

CENTRAL CAROLINA TECHNICAL COLLEGE

AUDITED FINANCIAL STATEMENTS
and
ADDITIONAL INFORMATION

June 30, 2016

CENTRAL CAROLINA TECHNICAL COLLEGE
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CENTRAL CAROLINA TECHNICAL COLLEGE
SUMTER, SOUTH CAROLINA

AUDIT PERIOD: JULY 1, 2015 - JUNE 30, 2016

AREA COMMISSION MEMBERS:

| <u>Name</u> | <u>Area Represented</u> | <u>Terms of Office</u> |
|-------------------------------------|-------------------------|------------------------|
| Mr. J. Mac Summers, Chairman | Sumter County | 7/1/13-6/30/17 |
| Mr. Terry M. Hancock, Vice Chairman | Kershaw County | 7/1/10-6/30/14* |
| Mr. Bobby R. Anderson, Secretary | Sumter County | 7/1/11-6/30/15* |
| Mr. Andre G. McBride | Sumter County | 7/1/13-6/30/17 |
| Ms. Jennett Towles-Mickens | Sumter County | 7/1/11-6/30/15* |
| Mr. Ray Reich | Sumter County | 7/1/10-6/30/14* |
| Mr. Christopher L. Lee | Clarendon County | 7/1/15-6/30/19 |
| Mr. Paul W. Napper | Kershaw County | 7/1/13-6/30/17 |
| Ms. Janice Poplin | Sumter County | 7/1/13-6/30/17 |
| Ms. Winnie Ricketts | Clarendon County | 7/1/13-6/30/17 |
| Vacant | Lee County | |

KEY ADMINISTRATIVE STAFF:

| <u>Name</u> | <u>Title</u> |
|--------------------|-------------------------------------|
| Dr. Tim Hardee | President |
| Vacant | Vice President for Academic Affairs |
| Ms. Terry L. Booth | Vice President for Business Affairs |
| Ms. Lisa Bracken | Vice President for Student Affairs |

AREA SERVED BY THE COMMISSION:

Clarendon, Lee, Kershaw, and Sumter Counties

COUNTIES PROVIDING FINANCIAL SUPPORT FOR THE INSTITUTION:

Clarendon, Lee, Kershaw, and Sumter Counties

*Commissioners serve until a successor is appointed by the Governor.

INDEPENDENT AUDITORS' REPORT

The President and Members of the Area Commission
Central Carolina Technical College
Sumter, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of **Central Carolina Technical College (the College)**, a component unit of the State of South Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the College, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Members

SC Association of Certified Public Accountants
NC Association of Certified Public Accountants

Members

Division for CPA Firms AICPA

An Independently Owned Member
McGLADREY ALLIANCE

McGladrey

380 West Wesmark Boulevard
Sumter, SC 29150
803-905-4000 Fax 803-905-4001
websterrogers.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11 and the required supplementary information on pages 42-44 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the College's basic financial statements. The F.E. Dubose Career Center supplementary statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.



Sumter, South Carolina
September 22, 2016

Central Carolina Technical College
Management's Discussion and Analysis (Unaudited)

Introduction

The management of Central Carolina Technical College offers readers of the College's financial statements a narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2016. This discussion should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

- The assets and deferred outflow of resources for Central Carolina Technical College exceeded its liabilities and deferred inflow of resources at June 30, 2016, by \$20,011,896 (net position). The unrestricted net position is a deficit of \$19,128,719 as a result of the net pension liability of \$24,880,998. The amount available to meet the College's ongoing obligations, excluding the net pension liability is \$5,752,279.
- Net position decreased by \$831,091, primarily due to depreciation expense netted against state and federal capital contributions for construction of the College's Advanced Manufacturing Technology Training Center (AMTTC).
- Total debt decreased by \$300,000 during the current fiscal year.
- The College experienced an operating loss of \$18,121,179 as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, this operating loss was partially offset by State appropriations of \$5,205,249, local appropriations of \$2,521,818, Federal nonoperating grants and contracts of \$8,457,613, and capital contributions of \$1,057,892.

Overview of the Financial Statements

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

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and noncurrent. The difference between total assets and deferred outflow of resources and total liabilities and deferred inflow of resources is net position, which is displayed in three broad categories: net investment in capital assets, restricted, and unrestricted. Net position is one indicator of whether the overall financial condition has improved or worsened during the year at the College.

Central Carolina Technical College

Management's Discussion and Analysis (Unaudited)

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

A comparative analysis of data is presented in the following sections.

Statement of Net Position

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$20,011,896 at the close of the most recent fiscal year. A summary of the statements follows (in millions):

| | <u>2016</u> | <u>2015</u> | <u>Increase/ Decrease</u> |
|------------------------|-----------------|-----------------|-------------------------------|
| Current assets | \$ 10.80 | \$ 8.96 | \$ 1.84 |
| Noncurrent assets: | | | |
| Restricted and other | 2.99 | 2.93 | .06 |
| Capital assets, net | <u>40.10</u> | <u>39.60</u> | <u>.50</u> |
| Total assets | <u>\$ 53.89</u> | <u>\$ 51.49</u> | <u>\$ 2.40</u> |
| Deferred Outflows | <u>1.95</u> | <u>2.00</u> | <u>(.05)</u> |
| | | | |
| Current liabilities | 8.50 | 5.21 | 3.29 |
| Noncurrent liabilities | <u>26.76</u> | <u>25.47</u> | <u>1.29</u> |
| Total liabilities | <u>35.26</u> | <u>30.68</u> | <u>4.58</u> |
| Deferred Inflows | <u>.57</u> | <u>1.97</u> | <u>(1.40)</u> |
| | | | |
| Net position | <u>\$ 20.01</u> | <u>\$ 20.84</u> | <u>\$ (.83)</u> |

The current ratio, representing current assets divided by current liabilities, was 1.27 at June 30, 2016 compared to 1.72 at June 30, 2015. Current assets of \$10.8 million at June 30, 2016 represent a \$1.84 million increase compared to the prior year. This increase was primarily a result of an increase in cash from state funding for a project not yet begun.

Current liabilities increased by \$3.29 million primarily as a result of an increase in unearned revenue from state funds not yet spent.

Noncurrent liabilities increased by \$1.29 million primarily as a result of an increase in the College's net pension liability.

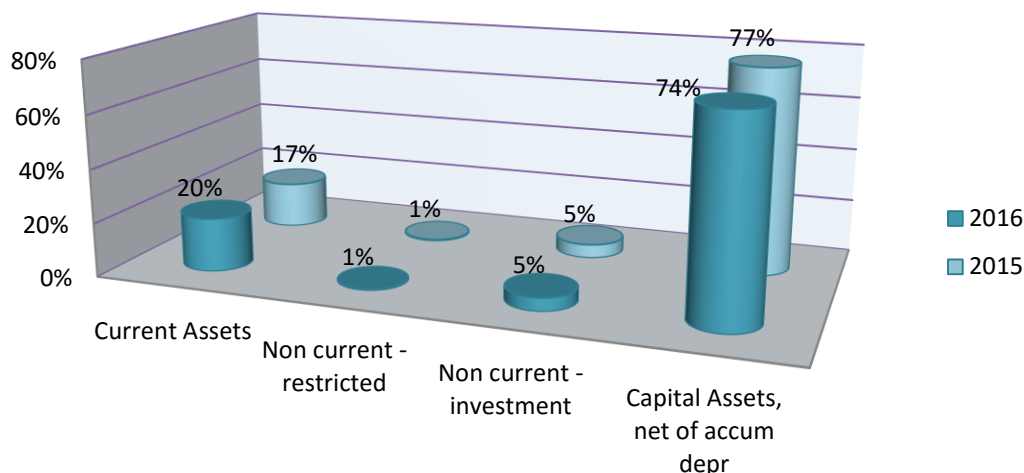
Deferred inflows decreased by \$1.4 million due to changes in the pension plan projections.

Central Carolina Technical College

Management's Discussion and Analysis (Unaudited)

The following chart pictorially presents the College's total assets as of June 30, 2016 compared to June 30, 2015:

Total Assets Summary



Capital and Debt Activities

Capital assets net of depreciation are \$40.1 million for the year, an increase of \$.5 million. This increase is largely due to the capitalization of the Advanced Manufacturing Technology Training Center (AMTTC) renovation project. Additional details are shown in Note 5. Bonds payable totaled \$1.39 million at June 30, 2016, as discussed in Notes 6 and 7. These bonds were issued in fiscal year 2010 to finance the health sciences renovation capital project.

Net Position

Net position represents the residual interest in the College's assets and deferred outflows after liabilities and deferred inflows are deducted. The College's net position at June 30, 2016 and June 30, 2015 are summarized below (in millions):

| | <u>2016</u> | <u>2015*</u> | <u>Increase/ Decrease</u> |
|----------------------------------|-----------------|-----------------|-------------------------------|
| Net investment in capital assets | \$ 38.72 | \$ 37.91 | \$.81 |
| Restricted: | | | |
| Nonexpendable | .26 | .25 | .01 |
| Expendable | .16 | .16 | - |
| Unrestricted: | <u>(19.13)</u> | <u>(17.48)</u> | <u>(1.65)</u> |
| Total Net position | <u>\$ 20.01</u> | <u>\$ 20.84</u> | <u>\$ (.83)</u> |

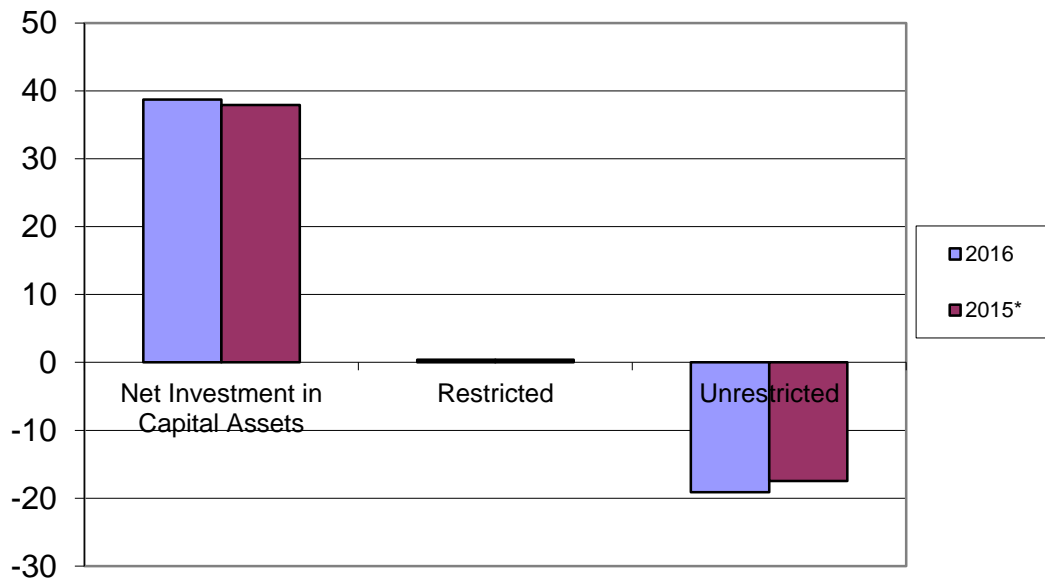
*Certain reclassifications were made to fiscal year 2015 amounts to reclassify negative net position from restricted expendable to unrestricted. These reclassifications had no effect on total net position or the change in net position as previously reported.

Central Carolina Technical College

Management's Discussion and Analysis (Unaudited)

Beginning in fiscal year ended June 30, 2015, as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the College is required to recognize a portion of the unfunded net pension liability of the cost sharing plan. Recognition of this liability has a material impact on the College's overall net position.

Comparative Net Position Fiscal Years 2016 and 2015



* Certain reclassifications were made to fiscal year 2015 amounts to reclassify negative net position from restricted expendable to unrestricted. These reclassifications had no effect on total net position or the change in net position as previously reported.

