
Orangeburg-Calhoun Technical College

Financial Statements with Independent Auditor's Report
for the years ended

June 30, 2009 and 2008

TABLE OF CONTENTS

	<u>Pages</u>
ORGANIZATIONAL DATA	1
INDEPENDENT AUDITOR’S REPORT	2
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	13
Statement of Revenue, Expenses, and Changes in Net Assets.....	14
Statement of Cash Flows	15-16
Non-Governmental Discretely Presented Component Unit	
Statement of Financial Position.....	17
Statement of Activities	18
Notes to Financial Statements.....	19
SUPPLEMENTARY INFORMATION:	
Independent Auditor’s Report on Summarized Schedule of Financial Information.....	37
Summarized Schedule of Financial Information	38
Independent Auditor’s Report on State Lottery Tuition Assistance	39
SINGLE AUDIT ACT REQUIREMENTS:	
Schedule of Expenditures of Federal Awards	40
Notes to the Schedule of Expenditures of Federal Awards.....	43
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 <i>Government Auditing Standards</i>	44
Independent Auditor’s Report on Compliance with Requirements Applicable To Each Major Program and on Internal Controls over Compliance in Accordance with OMB Circular A-133	46
Schedule of Findings and Questioned Costs	48
Summarized Schedule of Prior Audit Findings.....	49

Orangeburg-Calhoun Technical College

Organizational Data

June 30, 2009

Area Commission Members and Officers *

Larry Patrick, Chairman, Orangeburg County, term expires July 2011
Marikay Harris, Orangeburg County, term expires July 2011
Leroy Morant, Orangeburg County, term expires July 2009
Robert Pauling, Calhoun County, term expires July 2012
David Rickenbaker, Calhoun County, term expires July 2011
John Shuler, Orangeburg County, term expires July 2012
Margaret Felder-Wilson, Ph.D., Orangeburg County, term expires July 2010

Administrative Staff

Anne Crook, Ph.D., President
Walt Tobin, Ph. D., Vice President for Academic Affairs
Retta Guthrie, Vice President for Business Affairs
Bobbie Felder, 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, 2008 – June 30, 2009

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

BROWN CPA, LLC

Independent Auditor's Report

Orangeburg-Calhoun Commission for Technical Education
Orangeburg-Calhoun Technical College
Orangeburg, South Carolina

We have audited the accompanying financial statements of the Orangeburg-Calhoun Technical College (the "College") as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended June 30, 2008 were audited by other auditors whose report dated September 23, 2008 expressed an unqualified opinion.

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit were audited in accordance with generally accepted auditing standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Orangeburg-Calhoun Technical College are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the business-type activities of the State of South Carolina financial reporting entity that is attributable to the transactions of the Orangeburg-Calhoun Technical College, an agency of the State. They do not purport to, and do not, present the financial position of the State of South Carolina as of June 30, 2009 and June 30, 2008, and the changes in its financial position and its cash flows, where applicable, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Orangeburg-Calhoun Technical College as of June 30, 2009 and June 30, 2008, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

www.browncpallc.com | P.O. Box 3288 | Irmo, SC 29063 | 803-315-3029

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2009, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

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

BROWN CPA, L.L.C.

Irmo, South Carolina
September 29, 2009

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, 2009, and June 30, 2008. This discussion should be read in conjunction with the financial statements and the notes thereto, which follow this section. Responsibility for the completeness and fairness of this information rests with the College.

Financial Highlights

- The assets (\$25,294,806) of Orangeburg-Calhoun Technical College exceeded its liabilities (\$2,313,066) at June 30, 2009, by \$22,981,740 (net assets). Of this amount, \$4,663,133 (unrestricted net assets) may be used to meet the College's ongoing obligations.
- The College experienced an operating loss of \$7,350,463 during the fiscal year ended June 30, 2009, as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. However, this operating loss was offset by state appropriations of \$4,712,025, local appropriations of \$1,928,892, local capital appropriations of \$160,000 and other nonoperating revenues. The overall increase in the College's net assets during the year was \$370,153 or 1.64%.

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 Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

The Statement of Net Assets presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and noncurrent. The difference between total assets and total liabilities is net assets, which are displayed in three broad categories: Investment in Capital Assets (net of related debt), Restricted, and Unrestricted. Net assets is one indicator of the current financial condition of the College, while the change in net assets 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 Assets 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 nonoperating, 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 assets may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$22,981,740 at the close of the most recent fiscal year. This represents an increase of \$370,153 over last year's amount of \$22,611,587.

Over half of the College's net assets (71%) reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment). The College uses these capital assets to provide services to students and industry. Consequently, these assets are *not* available for future spending. Currently, the College has no outstanding debt on any of these assets.

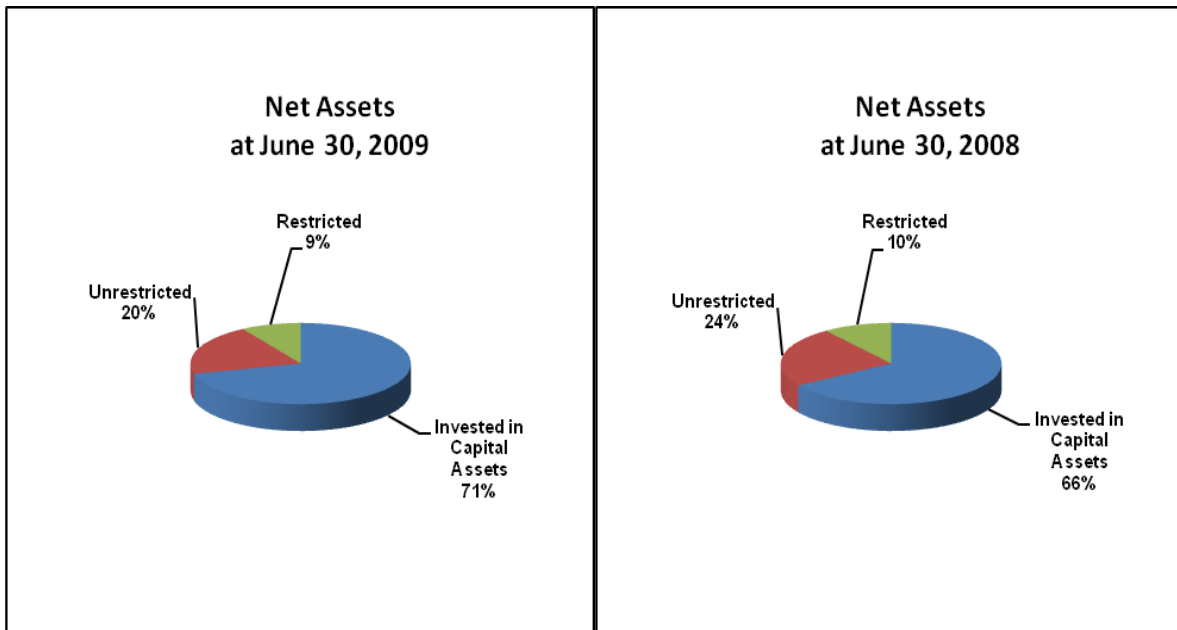
Approximately 9% of the College's net assets represent endowment resources that are subject to external restrictions on how they may be used. The remaining 20% of the College's net assets are unrestricted and may be used to meet the College's ongoing obligations.

Charts and graphs follow that present specific areas of the College's financial condition on June 30, 2009 and June 30, 2008.

