Non-Capital Appropriations - State		
Appropriations per annual appropriations act	\$ 5,126,682	\$ 4,822,133
Pathways to Prosperity	37,784	37,784
Critical Needs Nursing Initiative	22,052	17,672
Critical Needs Workforce Allocation	78,911	78,911
Workforce Pathways	-	305,258
PEBA retirement credit	109,722	109,722
Special line items - truck driving	73,129	73,129
From Commission on higher education:		
Academic Endowment	169	136
Total non-capital appropriations recorded as current year revenue	<u>\$ 5,448,449</u>	<u>\$ 5,444,745</u>
Capital Appropriations - State		
Lottery technology funds	\$ -	\$ 139,854
Lottery technology - system office	18,000	18,000
Lottery Critical Training Equipment	-	232,573
Lottery High Demand Job Skill Training Equipment	342,456	339,449
Lottery Allied Health	-	80,629
Nursing/Health Science Building	-	712,567
Total capital appropriations recorded as current year revenue	<u>\$ 360,456</u>	<u>\$ 1,523,072</u>

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:

	<u>2020</u>	<u>2019</u>
Charges for services	\$ 9,528,520	\$ 9,042,917
Operating grants and contributions	8,796,514	12,284,370
Less: expenses	<u>(24,369,469)</u>	<u>(24,605,961)</u>
Net program revenue (expense)	(6,044,435)	(3,278,674)
Transfers:		
State appropriations	5,448,449	5,444,745
State capital appropriations and capital reserve	360,456	1,523,072
Transfer to state agency	<u>-</u>	<u>(55,345)</u>
Change in net assets	(235,530)	3,633,798
Net assets at beginning of year	<u>(10,532,905)</u>	<u>(14,166,703)</u>
Net assets at end of year	<u><u>\$ (10,768,435)</u></u>	<u><u>\$ (10,532,905)</u></u>

15. Subsequent Events

Subsequent events were evaluated through September 28, 2020, which is the date the financial statements were available for issue. In early March, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. Fall 2020 student enrollment appears at this point to be below Fall 2019, resulting in a decrease in revenue when compared to the same period of time last year. It is not known how the rest of the year's enrollment will be affected. The college has shifted many courses to completely online or synchronous (a combination of online and face to face) for Fall 2020 to limit the number of students on campus and is considering the same for Spring 2021. Students are also attending labs on campus as deemed necessary for course completion. No adjustments have been made to these financial statements as a result of these uncertainties.

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS*

SOUTH CAROLINA RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.0965%	0.1021%	0.1081%	0.1115%	0.1128%	0.1126%	0.1126%
College's proportionate share of the net pension liability	\$ 22,024,559	\$ 22,881,184	\$ 24,339,101	\$ 23,826,488	\$ 21,394,960	\$ 19,379,617	\$ 20,189,787
College's covered payroll	\$ 10,398,224	\$ 10,796,744	\$ 11,149,641	\$ 11,001,753	\$ 10,828,056	\$ 10,465,396	\$ 10,416,277
College's proportionate share of the net pension liability as a percentage of its covered payroll	211.81%	211.93%	218.29%	216.57%	197.59%	185.18%	193.83%
Plan fiduciary net position as a percentage of the total pension liability	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

POLICE OFFICERS RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.0184%	0.0189%	0.0221%	0.0203%	0.0191%	0.0164%	0.0164%
College's proportionate share of the net pension liability	\$ 527,067	\$ 534,902	\$ 605,087	\$ 514,701	\$ 415,434	\$ 313,009	\$ 338,931
College's covered payroll	\$ 266,750	\$ 261,293	\$ 297,360	\$ 258,698	\$ 236,135	\$ 196,646	\$ 193,468
College's proportionate share of the net pension liability as a percentage of its covered payroll	197.59%	204.71%	203.49%	198.96%	175.93%	159.17%	175.19%
Plan fiduciary net position as a percentage of the total pension liability	62.70%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

* - The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the Fund implemented GASB 68 during fiscal year 2015 and information prior to 2014 is not available.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF SOUTH CAROLINA RETIREMENT SYSTEMS CONTRIBUTIONS