The College's net investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding) reflects approximately 193% of its total net position. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Although the College's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted nonexpendable net position consists of the College's permanent endowment fund.

Central Carolina Technical College

Management's Discussion and Analysis (Unaudited)

The unrestricted net position of (\$19.13) million is discussed in Note 14. The deficit is a result of the implementation of GASB Statements No. 68 and 71 during fiscal year 2015.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the College's results of operations. A summarized comparative statement is shown below (in millions):

| | 2016 | 2015 | Increase/ Decrease |
|--------------------------------------|-----------------|-----------------|-------------------------------|
| Operating revenues: | | | |
| Student tuition and fees | \$ 12.82 | \$ 13.00 | \$ (.18) |
| Less: scholarship allowances | <u>(6.13)</u> | <u>(6.17)</u> | <u>.04</u> |
| Net student tuition and fees | 6.69 | 6.83 | (.14) |
| Grants and contracts | 6.27 | 6.52 | (.25) |
| Auxiliary | 1.18 | 1.36 | (.18) |
| Other | <u>.37</u> | <u>.52</u> | <u>(.15)</u> |
| Total operating revenues | 14.51 | 15.23 | (.72) |
| Less operating expenses (see page 9) | <u>32.63</u> | <u>33.27</u> | <u>(.64)</u> |
| Operating loss | <u>(18.12)</u> | <u>(18.04)</u> | <u>(.08)</u> |
| Nonoperating revenues (expenses): | | | |
| State appropriations | 5.20 | 5.24 | (.04) |
| Local appropriations | 2.52 | 2.16 | .36 |
| Investment income | .14 | .18 | (.04) |
| Grants and contracts | 8.46 | 9.95 | (1.49) |
| Interest expense | <u>(.09)</u> | <u>(.11)</u> | <u>.02</u> |
| Nonoperating revenues (expenses) | <u>16.23</u> | <u>17.42</u> | <u>(1.19)</u> |
| Loss before capital contribution | (1.89) | (.62) | (1.27) |
| Capital appropriations and grants | <u>1.06</u> | <u>9.42</u> | <u>(8.36)</u> |
| Increase(decrease) in net position | (.83) | 8.80 | (9.63) |
| Net position, beginning of year | <u>20.84</u> | <u>12.04</u> | <u>8.80</u> |
| Net position, end of year | <u>\$ 20.01</u> | <u>\$ 20.84</u> | <u>\$ (.83)</u> |

The total revenues, including operating, nonoperating, and capital contributions was \$31.89 million.

Student tuition and fees decreased by \$.18 million from the prior year. This decrease was the net result of an increase in tuition and decrease in enrollment during the year. Scholarship allowances represent an approximation of tuition and fees paid from student financial aid, and has been recognized as a reduction of tuition and fees in order to eliminate

Central Carolina Technical College

Management’s Discussion and Analysis (Unaudited)

duplication of revenues. This category decreased by \$.04 million from the prior year, also as a result of the decreased enrollment.

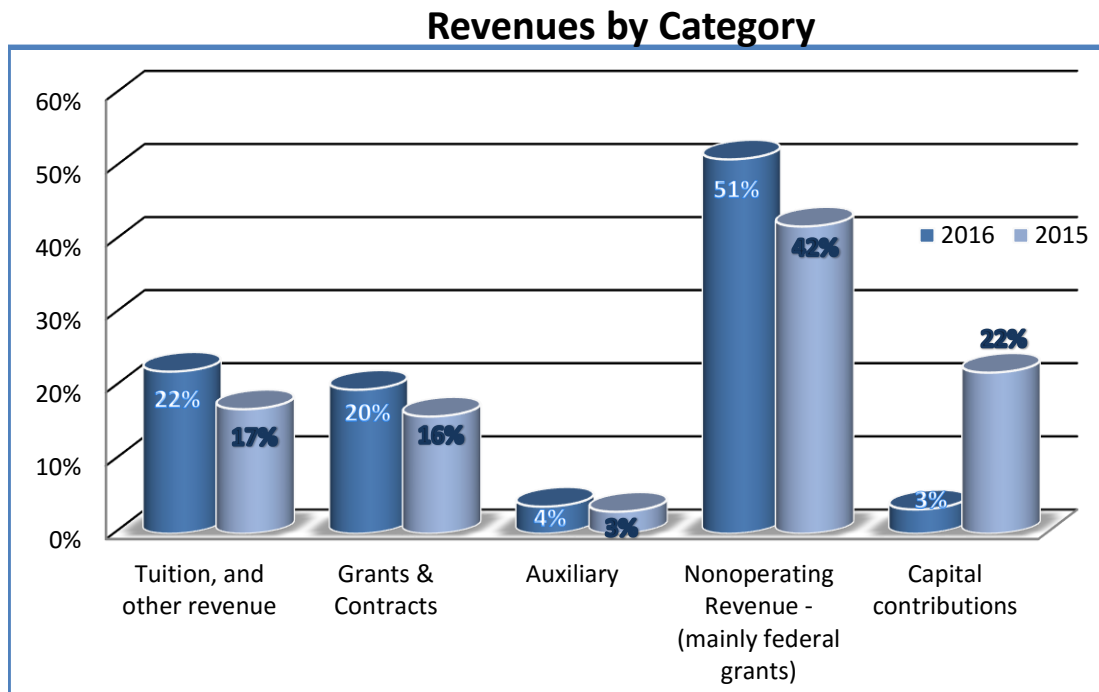
Grants and contracts revenue decreased by \$.25 million primarily due to a federal grant received in the prior year that paid for renovation expenses.

Local appropriations increased by \$.36 million as a result of increased funding for operation of a new facility.

Grants and contracts nonoperating revenues decreased by \$1.49 million as a result of a decrease in Pell grant awards.

Capital appropriations and grants decreased by \$8.36 million as a result of federal and state funds spent on the AMTTC construction project in the prior year.

The following graphic illustration of revenues by source shows how operating and nonoperating revenues are used to fund the College’s operating expenses. Significant recurring sources of the College’s revenues are considered nonoperating, as applicable by Generally Accepted Accounting Principles.



Central Carolina Technical College

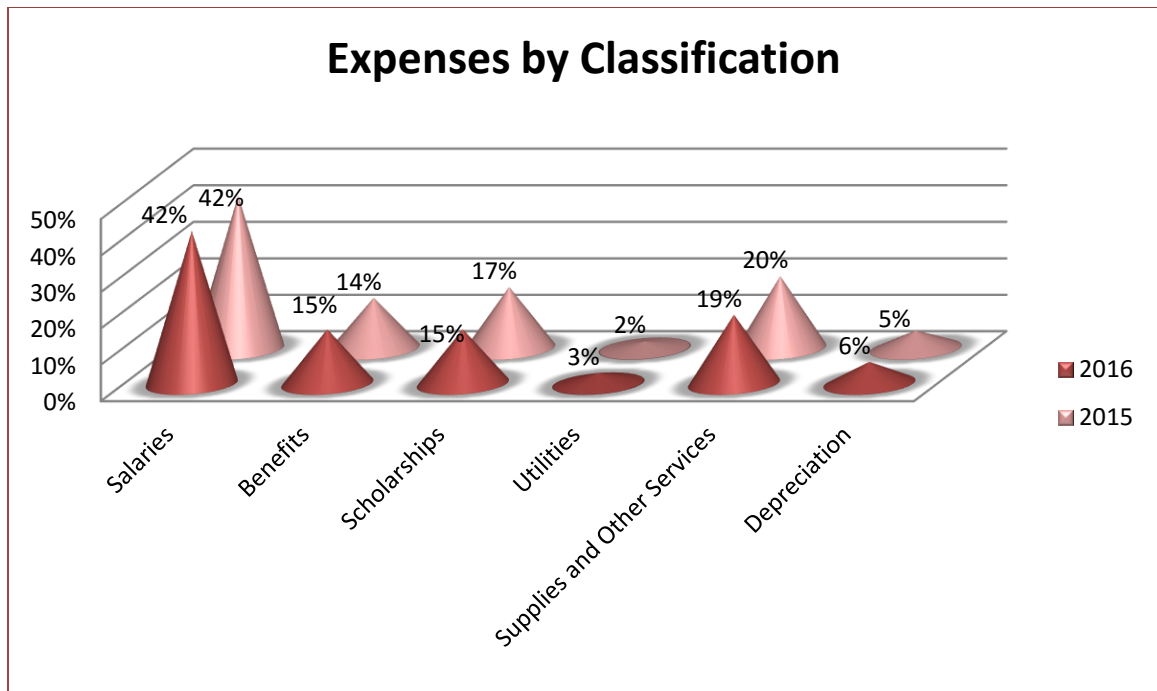
Management's Discussion and Analysis (Unaudited)

Operating and nonoperating expenses are shown below in the condensed statement format (in millions):

| | <u>2016</u> | <u>2015</u> | <u>Increase/ Decrease</u> |
|-----------------------|-----------------|-----------------|-------------------------------|
| Operating: | | | |
| Salaries & benefits | \$ 18.66 | \$ 18.80 | \$ (.14) |
| Scholarships | 5.02 | 5.56 | (.54) |
| Utilities | .85 | .73 | .12 |
| Supplies and services | 6.08 | 6.46 | (.38) |
| Depreciation | <u>2.02</u> | <u>1.72</u> | <u>.30</u> |
| | 32.63 | 33.27 | (.64) |
| Nonoperating: | | | |
| Interest expense | <u>.09</u> | <u>.11</u> | <u>(.02)</u> |
| Total expenses | <u>\$ 32.72</u> | <u>\$ 33.38</u> | <u>\$ (.66)</u> |

Note 15, Operating Expenses by Function in the accompanying notes to financial statements identifies operating expenses by functional classification.

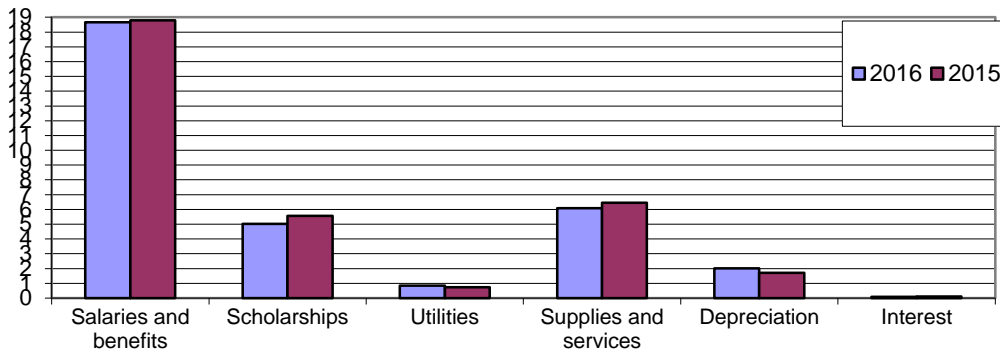
The following is a graphic illustration of total operating expenses by object:



Central Carolina Technical College

Management's Discussion and Analysis (Unaudited)

Comparison of Operating Expenses - Fiscal Years 2016 and 2015



Total expenses decreased overall by \$.66 million. Salaries and benefits decreased by \$.14 million overall as a result of a decrease in number of employees due to decreased enrollment. Scholarships decreased by \$.54 million primarily due to the decrease in Pell grant awards. Supplies and services decreased by \$.38 million or almost 6% also due to the decrease in enrollment.

Economic Factors

During the recent economic downturn, the College lost 40 percent of its state funding, but grew enrollment by over 42 percent, which, along with tuition increases, allowed the College to operate on a fiscally sound basis and grow programs and locations.

