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ORANGEBURG-CALHOUN TECHNICAL COLLEGE

Financial Statements

WITH INDEPENDENT AUDITORS' REPORT
FISCAL YEAR ENDED JUNE 30, 2023



ORANGEBURG-CALHOUN TECHNICAL COLLEGE

Audited Financial Statements

Fiscal Year Ended June 30, 2023

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Orangeburg-Calhoun Technical College

Organizational Data

June 30, 2023

Area Commission Members and Officers *

Orangeburg County	Calhoun County
Chairman John Shuler - June 2024	Katie Hane - July 2024
Lawrence Weathers - July 2027	David Rickenbaker - July 2027
Jacqueline Shaw - July 2027	
Leroy Morant - July 2024	
Margaret Felder-Wilson, Ph.D. - July 2026	

Administrative Staff

Walt Tobin, Ph. D., President
Williette Waring Berry, Esq., 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, 2022 - June 30, 2023

*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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business type activities and the discretely presented component unit 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, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the discretely presented component unit of the College as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities, Schedule of 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 56 - 59 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 26, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina
September 26, 2023

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, 2023, and June 30, 2022. Responsibility for the completeness and fairness of this information rests with the College. This discussion should be read in conjunction with the transmittal letter, 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 (\$44,818,535) of Orangeburg-Calhoun Technical College is less than its liabilities and deferred inflow of resources (\$54,260,584) at June 30, 2023, by \$9,442,049 (total net position). The unrestricted net position portion of (\$29,012,050) is a result of the net combined unfunded pension and OPEB obligations of (\$40,783,050). The remaining \$11,771,000 may be used to meet the College’s ongoing obligations.
- The College experienced an operating loss of \$19,249,490 during the fiscal year ended June 30, 2023, 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 \$10,724,965, state appropriations of \$6,572,093, local appropriations of \$1,515,740, state capital appropriations/reserve of \$681,736, and other non-operating revenues.
- In the fiscal year 2023, the College’s total net position increased as a result of a decrease in operating expenses. 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 (Governmental Accounting Standards Board Statement No. 68 – “GASB 68”) and other post-employment benefits by the South Carolina Retiree Health Insurance Trust Fund (Governmental Accounting Standards Board Statement No. 75 – “GASB 75”). The College does not believe that the negative effects of GASB 68 and GASB 75 have an impact on either the college’s solvency or the college’s status as a going concern. The unrestricted portion that may be used to meet the future obligations of the college increased \$855,751 or 7.8%.

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 outflows of resources are less than liabilities and deferred inflows of resources, resulting in a negative net position of (\$9,442,049) at the close of the most recent fiscal year. This represents an increase of \$750,110 from last year's amount of (\$10,192,159). Pension expense was reduced by \$802,696 due to GASB 68 requirements and other post-employment benefit (OPEB) expense was reduced by \$77,172 due to GASB 75. These GASB statements require the college 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 \$19,570,001. 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.

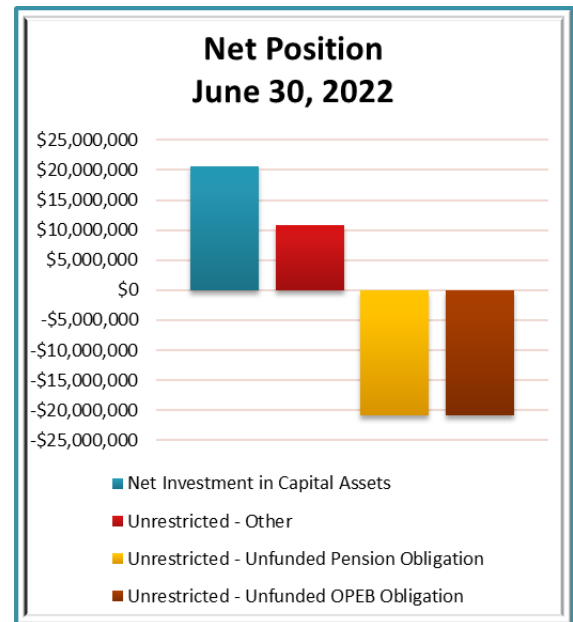
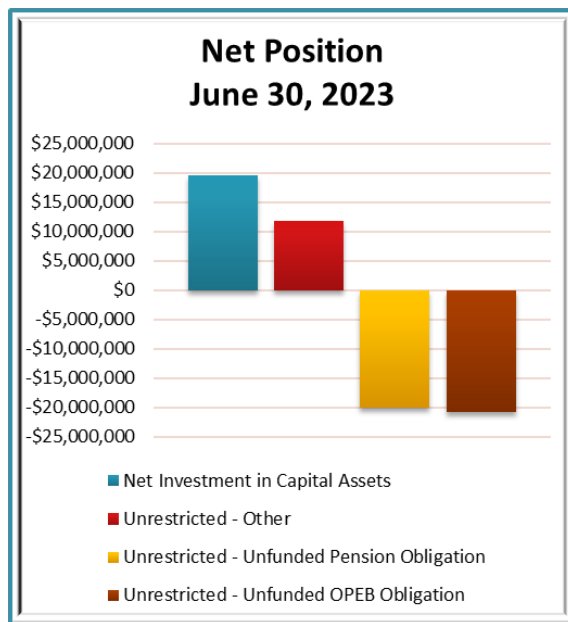
The College's unrestricted portion that may be used to meet the College's ongoing obligations and funding for future capital projects is \$11,771,000.

The charts and graphs that follow presents specific areas of the College's financial condition on June 30, 2023 and June 30, 2022.

Orangeburg-Calhoun Technical College
Net Position
As of June 30, 2023 and June 30, 2022

	2023	2022
Current Assets	\$ 16,655,653	\$ 14,543,443
Non-Current Assets		
Capital assets, net of depreciation	19,870,267	20,555,509
Total assets	<u>36,525,920</u>	<u>35,098,952</u>
Deferred Outflows of Resources		
Deferred pension outflows	3,129,852	3,307,458
Deferred OPEB outflows	5,162,763	6,011,496
Total assets and deferred outflows of resources	<u>44,818,535</u>	<u>44,417,906</u>
Current Liabilities	4,143,816	2,615,702
Non-Current Liabilities		
Compensated absences	1,041,103	1,012,492
Pension liability	22,453,905	19,887,732
OPEB liability	17,363,252	23,749,463
Total liabilities	<u>45,002,076</u>	<u>47,265,389</u>
Deferred Inflows of Resources		
Deferred pension inflows	641,112	4,187,586
Deferred OPEB inflows	8,617,396	3,157,090
Total liabilities and deferred inflows of resources	<u>54,260,584</u>	<u>54,610,065</u>
Net Position		
Net investment in capital assets	19,570,001	20,555,509
Unrestricted - unfunded pension obligation	(19,965,165)	(20,767,860)
Unrestricted - unfunded OPEB obligation	(20,817,885)	(20,895,057)
Unrestricted - other	11,771,000	10,915,249
Total net position	<u>\$ (9,442,049)</u>	<u>\$ (10,192,159)</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**

