

FLORENCE - DARLINGTON TECHNICAL COLLEGE

FLORENCE, SOUTH CAROLINA

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS AND SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2022

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

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**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

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**Florence – Darlington Technical College
Florence, South Carolina**

**Organizational Data
June 30, 2022**

AREA COMMISSION MEMBERS AND OFFICERS

Paul Seward, Chairperson, Florence County
Ershela Sims, Vice-Chairperson, Darlington County
Wanda James, Secretary, Florence County
Willie E. Boyd, Member, Darlington County
Missy Jay, Member, Florence County
Alvin DeWitt, Member, Darlington County
Leroy Robinson, Member, Darlington County
Clint Moore, Member, Florence County
Hood Temple, Member, Florence County

ADMINISTRATIVE STAFF

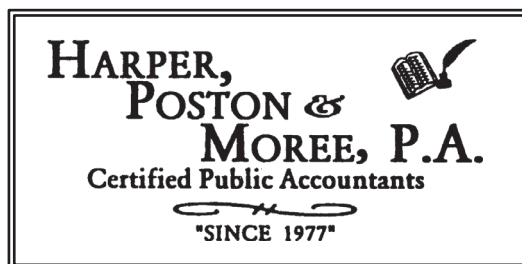
Dr. Jermaine Ford, President
Dr. Debbie Cheek, Interim Vice-President – Business Affairs

Florence – Darlington counties contribute financially to the operations of the College.

AREA SERVED BY COLLEGE

Darlington County
Florence County
Marion County

Robert D. Harper, Jr. CPA
Robin B. Poston CPA



Stacey C. Moree CPA
Wyndie B. Moree CPA

INDEPENDENT AUDITOR'S REPORT

Florence – Darlington Commission for Technical Education
Florence – Darlington Technical College
Florence, South Carolina

Opinions

We have audited the accompanying financial statements of Florence – Darlington Technical College, a component unit of the State of South Carolina, as of and for the years ended June 30, 2022 and June 30, 2021 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Florence – Darlington Technical College, as of June 30, 2022 and June 30, 2021, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Florence – Darlington Technical College Educational Foundation, Inc. which represents 100 percent of the discretely presented component unit presented in the financial statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements insofar as it relates to the amounts included for Florence – Darlington Technical College Educational Foundation, Inc. as a discretely presented component unit, is based solely on the report of other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the College adopted new accounting guidance, GASB 87, *Leases*, and GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and supplementary pension information and supplementary OPEB information on pages 54 through 61 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Florence – Darlington Technical College’s basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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, based on our report and the report of other auditors, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

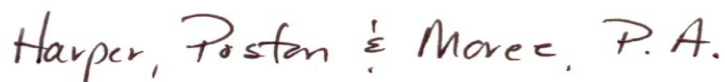
In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, on our consideration of the College’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College’s internal control over financial reporting and compliance.

Report on State Lottery Assistance Program

We have also issued our report dated September 30, 2022 on our consideration of Florence – Darlington Technical College’s administration of the State Lottery Assistance Program and on our tests of its compliance with certain provisions of state law and policy 3-2-307 and procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

Report on State Supported Scholarship and Grants

We have also issued our report dated September 30, 2022 on our consideration of Florence – Darlington Technical College’s administration of the state supported scholarships and grants and on our tests of its compliance with certain provisions of the state legislation and the regulations of the South Carolina Commission on Higher Education.



Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
September 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



Growing the economy . . . one graduate at a time.

Management's Discussion and Analysis

The management of Florence-Darlington 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, 2022. This report focuses on current activities, resulting change and currently known facts, and provides a comparison with the prior fiscal year. This discussion should be read in conjunction with the financial statements and the accompanying notes which follow this section.

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 plus deferred outflows and total liabilities plus deferred inflows is net position. Net position is displayed in three broad categories: net investment in capital assets which is net of related debt, restricted and unrestricted. Net position is one indicator of the current financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

The implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* have adversely affected the College's net position. The College has included its proportionate share of the State's net pension and net Other Postemployment Benefits liability on its books. The resulting decrease in the College's net assets is not indicative of a deterioration of the financial condition of the College.

During the current year, the College implemented the provisions of GASB Statement No. 87, *Leases* and GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset for a period of time. It requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and outflows of resources based on the payment provisions in the contract. As required by GASB, this statement has been implemented retroactively by restating beginning net position. Note 11 indicates the affect of this statement on prior year net position.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, requires interest costs be recognized as an expense as incurred. As a result, interest cost incurred during construction will not be included in the historical cost of a capital asset. The requirements of this statement will be applied prospectively.

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

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, noncapital financing, and investing activities. This statement also emphasizes the College's dependence on State and county appropriations by separating them from operating cash flows.

Financial statements for the Florence-Darlington Technical College Educational Foundation, Inc can be obtained by mailing a request to them at PO Box 100548, Florence, SC 29502. The Foundation's financial information is not included in this Management's Discussion and Analysis section.

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

Financial Analysis

Net position may serve over time as a useful indicator of an entity's financial position. Total net position at June 30, 2022, was \$(9.8) million, an increase of \$8.4 million from the restated prior fiscal year net position of \$(18.2) million, a 46.2 percent increase. The largest portion of the College's net position, \$33.0 million, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. \$11.5 million of the College's net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position as of June 30, 2022, increased \$8.0 million to \$(54.4) million from the prior fiscal year balance of \$(62.4) million as a result of recording the College's proportionate share of the state pension liability as we continue to implement GASB 68 and the College's proportionate share of the Other Postemployment Benefits liability as we continue to implement GASB 75.

This schedule is a condensed presentation prepared from the College's Statements of Net Position as of June 30, 2022 and 2021 (in millions):

	2022	2021	Increase (Decrease)
Current Assets	\$ 21.29	\$ 15.00	\$ 6.29
Non Current Assets			
Capital & Leased Assets, Net	43.42	44.22	(.80)
Other	11.36	11.59	(.23)
Total Assets	76.07	70.81	5.26
Deferred Outflows	13.63	12.83	.80
Total Assets & Deferred Outflows	\$ 89.70	\$ 83.64	\$ 6.06
Current Liabilities	7.24	6.46	.78
Non Current Liabilities	75.32	84.16	(8.84)
Total Liabilities	82.56	90.62	(8.06)
Deferred Inflows	16.95	11.22	5.73
Total Liabilities & Deferred Inflows	\$ 99.51	\$ 101.84	\$ (2.33)
Net Position			
Net Investment in Capital Assets	33.05	32.56	.49
Restricted: Expendable	11.50	11.62	(.12)
Unrestricted	(54.36)	(62.38)	8.02
Total Net Position	\$ (9.81)	\$ (18.20)	\$ 8.39

Non-current liabilities decreased \$8.84 million and Deferred Inflows increased \$5.73 million as a result of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

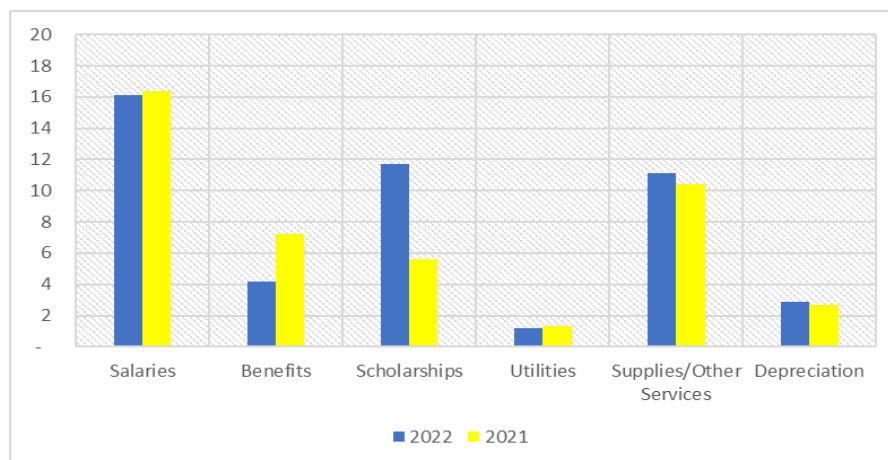
The following schedule summarizes the operating results for the two fiscal years (in millions):

	2022	2021	Increase (Decrease)
Operating Revenue			
Tuition and Fees	\$ 8.36	\$ 7.96	\$.40
Grants and Contracts	8.72	7.80	.92
Auxiliary	1.03	.98	.05
Other	1.53	1.49	.04
Total Operating Revenue	\$ 19.64	\$ 18.23	\$ 1.41
Less Operating Expenses	47.11	43.56	(3.55)
Net Operating Loss	(27.47)	(25.33)	(2.14)
Non Operating Revenue and Expenses			
State and County Appropriations	17.28	17.59	(0.31)
Other	18.58	11.62	6.96
Increase (Decrease) in Net Position	8.39	3.88	4.51
Net Position, Beginning of Year	(18.20)	(22.08)	
Net Position, End of Year	\$ (9.81)	\$ (18.20)	

The College implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the financial statements for fiscal year ended June 30, 2015 and implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the fiscal year ended June 30, 2018. These new GASB requirements do not directly impact the funding of the pension or benefit plans. Participating employers previously reported an expense for employer contributions actually paid during the fiscal year as required by state law, referred to as the annual required contribution (ARC). As long as the ARC was paid, there was no corresponding liability to report. GASB 68 and GASB 75 now require participating employers to report a proportionate share of the Net Pension Liability (NPL) and the Net Other Postemployment Benefits other than Pensions (OPEB) liability in the employer's financial statements regardless of the funding progress. In addition, employers are required by GASB 68 and GASB 75 to include significantly expanded note disclosures and required supplementary information regarding their participation in the plans.

Regardless of the NPL or OPEB Liability reported on an employer's financial statements, the employer is responsible only for making the pension (ARC) and benefit contributions required by state law during any given year. Employers cannot pay down or pay off their proportionate share of these liabilities with additional contributions as the plans are unable to accept contributions in excess of those required by state law.

Note 23 of the accompanying notes to the financial statements identifies operating expenses by their functional classifications. The following graph illustrates the natural class categories of the operating expenses from the condensed operating results above (in millions).



The schedule below summarizes the cash flows for the fiscal years ended June 30, 2022 and 2021 for the College (in millions).

	2022	2021	Increase (Decrease)
Cash provided (used) by			
Operating Activities	\$ (26.31)	\$ (22.11)	\$ (4.20)
Non Capital Financing Activities	32.05	29.30	2.75
Capital and Related Financing	(2.98)	(2.84)	(0.14)
Investing Activities	.09	.09	0
Net (Decrease) Increase in Cash	\$ 2.85	\$ 4.44	\$ (1.59)

Cash used for operating activities (tuition and fees, grants and contracts and auxiliary enterprise charges less payments to employees and vendors) is offset by cash provided from noncapital financing activities, which includes state and local appropriations and federal student aid. Payments on debt and purchases of capital assets are included in the capital and related financing category.

Assets and debt administration

Long-Term Debt	July 1, 2021	Additions	Reductions	June 30, 2022
Revenue Bonds and Premiums	\$ 10,959,206	\$ 0	\$ 1,027,134	\$ 9,932,072
Capital Lease Purchase	155,350	0	47,959	107,391
Total long-term debt	\$ 11,114,556	\$ 0	\$ 1,075,093	\$ 10,039,463
Capital Assets	July 1, 2021	Additions	Reductions	June 30, 2022
Land and Improvements	\$ 2,711,896	\$ 0	\$ 0	\$ 2,711,896
Construction in Progress	473,745	1,004,106	0	1,477,851
Buildings and Improvements	73,620,423	0	0	73,620,423
Machinery and Vehicles	17,582,664	1,069,529	(680,245)	17,971,948
Accumulated Depreciation	(50,722,343)	(2,758,777)	680,245	(52,800,875)
Net Capital Assets	\$ 43,666,385	\$ (685,142)	\$ 0	\$ 42,981,243
Leased Assets	July 1, 2021	Additions	Reductions	June 30, 2022
Leased Equipment	\$ 408,656	\$ 0	\$ 0	\$ 408,656
Leased Vehicles	270,023	0	0	270,023
Accumulated Amortization	(115,925)	(123,531)	0	(239,456)
Net Leased Assets	\$ 562,754	\$ (123,531)	\$ 0	\$ 439,223

Economic factors

State government ended fiscal year 2021-22 on June 30, 2022, with a balance of surplus funds never before seen in South Carolina's nearly 250 year history. The General Fund revenues that were actually collected during the year significantly exceeded the revenue estimates that were used at the beginning of the year upon which state agency budgets were based. Actual revenue collections exceeded the beginning-of-year estimates by \$3.7 billion.

