

CENTRAL CAROLINA TECHNICAL COLLEGE

**AUDITED FINANCIAL STATEMENTS
and
ADDITIONAL INFORMATION**

June 30, 2013

WR Webster Rogers LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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CENTRAL CAROLINA TECHNICAL COLLEGE
SUMTER, SOUTH CAROLINA

AUDIT PERIOD: JULY 1, 2012 - JUNE 30, 2013

AREA COMMISSION MEMBERS:

<u>Name</u>	<u>Area Represented</u>	<u>Terms of Office</u>
Mr. J. Mac Summers, Chairman	Sumter County	7/01/09-7/01/13
Mrs. Ruth J. Bell, Vice Chairman	Lee County	6/30/11-6/30/15
Mr. Bobby R. Anderson, Secretary	Sumter County	6/30/11-6/30/15
Mr. Terry M. Hancock	Kershaw County	7/01/10-6/30/14
Mr. Andre G. McBride	Sumter County	7/01/09-7/01/13
Ms. Jennett Towles-Mickens	Sumter County	6/30/11-6/30/15
Mr. Ray Reich	Sumter County	7/01/10-6/30/14
Mr. Christopher L. Lee	Clarendon County	7/01/11-7/01/15
Mr. Nick Lampshire	Kershaw County	7/01/09-7/01/13
Ms. Janice Poplin	Sumter County	7/01/09-7/01/13
Ms. Winnie Ricketts	Clarendon County	6/30/09-6/30/13

KEY ADMINISTRATIVE STAFF:

<u>Name</u>	<u>Title</u>
Dr. Tim Hardee	President
Mr. David Watson	Vice President for Academic Affairs
Ms. Terry L. Booth	Vice President for Business Affairs
Ms. Lisa Bracken	Vice President for Student Affairs
Ms. Ann Cooper	Vice President for Administration & Planning

AREA SERVED BY THE COMMISSION:

Clarendon, Lee, Kershaw, and Sumter Counties

COUNTIES PROVIDING FINANCIAL SUPPORT FOR THE INSTITUTION:

Clarendon, Lee, Kershaw, and Sumter Counties

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Central Carolina Technical College (the College), a member institution of the South Carolina Technical College System, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3–10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the College's basic financial statements. The F.E. Dubose Career Center supplementary statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2013, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.



Sumter, South Carolina
September 27, 2013

Central Carolina Technical College

Management's Discussion and Analysis

Introduction

The management of Central Carolina Technical College offers readers of the College's financial statements a narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2013. This discussion should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

- The assets and deferred outflow of resources for Central Carolina Technical College exceeded its liabilities and deferred inflow of resources at June 30, 2013, by \$36,476,195 (net position). Of this amount, \$6,458,693 (unrestricted net position) may be used to meet the College's ongoing obligations.
- Net position increased by \$1,038,263, primarily due to State appropriations received for the purchase and renovation of property to house the College's Advanced Manufacturing Technology Training Center (AMTTC).
- Total debt decreased by \$260,000 during the current fiscal year.
- The College experienced an operating loss of \$20,219,783 as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, this operating loss was partially offset by State appropriations of \$4,066,782, local appropriations of \$2,181,789, Federal nonoperating grants and contracts of \$12,288,454, and other nonoperating revenues of \$2,907,317, including capital appropriations.

Overview of the Financial Statements

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

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

Central Carolina Technical College

Management's Discussion and Analysis

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

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.

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

Statement of Net Position

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$36,476,195 at the close of the most recent fiscal year. A summary of the statements follows (in millions):

	<u>2013</u>	<u>2012</u>	<u>Increase/ Decrease</u>
Current assets	\$ 11.81	\$ 7.50	\$ 4.31
Noncurrent assets:			
Restricted and other	3.71	5.22	(1.51)
Capital assets, net	<u>31.64</u>	<u>31.35</u>	<u>.29</u>
Total assets	<u>\$ 47.16</u>	<u>\$ 44.07</u>	<u>\$ 3.09</u>
Current liabilities	7.90	5.63	2.27
Noncurrent liabilities	<u>2.78</u>	<u>3.00</u>	<u>(.22)</u>
Total liabilities	<u>10.68</u>	<u>8.63</u>	<u>2.05</u>
Net position	<u>\$ 36.48</u>	<u>\$ 35.44</u>	<u>\$ 1.04</u>

The College did not have any deferred outflows or inflows of resources as of June 30, 2013.

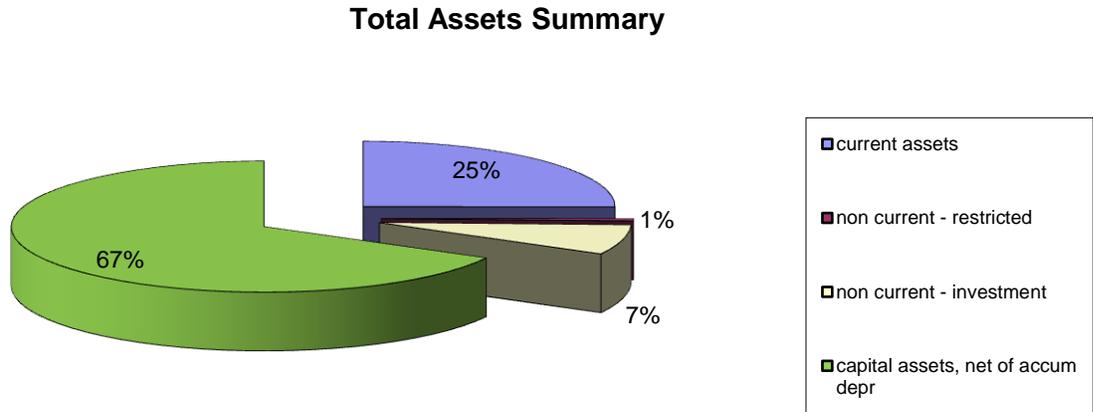
The current ratio, representing current assets divided by current liabilities, was 1.49 at June 30, 2013 compared to 1.33 at June 30, 2012. Current assets of \$11.81 million at June 30, 2013 represent a \$4.31 million increase compared to the prior year. This increase was primarily a result of State funding for a renovation project not yet started and sale of investments.

Restricted and other noncurrent assets decreased by \$1.51 million as a result of the sale of investments.

Current liabilities increased by \$2.27 million primarily as a result of an increase in deferred revenue resulting from the State funding not yet spent on the renovation project.

Central Carolina Technical College
Management's Discussion and Analysis

The following chart pictorially presents the College's total assets as of June 30, 2013:



Capital and Debt Activities

Bonds payable totaled \$2.26 million at June 30, 2013, as discussed in Notes 6 and 7. These bonds were issued in fiscal year 2010 to finance the health sciences renovation capital project.

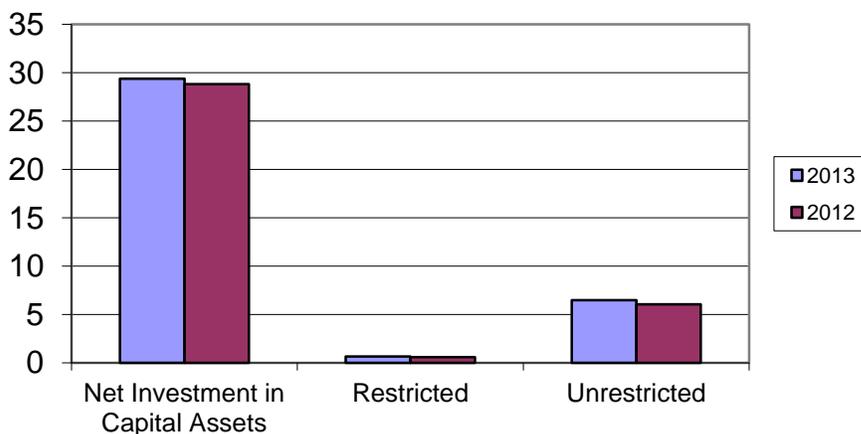
Net Position

Net position represents the residual interest in the College's assets and deferred outflows after liabilities and deferred inflows are deducted. The College's net position at June 30, 2013 and June 30, 2012 are summarized below (in millions):

	<u>2013</u>	<u>2012</u>	<u>Increase/ Decrease</u>
Net investment in capital assets	\$ 29.38	\$ 28.83	\$.55
Restricted:			
Nonexpendable	.25	.25	-
Expendable	.39	.33	.06
Unrestricted:	<u>6.46</u>	<u>6.03</u>	<u>.43</u>
Total Net position	<u>\$ 36.48</u>	<u>\$ 35.44</u>	<u>\$ 1.04</u>

Central Carolina Technical College
Management's Discussion and Analysis

Comparative Net Position
Fiscal Years 2013 and 2012



The College's net investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding) reflects approximately 81% of its total net position. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

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

Additional details are shown in Note 5.