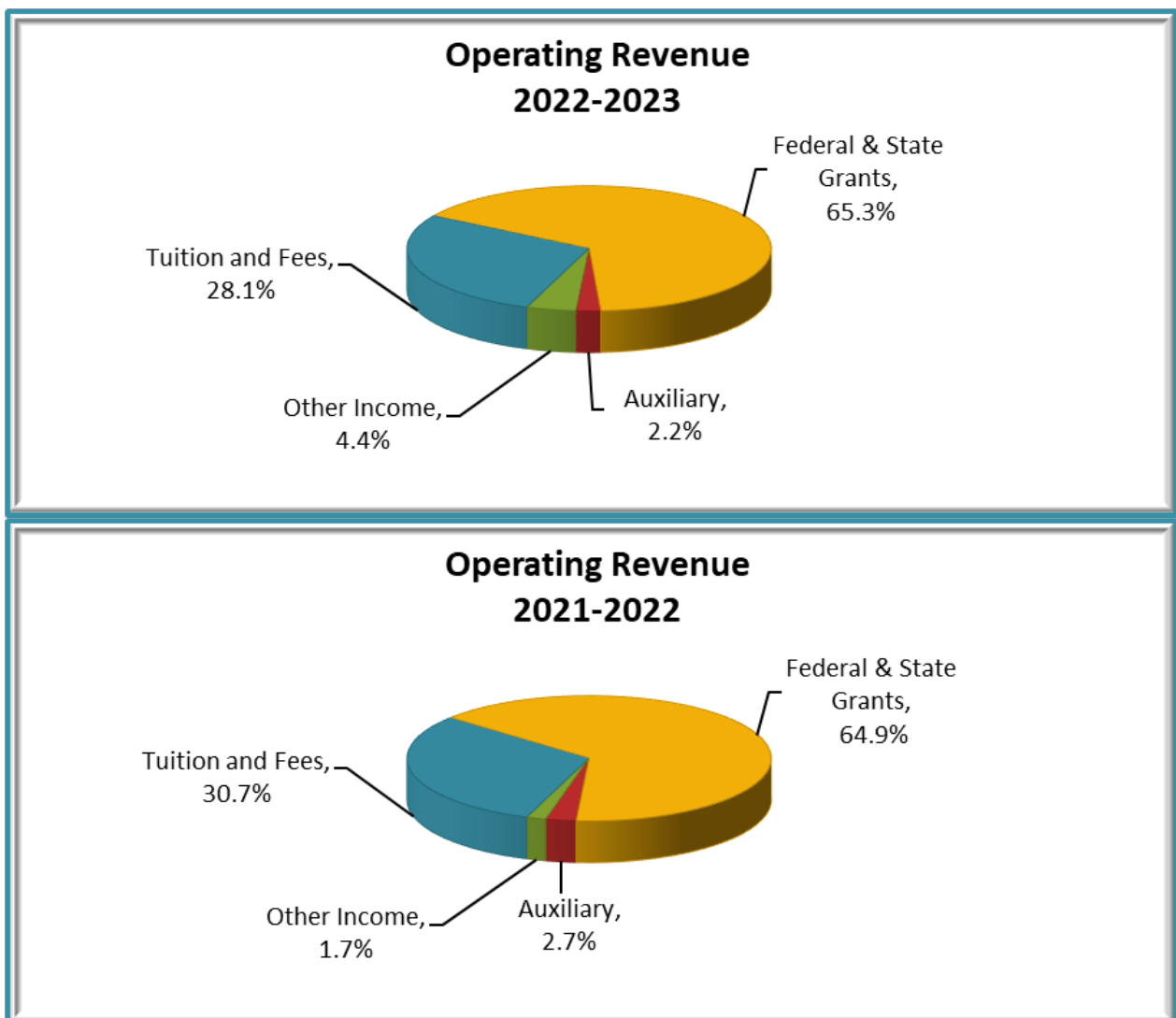
	June 30, 2023	June 30, 2022	Increase (Decrease)	Percent Change
Operating				
Operating Revenue				
Tuition and Fees	\$ 2,059,462	\$ 2,679,816	\$ (620,354)	-23.15%
Federal and State Grants	4,778,107	5,665,073	(886,966)	-15.66%
Auxiliary	157,874	235,015	(77,141)	-32.82%
Other	323,856	150,732	173,124	114.86%
Total Operating Revenue	7,319,299	8,730,636	(1,411,337)	-16.17%
Less: Operating Expenses	(26,568,789)	(29,773,133)	3,204,344	-10.76%
Total Operating Loss	(19,249,490)	(21,042,497)	1,793,007	-8.52%
Non-Operating				
State Appropriations	6,572,093	5,895,246	676,847	11.48%
Orangeburg County	1,165,740	1,165,740	-	0.00%
Calhoun County	350,000	330,000	20,000	6.06%
Federal and State Grants	10,724,965	12,266,909	(1,541,944)	-12.57%
Investment Income (Loss)	217,472	(100,420)	317,892	-316.56%
Other	287,594	284,535	3,059	1.08%
Total Non-Operating	19,317,864	19,842,010	(524,146)	-2.64%
Net Income (Loss) Before Other				
Revenue, Expenses, Gains, or Losses	68,374	(1,200,487)	1,268,861	-105.70%
Other Revenue, Expenses, Gains, or Losses				
State capital appropriations	681,736	822,926	(141,190)	-17.16%
Total Capital Contributions	681,736	822,926	(141,190)	-17.16%
Increase (Decrease) in Net Position	750,110	(377,561)		
Net Position, Beginning of Year	(10,192,159)	(9,814,598)		
Net Position, End of Year	<u>\$ (9,442,049)</u>	<u>\$ (10,192,159)</u>		

Operating revenues as of June 30, 2023 decreased by \$1,411,337 over the previous fiscal year. Tuition revenue shows a decrease of \$620,354 over the prior year and auxiliary also shows a decrease of \$77,141. The amounts for tuition and auxiliary are not reported as gross revenues. They are shown as a net amount, after a deduction has been made for the amount covered by scholarships. There was also a decrease in federal and state operating grants of \$886,966 compared to last fiscal year.

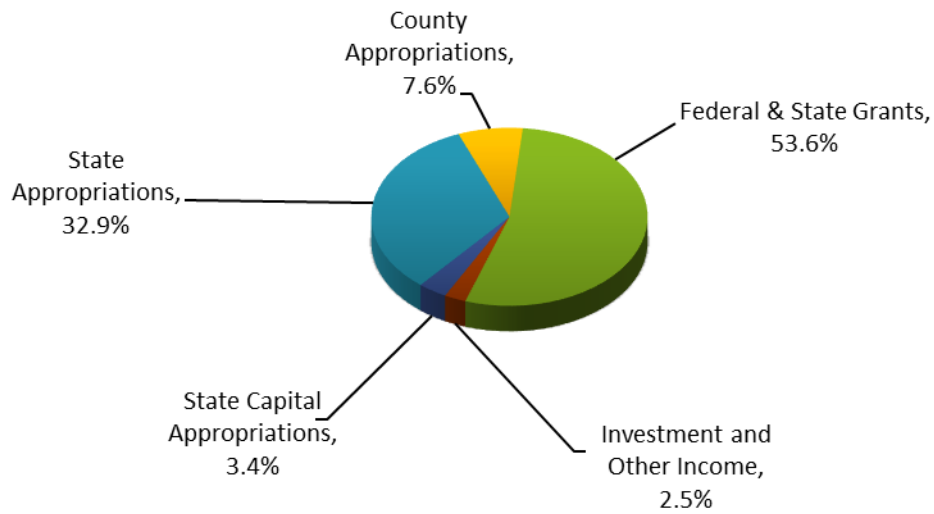
Operating expenses as of June 30, 2023, decreased by \$3,204,344 over the same period in the previous fiscal year. The major factor contributing to this decrease was the decrease in scholarships of \$2,606,439. The other main factor contributing to this variation was a decrease in supplies and other services \$1,719,484.

Non-operating revenues decreased from last fiscal year to the current year by \$524,146. This difference was mainly affected by the decrease in federal and state grants of \$1,541,944 combined with an increase in state appropriations of \$676,847 and an increase in investment income and other non-operating income of \$320,951.