Orangeburg-Calhoun Technical College
Net Assets
As of June 30, 2009 and June 30, 2008

	<u>2009</u>	<u>2008</u>
Current Assets	\$ 6,446,620	\$6,543,230
Non-Current Assets		
Capital Assets, Net of Depreciation	16,289,025	14,897,414
External Investment Pool	<u>2,559,161</u>	<u>3,066,113</u>
Total Assets	<u>25,294,806</u>	<u>24,506,757</u>
Current Liabilities	1,377,314	959,878
Non-Current Liabilities- Compensated Absences	<u>935,752</u>	<u>935,292</u>
Total Liabilities	<u>2,313,066</u>	<u>1,895,170</u>
Net Assets		
Investment in Capital Assets, Net of Related Debt	16,289,025	14,897,414
Restricted	2,029,582	2,283,058
Unrestricted	<u>4,663,133</u>	<u>5,431,115</u>
Total Net Assets	<u>\$22,981,740</u>	<u>\$ 22,611,587</u>

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



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

	June 30, 2009	June 30, 2008	Increase (Decrease)	Percent Change
Operating				
Operating Revenue				
Tuition and Fees	\$4,461,840	\$4,240,865	\$220,975	5.21%
Federal and State Grants	\$9,979,263	\$8,129,476	\$1,849,787	22.75%
Auxiliary	\$828,677	\$693,972	\$134,705	19.41%
Other	\$57,737	\$50,410	\$7,327	14.53%
Total Operating Revenue	\$15,327,517	\$13,114,723	\$2,212,794	16.87%
Less: Operating Expenses	(\$22,677,980)	(\$22,476,750)	(\$201,230)	0.90%
Total Operating Income (Loss)	(\$7,350,463)	(\$9,362,027)	\$2,011,564	-21.49%
Non-Operating				
State Appropriations	\$4,712,025	\$6,250,130	(\$1,538,105)	-24.61%
Orangeburg County	\$1,615,565	\$1,615,565	\$0	0.00%
Calhoun County	\$313,327	\$294,462	\$18,865	6.41%
Federal and State Grants	\$591,501	\$575,149	\$16,352	2.84%
Investment Income	(\$379,048)	\$43,555	(\$422,603)	-970.27%
Other	\$419,749	\$568,114	(\$148,365)	-26.12%
Total Non-Operating	\$7,273,119	\$9,346,975	(\$2,073,856)	-22.19%
Net Income (Loss) Before Other Revenue, Expenses, Gains, or Losses	(\$77,344)	(\$15,052)	(\$62,292)	413.85%
Other Revenue, Expenses, Gains, or Losses				
State Capital Appropriations	\$200,000	\$0	\$200,000	0.00%
Orangeburg County Capital Appropriations	\$160,000	\$160,000	\$0	0.00%
Calhoun County Capital Appropriations	\$0	\$50,000	(\$50,000)	-100.00%
Other	\$87,497	\$70,917	\$16,580	23.38%
Total Capital Contributions	\$447,497	\$280,917	\$166,580	59.30%
Increase in Net Assets	\$370,153	\$265,865	\$104,288	39.23%
Net Assets, Beginning of Year	\$22,611,587	\$22,345,722	\$265,865	1.19%
Net Assets, End of Year	\$22,981,740	\$22,611,587	\$370,153	1.64%

Operating revenues as of June 30, 2009 increased significantly, by \$2,212,794, over the previous fiscal year. Tuition revenue and auxiliary revenue both show increases over the prior year. These two categories are impacted by scholarship allowance calculations. 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. An increase in federal and state grant revenues, however, were the single greatest increase in operating revenues, with an increase of \$1,849,787 over last fiscal year.

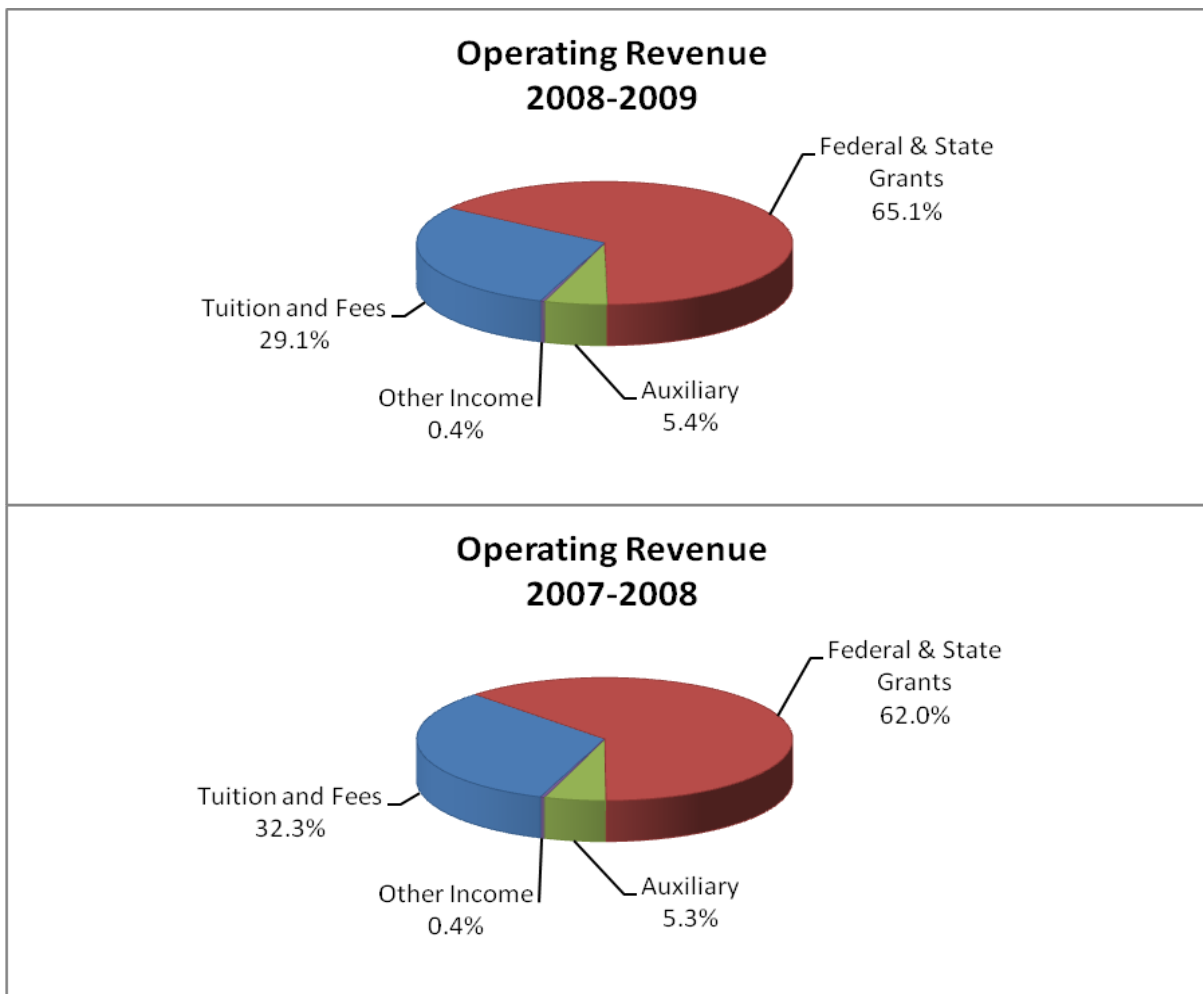
Operating expenses as of June 30, 2009, increased by \$201,230 over the same period in the previous fiscal year. The major factor contributing to this overall increase was an increase in Scholarships of \$729,516. The only other category with an increase was Utilities, with a

slight increase of \$3,753. All other categories saw decreases in expenses. Salaries and Benefits decreased \$89,423, Supplies and Other Services saw a significant decrease of \$413,676, and Depreciation Expense even saw a small decrease of \$28,940.

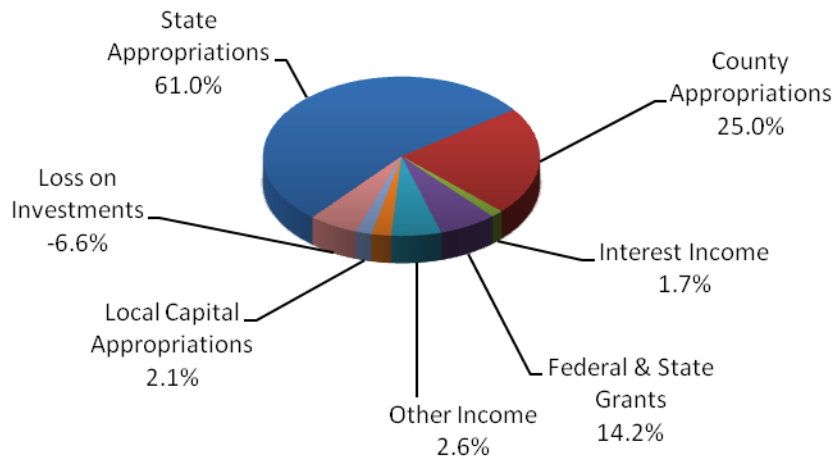
Non-operating revenues decreased from last fiscal year to the current year by \$2,073,856. This was the result of a decrease in state appropriations of \$1,538,105, an increase in county funding for operations of \$18,865, a significant decrease in investment income of \$422,603, an increase in federal and state grants of \$16,352, and a decrease in other funding of \$148,365.

Capital contributions increased \$166,580 from last fiscal year to the current year, which was primarily the result of a one-time state capital appropriation of \$200,000 for the construction of the new transportation building. The college also saw a decrease in capital support of \$50,000 from Calhoun County.