LAST TEN FISCAL YEARS

SOUTH CAROLINA RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contributions	\$ 1,596,616	\$ 1,482,984	\$ 1,434,948	\$ 1,261,136	\$ 1,194,467	\$ 1,152,858	\$ 1,083,250	\$ 1,076,518	\$ 926,992	\$ 908,731
Contributions in relation to the contractually required contribution	(1,596,616)	(1,482,984)	(1,434,948)	(1,261,136)	(1,194,467)	(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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 10,462,088	\$ 10,398,224	\$ 10,796,744	\$ 11,149,641	\$ 11,001,753	\$ 10,828,056	\$ 10,465,396	\$ 10,416,277	\$ 9,983,961	\$ 9,915,549
Contributions as a percentage of covered payroll	15.26%	14.26%	13.29%	11.31%	10.86%	10.65%	10.35%	10.33%	9.28%	9.16%

POLICE OFFICERS' RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contributions	\$ 41,029	\$ 45,988	\$ 42,434	\$ 42,344	\$ 35,545	\$ 31,666	\$ 25,249	\$ 23,796	\$ 20,941	\$ 18,539
Contributions in relation to the contractually required contribution	(41,029)	(45,988)	(42,434)	(42,344)	(35,545)	(31,666)	(25,249)	(23,796)	(20,941)	(18,539)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 224,940	\$ 266,750	\$ 261,293	\$ 297,360	\$ 258,698	\$ 236,135	\$ 196,646	\$ 193,468	\$ 178,027	\$ 160,788
Contributions as a percentage of covered payroll	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%	12.30%	11.76%	11.53%

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF PROPORTIONATE SHARE OF SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND
OTHER POSTEMPLOYMENT BENEFITS LIABILITIES

LAST TEN FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
College's proportion of the OPEB liability	0.1219%	0.1283%	0.1357%	0.1357%
College's proportionate share of the net OPEB liability	\$ 18,439,792	\$ 18,170,658	\$ 18,386,167	\$ 19,640,154
College's covered payroll	\$ 10,664,974	\$ 11,058,037	\$ 11,447,001	\$ 11,260,451
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	172.90%	164.32%	160.62%	174.42%
Plan fiduciary net position as a percentage of the total OPEB liability	8.44%	7.91%	7.60%	7.60%

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND
CONTRIBUTIONS

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contributions	\$ 668,725	\$ 645,230	\$ 608,192	\$ 610,270	\$ 603,765	\$ 553,210	\$ 524,572	\$ 482,743	\$ 436,965	\$ 392,977
Contributions in relation to the contractually required contribution	(668,725)	(645,230)	(608,192)	(610,270)	(603,765)	(553,210)	(524,572)	(482,743)	(436,965)	(392,977)
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 10,687,027	\$ 10,664,974	\$ 11,058,037	\$ 11,447,001	\$ 11,260,451	\$ 11,064,191	\$ 10,662,042	\$ 10,609,745	\$ 10,161,991	\$ 10,076,337
Contributions as a percentage of covered payroll	6.26%	6.05%	5.50%	5.33%	5.36%	5.00%	4.92%	4.55%	4.30%	3.90%

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

1. Changes of Assumptions

Amounts reported for the year ended June 30, 2020 reflect actuarial assumption changes effective July 1, 2018 based on the results of an actuarial experience study completed in 2019.