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

The unrestricted net position of \$6.46 million may be used to meet the College's ongoing obligations, which are discussed in Note 13, Unrestricted Net Position, of the accompanying notes to the financial statements.

Statement of Revenues, Expenses and Changes in Net Position

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

Central Carolina Technical College
Management's Discussion and Analysis

	<u>2013</u>	<u>2012</u>	<u>Increase/ Decrease</u>
Operating revenues:			
Student tuition and fees	\$ 14.15	\$ 13.96	\$.19
Less: scholarship allowances	<u>(7.41)</u>	<u>(8.12)</u>	<u>.71</u>
Net student tuition and fees	6.74	5.84	.90
Grants and contracts	5.53	4.77	.76
Auxiliary	1.48	1.64	(.16)
Other	<u>.42</u>	<u>.38</u>	<u>.04</u>
Total operating revenues	14.17	12.63	1.54
Less operating expenses (see page 8)	<u>34.39</u>	<u>32.97</u>	<u>1.42</u>
Net operating loss	<u>(20.22)</u>	<u>(20.34)</u>	<u>.12</u>
Nonoperating revenues (expenses):			
State appropriations	4.07	3.81	.26
Local appropriations	2.18	2.22	(.04)
Investment income	(.04)	.07	(.11)
Loss on disposal of capital asset	(.01)	-	(.01)
Grants and contracts	12.29	12.99	(.70)
Interest expense	<u>(.14)</u>	<u>(.15)</u>	<u>.01</u>
Net nonoperating revenues	<u>18.35</u>	<u>18.94</u>	<u>(.59)</u>
Capital appropriations and grants	<u>2.91</u>	<u>.16</u>	<u>2.75</u>
Increase(decrease) in net position	1.04	(1.24)	2.28
Net position, beginning of year	<u>35.44</u>	<u>36.68</u>	<u>(1.24)</u>
Net position, end of year	<u>\$ 36.48</u>	<u>\$ 35.44</u>	<u>\$ 1.04</u>

The total revenues, including operating, nonoperating, and capital was \$35.57 million.

Student tuition and fees increased by \$.19 million from the prior year. This increase was a result of an increase in tuition and slight decrease in enrollment during the year. Scholarship allowances represent an approximation of tuition and fees paid from student financial aid, and has been recognized as a reduction of tuition and fees in order to eliminate duplication of revenues. This category decreased by \$.71 million from the prior year, as a result of the decreased enrollment and a decrease in Pell grant awards resulting from an increase in regulations and limitations imposed by the Department of Education.

Grants and contracts increased by \$.76 million or 16% as a result of increased grant funding for federal grants received for only a partial year in the previous fiscal year, as well as an increase in Lottery Tuition Assistance scholarships resulting from the decrease in Pell grants.

Central Carolina Technical College

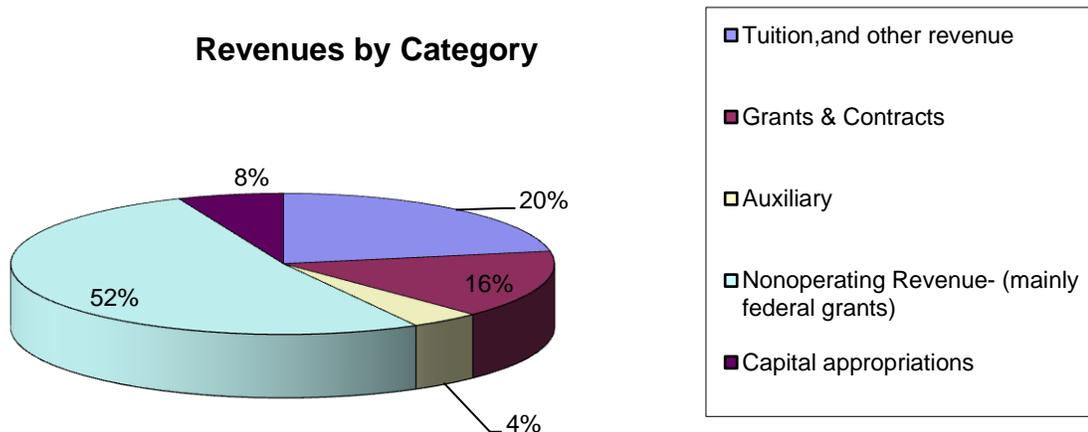
Management's Discussion and Analysis

State appropriations increased by \$.26 million or 7% as a result of the State funding a portion of the employee salary and benefits increases and an increase in the College's Lottery Technology State allocation.

Grants and contracts nonoperating revenues decreased by \$.7 million primarily as a result of a decrease in Pell grant awards.

Capital appropriations and grants increased by \$2.75 million as a result of State funds received for capital projects.

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



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

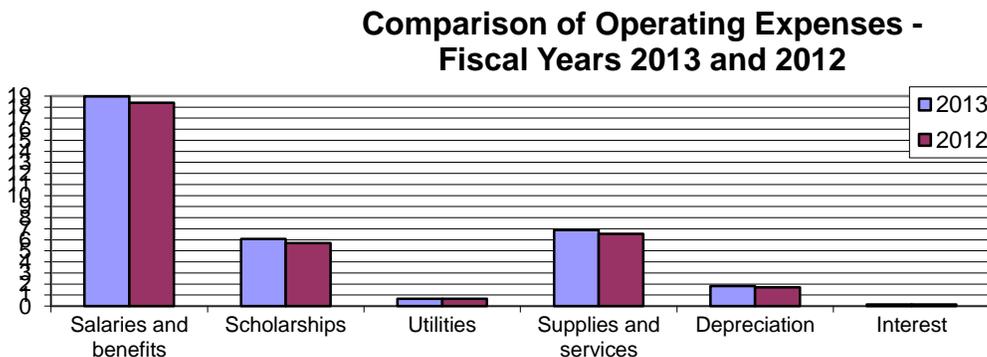
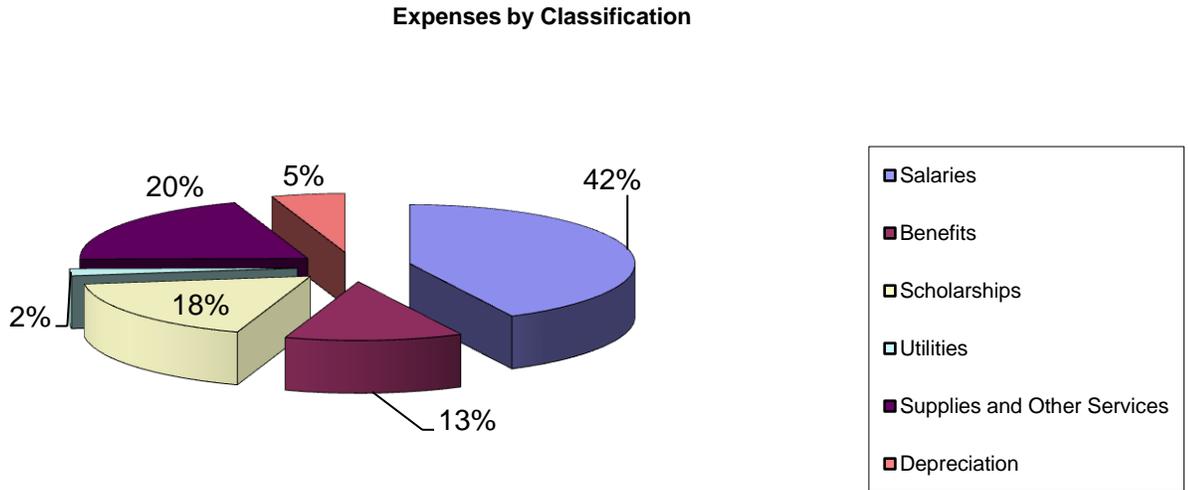
	<u>2013</u>	<u>2012</u>	<u>Increase/ Decrease</u>
Operating:			
Salaries & benefits	\$ 18.98	\$ 18.39	\$.59
Scholarships	6.08	5.69	.39
Utilities	.66	.65	.01
Supplies and services	6.88	6.54	.34
Depreciation	<u>1.79</u>	<u>1.70</u>	<u>.09</u>
	<u>34.39</u>	<u>32.97</u>	<u>1.42</u>
Nonoperating:			
Interest expense	.14	.15	(.01)
Loss on disposal of capital assets	<u>.01</u>	<u>-</u>	<u>.01</u>
Total expenses	<u>\$ 34.54</u>	<u>\$ 33.12</u>	<u>\$ 1.42</u>