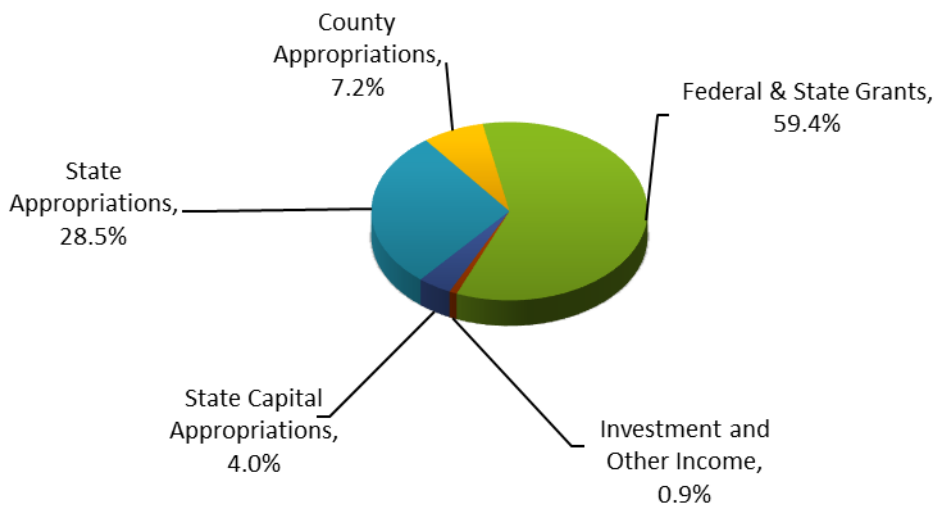
Following are several charts that show the college's revenues and expenditures by major categories. In some instances, separate charts are provided for the last two fiscal years. Other charts may include both years to show easier comparisons.



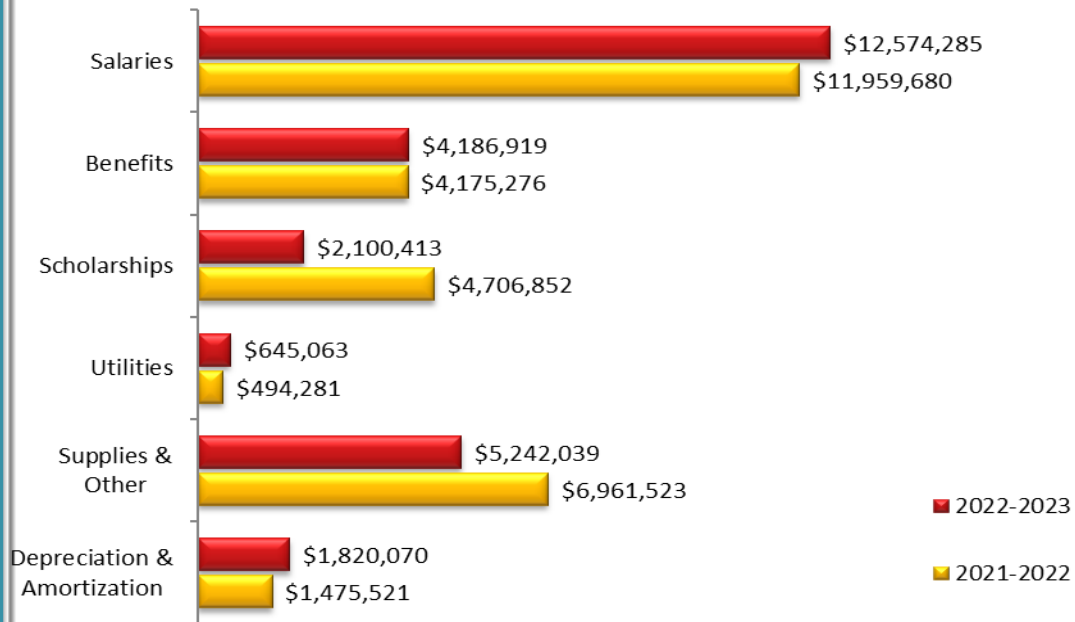
**Non-Operating Revenue/Capital Contributions
2022-2023**



**Non-Operating Revenue/Capital Contributions
2021-2022**



Operating Expenses (By Natural Classification)



Orangeburg-Calhoun Technical College Cash Flows For the Years Ended June 30, 2023 and June 30, 2022

	2023	2022
Cash Flows from Operating Activities	\$ (16,831,716)	\$ (17,398,157)
Cash Flows from Non-Capital Financing Activities	19,100,392	19,942,430
Cash Flows from Capital and Related Financing Activities	(158,597)	209,409
Cash Flows from Investing Activities	(69,411)	(359,203)
Net Increase in Cash	2,040,668	2,394,479
Cash - Beginning of Year	8,640,043	6,245,564
Cash - End of Year	<u>\$ 10,680,711</u>	<u>\$ 8,640,043</u>

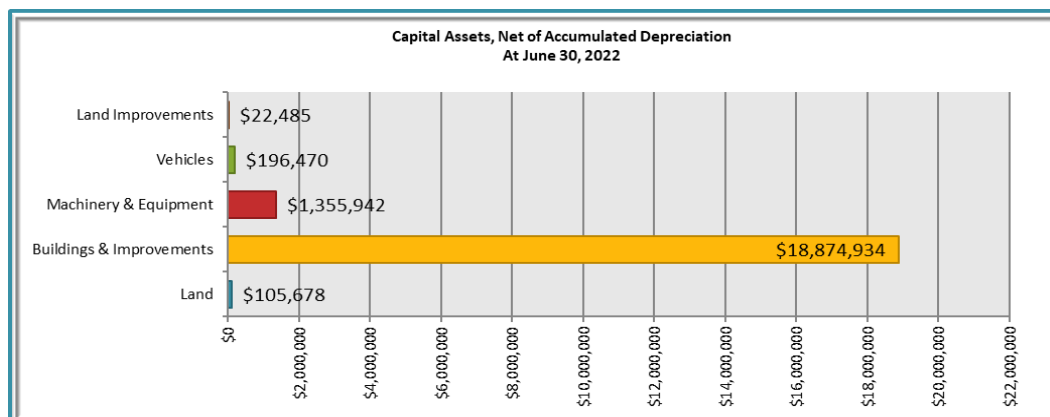
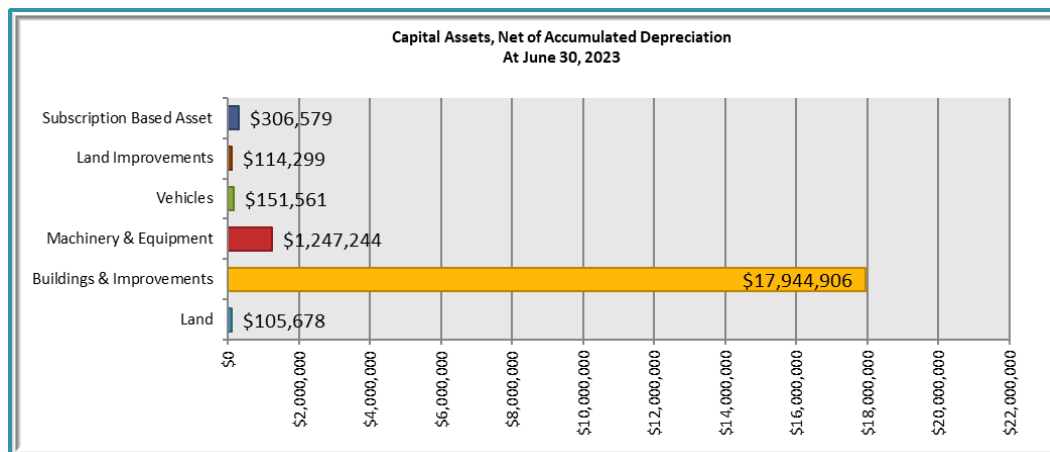
Capital Asset and Debt Administration

The College frequently evaluates facilities and the need for repairs, renovations, or upgrades. This past fiscal year was no exception. During the year, the College placed a new digital sign into service at the front of the campus. The college also did some light renovation work in several buildings. The most extensive work was done to accommodate our Advanced Manufacturing programs moving to a new location on campus.