Now that the national and state economies have begun to experience growth, the College's enrollment has begun to decline as more people go back to work. Enrollment for fiscal year 2016 was approximately five percent less than the previous year, and is projected to decline another five percent in fiscal year 2017. Although state funding has increased annually since fiscal year 2013, it is not expected to get back to previous levels any time in the near future. As a result, the College has been reducing its operating budgets to reflect the reduced levels of enrollment and has been able to do this without affecting programs or locations, mostly through attrition as employees leave and are not replaced.

The College continues to operate on a fiscally sound basis and is conservative in planning and budgeting. The current financial position is stable and current appropriations and tuition revenues are adequate to fund the operations for the next year.

The unrestricted net position was (\$19.13) million at June 30, 2016. The deficit is a result of the implementation of GASB Nos. 68 and 71 in the prior fiscal year, which resulted in a \$24.88 million negative impact on the unrestricted net position as of June 30, 2016 to record a net pension obligation. The net pension obligation will be paid by future contribution rates which are expected to be funded by future state and tuition revenues and not funded by current unrestricted net position. If the negative impact of recognizing the net pension obligation were to be removed from unrestricted net position at June 30, 2016, the College would show a positive unrestricted net position of \$5.75 million.

Central Carolina Technical College
Management's Discussion and Analysis (Unaudited)

Requests for Information

Additional information or questions concerning any of the information provided should be requested from the College's Vice President for Business Affairs at Central Carolina Technical College, 506 N. Guignard Drive, Sumter, SC 29150, or by email at boothtl@cctech.edu.

Central Carolina Technical College
Statement of Net Position
June 30, 2016

ASSETS

Current assets

| | |
|---------------------------|--------------|
| Cash and cash equivalents | \$ 9,538,580 |
| Accounts receivable, net | 868,520 |
| Inventories | 283,786 |
| Other assets | 110,483 |
| Total current assets | 10,801,369 |

Noncurrent assets

| | |
|---|---------------|
| Restricted cash and cash equivalents | 37,057 |
| Investments | 2,701,201 |
| Restricted Investments | 252,081 |
| Capital assets, not being depreciated | 1,432,439 |
| Construction in Progress | 30,010 |
| Depreciable capital assets, net of accumulated depreciation | 38,642,630 |
| Total noncurrent assets | 43,095,418 |
| Total assets | \$ 53,896,787 |

DEFERRED OUTFLOWS

| | |
|-------------------|--------------|
| Deferred Outflows | \$ 1,951,234 |
|-------------------|--------------|

LIABILITIES

Current liabilities

| | |
|---|------------|
| Accounts payable | \$ 153,341 |
| Accrued interest payable | 23,273 |
| Accrued payroll and related liabilities | 483,384 |
| Unearned revenue | 7,426,736 |
| Accrued annual leave - current portion | 66,850 |
| Bonds payable - current portion | 320,000 |
| Funds held for others | 27,871 |
| Total current liabilities | 8,501,455 |

Noncurrent liabilities

| | |
|---|---------------|
| Accrued annual leave - noncurrent portion | 812,757 |
| Bonds payable - noncurrent portion | 1,070,000 |
| Net pension liability | 24,880,998 |
| Total noncurrent liabilities | 26,763,755 |
| Total liabilities | \$ 35,265,210 |

DEFERRED INFLOWS

| | |
|------------------|------------|
| Deferred Inflows | \$ 570,915 |
|------------------|------------|

NET POSITION

| | |
|----------------------------------|---------------|
| Net investment in capital assets | \$ 38,715,079 |
| Restricted for: | |
| Nonexpendable | |
| Scholarship | 261,892 |
| Expendable | |
| EPA - ETC | 163,644 |
| Unrestricted | (19,128,719) |
| Total net position | \$ 20,011,896 |

Central Carolina Technical College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

Revenues

Operating Revenues

| | | |
|--|----|------------|
| Student tuition and fees (net of scholarship allowance of \$6,125,434) | \$ | 6,695,551 |
| Federal grants and contracts | | 2,349,917 |
| State and local grants and contracts | | 3,921,452 |
| Auxiliary services (net of scholarship allowance of \$1,257,749) | | 1,179,315 |
| Other operating revenues | | 365,212 |
| Total operating revenues | | 14,511,447 |

Expenses

Operating Expenses

| | | |
|-----------------------------|--|--------------|
| Salaries | | 13,872,935 |
| Benefits | | 4,790,954 |
| Scholarships | | 5,025,082 |
| Utilities | | 850,577 |
| Supplies and other services | | 6,076,531 |
| Depreciation | | 2,016,547 |
| Total operating expenses | | 32,632,626 |
| Operating Loss | | (18,121,179) |

Nonoperating Revenues (Expenses)

| | | |
|--|--|-------------|
| State appropriations | | 5,205,249 |
| Local appropriations | | 2,521,818 |
| Investment income, net of fair value of investment adjustments | | 139,140 |
| Interest expense | | (91,624) |
| Federal grants and contracts | | 8,457,613 |
| Total nonoperating revenues (expenses) | | 16,232,196 |
| Loss before capital contributions | | (1,888,983) |

Capital Contributions

| | | |
|----------------------------------|--|-----------|
| State capital appropriations | | 432,341 |
| Federal capital grants and gifts | | 625,551 |
| Total capital contributions | | 1,057,892 |
| Decrease in net position | | (831,091) |

| | | |
|----------------------------------|----|------------|
| Net position - beginning of year | | 20,842,987 |
| Net position - end of year | \$ | 20,011,896 |

Central Carolina Technical College
Statement of Cash Flows
For the Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------|
| Tuition and fees | \$ 6,800,250 |
| Federal, State and Local grants and contracts | 7,017,574 |
| Auxiliary enterprise charges | 1,276,041 |
| Other receipts | 365,212 |
| Payments to vendors | (12,089,153) |
| Payments to employees | (18,403,669) |
| Net cash used by operating activities | (15,033,745) |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|--|------------|
| State appropriations | 5,221,986 |
| Local appropriations | 2,548,073 |
| Federal, State and Local grants and contracts nonoperating | 8,481,905 |
| Net cash provided by noncapital financing activities | 16,251,964 |

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

| | |
|---|-------------|
| State and Local capital appropriations | 6,264,805 |
| Federal, State and Local grants and gifts | 625,551 |
| Purchase of capital assets | (3,805,288) |
| Principal paid on capital debt | (300,000) |
| Interest paid | (96,647) |
| Net cash provided by capital and related activities | 2,688,421 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|-----------|
| Proceeds from sale of investment | 112,718 |
| Purchase of investment | (112,859) |
| Interest on investments | 125,283 |
| Net cash flows provided by investing activities | 125,142 |

| | |
|--------------------------|--------------|
| Net increase in cash | 4,031,782 |
| Cash - beginning of year | 5,543,855 |
| Cash - end of year | \$ 9,575,637 |

Reconciliation of operating loss to net cash provided (used) by operating activities:

| | |
|---|-----------------|
| Operating income (loss) | \$ (18,121,179) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation expense | 2,016,547 |
| Change in assets and liabilities | |
| Receivables, net | 319,268 |
| Inventories | (19,049) |
| Deferred charges and prepaid expenses | (51,641) |
| Accounts payable | 264,878 |
| Unearned revenue | 595,444 |
| Compensated absences | (38,013) |
| Net cash provided (used) by operating activities | \$ (15,033,745) |

Noncash investing activities

| | |
|-------------------------------------|-----------|
| Change in fair value of investments | \$ 50,966 |
| Total Noncash investing activities | \$ 50,966 |

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Central Carolina Technical College (“*the College*”) are described below to enhance the usefulness of the financial statements to the reader.

A. Reporting Entity

Central Carolina 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 the counties of Sumter, Clarendon, Lee and Kershaw, South Carolina. Included in this range of programs are technical and occupational diploma and associate degree curricula which are in concert with the needs of service area employers. Integral to this mission, Central Carolina Technical College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading skills of individual employees. It also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

The College’s primary funding sources are student tuition, state and local support, and state and federal grants and contracts.

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Central Carolina Technical College, as the primary government. The College is considered a component unit of the State of South Carolina as required by GASB Statement No. 61, and its financial statements are included in the State’s Comprehensive Annual Financial Report (CAFR) as a discretely presented component unit. As discussed in Note 17, the accounts of the F.E. Dubose Career Center are included in the basic financial statements, and also reported separately in supplemental schedules. The College evaluates potential component units on an annual basis, and presents component units that meet the requirements of Generally Accepted Accounting Principles applicable to governmental and college entities. As of June 30, 2016, the College has determined there are no significant component units.

B. Financial Statements

The financial statements of the College have been prepared to meet the requirements of Generally Accepted Accounting Principles applicable to governmental and college entities. The financial statement presentation provides a comprehensive, entity-wide perspective of the College’s net position, revenues, expenses and changes in net position and cash flows.

C. Measurement Focus and 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 other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

D. Cash and cash equivalents

For purposes of the Statement of Cash Flows, the College considers all highly liquid investments, such as a certificate of deposit, maturing within three months from the date of acquisition to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's office are also considered cash equivalents.

E. Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds". Generally Accepted Accounting Principles applicable to governmental and college entities require disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value in accordance with these same principles. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

F. Inventories

Inventories consist of bookstore books and supplies. Such items are recorded at latest invoice price which approximates the first-in-first-out, lower of cost or market basis.

G. Accounts Receivable and Payables

Accounts receivable are stated net of an allowance for uncollectible accounts. After the College has exhausted all traditional means of collecting delinquent student's accounts, it is authorized and obligated to submit such accounts to the S.C. Department of Revenue for collection through state tax refunds. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. See Note 3 for details.

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account.

Accounts payable consist of goods received or services rendered on or before June 30 and paid after June 30. It can also include funds due to grantors.

H. Unearned Revenues

Unearned revenues include amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. See Note 11. The College has three items that qualify for reporting in this category which are related to pension obligations as follows:

1. Pension contributions made subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the subsequent year.
2. The net difference between the projected and actual earnings on pension plan investments which is deferred and amortized over a closed five-year period.
3. The differences between expected and actual experience is amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. See Note 11. The College has the following items that qualify for reporting in this category:

1. The differences between expected and actual experience is amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
2. The changes in proportion and differences between employer contribution and proportionate share of contributions, which will be deferred and amortized over the average remaining service lives of all plan participants.

J. Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market 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. 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.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. Land and construction in progress are not depreciated.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

K. Classification of Revenues

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

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

Scholarship discounts and allowances

Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain grants, such as Pell and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

L. Classification of Expenses

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

Operating expenses: Operating expenses generally result from the purchasing of goods or services related to the College's principal ongoing operations. These expenses include (1) salaries and benefits paid to employees for providing educational services and other related services to students; (2) utilities to maintain the educational buildings; (3) supplies and services for goods and services provided to the College; (4) scholarship expenses for student financial assistance; and (5) depreciation expense for capital items.

Nonoperating expenses: Nonoperating expenses include activities that have the characteristics of nonexchange transactions. These expenses include interest expense and loss on disposal of assets.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

M. Auxiliary Enterprises Activities

Auxiliary enterprise revenues primarily represent revenues generated by bookstore and vending operations. Revenues of the auxiliary enterprise activities and related expenses of college departments have been eliminated.

N. Net Position

The College's net position is classified as follows:

Net investment in capital assets: This represents the College's total investment in capital assets, net of accumulated depreciation, and capital related deferred outflows of resources (when applicable) and net of outstanding debt obligations related to those capital assets, and capital related deferred inflows of resources (when applicable). To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of investment in capital assets.

Restricted net position - expendable: Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. In 1984, an industry in SC paid to the College a contribution of \$253,500, in lieu of an EPA fine, to support the College's Environmental Training Center (ETC). Earnings on the corpus may be used by the College for unrestricted purposes. Spending of the corpus requires authorization of the Area Commission, and there is no time limit on the expenditure of these funds. The Commission authorized expenditures of \$89,856 from the corpus in a previous year. The remaining corpus, \$163,644, is reflected as Restricted net position – expendable: EPA - ETC on the statement of net position.