Financial support in the form of property tax millage from Florence and Darlington counties remained stable. The fiscal year ended without material reductions in support from either county or state governments. The college used a significant amount of its Higher Education Emergency Relief Fund (HEERF - institutional portion) to offset lost revenue and discharge student debt. Although enrollments continue to follow national and regional downward trends, the college has reduced expenses accordingly.

The college will continue to reduce expenses, increase efficiencies, and pursue opportunities to responsibly increase revenues in a post-COVID impacted economy. Federal and State financial aid programs are an increasingly important factor in the financial well-being of the College. The College continues to operate on a fiscally sound basis and is conservative in planning and budgeting.

FINANCIAL STATEMENTS

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022 AND JUNE 30, 2021

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 11,613,651	\$ 8,657,110
Accounts Receivable, Net	9,207,505	5,730,366
Inventories	347,272	478,034
Lease Receivable	6,000	0
Prepaid Expense	123,809	132,683
Total Current Assets	\$ 21,298,237	\$ 14,998,193
Noncurrent Assets		
Restricted Cash and Cash Equivalents	\$ 11,347,434	\$ 11,450,001
Loans Receivable, Net	3,395	136,056
Lease Receivable	5,901	0
Capital Assets, Net of Accumulated Depreciation	42,981,243	43,666,385
Lease Assets, Net of Accumulated Amortization	439,223	562,754
Total Noncurrent Assets	\$ 54,777,196	\$ 55,815,196
Total Assets	\$ 76,075,433	\$ 70,813,389
DEFERRED OUTFLOW OF RESOURCES		
Deferred Loss on Refunding Bonds	\$ 214,444	\$ 241,249
Deferred Outflow of Resources - Pension	4,360,468	5,462,923
Deferred Outflow of Resources - OPEB	9,052,740	7,128,620
Total Deferred Outflow of Resources	\$ 13,627,652	\$ 12,832,792
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 657,587	\$ 505,477
Accrued Payroll and Related Liabilities	312,396	603,840
Interest Payable	131,628	146,867
Compensated Absences Payable	129,628	162,738
Restricted Unearned Revenue	3,902,739	2,715,782
Operating Unearned Revenue	948,784	1,183,501
Revenue Bond - Current Portion	985,000	940,000
Lease Payable - Current Portion	122,691	158,383
Financing Lease Purchase - Current Portion	51,686	47,958
Total Current Liabilities	\$ 7,242,139	\$ 6,464,546
Noncurrent Liabilities		
Compensated Absences Payable	\$ 1,127,835	\$ 1,181,462
Perkins Loan Program - Federal Liability	3,395	334,825
Revenue Bond - Long Term Portion	8,947,072	10,019,206
Lease Payable - Long Term Portion	316,130	401,039
Financing Lease Purchase - Long Term Portion	55,705	107,392
Net Pension Liability	29,114,669	37,954,109
Net OPEB Liability	35,759,367	34,163,830
Total Noncurrent Liabilities	\$ 75,324,173	\$ 84,161,863
Total Liabilities	\$ 82,566,312	\$ 90,626,409
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow of Resources - Pension	\$ 8,693,736	\$ 4,022,979
Deferred Inflow of Resources - OPEB	8,246,766	7,199,091
Deferred Inflow of Resources - Lease Revenue	11,803	0
Total Deferred Inflow of Resources	16,952,305	11,222,070
NET POSITION		
Net Investment in Capital Assets and Leased Assets	\$ 33,049,573	\$ 32,555,161
Restricted for:		
Loans	7,189	18,852
Funds Held for Others	148,391	171,036
Debt Service	11,340,245	11,431,149
Unrestricted	(54,360,930)	(62,378,495)
Total Net Position	\$ (9,815,532)	\$ (18,202,297)

The Accompanying Notes are an Integral Part of this Statement

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021**

	2022	2021
REVENUES		
Operating Revenues		
Student Tuition & Fees (Net of Scholarship Allowance of \$8,372,612 for 2022 and \$9,454,474 for 2021)	\$ 7,076,100	\$ 6,565,650
Student Tuition & Fees (Pledged as Security for Revenue Notes)	1,281,564	1,390,073
Federal Grants and Contracts	3,937,408	2,268,187
State Grants and Contracts	4,784,123	5,527,968
Auxiliary Enterprise Charges (Net of Scholarship Allowance of \$432,895 for 2022 and \$535,944 for 2021)	1,033,510	978,264
Sales and Services of Education Departments	10,831	12,480
Other Operating Income	1,516,229	1,482,804
Total Operating Revenue	\$ 19,639,765	\$ 18,225,426
EXPENSES		
Operating Expenses		
Salaries	\$ 16,096,234	\$ 16,430,454
Benefits	4,170,139	7,175,499
Scholarships	11,662,366	5,572,801
Utilities	1,231,188	1,258,592
Supplies and Other Services	11,072,202	10,320,717
Depreciation and Amortization	2,882,308	2,799,078
Total Operating Expenses	\$ 47,114,437	\$ 43,557,141
Operating Income (Loss)	\$ (27,474,672)	\$ (25,331,715)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations (See Note 20)	\$ 10,811,082	\$ 11,025,464
County Appropriations	6,464,484	6,570,183
Investment Income	93,435	89,909
Interest Expense on Capital Asset Related Debt	(438,937)	(458,546)
Federal Grants and Contracts	16,948,633	11,490,888
State and Local Grants and Contracts	63,150	0
Private Grants and Support	147,229	141,271
Gain (Loss) on Disposal of Capital Assets	2,529	3,073
Other Nonoperating Revenues	485,056	327,433
Total Nonoperating Revenues (Expenses)	\$ 34,576,661	\$ 29,189,675
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	\$ 7,101,989	\$ 3,857,960
State Capital Appropriations	\$ 1,434,637	\$ 24,513
Donated Capital Assets	0	24,275
Paid to Other State Agencies	(149,861)	(21,616)
Increase (Decrease) in Net Position	\$ 8,386,765	\$ 3,885,132
Net Position - Beginning of Year (As Restated, Note 25)	\$ (18,202,297)	\$ (22,087,429)
Net Position - End of Year	\$ (9,815,532)	\$ (18,202,297)

The Accompanying Notes are an Integral Part of this Statement

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees (Net of Scholarship Allowances)	\$ 8,702,095	\$ 7,299,093
Federal, State and Local Grants and Contracts	9,564,281	8,533,726
Auxiliary Enterprise Charges (Net of Scholarship Allowances)	1,219,295	1,059,173
Sales and Services of Education Departments	10,831	12,480
Other Receipts	1,516,229	1,482,804
Student Loans Proceeds	2,434,220	3,383,540
Student Loan Disbursements	(2,434,220)	(3,383,540)
Payments to Vendors	(31,144,089)	(23,936,791)
Payments to Employees	(16,182,971)	(16,561,355)
Net Cash Provided (Used) by Operating Activities	\$ (26,314,329)	\$ (22,110,870)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	\$ 10,811,082	\$ 11,025,464
County Appropriations	6,778,371	6,412,991
State, Local and Federal Grants, Gifts and Contracts - Nonoperating	14,464,768	11,866,017
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 32,054,221	\$ 29,304,472
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State Capital Appropriations	\$ 657,115	\$ 24,513
Principal Payment on Bonds Payable	(940,000)	(915,000)
Purchase of Capital Assets	(2,073,635)	(902,128)
Lease Purchase Payments	(120,699)	(118,704)
Installment Agreement Payments	0	(414,404)
Principal Paid on Capital Lease	(47,959)	(44,499)
Interest Paid on Capital Debt and Installment Agreement	(454,175)	(467,925)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (2,979,353)	\$ (2,838,147)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	\$ 93,435	\$ 89,909
Net Cash Provided (Used) by Investing Activities	\$ 93,435	\$ 89,909
Net Increase (Decrease) in Cash	\$ 2,853,974	\$ 4,445,364
Cash - Beginning of Year	20,107,111	15,661,747
Cash - End of Year	\$ 22,961,085	\$ 20,107,111

The Accompanying Notes are an Integral Part of this Statement

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021**

	2022	2021
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (27,474,672)	\$ (25,331,715)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	2,821,979	2,744,749
Change in Assets, Liabilities, and Deferred Resources:		
Operational Receivables, Net	(271,276)	(890,160)
Loans Receivable, Net	132,661	30,023
Inventories	185,785	80,909
Deferred Charges and Prepaid Expenses	8,874	20,419
Change in Net Pension Liability and Related Deferred Resources	(3,066,228)	(120,346)
Change in Net OPEB Liability and Related Deferred Resources	719,092	403,370
Accounts Payable & Sales Tax Payable	152,110	180,582
Accrued Payroll and Related Liabilities	(291,444)	128,225
Perkins Loan Excess Cash Repaid	(331,430)	(17,866)
Compensated Absences	(86,737)	(130,901)
Unearned Revenue	1,186,957	791,841
Net Cash Provided (Used) by Operating Activities	\$ <u>(26,314,329)</u>	\$ <u>(22,110,870)</u>
SUPPLEMENTAL DISCLOSURES		
Noncash Capital and Related Financing Activities		
Donated Capital Asset	\$ 0	\$ 24,275
Amortization of Bond Premium	87,135	87,135
Total Noncash Capital and Related Financing Activities	\$ <u>87,135</u>	\$ <u>111,410</u>

The Accompanying Notes are an Integral Part of this Statement

FLORENCE - DARLINGTON TECHNICAL COLLEGE EDUCATIONAL FOUNDATION, INC.
FLORENCE, SOUTH CAROLINA
COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	<u>2022</u>
ASSETS	
Current Assets	
Cash	\$ 424,335
Pledges Receivable	128,930
Investments	1,997,265
Total Current Assets	\$ <u>2,550,530</u>
NonCurrent Assets	
Pledges Receivable Less Current Portion, Net	\$ 22,851
Total Noncurrent Assets	\$ <u>22,851</u>
Total Assets	\$ <u><u>2,573,381</u></u>
LIABILITIES	
Accrued Expenses and Other Liabilities	\$ 124,708
Deferred Revenue	9,844
Total Liabilities	\$ <u>134,552</u>
NET ASSETS	
Without Donor Restriction	\$ (49,265)
Temporarily in Nature	2,034,916
Perpetual in Nature	453,178
Total Net Assets	\$ <u><u>2,438,829</u></u>
Total Liabilities and Net Assets	\$ <u><u>2,573,381</u></u>

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>
SUPPORT AND REVENUE	
Contributions	\$ 175,248
Other Income	7,320
Interest and Dividend Income	52,353
Marketable Securities Investments (Loss) Return	(374,412)
Grants	40,000
Special Events	(1,053)
Total Support and Revenue	\$ <u>(100,544)</u>
EXPENSES	
Program Services:	
Scholarships and Awards	\$ 107,900
College Support	114,308
Support Services:	
Administrative Expenses	60,619
Total Expenses	\$ <u>282,827</u>
Change in Net Assets	\$ (383,371)
Net Assets - Beginning of Year	<u>2,822,200</u>
Net Assets - End of Year	\$ <u><u>2,438,829</u></u>

The Accompanying Notes are an Integral Part of this Statement

NOTES TO FINANCIAL STATEMENTS

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Florence - Darlington Technical College (the “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 Florence, Darlington and Marion counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College’s service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

Reporting Entity: The 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 incomplete. Accordingly, the financial statements include the accounts of Florence-Darlington Technical College, as the primary government, and the accounts of Florence-Darlington Technical College Educational Foundation, Inc (the “Foundation”), its component unit. The College is considered a discretely presented component unit of the State of South Carolina as required by GASB No. 61. However, based on the nature and significance of the Foundation’s relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 37 member board of the Foundation is a self-perpetuating entity which consists of the president, one member of the area commission and graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in those financial statements accordingly. The ASU changed the following aspects of the Foundation’s financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class call *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources.

Financial statements for the Foundation can be obtained by mailing a request to Florence-Darlington Technical College Educational Foundation, P.O. Box 100548, Florence, South Carolina, 29501.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statements: The financial statements are presented in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College’s net position, revenues, expenses, changes in net position and cash flows that replaces the fund-group perspective previously required.

During the current year, the College implemented the provisions of GASB Statement No. 87, *Leases* and GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset for a period of time. It requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and outflows of resources based on the payment provisions in the contract. As required by GASB, this statement has been implemented retroactively by restating beginning net position.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, requires interest costs be recognized as an expense as incurred. As a result, interest cost incurred during construction will not be included in the historical cost of a capital asset. The requirements of this statement will be applied prospectively.