In addition, the College has been working with architects on three larger projects. These projects include (1) major electrical and mechanical upgrades for the Machine Tool Technology lab renovation; (2) major upgrades and renovations, including new HVAC, to the health sciences building; and (3) renovations to our Student Services building for a new Student Learning Commons area. The Machine Tool Technology lab renovation was split into two phases. Phase one is underway, and phase two should be out for bid in Fall 2023. The health science building renovation has been placed on hold, to secure more funding for the project. The college hopes the project can begin in Fall 2024. The College expects to begin renovations to the Student Services building for a new Student Learning Commons area by late 2023, with an estimated completion date of Spring 2024.

Finally, the College has completed a major upgrade in technology across campus. This upgraded the IT infrastructure (cabling, switches, access points) and classroom technology across campus. These upgrades improved the College's ability to deliver online instruction and provide a better student experience. The project was completed in Summer 2023.

The College has no long-term debt as of June 30, 2023.



Economic Factors

The overall appropriations in base recurring funding from the South Carolina general assembly has continued to increase over the past few years and is expected to increase again in the fiscal year 2024. As a result of the increased funding, state-supported colleges were encouraged to implement a tuition rate freeze for the upcoming year. Local funding from Orangeburg and Calhoun counties has remained relatively the same over the past several years. Even with the modest increases in financial support, government funding does not keep up with the rising costs and still comprises a lower percentage of the College's operating budget than it has in the past. Both of these factors together make the College more dependent on tuition revenues from students to fund increasing operational costs due to inflation and rising personnel costs. The College struggles to retain valuable employees due to the higher-paying private sector.

In order to boost a skilled workforce in the state, the legislature has been focused on career and technical education and voted to increase scholarship funding to once again allow for zero tuition for high school graduates to attend one of the state's sixteen technical colleges for certain degrees and programs. However, possibly due to the booming job market in 2023, potential students found other career opportunities and the College experienced an overall decreased enrollment in the 2022-23 academic year. Conversely, an upturn in fall 2023 enrollment is encouraging at this point in time. In addition to the emphasis on state scholarship funding, the state again allocated a portion of overall surplus funds to the colleges for equipment and deferred maintenance.

Rising interest rates have enabled the College to invest excess funds at much higher rates to earn additional revenue for College spending purposes.

The Corporate Training and Economic Development division experienced a decline in revenue in spite of an increase in the availability of state and federal funding for workforce training. This was due to the small department and suspension of a few classes and contract training. The outlook for fiscal year 2024 for this division is positive, especially with the State of South Carolina continuing to emphasize short-term training opportunities.

The College expended its remaining federal HEERF (Higher Education Emergency Relief Funds) allocation to offset the tuition revenue decline in the fiscal year 2023. Since all of the HEERF funding has now been exhausted, the College is actively pursuing increased enrollment to return to pre-Covid levels. The current financial position is stable, and current appropriations, tuition revenue, and other grant funds are adequate to fund the operations for the upcoming year. Further proving the College's favorable financial position, if the negative impact of recognizing the net pension and OPEB obligations were to be removed from the unrestricted net position on June 30, 2023, the College would show a positive unrestricted net position of over \$11 million.

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, 2023

Assets

Current assets	
Cash and equivalents	\$ 10,680,711
Investments	3,757,586
Accounts receivable, net	1,926,396
Accrued interest	3,148
Inventories	75,936
Due from component unit	5,790
Prepaid expenses	201,661
Other assets	4,425
Total current assets	<u>16,655,653</u>
Noncurrent assets	
Subscription based assets, net accumulated amortization	306,579
Non-depreciable capital assets	105,678
Other capital assets, net accumulated depreciation	19,458,010
Total noncurrent assets	<u>19,870,267</u>
Total assets	<u>36,525,920</u>

Deferred Outflows of Resources

Deferred pension outflows	3,129,852
Deferred OPEB outflows	5,162,763

Total assets and deferred outflows of resources	<u>44,818,535</u>
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Liabilities

Current liabilities	
Accounts payable	139,117
Accrued interest payable	5,771
Accrued payroll and related liabilities	380,371
Accrued compensated absences	99,681
Unearned revenue	3,224,381
Subscription liability	294,495
Total current liabilities	<u>4,143,816</u>
Noncurrent liabilities	
Accrued compensated absences	1,041,103
Pension liability	22,453,905
OPEB liability	17,363,252
Total noncurrent liabilities	<u>40,858,260</u>
Total liabilities	<u>45,002,076</u>

Deferred Inflows of Resources

Deferred pension inflows	641,112
Deferred OPEB inflows	8,617,396

Total liabilities and deferred inflows of resources	<u>54,260,584</u>
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Net Position (deficit)

Net investment in capital assets	19,570,001
Unrestricted - unfunded pension obligation	(19,965,165)
Unrestricted - unfunded OPEB obligation	(20,817,885)
Unrestricted - other	11,771,000
Total net position (deficit)	<u>\$ (9,442,049)</u>

See accompanying notes.

ORANGEBURG - CALHOUN TECHNICAL COLLEGE
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Operating Revenue

Student tuition and fees (net of scholarship allowances of \$7,992,361)	\$ 2,059,462
Federal grants and contracts	895,063
State grants and contracts	3,883,044
Auxiliary enterprises (net of scholarship allowances of \$936,352)	157,874
Other operating income	323,856
Total operating revenue	<u>7,319,299</u>

Operating Expenses

Salaries	12,574,285
Benefits	4,186,919
Scholarships	2,100,413
Utilities	645,063
Supplies and other services	5,242,039
Depreciation	1,541,523
Amortization	278,547
Total operating expenses	<u>26,568,789</u>
Operating loss	<u>(19,249,490)</u>

Nonoperating Revenue

State appropriations	6,572,093
County appropriations	1,515,740
Federal grants and contracts	10,299,349
State grants and contracts	425,616
Other nonoperating revenue	287,594
Investment income	217,472
Total nonoperating revenue	<u>19,317,864</u>

Income before other revenue, expenses, transfers, gains or losses	68,374
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Other Revenue, Expenses, Transfers, Gains or Losses

State capital appropriations and capital reserve	681,736
Total other revenue, expenses, transfers, gains or losses	<u>681,736</u>
Increase in net position	750,110
Net position (deficit) at beginning of year	(10,192,159)
Net position (deficit) at end of year	<u><u>\$ (9,442,049)</u></u>

See accompanying notes.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities

Tuition and fees (net of scholarship allowances)	\$ 2,079,480
Federal, State and local grants and contracts	6,350,969
Auxiliary enterprise charges (net of scholarship allowances)	145,906
Other receipts	296,492
Payments to vendors	(6,001,550)
Payments to employees	(12,522,167)
Payments for benefits	(5,080,433)
Payments to students	(2,100,413)
Student loan receipts from lenders	874,069
Disbursements to or on behalf of student borrowers	(874,069)
Net cash used in operating activities	<u>(16,831,716)</u>

Cash Flows from Noncapital Financing Activities

State appropriations	6,572,093
County appropriations	1,515,740
State, local and federal grants and contracts - nonoperating	10,724,965
Other income - nonoperating	287,594
Net cash provided by noncapital financing activities	<u>19,100,392</u>

Cash Flows from Capital and Related Financing Activities

State capital appropriations	681,736
Purchase of capital assets	(549,702)
Right of use assets	(290,631)
Net cash used in capital and related financing activities	<u>(158,597)</u>

Cash Flows from Investing Activities

Proceeds from sales and maturities of investments	3,335,873
Purchase of investments	(3,624,037)
Interest on investments	218,753
Net cash used in investing activities	<u>(69,411)</u>

Net increase in cash	2,040,668
Cash and cash equivalents, beginning of year	8,640,043
Cash and cash equivalents, end of year	<u><u>\$ 10,680,711</u></u>