Restricted net position - nonexpendable: Nonexpendable restricted net position consists 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 position: Unrestricted net position represents resources derived from student tuition and fees, appropriations, and sales and services of educational departments 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 in regards to restricted net position is to first apply restricted resources when an expense is incurred for purposes of which both restricted and unrestricted net position are available.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

O. Compensated Absences

The College has accrued a liability for employees' vested vacation pay. The liability for accrued compensated absences includes all accrued leave, including unused holidays, and related fringe benefits. Other compensated absences, such as sick pay, do not vest; accordingly, no liability is accrued.

P. Capitalized Interest

The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects or interest cost that could have been avoided if cash had been used to pay off debt instead of using it for the capital project. Interest is only capitalized for individual projects with a cost greater than \$1 million and duration greater than one year. The College did not capitalize any interest expense during the year because no capital projects met the stated criteria.

Q. Accounting Estimates

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

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) and additions to/deductions from SCRS's and PORS's fiduciary net position have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

The following schedule reconciles cash and investments as reported on the Statement of Net Position to footnote disclosure provided for deposits and investments.

Statement of Net Position:

| | |
|--------------------------------------|---------------------|
| Cash and cash equivalents | \$ 9,538,580 |
| Restricted cash and cash equivalents | 37,057 |
| Investments | 2,701,201 |
| Restricted Investments | <u>252,081</u> |
| TOTAL STATEMENT OF NET POSITION | <u>\$12,528,919</u> |

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

(continued)

Notes to Financial Statements:

| | |
|---------------------------------------|----------------------|
| Carrying value of deposits: | |
| Held by financial institutions | \$ 100,542 |
| Held by state treasurer | 8,107,868 |
| Repurchase agreement | 1,366,162 |
| Cash on hand | 1,065 |
| Investments: | |
| Certificates of Deposits | 750,000 |
| Federal National Mortgage Association | <u>2,203,282</u> |
| TOTAL | <u>\$ 12,528,919</u> |

Deposits:

The “deposit” classification is used only in the notes, not on the face of the statement of net position or balance sheet. Deposits include only cash in bank accounts, money market funds and certificates of deposits.

Restricted cash includes \$9,186 held for scholarship endowment and \$27,871 held for others.

Deposits Policy

The State’s policy, by law, requires all banks or savings and loan associations that receive state funds deposited by the College, to secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the College against any loss.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the College will not be able to recover deposits or will not be able to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails. Deposits include cash and cash equivalents on deposit in banks, overnight repurchase agreements, and money market accounts. The College does not have a policy that limits holding of securities by counterparties.

As of June 30, 2016, the deposits for Central Carolina Technical College outside of the State Treasurer were \$1,466,704 and the bank balances were \$1,533,908. Of these, \$1,366,162 were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging institution or their trust department or agent for the College but not in the College’s name.

The College did not incur any losses in the year ended June 30, 2016 due to default by counterparties.

Investments:

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are

CENTRAL CAROLINA TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

(continued)

Investments:

(continued)

categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The College's investments at June 30, 2016 are held by certain financial institutions in the College's name. The fair value of investments at June 30, 2016 consists solely of certificates of deposits, Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA) bonds. All of the investments for the reporting period were either US Treasury and agency obligations, or fully insured or collateralized certificates of deposits. Investments' fair value measurements are as follows at June 30, 2016:

| Investments | Fair Value | Fair Value Measurements Using | | |
|-------------------------|-------------|-------------------------------|-------------------|-------------------|
| | | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs |
| Certificates of Deposit | \$ 750,000 | \$ - | \$ 750,000 | \$ - |
| Debt securities: | | | | |
| U.S. Treasuries | \$2,203,282 | \$ 2,203,282 | \$ - | \$ - |
| Total Investments | \$2,953,282 | \$ 2,203,282 | \$ 750,000 | \$ - |

Debt securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Certificates of deposit are fully insured and therefore, based on cost.

In addition, South Carolina state statutes authorize the College to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created pursuant to Section 6-6-10 of the South Carolina Code of Laws and administered by the State Treasurer, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized ratings services. The SCLGIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

Investments, including the College's investment in the South Carolina Local Government Investment Pool, are carried at fair value based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned. The fair value of the College's position in the Pool is the same as the value of the pool shares.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

(continued)

Investments:

(continued)

Restricted investments include \$252,081 held for scholarship endowment.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

As of June 30, 2016, the College's investments were held in the College's name by the College's custodial bank; the underlying securities were held in the name of the custodial bank for the College.

The College does not have a policy that limits holding of securities by counterparties.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not pay the face value of the securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Part of the interest rate risk experienced with debt securities is maturity risk. The College's interest rate risk policy is to structure its investment portfolio so securities mature to meet cash requirements for ongoing operations to prevent the need to liquidate securities prior to maturity. The College's debt investments as of June 30, 2016 included the following FHLMC and FNMA bonds:

| <u>FMV</u> | <u>Interest rate</u> | <u>Maturity date</u> | <u>Call date</u> |
|-------------|----------------------|----------------------|------------------|
| \$252,081 | 1.375% | 4/26/19 | 7/26/16 |
| \$113,060 | 1.125% | 11/27/20 | 8/27/16 |
| \$1,838,141 | 1.000% | 6/30/21 | 12/30/16 |

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's credit risk policy mitigates potential for loss of principal by purchasing only high investment grade fixed-income securities that are fully insured or collateralized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's policy for reducing the risk is to only invest in US Treasury and agency obligations, or fully insured or collateralized certificates of deposits and repurchase agreements. The FHLMC and FNMA bonds have a Moody's rating of Aaa and S&P rating of AA+.

CENTRAL CAROLINA TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

(continued)

Investments:

(continued)

As of June 30, 2016, the College had all of its investments in fully insured certificates of deposits and FHLMC/FNMA bonds and the state investment pool.

Realized Gains and Losses

During fiscal year 2016, the College realized a net gain of \$283 from the sale of investments. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments during fiscal year 2016 was \$54,161. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at year-end was \$742.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2016, are summarized as follows:

| | |
|--------------------------------------|-------------------|
| Student accounts receivable | \$ 818,707 |
| Allowance for uncollectible accounts | (471,661) |
| Federal grants and contracts | 258,533 |
| State grants and contracts | 128,436 |
| County appropriation | 27,291 |
| Other | <u>107,214</u> |
| Total accounts receivable | <u>\$ 868,520</u> |

NOTE 4 - LEASE OBLIGATIONS

The College had three operating lease obligations as of June 30, 2016 with non-state entities. The first lease for photocopier equipment expires July 31, 2018 and has annual payments of \$34,297. The second lease for a postage meter expires November 30, 2019 and has annual payments of \$863. The third lease for photocopier equipment expires August 31, 2020 and has annual payments of \$13,601. Operating lease expense during fiscal year 2016 was \$46,494.

Future minimum operating lease obligations are as follows:

| | |
|------------|-------------------|
| <u>FYE</u> | |
| 2017 | \$ 48,761 |
| 2018 | 48,761 |
| 2019 | 17,322 |
| 2020 | 13,961 |
| 2021 | <u>2,267</u> |
| Total | <u>\$ 131,072</u> |

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – CAPITAL ASSETS

| | Balance | | | Balance June 30, 2016 |
|--|--------------------------|--------------------------|----------------------------|--------------------------|
| | June 30, 2015 | Increases | Decreases | |
| Capital assets not being depreciated: | | | | |
| Land and improvements | \$ 1,432,439 | \$ - | \$ - | \$ 1,432,439 |
| Construction in progress | 11,595,046 | 30,010 | (11,595,046) | 30,010 |
| Total capital assets not being depreciated | 13,027,485 | 30,010 | (11,595,046) | 1,462,449 |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 37,182,453 | 13,480,834 | - | 50,663,287 |
| Machinery, equipment, and other | 6,056,299 | 541,565 | (111,584) | 6,486,280 |
| Vehicles | 590,639 | 65,608 | (28,426) | 627,821 |
| Depreciable land improvements | 2,166,688 | - | - | 2,166,688 |
| Total depreciable capital assets at historical cost | 45,996,079 | 14,088,007 | (140,010) | 59,944,076 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (13,261,507) | (1,275,931) | - | (14,537,438) |
| Machinery, equipment, and other | (4,719,121) | (591,732) | 111,584 | (5,199,269) |
| Vehicles | (467,775) | (24,893) | 28,426 | (464,242) |
| Depreciable land improvements | (976,506) | (123,991) | - | (1,100,497) |
| Total accumulated depreciation | (19,424,909) | (2,016,547) | 140,010 | (21,301,446) |
| Depreciable capital assets, net | 26,571,170 | 12,071,460 | - | 38,642,630 |
| Capital assets, net | \$ 39,598,655 | \$ 12,101,470 | \$ (11,595,046) | \$ 40,105,079 |

Construction in progress as of June 30, 2016 consists of one project that will be capitalized upon completion. The Building 400 renovation is a \$1.75 million project that is expected to begin in December 2016 and be completed by June 2017. This project is being funded with \$750,000 state funds and \$1,000,000 county sales tax funds. As of June 30, 2016, the College had entered into one contract with an architectural firm, with an estimated commitment balance of \$114,419.

NOTE 6 - BONDS PAYABLE

In fiscal year 2010, the College issued \$3,000,000 in Special Fee Revenue Bonds series 2010A for \$1,500,000 and series 2010B for \$1,500,000. These bonds are payable solely from and secured by a pledge of revenues derived from the imposition of a special tuition fee on the curriculum students of the College, which resulted in revenue of \$972,825 in fiscal year 2016. The proceeds of these bonds were used for the construction of the Health Sciences facility, which was completed in fiscal year 2011.

These bonds mature annually on March 1 with principal amounts ranging from \$115,000 to \$180,000 each with applicable semi-annual interest at 5.63%. The bonds were issued as taxable Recovery Zone Economic Development (2010A) and Build America (2010B) bonds. Under the Recovery Zone Economic Development Bonds Program, the College will receive a rebate from the Federal Government in an amount equal to 45% of the interest paid on the Bond, resulting in an effective rate of 3.0965%. Under the Build America Bonds Program, the College will receive a rebate from

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - BONDS PAYABLE

(continued)

the Federal Government in an amount equal to 35% of the interest paid on the Bond, resulting in an effective rate of 3.6595%.

As a result of the federal sequestration reduction in fiscal year 2013, the College's rebates were reduced as follows:

| <u>Payment date</u> | <u>Reduction %</u> | <u>Reduction amount</u> |
|---------------------|--------------------|-------------------------|
| 9/1/13 | 8.7% | \$2,214 |
| 3/1/14 | 7.2% | \$1,832 |
| 9/1/14 | 7.2% | \$1,605 |
| 3/1/15 | 7.3% | \$1,628 |
| 9/1/15 | 7.3% | \$1,389 |
| 3/1/16 | 6.8% | \$1,294 |
| 9/1/16 | 6.8% | \$1,064 |

At this time it is not known if this reduction is permanent; therefore, the following chart assumes the full rebates will be received in the future.

Revenue Bonds—Series 2010A & 2010B:

| | <u>Principal Payment</u> | <u>Interest Payment</u> | <u>Total Payments</u> | <u>Interest Rebate</u> |
|-------|------------------------------|-----------------------------|---------------------------|----------------------------|
| 2017 | \$ 320,000 | \$ 78,257 | \$ 398,257 | \$ (31,303) |
| 2018 | 340,000 | 60,241 | 400,241 | (24,096) |
| 2019 | 360,000 | 41,099 | 401,099 | (16,440) |
| 2020 | 370,000 | 20,831 | 390,831 | (8,332) |
| Total | <u>\$ 1,390,000</u> | <u>\$ 200,428</u> | <u>\$ 1,590,428</u> | <u>\$ (80,171)</u> |

NOTE 7 – LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2016 was as follows:

| | June 30, <u>2015</u> | <u>Additions</u> | <u>Reductions</u> | June 30, <u>2016</u> | <u>Due Within One Year</u> |
|------------------------------|-------------------------|-------------------|-------------------|-------------------------|--------------------------------|
| Bonds Payable | | | | | |
| Special Fee Revenue Bonds | \$ 1,690,000 | \$ - | \$ 300,000 | \$ 1,390,000 | \$ 320,000 |
| Accrued Compensated Absences | <u>917,620</u> | <u>146,406</u> | <u>184,419</u> | <u>879,607</u> | <u>66,850</u> |
| Total Long-Term Liabilities | <u>\$ 2,607,620</u> | <u>\$ 146,406</u> | <u>\$ 484,419</u> | <u>\$ 2,269,607</u> | <u>\$ 386,850</u> |

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS

The financial statements include only those accounts and transactions of the College which relate to the educational purposes of Central Carolina Technical College.