Basis of Accounting: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the South Carolina State Treasurer’s Office are considered cash equivalents.

Investments: Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, “Investment of Funds”. The College has implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures - an amendment to GASB Statement No. 3*. This statement requires disclosures related to deposits 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 GASB Statement No. 72, *Fair Value Measurement and Application*. 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.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value: The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The College believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students, gift pledges, and auxiliary enterprise services provided to students, faculty and staff. 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. Accounts receivable are recorded net of estimated uncollectible amounts.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Acquisition value is the price that would be paid to acquire an asset with equivalent service capacity in an orderly market transaction at the acquisition date. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations, and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Amortization of right to use assets is based on the shorter of the lease term or estimated life of the asset.

Inventories: Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out (“FIFO”) basis.

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

Deposits represent student fee refunds, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Deferred Outflows/Inflows of Resources: In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements represent consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/revenue) until that time.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the College’s OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long Term Disability Insurance Trust Fund (SCLTDITF) and additions to/deductions from the SCRHITF and the SCLTDITF net position have been determined on the same basis as they are reported by the SCRHITF and SCLTDITF Plan. For this purpose, the SCRHITF and the SCLTDITF recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and intangible right to use assets, net of outstanding debt and lease obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment of 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.

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 policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

Income Taxes: The College is exempt from income taxes under the Internal Revenue Code.

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.

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

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sales and Services of Educational and Other Activities: Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the following programs: Dental Hygiene and Cosmetology.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by the bookstore and food services. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

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

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

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

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

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim to the assets arise or when the resources are received, whichever occurs first.

Capitalized Interest: Prior to the adoption of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, the College capitalized as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. After the adoption of GASB Statement No. 89, interest costs incurred during the construction is expensed as incurred.

Restricted Cash: The restricted cash on the financial statements represents funds held at June 30, 2022 and June 30, 2021 that are restricted for the following purposes:

	June 30, 2022	June 30, 2021
Federal Perkins Loan	\$ 7,189	\$ 18,852
Debt Service	11,340,245	11,431,149
Total Restricted Cash	<u>\$ 11,347,434</u>	<u>\$ 11,450,001</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Component Unit: Florence-Darlington Technical College Educational Foundation, Inc. maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. The Board of Directors may designate, from the net assets without donor restrictions, net assets for specific purposes.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions. Donor-imposed restrictions can be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions. These deficiencies historically have resulted principally from unfavorable market fluctuations. Subsequent gains that restore the fair value of assets of the endowment fund to the required level are classified as an increase in net assets without donor restrictions. As of June 30, 2022, there were no endowment funds with deficiencies.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits: State Law requires that a bank or savings and loan association receiving State funds must secure deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk: Custodial credit risk for deposits is the risk that a government will not be able to recover deposits if the depository financial institution fails or to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails. The College does not have a deposit policy for custodial credit risk. The College's bank balances on deposit at June 30, 2022 were \$12,260,666, of which \$12,260,666 was fully insured or collateralized by securities held in the College's name.

Temporary cash investments are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risks of changes in value because of changes in interest rates. The College is authorized, by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

The following schedule reconciles deposits, investments, and petty cash funds to the Statement of Net Position amounts:

<u>Primary Government:</u> <u>Cash and Investments</u>	Deposits Not With State		Totals
	Treasurer	Petty Cash	
Petty Cash	\$ 0	\$ 14,415	\$ 14,415
Demand Deposits	11,617,236	0	11,617,236
	<u>\$ 11,617,236</u>	<u>\$ 14,415</u>	<u>\$ 11,631,651</u>

<u>Statement of Net Position</u>	2022	2021
Cash and Cash Equivalents (Current)	\$ 11,613,651	\$ 8,657,110
Restricted Cash and Cash Equivalents (Noncurrent)	11,347,434	11,450,001
Total Cash and Investments	<u>\$ 22,961,085</u>	<u>\$ 20,107,111</u>
(On the Statement of Net Position)		

<u>Disclosure of Deposits and Investments</u>	2022	2021
Carrying Value of Deposits	\$ 11,606,425	\$ 8,653,895
Cash on Hand	14,415	22,067
Short Term Investments	11,340,245	11,431,149
Total Cash, Deposits, and Investments	<u>\$ 22,961,085</u>	<u>\$ 20,107,111</u>

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Florence-Darlington Technical College does not maintain deposits that are denominated in a currency other than the United States dollar, therefore, the College is not exposed to this risk.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk: Interest Rate Risk is the risk that changes in the interest rates of debt instruments will adversely affect the fair value of an investment. Currently, the college is not exposed to interest rate risk. The College does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The college does not have an investment policy regarding credit risk. The College's rated investments at June 30, 2022 totaled \$11,340,245 in money market mutual funds that were rated AAA by Standard and Poor's using the Standard and Poor's rating scale.

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 places no limits on the amount the College may invest in any one issuer. Currently, the College has 100 percent investments which are exposed to concentration of credit risk in money market mutual funds.

Discretely Presented Component

Unit:

	Deposits	
	Not With State	
<u>Cash and Investments</u>	Treasurer	Totals
Demand Deposits	\$ 424,335	\$ 424,335
	<u>\$ 424,335</u>	<u>\$ 424,335</u>

Deposits: The carrying amount of the Organization's deposits with financial institutions at June 30, 2022 was \$424,335 and the bank balance was \$424,335. The bank balance was secured as follows:

The balances of the Foundation's accounts (interest and non-interest bearing) as of June 30, 2022 are insured up to a maximum of \$250,000 per institution by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2022, the uninsured amount was approximately \$116,972.

Investments, stated at fair value, are summarized as follows at June 30, 2022:

June 30, 2022			
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds:			
Debt securities – domestic and international	\$ 981,581	\$ 845,785	\$ (135,796)
Equity securities – domestic and international	1,142,628	1,115,529	(27,099)
Real assets fund	31,132	35,951	4,819
	<u>\$ 2,155,341</u>	<u>\$ 1,997,265</u>	<u>\$ (158,076)</u>

The methodology used for valuing the investment at fair value are quoted market prices in active markets for identical assets.

Florence-Darlington Technical College Foundation does not follow standards set by the Governmental Accounting Standards Board and accordingly has not disclosed interest rate risk, credit risk, and concentration of credit risk.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
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NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Liquidity: Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 434,335
Pledges Receivable – Current Portion, Net	128,930
Investments	<u>1,997,265</u>
Total	<u>\$2,560,530</u>

As part of the Foundation’s liquidity management plan, the Board of Trustees invests cash in excess of daily requirements in short-term investments and money market funds.

NOTE 3 – FAIR VALUE MEASUREMENTS

Florence – Darlington Technical College

		Fair Value Measurements Using						
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)				
		June 30, 2022						
Investments by Fair Value Level								
Debt Securities								
Money Market Mutual Funds	\$	<u>11,340,245</u>	\$	<u>11,340,245</u>	\$	<u>0</u>	\$	<u>0</u>
Total Debt Securities	\$	<u>11,340,245</u>	\$	<u>11,340,245</u>	\$	<u>0</u>	\$	<u>0</u>

Florence – Darlington Technical College holds investments that are measured at fair value on a recurring basis. The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles, as stated above. The College considers the money market mutual funds to be cash equivalents because of its high liquidity nature.

The following table sets forth by level, within the fair value hierarchy, the Foundation’s assets at fair value as of June 30, 2022:

Discretely Presented Component Unit

		Fair Value Measurements Using						
		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
June 30, 2022								
Investments by Fair Value Level								
Mutual Funds								
Debt Securities	\$	845,785	\$	845,785	\$	0	\$	0
Equity Securities		1,115,529		1,115,529		0		0
Real Assets		35,951		35,951		0		0
Total Debt Securities	\$	1,997,265	\$	1,997,265	\$	0	\$	0

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
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NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable for the years ended June 30, 2022 and June 30, 2021, includes applicable allowances for doubtful accounts, are summarized as follows:

	2022	2021
Current Receivables:		
Student Accounts	\$ 2,456,241	\$ 2,866,074
Industry and Other Sponsor Accounts	545,635	714,950
County Governments	471,741	785,628
Foundation	133,130	72,500
Federal Grants and Contracts	3,807,800	580,562
State Grants and Contracts	1,679,338	620,218
Other	324,214	301,028
Gross Receivables	\$ 9,418,099	\$ 5,940,960
Less: Allowance for Doubtful Accounts	(210,594)	(210,594)
Net Accounts Receivable	\$ 9,207,505	\$ 5,730,366

Allowances for losses of student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2022, the allowance for uncollectible student accounts is valued at \$210,594. The balance of uncollectible student accounts is valued at \$210,594 for June 30, 2021.

NOTE 5 – LOANS RECEIVABLE

The College has student loans made through the Federal Perkins Loan Program and Nursing Student Loan Program as of June 30, 2022. The Perkins Loan Program provides various repayment options; students have the right to repay the loans over periods of up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise. The remaining payments are classified as long-term loans receivable. As the College determines that Perkins loans are uncollectible, the loans are written off and assigned to the US Department of Education. The loans receivable as of June 30, 2022 and June 30, 2021 are summarized below:

	2022	2021
Perkins Loans	\$ 3,395	\$ 155,796
Nursing Loans	0	5,507
Gross Loans Receivable	\$ 3,395	\$ 161,303
Less: Allowance for Doubtful Accounts	0	(25,247)
Net Loans Receivable	\$ 3,395	\$ 136,056

NOTE 6 - PLEDGES RECEIVABLE

The composition of Discretely Presented Component Unit Pledges Receivable at June 30, 2022 is summarized as follows:

Pledges receivable due in less than one year	\$ 128,930
Pledges receivable due from one to five years	25,000
Less: Present value discount	(2,149)
Allowance for Uncollectible Pledges	0
Net Pledges Receivable	<u>\$ 151,781</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
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NOTE 6 - PLEDGES RECEIVABLE (continued)

Pledges receivable represent an unconditional promise to give at June 30, 2022. This amount is recorded as contributions based upon the net present value of the amounts expected to be collected. The Foundation used a discount rate of 2.98% for June 30, 2022 on the pledges to determine the present value of pledges receivable. Management established a 0.00% allowance for uncollectible pledges for the year ended June 30, 2022.

NOTE 7 – CAPITAL ASSETS

<u>Primary Government:</u>	Beginning Balance June 30, 2021 (As Restated)	Increases	Decreases	Ending Balance June 30, 2022
Capital Assets not being Depreciated:				
Land	\$ 2,512,022	\$ 0	\$ 0	\$ 2,512,022
Construction in Progress	473,745	1,004,106	0	1,477,851
Total Capital Assets not being Depreciated	\$ 2,985,767	\$ 1,004,106	\$ 0	\$ 3,989,873
Other Capital Assets:				
Buildings and Improvements	\$ 73,620,423	\$ 0	\$ 0	\$ 73,620,423
Land Improvements	199,874	0	0	199,874
Machinery, Equipment, and Other	17,309,619	1,069,529	(680,245)	17,698,903
Vehicles	273,045	0	0	273,045
Total Other Capital Assets at Historical Cost	\$ 91,402,961	\$ 1,069,529	\$ (680,245)	\$ 91,792,245
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ (34,561,831)	\$ (1,820,035)	\$ 0	\$ (36,381,866)
Land Improvements	(69,957)	(9,993)	0	(79,950)
Machinery, Equipment, and Other	(15,820,599)	(926,758)	680,245	(16,067,112)
Vehicles	(269,956)	(1,991)	0	(271,947)
Total Accumulated Depreciation	\$ (50,722,343)	\$ (2,758,777)	\$ 680,245	\$ (52,800,875)
Other Capital Assets, Net	\$ 40,680,618	\$ (1,689,248)	\$ 0	\$ 38,991,370
Intangible Right to Use Assets:				
Leased Equipment	\$ 408,656	\$ 0	\$ 0	\$ 408,656
Leased Vehicles	270,023	0	0	270,023
Total Intangible Right to Use Assets	\$ 678,679	\$ 0	\$ 0	\$ 678,679
Less Accumulated Amortization For:				
Leased Equipment	\$ (75,175)	\$ (81,887)	\$ 0	\$ (157,062)
Leased Vehicles	(40,750)	(41,644)	0	(82,394)
Total Accumulated Amortization	\$ (115,925)	\$ (123,531)	\$ 0	\$ (239,456)
Total Intangible Right to Use Assets, Net	\$ 562,754	\$ (123,531)	\$ 0	\$ 439,223
Total Capital Assets, Net	\$ 44,229,139	\$ (808,673)	\$ 0	\$ 43,420,466
State Inventory listing Movable Equipment				\$ 17,971,948
Total Equipment per Books				17,971,948
Difference				\$ 0

FLORENCE - DARLINGTON TECHNICAL COLLEGE
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NOTE 7 – CAPITAL ASSETS (continued)

Total depreciation expense for the year ended June 30, 2022 was \$2,758,777 and the depreciation expense for June 30, 2021 was \$2,683,153. Amortization expense for intangible right to use assets was \$123,531 for June 30, 2022 and \$115,925 for June 30, 2021.