(CONTINUED)

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

Reconciliation of Operating Loss to Net Cash

Used in Operating Activities:

Operating loss	\$ (19,249,490)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	1,541,523
Amortization expense	278,547
Change in assets and liabilities:	
Receivables, net	216,753
Inventories	17,852
Due from/to component unit	(5,617)
Prepaid expenses and other assets	(13,647)
Deferred outflows of resources	1,026,339
Accounts payables	(114,603)
Accrued interest payable	5,771
Accrued payroll and related liabilities	28,308
Compensated absences	23,810
Unearned revenue	1,318,944
Pension liabilities	2,566,173
OPEB liabilities	(6,386,211)
Deferred inflows of resources	1,913,832
Net cash used in operating activities	<u><u>\$ (16,831,716)</u></u>

See accompanying notes.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NON-GOVERNMENTAL COMPONENT UNIT STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 146,206
Contributions receivable	18,696
Investments - general	2,639,862
Assets held for sale	14,000
Total current assets	<u>2,818,764</u>

Noncurrent assets:

Contributions receivable	767,436
Investments - endowment	1,145,557
Total noncurrent assets	<u>1,912,993</u>

Total assets	<u><u>\$ 4,731,757</u></u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 433
Due to the College	5,790
Total current liabilities	<u>6,223</u>

Net assets:

Net assets without donor restrictions	1,816,487
Net assets with donor restrictions	2,909,047
Total net assets	<u>4,725,534</u>
Total liabilities and net assets	<u><u>\$ 4,731,757</u></u>

See accompanying notes.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NON-GOVERNMENTAL COMPONENT UNIT STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 62,519	\$ 29,794	\$ 92,313
Interest and dividends	64,658	31,096	95,754
Net gains (losses) from investments	113,482	43,246	156,728
Support from events, net	95,393	-	95,393
Other income	486	-	486
Net assets released from:			
Program restrictions	155,906	(155,906)	-
Total support and revenues	492,444	(51,770)	440,674
Expenses			
Program services:			
Scholarships	152,624	-	152,624
Faculty support	53,873	-	53,873
Other program services	17,631	-	17,631
Total program services	224,128	-	224,128
Support services:			
Management and general	69,942	-	69,942
Fund raising	13,022	-	13,022
Total expenses	307,092	-	307,092
Change in net assets	185,352	(51,770)	133,582
Net assets at beginning of year	1,631,135	2,960,817	4,591,952
Net assets at end of year	\$ 1,816,487	\$ 2,909,047	\$ 4,725,534

See accompanying notes.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 and high school age 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 the skills of individual employees. The College also provides a variety of developmental education programs, support services, and offerings to assist students in meeting their personal and professional educational objectives.

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 Annual Comprehensive 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.

-CONTINUED-

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 solely to 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 the 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. Funds invested through the State of South Carolina State Treasurer's Office are considered 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 the 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 net assets without donor restrictions unless donor stipulation restricts the use of these changes for a specific purpose or reinvestment in the corpus which would be reported as net assets with donor restrictions.

Accounts Receivable

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable (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.

Subscription - Based Assets

The College has entered into multiple subscription-based information technology arrangements. The College recognizes a subscription liability and an intangible right to use the subscription asset in the financial statements for each of these transactions.

At the commencement of each subscription arrangement, the College initially measures the subscription liabilities at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liabilities are reduced by the principal portions of payments made. The subscription assets are initially measured as the initial amount of the individual subscription liabilities, adjusted for any payments made at or before the commencement dates, plus certain initial indirect costs.

The subscription assets are amortized using the straight-line method over the subscription term.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

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 \$8,292,615 as of June 30, 2023.

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 \$9,258,508 as of June 30, 2023.

Compensated Absences

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

Net Position

The College's net position is classified as follows:

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 represents 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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

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

Classification of Revenue

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

Operating revenue: Operating revenue generally results from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues 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 non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

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 non-exchange transactions the College engages in include "Voluntary nonexchange transactions" (certain grants and donations), "Imposed nonexchange revenue" (fines and penalties), and "Government-mandated nonexchange transactions."

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

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

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

Assets from imposed nonexchange revenue are recognized when an enforceable legal claim to the assets arises 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, 2023, 2022, 2021, and 2020 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 the 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, 2023:

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

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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

1. Summary of Significant Accounting Policies (continued)

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 the 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 the 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.

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 an increase or decrease 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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

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. On June 30, 2023 a total of \$6,531,184 (bank balance \$6,892,874) was on deposit with local institutions in the name of the College and was 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. Of the bank balance above, \$6,142,874 was held in overnight repurchase agreements.

On June 30, 2023, the carrying amount of the Foundation's deposits and cash on hand was \$146,206 and the bank balance was \$171,581, all of which was covered by the Federal Deposit Insurance Corporation.

South Carolina Local Government Investment Pool ("SCLGIP")

South Carolina State statutes authorize the College to invest in the South Carolina Local Government Investment Pool ("SCLGIP"). The SCLGIP is an investment trust fund, created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is not registered with the SEC. It is similar to a money market fund in that it is offered at a stable price and is guided by risk control principles such as significant overnight Repurchase Agreements for liquidity; attention to credit quality, portfolio diversification and maintenance of a short average maturity of fixed and floating rate investments.

Funds may be deposited at any time and may be withdrawn upon 24 hours' notice. Monthly investment income is distributed to participants in the form of additional units in the pool and is calculated on the accrual basis of accounting, including accrued interest and amortization of premium or discount. Unrealized gains and losses on investments are not distributed to participants until realized. The Pool does not carry any legally binding guarantees to protect participants against potential loss of investment value.

The College's deposits in the SCLGIP are carried at fair value based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned. The fair value of the College's position in the Pool is the same as the value of the pool shares. The total fair value of the SCLGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. College funds invested with SCLGIP totaled \$4,121,882 at June 30, 2023.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

2. Deposits and Investments (continued)

Investments

The College's following investments at June 30, 2023, 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, 2023, consists solely of certificates of deposits or United States government-backed securities with maturities of one to three 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 and money market funds consisted of the following as of June 30, 2023:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money funds - cash equivalents	\$ 25,651	\$ -	\$ -	\$ 25,651
U.S. Government obligations	3,882,021	-	(124,435)	3,757,586
Total	<u>\$ 3,907,672</u>	<u>\$ -</u>	<u>\$ (124,435)</u>	<u>\$ 3,783,237</u>

The Foundation's investments included the following pools as of June 30, 2023:

Investment Pool	2023	
	Cost	Fair Value
Endowment investments	\$1,076,185	\$1,145,557
General investments	2,527,263	2,639,862
Total	<u>\$ 3,603,448</u>	<u>\$ 3,785,419</u>

Securities held by the pools as of June 30, 2023, included the following:

	Cost	Unrealized Appreciation	Fair Value
Money funds	\$ 129,759	\$ -	\$ 129,759
Equity funds	1,991,919	286,105	2,278,024
Mutual bond funds	1,481,770	(104,134)	1,377,636
Total	<u>\$ 3,603,448</u>	<u>\$ 181,971</u>	<u>\$ 3,785,419</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

2. Deposits and Investments (continued)

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

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

Credit Risk

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

Interest Rate Risk

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

Liquidity Risk

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

2. Deposits and Investments (continued)

The following schedule reconciles cash and investments as reported in the financial statements to the footnote disclosures provided for deposits and investments at June 30, 2023:

Statement of net position	
Current assets	
Cash and cash equivalents	\$ 10,680,711
Investments	3,757,586
Total College	<u>14,438,297</u>
Statement of financial position	
Current assets	
Cash and cash equivalents	146,206
Investments	2,639,862
Noncurrent assets	
Investments	1,145,557
Total component unit	<u>3,931,625</u>
Total reporting entity	<u><u>\$ 18,369,922</u></u>
Note disclosure	
Cash on hand	\$ 1,994
Investments and money market funds	3,783,237
Deposits with banks	388,310
Deposits with banks - overnight repurchase agreements	6,142,874
Deposits held by State Treasurer's Office (SCLGIP)	4,121,882
Total College	<u>14,438,297</u>
Investments	3,785,419
Deposits with banks	146,206
Total component unit	<u>3,931,625</u>
Total reporting entity	<u><u>\$ 18,369,922</u></u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

3. Accounts and Contributions Receivable

Accounts receivable including applicable allowances is as follows at June 30, 2023:

	<u>2023</u>
Student accounts	\$ 1,710,908
Federal government	399,721
State agencies	1,222,145
Other	<u>238,622</u>
	3,571,396
Less, allowance for uncollectibles	<u>(1,645,000)</u>
Net accounts receivable	<u><u>\$ 1,926,396</u></u>

Allowance for losses for student accounts receivable is established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2023, the allowance for uncollectible student accounts is valued at \$1,645,000.