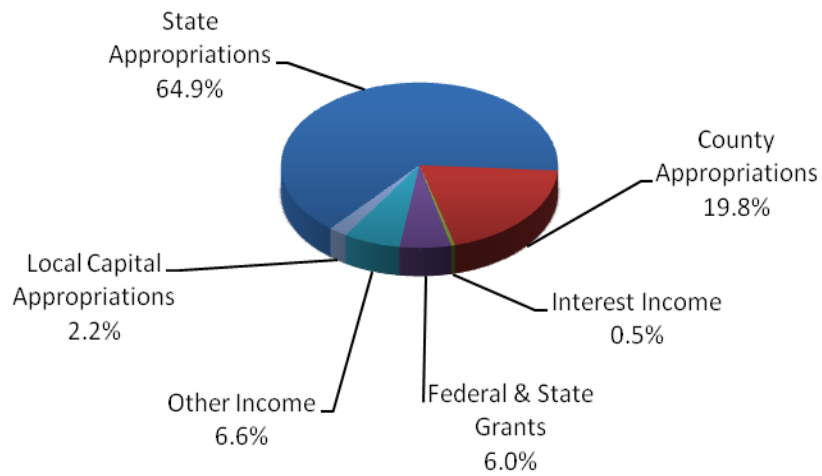
Following are several charts that show the college's revenues and expenditures by major categories. In some instances separate charts are provided for the last two fiscal years. Other charts may include both years to show easier comparisons.



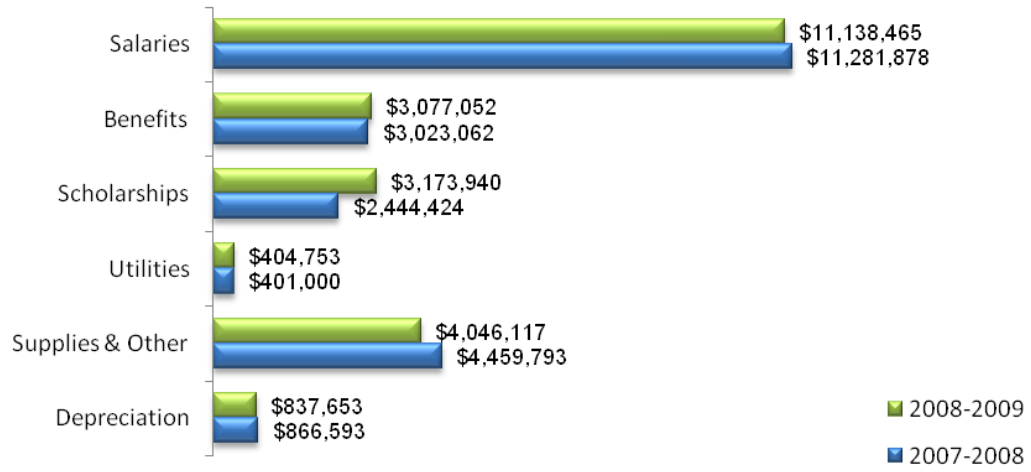
**Non-Operating Revenue/Capital Contributions
2008-2009**



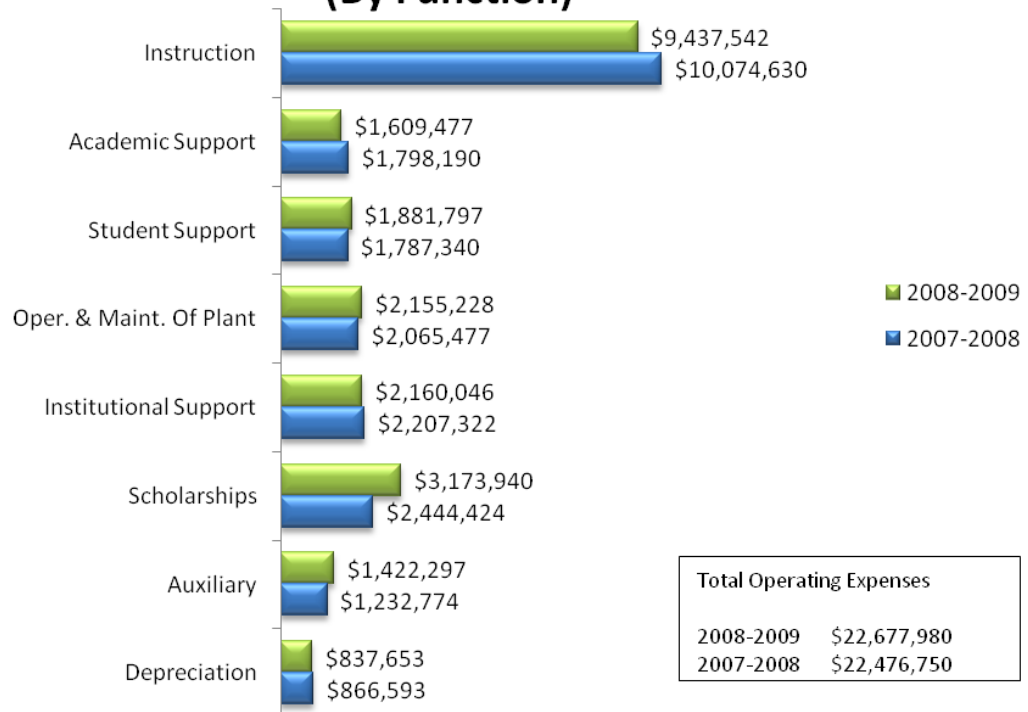
**Non-Operating Revenue/Capital Contributions
2007-2008**



Operating Expenses (By Natural Classification)



Operating Expenses (By Function)



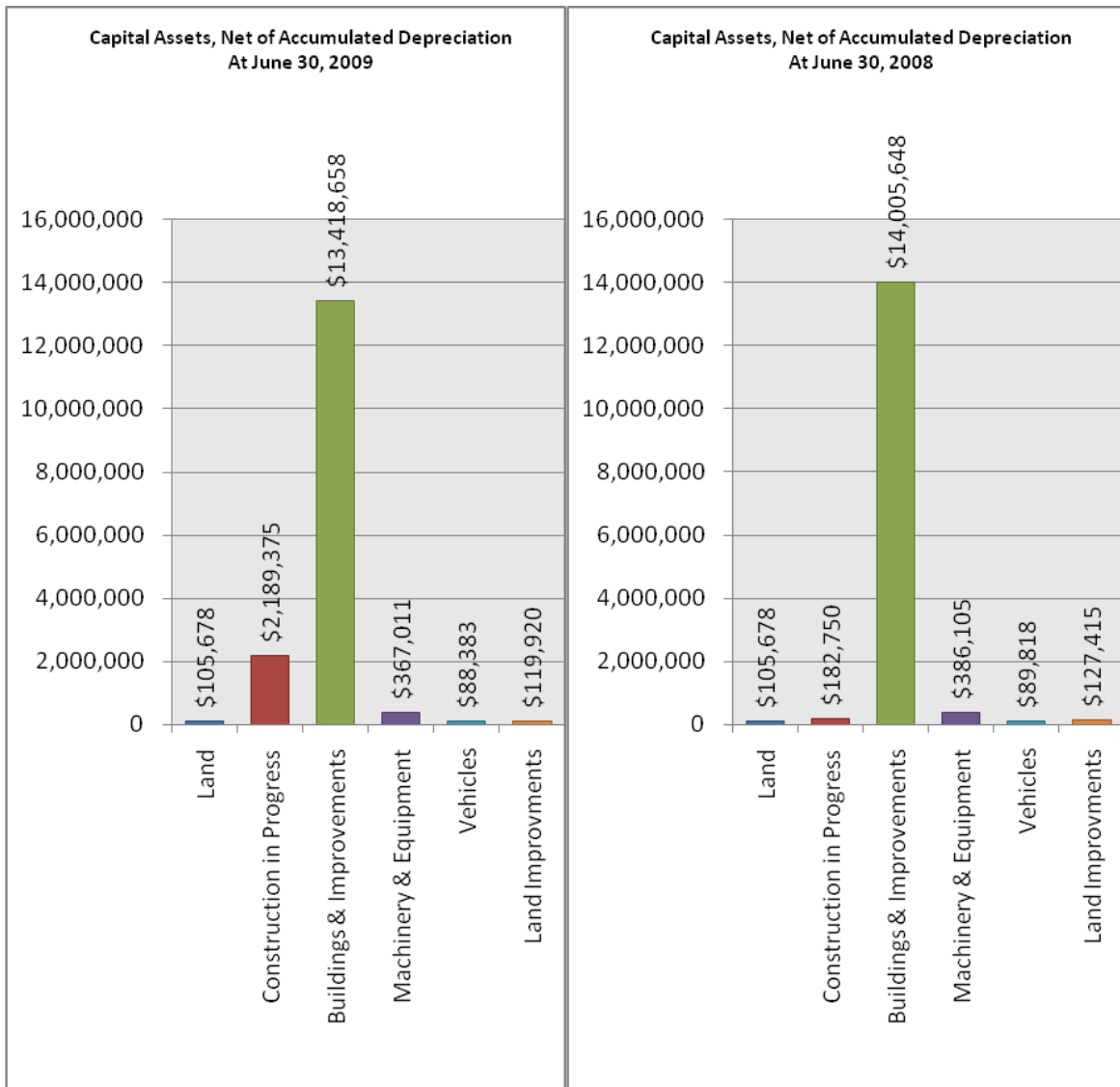
Orangeburg-Calhoun Technical College
Cash Flows
For the Years Ended
June 30, 2009 and June 30, 2008