Central Carolina Technical College

Management’s Discussion and Analysis

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

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



Total expenses increased overall by \$ 1.42 million, or 4%. Salaries and benefits increased by \$.59 million, or 3% as a result of a 3% base pay increase. Scholarships increased by \$.39 million, or 7% primarily due to an increase in Lottery Tuition Assistance scholarships and a decrease in Pell grant awards. Supplies and services increased by \$.34 million, or 5% primarily as a result of an increase in grants.

Statement of Cash Flows

The statement of cash flows presents detailed information about the cash activity of the College during the year and aids readers in identifying the sources and uses of cash by the

Central Carolina Technical College

Management's Discussion and Analysis

four major categories of operating, noncapital financing, capital and related financing, and investing activities. This statement will show a net use of cash in the operating activities because of the College's dependence on state and local appropriations. The following schedule is a summary presentation of the College's cash flows (in millions), which is prepared from the Statements of Cash Flows as of June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>	<u>Increase/ Decrease</u>
Net cash used in operating activities	\$ (18.24)	\$ (18.56)	\$.32
Net cash provided by noncapital financing activities	18.36	19.02	(.66)
Net cash provided (used) by capital and related financing	2.65	(2.34)	4.99
Net cash provided (used) by investing activities	<u>1.50</u>	<u>.07</u>	<u>1.43</u>
Net increase (decrease) in cash and cash equivalents	4.27	(1.81)	6.08
Cash and cash equivalents, beginning of year	<u>2.81</u>	<u>4.62</u>	<u>(1.81)</u>
Cash and cash equivalents, end of year	<u>\$ 7.08</u>	<u>\$ 2.81</u>	<u>\$ 4.27</u>

The College's cash and cash equivalents increased by \$4.27 million from last year. Net cash used in operating activities increased by \$.32 million largely as a result of an increase in tuition revenue. Net cash provided by capital and related financing increased by \$4.99 million as a result of state funding received for capital projects in the current year. Net cash provided by investing activities increased by \$1.43 million due to a sale of some of the investments during the current year.

Economic Factors

The national and state economies have stabilized and begun to grow slightly during the past fiscal year. Over the past five years, the College has lost approximately 38 percent of its state funding, and it does not appear to be increasing substantially any time in the near future. As a result, the College has begun to look for other sources of funding, and has increased grants revenue.

In spite of the lackluster economy and limited State funding, the College continues to operate on a fiscally sound basis. Enrollment, which has increased by 41 percent over the past five years, has stabilized and actually decreased by about 1 percent over the last year. The College expects enrollment to decrease slightly over the next year as more people go back to work, and operating budgets have been developed accordingly.

Central Carolina Technical College
Statement of Net Position
June 30, 2013

ASSETS

Current assets

Cash and cash equivalents	\$ 6,824,399
Accounts receivable, net	4,513,653
Inventories	328,940
Other assets	146,218
Total current assets	<u>11,813,210</u>

Noncurrent assets

Restricted cash and cash equivalents	251,664
Investments	3,461,936
Capital assets, not being depreciated	1,432,439
Construction in Progress	285,696
Depreciable capital assets, net of accumulated depreciation	29,918,850
Total noncurrent assets	<u>35,350,585</u>
Total assets	<u>\$ 47,163,795</u>

LIABILITIES

Current liabilities

Accounts payable	\$ 271,820
Accrued interest payable	37,841
Accrued payroll and related liabilities	454,778
Deferred revenue	6,751,290
Accrued annual leave - current portion	88,724
Bonds payable - current portion	280,000
Funds held for others	22,856
Total current liabilities	<u>7,907,309</u>

Noncurrent liabilities

Accrued annual leave - noncurrent portion	800,291
Bonds payable - noncurrent portion	1,980,000
Total noncurrent liabilities	<u>2,780,291</u>
Total liabilities	<u>\$ 10,687,600</u>

NET POSITION

Net investment in capital assets	\$ 29,376,986
Restricted for:	
Nonexpendable	
Scholarship	251,664
Expendable	
EPA - ETC	163,643
F.E. Dubose Career Center	225,209
Unrestricted	6,458,693
Total net position	<u>\$ 36,476,195</u>

Central Carolina Technical College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

Revenues

Operating Revenues

Student tuition and fees (net of scholarship allowance of \$7,411,549)	\$	6,744,700
Federal grants and contracts		1,981,338
State and local grants and contracts		3,551,229
Auxiliary services (net of scholarship allowance of \$1,910,285)		1,477,077
Other operating revenues		418,937
Total operating revenues		14,173,281

Expenses

Operating Expenses

Salaries	14,645,678
Benefits	4,331,215
Scholarships	6,084,447
Utilities	665,861
Supplies and other services	6,877,797
Depreciation	1,788,066
Total operating expenses	34,393,064
Operating Loss	(20,219,783)

Nonoperating Revenues (Expenses)

State appropriations	4,066,782
Local appropriations	2,181,789
Investment income, net of fair value of investment adjustments	(43,377)
Interest expense	(137,523)
Loss on disposal of capital assets	(5,396)
Federal grants and contracts	12,288,454
Total nonoperating revenues (expenses)	18,350,729
Loss before capital contributions	(1,869,054)

Capital Contributions

Local capital appropriations	6,530
Local capital grants and gifts	788,551
State capital grants and gifts	2,112,236
Total capital contributions	2,907,317
Increase in net position	1,038,263

Net position - beginning of year	35,437,932
Net position - end of year	\$ 36,476,195

Central Carolina Technical College
Statement of Cash Flows
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 7,004,449
Federal, State and Local grants and contracts	5,599,153
Auxiliary enterprise charges	1,483,367
Other receipts	418,937
Payments to vendors	(13,849,152)
Payments to employees	(18,894,237)
Net cash used by operating activities	<u>(18,237,483)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	3,912,024
Local appropriations	2,186,065
Federal, State and Local grants and contracts nonoperating	12,265,690
Net cash provided by noncapital financing activities	<u>18,363,779</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

State and Local capital appropriations	2,127,232
Federal, State and Local grants and gifts	2,224,665
Purchase of capital assets	(1,305,143)
Principal paid on capital debt	(260,000)
Interest paid	(141,876)
Net cash provided by capital and related financing activities	<u>2,644,878</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investment	1,658,836
Purchase of investment	(230,868)
Interest on investments	66,778
Net cash flows provided by investing activities	<u>1,494,746</u>

Net increase in cash	4,265,920
Cash - beginning of year	2,810,143
Cash - end of year	<u>\$ 7,076,063</u>

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

Operating income (loss)	\$ (20,219,783)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,788,066
Change in assets and liabilities	
Receivables, net	233,716
Inventories	(49,938)
Deferred charges and prepaid expenses	(118,427)
Accounts payable	(48,755)
Deferred revenue	94,982
Compensated absences	82,656
Net cash provided (used) by operating activities	<u>\$ (18,237,483)</u>

Noncash investing and capital and related financing activities

Contributed capital assets	<u>\$ 688,552</u>
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CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Central Carolina Technical College, as the primary government. As discussed in Note 18, the accounts of the F.E. Dubose Career Center are included in the basic financial statements, and also reported separately in supplemental schedules. The College evaluates potential component units on an annual basis, and presents component units that meet the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. As of June 30, 2013, the College has determined there are no significant component units. Central Carolina Technical College has determined that it is not a component of another entity. The College is part of the primary government of the State of South Carolina and is reported in the Higher Education Fund of the state.