NOTE 8 - PENSION AND RETIREMENT PLAN

Plan Descriptions

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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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 and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

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, 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, 202 Arbor Lake Drive, Columbia, SC 29223. 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.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
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NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

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.

State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. 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. 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 (9.00 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 (11.41 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

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.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

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 requirement that the total of the member's age and the member's creditable services 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 or 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

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS

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FLORENCE, SOUTH CAROLINA
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NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

- Required employee contribution rates¹ are as follows:

	2022	2021
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

- Required employer contribution rates¹ are as follows:

	2022	2021
SCRS		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP²		
Employer Contribution	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	18.84%	17.84%
Employer Class Three	18.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

² Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
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NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

Employer contribution rates increased by more than one percentage point for the 2021-2022 fiscal year; therefore, in accordance with the South Carolina 2020-2021 Appropriation Act, Section 117.151 State funds were appropriated to PEBA for the Retirement Trust Funds. PEBA issued credit invoices to each employer for one percent of employer contributions based on its share of the appropriated funds. The College's share of appropriated funds were \$185,388 and will be reported as revenue from a nonemployer contributing entity and a reduction of net pension liability as of June 30, 2022 measurement date. The College reported non-employer contribution revenue totaling \$185,388 for June 30, 2022 for the credits received for the 2020-2021 fiscal year.

Contributions to the pension plan from the College were as follows for the years ended June 30, 2022 and June 30, 2021:

	<u>2022</u>		<u>2021</u>
SCRS	\$ 2,009,108	\$	1,921,199
PORS	\$ 2,253	\$	1,796
ORP – Remitted to SCRS	\$ 248,842	\$	260,316
ORP – Remitted to Vendor	\$ 107,630	\$	123,256

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the College reported \$29,097,815 and \$16,854 for its proportionate shares of the net pension liabilities of SCRS and PORS, respectively. The net pension liability of each defined benefit pension plan was determined based on the July 1, 2020 actuarial valuations, using membership data as of July 1, 2020, projected forward to June 30, 2021, and financial information of the pension trust funds as of June 30, 2021, using generally accepted actuarial procedures. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the College SCRS proportion was .134455 percent measured as of June 30, 2021. The State's PORS proportion of the net pension liability at June 30, 2022 was .000655 percent measured as of June 30, 2021. The College's proportionate share for the fiscal year ended June 30, 2021 as of the measurement date of June 30, 2020 for the SCRS was .148505 percent and .000251 percent for the PORS system.

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FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

Pension Expense

Components of collective pension expense reported in the Schedules of Pension Amounts by Employer for the fiscal year ended June 30, 2022, are presented below:

Description	SCRS	PORS
Service cost (annual cost of current service)	\$ 1,383,252	\$ 1,354
Interest on the total pension liability	4,945,792	3,762
Changes in plan benefits	0	0
Plan administrative costs	23,562	20
Plan member contributions	(1,253,142)	(997)
Expected return on plan assets	(2,535,238)	(2,239)
Recognition of current year amortization – Difference between expected and actual experience	712,550	955
Recognition of current year amortization – Difference between projected and actual investment earnings	(1,154,157)	(1,003)
Other	2,142	(8)
Change in proportionate share	(2,752,915)	3,723
Total Pension Expense	<u>\$ (628,154)</u>	<u>\$ 5,567</u>

The total pension expense for the fiscal year ending June 30, 2022, totaled (\$628,154) for the SCRS and \$5,567 for the PORS.

Additional items included in Total Employer Pension Expense in the Schedules of Pension Amounts by Employer are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of total plan employer contributions. These two deferrals are specific to cost-sharing multiple-employer defined benefit pension plans as discussed in paragraphs 54 and 55 of GASB 68.

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SCRS	PORS
Deferred Inflows of Resources:		
Net difference between expected and actual experience	\$ 39,271	\$ 52
Difference between projected and actual investment earnings	4,226,841	3,779
Deferred amounts from changes in proportionate share and difference between employer contributions and proportionate share of total plan employer contributions	4,422,273	1,520
	<u>\$ 8,688,385</u>	<u>\$ 5,351</u>

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FLORENCE, SOUTH CAROLINA
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NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

	<u>SCRS</u>	<u>PORS</u>
Deferred Outflows of Resources:		
Difference between expected and actual experience	\$ 495,648	\$ 573
Assumption changes	1,592,719	1,202
Net difference between projected and actual earnings	0	0
Deferred amounts from changes in proportionate share and difference between employer contributions and proportionate share of total plan employer contributions	0	10,123
College contributions subsequent to measurement date	<u>2,257,950</u>	<u>2,253</u>
	\$ <u>4,346,317</u>	\$ <u>14,151</u>

College contributions subsequent of the measurement date of \$2,257,950 and \$2,253 reported as deferred outflow of resources for the SCRS and PORS, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	<u>SCRS</u>	<u>PORS</u>
2023	\$ (2,421,945)	\$ 3,003
2024	(1,463,049)	2,153
2025	(1,133,396)	2,362
2026	(1,581,628)	(971)
Thereafter	<u>0</u>	<u>0</u>
	<u>\$ (6,600,018)</u>	<u>\$ 6,547</u>

Payable to Pension Plan

At June 30, 2022, the College had \$216,078 in outstanding payables to the plans for legally required contributions. This amount is reported in the statement of net position with withholdings and benefits payable.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results 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. An experience report on the systems was most recently issued as of July 1, 2019 for first use in the July 1, 2021 actuarial valuation.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return ¹	7.0%	7.0%
Projected salary increases	3.0% to 11.0% (varies by service) ¹	3.5% to 10.5% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
¹ includes inflation at 2.25%		

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvements in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2021, TPL are as follows:

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Position Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%
PORS	8,684,586,488	6,111,672,064	2,572,914,424	70.4%

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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighing the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity¹	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity^{1,2}	9.0%	9.68%	0.87%
Private Debt²	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate ²	9.0%	6.01%	0.54%
Infrastructure ²	3.0%	5.08%	0.15%
Total Expected Return ³	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.43%

¹The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

²Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

³Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

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NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the 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.

Sensitivity Analysis

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers' net pension liability would be if it were calculated using the discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	\$ 38,114,515	\$ 29,097,815	\$ 21,603,072
PORS	\$ 24,453	\$ 16,854	\$ 10,629

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocation and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the accounting valuation report as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

Deferred Retirement Option Plans

The Teacher and Employee Retention Incentive (TERI) program, established by State law, became effective January 1, 2001. The program is a deferred retirement option available to SCRS members eligible for services retirement. Upon entering the TERI program, a member's status changes from active to retired. A TERI participant agrees to continue employment with an employer participating in the system for a specified period, not to exceed five years. TERI participants retain the same status and employment rights they held upon entering the program but are not considered active employees for purposes of the disability retirement programs. A TERI retiree's monthly benefits are accrued and remain in the SCRS trust account during the TERI participation period, but no interest is accrued or paid thereon. Upon termination of employment or at the end of the TERI participation period (whichever is earlier), a retiree may roll over some or all of the accumulated TERI balance into a qualified, tax-sheltered retirement plan and/or receive a lump-sum distribution.

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NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

Optional Retirement Program

As an alternative to membership in SCRS, certain State, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program. Participants in the State ORP direct the investment of their funds into a plan administered by one of four investment providers and are governed by the terms of the contracts that those providers issue.

Under State law, College contributions to the ORP are at the same rates as of the SCRS (see Subsection c, Funding Policies). A direct remittance is required from the employers to the investment providers for the employee contribution (9.00%) and a portion of the employer contribution (5.00%), which is immediately vested to the employee. A direct remittance is also required to the SCRS for a portion of the employer contribution (11.41%) and a group life contribution (.015%), which is retained by the SCRS. The activity for the College participation in the State ORP is as follows:

Covered payroll.....	\$ 2,152,609
Employee contributions to providers.....	193,735
Employer contributions to providers.....	107,630
Payments to SCRS.....	248,842

NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired employees and their covered dependents. Florence – Darlington Technical 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 post-employment 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.

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NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Funding Policies/Benefits/Contributions

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 6.25% of annual covered payroll for the fiscal year ended June 30, 2022. The IB sets the employer contribution rate based on a pay-as-you-go basis. Florence-Darlington Technical College paid \$1,514,566 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal year ended June 30, 2022. 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 year ended June 30, 2022. Florence-Darlington Technical College recorded employer contribution expenses applicable to these insurance benefits for active employees in the amount of approximately \$18,185 for the year ended June 30, 2022. The College recognized non-employer contributions of \$4,079 to the SCRHITF and \$0 to the SCLTDITF during the year.

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, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

Payable to OPEB Plan

As of June 30, 2022, the College had \$87,318 in outstanding payables to the SCRHITF and \$0 in outstanding payables to the SCLTDITF at year end. These amounts are reported in the statement of net position as accrued payroll and related liabilities.

Deferred Outflows of Resources and Deferred Inflows of Resources related to Post-Employment Benefits Other Than Pensions

At June 30, 2022, Florence – Darlington Technical College reported an OPEB (Other Post-Employment Benefits) liability of \$35,755,692 for Retiree Health Insurance. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2022, the College's proportion of the OPEB Health Liability was .171711%, and the College's proportion of the OPEB Health Liability at June 30, 2021 was .189256%.

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NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

For the year ended June 30, 2022, Florence – Darlington Technical College recognized OPEB Health expense of \$1,678,782 for OPEB Health. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to Post-Employment Benefits Other Than Pensions (OPEB) for South Carolina Retiree Health Insurance Trust Fund (SCRHITF) from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 723,583	\$ 916,475
Assumption Changes	7,269,302	860,950
Investment Experience	73,477	83,145
Outstanding balance between Florence – Darlington Technical College contributions and proportionate share of plan contributions	0	6,379,679
Florence – Darlington Technical College contributions subsequent to the measurement date	963,506	0
Total	<u>\$ 9,029,868</u>	<u>\$ 8,240,249</u>

\$963,506 reported as deferred outflows of resources related to postemployment benefits resulting from Florence – Darlington Technical College OPEB Health Insurance contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB Health will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	(392,170)
2024	(408,001)
2025	(133,264)
2026	167,043
2027	434,393
Thereafter	158,112
	<u>(173,887)</u>

At June 30, 2022, Florence – Darlington Technical College reported an OPEB liability of \$3,675 for Long-Term Disability Insurance. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2022, the College's proportion of the OPEB Long-Term Disability Liability was .115653%, and the College's proportional share of the OPEB Long-Term Disability Liability at June 30, 2021 was .126790%.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

For the year ended June 30, 2022, Florence – Darlington Technical College recognized OPEB Long-Term Disability expense of \$14,523 for OPEB Long-Term Disability. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to Post-Employment Benefits Other Than Pensions (OPEB) for South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF) from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 0	\$ 2,710
Assumption Changes	3,034	147
Investment Experience	1,653	2,710
Outstanding balance between Florence – Darlington Technical College contributions and proportionate share of plan contributions	0	880
Florence – Darlington Technical College contributions subsequent to the measurement date	18,185	0
Total	\$ <u>22,872</u>	\$ <u>6,517</u>

\$18,185 reported as deferred outflows of resources related to postemployment benefits resulting from Florence – Darlington Technical College OPEB Long-Term Disability Insurance contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB Long-Term Disability will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	(505)
2024	(830)
2025	(475)
2026	215
2027	(116)
Thereafter	(119)
	<u>(1,830)</u>

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

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NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

The following table provides a summary of the actuarial assumptions and methods used in the June 30, 2020 actuarial valuation for SCRHITF:

Actuarial Assumptions:	SCRHITF
Valuation Date	June 30, 2020
Actuarial Cost Method	Individual Entry – Age Normal
Inflation	2.25%
Investment Rate of Return	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate	1.92% as of June 30, 2021
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality Assumptions	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Healthcare Trend Rates	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Participation Assumptions	79% participation for retirees who are eligible for Funded Premiums. 59% participation for retirees who are eligible for Partial Funded Premiums. 20% participation for retirees who are eligible for Non-Funded Premiums.
Notes	The discount rate changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021. In addition, the demographic and salary increases assumptions were updated to reflect the 2020 SCRS experience study and the health care trend rates were reset to better reflect the plan's anticipated experience.