	2009	2008
Cash Flows from Operating Activities	\$(5,995,966)	\$(8,230,057)
Cash Flows from Non-Capital Financing Activities	7,738,968	9,161,976
Cash Flows from Capital and Related Financing Activities	(1,869,264)	(86,668)
Cash Flows from Investing Activities	<u>678,049</u>	<u>(551,619)</u>
Net Increase (Decrease) in Cash	551,787	\$293,632
Cash – Beginning of Year	\$1,372,776	\$1,079,144
Cash – End of Year	<u>\$1,924,563</u>	<u>\$1,372,776</u>

Capital Asset and Debt Administration

The College is in the process of constructing a new classroom and training building, which will house new and existing academic programs related to the transportation and logistics industry. As of June 30, 2009 the college had incurred expenses of \$2,189,375 on this project, which are reported as Construction in Progress on the financial statements. The estimated total cost of the project is \$4,000,000. The college has received a federal grant of \$1,500,000 (subject to certain restrictions) and state funds of \$200,000 to be used for this project, with the remainder coming from local funds. The project is expected to be completed by February, 2010.

The College has no long-term debt as of June 30, 2009.



Economic Factors

In recent years the college has experienced significant reductions in funding from the State of South Carolina for operations, which was true for most state agencies. This fiscal year (2008-09) was unprecedented in the number and amount of state budget cuts. To offset this loss of revenue, and in anticipation of additional across-the-board cuts, the college is forced to increase tuition approximately 3.6% effective fall 2009. The last increase was the fall semester of 2008. For several years, the college has received additional funding from the state to address critical needs in the health fields. The college continues to pursue various grants which afford opportunities to offer new and improved services to students. Additional grant opportunities are being explored for the upcoming year along with various cost-saving measures.

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
STATEMENT OF NET ASSETS

	June 30, 2009	June 30, 2008
Assets		
Current assets		
Cash and equivalents	\$ 1,924,563	\$ 1,372,776
Investments	3,000,000	3,500,000
Accounts receivable, net	1,268,202	1,348,937
Inventories	128,373	122,059
Interest receivable	27,337	77,482
Due from component unit	1,079	95,342
Prepaid expenses	92,641	22,209
Other assets	4,425	4,425
Total current assets	<u>6,446,620</u>	<u>6,543,230</u>
Noncurrent assets		
External investment pool	2,559,161	3,066,113
Capital assets, net	16,289,025	14,897,414
Total noncurrent assets	<u>18,848,186</u>	<u>17,963,527</u>
 Total assets	 <u>25,294,806</u>	 <u>24,506,757</u>
Liabilities		
Current liabilities		
Accounts payable	481,120	288,483
Accrued payroll and related liabilities	213,623	205,727
Compensated absences	77,370	63,665
Unearned revenue	605,201	402,003
Total current liabilities	<u>1,377,314</u>	<u>959,878</u>
Noncurrent liabilities		
Compensated absences	935,752	935,292
Total noncurrent liabilities	<u>935,752</u>	<u>935,292</u>
 Total liabilities	 2,313,066	 1,895,170
Net assets		
Invested in capital assets	16,289,025	14,897,414
Restricted for:		
Nonexpendable endowment	2,029,582	2,283,058
Unrestricted	4,663,133	5,431,115
Total net assets	<u>\$ 22,981,740</u>	<u>\$ 22,611,587</u>

See accompanying notes to the financial statements

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS

	June 30, 2009	June 30, 2008
Operating Revenue		
Student tuition and fees (net of scholarship allowances of \$4,160,979 for 2009 and \$3,268,266 for 2008)	\$ 4,461,840	\$ 4,240,865
Federal grants and contracts	7,202,284	5,433,162
State grants and contracts	2,776,979	2,696,314
Auxiliary enterprises (net of scholarship allowances of \$824,789 for 2009 and \$722,468 for 2008)	828,677	693,972
Other operating income	57,737	50,410
Total operating revenue	<u>15,327,517</u>	<u>13,114,723</u>
Operating Expenses		
Salaries	11,138,465	11,281,878
Benefits	3,077,052	3,023,062
Scholarships	3,173,940	2,444,424
Utilities	404,753	401,000
Supplies and other services	4,046,117	4,459,793
Depreciation	837,653	866,593
	<u>22,677,980</u>	<u>22,476,750</u>
Operating loss	(7,350,463)	(9,362,027)
Nonoperating Revenue		
State appropriations	4,712,025	6,250,130
County appropriations	1,928,892	1,910,027
Investment (loss) income	(379,048)	43,555
Federal grants and contracts	153,111	214,178
State grants and contracts	438,390	360,971
Other nonoperating revenue	419,749	568,114
Total nonoperating revenue	<u>7,273,119</u>	<u>9,346,975</u>
Income before other revenue, expenses, gains or losses	(77,344)	(15,052)
Other Revenue, Expenses, Gains or Losses		
State capital appropriations	200,000	-
Transfer from State Agency	-	17,837
Local capital appropriations	160,000	210,000
Capital grants and gifts	87,497	53,080
Capital grants & gifts	<u>447,497</u>	<u>280,917</u>
Increase in net assets	370,153	265,865
Net Assets		
Beginning of year	22,611,587	22,345,722
End of year	<u>\$ 22,981,740</u>	<u>\$ 22,611,587</u>

See accompanying notes to the financial statements

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS

	June 30, 2009	June 30, 2008
Cash flows from operating activities		
Tuition and fees (net of scholarship allowances)	\$ 4,362,203	\$ 4,121,690
Federal, State and local grants and contracts	10,044,293	8,428,447
Auxiliary enterprise charges (net of scholarship allowances)	828,677	704,910
Other receipts	268,039	125,713
Payments to vendors	(10,369,392)	(10,433,897)
Payments to employees	(11,129,786)	(11,178,233)
Student loan receipts from lenders	4,284,071	3,103,559
Disbursements to or on behalf of student borrowers	(4,284,071)	(3,102,246)
Net cash used in operating activities	(5,995,966)	(8,230,057)
Cash flows from noncapital financing activities		
State appropriations	4,711,329	6,158,101
County appropriations	1,928,892	1,910,027
State, local and federal grants and contracts - nonoperating	591,501	525,734
Other income - nonoperating	507,246	568,114
Net cash provided by noncapital financing activities	7,738,968	9,161,976
Cash flows from capital and related financing activities		
State appropriations	200,000	-
Local appropriations	160,000	210,000
Purchase of capital assets	(2,229,264)	(296,668)
Net cash used in capital and related financing activities	(1,869,264)	(86,668)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	5,750,000	4,750,000
Interest on investments	178,049	198,381
Purchase of investments	(5,250,000)	(5,500,000)
Net cash (used in) provided by investing activities	678,049	(551,619)
Net increase in cash	551,787	293,632
Cash and cash equivalents		
Beginning of year	1,372,776	1,079,144
End of year	\$ 1,924,563	\$ 1,372,776