The Central Carolina Technical College Foundation

Central Carolina Technical College Foundation is a separately chartered legal entity whose activities are related to those of the College and exists primarily to provide financial assistance and other support to the College and its educational programs. The Foundation has given \$105,482 for scholarships and educational programs in the current fiscal year. Financial statements for this entity are compiled by independent accountants retained by the Foundation. Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61.

In the process of evaluating whether to include the Foundation as a potential component unit, the College concluded that the resources held by the Foundation, as well as the resources received from the Foundation were not significant to the College's financial position and operations as a whole. As such the Foundation is not included as a component unit in these statements. Per the compiled financial statements, the Foundation's Net Assets as of June 30, 2016 were \$1,537,627.

Transactions with Other Agencies

The College had certain transactions with the State of South Carolina and various agencies. Services received at no cost from State agencies include banking services from the State Treasurer. Other services received at no cost from the various offices of the State Department of Administration include pension plan administration, insurance plans administration, personnel management, assistance in the preparation of the State Budget, procurement services, and other centralized functions.

NOTE 9 – DONOR RESTRICTED ENDOWMENTS

Noncurrent assets include assets restricted for an endowment as shown below.

| | |
|--------------------------------------|------------|
| Restricted cash and cash equivalents | \$ 9,186 |
| Restricted investment | \$ 252,081 |

The donor has provided specific instructions to authorize the income on the investment of endowment funds to be spent on scholarships, in compliance with SC Code of Laws Sections 34-6-20, 34-6-30, and 34-6-60.

At June 30, 2016, the endowment had an unrealized gain of \$2,399. All is restricted and nonexpendable as of June 30, 2016 and was included in the restricted net position.

NOTE 10 - STATE APPROPRIATIONS

State funds for operations for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. The following is a detail schedule of part of the State revenue reported in the financial statements for the fiscal year ended June 30, 2016:

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 - STATE APPROPRIATIONS

(continued)

Non-Capital Appropriations

Current year's appropriations:

| | |
|---|--------------------|
| Original appropriations per Annual Appropriations Act | \$4,545,676 |
| Critical Needs Nursing | 18,794 |
| Pathways to Prosperity | 37,784 |
| Critical Needs Workforce Initiative | 208,907 |
| ReadySC | 6,072 |
| SCMC program | 21,443 |
| Career Pathways | 145,316 |
| Summer Institute | 3,803 |
| From Commission on Higher Education: | |
| Academic Endowment | 36 |
| From SC Lottery Fund: | |
| Lottery Technology | <u>217,418</u> |
| Total non-capital appropriations recorded as current year revenue | <u>\$5,205,249</u> |

Capital Appropriations

| | |
|--|-------------------|
| Prior year capital appropriations recorded as current year revenue | <u>\$ 432,341</u> |
|--|-------------------|

NOTE 11— DEFINED BENEFIT PENSION PLANS

The South Carolina Public Employee Benefit Authority (“PEBA”), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (restructured into the Department of Administration on July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (“Systems”) and serves as a co-trustee of the Systems in conducting that review.

PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11— DEFINED BENEFIT PENSION PLANS

(continued)

Plan Description

- The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.
- The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11— DEFINED BENEFIT PENSION PLANS

(continued)

requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; this increase is not limited to one-half of one percent per year.

CENTRAL CAROLINA TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 11— DEFINED BENEFIT PENSION PLANS

(continued)

| | |
|---|---------------------------------|
| Required <u>employee</u> contribution rates for fiscal year 2015-2016 are as follows: | |
| SCRS | |
| Employee Class Two | 8.16% of earnable compensation |
| Employee Class Three | 8.16% of earnable compensation |
| PORS | |
| Employee Class Two | 8.74% of earnable compensation |
| Employee Class Three | 8.74% of earnable compensation |
| Required <u>employer</u> contribution rates for fiscal year 2015-2016 are as follows: | |
| SCRS | |
| Employer Class Two | 10.91% of earnable compensation |
| Employer Class Three | 10.91% of earnable compensation |
| Employer Incidental Death Benefit | 0.15% of earnable compensation |
| PORS | |
| Employer Class Two | 13.34% of earnable compensation |
| Employer Class Three | 13.34% of earnable compensation |
| Employer Incidental Death Benefit | 0.20% of earnable compensation |
| Employer Accidental Death Program | 0.20% of earnable compensation |

The College's required and actual employer contributions are as follows:

| Year ended June 30, 2016 | SCRS | PORS |
|--------------------------|--------------|-----------|
| Required contributions | \$ 1,320,596 | \$ 20,879 |
| Actual contributions | \$ 1,320,596 | \$ 20,879 |

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The June 30, 2015 total pension liability, net pension liability, and sensitivity information for the System were determined by their consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2014 actuarial valuations, as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2014. The total pension liability was

CENTRAL CAROLINA TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 11— DEFINED BENEFIT PENSION PLANS

(continued)

rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2014 valuations for SCRS and PORS.

| | SCRS | PORS |
|----------------------------|--|--|
| Actuarial cost method | Entry age normal | Entry age normal |
| Actuarial assumptions: | | |
| Investment rate of return | 7.5% | 7.5% |
| Projected salary increases | 3.5% to 12.5% (varies by service) ¹ | 4.0% to 10.0% (varies by service) ¹ |
| Benefit adjustments | lesser of 1% or \$500 annually | lesser of 1% or \$500 annually |

¹ Includes inflation at 2.75%

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014 valuations for SCRS and PORS are as follows.

| Former Job Class | Males | Females |
|---|---|--|
| Educators | RP-2000 Males (with White Collar adjustment) multiplied by 110% | RP-2000 Females (with White Collar adjustment) multiplied by 95% |
| General Employees and Members of the General Assembly | RP-2000 Males multiplied by 100% | RP-2000 Females multiplied by 90% |
| Public Safety and Firefighters | RP-2000 Males (with Blue Collar adjustment) multiplied by 115% | RP-2000 Females (with Blue Collar adjustment) multiplied by 115% |

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. The College's proportional share of the NPL amounts for SCRS and PORS are presented below:

| Measurement Period Ended June 30, | Fiscal Year Ended June 30, | SCRS | PORS |
|--|---------------------------------------|--------------|-------------|
| 2014 | 2015 | \$23,073,973 | \$163,167 |
| 2015 | 2016 | \$24,695,523 | \$185,475 |

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11— DEFINED BENEFIT PENSION PLANS

(continued)

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The College's proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the measurement period ended June 30, 2015, the College's percentage of the SCRS and PORS net pension liability were 0.130213% and .00851%, respectively.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments as used in the July 1, 2014 actuarial valuations, was based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted by the Investment Commission for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11— DEFINED BENEFIT PENSION PLANS

(continued)

| Asset Class | Target Asset Allocation | Expected Arithmetic Real Rate of Return | Long Term Expected Portfolio Real Rate of Return |
|---|------------------------------------|--|---|
| Short Term | 5.0% | | |
| Cash | 2.0% | 1.90% | 0.04% |
| Short Duration | 3.0% | 2.00% | 0.06% |
| Domestic Fixed Income | 13.0% | | |
| Core Fixed Income | 7.0% | 2.70% | 0.19% |
| Mixed Credit | 6.0% | 3.80% | 0.23% |
| Global Fixed Income | 9.0% | | |
| Global Fixed Income | 3.0% | 2.80% | 0.08% |
| Emerging Markets Debt | 6.0% | 5.10% | 0.31% |
| Global Public Equity | 31.0% | 7.10% | 2.20% |
| Global Tactical Asset Allocation | 10.0% | 4.90% | 0.49% |
| Alternatives | 32.0% | | |
| Hedge Funds (Low Beta) | 8.0% | 4.30% | 0.34% |
| Private Debt | 7.0% | 9.90% | 0.69% |
| Private Equity | 9.0% | 9.90% | 0.89% |
| Real Estate (Broad Market) | 5.0% | 6.00% | 0.30% |
| Commodities | 3.0% | 5.90% | 0.18% |
| Total Expected Real Return | <u>100.0%</u> | | 6.00% |
| Inflation for Actuarial Purposes | | | <u>2.75%</u> |
| Total Expected Nominal Return | | | <u>8.75%</u> |

Sensitivity Analysis

The following table presents the collective net pension liability of the College calculated using the discount rate of 7.50 percent, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

| Sensitivity of the College's Proportional Share of Net Pension Liability to Changes in the Discount Rate | | | |
|---|-----------------------------------|--|-----------------------------------|
| System | 1.00% Decrease (6.50%) | Current Discount Rate (7.50%) | 1.00% Increase (8.50%) |
| SCRS | \$ 31,133,998 | \$ 24,695,523 | \$ 19,299,263 |
| PORS | 252,660 | 185,475 | 125,415 |

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in PEBA's separately issued financial report.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11— DEFINED BENEFIT PENSION PLANS

(continued)

Pension Expense and Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2016, the College recognized pension expense of \$1,643,926.

At June 30, 2016, the College reported deferred outflows (inflows) of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$ 1,341,475 | \$ - |
| Differences in actual and expected experience | 442,431 | 44,163 |
| Net differences between projected and actual earnings on plan investments | 167,328 | - |
| Change in Proportionate Share | - | 526,752 |
| | <u>\$ 1,951,234</u> | <u>\$ 570,915</u> |

The College reported \$1,341,475 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. The difference between projected and actual earnings on pension plan investments are reported as deferred outflows (inflows) of resources and will be amortized over a closed five-year period and recognized in pension expense in future years. The differences between expected and actual experience and the change in proportionate share of contributions are reported as deferred outflows (inflows) of resources and will be amortized over the average remaining service lives of all plan participants. Average remaining service lives of all employees provided with pensions through the pension plans at the June 30, 2015 measurement date was 4.164 years for SCRS and 4.796 years for PORS. The following schedule reflects the amortization of the College's proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2016.

| Measurement Period Ending June 30, | Fiscal Year Ending June 30, | SCRS | PORS |
|--|--------------------------------|------------------|-----------------|
| 2016 | 2017 | \$ (60,680) | \$ 515 |
| 2017 | 2018 | (60,680) | 515 |
| 2018 | 2019 | (211,386) | 352 |
| 2019 | 2020 | 366,126 | 4,082 |
| Net Balance of Deferred Outflows / (Inflows) of Resources | | <u>\$ 33,380</u> | <u>\$ 5,464</u> |

Payables to the pension plans

At June 30, 2016, the College reported a payable of \$219,233 and \$2,526 for the outstanding amount of contributions due to SCRS and PORS, respectively. The liability will be paid in the normal course of paying year-end obligations.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12— DEFINED CONTRIBUTION PENSION PLAN

The College contributes to the State Optional Retirement Program (“State ORP”), a defined contribution pension plan that is offered as an alternative to the SCRS defined benefit plan. Participation in the State ORP is available to certain newly hired state, public school, and higher education employees, and individuals newly elected to the SC General Assembly beginning with the November 2012 general election. Membership and contribution requirements are prescribed in Title 9 of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8.16 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.91 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

For the year ended June 30, 2016, employee contributions totaled \$84,288 and the College recognized pension expense of \$109,898.