The following table provides a summary of the actuarial assumptions and methods used in the June 30, 2020 actuarial valuation for SCLTDITF:

Actuarial Assumptions:	SCLTDITF
Valuation Date	June 30, 2020
Actuarial cost method	Individual Entry – Age Normal
Inflation	2.25%
Investment Rate of Return	3.00%, net of Plan investment expense; including inflation
Single Discount Rate	2.48% as of June 30, 2021
Salary, Termination Rates, and Retirement Rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Disability Incidence	The disability incidence rates used in the LTD valuation are 165% of the rates developed for the pension plans.
Disability Recovery	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 93% were assumed to recover after the first two years
Offsets	45% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses	Third party administrative expenses were included in the benefit projections
Notes	The Single Discount Rate changed from 2.83% as of June 30, 2020 to 2.48% as of June 30, 2021. Additionally, the salary, termination rates and retirement rates assumption were updated to reflect the 2020 experience study for the South Carolina Retirement Systems' pension valuations, and the disability incidence, disability recovery, administration fee and offset assumptions were updated to better reflect the plan's anticipated experience.

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NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Roll Forward Disclosures

The actuarial valuation were performed as of June 30, 2020. Update procedures were used to roll forward the total OPEB liability to June 30, 2021.

Net OPEB Liability

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB Statement No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2021:

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	Employers' Net OPEB Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$ 22,506,597,989	\$ 1,683,416,992	\$ 20,823,180,997	7.48%
SCLTDITF	44,378,931	41,201,247	3,177,684	92.84%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB Statement No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Statements No. 74 and 75 and are not applicable for the other purposes, such as determining the Trusts' funding requirements.

Single Discount Rate

The Single Discount Rate of 1.92% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. The Fidelity "20-Year Municipal GO AA Index" for fixed-income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds was used for reporting as of June 30, 2021. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent). Therefore, the plan used a Single Discount Rate for GASB 74 purposes which is equal to the municipal bond rate.

A Single Discount Rate of 2.48% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate 1.92%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

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NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Long Term Expected Rate of Return

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

South Carolina Retiree Health Insurance Trust Fund			
Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash Equivalents	20.00%	0.35%	0.07%
Total	100.00%		0.55%
Expected Inflation			2.25%
Total Return			2.80%
Investment Return Assumption			2.75%

South Carolina Long-Term Disability Insurance Trust Fund			
Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash Equivalents	20.00%	0.35%	0.07%
Total	100.00%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			3.00%

Sensitivity Analysis

The following table presents the College's proportionate share of the SCRHITF net other postemployment benefits (OPEB) liability calculated using the discount rate of 1.92 percent, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.92 percent) or 1 percentage point higher (2.92 percent) than the current rate:

Sensitivity of the SCRHITF Net OPEB Liability to Changes in the Discount Rate		
1.00% Decrease (0.92%)	Current Discount Rate (1.92%)	1.00% Increase (2.92%)
\$43,094,453	\$35,755,692	\$29,969,983

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NOTE 9 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

**Sensitivity of the SCRHITF Net OPEB Liability to Changes in the
Healthcare Cost Trend Rates**

1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
<hr/>	<hr/>	<hr/>
\$28,685,688	\$35,755,692	\$45,176,238

The following table presents the College's proportionate share of the SCLTDITF net OPEB liability calculated using the discount rate of 2.48 percent, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.83 percent) or 1 percentage point higher (3.48 percent) than the current rate:

**Sensitivity of the SCLTDITF Net OPEB Liability to Changes in the Discount
Rate**

1.00% Decrease	Current Discount Rate	1.00% Increase
(1.48%)	(2.48%)	(3.48%)
<hr/>	<hr/>	<hr/>
\$5,346	\$3,675	(\$1,991)

NOTE 10 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

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

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

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset categories upon completion. Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities.

At June 30, 2022, the College had construction in progress expenditures totaling \$1,477,851 on the following outstanding project commitments:

Project	Expenditures To Date	Estimated Total Project	Estimated Completion Date
<hr/>	<hr/>	<hr/>	<hr/>
400 Building Demolition	\$ 2,600	\$ 400,000	Fiscal Year 2023
600 Building Roof Design	686,929	742,500	Fiscal Year 2023
5000 Building Walkway	616,621	1,000,000	Fiscal Year 2023
Health Science Center Renovations	8,760	11,400	Fiscal Year 2023
Life Safety and Security	162,941	800,000	Fiscal Year 2023
	<hr/>	<hr/>	
	\$ 1,477,851	\$ 2,953,900	
	<hr/>	<hr/>	

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NOTE 10 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS (continued)

The College anticipates funding these projects out of current resources. The State has issued capital improvement bonds to fund improvements and expansion of State facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenditures have been incurred.

NOTE 11 – LEASES

Lease Obligations:

College Vehicle – 2019 Ford Escape

On July 1, 2020, the College entered into a 96 month lease as lessee for the use of a 2019 Ford Escape. An initial lease liability was recorded in the amount of \$30,313. As of June 30, 2022, the value of the lease liability is \$23,583. The College is required to make monthly fixed payments of \$369. The lease has an interest rate of 4.003%. The value of the right to use asset as of June 30, 2022 is \$30,313 with accumulated amortization of \$7,408 for a net value of \$22,905. The accrued interest payable at June 30, 2022 is \$31.

College Vehicle – 2 Vans

On July 1, 2020, the College entered into a 60 month lease as lessee for the use of 2 Vans. An initial lease liability was recorded in the amount of \$52,204. As of June 30, 2022, the value of the lease liability is \$31,704. The College is required to make monthly fixed payments of \$898. The lease has an interest rate of 1.27%. The value of the right to use asset as of June 30, 2022 is \$52,204 with accumulated amortization of \$20,324 for a net value of \$31,880. The accrued interest payable at June 30, 2022 is \$15.

College Vehicle – 2018 Dodge Caravan

On July 1, 2020, the College entered into a 96 month lease as lessee for the use of a 2018 Dodge Caravan. An initial lease liability was recorded in the amount of \$36,645. As of June 30, 2022, the value of the lease liability is \$28,005. The College is required to make monthly fixed payments of \$413. The lease has an interest rate of 1.993%. The value of the right to use asset as of June 30, 2022 is \$36,645 with accumulated amortization of \$8,965 for a net value of \$27,680. The accrued interest payable at June 30, 2022 is \$17.

College Vehicle – Ford Escape 4x2

On July 1, 2020, the College entered into a 96 month lease as lessee for the use of a Ford Escape 4x2. An initial lease liability was recorded in the amount of \$30,252. As of June 30, 2022, the value of the lease liability is \$23,551. The College is required to make monthly fixed payments of \$369. The lease has an interest rate of 4.05%. The value of the right to use asset as of June 30, 2022 is \$30,252 with accumulated amortization of \$7,409 for a net value of \$22,843. The accrued interest payable at June 30, 2022 is \$27.

College Vehicle – 2018 Chevrolet Cruze

On July 1, 2020, the College entered into a 96 month lease as lessee for the use of a 2018 Chevrolet Cruze. An initial lease liability was recorded in the amount of \$29,809. As of June 30, 2022, the value of the lease liability is \$22,789. The College is required to make monthly fixed payments of \$336. The lease has an interest rate of 1.993%. The value of the right to use asset as of June 30, 2022 is \$29,808 with accumulated amortization of \$7,362 for a net value of \$22,446. The accrued interest payable at June 30, 2022 is \$3.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – LEASES (continued)

College Vehicle – Two(2) 2018 Dodge Pickups ½ Ton 4x2

On July 1, 2020, the College entered into a 60 month lease as lessee for the use of Two(2) 2018 Dodge Pickups ½ Ton 4x2. An initial lease liability was recorded in the amount of \$37,897. As of June 30, 2022, the value of the lease liability is \$23,077. The College is required to make monthly fixed payments of \$656. The lease has an interest rate of 1.510%. The value of the right to use asset as of June 30, 2022 is \$37,897 with accumulated amortization of \$15,159 for a net value of \$22,738.

College Vehicle – 2018 Ford Cargo Van

On July 1, 2020, the College entered into a 60 month lease as lessee for the use of a 2018 Ford Cargo Van. An initial lease liability was recorded in the amount of \$21,090. As of June 30, 2022, the value of the lease liability is \$12,839. The College is required to make monthly fixed payments of \$365. The lease has an interest rate of 1.53%. The value of the right to use asset as of June 30, 2022 is \$21,090 with accumulated amortization of \$8,239 for a net value of \$12,851. The accrued interest payable at June 30, 2022 is \$5.

College Vehicle – 2019 Nissan Rogue Crossover

On July 1, 2020, the College entered into a 96 month lease as lessee for the use of a 2019 Nissan Rogue Crossover. An initial lease liability was recorded in the amount of \$31,814. As of June 30, 2022, the value of the lease liability is \$24,595. The College is required to make monthly fixed payments of \$377. The lease has an interest rate of 3.30%. The value of the right to use asset as of June 30, 2022 is \$31,814 with accumulated amortization of \$7,758 for a net value of \$24,056. The accrued interest payable at June 30, 2022 is \$32.

College-Wide Copiers

On July 1, 2020, the College entered into a 60 month lease as lessee for the use of the College-Wide Copiers. An initial lease liability was recorded in the amount of \$15,768. As of June 30, 2022, the value of the lease liability is \$9,698. The College is required to make monthly fixed payments of \$268. The lease has an interest rate of 1.53%. The value of the right to use asset as of June 30, 2022 is \$15,768 with accumulated amortization of \$6,006 for a net value of \$9,762. The accrued interest payable at June 30, 2022 is \$12.

Herald Office Systems Copier

On July 1, 2020, the College entered into a 60 month lease as lessee for the use of a Herald Office Systems Copier. An initial lease liability was recorded in the amount of \$392,888. As of June 30, 2022, the value of the lease liability is \$238,980. The College is required to make monthly fixed payments of \$6,794. The lease has an interest rate of 1.51%. The value of the right to use asset as of June 30, 2022 is \$392,888 with accumulated amortization of \$150,826 for a net value of \$242,062. The accrued interest payable at June 30, 2022 is \$291.

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FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – LEASES (continued)

At June 30, 2022, the outstanding leases payable are as follows:

	Leases Payable	Lease Payment	Interest Expense	Ending Balance	Accrued Interest
College Vehicle Ford Escape	\$ 26,993	\$ 4,428	\$ 1,018	\$ 23,583	\$ 31
College Vehicle 2 Vans	42,006	10,776	474	31,704	15
College Vehicle Dodge Caravan	32,356	4,956	605	28,005	17
College Vehicle Ford Escape 4x2	26,950	4,428	1,029	23,551	27
College Vehicle Chevrolet Cruze	26,331	4,032	490	22,789	3
College Vehicle 2 Dodge Pickups	30,542	7,872	407	23,077	0
College Vehicle Ford Cargo Van	16,991	4,380	228	12,839	5
College Vehicle Nissan Rogue	28,242	4,524	877	24,595	32
College-Wide Copiers	12,746	3,222	174	9,698	12
Herald Office Systems Copier	316,266	81,528	4,242	238,980	291
Total	<u>\$ 559,423</u>	<u>\$ 130,146</u>	<u>\$ 9,544</u>	<u>\$ 438,821</u>	<u>\$ 433</u>

Listed below is a summary of the lease payments to maturity of the outstanding leases payable:

	Principal	Interest	Total
2023	\$ 122,691	\$ 7,455	\$ 130,146
2024	124,820	5,326	130,146
2025	126,996	3,150	130,146
2026	20,971	1,666	22,637
2027	21,341	1,026	22,367
2028	22,002	366	22,368
	<u>\$ 438,821</u>	<u>\$ 18,989</u>	<u>\$ 457,810</u>

Leases Receivable:

The School Foundation

On July 1, 2021, the College entered into a 36 month lease as lessor for the use of the School Foundation. An initial lease receivable was recorded in the amount of \$17,706. As of June 30, 2022, the value of the lease receivable is \$11,901 which includes interest receivable of \$195. The lessee is required to make annual fixed payments of \$6,000. The lease has an interest rate of 1.67%. The value of the deferred inflow of resources at June 30, 2022 is \$11,803 and the College recognized lease revenue of \$5,902 during the year.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – LEASES (continued)

Listed below is a summary of future lease payments at June 30, 2022:

Annualize Receipt Schedule			
	Principal	Interest	Total
2023	\$ 5,805	\$ 195	\$ 6,000
2024	5,901	99	6,000
	<u>\$ 11,706</u>	<u>\$ 294</u>	<u>\$ 12,000</u>

Lease Revenue Recognition – Straight Line Amortization of Deferred Inflows of Resources		
2023	\$	5,902
2024		5,901
	<u>\$</u>	<u>11,803</u>

NOTE 12 – FINANCING LEASE

The College has one (1) financing lease. The lease qualifies as a financing lease for accounting purposes. It is for the purchase of Xerox press, copier, printer and server. The lease has been recorded at the present value of future minimum lease payments as of the inception date of June 20, 2020.