See accompanying notes to the financial statements

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS

	June 30, 2009	June 30, 2008
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (7,350,463)	\$ (9,362,027)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	837,653	866,593
Contributions of non-capitalized equipment	-	35,080
Changes in assets and liabilities:		
Receivables, net	81,431	341,186
Inventories	(6,314)	10,938
Due from component unit	94,263	(95,243)
Deferred charges and prepaid expenses	(70,432)	60,760
Accounts and other payables	192,637	(106,216)
Accrued payroll and related liabilities	7,896	31,772
Compensated absences	14,165	71,873
Unearned revenue	203,198	(84,773)
Net cash used in operating activities	<u>\$ (5,995,966)</u>	<u>\$ (8,230,057)</u>
Supplemental Information		
Contributions of equipment	<u>\$ 82,486</u>	<u>\$ 53,081</u>
Changes in fair value of external investment pool	<u>\$ (523,905)</u>	<u>\$ (193,039)</u>
Equipment transferred from other State Agency	<u>\$ -</u>	<u>\$ 17,837</u>

See accompanying notes to the financial statements

ORANGEBURG-CALHOUN TECHNICAL COLLEGE FOUNDATION, INC.
NON-GOVERNMENTAL COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION

	June 30, 2009	June 30, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 612,841	\$ 685,860
Accounts receivable	2,411	2,468
Contributions Receivable	214,961	294,223
Investments	701,937	837,402
Assets to be gifted	-	74,007
Total current assets	1,532,150	1,893,960
Noncurrent assets		
Equipment	21,238	42,912
College pool of investments	2,559,161	3,066,113
Total noncurrent assets	2,580,399	3,109,025
Total assets	\$ 4,112,549	\$ 5,002,985
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 209	\$ 19,561
Due to the college	1,079	95,342
	1,288	114,903
Noncurrent liabilities		
Funds held for others	2,559,161	3,066,113
Total liabilities	2,560,449	3,181,016
Net assets		
Unrestricted		
Board designated	228,612	262,900
Unrestricted	1,030,568	1,252,731
Total unrestricted	1,259,180	1,515,631
Temporarily restricted	121,994	137,612
Permanently restricted	170,926	168,726
Total net assets	1,552,100	1,821,969
Total liabilities and net assets	\$ 4,112,549	\$ 5,002,985

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

ORANGEBURG-CALHOUN TECHNICAL COLLEGE FOUNDATION, INC.
NON-GOVERNMENTAL COMPONENT UNIT
STATEMENT OF ACTIVITIES
June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenues				
Contributions	\$ 17,672	\$ 116,372	\$ 2,200	\$ 136,244
Interest and dividends	27,765	3,963		31,728
Net gains from investments	(131,860)	(29,556)		(161,416)
Other income	64,689			64,689
Net assets released from:				
Time restrictions	(2,609)	2,609	-	-
Program restrictions	109,006	(109,006)	-	-
Total support and revenues	<u>\$ 84,663</u>	<u>\$ (15,618)</u>	<u>\$ 2,200</u>	<u>\$ 71,245</u>
Expenses				
Program services				
Scholarships	73,154	-	-	73,154
Faculty support	85,560	-	-	85,560
Other program services	117,511	-	-	117,511
Total program services	<u>276,225</u>	<u>-</u>	<u>-</u>	<u>276,225</u>
Support Services				
Management and general	32,394	-	-	32,394
Fund-raising expenses	22,018	-	-	22,018
	<u>54,412</u>	<u>-</u>	<u>-</u>	<u>54,412</u>
Total expenses	<u>330,637</u>	<u>-</u>	<u>-</u>	<u>330,637</u>
Other Income and (Expense)				
Loss on sale of assets	(10,477)	-	-	(10,477)
Total Other income and Expense	<u>(10,477)</u>	<u>-</u>	<u>-</u>	<u>(10,477)</u>
Change in net assets	(256,451)	(15,618)	2,200	(269,869)
Net assets beginning of year	<u>1,515,631</u>	<u>137,612</u>	<u>168,726</u>	<u>1,821,969</u>
Net assets at end of year	<u>\$ 1,259,180</u>	<u>\$ 121,994</u>	<u>\$ 170,926</u>	<u>\$ 1,552,100</u>

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

Note 1 – Summary of Significant Accounting Policies

The financial statements of Orangeburg-Calhoun Technical College (the “College”) were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body in the United States of America for establishing governmental accounting and financial reporting principles. The more significant of the College’s accounting policies are described below.

Nature of Operations

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

Reporting Entity

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

The financial reporting entity, as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

As a member institute of the South Carolina Technical College System, the College is reported as a part of the primary government of the State of South Carolina (the “State”) in the State’s Comprehensive Annual Financial Report. In addition, the accompanying financial statements present the College as the primary government with its component unit. 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.

The Foundation is a legally separate eleemosynary organization with a self-perpetuating Board of Trustees. It was chartered to receive private funds for the exclusive benefit and support of the College. Although the College does not control the timing or amount of receipts from the

Foundation, the majority of resources or income thereon are restricted to solely support activities of the College. Therefore, the Foundation qualifies as a discretely presented component unit. As a non-governmental not-for-profit organization the Foundation's reports are prepared under guidance issued by the Financial Accounting Standards Board ("FASB"), which differs from the reporting guidance of GASB. No modifications have been made to the Foundation's financial statements included in the College's statements for these differences.

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

Financial Statements

The financial statements of the College are presented in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; The financial statement presentation required by these statements provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in net assets and cash flows. The College, as part of the State of South Carolina is required to implement Government Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB 50, *Pension Disclosures for the fiscal year ended June 30, 2009*. No significant changes to these financial statements resulted from the adoption of these statements.

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 College has elected not to apply FASB pronouncements issued after November 30, 1989.

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

of Activities as a simultaneous increase and decrease in the classes of net assets thereby as a release from restrictions.

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 also 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, Section 11-9-660, "Investment of Funds". The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain 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 assets.

Disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risks (including custodial credit risk and concentrations of credit risks) and interest rate risk are required by GASB Statement No. 40, *Deposits and Investment Risk Disclosures — an amendment to GASB Statement No. 3*.

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

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

The Foundation accounts for its investments at fair value in accordance with Financial Accounting Standards Codification section 958 Not-for-Profit Entities section 320 *Investments-Debt and Equity Securities*. Changes in unrealized gain or loss are reported as increases or decreases in unrestricted net assets unless donor stipulation restricts the use of these changes for specific purposes or reinvestment in the corpus which would be reported as temporarily or permanently restricted net assets, respectively.

Accounts Receivable

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

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. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition

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.

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 assets.

Net Assets

The College's net assets are classified as follows:

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

Restricted net assets – expendable: Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net assets – nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

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

Classification of Revenue

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

Operating revenue: Operating revenue generally results from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenue include (1) student tuition and fees received in exchange for providing educational services and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

Nonoperating revenue: Nonoperating revenue includes activities that have the characteristics of nonexchange transactions. These revenue include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor or to be used exclusively for capital purposes.

Auxiliary Enterprises and Internal Service Activities

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

Nonexchange Transactions

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

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

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

Resources transmitted before the eligibility requirements are met are reported as advances by the provider and as deferred 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. The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

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

Note 2 – Deposits and Investments

Deposits

The College’s policies regarding the risk of financial instruments are included in Note 1. The College is exposed to certain custodial credit risks from the use of local financial institutions for its depository accounts. At June 30, 2009 a total of \$4,406,949 was on deposit with local institutions in

Orangeburg-Calhoun Technical College
Notes to Financial Statements
June 30, 2009

the name of the College. These deposits are covered by the Federal Deposit Insurance Corporation up to \$250,000 per institution. Of the \$3,906,949 in excess of the insurance coverage, \$3,906,949 is collateralized by securities held by the pledging financial institution in the College's name. The College did not recognize any losses due to default by counterparties relating to depository relationships.

The Foundation's uninsured cash balances, which were collateralized by United States Government agency securities held by the institution's agent in the institution's portfolio, were \$379,322 as of June 30, 2009.

Investments

For the years ended June 30, 2009 and 2008 the College held no debt or equity securities. See below for a reconciliation of the investment classification differences for statement and note disclosure presentation.

The Foundation's investments included the following pools as of June 30, 2009:

	Cost	Fair Value
Scholarship Endowment	\$ 196,388	\$ 156,038
Term Endowment	622,732	545,630
College Pool of Investments	3,246,449	2,559,161
Total	\$ 4,065,569	\$ 3,261,099

Securities held by the pool as of June 30, 2009 include the following:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money market	\$ 194,898	\$ —	\$ —	\$ 194,898
Equity funds	3,457,282	832	(766,393)	2,691,721
International equity funds	115,760	—	(27,856)	87,904
Equity securities	197,629	17,094	(27,941)	186,782
Corporate bonds	20,000	30	—	20,030
US Government obligations	80,000	—	(236)	79,764
General Investments	\$ 4,065,569	\$ 17,956	\$ (822,426)	\$ 3,261,099

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.