Contributions Receivable

The Foundation recognized unconditional promises to give as contributions receivable, which are due to be collected as follows at June 30, 2023:

	<u>2023</u>
Receivable in less than one year	\$ 18,696
Receivable in one to five years	<u>779,641</u>
Total contributions receivable	798,337
Less, discounts to net present value	<u>(12,205)</u>
Net contributions receivable	<u><u>\$ 786,132</u></u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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4. Capital Assets

	Beginning Balance July 1, 2022	Increases	Decreases	Ending Balance June 30, 2023
Capital assets not being depreciated				
Land	\$ 105,678	\$ -	\$ -	\$ 105,678
Total capital assets not being depreciated	105,678	-	-	105,678
Other capital assets:				
Buildings and improvements	38,993,691	-	-	38,993,691
Machinery, equipment and other	7,146,249	447,847	(186,232)	7,407,864
Vehicles	591,504	-	(13,338)	578,166
Depreciable land improvements	797,950	101,855	-	899,805
Subscription based arrangements	-	585,126	-	585,126
Intangibles	207,000	-	-	207,000
Total other capital assets at historical cost	47,736,394	1,134,828	(199,570)	48,671,652
Less, accumulated depreciation for:				
Buildings and improvements	(20,118,757)	(930,028)	-	(21,048,785)
Machinery, equipment and other	(5,790,307)	(556,545)	186,232	(6,160,620)
Vehicles	(395,034)	(44,909)	13,338	(426,605)
Depreciable land improvements	(775,465)	(10,041)	-	(785,506)
Subscription based arrangements	-	(278,547)	-	(278,547)
Intangibles	(207,000)	-	-	(207,000)
Total accumulated depreciation	(27,286,563)	(1,820,070)	199,570	(28,907,063)
Other capital assets, net	20,449,831	(685,242)	-	19,764,589
Capital assets, net	\$ 20,555,509	\$ (685,242)	\$ -	\$ 19,870,267

Depreciation expense totaled \$1,541,523 and amortization expense totaled \$278,547 for the year ended June 30, 2023.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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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 lifetime 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.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Annual Comprehensive Financial Report (ACFR) which includes financial statements and required supplementary information. A copy of the separately issued ACFR may be obtained through PEBA's website at www.peba.sc.gov or by submitting a request to the South Carolina Public Employee Benefit Authority, 202 Arbor Lake Drive, Columbia, South Carolina 29223. 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 member's 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).

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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5. Pension Plans (continued)

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.

Effective July 1, 2017, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. Effective July 1, 2022, the employer contribution rate for SCRS was 17.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 17.41% and 0.15% 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, 2023, 2022 and 2021 were:

Fiscal Year Ended	Retirement		Incidental Death	
	Rate	Contribution	Rate	Contribution
2023	17.410%	\$ 1,871,224	0.15%	\$ 16,121
2022	16.410%	\$ 1,701,640	0.15%	\$ 15,554
2021	15.410%	\$ 1,494,622	0.15%	\$ 14,549

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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5. Pension Plans (continued)

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).

Effective July 1, 2017, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. Effective July 1, 2022, the employer contribution rate for PORS was 20.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 19.84%, .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, 2023, 2022 and 2021 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2023	19.840%	\$ 50,611	0.20%	\$ 510	0.20%	\$ 510
2022	18.840%	\$ 44,969	0.20%	\$ 477	0.20%	\$ 477
2021	17.840%	\$ 43,631	0.20%	\$ 489	0.20%	\$ 489

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

5. Pension Plans (continued)

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, 17.56% plus the retiree surcharge of 6.25% from the employer in fiscal year 2023. Of the 17.56% employer contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 12.41% retirement contribution and .15% incidental death benefit program contribution amounts are remitted to SCRS.

For fiscal year 2023, 2022 and 2021, total contributions requirements to the ORP were approximately \$108,884, \$104,628, and \$107,877, respectively (excluding the surcharge) from the College as employer and approximately \$55,806, \$56,863, and \$62,396, respectively from its employees as plan members.

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

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

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

At June 30, 2023, the College reported \$22,001,595 and \$452,310 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, 2021 actuarial valuations, using the most recent membership data, projected forward to June 30, 2022, and financial information of the pension trust funds as of June 30, 2022, using generally accepted actuarial procedures. The College's portion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the College's SCRS and PORS proportion was 0.091% and 0.015%. For the year ended June 30, 2023, the College recognized decreased pension expenses of \$764,379 and \$38,317 due to recognizing its 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, 2023, the College 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	\$ 191,153	\$ (95,882)	\$ 95,271
Differences between expected and actual experience - PORS	7,589	(8,941)	(1,352)
Assumption changes - SCRS	705,643	-	705,643
Assumption changes - PORS	18,835	-	18,835
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions - SCRS	134,995	(483,963)	(348,968)
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions - PORS	20,348	(52,326)	(31,978)
Net difference between projected and actual earnings on investments - SCRS	33,931	-	33,931
Net difference between projected and actual earnings on investments - PORS	1,365	-	1,365
Current year employer contributions - SCRS	1,964,362	-	1,964,362
Current year employer contributions - PORS	51,631	-	51,631
Total	\$ 3,129,852	\$ (641,112)	\$ 2,488,740

\$1,964,362 and \$51,631 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, 2024.

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
2024	\$ 161,718	\$ (12,251)	\$ 149,467
2025	233,181	3,607	236,788
2026	(482,810)	(22,067)	(504,877)
2027	573,788	17,581	591,369
	<u>\$ 485,877</u>	<u>\$ (13,130)</u>	<u>\$ 472,747</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, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	SCRS Entry Age Normal	PORS Entry Age Normal
Actuarial Assumptions:		
Investment Rate or Return	7.00%	7.00%
Projected Salary Increases	3.0% to 11.0%	3.5% to 10.5%
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 for the period ending June 30, 2019.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020. Assumptions used in the determination of the June 30, 2022, SCRS valuation is as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94 %
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

The long-term expected rate of return on pension plan investments is based upon 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 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding the expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return (which is set in statute) used in the calculated of the total pension liability includes a 4.75 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:

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Return	100%		4.79%
Inflation for Actuarial Puposes			2.25%
Total Expected Nominal Return			7.04%

The discount rate used to measure the total pension liability was 7.0 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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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5. Pension Plans (continued)

The following table represents the College's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7.0 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 (6.0 percent) or 1.0 percent higher (8.0 percent) than the current rate.

Plan	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
SCRS	\$ 28,208,759	\$ 22,001,595	\$ 16,841,144
PORS	\$ 630,718	\$ 452,310	\$ 306,265

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 the requirements specified by the applicable plan.

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.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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6. Other Post-Employment Benefits (continued)

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, 2023, was 6.25 percent. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF.

Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Contributions to the OPEB plan from the College were \$726,412 for the year ended June 30, 2023. Employees are not required to contribute to the OPEB plan.

At June 30, 2023, the College reported a liability of \$17,363,252 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the College's proportion was 0.114%.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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6. Other Post-Employment Benefits (continued)

For the year ended June 30, 2023, the College recognized a decrease in OPEB expense in the amount of \$77,172. At June 30, 2023, 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	Net
Assumption changes	\$ 3,914,966	\$ (5,581,343)	\$ (1,666,377)
Net difference between projected & actual experience	372,681	(1,526,718)	(1,154,037)
Net difference between projected & actual investment earnings	136,526	-	136,526
Deferred amounts from changes in proportionate share & differences between employer contributions & proportionate share of total plan employer contributions	12,178	(1,509,335)	(1,497,157)
Current year employer contributions	726,412	-	726,412
Total	<u><u>\$ 5,162,763</u></u>	<u><u>\$ (8,617,396)</u></u>	<u><u>\$ (3,454,633)</u></u>

\$726,412 reported as deferred outflows of resources related to OPEB resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

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

<u>Year Ended June 30,</u>	<u>Net</u>
2024	\$ 853,628
2025	671,005
2026	495,004
2027	445,775
2028	742,076
Thereafter	973,557
	<u><u>\$ 4,181,045</u></u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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6. Other Post-Employment Benefits (continued)

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 of 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Valuation date:	June 30, 2021
Actuarial cost method:	Individual Entry-Age Normal
Normal Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense including inflation
Single Discount Rate:	3.69% as of June 30, 2022
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality:	For healthy retirees, the gender-district South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of scale MP-2019 to account for future mortality improvements.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years.
Aging Factors:	Based on plan specific experience
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:	The discount rate changed from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022.

The actuarial valuation was performed as of June 30, 2021. Update procedures were used to roll forward the total OPEB liability to June 30, 2022.

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

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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%	0.95%	0.76%
Cash	20.00%	0.35%	0.07%
Total	100.00%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			2.75%

The Single Discount Rate of 3.69% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

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

	1% Decrease 2.69%	Current Discount Rate 3.69%	1% Increase 4.69%
Net OPEB Liability	\$ 20,528,059	\$ 17,363,252	\$ 14,819,898

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 14,279,577	\$ 17,363,252	\$ 20,963,610

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 the 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 where 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 the 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, and 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 where 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 the terms of the grant. Management believes disallowances, if any, will not be material.

The College is planning several large renovation/deferred maintenance projects and has entered into contracts with financial commitments totaling \$170,450 for architectural, engineering, and inspection services related to those projects.

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 year ended June 30, 2023, the Foundation paid \$1,800 under the accounting service contract with the College, \$38,679 in reimbursements for other administrative expenses of the Foundation, and \$141,013 for program expenses. For the year ended June 30, 2023, the Foundation owed the College \$5,790 for administrative expenses.

9. Risk Management

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

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

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

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

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

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

9. Risk Management

The combined insurance expense for the previously mentioned benefits and insurance for the year ended June 30, 2023, was \$152,456.

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, 2023, are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 6,394,522	\$ 2,020,051	\$ -	\$ -	\$ 1,883,009	\$ -	\$ 10,297,582
Academic support	1,811,343	605,787	-	-	635,201	-	3,052,331
Student services	1,443,387	557,939	-	-	527,646	-	2,528,972
Operation and maintenance of plant	1,106,873	404,394	-	645,063	785,550	-	2,941,880
Institutional support	1,746,818	567,341	-	-	526,089	-	2,840,248
Scholarships	-	-	2,100,413	-	-	-	2,100,413
Auxiliary enterprises	71,342	31,407	-	-	884,544	-	987,293
Depreciation	-	-	-	-	-	1,541,523	1,541,523
Amortization	-	-	-	-	-	278,547	278,547
Total operating expenses	<u>\$ 12,574,285</u>	<u>\$ 4,186,919</u>	<u>\$ 2,100,413</u>	<u>\$ 645,063</u>	<u>\$ 5,242,039</u>	<u>\$ 1,820,070</u>	<u>\$ 26,568,789</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

11. Contingent Rentals

During the fiscal year ended June 30, 2023, Orangeburg-Calhoun Technical College expended \$63,777 to vendors on contingent rentals for copiers 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. Current copier agreements have original expiration dates from September 2019 – September 2027.

12. Accrued Compensated Absences

Accrued Compensated absences activity for the year ended June 30, 2023, was as follows:

	June 30, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
Accrued compensated absences	\$1,116,974	\$1,027,689	\$ (1,003,879)	\$1,140,784	\$ 99,681

13. Subscriptions Payable

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information on the intangible right-to-use subscription asset, refer to Note 4.

On July 1, 2022, the College recognized a 30-month subscription for the use of EAB Navigate Software. An initial subscription liability was recorded in the amount of \$136,544. As of June 30, 2023, the value of the subscription liability is \$69,323. The College is required to make annual fixed payments of \$69,010 with a 3% increase each year. The subscription has an interest rate of 2.5360%. The College has 2 extension option(s), each for 12 months.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

13. Subscriptions Payable (continued)

On July 01, 2022, the College recognized a 24-month subscription for the use of Ellucian Colleague Software. An initial subscription liability was recorded in the amount of \$448,582. As of June 30, 2023, the value of the subscription liability is \$225,172. The College is required to make annual fixed payments of \$223,410 with a 3% increase each year. The subscription has an interest rate of 2.1940%.

Principal and Interest Requirements to Maturity

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	\$ 294,495	\$ 6,698	\$ 301,193

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

14. State Appropriations

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

The following is a detailed schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2023:

	<u>2023</u>
Non-Capital Appropriations - State	
Appropriations per annual appropriations act	\$ 6,242,201
Pathways to Prosperity	37,784
Critical Needs Nursing Initiative	20,247
Critical Needs Workforce Allocation	88,826
PEBA retirement credit	109,722
Special line items - truck driving	73,129
From Commission on higher education: Academic Endowment	<u>184</u>
Total non-capital appropriations recorded as current year revenue	<u>\$ 6,572,093</u>
Capital Appropriations - State	
Lottery technology - system office	20,000
Lottery High Demand Job Skill Training Equipment	334,083
Capital Reserve - Capital Projects	18,400
Capital Reserve - Maintenance, Renovation, Repair	272,571
Capital Reserve - Maintenance, Renovation, Replacement	<u>36,682</u>
Total capital appropriations recorded as current year revenue	<u>\$ 681,736</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS

-CONTINUED-

15. Statement of Activities

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

	<u>2023</u>
Charges for services	\$ 6,995,443
Operating grants and contributions	13,069,627
Less: expenses	<u>(26,568,789)</u>
Net program revenue (expense)	(6,503,719)
Transfers:	
State appropriations	6,572,093
State capital appropriations and capital reserve	<u>681,736</u>
Change in net assets	750,110
Net assets at beginning of year	<u>(10,192,159)</u>
Net assets at end of year	<u><u>\$ (9,442,049)</u></u>

16. Subsequent Events

Subsequent events were evaluated through September 26, 2023, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS*

SOUTH CAROLINA RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.0908%	0.0900%	0.0919%	0.0965%	0.1021%	0.1081%	0.1115%	0.1128%	0.1126%	0.1126%
College's proportionate share of the net pension liability	\$ 22,001,595	\$ 19,469,263	\$ 23,490,085	\$ 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	\$ 11,001,340	\$ 10,392,335	\$ 10,462,088	\$ 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	199.99%	187.34%	224.53%	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	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