Employees are immediately vested in both their own and the employer contributions and earnings on those contributions.

The College reported a \$10,874 liability to the Plan at June 30, 2016.

NOTE 13—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The College contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple employer defined benefit postemployment healthcare and long-term disability plans administered by the Insurance Benefits Division (IB) of the South Carolina Public Employee Benefit Authority (PEBA).

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

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

(continued)

Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations.

Employers participating in the SCRHITF are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 5.33%, 5%, and 4.92% of annual covered payroll for 2016, 2015, and 2014 respectively. The IB sets the employer contribution rate based on a pay-as-you-go basis. The College paid approximately \$669,068, \$634,012, and \$623,241 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2016, 2015, and 2014 respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2016, 2015, and 2014. The College recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$7,815, \$7,509, and \$7,374 for the years ended June 30, 2016, 2015, and 2014 respectively.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated IB reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions.

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – UNRESTRICTED NET POSITION

The unrestricted net position reported on the Statement of Net Position totals (\$19,128,719). A large portion of these funds are designated for specific expenditures or projects as follows:

| | |
|--|------------------------|
| Net Pension Liability—this represents the College’s estimated portion of the State’s net pension liability, required to be reported by GASB 68 | \$(24,880,998) |
| F.E. Dubose Career Center—negative net position due to net pension liability | (1,507,762) |
| Quasi-Endowment – this represents amounts established by the governing board to function as an endowment | 115,852 |
| Designated for Capital projects | 4,334,565 |
| 30 Days Working Capital—required by State Board policy | 1,808,055 |
| Amount designated by the governing board to hold back and not spend (in addition to the 30 days working capital) | <u>1,001,569</u> |
| Total | <u>\$(19,128,719)</u> |

NOTE 15– OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2016 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 | \$ 8,357,260 | \$ 2,747,830 | \$ - | \$ - | \$ 2,210,449 | \$ - | \$ 13,315,539 |
| Academic Support | 868,692 | 296,783 | - | - | 214,093 | - | 1,379,568 |
| Student Services | 1,841,565 | 639,603 | - | - | 525,351 | - | 3,006,519 |
| Operation and Maintenance of Plant | 1,011,861 | 431,633 | - | 850,577 | 782,847 | - | 3,076,918 |
| Institutional Support | 1,693,863 | 631,120 | - | - | 444,749 | - | 2,769,732 |
| Scholarships | - | - | 5,025,082 | - | - | - | 5,025,082 |
| Auxiliary Enterprises | 99,694 | 43,985 | - | - | 1,899,042 | - | 2,042,721 |
| Depreciation | - | - | - | - | - | 2,016,547 | 2,016,547 |
| Total Operating Expense | <u>\$13,872,935</u> | <u>\$4,790,954</u> | <u>\$5,025,082</u> | <u>\$850,577</u> | <u>\$6,076,531</u> | <u>\$2,016,547</u> | <u>\$32,632,626</u> |

NOTE 16 - RISK MANAGEMENT

The College is exposed to various risks of loss and pays insurance premiums to certain state agencies and commercial insurers to cover risks that may occur in normal operations. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settled claims have not exceeded this coverage in any of the past three years.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 16 - RISK MANAGEMENT

(continued)

Several state funds accumulate and the State itself assumes substantially all risks for the following:

1. Claims of state employees for unemployment compensation benefits (Department of Employment and Workforce);
2. Claims of covered employees for worker's compensation benefits for job-related illnesses or injuries (State Accident Fund);
3. Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services); and
4. Claims of covered public employees for long-term disability and group-life insurance benefits (PEBA).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other coverage listed above is through the applicable State self-insured plan except that dependent and optional life premiums are remitted to commercial carriers.

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

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles;
4. Torts, and;
5. Natural disasters.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage, and to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability insurance. The IRF's rates are determined actuarially.

The State Board for Technical and Comprehensive Education obtains coverage through commercial insurers for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

The College has recorded insurance premium expenditures in the applicable functional expenditure categories. All claims are expected to be covered, except for the deductibles. These risks of loss (the deductibles) have not been transferred to a state or commercial insurer. There has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 17 - F.E. DUBOSE CAREER CENTER

On July 1, 1998, the College assumed the management and operation of the F.E. Dubose Career Center, a secondary educational institution located in Clarendon County, SC. The accounts and activities of this Career Center are included in the basic financial statements of the College. Several additional schedules are included in the College's "Supplemental Information" section, as required by the South Carolina State Department of Education, because the Career Center receives most of its funds from the S.C. Department of Education.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 18 – NATIONAL FEDERAL DIRECT SUBSIDIZED AND UNSUBSIDIZED STAFFORD LOANS

The College participates in the National Federal Direct Subsidized and Unsubsidized Stafford Loan Program, which allows the College to disburse federal loans to students which are administered by the U.S. Department of Education. The loan activity is not reported in the accompanying financial statements because the responsibility for administration and collection passes to the U.S. Department of Education after the loans are disbursed. The College made loan disbursements of \$6,740,055 under this program during fiscal year 2016.

NOTE 19 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

GASB Statement No.74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The College will implement the new guidance with the 2017 financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The College will implement the new guidance with the 2018 financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The College will implement the new guidance with the 2017 financial statements.

GASB Statement No. 82, *Pension issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, requires the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The College will implement the new guidance with the 2017 financial statements.

Management has not yet determined the impact implementation of these standards will have on the College's financial statements, if any.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Central Carolina Technical College

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of the College's Proportionate Share of the Net Pension Liability
South Carolina Retirement System
Last 3 Fiscal Years**

| Year Ended June 30 | College's proportion of the net pension liability | College's proportionate share of the net pension liability (asset) | College's covered employee payroll | College's share of the net pension liability (asset) as a percentage of its covered employee payroll | Plan fiduciary net position as a percentage of the total pension liability |
|--------------------|---|--|------------------------------------|--|--|
| 2016 | 0.130213% | \$ 24,695,523 | \$ 12,407,256 | 199% | 57.0% |
| 2015 | 0.130213% | \$ 23,073,973 | \$ 12,592,700 | 183% | 59.92% |
| 2014 | 0.130213% | \$ 24,038,587 | \$ 12,555,133 | 184% | 56.39% |

Note: Each year the College will add an additional year of data until a total of ten years is presented.

**Schedule of the College's Proportionate Share of the Net Pension Liability
Police Officer's Retirement System
Last 3 Fiscal Years**

| Year Ended June 30 | College's proportion of the net pension liability | College's proportionate share of the net pension liability (asset) | College's covered employee payroll | College's share of the net pension liability (asset) as a percentage of its covered employee payroll | Plan fiduciary net position as a percentage of the total pension liability |
|--------------------|---|--|------------------------------------|--|--|
| 2016 | .00851% | \$ 185,475 | \$ 151,961 | 122% | 64.60% |
| 2015 | .00851% | \$ 163,167 | \$ 105,427 | 155% | 67.55% |
| 2014 | .00851% | \$ 176,679 | \$ 102,506 | 159% | 62.98% |

Note: Each year the College will add an additional year of data until a total of ten years is presented.

Central Carolina Technical College

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the College's Contributions
South Carolina Retirement System
Last 10 Fiscal Years

| Year Ended June 30 | Statutorily required contribution | Contributions relative to statutorily required contribution | Contribution deficiency (excess) | College's covered employee payroll | Contributions as a percentage of covered-employee payroll |
|--------------------|-----------------------------------|---|----------------------------------|------------------------------------|---|
| 2016 | \$ 1,320,596 | \$ 1,320,596 | \$ — | \$ 12,407,256 | 10.64% |
| 2015 | \$ 1,327,275 | \$ 1,327,275 | \$ — | \$ 12,592,700 | 10.54% |
| 2014 | \$ 1,289,742 | \$ 1,289,742 | \$ — | \$ 12,555,133 | 10.27% |
| 2013 | \$ 1,347,707 | \$ 1,347,707 | \$ — | \$ 13,054,515 | 10.32% |
| 2012 | \$ 1,179,569 | \$ 1,179,569 | \$ — | \$ 12,728,980 | 9.27% |
| 2011 | \$ 1,072,530 | \$ 1,072,530 | \$ — | \$ 11,782,411 | 9.10% |
| 2010 | \$ 1,004,765 | \$ 1,004,765 | \$ — | \$ 11,053,468 | 9.09% |
| 2009 | \$ 928,522 | \$ 928,522 | \$ — | \$ 10,277,892 | 9.03% |
| 2008 | \$ 878,862 | \$ 878,862 | \$ — | \$ 10,041,348 | 8.75% |
| 2007 | \$ 716,896 | \$ 716,896 | \$ — | \$ 9,921,086 | 7.23% |

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Central Carolina Technical College

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the College's Contributions
Police Officers Retirement System
Last 10 Fiscal Years

| Year Ended June 30 | Statutorily required contribution | Contributions relative to statutorily required contribution | Contribution deficiency (excess) | College's covered employee payroll | Contributions as a percentage of covered-employee payroll |
|--------------------|-----------------------------------|---|----------------------------------|------------------------------------|---|
| 2016 | \$ 20,879 | \$ 20,879 | \$ — | \$ 151,961 | 13.74% |
| 2015 | \$ 14,138 | \$ 14,138 | \$ — | \$ 105,427 | 13.41% |
| 2014 | \$ 13,162 | \$ 13,162 | \$ — | \$ 102,506 | 12.84% |
| 2013 | \$ 11,853 | \$ 11,853 | \$ — | \$ 96,368 | 12.30% |
| 2012 | \$ 5,390 | \$ 5,390 | \$ — | \$ 45,818 | 11.76% |
| 2011 | \$ 536 | \$ 536 | \$ — | \$ 4,648 | 11.53% |
| 2010 | \$ — | \$ — | \$ — | \$ — | —% |
| 2009 | \$ 1,652 | \$ 1,652 | \$ — | \$ 14,952 | 11.05% |
| 2008 | \$ — | \$ — | \$ — | \$ — | —% |
| 2007 | \$ — | \$ — | \$ — | \$ — | —% |

SUPPLEMENTAL INFORMATION

**F.E. Dubose Career Center
Statement of Net Position
June 30, 2016**

| | Primary Government Governmental Activities |
|--|--|
| ASSETS | |
| Cash and cash equivalents | \$ 260,807 |
| Property taxes receivable | 6,403 |
| Other receivables | 116,945 |
| Total Assets | 384,155 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows | 38,408 |
| LIABILITIES | |
| Accounts payable and other current liabilities | 8,500 |
| Unearned revenue | 71,109 |
| Long-term liabilities: | |
| Due within one year: | |
| Compensated absences | 3,464 |
| Due in more than one year: | |
| Compensated absences | 42,113 |
| Net Pension liability | 1,673,870 |
| Total Liabilities | 1,799,056 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows | 131,269 |
| NET POSITION | |
| Unrestricted (deficit) | (1,507,762) |
| Total Net Position | \$ (1,507,762) |

**F.E. Dubose Career Center
Statement of Activities
For the Year Ended June 30, 2016**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|--------------------------------------|---------------------|---|---|---|--|
| | | <u>Charges for Services and Sales</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Primary Government Governmental Activities</u> |
| Primary government | | | | | |
| Government activities: | | | | | |
| Instruction | \$ 778,697 | \$ 737,153 | \$ 181,128 | \$ - | \$ 139,584 |
| Support services | 586,345 | - | 174,818 | - | (411,527) |
| Total governmental activities | <u>1,365,042</u> | <u>737,153</u> | <u>355,946</u> | <u>-</u> | <u>(271,943)</u> |
| Total primary government | <u>\$ 1,365,042</u> | <u>\$ 737,153</u> | <u>\$ 355,946</u> | <u>\$ -</u> | <u>\$ (271,943)</u> |
| General Revenues: | | | | | |
| Property taxes | | | | | 314,216 |
| State aid/grants (unrestricted) | | | | | 41,548 |
| Total General Revenues | | | | | <u>355,764</u> |
| Change in Net Position | | | | | 83,821 |
| Net position - beginning of year | | | | | (1,591,583) |
| Net position - end of year | | | | | <u>\$ (1,507,762)</u> |