Orangeburg-Calhoun Technical College
Notes to Financial Statements
June 30, 2009

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.

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

Statement of net assets

Current assets	
Cash and cash equivalents	\$ 1,924,563
Investments	<u>3,000,000</u>
Total College	<u><u>4,924,563</u></u>

Statement of financial position

Current assets	
Cash and cash equivalents	612,841
Investments	701,937
Noncurrent assets	
Investments	<u>2,559,161</u>
Total component unit	<u>3,873,939</u>
Total reporting entity	<u><u>\$ 8,798,502</u></u>

Note disclosure

Cash on hand	\$ 2,375
Deposits with banks	<u>4,922,188</u>
Total College	<u><u>4,924,563</u></u>

Deposits with banks	612,841
Investments	<u>3,261,098</u>
Total component unit	<u>3,873,939</u>
Total reporting entity	<u><u>\$ 8,798,502</u></u>

Note 3 – External Investment Pool

The College entered into an agreement with Orangeburg-Calhoun Technical College Foundation to maintain custody and manage the investments of the College's Endowment funds. This transfer was made in accordance with South Carolina Code Section 59-101-410. This transaction was approved by the United States Department of Education on January 17, 2002. At June 30, 2009, the

Orangeburg-Calhoun Technical College
Notes to Financial Statements
June 30, 2009

value of the external investment pool was \$2,559,161 representing the fair value of the Endowment funds invested through the Foundation.

Note 4 – Accounts and Contributions Receivables

Accounts receivable as of June 30, 2009, including applicable allowances, are as follows:

Student accounts	\$ 1,093,184
Federal government	198,163
State agencies	434,181
Other	12,510
	<u>1,738,038</u>
Less, allowance for uncollectibles	<u>(469,836)</u>
Net accounts receivable	<u><u>\$ 1,268,202</u></u>

Allowance for losses for student accounts receivable are established based upon actual losses experienced in prior years, evaluations of the current account portfolio, and management’s estimate of ultimate collectability.

Contributions Receivable

At June 30, 2009, the Foundation had recognized unconditional promises to give as contributions receivable, which are due to be collected as follows:

Less than one year	\$ 118,743
One to five years	115,000
	<u>233,743</u>
Less, allowance for uncollectible pledges	(4,675)
Less, discount for time value of money	(14,107)
Contributions receivable, net	<u><u>\$ 214,961</u></u>

Orangeburg-Calhoun Technical College
Notes to Financial Statements
June 30, 2009

Note 5 – Capital Assets

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Capital assets not being depreciated				
Land and improvements	\$ 105,678	\$ -	\$ -	\$ 105,678
Construction in progress	182,750	2,006,625	-	2,189,375
Total capital assets not being depreciated	<u>288,428</u>	<u>2,006,625</u>	<u>-</u>	<u>2,295,053</u>
Other capital assets:				
Building and improvements	23,426,456	-	-	23,426,456
Machinery, equipment and other	2,492,031	200,690	(38,943)	2,653,778
Vehicles	358,323	21,949	(45,150)	335,122
Depreciable land improvements	797,950	-	-	797,950
Intangibles	207,000	-	-	207,000
Total other Capital assets	<u>27,281,760</u>	<u>222,639</u>	<u>(84,093)</u>	<u>27,420,306</u>
Less, accumulated depreciation for:				
Building and improvements	(9,420,808)	(586,990)	-	(10,007,798)
Machinery, equipment and other	(2,105,926)	(219,784)	38,943	(2,286,767)
Vehicles	(268,505)	(23,384)	45,150	(246,739)
Depreciable land improvements	(670,535)	(7,495)	-	(678,030)
Intangibles	(207,000)	-	-	(207,000)
Total accumulated depreciation	<u>(12,672,774)</u>	<u>(837,653)</u>	<u>84,093</u>	<u>(13,426,334)</u>
Other capital assets, net	<u>14,608,986</u>	<u>(615,014)</u>	<u>-</u>	<u>13,993,972</u>
Capital assets, net	<u>\$ 14,897,414</u>	<u>\$ 1,391,611</u>	<u>\$ -</u>	<u>\$ 16,289,025</u>

The decreases shown were disposals of assets with no sales proceeds for recognition of a gain.

Depreciation expense for the current year totaled \$837,653.

The College is in the process of constructing a new classroom and training building, which will house new and existing academic programs related to the transportation and logistics industry. As of June 30, 2009 the college had incurred expenses of \$2,189,375 on this project. The estimated total cost of the project is \$4,000,000. The college has received a federal grant from the US Department of Commerce of \$1,500,000 (subject to certain restrictions) and state funds of \$200,000 to be used towards construction costs. The Construction is expected to be completed by February 2010.

The Foundation's capital assets consisted of equipment as of year-end. Depreciation expense for the Foundation's fiscal year was \$11,198.

Note 6 – Pension Plan and Other Employee Benefits

All 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 Division of the State Budget and Control Board, a public employee

retirement system. Generally all state employees are required to participate in and contribute to the System as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides annuity benefits as well as disability, cost of living adjustment, death and group-life insurance benefits to eligible employees and retirees.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina, 29223. Furthermore, the Division and the five pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16 of the South Carolina Constitution requires that all state operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates. Annual benefits, payable monthly for life, are based on length of service and on average final compensation (an annualized average of the employee's highest twelve consecutive quarters of compensation).

The Systems do not make separate measurement of assets and pension benefit obligations for individual employers. Under Title 9 of the South Carolina Code of Laws, the Authority's liability under the retirement plans is limited to the amount of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. Therefore, the Authority's liability under the pension plan is limited to the contribution requirements for the applicable year from amounts appropriated therefore in the South Carolina Appropriation Act and amounts from other applicable revenue sources. Accordingly, the College recognizes no contingent liability for unfunded costs associated with participation in the plans.

At retirement, employees participating in the SCRS may receive additional service credit for up to 90 days for accumulated unused sick leave.

South Carolina Retirement System

Since July 1, 2006, employees participating in the SCRS have been required to contribute 6.5% of all compensation. The required contribution rates for the employer were 9.24%, 9.06%, and 8.05% for the years ended June 30, 2009 and 2008 and 2007. The College's actual contributions to the SCRS for these fiscal years were equal to the required contributions and were approximately \$949,899 and \$941,888 and \$805,272 for the years ended June 30, 2009 and 2008 and 2007, respectively. In addition, the College, as employer, is required to contribute a surcharge to fund retiree health and dental insurance coverage of 3.50%, 3.42%, and 3.35% for the years ended June 30, 2009 and 2008 and 2007, respectively. As a result the actual contribution rates were 12.74%, 12.48%, and 11.40% for the years ended June 30, 2009 and 2008 and 2007, respectively. Also, the College paid employer group-life insurance contributions of approximately \$15,420 for the fiscal years ended June 30, 2009 at the rate of 0.15% of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

The required contribution rates from the employees participating in the PORS were 6.5% for the fiscal years ended June 30, 2009 and 2008 and 2007. The required contribution rate from the employer was 10.65% for these fiscal ended June 30, 2009. The Colleges actual contributions to the PORS for these fiscal years were equal to the required contributions and amounted to \$18,234, \$16,313, and \$6,792, respectively. In addition, the College, as employer, is required to contribute a surcharge to fund retiree health and dental insurance coverage at a rate of 3.50%, 3.42%, and 3.35% for June 30, 2009 and 2008 and 2007, respectively. Also, the College paid employer group-life insurance contributions of \$342, \$317, and \$132 and accidental death insurance contributions of \$342, \$317, and \$132 in the respective fiscal years for PORS participants. The rate for each of these insurance benefits is 0.20% of compensation.

Optional Retirement Program

Certain state employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts, which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 4.24% plus the retiree surcharge of 9.24% from the employer in fiscal year 2009.

Certain of the College's employees have elected to be covered under optional retirement plans. For the fiscal year contributions totaled \$19,178 from employees as plan members. In addition, the College paid \$443 for group-life insurance coverage, \$10,326 to fund retiree health and dental insurance coverage, and \$12,510, as employer contribution to SCRS required under the ORP plans for these employees.

All amounts were remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits

resides with the insurance companies,

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 Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive

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

Note 7 – Post Employment Benefits Other Than Pensions

a. Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The College contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

b. Funding Policies

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.50%, 3.42% and 3.35% of annual covered payroll for 2009, 2008 and 2007, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The College paid approximately \$376,129, \$302,802 and \$282,477 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2009, 2008 and 2007, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2009 and 2008.