POLICE OFFICERS RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.0151%	0.0163%	0.0149%	0.0184%	0.0189%	0.0221%	0.0203%	0.0191%	0.0164%	0.0164%
College's proportionate share of the net pension liability	\$ 452,310	\$ 418,469	\$ 493,792	\$ 527,067	\$ 534,902	\$ 605,087	\$ 514,701	\$ 415,434	\$ 313,009	\$ 338,931
College's covered payroll	\$ 238,688	\$ 244,566	\$ 224,940	\$ 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	189.50%	171.11%	219.52%	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	66.45%	70.37%	58.79%	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,964,362	\$ 1,790,231	\$ 1,582,383	\$ 1,596,616	\$ 1,482,984	\$ 1,434,948	\$ 1,261,136	\$ 1,194,467	\$ 1,152,858	\$ 1,083,250
Contributions in relation to the contractually required contribution	(1,964,362)	(1,790,231)	(1,582,383)	(1,596,616)	(1,482,984)	(1,434,948)	(1,261,136)	(1,194,467)	(1,152,858)	(1,083,250)
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	\$ 11,367,500	\$ 11,001,340	\$ 10,392,335	\$ 10,462,088	\$ 10,398,224	\$ 10,796,744	\$ 11,149,641	\$ 11,001,753	\$ 10,828,056	\$ 10,465,396
Contributions as a percentage of covered payroll	17.28%	16.27%	15.23%	15.26%	14.26%	13.29%	11.31%	10.86%	10.65%	10.35%

POLICE OFFICERS' RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 51,631	\$ 45,924	\$ 44,609	\$ 41,029	\$ 45,988	\$ 42,434	\$ 42,344	\$ 35,545	\$ 31,666	\$ 25,249
Contributions in relation to the contractually required contribution	(51,631)	(45,924)	(44,609)	(41,029)	(45,988)	(42,434)	(42,344)	(35,545)	(31,666)	(25,249)
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	\$ 255,096	\$ 238,688	\$ 244,566	\$ 224,940	\$ 266,750	\$ 261,293	\$ 297,360	\$ 258,698	\$ 236,135	\$ 196,646
Contributions as a percentage of covered payroll	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

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

LAST TEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017
College's proportion of the OPEB liability	0.1141%	0.1141%	0.1159%	0.1219%	0.1283%	0.1357%	0.1357%
College's proportionate share of the net OPEB liability	\$ 17,363,252	\$ 23,749,463	\$ 20,928,667	\$ 18,439,792	\$ 18,170,658	\$ 18,386,167	\$ 19,640,154
College's covered payroll	\$ 11,219,056	\$ 10,636,900	\$ 10,687,027	\$ 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	154.77%	223.27%	195.83%	172.90%	164.32%	160.62%	174.42%
Plan fiduciary net position as a percentage of the total OPEB liability	9.64%	7.48%	8.39%	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 726,412	\$ 702,502	\$ 664,806	\$ 668,725	\$ 645,230	\$ 608,192	\$ 610,270	\$ 603,765	\$ 553,210	\$ 524,572
Contributions in relation to the contractually required contribution	(726,412)	(702,502)	(664,806)	(668,725)	(645,230)	(608,192)	(610,270)	(603,765)	(553,210)	(524,572)
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	\$ 11,622,595	\$ 11,219,056	\$ 10,636,900	\$ 10,687,027	\$ 10,664,974	\$ 11,058,037	\$ 11,447,001	\$ 11,260,451	\$ 11,064,191	\$ 10,662,042
Contributions as a percentage of covered payroll	6.25%	6.26%	6.25%	6.26%	6.05%	5.50%	5.33%	5.36%	5.00%	4.92%

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

1. Changes of Assumptions

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

SINGLE AUDIT ACT REQUIREMENTS

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass Through Identifying Number	Federal Expenditures June 30, 2023
Direct Programs:			
U. S. Department of Education			
Federal Supplemental Educational Opportunity Grants	84.007		\$ 200,046
Federal Work-Study Program	84.033		31,386
Federal Pell Grant Program	84.063		4,258,363
Federal Direct Student Loans	84.268		845,859
Total Student Financial Aid Cluster			5,335,654
Predominantly Black Institutions Program - Formula Grants	84.031		388,472
TRIO Student Support Services	84.042A		325,912
Fund For Improvement of Postsecondary Education	84.116M		24,937
Education Stabilization Fund – Student Portion	84.425E		688,384
Education Stabilization Fund – Institutional Portion	84.425F		1,615,341
Education Stabilization Fund – Minority Serving Institutions Program	84.425L		394,515
Education Stabilization Fund – Institutional Resilience & Expanded Postsecondary Opportunity	84.425P		737,900
Total U.S. Department of Education			9,511,115
National Science Foundation			
Education and Human Resources	47.076		50,383
Total National Science Foundation			50,383
Total Direct Programs:			9,561,498
Indirect Programs:			
U. S. Department of Education			
Passed through South Carolina Department of Education:			
Adult Education State Administered	84.002A	H63010101023	189,237
Adult Education State Administered	84.002A	H63010101022	12,363
Vocational Education - Basic Grant to States	84.048A	H63010107123	230,607
Total Passed through South Carolina Department of Education			432,207
Passed through South Carolina Board of Technical College Education:			
South Carolina Office of the Governor–Governor’s Emergency Education Relief (GEER) Fund GEER Training Program	84.425C	S425C200010, S425C210010	31,822
South Carolina Office of the Governor–Governor’s Emergency Education Relief (GEER) Fund Workforce Scholarships for the Future (Phase 1)	84.425C	S425C210010, H63010EANS22	150,730
South Carolina Office of the Governor–Governor’s Emergency Education Relief (GEER) Fund Workforce Scholarships for the Future (Phase 2)	84.425C	S425C200010	188,587
South Carolina Office of the Governor–Governor’s Emergency Education Relief (GEER) Fund Workforce Scholarships for the Future (Phase 3)	84.425C	H63010EANS22	665,766
South Carolina Department of Education–Elementary & Secondary School Emergency Relief (ESSER) Fund	84.425U	H63010497523	837,778
Total Passed through South Carolina Board of Technical College Education			1,874,683
Total U.S. Department of Education			2,306,890

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ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

-CONTINUED-

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass Through Identifying Number	Federal Expenditures June 30, 2023
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		23,245
Total U.S. Department of Health and Human Services			23,245
U.S. Department of Agriculture			
Passed through SC Department of Social Services:			
SNAP Employment and Training Program	10.561	195SC407S2519	56,729
Total U.S. Department of Agriculture			56,729
U.S. Department of Housing and Urban Development			
Passed through Orangeburg County:			
Community Development Block Grant	14.218		91,910
Total U.S. Department of Housing and Urban Development			91,910
Total Indirect Programs:			2,478,774
Total Federal Awards			<u><u>\$ 12,040,272</u></u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2023

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, 2022 through June 30, 2023 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 \$845,859.

4. Indirect Costs

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

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 26, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 26, 2023

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET
POST OFFICE BOX 5949
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

Opinion on Each Major Federal Program

We have audited Orangeburg-Calhoun Technical College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities for Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

The Brittingham Group LLP

West Columbia, South Carolina
September 26, 2023

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

Summary of Auditors' Results:

1. The auditor's report expresses an unmodified opinion on the basic financial statements of 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:

Education Stabilization Fund

Governor's Emergency Education Relief Fund	ALN #84.425C
Elementary & Secondary School Emergency Relief Fund	ALN #84.425U
Higher Education Emergency Relief Fund – Student Aid Portion	ALN #84.425E
Higher Education Emergency Relief Fund – Institutional Portion	ALN #84.425F
Higher Education Emergency Relief Fund – Minority Serving Institutions	ALN #84.425L
Higher Education Emergency Relief Fund – Institutional Resilience & Expanded Postsecondary Opportunity	ALN #84.425P

Student Financial Aid Cluster

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(CONTINUED)

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.

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, 2023, 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.

The Brittingham Group LLP

West Columbia, South Carolina
September 26, 2023