B. Financial Statements

The financial statements of the College have been prepared to meet the requirements of the 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*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and related statements and amendments. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's net position, revenues, expenses and changes in net position and cash flows.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

C. Measurement Focus and Basis of Accounting

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

D. Cash and cash equivalents

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

E. Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds". GASB Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3* requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

F. Inventories

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

G. Accounts Receivable and Payables

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

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

G. Accounts Receivable and Payables

(continued)

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

H. Deferred Revenues

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The College does not have any items that qualify for reporting in this category.

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

J. Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000.

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

K. Classification of Revenues

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

Operating revenues: Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, and other

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

K. Classification of Revenues

(continued)

related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

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

Scholarship discounts and allowances

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

L. Classification of Expenses

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

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

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

M. Auxiliary Enterprises Activities

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

N. Net Position

The College's net position is classified as follows:

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

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

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

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

The College's policy in regards to restricted net position is to first apply restricted resources when an expense is incurred for purposes of which both restricted and unrestricted net position are available.

O. Compensated Absences

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

P. Capitalized Interest

The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. The College did not capitalize any interest expense during the year. The college used cash to acquire items for construction in progress expenses.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Q. Accounting Estimates

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

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

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

Statement of Net Position:

Cash and cash equivalents	\$ 6,824,399
Restricted cash and cash equivalents	251,664
Investments	<u>3,461,936</u>
TOTAL STATEMENT OF NET POSITION	<u>\$10,537,999</u>

Notes to Financial Statements:

Carrying value of deposits:	
Held by financial institutions	\$ 1,052,376
Held by state treasurer	5,388,413
Repurchase agreement	634,234
Cash on hand	1,040
Investments:	
Certificates of Deposits	1,750,000
Federal Home Loan Bank	<u>1,711,936</u>
TOTAL	<u>\$ 10,537,999</u>

Deposits:

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

Restricted cash includes \$251,664 held for scholarship endowment. The endowment had earnings of \$493.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

(continued)

Deposits:

(continued)

Deposits Policy

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

Custodial Credit Risk

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

As of June 30, 2013, the deposits for Central Carolina Technical College outside of the State Treasurer were \$1,686,610 and the bank balances were \$1,819,369. Of these, \$1,451,309 were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging institution or their trust department or agent for the College but not in the College's name.

The College did not incur any losses in the year ended June 30, 2013 due to default by counterparties.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Pursuant to state law, the 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.

Investments:

The College's investments at June 30, 2013 are held by certain financial institutions in the College's name. The fair value of investments at June 30, 2013 consists solely of certificates of deposits, and Federal National Mortgage Association (FNMA) bonds. All of the investments for the reporting period were either US Treasury and agency obligations, or fully insured or collateralized certificates of deposits.

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

In addition, South Carolina state statutes authorize the College to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created pursuant to Section 6-6-10 of the South Carolina Code of Laws and administered by the State

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

(continued)

Investments:

(continued)

Treasurer, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized ratings services. The SCLGIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

Custodial Credit Risk

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

As of June 30, 2013, the College's investments were held in the College's name by the College's custodial bank; the underlying securities were held in the name of the custodial bank for the College.

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not pay the face value of the securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Part of the interest rate risk experienced with debt securities is maturity risk. The College's interest rate risk policy is to structure its investment portfolio so securities mature to meet cash requirements for ongoing operations to prevent the need to liquidate securities prior to maturity. The only debt investment as of June 30, 2013, was FNMA bonds with a market value of \$1,711,936. The interest rate for the bonds is 2.5% and they are callable on 9/27/13.

Credit Risk

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

Concentration of Credit Risk

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

CENTRAL CAROLINA TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

(continued)

Investments:

(continued)

As of June 30, 2013, the College had all of its investments in fully insured certificates of deposits and FNMA bonds and the state investment pool.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Pursuant to state law, the College does not maintain investments that are exposed to this risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2013, are summarized as follows:

Student accounts receivable	\$ 3,434,944
Allowance for uncollectible accounts	(192,728)
Federal grants and contracts	236,131
State grants and contracts	915,296
County appropriation	25,056
Other	<u>94,954</u>
Total accounts receivable	<u>\$ 4,513,653</u>

NOTE 4 - LEASE OBLIGATIONS

The College had two operating lease obligations as of June 30, 2013 with non-state entities. The first lease expires June 30, 2015 and has monthly payments of \$1,240. The second lease expired June 30, 2013 for photocopy equipment and had monthly payments of \$5,329. Operating lease expense during fiscal year 2013 was \$78,828. Future minimum operating lease obligations are as follows:

<u>FYE</u>	
2014	\$ 14,880
2015	<u>14,880</u>
Total	<u>\$ 29,760</u>

The college entered into an operating lease to replace the expired lease in July 2013 for photocopy equipment. Future minimum operating lease obligations are as follows:

<u>FYE</u>	
2014	\$ 31,756
2015	31,756
2016	31,756
2017	31,756
2018	<u>31,756</u>
Total	<u>\$ 158,780</u>

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – CAPITAL ASSETS

	Balance				Balance June 30, 2013
	June 30, 2012	Increases	Decreases	Transfers	
Capital assets not being depreciated:					
Land and improvements	\$ 936,496	\$ 495,943	\$ -	\$ -	\$ 1,432,439
Construction in progress	-	285,696	-	-	285,696
Total capital assets not being depreciated	936,496	781,639	-	-	1,718,135
Depreciable capital assets:					
Buildings and improvements	37,831,270	457,792	-	2	38,289,062
Machinery, equipment, and other	4,642,655	817,722	(167,163)	(58,987)	5,234,227
Vehicles	490,251	26,062	(13,491)	58,987	561,809
Depreciable land improvements	2,166,690	-	-	(2)	2,166,690
Total depreciable capital assets at historical cost	45,130,866	1,301,576	(180,654)	-	46,251,788
Less accumulated depreciation for:					
Buildings and improvements	(10,473,650)	(1,017,010)	-	-	(11,490,660)
Machinery, equipment, and other	(3,213,083)	(616,600)	161,767	-	(3,667,916)
Vehicles	(428,865)	(30,465)	13,491	-	(445,839)
Depreciable land improvements	(604,532)	(123,991)	-	-	(728,523)
Total accumulated depreciation	(14,720,130)	(1,788,066)	175,258	-	(16,332,938)
Depreciable capital assets, net	30,410,736	(486,490)	(5,396)	-	29,918,850
Capital assets, net	\$ 31,347,232	\$ 295,149	\$ (5,396)	\$ -	\$ 31,636,985

NOTE 6 - BONDS PAYABLE

In fiscal year 2010, the College issued \$3,000,000 in Special Fee Revenue Bonds series 2010A for \$1,500,000 and series 2010B for \$1,500,000. These bonds are payable solely from and secured by a pledge of revenues derived from the imposition of a \$164 special tuition fee on the curriculum students of the College, which resulted in revenue of \$1,289,867 in fiscal year 2013. The proceeds of these bonds were used for the construction of the Health Sciences facility, which was completed in fiscal year 2011.

These bonds mature annually on March 1 with principal amounts ranging from \$115,000 to \$180,000 each with applicable semi-annual interest at 5.63%. The bonds were issued as taxable Recovery Zone Economic Development (2010A) and Build America (2010B) bonds. Under the Recovery Zone Economic Development Bonds Program, the College will receive a rebate from the Federal Government in an amount equal to 45% of the interest paid on the Bond, resulting in an effective rate of 3.0965%. Under the Build America Bonds Program, the College will receive a rebate from the Federal Government in an amount equal to 35% of the interest paid on the Bond, resulting in an effective rate of 3.6595%.