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

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

Other Employee Benefits

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

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$800,632 for the year ended June 30, 2009.

Note 8 – Contingencies, Litigation, and Project Commitments

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

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

Additionally, see Capital Assets footnote regarding construction commitment.

Note 9 – Transactions with Component Unit

The College recorded non-governmental gift receipts of \$175,430 from the Foundation in nonoperating revenues and capital grants and gifts for the fiscal year ending June 30, 2009. In addition, scholarships and fellowships totaling \$73,154 was awarded to students enrolled at the College and paid to the College on their behalf.

The Foundation reimburses the College for any disbursements made by the College on its behalf. During the year ended June 30, 2009, the Foundation paid the College approximately \$3,185 as reimbursement for these disbursements. The Foundation also paid the College \$2,400 for administrative services and office space during the year. As of June 30, 2009 and 2008, the Foundation owed the College \$1,079 and \$95,342 respectively, for reimbursements of disbursements made by the College.

The College has entered into an agreement to provide the College's Endowment Fund to the Foundation for investment custodial and managerial responsibility. The funds held by the Orangeburg-Calhoun Technical College Foundation at June 30, 2009 were \$2,559,161.

During the year ended June 30, 2009 the Foundation donated a fountain with a construction cost of \$82,486 to the College. The College did not record this donation as an addition to capital assets as it is the policy of the College to record depreciable buildings and improvements that exceed \$100,000.

Note 10 – Risk Management

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

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

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

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

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

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercrafts
- Torts
- Natural disasters

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

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

Note 11 – Federal Family Education Loan

Students attending the College may be eligible to participate in the Federal Family Education Loan Program, which allows the College to disburse federal loans to students, which are administered by financial institutions selected by the students from the established list of lenders. The loan activity is not reported in the accompanying financial statements because the responsibility for administration and collection remains with the originating financial entity. The College made loan disbursements of \$4,284,070 under this program during the fiscal year.

Note 12 – Operating Expenses by Function

Operating expenses by functional classification for the year ended are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Other Services</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 6,590,807	\$ 1,756,466	\$ -	\$ -	\$ 1,090,269	\$ -	\$ 9,437,542
Academic support	1,067,822	286,140	-	-	255,515	-	1,609,477
Student services	1,146,815	290,197	-	-	444,785	-	1,881,797
Operation and maintenance of plant	843,999	314,450	-	404,753	592,026	-	2,155,228
Institutional support	1,350,429	398,802	-	-	410,815	-	2,160,046
Scholarships	-	-	3,173,940	-	-	-	3,173,940
Auxiliary enterprises	138,593	30,997	-	-	1,252,707	-	1,422,297
Depreciation	-	-	-	-	-	837,653	837,653
Total	\$ 11,138,465	\$ 3,077,052	\$ 3,173,940	\$ 404,753	\$ 4,046,117	\$ 837,653	\$ 22,677,980

Note 13 – Donor Restricted Accounts

College

Funds in the College’s Endowment are comprised solely of match grant funds provided by the US. Department of Education. The grant placed temporary restrictions on the original amount, as well as one-half of the net appreciation (realized and unrealized) of the investments.

At June 30, 2009, the Endowment had net appreciation of \$1,059,158. The temporarily restricted amount is comprised of the original amount of \$1,500,003 plus one—half of the appreciation, \$529,579, for a total of \$2,029,582 included in restricted net assets. This is in compliance with SC Code of Laws Section 34-6-20, 34-6-30, and 34-6-60.

The Endowment funds are reflected as funds held by others on the financial statements rather than investments.

Foundation

The Foundation’s temporarily restricted net assets are available for the following programs:

Scholarship Endowment	\$ 61,568
College Pool of Investments	60,426
Total	\$ 121,994

The income from the Foundation’s permanently restricted net assets of \$170,926 is included in the above amount for scholarships.

Note 14 – Long Term Liabilities

Long-term liability activity for the years ended is as follows:

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>	<u>Due within 1 year</u>
Accrued compensated absences and related benefits	\$ 998,957	\$ 200,375	\$ 186,210	\$ 1,013,122	\$ 77,370

Note 15 – Contingent Rentals

During the fiscal year ended June 30, 2009, Orangeburg-Calhoun Technical College expended \$48,521 to vendors on contingent rentals for copier and other equipment rentals, which is based upon the usage of the machine.

Note 16 – Operating Leases

The College is party to an operating lease through the South Carolina State Fleet Management Division. The lease provides month-to-month use of two vehicles for which a \$100 monthly payment is made with additional charges for mileage. During the fiscal year ended June 30, 2009, the College expended \$2,400 for minimum payments under the cancelable operating lease. The College expended \$5,233 in mileage charges during the year ended June 30, 2009 under the terms of the lease.

Note 17 – 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 technical colleges in a uniform manner based upon the number of students.

The following is a detail schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2009 and 2008.

Non-Capital Appropriations	<u>2009</u>	<u>2008</u>
Per annual appropriations act	\$ 4,508,655	\$ 6,036,706
Lottery technology funds	180,398	184,058
Nursing supplement	22,806	29,090
From Commission on higher education:		
Academic Endowment	<u>166</u>	<u>276</u>
Total recorded as current year revenue	<u>\$ 4,712,025</u>	<u>\$ 6,250,130</u>

BROWN CPA, LLC

Independent Auditor's Report on Supplementary Information Summarized Schedule of Financial Information

Orangeburg-Calhoun Commission for Technical Education
Orangeburg-Calhoun Technical College
Orangeburg, South Carolina

Our report on our audit of the basic financial statements of Orangeburg-Calhoun Technical College for the year ended June 30, 2009 and June 30, 2008 appears on page 1. That report was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information for 2008 was prepared by other auditors whose reported dated September 23, 2008 expressed an unqualified opinion.

The summarized schedule of condensed financial information on the following page for the years ended June 30, 2009 and June 30, 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BROWN CPA, L.L.C.

Irmo, South Carolina
September 29, 2009

www.browncpallc.com | P.O. Box 3288 | Irmo, SC 29063 | 803-315-3029

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SUMMARIZED SCHEDULE OF FINANCIAL INFORMATION
ENTERPRISE FUNDS

	June 30, 2009	June 30, 2008	Increase Decrease
Charges for services	\$ 15,269,780	\$ 13,064,313	\$ 2,205,467
Operating grants and contributions	2,618,831	3,147,255	(528,424)
Capital grants and contributions	247,497	263,080	(15,583)
Less: expenses	<u>(22,677,980)</u>	<u>(22,476,750)</u>	<u>(201,230)</u>
Net program revenue (expenses)	(4,541,872)	(6,002,102)	1,460,230
Transfers:			
State appropriations	4,712,025	6,250,130	(1,538,105)
State capital appropriations	200,000	-	200,000
Other transfers in from state agencies	<u>-</u>	<u>17,837</u>	<u>(17,837)</u>
Change in net assets	370,153	265,865	104,288
Net assets			
Beginning of year	<u>22,611,587</u>	<u>22,345,722</u>	<u>265,865</u>
End of year	<u><u>\$ 22,981,740</u></u>	<u><u>\$ 22,611,587</u></u>	<u><u>\$ 370,153</u></u>

The above information is proved in accordance with the South Carolina Office of Comptroller General Audited Financial Statement Manual.

See accompanying notes to the financial statements

BROWN CPA, LLC

Independent Auditor's Report on Supplementary Information State Lottery Tuition Assistance

Orangeburg-Calhoun Commission for Technical Education
Orangeburg-Calhoun Technical College
Orangeburg, South Carolina

As a part of the examination of the financial statements of Orangeburg-Calhoun Technical College as of and for the year ended June 30, 2009, we reviewed the administrative procedures and internal controls related to the State Lottery Tuition Assistance Program to determine that the College administered the program in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

A random sample of 40 students was selected from the College's list of financial aid recipients.

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

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

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

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

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

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

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

BROWN CPA, L.L.C.