**F.E. Dubose Career Center
Balance Sheet
Governmental Funds
June 30, 2016**

| | General | Special Revenue | EIA Fund | Total Governmental Funds |
|--------------------------------------|------------|--------------------|-------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 260,807 | \$ - | \$ - | \$ 260,807 |
| Property taxes receivable, net | 6,403 | - | - | 6,403 |
| Due from other funds | 109,371 | - | - | 109,371 |
| Other receivables | 7,574 | 71,572 | 37,799 | 116,945 |
| Total assets | \$ 384,155 | \$ 71,572 | \$ 37,799 | \$ 493,526 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 8,500 | - | - | 8,500 |
| Unearned revenue | 71,109 | - | - | 71,109 |
| Due to other funds | - | 71,572 | 37,799 | 109,371 |
| Total liabilities | 79,609 | 71,572 | 37,799 | 188,980 |
| Fund balances: | | | | |
| Unassigned | 304,546 | - | - | 304,546 |
| Total fund balances | 304,546 | - | - | 304,546 |
| Total liabilities and fund balances | \$ 384,155 | \$ 71,572 | \$ 37,799 | \$ 493,526 |
| Total fund balances | | | | \$ 304,546 |

Amounts reported for governmental activities in the statement of net position are different because of the following:

Other long term assets related to pension expense are not available to pay for current expenditures and are, therefore, not reported or are deferred in the funds:

| | | |
|--|----------|--------|
| Contributions made subsequent to measurement date | 138,321 | |
| Differences between expected and actual experience | (99,913) | 38,408 |

Long-term liabilities, accrued compensated absences, and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:

| | | |
|------------------------------|-------------|-------------|
| Accrued compensated absences | (45,577) | |
| Net pension liabilities | (1,673,870) | (1,719,447) |

Other long term liabilities related to pension expense do not consume current financial resources and are, therefore, not reported in the funds:

| | | |
|--|--|-----------|
| Investment earnings on retirement plan fiduciary held assets | | (131,269) |
|--|--|-----------|

| | | |
|---|--|----------------|
| Net position of governmental activities | | \$ (1,507,762) |
|---|--|----------------|

**F.E. Dubose Career Center
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
for the Year Ended June 30, 2016**

| | General Fund | Special Revenue Fund | EIA Fund | Total Governmental Funds |
|--|-------------------|----------------------------|----------------|--------------------------------|
| REVENUES | | | | |
| Local property taxes | \$ 227,602 | \$ - | \$ - | \$ 227,602 |
| Other local | 778,701 | - | - | 778,701 |
| Total local | 1,006,303 | - | - | 1,006,303 |
| State | 86,614 | 18,113 | 240,634 | 345,361 |
| Federal | - | 97,199 | - | 97,199 |
| Total revenues | <u>1,092,917</u> | <u>115,312</u> | <u>240,634</u> | <u>1,448,863</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 666,233 | 103,549 | 77,579 | 847,361 |
| Support services | 438,123 | 11,763 | 163,055 | 612,941 |
| Total expenditures | <u>1,104,356</u> | <u>115,312</u> | <u>240,634</u> | <u>1,460,302</u> |
| Excess (deficiency) of revenues over expenditures | <u>(11,439)</u> | <u>-</u> | <u>-</u> | <u>(11,439)</u> |
| Net change in fund balances | (11,439) | - | - | (11,439) |
| Fund balances - July 1, 2015 | 315,985 | - | - | 315,985 |
| Fund balances - June 30, 2016 | <u>\$ 304,546</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 304,546</u> |

Total net change in fund balance--governmental funds (above) \$ (11,439)

Amounts reported for governmental activities in the statement of activities are different because of the following:

Pension expense that is related to net pension liability as recorded in the statement of activities is based on the Career Center's proportionate share of pension expense of the retirement system as a whole, whereas pension expense recorded in the funds are based on the use of current financial resources (e.g. required contributions). 96,710

In the statement of activities, certain operating expenses--compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (1,450)

Change in net position of governmental activities on the Statement of Activities \$ 83,821

F.E. Dubose Career Center
Statement of Fiduciary Net Position
June 30, 2016

| | <u>Agency Funds</u> |
|---------------------------|---------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 27,871 |
| Total assets | <u>27,871</u> |
| LIABILITIES | |
| Due to student groups | <u>27,871</u> |
| Total liabilities | <u>\$ 27,871</u> |

**F.E. Dubose Career Center
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Local | \$ 1,008,363 | \$ 1,019,927 | \$ 1,006,303 | \$ (13,624) |
| State | - | 86,614 | 86,614 | - |
| Total revenues | <u>1,008,363</u> | <u>1,106,541</u> | <u>1,092,917</u> | <u>(13,624)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 566,528 | 651,468 | 666,233 | (14,765) |
| Support services | 441,835 | 455,073 | 438,123 | 16,950 |
| Total expenditures | <u>1,008,363</u> | <u>1,106,541</u> | <u>1,104,356</u> | <u>2,185</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>(11,439)</u> | <u>(11,439)</u> |
| Net change in fund balances | - | - | (11,439) | (11,439) |
| Fund balance - July 1, 2015 | - | - | 315,985 | 315,985 |
| Fund balance - June 30, 2016 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 304,546</u> | <u>\$ 304,546</u> |

**F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Year Ended June 30, 2016**

| | <u>Actual</u> | <u>Budget</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|---------------|---------------|---|
| REVENUES | | | |
| Local Revenues | | | |
| 1210 Ad Valorem Taxes | \$ 227,602 | \$ 231,968 | \$ (4,366) |
| Tuition | | | |
| 1310 Tuition from Patrons for Regular Day School | 12,022 | 7,000 | 5,022 |
| 1320 Tuition from Other LEAs for Regular Day School | 661,229 | 661,606 | (377) |
| 1330 Tuition from Patrons for Adult/CE | 2,022 | 2,700 | (678) |
| 1340 Tuition from Other LEAs for Adult/CE | 12,000 | 12,000 | - |
| 1910 Rentals | 49,880 | 55,000 | (5,120) |
| 1990 Miscellaneous Local Revenue | 41,548 | 49,653 | (8,105) |
| Total Local Sources | 1,006,303 | 1,019,927 | (13,624) |
| State Sources | | | |
| In Lieu of Taxes | | | |
| Reimbursement for Local Residential Property | | | |
| 3810 Tax Relief (Tier 1) | 86,614 | 86,614 | - |
| Total State Source | 86,614 | 86,614 | - |
| TOTAL REVENUE | 1,092,917 | 1,106,541 | (13,624) |
| EXPENDITURES | | | |
| 100 Instruction: | | | |
| 110 General Instruction | | | |
| 115 Career and Technology Education (Vocational) Programs | | | |
| 100 Salaries | 388,330 | 388,000 | (330) |
| 200 Employee Benefits | 153,387 | 146,215 | (7,172) |
| 300 Purchased Services | 2,317 | 1,000 | (1,317) |
| 400 Supplies and Materials | 69,641 | 51,900 | (17,741) |
| 180 Adult/CE Programs | | | |
| 181 Adult Basic Education Programs | | | |
| 100 Salaries | 21,149 | 28,415 | 7,266 |
| 200 Employee Benefits | 4,721 | 6,439 | 1,718 |
| 300 Purchased Services | 24,692 | 25,499 | 807 |
| 400 Supplies and Materials | 1,996 | 4,000 | 2,004 |
| Total Instruction | 666,233 | 651,468 | (14,765) |

**F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Year Ended June 30, 2016**

| | <u>Actual</u> | <u>Budget</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|---------------|---------------|---|
| EXPENDITURES (continued) | | | |
| 200 Support Services | | | |
| 210 Pupil Services | | | |
| 211 Attendance and Social Work Services | | | |
| 100 Salaries | 23,206 | 22,914 | (292) |
| 200 Employee Benefits | 16,030 | 16,400 | 370 |
| 212 Guidance Services | | | |
| 100 Salaries | 51,158 | 51,324 | 166 |
| 200 Employee Benefits | 19,366 | 19,500 | 134 |
| 300 Purchased Services | 59 | 300 | 241 |
| 400 Supplies and Materials | 420 | 300 | (120) |
| 230 General Administrative Services | | | |
| 231 Board of Education | | | |
| 318 Audit Services | 3,500 | 3,500 | - |
| 233 School Administration | | | |
| 100 Salaries | 84,848 | 87,848 | 3,000 |
| 200 Employee Benefits | 25,427 | 22,500 | (2,927) |
| 300 Purchased Services | 1,750 | 4,200 | 2,450 |
| 400 Supplies and Materials | 4,721 | 4,000 | (721) |
| 250 Finance and Operations Services | | | |
| 252 Fiscal Services | | | |
| 100 Salaries | 26,736 | 27,005 | 269 |
| 200 Employee Benefits | 9,416 | 10,000 | 584 |
| 254 Operation and Maintenance of Plant | | | |
| 100 Salaries | 48,533 | 46,895 | (1,638) |
| 200 Employee Benefits | 23,450 | 23,887 | 437 |
| 300 Purchased Services | 32,405 | 34,500 | 2,095 |
| 400 Supplies and Materials | 13,890 | 19,000 | 5,110 |
| 470 Energy | 53,208 | 60,000 | 6,792 |
| 255 Student Transportation (State Mandated) | | | |
| 300 Purchased Services | - | 1,000 | 1,000 |
| | 438,123 | 455,073 | 16,950 |
| TOTAL EXPENDITURES | 1,104,356 | 1,106,541 | 2,185 |

F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Year Ended June 30, 2016

| | <u>Actual</u> | <u>Budget</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------|---------------|---|
| Excess (Deficiency) of Revenues Over Expenditures | <u>(11,439)</u> | <u>-</u> | <u>(11,439)</u> |
| Fund Balance - July 1, 2015 | <u>315,985</u> | <u>-</u> | <u>315,985</u> |
| Fund Balance - June 30, 2016 | <u>\$ 304,546</u> | <u>\$ -</u> | <u>\$ 304,546</u> |