As a result of the federal sequestration reduction in fiscal year 2013, the College's rebates for the September 1, 2013 interest payment were reduced by 8.7%, or \$2,214. At this time it is not known if this reduction is permanent; therefore, the following chart assumes the full rebates will be received in the future.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - BONDS PAYABLE

(continued)

Revenue Bonds—Series 2010A & 2010B:

	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payments</u>	<u>Interest Rebate</u>
2014	\$ 280,000	\$ 127,238	\$ 407,238	\$ (50,895)
2015	290,000	111,474	401,474	(44,590)
2016	300,000	95,147	395,147	(38,059)
2017	320,000	78,257	398,257	(31,303)
2018	340,000	60,241	400,241	(24,096)
2019-2020	<u>730,000</u>	<u>61,930</u>	<u>791,930</u>	<u>(24,772)</u>
Total	<u>\$ 2,260,000</u>	<u>\$ 534,287</u>	<u>\$ 2,794,287</u>	<u>\$ (213,715)</u>

NOTE 7 – LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2013 was as follows:

	June 30, 2012	Additions	Reductions	June 30, 2013	Due Within One Year
Bonds and Notes Payable					
Special Fee Revenue Bonds	\$ 2,520,000	\$ -	\$ 260,000	\$ 2,260,000	\$ 280,000
Accrued Compensated Absences	<u>806,359</u>	<u>177,735</u>	<u>95,079</u>	<u>889,015</u>	<u>88,724</u>
Total Long-Term Liabilities	<u>\$ 3,326,359</u>	<u>\$ 177,735</u>	<u>\$ 355,079</u>	<u>\$ 3,149,015</u>	<u>\$ 368,724</u>

NOTE 8 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS

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

The Central Carolina Technical College Foundation

Central Carolina Technical College Foundation is a separately chartered legal entity whose activities are related to those of the College and exists primarily to provide financial assistance and other support to the College and its educational programs. The Foundation has given \$81,630 for scholarships and educational programs in the current fiscal year. Financial statements for this entity are compiled by independent accountants retained by the Foundation. Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS

(continued)

In the process of evaluating whether to include the Foundation as a potential component unit, the College concluded that the resources held by the Foundation, as well as the resources received from the Foundation were not significant to the College's financial position and operations as a whole. As such the Foundation is not included as a component unit in these statements. Per the compiled financial statements, the Foundation's Net Assets as of June 30, 2013 were \$1,395,811.

NOTE 9 – DONOR RESTRICTED ENDOWMENTS

Noncurrent assets include restricted cash and cash equivalents of \$251,664, which consists of an endowment. The donor has provided specific instructions to authorize the interest on the investment of endowment funds to be spent on scholarships, in compliance with SC Code of Laws Sections 34-6-20, 34-6-30, and 34-6-60.

The endowment is included in a money market account as shown in Note 2 in the deposit section.

At June 30, 2013, the endowment had no net appreciation. All is restricted and nonexpendable as of June 30, 2013 and was included in the restricted net position.

NOTE 10 - STATE APPROPRIATIONS

State funds for operations for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. The following is a detail schedule of part of the State revenue reported in the financial statements for the fiscal year ended June 30, 2013:

Non-Capital Appropriations

Current year's appropriations:

Original appropriations per Annual Appropriations Act	\$3,850,740
Critical Needs Nursing	18,794
Pathways to Prosperity	37,784
ReadySC	8,516
From Commission on Higher Education:	
Academic Endowment	44
From SC Lottery Fund:	
Lottery Technology	<u>150,904</u>
Total non-capital appropriations recorded as current year revenue	<u>\$4,066,782</u>

Capital Appropriations

Capital appropriation	
Capital Reserve	\$ 1,826,917
Deferred Maintenance	<u>241,455</u>
Total capital appropriation recorded as current year revenue	<u>\$ 2,068,372</u>

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11—PENSION PLANS

The S.C. Public Employee Benefit Authority (PEBA) maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, South Carolina Public Employee Benefit Authority, PO Box 11960, Columbia, South Carolina 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

South Carolina Retirement System

The majority of employees of Central Carolina Technical College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by PEBA, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

In fiscal year 2013, employees participating in the SCRS were required to contribute 7.0 percent of all compensation and the employer contribution rate was 15.0 percent which included a 4.55 percent surcharge to fund retiree health and dental insurance coverage. The rate for FY 2012 was 13.685 percent, including a 4.30 percent surcharge. The College's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2013, 2012, and 2011, were \$1,288,807, \$1,130,535, and \$1,026,162, respectively, and equaled the required contributions (excluding the surcharge) of 10.45 percent in fiscal year 2013, 9.385 percent in fiscal year 2012, and 9.24 percent in fiscal year 2011. Also, the College paid employer group-life insurance contributions of \$18,500 in the current fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11—PENSION PLANS

(continued)

Employees participating in the PORS were required to contribute 7.0 percent of all compensation. The employer contribution rate for FY 2013 was 16.45% (including a surcharge of 4.55 percent). The College's actual contributions to the PORS for the years ended June 30, 2013, 2012, and 2011, were \$11,468, \$5,206, and \$517, respectively, and equaled the required contributions (excluding the surcharge) of 11.90 percent for FY 13, 11.363 percent for FY 12, and 11.13 percent for FY 11.

Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by PEBA, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.45 percent plus the retiree surcharge of 4.55 percent from the employer in fiscal year 2013.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement group-life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$75,390 (excluding the surcharge) from Central Carolina Technical College as employer and \$50,500 from its employees as plan members. In addition, the College paid employer group-life insurance contributions of \$1,082 in the current fiscal year at the rate of .15 percent of compensation.

Deferred Compensation Plans

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

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11—PENSION PLANS

(continued)

benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program prior to July 1, 2005 will not be required to make SCRS contributions. Effective July 1, 2012, the TERI Program is not available to new hires, and the Program will end for current members on June 30, 2018.

SCRS surcharge rate increased from 4.55% to 4.92% effective July 1, 2013. The employee contribution rate increased from 7% to 7.5% effective July 1, 2013.

NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

Funding Policies

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.55%, 4.3%, and 3.90% of annual covered payroll for 2013, 2012, and 2011, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. Central Carolina Technical College paid approximately \$598,365, \$549,316, and \$459,695 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2013, 2012, and 2011, respectively. These amounts are less than one percent of total required contributions of all participating entities and equaled the required contributions. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.22 for the fiscal years ended June 30, 2013, 2012 and 2011.

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

(continued)

long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

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

NOTE 13 – UNRESTRICTED NET POSITION

The unrestricted net position reported on the Statement of Net Position totals \$6,458,693. A large portion of these funds are designated for specific expenditures or projects as follows:

Quasi-Endowment – this represents amounts established by the governing board to function as an endowment	\$ 113,279
Designated for Capital projects	2,845,414
30 Days Working Capital—required by State Board policy	1,872,585
Amount designated by the governing board to hold back and not spend (in addition to the 30 days working capital)	<u>1,627,415</u>
Total	<u>\$ 6,458,693</u>

NOTE 14 – STATEMENT OF ACTIVITIES

The following information is required by the Office of the Comptroller General for the State of South Carolina's comprehensive annual financial report:

**CENTRAL CAROLINA TECHNICAL COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

	<u>2013</u>	<u>2012</u>	<u>Increase/ (Decrease)</u>
Charges for services	\$ 13,754,344	\$ 12,248,721	\$ 1,505,623
Operating grants and contributions	14,845,802	15,655,300	(809,498)
Capital grants and contributions	795,082	166,095	628,987
Less: expenses	<u>(34,535,983)</u>	<u>(33,124,832)</u>	<u>(1,411,151)</u>
Net program revenue (expense)	<u>(5,140,755)</u>	<u>(5,054,716)</u>	<u>(86,039)</u>
Transfers:			
State appropriation	4,066,782	3,813,588	253,194
State capital appropriation	<u>2,112,236</u>	<u>-</u>	<u>2,112,236</u>
Total transfers	<u>6,179,018</u>	<u>3,813,588</u>	<u>2,365,430</u>
Change in net assets	1,038,263	(1,241,128)	2,279,391
Net assets-beginning	<u>35,437,932</u>	<u>36,679,060</u>	<u>(1,241,128)</u>
Net assets-ending	<u>\$ 36,476,195</u>	<u>\$ 35,437,932</u>	<u>\$ 1,038,263</u>