Irmo, South Carolina
September 29, 2009

www.browncpallc.com | P.O. Box 3288 | Irmo, SC 29063 | 803-315-3029

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

SINGLE AUDIT ACT REQUIREMENTS

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Project Number/ Period	Balance June 30, 2008	Receipts	Expenditures	Balance June 30, 2009
Direct Programs:						
U.S. Department of Education						
Federal Supplemental Educational Opportunity Grants	84.007	06/30/09	\$ -	\$ 47,938	\$ 65,775	17,837
Federal Supplemental Educational Opportunity Grants	84.007	06/30/08	9,087	19,051	9,964	-
			<u>9,087</u>	<u>66,989</u>	<u>75,739</u>	<u>17,837</u>
Federal Work-Study Program	84.033	06/30/09	-	91,845	117,687	25,842
Federal Work-Study Program	84.033	06/30/08	19,375	32,500	13,125	-
			<u>19,375</u>	<u>124,345</u>	<u>130,812</u>	<u>25,842</u>
Federal Pell Grant Program	84.063	06/30/09	-	9,840	10,810	970
Federal Pell Grant Program	84.063	06/30/09	-	5,686,048	5,735,465	49,417
Federal Pell Grant Program	84.063	06/30/08	825	825	-	-
Federal Pell Grant Program	84.063	06/30/08	30,066	32,121	2,055	-
			<u>30,891</u>	<u>5,728,834</u>	<u>5,748,330</u>	<u>50,387</u>
Total Student Financial Aid Cluster			<u>59,353</u>	<u>5,920,168</u>	<u>5,954,881</u>	<u>94,066</u>
TRIO Student Support Services	84.042	08/31/09	-	271,656	300,302	28,646
TRIO Student Support Services	84.042	08/31/08	54,298	92,998	38,700	-
Total TRIO Student Support Services			<u>54,298</u>	<u>364,654</u>	<u>339,002</u>	<u>28,646</u>
Total U.S. Department of Education			<u>113,651</u>	<u>6,284,822</u>	<u>6,293,883</u>	<u>122,712</u>
U.S. Department of Transportation						
Commercial Motor Vehicle Operator Training	20.235	08/31/09	-	63,220	95,940	32,720
Total U.S. Department of Transportation			<u>-</u>	<u>63,220</u>	<u>95,940</u>	<u>32,720</u>
National Science Foundation						
Education and Human Resources	47.076	07/31/09	-	144,428	219,879	75,451
Total National Science Foundation			<u>-</u>	<u>144,428</u>	<u>219,879</u>	<u>75,451</u>
Total Direct Programs			<u>113,651</u>	<u>6,492,470</u>	<u>6,609,702</u>	<u>230,883</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Project Number/ Period	Balance June 30, 2008	Receipts	Expenditures	Balance June 30, 2009
Indirect Programs:						
U.S. Department of Education						
Passed through South Carolina Department of Education						
Adult Education	84.002	09EA410	16,817	145,608	128,791	-
Vocational Education Basic Grants to States	84.048	09VA410	83,528	269,444	258,987	73,071
College Access Challenge Grant Program	84.378	06/30/09	-	979	979	-
Career & Technical Education	84.051	09VA410-50	-	-	3,977	3,977
			<u>100,345</u>	<u>416,031</u>	<u>392,734</u>	<u>77,048</u>
Passed through University of South Carolina						
Teacher Quality Enhancement Grants	84.336	09/30/09	-	61,863	80,876	19,013
Teacher Quality Enhancement Grants	84.336	09/30/08	22,223	24,242	2,019	-
			<u>22,223</u>	<u>86,105</u>	<u>82,895</u>	<u>19,013</u>
Total U.S. Department of Education			<u>122,568</u>	<u>502,136</u>	<u>475,629</u>	<u>96,061</u>
U.S. Department of Labor						
Passed through South Carolina Department of Commerce						
WIA Adult Program	17.258	12/31/08	28,248	54,511	26,263	-
WIA Youth Activities Program	17.259	07/31/09	-	49,403	86,385	36,982
WIA Dislocated Workers	17.260	12/31/08	-	14,312	14,312	-
WIA Dislocated Workers	17.260	06/30/09	-	17,460	48,868	31,408
Total WIA Cluster			<u>28,248</u>	<u>135,686</u>	<u>175,828</u>	<u>68,390</u>
Passed through Claflin University						
WIA Pilots, Demonstrations, and Research	17.261	09/30/08	69,308	78,536	9,228	-
Passed through State Board for Technical & Comp Ed						
Incentive Grant Sec 503	17.267	6/30/2010	-	-	2,000	2,000
Passed through South Carolina Department of Education						
Incentive Grant Sec 503	17.267	09EQ410-01	-	-	5,705	5,705
Total U.S. Department of Labor			<u>97,556</u>	<u>214,222</u>	<u>192,761</u>	<u>76,095</u>

ORANGEBURG-CALHOUN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Project Number/ Period	Balance June 30, 2008	Receipts	Expenditures	Balance June 30, 2009
National Science Foundation						
Passed through South Carolina State University						
Education and Human Resources	47.076	10/31/09	-	-	2,250	2,250
Education and Human Resources	47.076	10/31/08	2,823	3,159	336	-
Total National Science Foundation			2,823	3,159	2,586	2,250
U.S. Department of Health and Human Resources						
Passed through First Steps of South Carolina						
Child Care and Development Block Grant	93.575	06/30/09	(811)	-	811	-
Child Care and Development Block Grant	93.575	06/30/09	(4,746)	5,000	2,600	(7,146)
Total U.S. Department of Health and Human Services			(5,557)	5,000	3,411	(7,146)
Total Indirect Programs			217,390	724,517	674,387	167,260
Total Federal Awards			\$ 331,041	\$ 7,216,987	\$ 7,284,089	\$ 398,143

In addition, the College disbursed \$4,284,070 in Federal Family Education Opportunity Loans (CFDA #84.032) (also known as Stafford loans) on behalf of originating financial entities to students enrolled at the College.

1. Description

Orangeburg-Calhoun Technical College has adopted the Federal Office of Management and Budget's OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, whereby the Single Audit Act Amendments of 1996 were adopted to fulfill the financial and compliance audit requirements of federal grantor agencies. For purposes of implementing OMB Circular A-133, federal grant awards were made susceptible to audit and are included in the Schedule of Expenditures of Federal Awards.

2. Summary of Significant Accounting Policies

The financial activity shown on the Schedule of Expenditures of Federal Awards reflects amounts recorded by Orangeburg-Calhoun Technical College during its fiscal year, July 1, 2008 through June 30, 2009, 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. Federal Family Education Opportunity Loans CFDA#84.032 (Stafford Loans)

The College made loan disbursements in the amount of \$4,284,070 during the fiscal year which are not reflected in their financial statements because the responsibility for administration and collection is with the originating financial entity.

BROWN CPA, LLC

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*

Orangeburg-Calhoun Commission for Technical Education
Orangeburg-Calhoun Technical College
Orangeburg, South Carolina

We have audited the accompanying basic financial statements of the Orangeburg-Calhoun Technical College (the "College") as of and for the year ended June 30, 2009, and have issued our report thereon dated September 29, 2009. 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.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

www.browncpallc.com | P.O. Box 3288 | Irmo, SC 29063 | 803-315-3029

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

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

This report is intended solely for the information and use of the Orangeburg-Calhoun Commission for Technical Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN CPA, L.L.C.

Irmo, South Carolina
September 29, 2009

BROWN CPA, LLC

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Orangeburg-Calhoun Commission for Technical Education
Orangeburg-Calhoun Technical College
Orangeburg, South Carolina

Compliance

We have audited the compliance of Orangeburg-Calhoun Technical College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Orangeburg-Calhoun Technical College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Orangeburg-Calhoun Technical College's management. Our responsibility is to express an opinion on Orangeburg-Calhoun Technical College's compliance based on our audit.

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

In our opinion, Orangeburg-Calhoun Technical College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Orangeburg-Calhoun Technical College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Orangeburg-Calhoun Technical College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Orangeburg-Calhoun Technical College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

BROWN CPA, L.L.C.

Irmo, South Carolina
September 29, 2009

Summary of Auditor's Results:

1. The auditors' report expresses an unqualified opinion on the financial statements of Orangeburg-Calhoun Technical College.
2. No material weaknesses relating to the financial statements are reported in the 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 significant deficiencies relating to the audit of major federal awards is reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Orangeburg Calhoun Technical College expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Orangeburg-Calhoun Technical College are reported below in this schedule.
7. Major federal programs:

Student Financial Aid Cluster	
Federal Supplemental Educational Opportunity Grant	CFDA #84.007
Federal Work-study	CFDA #84.033
Pell Grants	CFDA #84.063
TRIO Student Support Services	CFDA #84.042
8. The threshold for distinguishing between Type A and Type B Programs was \$300,000.
9. Orangeburg-Calhoun Technical College qualified to be a low risk auditee.

Financial Statement Findings:

None.

Federal Awards Findings and Questioned Costs:

No findings or questioned costs.

Summary of Prior Year Findings from 2008 Audit:

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