**F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

| | State | Federal | Total | Budget | Variance Positive (Negative) |
|--|---------------|---------------|----------------|----------------|------------------------------------|
| REVENUES | | | | | |
| 3000 State | | | | | |
| 3155 DSS SNAP E & T program | \$ 11,763 | \$ - | \$ 11,763 | \$ 45,249 | \$ (33,486) |
| 3199 Other Restricted State grants | 6,350 | - | 6,350 | 6,351 | (1) |
| Total State Sources | <u>18,113</u> | <u>-</u> | <u>18,113</u> | <u>51,600</u> | <u>(33,487)</u> |
| 4000 Federal | | | | | |
| Perkins Aid, Title 1 - Career and Technical Education - Basic Grants to | | | | | |
| 4210 States | - | 16,368 | 16,368 | 13,044 | 3,324 |
| 4410 Basic Adult Education | - | 58,940 | 58,940 | 58,940 | - |
| 4430 State Literacy Resource | - | 2,496 | 2,496 | 2,496 | - |
| 4999 Revenue from Other Federal Sources | - | 19,395 | 19,395 | 25,000 | (5,605) |
| Total Federal Sources | <u>-</u> | <u>97,199</u> | <u>97,199</u> | <u>99,480</u> | <u>(2,281)</u> |
| Total Revenue all Sources | <u>18,113</u> | <u>97,199</u> | <u>115,312</u> | <u>151,080</u> | <u>(35,768)</u> |
| EXPENDITURES | | | | | |
| 100 Instruction | | | | | |
| 115 Career and Technology Education Programs | | | | | |
| 300 Purchased Services | - | 4,114 | 4,114 | 4,114 | - |
| 400 Supplies and Materials | - | 12,254 | 12,254 | 8,930 | (3,324) |
| 181 Adult Basic Education Programs | | | | | |
| 100 Salaries | - | 27,097 | 27,097 | 27,097 | - |
| 200 Employee Benefits | - | 9,079 | 9,079 | 9,079 | - |
| 300 Purchased Services | 3,830 | - | 3,830 | 3,831 | 1 |
| 182 Adult Secondary Education Programs | | | | | |
| 100 Salaries | - | 28,217 | 28,217 | 28,217 | - |
| 200 Employee Benefits | - | 7,276 | 7,276 | 7,783 | 507 |
| 300 Purchased Services | - | 5,188 | 5,188 | 6,720 | 1,532 |
| 400 Supplies and Materials | - | 1,478 | 1,478 | 5,044 | 3,566 |
| 183 Adult English Literacy (ESL) | | | | | |
| 100 Salaries | 2,000 | 1,175 | 3,175 | 3,175 | - |
| 200 Employee Benefits | 520 | 306 | 826 | 826 | - |
| 300 Purchased Services | - | 125 | 125 | 125 | - |
| 400 Supplies and Materials | - | 890 | 890 | 890 | - |
| Total Instruction | <u>6,350</u> | <u>97,199</u> | <u>103,549</u> | <u>105,831</u> | <u>2,282</u> |
| 200 Support Services | | | | | |
| 223 Supervision of Special Programs | | | | | |
| 100 Salaries | 286 | - | 286 | 16,291 | 16,005 |
| 200 Employee Benefits | - | - | - | 4,910 | 4,910 |
| 300 Purchased Services | 3,787 | - | 3,787 | 8,900 | 5,113 |
| 400 Supplies and Materials | 7,690 | - | 7,690 | 15,148 | 7,458 |
| Total Support Services | <u>11,763</u> | <u>-</u> | <u>11,763</u> | <u>45,249</u> | <u>33,486</u> |
| Total Expenditures | <u>18,113</u> | <u>97,199</u> | <u>115,312</u> | <u>151,080</u> | <u>35,768</u> |
| Excess of Revenues over/under Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance - Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance - End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2016**

| | #325 CATE Equipment | #350/355 Teacher Salary | #356 Adult Education | #332 National Board | #377 Teachers Supplies | Total | Budget | Variance Positive (Negative) |
|--|---------------------------|-------------------------------|----------------------------|---------------------------|------------------------------|----------------|----------------|------------------------------------|
| REVENUES | | | | | | | | |
| 3000 State | | | | | | | | |
| 3525 CATE Equipment | \$ 35,354 | \$ - | \$ - | \$ - | \$ - | \$ 35,354 | \$ 64,600 | \$ (29,246) |
| 3532 National Board Salary Supplement (No Carryover Provision) | - | - | - | 9,303 | - | 9,303 | 9,303 | - |
| 3550 Teacher Salary Increase (No Carryover Provision) | - | 20,720 | - | - | - | 20,720 | 20,720 | - |
| 3555 Teacher Salary Fringe (No Carryover Provision) | - | 3,108 | - | - | - | 3,108 | 3,108 | - |
| 3556 Adult Education | - | - | 169,899 | - | - | 169,899 | 190,907 | (21,008) |
| 3577 Teacher Supplies (No Carryover Provision) | - | - | - | - | 2,250 | 2,250 | 2,250 | - |
| TOTAL REVENUE | 35,354 | 23,828 | 169,899 | 9,303 | 2,250 | 240,634 | 290,888 | (50,254) |
| EXPENDITURES | | | | | | | | |
| 100 Instruction | | | | | | | | |
| 115 Career and Technology Education Programs | | | | | | | | |
| 100 Salaries | - | 20,720 | - | 7,500 | - | 28,220 | 28,220 | - |
| 200 Employee Benefits | - | 3,108 | - | 1,803 | - | 4,911 | 4,911 | - |
| 400 Supplies and Materials | 35,354 | - | - | - | 2,250 | 37,604 | 66,850 | 29,246 |
| 181 Adult Basic Education Programs | | | | | | | | |
| 100 Salaries | - | - | 5,447 | - | - | 5,447 | 12,340 | 6,893 |
| 200 Employee Benefits | - | - | - | - | - | - | 3,468 | 3,468 |
| 300 Purchased Services | - | - | 75 | - | - | 75 | 3,000 | 2,925 |
| 400 Supplies and Materials | - | - | 1,132 | - | - | 1,132 | 2,145 | 1,013 |
| 182 Adult Secondary Education Programs | | | | | | | | |
| 100 Salaries | - | - | - | - | - | - | 3,690 | 3,690 |
| 200 Employee Benefits | - | - | - | - | - | - | 959 | 959 |
| 400 Supplies and Materials | - | - | 190 | - | - | 190 | 190 | - |
| TOTAL INSTRUCTION | 35,354 | 23,828 | 6,844 | 9,303 | 2,250 | 77,579 | 125,773 | 48,194 |
| 200 Support Services | | | | | | | | |
| 223 Supervision of Special Program | | | | | | | | |
| 100 Salaries | - | - | 119,166 | - | - | 119,166 | 119,543 | 377 |
| 200 Employee Benefits | - | - | 43,858 | - | - | 43,858 | 45,541 | 1,683 |
| 400 Supplies and Materials | - | - | 31 | - | - | 31 | 31 | - |
| TOTAL SUPPORT SERVICES | - | - | 163,055 | - | - | 163,055 | 165,115 | 2,060 |
| TOTAL EXPENDITURES | 35,354 | 23,828 | 169,899 | 9,303 | 2,250 | 240,634 | 290,888 | 50,254 |
| Excess(Deficiency) of Revenues Over Expenditures | - | - | - | - | - | - | - | - |
| Fund Balance - Beginning of Year | - | - | - | - | - | - | - | - |
| Fund Balance - End of Year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

**F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
PUPIL ACTIVITY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

| | <u>ACTUAL</u> |
|---------------------------------------|---------------|
| RECEIPTS | |
| 1000 Receipts from Local Sources | |
| 1700 Pupil Activities | |
| 1740 Student Fees | \$ 42,447 |
| Total Receipts | 42,447 |
| DISBURSEMENTS | |
| 270 Support Services - Pupil Activity | |
| 272 Enterprise Activities | |
| 660 Pupil Activity | 39,080 |
| Total Disbursements | 39,080 |
| Excess of Receipts over Disbursements | 3,367 |
| Fund Balance July 1, 2015 | 24,504 |
| Fund Balance June 30, 2016 | \$ 27,871 |

**F.E. DUBOSE CAREER CENTER
 CLARENDON COUNTY, SOUTH CAROLINA
 DETAILED SCHEDULE OF DUE TO SOUTH CAROLINA
 DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT**

| <u>Program</u> | <u>Grant or Project Number</u> | <u>Revenue & Subfund Codes</u> | <u>Description</u> | <u>Amount Due to SCDE</u> | <u>Status of Amounts Due to Grantors</u> |
|----------------|--|--|--------------------|-------------------------------|--|
| None | | | | | |
| | | | | | |
| Total Due | | | | \$ - | |

SINGLE AUDIT SECTION

**CENTRAL CAROLINA TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

| <u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Entity Identifying Number</u> | <u>Total Federal Expenditures</u> |
|--|------------------------------------|---|---------------------------------------|
| U.S. Department of Education | | | |
| Student Financial Assistance Cluster | | | |
| Federal Supplemental Opportunity Grant | 84.007 | | \$ 183,906 |
| Federal Work Study Programs | 84.033 | | 138,640 |
| Federal Pell Grant Program | 84.063 | | 8,457,613 |
| Federal Direct Student Loans | 84.268 | | <u>6,740,055</u> |
| Total Student Financial Assistance Cluster | | | <u>15,520,214</u> |
| South Carolina Dept. of Education -Adult Education - F.E. Dubose | 84.002 | H63010101015/16 | 66,436 |
| Higher Education Institutional Aid | 84.031P | | 251,684 |
| TRIO Student Support Services | 84.042A | | 234,590 |
| Strengthening Minority - Serving Institutions | 84.382A | | 325,154 |
| South Carolina Dept. of Education -Career and Technical Education- Basic Grants to States-Carl Perkins - F.E.Dubose | 84.048 | H63010107115 | 16,367 |
| Career and Technical Education - Basic Grants to States - Carl Perkins Grant | 84.048 | H63010107116 | <u>246,497</u> |
| Total CFDA 84.048 | | | <u>262,864</u> |
| Total U.S. Department of Education | | | <u>16,660,942</u> |
| U.S. Department of Commerce | | | |
| Investments for Public Works and Economic Development Facilities | 11.300 | | <u>593,229</u> |
| Total U.S. Department of Commerce | | | <u>593,229</u> |
| U.S. Department of Health & Human Services | | | |
| Office of First Steps - Childcare and Development Block grant - T.E.A.C.H. Early Childhood | 93.575 | 01TE413 | <u>44,352</u> |
| Total U.S. Department of Health & Human Services | | | <u>44,352</u> |
| U.S. Department of Agriculture | | | |
| South Carolina Dept. of Education- State Admin. Matching - Supplemental Nutrition Assist. | 10.561 | None | <u>11,763</u> |
| Total U.S. Department of Agriculture | | | <u>11,763</u> |

CENTRAL CAROLINA TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2016

| <u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Entity Identifying Number</u> | <u>Total Federal Expenditures</u> |
|---|------------------------------------|---|---------------------------------------|
| U.S. Department of Labor | | | |
| SC Dept. of Employment and Workforce- WIA/WIOA Youth Activities | 17.259 | 15EvolveSC - 13/14 | 25,240 |
| South Carolina Dept. of Education- WIA Incentive Grants | 17.266 | 13L2E002-H63010008914 | 14,395 |
| SC Technical College System- Incentive Grants - WIA Section 503 | 17.267 | None | 32,980 |
| Orangeburg-Calhoun Tech College- Trade Adjustment Assistance Community College and Assist to Work grant | 17.282 | TC-23855-12-60-A-45 | 42,000 |
| Trade Adjustment Assistance Community College & Career Training grant - Boost grant | 17.282 | | <u>689,697</u> |
| Total CFDA 17.282 | | | <u>731,697</u> |
| Total U.S. Department of Labor | | | <u>804,312</u> |
| U.S. National Science Foundation | | | |
| Utah State University- Integrating Expert Knowledge & Simulation Based Assessment | 47.076 | 14018201 | <u>24,657</u> |
| Total U.S. National Science Foundation | | | <u>24,657</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 18,139,255</u> |

See accompanying notes to schedule of expenditures of federal awards.

No awards were passed through the subrecipients

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the College under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets or cash flows of the College.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 of the College's financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts reflected in the Schedule represent adjustments or resulting from the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

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

**Independent Auditors'
Report On Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The President and Members of the Area Commission
Central Carolina Technical College
Sumter, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Central Carolina Technical College (the College), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise College's basic financial statements, and have issued our report thereon dated September 22, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

A handwritten signature in blue ink that reads "Webster Rogers LLP". The signature is written in a cursive style.

Sumter, South Carolina
September 22, 2016

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

The President and Members of the Area Commission
Central Carolina Technical College
Sumter, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Central Carolina Technical College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended June 30, 2016. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in blue ink that reads "Webster Rogus LLP". The signature is written in a cursive, flowing style.

Sumter, South Carolina
September 22, 2016

CENTRAL CAROLINA TECHNICAL COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2016

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X None Reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

_____ Yes X No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

84.007
84.033
84.063
84.268

Student Financial Assistance Cluster
 Federal Supplemental Educational Opportunity Grants
 Federal Work-Study Program
 Federal Pell Grant Program
 Federal Direct Student Loans

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

CENTRAL CAROLINA TECHNICAL COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

No prior year audit findings