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2013 are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Other Services</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 9,243,273	\$ 2,703,295	\$ -	\$ -	\$ 1,656,061	\$ -	\$ 13,602,629
Academic Support	790,760	245,112	-	-	202,050	-	1,237,922
Student Services	1,966,358	567,517	-	-	452,784	-	2,986,659
Operation and Maintenance of Plant	908,812	264,526	-	665,861	1,667,569	-	3,506,768
Institutional Support	1,638,497	513,252	-	-	423,745	-	2,575,494
Scholarships	-	-	6,084,447	-	-	-	6,084,447
Auxiliary Enterprises	97,978	37,513	-	-	2,475,588	-	2,611,079
Depreciation	-	-	-	-	-	1,788,066	1,788,066
Total Operating Expense	<u>\$14,645,678</u>	<u>\$4,331,215</u>	<u>\$6,084,447</u>	<u>\$665,861</u>	<u>\$6,877,797</u>	<u>\$1,788,066</u>	<u>\$34,393,064</u>

NOTE 16 – STATE FISCAL STABILIZATION FUNDS (ARRA FUNDS)

The College incurred expenditures of \$6,605 during fiscal year 2013 under the American Recovery and Reinvestment Act (ARRA) programs. These funds were awarded to the College via pass-through funding from the U.S. Department of Commerce and were expended for technology upgrades.

	<u>Salaries</u>	<u>Benefits</u>	<u>Supplies/ Services</u>	<u>Total</u>
Instruction			\$ 6,605	\$ 6,605

NOTE 17 - RISK MANAGEMENT

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 17 - RISK MANAGEMENT

(continued)

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

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

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

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

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

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

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

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 18 - F.E. DUBOSE CAREER CENTER

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

NOTE 19 - CONTINGENCIES

During the year ended June 30, 2012, the College determined that it had incorrectly interpreted the requirements under 34CFR 600.21(a)(3) regarding permitted locations of operation of the College, resulting in 3 locations which may not have been preapproved by the Federal Department of Education (DOE). The College self-reported the potential oversight to the DOE and has implemented changes to stay in compliance with this requirement. The College had submitted the additional locations to the Department of Education, which initiated a program review of these locations. On August 1, 2013 The US Department of Education issued a Final Program Review Determination (FPRD) asserting that the College failed to seek approval from its accreditor for an additional location in Lee County, South Carolina and as such, the College must repay \$1,095,987 in federal student aid funds disbursed during awards year 2008-2009 through 2010-2011 under Title IV of the Higher Education Act of 1965, as amended. The College strongly contests the Department's assertions and filed an appeal of the FPRD on September 16, 2013. The College's appeal contains evidence that the College's accreditor considers the Lee County location to have been within the scope of the College's accreditation during the relevant award years, contrary to the assertion in the FPRD. Procedurally, the Department's Office of Hearings and Appeals will issue a briefing schedule wherein the College and the Department's Office of Student Financial Aid will have the opportunity to state their positions and seek an oral hearing. Legal responses indicate that they cannot at this time predict the outcome of the appeal; however, management strongly believes the outcome will be favorable to the College. No amount has been accrued in the financial statements as of June 30, 2013.

NOTE 20 - NATIONAL FEDERAL DIRECT SUBSIDIZED AND UNSUBSIDIZED STAFFORD LOANS

The College participates in the National Federal Direct Subsidized and Unsubsidized Stafford Loan Program, which allows the College to disburse federal loans to students which are administered by the U.S. Department of Education. The loan activity is not reported in the accompanying financial statements because the responsibility for administration and collection passes to the U.S. Department of Education after the loans are disbursed. The College made loan disbursements of \$8,908,456 under this program during fiscal year 2013, and \$7,056,713 during fiscal year 2012.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 21 – CONSTRUCTION IN PROGRESS

Construction in progress of \$285,696 as of June 30, 2013 consists of one project that will be capitalized upon completion. The Advanced Manufacturing Technology Training Center (AMTTC) renovation is scheduled to begin in the fall of 2013 and be completed in the fall of 2014. The project, which is largely funded by state appropriations of \$7 million is estimated to cost \$10.5 million. The College had entered into a contract with an architectural firm as of June 30, 2013, with an estimated commitment balance of \$380,622.

NOTE 22– NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. This establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. The College will implement the new guidance with the 2014 financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, intends to improve financial reporting for most governments that provide their employees with pension benefits. The statement is effective for financial statements for periods beginning after June 15, 2014. The College will implement the new guidance with the 2015 financial statements.

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

SUPPLEMENTAL INFORMATION

**F.E. Dubose Career Center
Statement of Net Position
June 30, 2013**

		<u>Primary Government Governmental Activities</u>
ASSETS		
Cash and cash equivalents	\$	243,248
Property taxes receivable		4,331
Other receivables		76,619
Total Assets		<u>324,198</u>
LIABILITIES		
Accounts payable and other current liabilities		957
Deferred revenue		57,780
Long-term liabilities:		
Due within one year:		
Compensated absences		4,017
Due after one year:		
Compensated absences		36,235
Total Liabilities		<u>98,989</u>
NET POSITION		
Unrestricted		225,209
Total Net Position	\$	<u><u>225,209</u></u>

**F.E. Dubose Career Center
Statement of Activities
For the Year Ended June 30, 2013**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary government					
Government activities:					
Instruction	\$ 823,755	\$ 781,286	\$ 177,109	\$ 35,906	\$ 170,546
Support services	603,397	-	166,403	-	(436,994)
Total governmental activities	<u>1,427,152</u>	<u>781,286</u>	<u>343,512</u>	<u>35,906</u>	<u>(266,448)</u>
Total primary government	<u>\$ 1,427,152</u>	<u>\$ 781,286</u>	<u>\$ 343,512</u>	<u>\$ 35,906</u>	<u>\$ (266,448)</u>
		General Revenues:			
					277,367
					52,203
					<u>329,570</u>
					63,122
					162,087
					<u>\$ 225,209</u>

**F.E. Dubose Career Center
Balance Sheet
Governmental Funds
June 30, 2013**

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 243,248	\$ -	\$ 243,248
Property taxes receivable, net	4,331	-	4,331
Due from other funds	76,560	-	76,560
Other receivables	59	76,560	76,619
Total assets	\$ 324,198	\$ 76,560	\$ 400,758
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	957	-	957
Deferred revenue	57,780	-	57,780
Due to other funds	-	76,560	76,560
Total liabilities	58,737	76,560	135,297
Fund balances:			
Unassigned	265,461	-	265,461
Total fund balances	265,461	-	265,461
Total liabilities and fund balances	\$ 324,198	\$ 76,560	\$ 400,758
Total fund balances			265,461
Compensated absences (vacations) are recorded as a liability in the Statement of Net Position. This liability is not recorded in the fund statements.			(40,252)
Net position of governmental activities			\$ 225,209

F.E. Dubose Career Center
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
for the Year Ended June 30, 2013

	General Fund	Special Revenue Fund	EIA Fund	Total Governmental Funds
REVENUES				
Local property taxes	\$ 198,873	\$ -	\$ -	\$ 198,873
Other local	833,489	-	-	833,489
Total local	1,032,362	-	-	1,032,362
State	78,494	28,477	235,355	342,326
Federal	-	115,586	-	115,586
Total revenues	<u>1,110,856</u>	<u>144,063</u>	<u>235,355</u>	<u>1,490,274</u>
EXPENDITURES				
Current:				
Instruction	608,539	104,263	72,846	785,648
Support services	428,537	3,894	162,509	594,940
Capital outlay	2,201	35,906	-	38,107
Total expenditures	<u>1,039,277</u>	<u>144,063</u>	<u>235,355</u>	<u>1,418,695</u>
Excess (deficiency) of revenues over expenditures	<u>71,579</u>	<u>-</u>	<u>-</u>	<u>71,579</u>
Net change in fund balances	71,579	-	-	71,579
Fund balances - July 1, 2012	193,882	-	-	193,882
Fund balances - June 30, 2013	<u>\$ 265,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,461</u>

Total net change in fund balance--governmental funds (above) \$ 71,579

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

In the statement of activities, certain operating expenses--compensated absences (vacations) are measured by the amounts *earned* during the year.