Future minimum lease obligations and the net present value of the lease payments as of June 30, 2022, are as follows:

Year ended June 30:	
2023	\$ 57,423
2024	57,423
Total	<u>\$ 114,846</u>
Less Amounts Representing Interest	<u>(7,455)</u>
Net Present Value	<u>\$ 107,391</u>

NOTE 13 – BONDS PAYABLE

Bonds Payable consisted of the following at June 30, 2022:

Revenue Bonds	Interest Rate	Maturity Date	Balance
Series 2014 Special Fee Refunding Bond	2.00% to 5.00%	03/01/30	\$ 9,235,000
Total Bonds Payable			<u>\$ 9,235,000</u>

Revenue Bonds are payable from and secured solely by a pledge of special fee revenue derived from the fees charged by the College to fund capital additions. The revenue bonds are direct placement revenue bonds. In the event of default, the bondholders at the time outstanding, or trustee therefore, may for the equal benefit and protection of all holders of the bonds may take action or proceedings of law to compel the College's commission to carry out its covenants and agreements with bondholders.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 – BONDS PAYABLE (continued)

The Series 2014 Special Fee Refunding Bond refunded the 2005 Special Fee Revenue Bond. The refunding resulted in a net loss on refunding totaling \$428,888 which is being amortized over the life of the new bond because the maturity of the refunding bond is the same as the refunded bond. The balance of the deferred loss on refunding of \$241,249 is reported as a deferred outflow of resources at June 30, 2022, the outstanding portion of the 2005 bond that is considered defeased is \$10,720,000. The net economic gain on the 2014 Special Fee Refunding Bond was \$2,279,270.

The scheduled maturities of the bonds payable are as follows:

Direct Placement Revenue				
Bond Series 2005A	Principal	Interest	Total	
2023	\$ 985,000	\$ 391,937	\$ 1,376,937	
2024	1,025,000	352,537	1,377,537	
2025	1,075,000	301,287	1,376,287	
2026	1,130,000	247,537	1,377,537	
2027	1,185,000	191,037	1,376,037	
2028-2030	3,835,000	290,600	4,125,600	
	<u>\$ 9,235,000</u>	<u>\$ 1,774,935</u>	<u>\$ 11,009,935</u>	

Total debt service payments including financing leases for the College at June 30, 2022 are as follows:

	Direct Placement Revenue Bonds		Financing Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 985,000	\$ 391,937	\$ 51,686	\$ 5,737	\$ 1,036,686	\$ 397,674
2024	1,025,000	352,537	55,705	1,718	1,080,705	354,255
2025	1,075,000	301,287			1,075,000	301,287
2026	1,130,000	247,537			1,130,000	247,537
2027	1,185,000	191,037			1,185,000	191,037
2028-2030	3,835,000	290,600			3,835,000	290,600
	<u>\$ 9,235,000</u>	<u>\$ 1,774,935</u>	<u>\$ 107,391</u>	<u>\$ 7,455</u>	<u>\$ 9,342,392</u>	<u>\$ 1,782,389</u>

NOTE 14 – LONG-TERM LIABILITIES

Primary Government:

	June 30, 2021	Additions	Reductions	June 30, 2022	Due within One Year
Direct Placement Bonds Payable:					
2014 Special Fee Revenue Bond	\$ 10,175,000	\$ 0	\$ 940,000	\$ 9,235,000	\$ 985,000
Plus Unamortized Premium	784,206	0	87,134	697,072	0
Total Bonds Payable	10,959,206	0	1,027,134	9,932,072	985,000
Financing Lease	155,350	0	47,959	107,391	51,686
Accrued Compensated Absences	1,344,200	1,257,464	1,344,200	1,257,464	129,628
TOTAL	<u>\$ 12,458,756</u>	<u>\$ 1,257,464</u>	<u>\$ 2,419,293</u>	<u>\$ 11,296,927</u>	<u>\$ 1,166,314</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational program. Financial statements for this entity are audited by independent auditors retained by them. It includes the Florence-Darlington Technical College Educational Foundation, Inc. Following is a more detailed discussion of the entity and a summary of significant transactions between it and the College for the year ended June 30, 2022.

The Florence-Darlington Technical College Foundation, Inc.

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. Because of the nature and the significance of its relationship with the College, the Foundation is considered a component unit of the College.

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the College. The Foundation's activities are governed by its Board of Directors.

The College recorded non-governmental gifts receipts of \$132,900 for June 30, 2022. These funds were used to support College programs such as scholarships.

The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space, administrative and support services to the Foundation. The value of this office space and these services was approximately \$724 for the year ended June 30, 2022.

The Foundation's assets as of June 30, 2022 were \$2,573,381.

Amounts due from the Foundation as of June 30, 2022 are \$132,900.

NOTE 16 – RISK MANAGEMENT

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

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

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

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

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 – RISK MANAGEMENT (continued)

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

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

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

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

NOTE 17 – TRANSACTIONS WITH OTHER AGENCIES

The College had significant transactions with the State of South Carolina and various agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various offices of the South Carolina Department of Administration include pension plan administration, insurance plans administration, audit services, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

NOTE 18 - PURCHASES WITH OTHER SC HIGHER EDUCATION INSTITUTIONS

The College received goods and/or services from other South Carolina higher education institutions for a fee during the fiscal year ended June 30, 2022:

<u>Institution:</u>	<u>Amount:</u>
Technical Colleges:	
Greenville Technical College	\$ 153,560
Midlands Technical College	16,189
Tri County Technical College	3,557
Universities:	
Clemson University	<u>1,175</u>
Total	<u>\$ 174,481</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 19 - ACCOUNTS PAYABLE

Accounts payable as of June 30, 2022 and June 30, 2021 are summarized as follows:

<u>Payables</u>	<u>2022</u>	<u>2021</u>
Accounts Payable	\$ 559,786	\$ 411,784
Accounts Payable from Federal and State Grants	89,776	87,240
Accounts Payable – Student Refunds	8,025	6,453
Total Accounts Payable	\$ <u>657,587</u>	\$ <u>505,477</u>

NOTE 20 – STATE APPROPRIATIONS

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

The following is a detail schedule of State General appropriations revenue reported in the financial statements for the fiscal years ending June 30, 2022 and June 30, 2021:

<u>CAPITAL APPROPRIATIONS</u>	<u>2022</u>	<u>2021</u>
Current Year's Appropriations		
State-Approved Capital Projects	\$ 1,434,637	\$ 24,513
Total capital appropriations recorded as current year revenue	\$ <u>1,434,637</u>	\$ <u>24,513</u>
 <u>NON-CAPITAL APPROPRIATIONS</u>	 <u>2022</u>	 <u>2021</u>
Current Year's Appropriations		
Appropriations per State Board Allocation	\$ 8,851,332	\$ 9,175,027
Entrepreneurial Operations	637,439	872,710
Lottery Technology funds	35,573	17,095
Nursing Faculty Salary Supplemental Funds	15,032	13,782
Pathways to Prosperity	53,650	14,700
STEM Critical Needs Workforce	211,822	0
Workforce Pathways	133,391	193,161
Workforce Scholarships	750,093	627,843
High Demand Job Skills Training Equipment	122,750	111,146
Total non-capital appropriations recorded as current year revenue	\$ <u>10,811,082</u>	\$ <u>11,025,464</u>

NOTE 21 – PANDEMIC UNCERTAINTY

On March 10, 2020, the World Health Organization declared the 2019 Novel Coronavirus (Covid-19) outbreak to be a pandemic. Actions were taken around the world to help mitigate the spread including restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus has adversely affected and may continue to adversely affect economic activity globally, nationally, and locally. While it is unknown how long these conditions will last and what the complete financial effect will be to the College, the College could experience declines in revenues due to reduced revenue from local option sales tax collections and capital project sales tax collections.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 22 – TAX ABATEMENTS

The College does not negotiate or enter into an agreement for tax abatements. The College is subject to any tax abatement agreements entered by Florence County and Darlington County. Florence County and Darlington County provides tax abatement incentives through three programs to encourage economic development, attract new businesses, and retain existing businesses – Fee in Lieu of Tax, Multi-County Business Parks, and Special Source Revenue Credits,:

- A Fee in Lieu of Tax (FILOT) is authorized under South Carolina Code Title 12, Chapter 44, Title 4, Chapter 29, or Title 4, Chapter 12. The FILOT is used to encourage investment and provides a reduction of property tax when a business invests a minimum of \$2,500,000 within a 5-6 year investment period (beginning with date property is placed in service, ending five years after the last day of the property tax year in which the property is initially placed in service). The reduction in property taxes is accomplished by a reduction of assessed value, reduction in millage rate and elimination of (or reduction in) number of times millage rates are changed. In addition, an agreement may allow the possible use of net present value method over term of FILOT to equalize payments. Repayment of incentive is required by state law if taxpayer fails to meet statutory minimum investment requirement. Other recapture provisions may be negotiated (such as a pro rata clawback for failure to meet and/or maintain jobs/investment).
- A Multi-County Business Park (MCBP) is authorized under Article VIII, Section 13(d) of the Constitution of South Carolina, as amended and South Carolina Title 4, Chapter 1. A MCBP is used to promote the economic welfare of their citizens by inducing businesses to invest in the Counties through the offer of benefits available under South Carolina law pursuant to multi-county business park arrangements. The designation as a MCBP provides that all real and personal property located in the Park shall be exempt from all ad valorem taxation. This is typically used in the creation of a FILOT or SSRC, but also has the additional benefit of exemption of property from the rollback taxes when the property was previously taxed as agricultural property. When agricultural real property is applied to a use other than agricultural, it is subject to additional taxes, referred to as rollback taxes. The amount of the rollback taxes is equal to the sum of the differences, if any, between the taxes paid or payable on the basis of the fair market value for agricultural purposes and the taxes that would have been paid or payable if the real property had been valued, assessed, and taxed as other real property in the taxing district (except the value of standing timber is excluded), for the current tax year (the year of change in use) and each of the immediately preceding five tax years.
- A Special Source Revenue Credit (SSRC) is authorized under South Carolina Code Sections 4-29-68, 4- 1-170, and 12-44-70. The SSRC is used to encourage investment and provides a credit against property taxes in the form of a percentage reduction or a dollar amount reduction. County manually applies SSRC to reduce applicable property tax bill. To receive the credit, a business must incur costs of designing, acquiring, constructing, improving, or expanding improved or unimproved real estate or personal property used in the operation of a manufacturing or commercial enterprise, infrastructure servicing the project, or certain aircraft.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 22 – TAX ABATEMENTS (continued)

For the fiscal year ended June 30, 2022, the Counties abated College property tax revenues of \$462,061 under agreements entered into by the Counties. The table below summarizes the tax abatements by program:

	<u>Florence County Abatement</u>	<u>Darlington County Abatement</u>
<u>Tax Abatement Program</u>		
Fee In Lieu of Tax (FILOT)	\$ 309,086	\$ 152,975
Total	<u>\$ 309,086</u>	<u>\$ 152,975</u>

NOTE 23 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the years ending June 30, 2022 and June 30, 2021 are summarized as follows:

June 30, 2022

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 7,040,587	\$ 1,902,193	\$ 0	\$ 0	\$ 3,191,135	\$ 0	\$ 12,133,915
Academic Support	2,613,386	526,932	0	0	1,895,929	0	5,036,247
Student Services	2,104,348	610,648	0	0	1,186,820	0	3,901,816
Operation and							
Maintenance of Plant	673,297	217,306	0	1,218,946	2,212,987	0	4,322,536
Institutional Support	3,488,876	873,442	0	0	1,385,621	0	5,747,939
Scholarships	0	0	11,662,366	0	0	0	11,662,366
Auxiliary Enterprises	175,740	36,618	0	12,242	1,199,710	0	1,427,310
Depreciation	0	0	0	0	0	2,882,308	2,882,308
Total Operating Expenses	<u>\$ 16,096,234</u>	<u>\$ 4,170,139</u>	<u>\$ 11,662,366</u>	<u>\$ 1,231,188</u>	<u>\$ 11,072,202</u>	<u>\$ 2,882,308</u>	<u>\$ 47,114,437</u>

June 30, 2021

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	\$ 6,857,750	\$ 3,346,120	\$ 0	\$ 0	\$ 2,957,271	\$ 0	\$ 13,161,141
Academic Support	3,203,240	979,389	0	0	2,010,793	0	6,193,422
Student Services	2,130,976	888,860	0	0	876,520	0	3,896,356
Operation and							
Maintenance of Plant	699,857	388,964	0	1,248,802	1,645,359	0	3,982,982
Institutional Support	3,366,150	1,490,733	0	0	1,583,397	0	6,440,280
Scholarships	0	0	5,572,801	0	0	0	5,572,801
Auxiliary Enterprises	172,481	81,433	0	9,790	1,247,377	0	1,511,081
Depreciation	0	0	0	0	0	2,799,078	2,799,078
Total Operating Expenses	<u>\$ 16,430,454</u>	<u>\$ 7,175,499</u>	<u>\$ 5,572,801</u>	<u>\$ 1,258,592</u>	<u>\$ 10,320,717</u>	<u>\$ 2,799,078</u>	<u>\$ 43,557,141</u>

FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 24 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement requires that a contract that conveys control of the right-to-use a vendor's information technology (IT) software be recognized as a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The standard is applicable for periods beginning after June 15, 2022. The College has not yet determined the impact of this statement on the financial statements.