SINGLE AUDIT ACT REQUIREMENTS

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Identifying Number	Federal Expenditures June 30, 2020
Direct Programs:				
U. S. Department of Education				
	Federal Supplemental Educational Opportunity Grants	84.007		\$ 117,663
	Federal Work-Study Program	84.033		65,397
	Federal Pell Grant Program	84.063		4,244,315
	Federal Direct Student Loans	84.268		1,469,648
	Total Student Financial Aid Cluster			5,897,023
	TRIO Student Support Services	84.042		257,482
	Higher Education Emergency Relief Fund - Student Portion	84.425E		555,000
	Higher Education Emergency Relief Fund - Institutional Portion	84.425F		440,819
	Total U.S. Department of Education			7,150,324
National Science Foundation				
	Education and Human Resources	47.076		122,131
	Total National Science Foundation			122,131
Department of Transportation				
	Commercial Motor Vehicle Operator Safety Training Grants	20.235		10,062
	Total Department of Transportation			10,062
U.S. Department of Commerce				
	Public Works and Economic Development Act of 1965	11.300		221,255
	Total U.S. Department of Commerce			221,255
Total Direct Programs:				7,503,772
Indirect Programs:				
U. S. Department of Education				
	Passed through South Carolina Department of Education:			
	Adult Education - Basic Grants to States	84.002	H63010101020	149,742
	Adult Education - Basic Grants to States	84.002	H63010101019	13,547
	Career and Technical Education - Basic Grants to States	84.048	H63010107119	41
	Career and Technical Education - Basic Grants to States	84.048	H63010107120	143,198
	Total Passed through South Carolina Department of Education			306,528
	Passed through South Carolina Board of Technical College Education:			
	Commission on Higher Education Statewide Longitudinal - SLDS Award	84.372		5,357
	Total Passed through South Carolina Board of Technical College Education			5,357
	Total U.S. Department of Education			311,885

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ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

-CONTINUED-

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Identifying Number	Federal Expenditures June 30, 2020
Indirect Programs (Continued):			
U. S. Department of Health and Human Services			
Passed through the First Steps of South Carolina:			
Child Care and Development Block Grant	93.575		3,037
Total U.S. Department of Health and Human Services			3,037
National Endowment for Humanities			
Passed through South Carolina Humanities:			
Federal State Partnerships	45.129		2,000
Total National Endowment for Humanities			2,000
U.S. Department of Agriculture			
Passed through SC Department of Social Services:			
SNAP Employment and Training Program	10.561		23,426
Total U.S. Department of Agriculture			23,426
Total Indirect Programs:			340,348
Total Federal Awards			<u>\$ 7,844,120</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2020

1. Description

Orangeburg-Calhoun Technical College has adopted *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards were adopted to fulfill the financial and compliance audit requirements of federal grantor agencies. For purposes of implementing Uniform Guidance, federal grant awards were 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, 2019 through June 30, 2020 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.

3. Loan Programs

The College has students who have approved Federal Direct Loans. Those loans were disbursed to the students during the current fiscal year. The College is not the lender. The College only processes the loans for the lender, the Department of Education. The total Federal Direct Loans for the current fiscal year were \$1,469,648.

4. Indirect Costs

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

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

Members of the 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, 2020, 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 28, 2020.

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 image shows a handwritten signature in black ink that reads "The Brittingham Group LLP". The signature is written in a cursive, flowing style. It is contained within a thin black rectangular border.

West Columbia, South Carolina
September 28, 2020

THE BRITTINGHAM GROUP, L.L.P.

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WEST COLUMBIA, SOUTH CAROLINA 29171

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

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 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, 2020. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2020.

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 the Uniform Guidance, 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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The Brittingham Group LLP

West Columbia, South Carolina
September 28, 2020

ORANGEBURG-CALHOUN TECHNICAL COLLEGE

JUNE 30, 2020

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 the Uniform Guidance.
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
 Higher Education Emergency Relief Fund – Student Portion CFDA #84.425E
 Higher Education Emergency Relief Fund – Institutional Portion CFDA #84.425F
8. The threshold for distinguishing between Type A and Type B Programs was \$750,000.
9. Orangeburg-Calhoun Technical College qualified 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.

THE BRITTINGHAM GROUP, L.L.P.

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INDEPENDENT ACCOUNTANTS' REPORT ON STATE LOTTERY TUITION ASSISTANCE PROGRAM

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

As a part of our examination of the financial statements of Orangeburg-Calhoun Technical College (the "College") as of and for the year ended June 30, 2020, we reviewed the administrative procedures and internal controls related to the State Lottery Tuition Assistance Program to determine that the College administered the program in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the South Carolina State Board for Technical and Comprehensive Education.

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

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

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

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

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

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

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

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

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West Columbia, South Carolina
September 28, 2020