In the governmental funds, however, expenditures for these items are measured by the amount of financial resources *used* (essentially, the amounts actually paid). \$ (8,457)

Change in net position of governmental activities on the Statement of Activities \$ 63,122

**F.E. Dubose Career Center
Statement of Fiduciary Net Position
June 30, 2013**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 22,856
Total assets	<u>22,856</u>
LIABILITIES	
Due to student groups	<u>22,856</u>
Total liabilities	<u>\$ 22,856</u>

**F.E. Dubose Career Center
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget - Positive (Negative)</u>
REVENUES				
Local	\$ 1,091,831	\$ 1,013,474	\$ 1,032,362	\$ 18,888
State	-	78,494	78,494	-
Total revenues	<u>1,091,831</u>	<u>1,091,968</u>	<u>1,110,856</u>	<u>18,888</u>
EXPENDITURES				
Current:				
Instruction	710,678	645,532	608,539	36,993
Support services	381,153	446,436	436,994	9,442
Capital outlay	-	-	2,201	(2,201)
Total expenditures	<u>1,091,831</u>	<u>1,091,968</u>	<u>1,047,734</u>	<u>44,234</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>63,122</u>	<u>63,122</u>
Net change in fund balances	-	-	63,122	63,122
Fund balance - July 1, 2012	-	-	193,882	193,882
Fund balance - June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,004</u>	<u>\$ 257,004</u>

**F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Year Ended June 30, 2013**

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES			
Local Revenues			
1210 Ad Valorem Taxes	\$ 198,873	\$ 180,506	\$ 18,367
Tuition			
1310 Tuition - Patrons	17,595	6,000	11,595
1320 Tuition - Local Education Agency's	666,387	665,887	500
1330 Adult/CE from Patrons	18,414	35,400	(16,986)
1340 Adult/CE from District	12,000	12,000	-
1910 Rentals	66,890	60,000	6,890
1990 Miscellaneous	52,203	53,681	(1,478)
Total Local Sources	<u>1,032,362</u>	<u>1,013,474</u>	<u>18,888</u>
State Sources			
In Lieu of Taxes			
3810 Property Tax Relief	78,494	78,494	-
Total State Source	<u>78,494</u>	<u>78,494</u>	<u>-</u>
 TOTAL REVENUE	<u>1,110,856</u>	<u>1,091,968</u>	<u>18,888</u>
EXPENDITURES			
100 General Instruction			
110 General Instruction			
115 Career and Technology Education (Vocational) Programs			
100 Salaries	342,795	354,690	11,895
200 Employee Benefits	130,162	138,810	8,648
300 Purchased Services	725	400	(325)
400 Supplies and Materials	53,862	50,551	(3,311)
500 Capital Outlay	2,201	-	(2,201)
180 Adult/CE Programs			
181 Adult Basic Education Programs			
100 Salaries	20,992	24,616	3,624
200 Employee Benefits	7,080	6,478	(602)
300 Purchased Services	11,091	8,935	(2,156)
400 Supplies and Materials	17,884	33,652	15,768
470 Energy	12,000	12,000	-
185 Vocational Adult Education Programs			
100 Salaries	8,580	10,000	1,420
200 Employee Benefits	1,515	2,400	885
300 Purchased Services	45	-	(45)
400 Supplies and Materials	1,808	3,000	1,192
Total Instruction	<u>610,740</u>	<u>645,532</u>	<u>34,792</u>

**F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Year Ended June 30, 2013**

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES (continued)			
200 Support Services			
210 Pupil Services			
211 Attendance Services			
100 Salaries	22,051	21,680	(371)
200 Employee Benefits	13,926	14,306	380
212 Guidance Services			
100 Salaries	41,961	45,775	3,814
200 Employee Benefits	12,981	14,818	1,837
300 Purchased Services	-	200	200
400 Supplies and Materials	567	500	(67)
230 General Administrative Services			
231 Board of Education			
318 Audit Services	1,500	1,500	-
233 School Administration			
100 Salaries	86,004	82,400	(3,604)
200 Employee Benefits	22,601	23,659	1,058
300 Purchased Services	2,887	4,500	1,613
400 Supplies and Materials	1,474	5,000	3,526
250 Finance and Operations Services			
252 Fiscal Services			
100 Salaries	27,657	25,430	(2,227)
200 Employee Benefits	8,864	9,026	162
254 Operation and Maintenance of Plant			
100 Salaries	47,591	47,688	97
200 Employee Benefits	18,380	17,745	(635)
300 Purchased Services	31,492	29,301	(2,191)
400 Supplies and Materials	29,806	30,808	1,002
470 Energy	66,605	70,000	3,395
255 Student Transportation			
100 Salaries	333	-	(333)
200 Employee Benefits	92	-	(92)
300 Purchased Services	222	2,100	1,878
	<hr/>	<hr/>	<hr/>
Total Support Services	436,994	446,436	9,442
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	1,047,734	1,091,968	44,234

F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>63,122</u>	<u>-</u>	<u>63,122</u>
Fund Balance - July 1, 2012	<u>193,882</u>	<u>-</u>	<u>193,882</u>
Fund Balance - June 30, 2013	<u>\$ 257,004</u>	<u>\$ -</u>	<u>\$ 257,004</u>

**F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
SPECIAL REVENUE FUND- NON-EIA PROGRAMS- BUDGET VS. ACTUAL
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	State	Federal	Total	Budget	Variance Positive (Negative)
REVENUES					
3000 State					
3125 Career & Tech Equipment	\$ 28,477	\$ -	\$ 28,477	\$ 35,035	\$ (6,558)
4000 Federal					
4210 Perkins Aid	-	11,062	11,062	11,062	-
4410 Basic Adult Education	-	88,454	88,454	95,467	(7,013)
4430 State Literacy Resource	-	2,200	2,200	2,200	-
4999 Revenue from Other Sources	-	13,870	13,870	13,870	-
Total Revenues	<u>28,477</u>	<u>115,586</u>	<u>144,063</u>	<u>157,634</u>	<u>(13,571)</u>
EXPENDITURES					
100 Instruction					
115 Vocational Programs					
300 Purchased Services	-	1,000	1,000	1,000	-
400 Supplies and Materials	-	2,633	2,633	2,633	-
500 Capital	28,477	7,429	35,906	42,464	6,558
181 Adult Basic Programs					
100 Salaries	-	38,405	38,405	43,961	5,556
200 Employee Benefits	-	9,092	9,092	10,549	1,457
300 Purchased Services	-	1,830	1,830	1,830	-
400 Supplies and Materials	-	2,167	2,167	2,167	-
182 Adult Secondary Program					
100 Salaries	-	37,186	37,186	37,186	-
200 Employee Benefits	-	8,656	8,656	8,656	-
400 Supplies and Materials	-	1,094	1,094	1,094	-
183 English Literacy (ESL)					
100 Salaries	-	1,775	1,775	1,775	-
200 Employee Benefits	-	425	425	425	-
Total Instruction	<u>28,477</u>	<u>111,692</u>	<u>140,169</u>	<u>153,740</u>	<u>13,571</u>
200 Supporting Services					
223 Supervision Special Program					
100 Salaries	-	2,794	2,794	2,794	-
200 Employee Benefits	-	1,100	1,100	1,100	-
Total Supporting Services	<u>-</u>	<u>3,894</u>	<u>3,894</u>	<u>3,894</u>	<u>-</u>
Total Expenditures	<u>28,477</u>	<u>115,586</u>	<u>144,063</u>	<u>157,634</u>	<u>13,571</u>
Excess of Revenues over/under Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

F.E. DUBOSE CAREER CENTER
 CLARENDON COUNTY, SOUTH CAROLINA
 EDUCATIONAL IMPROVEMENT ACT-BUDGET VS. ACTUAL
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - ALL PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2013