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections*, to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information. The requirements of this statement are effective for periods beginning after June 15, 2023.

GASB has issued Statement No. 101, *Compensated Absences*, to align the recognition and measurement guidance under a unified model and to amend certain previously required disclosures. This standard is effective for periods beginning after December 15, 2023.

NOTE 25 – NET ASSET RESTATEMENT

Fiscal year 2021 restated for the adoption of GASB Statement No. 87, *Leases* in the comparative statements.

Fiscal Year 2021

Net Position, End of Year, As Originally Reported	\$ (18,205,076)
Leased Assets, Net of Accumulated Amortization	562,754
Interest Payable – Leases	(553)
Lease Liability	(559,422)
Net Position, End of Year, As Restated	<u>\$ (18,202,297)</u>

The College has recorded lease obligations as described in Note 11 to the financial statements. The leases all began on July 1, 2020. The College did not have any lease receivables at June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

FLORENCE - DARLINGTON TECHNICAL COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
South Carolina Retirement System (SCRS)										
College's proportion of the net pension liability (asset)	0.134455%	0.148505%	0.157984%	0.174071%	0.184503%	0.185833%	0.191826%	0.180446%		
College's proportionate share of the net pension liability (asset)	\$ 29,097,815	\$ 37,945,781	\$ 36,074,249	\$ 39,003,852	\$ 41,534,593	\$ 36,693,655	\$ 36,380,726	\$ 31,066,819	\$	\$
College's covered payroll	\$ 13,161,276	\$ 13,769,390	\$ 14,507,798	\$ 14,957,721	\$ 15,153,309	\$ 14,431,024	\$ 14,463,674	\$ 13,415,835	\$	\$
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	221.10%	275.60%	248.70%	260.80%	274.10%	275.10%	251.53%	231.57%		
Plan fiduciary net position as a percentage of the total pension liability	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%		
South Carolina Police Officer Retirement System (PORS)										
College's proportion of the net pension liability (asset)	0.000655%	0.000251%	0.000360%	0.000186%	0.00016%	0.00000%	0.00000%	0.00001%		
College's proportionate share of the net pension liability (asset)	\$ 16,854	\$ 8,328	\$ 10,319	\$ 5,261	\$ 4,356	\$ 0	\$ 0	\$ 172	\$	\$
College's covered payroll	\$ 9,436	\$ 8,328	\$ 4,705	\$ 2,350	\$ 1,900	\$ 0	\$ 0	\$ 103	\$	\$
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	178.60%	240.60%	219.30%	224.30%	230.80%	0.00%	0.00%	164.47%		
Plan fiduciary net position as a percentage of the total pension liability	70.40%	58.80%	62.70%	61.70%	60.90%	0.00%	0.00%	67.50%		

Notes: The amounts presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

The College is retroactively reporting data back to the year of GASB Statement No. 68 implementation, which was fiscal year ending 2015. Information on the proportionate share of net pension liability is not available prior to that fiscal year.

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
SCHEDULE OF THE COLLEGE CONTRIBUTION - PENSION
SOUTH CAROLINA RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
South Carolina Retirement System (SCRS)										
Contractually required contribution	\$ 2,257,950	\$ 2,181,515	\$ 2,393,215	\$ 2,243,626	\$ 2,250,914	\$ 2,149,591	\$ 1,987,544	\$ 1,960,681	\$ 1,736,510	\$ 1,719,470
Contributions in relation to the contractually required contribution (see note)	(2,257,950)	(2,181,515)	(2,393,215)	(2,243,626)	(2,250,914)	(2,149,591)	(1,987,544)	(1,960,681)	(1,736,510)	(1,719,470)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
College's covered payroll	\$ 15,404,393	\$ 16,003,590	\$ 17,441,530	\$ 17,636,223	\$ 19,075,621	\$ 19,791,664	\$ 19,145,233	\$ 18,983,463	\$ 17,255,922	\$ 16,859,821
Contributions as a percentage of covered payroll	14.66%	13.63%	13.15%	12.72%	11.80%	10.86%	10.38%	10.33%	10.06%	10.19%

South Carolina Police Officer Retirement System (PORS)

Contractually required contribution	\$ 2,253	\$ 1,796	\$ 692	\$ 900	\$ 417	\$ 91	\$ 0	\$ 0	\$ 13	\$ 0
Contributions in relation to the contractually required contribution	(2,253)	(1,796)	(692)	(900)	(417)	(91)	0	0	(13)	0
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
College's covered payroll	\$ 11,711	\$ 9,850	\$ 3,794	\$ 5,222	\$ 2,570	\$ 640	\$ 0	\$ 0	\$ 105	\$ 0
Contributions as a percentage of covered payroll	19.24%	18.23%	18.24%	17.23%	16.22%	14.22%	0.00%	0.00%	12.38%	0.00%

Note: The amounts reported as contributions to the South Carolina Retirement System (SCRS) include the contractually required percentage of the ORP contributions that are remitted to SCRS.

FLORENCE – DARLINGTON TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN
SOUTH CAROLINA RETIREMENT SYSTEM
JUNE 30, 2022

The table below provides a summary of the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the South Carolina Retirement System (SCRS). This information was obtained from the financial statements of the SCRS, which is administered by the retirement division of the South Carolina Public Employee Benefit Authority (PEBA).

Summary of Actuarial Methods and Significant Assumptions

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Actuarial valuation date	07/01/20	07/01/19
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent of pay	Level percent of pay
Amortization period	27-year maximum, closed period	28-year maximum, closed period ¹
Asset Valuation method	5-year smoothed	5-year smoothed
Inflation rate	2.25%	2.25%
Projected salary increases	3.0% plus step-rate increases for members with less than 21 years of service ¹	3.0% plus step-rate increases for members with less than 21 years of service ²
Investment rate of return	7.00%	7.25%
Benefit adjustments	Lesser of 1.0% or \$500 annually	Lesser of 1.0% or \$500 annually
Mortality	The 2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the Year 2020. Male rates multiplied by 97% for non-educators and 95% for educators. Female rates multiplied by 107% for non- educators and 94% for educators.	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the Year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non- educators and 98% for educators.

¹ Pension reform legislation enacted effective July 1, 2017 schedules the amortization period to be reduced from 30 years to 20 years over a ten-year schedule.

² Includes inflation at 2.25%.

FLORENCE – DARLINGTON TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN
SOUTH CAROLINA POLICE OFFICER RETIREMENT SYSTEM
JUNE 30, 2022

The table below provides a summary of the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the South Carolina Police Officer Retirement System (PORS). This information was obtained from the financial statements of the SCRS, which is administered by the retirement division of the South Carolina Public Employee Benefit Authority (PEBA).

Summary of Actuarial Methods and Significant Assumptions

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Actuarial valuation date	07/01/20	07/01/19
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent of pay	Level percent of pay
Amortization period	27-year maximum, closed period	28-year maximum, closed period ¹
Asset Valuation method	5-year smoothed	5-year smoothed
Inflation rate	2.25%	2.25%
Projected salary increases	3.5% plus step-rate increases for members with less than 15 years of service ¹	3.5% plus step-rate increases for members with less than 15 years of service ²
Investment rate of return	7.00%	7.25%
Benefit adjustments	Lesser of 1.0% or \$500 annually	Lesser of 1.0% or \$500 annually
Mortality	The 2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the Year 2020. Male rates are multiplied by 127% and female rates are multiplied by 107%.	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the Year 2016. Male rates are multiplied by 125% and female rates are multiplied by 111%.

¹ Pension reform legislation enacted effective July 1, 2017 schedules the amortization period to be reduced from 30 years to 20 years over a ten-year schedule.

² Includes inflation at 2.25%.

FLORENCE - DARLINGTON TECHNICAL COLLEGE
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS

		Fiscal Year									
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
South Carolina Retiree Health Insurance Trust Fund											
College's proportion of the net OPEB liability		0.171711%	0.189256%	0.201713%	0.221229%	0.234705%	0.234705%				
College's proportionate share of the net OPEB liability	\$	35,755,692	\$ 34,163,446	\$ 30,502,081	\$ 31,349,443	\$ 31,790,408	\$ 33,958,600	\$	\$	\$	\$
College's covered payroll	\$	16,085,397	\$ 17,527,797	\$ 17,647,834	\$ 19,057,598	\$ 19,802,199	\$ 19,099,499	\$	\$	\$	\$
College's proportionate share of the net OPEB liability as a percentage of its covered payroll		222.29%	194.91%	172.84%	164.50%	160.54%	177.80%				
Plan fiduciary net position as a percentage of the total OPEB liability		7.48%	8.39%	8.44%	7.91%	7.60%	6.62%				
South Carolina Long-Term Disability Insurance Trust Fund											
College's proportion of the net OPEB liability		0.115653%	0.126790%	0.130122%	0.140577%	0.145818%	0.145818%				
College's proportionate share of the net OPEB liability	\$	3,675	\$ 384	\$ 2,561	\$ 4,303	\$ 2,644	\$ 1,012	\$	\$	\$	\$
College's covered payroll	\$	N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$	\$	\$	\$
College's proportionate share of the net OPEB liability as a percentage of its covered payroll		N/A	N/A	N/A	N/A	N/A	N/A				
Plan fiduciary net position as a percentage of the total OPEB liability		92.80%	99.29%	95.20%	92.20%	95.29%	98.15%				

Notes: The OPEB schedule is intended to show information for ten years; additional years' information will be displayed as it becomes available.

The amount presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
SCHEDULE OF THE COLLEGE CONTRIBUTIONS - OPEB PLANS
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
South Carolina Retiree Health Insurance Trust Fund										
Contractually required contribution	\$ 963,506	\$ 1,000,840	\$ 1,090,333	\$ 1,067,307	\$ 1,049,201	\$ 965,986	\$	\$	\$	\$
Contribution in relation to the contractually required contribution (see note)	(963,506)	(1,000,840)	(1,090,333)	(1,067,307)	(1,049,201)	(965,986)				
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	\$	\$	\$
College's covered payroll	\$ 15,416,104	16,033,590	17,441,531	17,641,446	19,075,622	19,791,664				
Contributions as a portion of covered payroll	6.25%	6.24%	6.25%	6.05%	5.50%	4.88%				
South Carolina Long-Term Disability Insurance Trust Fund										
Contractually required contribution	\$ 18,185	\$ 18,216	\$ 19,904	\$ 9,643	\$ 10,236	\$ 10,555	\$	\$	\$	\$
Contribution in relation to the contractually required contribution	(18,185)	(18,216)	(19,904)	(9,643)	(10,236)	(10,555)				
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	\$	\$	\$
College's covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$	\$	\$	\$
Contributions as a portion of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A				

Notes: The OPEB schedule is intended to show information for ten years; additional years' information will be displayed as it becomes available.

The amounts reported as contributions to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF) include the contractually required contributions to the SCRHITF and SCLTDITF.

FLORENCE – DARLINGTON TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLANS
JUNE 30, 2022

The table below provides a summary of the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and South Carolina Long-Term Disability Trust Fund (SCLTDTF). This information was obtained from the financial statements of South Carolina Public Employee Benefit Authority (PEBA), Insurance Benefits and Other PostEmployment Benefits Trust Funds for the year ended June 30, 2021.

Summary of Actuarial Methods and Significant Assumptions

Actuarial Assumptions:	SCRHITF
Valuation Date	June 30, 2020
Actuarial Cost Method	Individual Entry – Age Normal
Inflation	2.25%
Investment Rate of Return	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate	1.92% as of June 30, 2021
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality Assumptions	For healthy retirees, The gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Healthcare Trend Rates	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Participation Assumptions	79% participation for retirees who are eligible for Funded Premiums. 59% participation for retirees who are eligible for Partial Funded Premiums. 20% participation for retirees who are eligible for Non-Funded Premiums.
Notes	The discount rate changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021. In addition, the demographic and salary increases assumptions were updated to reflect the 2020 SCRS experience study and the healthcare trend rates were reset to better reflect the plan's anticipated experience.

FLORENCE – DARLINGTON TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLANS
JUNE 30, 2022

Summary of Actuarial Methods and Significant Assumptions (continued)

Actuarial Assumptions:	SCLTDITF
Valuation Date	June 30, 2020
Actuarial cost method	Individual Entry – Age Normal
Inflation	2.25%
Investment Rate of Return	3.00%, net of plan investment expense; including inflation
Single Discount Rate	2.48% as of June 30, 2021
Salary, Termination Rates, and Retirement Rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Disability Incidence	The disability incidence rates used in the LTD valuation are 165% of the rates developed for the pension plans.
Disability Recovery	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 93% were assumed to recover after the first two years
Offsets	45% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses	Third party administrative expenses were included in the benefit projections
Other Information:	
Notes	The single discount rate changed from 2.83% as of June 30, 2020 to 2.48% as of June 30, 2021. Additionally, the salary, termination rates and retirement rates assumptions were updated to reflect the 2020 experience study for the South Carolina Retirement Systems' pension valuations, and the disability incidence, disability recovery, administrative fee and offset assumptions were updated to better reflect the plan's anticipated experience.

Roll Forward Disclosures

The actuarial valuation were performed as of June 30, 2020. Update procedures were used to roll forward the total OPEB liability to June 30, 2021.

SINGLE AUDIT ACT REQUIREMENTS

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Project Number	Federal CFDA Number	Expenditures
U.S. Department of Education			
TRIO Cluster			
Direct Programs			
TRIO - Upward Bound	P047A181145	84.047	\$ 432,039
TRIO - Student Support Services	P042A150395	84.042	259,584
Total - Trio Cluster			\$ 691,623
Student Financial Aid Cluster			
Direct Programs			
Federal Work Study	P033A203782	84.033	\$ 63,765
SEOG	P007A193782	84.007	296,037
PELL	P063P192478	84.063	5,744,083
Federal Direct Student Loans	P268K202478	84.268	2,282,188
Federal Direct Student Loans- Parent Plus	P268K202478	84.268	45,031
Federal Perkins Loan Program	N/A	84.038	10,584
Total - Student Financial Aid Cluster			\$ 8,441,688
Direct Program			
Strengthening Minority Serving Institutions - RUSH	P382A150008	84.382A	\$ 338,118
Pathways /PBI Grant	P382A210009	84.382A	27,534
			\$ 365,652
Direct Program			
CCAMPIS	P335A180279	84.335	\$ 119,363
HEERF I, II			
Direct Program			
HEERF Student Aid - COVID 19	P425E200527	84.425E	\$ 5,844,240
HEERF Institutional - COVID 19	P425F200331	84.425F	3,831,458
HEERF Emergency - COVID 19	P425L200488	84.425L	611,343
Total HEERF Direct Programs			\$ 10,287,041
Passed Through SC Technical College System			
GEER Funds - COVID 19	H5901GEER20	84.425C	\$ 1,212,903
GEER Funds Manufirst SC - COVID 19	H5901GEER20	84.425C	16,150
GEER Fund Future Workforce Scholarships COVID 19	H5901GEER20	84.425C	500,000
GEER - CWD GEDBY23 - COVID 19	H5901GEER20	84.425C	35,004
GEER Future Workforce CWD - COVID 19	H5901GEER20	84.425C	270,904
Total Pass Through SC Technical College System			\$ 2,034,961
Total HEERF			\$ 12,322,002
Pass Through State Dept. of Education			
Perkins V	21CTEFEDERAL	84.048	\$ 264,961
Perkins Reserve	21CTEFEDERAL	84.048	72,703
Total Pass Through State Dept. of ED.			\$ 337,664
Total U.S. Department of Education			\$ 22,277,992

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Project Number	Federal CFDA Number	Expenditures
U.S. Department of Labor			
Pass Through SC Technical College System			
Apprenticeship USA ACE	17.285	17.268	\$ 70,712
SAE Grant	N/A	17.285	\$ 27,475
Total U.S. Department of Labor			\$ 98,187
U.S. Department of Health and Human Services			
Pass Through Greenville Technical College			
Child Care Greenville	N/A	93.575	\$ 1,006
Total U.S. Department of Health & Human Services			\$ 1,006
National Science Foundation - Research & Development Cluster			
Direct Programs			
ATE - Cyber Gen Tech Stars & Participant Support	1929996	47.076	\$ 173,892
ATE - HIS-ATE HUB	1800678	47.076	\$ 37,710
ATE - Mentor Connect3	1804856	47.076	\$ 599,162
Total National Science Foundation Direct Programs			\$ 810,764
Pass Through Coker College			
Pee Dee Scholars	2130351	47.076	\$ 11
Total Pass Through Coker College			\$ 11
Pass Through Arizona State University			
ATE- His ATE HUB2	2055362	47.076	\$ 22,188
Total Pass Through Arizona State University			\$ 22,188
Pass Through Center for Occupational Research & Development			
- Necessary Skills Now	1501990	47.076	\$ 13,574
Total Pass Through Center of Occupational Research & Development			\$ 13,574
Total National Science Foundation - Research & Development Cluster			\$ 846,537
Small Business Administration			
Pass Through Winthrop College			
Small Business	N/A	59.037	\$ 122
Total Small Business Administration			\$ 122
Total Federal Programs			\$ 23,223,844

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

1. **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Florence - Darlington Technical College and is presented on the accrual basis, the same basis of accounting used to prepare the basic financial statements as described in Note 1 to the financial statements.

The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB)'s Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the basic financial statements (or reported in the federal financial reports).

2. **FEDERAL NON-CASH ASSISTANCE**

Florence - Darlington Technical College did not receive or expend federal awards in the form of non-cash assistance and had no federal loan guarantees at June 30, 2022.

3. **DETERMINATION OF MAJOR PROGRAMS**

Major federal programs were determined in accordance with the Uniform Guidance. For the year ended June 30, 2022, the following programs were determined to be major programs in accordance with the Uniform Guidance: Student Financial Aid Cluster, HEERF I, II, and National Science Foundation – Research and Development Cluster. The dollar threshold for Type A programs was \$750,000.

4. **FEDERAL LOAN PROGRAMS**

The College has students who have been approved for Federal Direct Student Loans which were received by those students during the current year. The College is not the lender of the loans; it only processes them for the lender the student chooses. The total loans received that are not included in revenue: Direct Loans - \$2,327,219. These loans have been recorded on the schedule of expenditures of federal awards; however, the responsibility for administration and collection passes to the U.S. Department of Education or other lending agencies after the loans are disbursed.

The College also administers the following campus - based federal loan programs:

	<u>CFDA Number</u>	<u>Outstanding Balance</u>
Perkins Student Loans	84.038	\$ 3,395
Perkins Revolving Loan Fund		<u>7,189</u>
Total Federal Perkins Loan		<u>\$ 10,584</u>

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

5. RECONCILIATION OF REVENUE TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Total per Expenditures of Federal Awards	<u>\$23,223,844</u>
Total Federal Revenue:	
Federal Operating Grants	\$ 3,937,408
Federal Non-operating Grants	<u>16,948,633</u>
	<u>\$20,886,041</u>
Total Loans:	
Perkins Student Loans and Loan Funds	\$ 10,584
Federal Direct Loans	<u>2,327,219</u>
	<u>\$ 2,337,803</u>

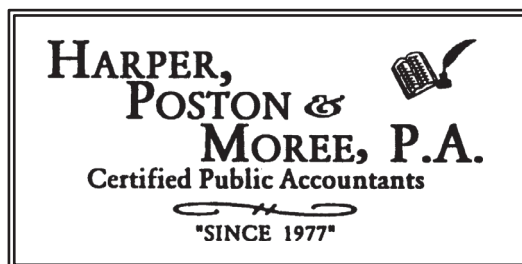
6. INDIRECT COST

The College has not elected to use the 10% de minimus indirect cost rate.

7. PASS THROUGH GRANT

Florence – Darlington Technical College did not have any federal funds that were passed through to sub recipients during the year ended June 30, 2022.

Robert D. Harper, Jr. CPA
Robin B. Poston CPA



Stacey C. Moree CPA
Wyndie B. Moree CPA

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

Florence – Darlington Commission for Technical Education
Florence – Darlington Technical College
Florence, 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 Florence – Darlington Technical College, as of and for the year ended June 30, 2022 and the related notes to the financial statements which collectively comprise Florence – Darlington Technical College's basic financial statements and have issued our report thereon dated September 30, 2022. Our report includes a reference to other auditors who audited the financial statements of Florence – Darlington Technical College Educational Foundation, Inc., as described in our report on Florence – Darlington Technical College's financial statements. The financial statements of Florence – Darlington Technical College Educational Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Florence – Darlington Technical College Educational Foundation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florence – Darlington Technical 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florence – Darlington Technical 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 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 the internal control over financial reporting 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 weakness may exist that have not been identified.

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Report on Compliance and Other Matters

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

Purpose of this Report

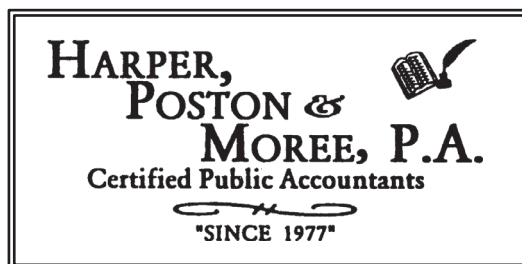
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in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

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
September 30, 2022

Robert D. Harper, Jr. CPA
Robin B. Poston CPA



Stacey C. Moree CPA
Wyndie B. Moree CPA

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

Florence – Darlington Commission for Technical Education
Florence – Darlington Technical College
Florence, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Florence – Darlington Technical College's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Florence – Darlington Technical College's major federal programs for the year ended June 30, 2022. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Florence – Darlington Technical 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, 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 or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
September 30, 2022

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

A. SUMMARY OF THE AUDITOR'S RESULTS

1. The independent auditor's report on the financial statements expressed an unmodified opinion.
2. There were no significant deficiencies in internal control over financial reporting disclosed in the auditor's report on internal control over financial reporting and on compliance and other matters based on an audit performed in accordance with *Government Auditing Standards*.
3. The audit disclosed no material noncompliance matters in relation to the financial statements.
4. There were no significant deficiencies in internal control over compliance applicable to major programs reported in the auditor's report on compliance and internal control over compliance with major federal award programs.
5. The report on compliance for major programs expressed an unmodified opinion.
6. The audit disclosed no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The major programs of Florence - Darlington Technical College included in the audit were:

<u>Program</u>	<u>CFDA Number</u>
Student Financial Aid Cluster	
Federal Workstudy	84.033
SEOG	84.007
Pell	84.063
Federal Stafford Loans	84.032
Federal Direct Loan	84.268
Federal Perkins Loans	84.038
HEERF I, II, GEER	84.425E, 84.425F, 84.425C, 84.425L
National Science Foundation – Research and Development Cluster	47.046

8. The dollar threshold for Type A programs for Florence – Darlington Technical College was \$750,000.
9. Florence – Darlington Technical College qualified as a low-risk auditee.

B. FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

1. No matters were reported.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. No matters were reported.

**FLORENCE - DARLINGTON TECHNICAL COLLEGE
FLORENCE, SOUTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Prior Year Findings – Financial Statement Audit

No matters were reported.

Prior Year Findings - Major Federal Award Programs

No matters were reported.