	#350/355 Teacher Salary	#356 Adult Education	#332 National Board	#377 Teachers Supplies	#378 Career Ctr that Work	#392 Work Based Learning	Total	Budget	Variance Positive (Negative)
REVENUES									
3000 State									
3532 National Board Certification	\$ -	\$ -	\$ 9,210	\$ -	\$ -	\$ -	\$ 9,210	\$ 9,210	\$ -
3550 Teacher Salary Increase	18,964	-	-	-	-	-	18,964	18,964	-
3555 School Employer Contributions	4,324	-	-	-	-	-	4,324	4,324	-
3556 Adult Education	-	197,276	-	-	-	-	197,276	230,438	(33,162)
3577 Teachers Supplies	-	-	-	2,554	-	-	2,554	2,500	54
3578 High Schools that Work	-	-	-	-	2,032	-	2,032	7,718	(5,686)
3592 Work-Based Learning	-	-	-	-	-	995	995	995	-
TOTAL REVENUE	23,288	197,276	9,210	2,554	2,032	995	235,355	274,149	(38,794)
EXPENDITURES									
100 Instruction									
115 Vocational Programs									
100 Salaries	18,964	-	7,500	-	-	-	26,464	26,464	-
200 Employee Benefits	4,324	-	1,710	-	-	-	6,034	6,034	-
400 Supplies and Materials	-	-	-	2,554	-	-	2,554	2,500	(54)
181 Instruction - Basic									
100 Salaries	-	18,856	-	-	-	-	18,856	29,093	10,237
200 Employee Benefits	-	2,769	-	-	-	-	2,769	4,865	2,096
300 Purchased Services	-	390	-	-	2,032	-	2,422	8,358	5,936
400 Supplies and Materials	-	3,611	-	-	-	995	4,606	5,196	590
182 Adult Secondary Program									
100 Salaries	-	6,720	-	-	-	-	6,720	12,280	5,560
200 Employee Benefits	-	720	-	-	-	-	720	2,050	1,330
300 Purchased Services	-	194	-	-	-	-	194	194	-
400 Supplies and Materials	-	1,507	-	-	-	-	1,507	2,000	493
TOTAL INSTRUCTION	23,288	34,767	9,210	2,554	2,032	995	72,846	99,034	26,188
200 Supporting Services									
223 Supervision of Special Program									
100 Salaries	-	122,466	-	-	-	-	122,466	124,485	2,019
200 Employee Benefits	-	39,572	-	-	-	-	39,572	49,819	10,247
300 Purchased Services	-	270	-	-	-	-	270	520	250
400 Supplies and Materials	-	201	-	-	-	-	201	291	90
TOTAL SUPPORTING SERVICES	-	162,509	-	-	-	-	162,509	175,115	12,606
TOTAL EXPENDITURES	23,288	197,276	9,210	2,554	2,032	995	235,355	274,149	38,794
Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

F.E. DUBOSE CAREER CENTER
CLARENDON COUNTY, SOUTH CAROLINA
PUPIL ACTIVITY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	ACTUAL
RECEIPTS	
1000 Receipts from Local Sources	
1700 Pupil Activities	
1740 Student Fees	\$ 26,845
Total Receipts	26,845
DISBURSEMENTS	
270 Supporting Services Pupil Activity	
272 Enterprise Activities	
660 Pupil Activity	26,491
Total Disbursements	26,491
Excess of Receipts over Disbursements	354
Fund Balance July 1, 2012	22,502
Fund Balance June 30, 2013	\$ 22,856

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

DEFERRED REVENUE

<u>Program</u>	<u>Grant or Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>		<u>Deferred Revenue</u>
EIA Adult Education		3556/356	Unexpended Funds	100	\$ 33,161
Career & Tech Education Eq	13VA121	3125/905	Unexpended Funds	100	\$ 6,558
Career Centers that Work		3578/378	Unexpended Funds	100	\$ 5,666
Dollar General Literacy Foundation			Unexpended Funds		\$ 10,008
GED/HS Diploma grant	2012-04		Unexpended Funds		\$ 2,363
MCASC Carpentry grant	CCP_CT		Unexpended Funds		\$ 24
Total Deferred					<u>\$ 57,780</u>

Note:

All program revenue listed can be carried forward.

SINGLE AUDIT SECTION

**CENTRAL CAROLINA TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Direct grants			
Student Financial Assistance Cluster			
Federal Work Study Programs 11-12	84.033	P033A113809	\$ 6,051
Federal Work Study Programs 12-13	84.033	P033A123809	157,922
			<u>163,973</u>
Federal Pell Grant Program--10-11	84.063	P063P102482	(211)
Federal Pell Grant Program--11-12	84.063	P063P112482	3,144
Federal Pell Grant Program--12-13	84.063	P063P122482	12,285,521
			<u>12,288,454</u>
Federal Supplemental Educational Opportunity Grant-- 12-13	84.007	P007A123809	149,762
Federal Direct Student Loans	84.268	P268K122482	(5,938)
Federal Direct Student Loans	84.268	P268K132482	8,914,394
Total Student Financial Assistance Cluster			<u>21,510,645</u>
TRIO Student Support Services	84.042	P042A100297-12	200,841
Higher Education Institutional Aid	84.031P	P031P110030-12	240,462
Strengthening Minority- Serving Institutions	84.382A	P382A110003-12	417,638
Subtotal Direct			<u>22,369,586</u>
Pass-through--South Carolina Dept. of Education			
Adult Education - F.E. Dubose	84.002	13EA121-01	88,454
Adult Education-English Lit - F.E. Dubose	84.002	13ED121	2,200
Adult Education-English Lit - Family Literacy- F.E. Dubose	84.002	13EA121-02	13,870
Total CFDA 84.002			<u>104,524</u>
Career and Technical Education - Basic Grants to States - Carl Perkins - F.E.Dubose	84.048	13VA121	11,062
Career and Technical Education - Basic Grants to Carl Perkins Grant	84.048	13VA413	295,833
Total CFDA 84.048			<u>306,895</u>
Total passed-through--South Carolina Dept. of Education			<u>411,419</u>
Subtotal Passed-through			<u>411,419</u>
Total U.S. Department of Education			<u>22,781,005</u>

**CENTRAL CAROLINA TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Pass-through--SC MEP Office Technical Assistance and Training grants - Rural Development	10.761	RDUP-TAT-FY11	<u>64,807</u>
Total U.S. Department of Agriculture			<u>64,807</u>
U.S. Department of Health & Human Services			
Pass-through--Office of First Steps Childcare and Development Block grant - T.E.A.C.H. Early Childhood	93.575	01TE413	<u>40,281</u>
Total passed-through--Office of First Steps			<u>40,281</u>
Total U.S. Department of Health & Human Services			<u>40,281</u>
U.S. Department of Labor			
Pass-through--Florence-Darlington Tech College Trade Adjustment Assistance Community College and Career Training grants - Assist to Work grant	17.282	TC-22521-11-60-A-45	<u>284,409</u>
Total passed-through--Florence-Darlington Technical College			<u>284,409</u>
Total U.S. Department of Labor			<u>284,409</u>
U.S. Department of Commerce			
Pass-through--SC Technical College System ARRA - Broadband Technology Opportunities Program	11.557	45-42-B10012	<u>6,605</u>
Total U.S. Department of Commerce			<u>6,605</u>
Total Expenditures of Federal Awards			<u>\$ 23,177,107</u>

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

NOTE 1 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the College's financial statements.

NOTE 2 – LOANS

The college began participating in the Federal Direct Student Loan Program in July 2010. The loans are issued to the students from the federal program and are not recognized as revenue within the financial statements. The total loans disbursed on student's accounts for fiscal year ending June 30, 2013 are:

	<u>Federal Direct Student Loan</u>
Subsidized loans	\$5,511,349
Unsubsidized loans	<u>3,397,107</u>
Total	<u>\$8,908,456</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Central Carolina Technical College (the College), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise College's basic financial statements, and have issued our report thereon dated September 27, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



Purpose of this Report

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

Webster Rogers LLP

Sumter, South Carolina
September 27, 2013

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Central Carolina Technical College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended June 30, 2013. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Webster Rogers LLP

Sumter, South Carolina
September 27, 2013

CENTRAL CAROLINA TECHNICAL COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2013

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No
 Significant deficiencies identified that are not considered
 to be material weaknesses? _____ Yes X None Reported
 Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X No
 Significant deficiencies identified that are not considered
 to be material weaknesses? _____ Yes X None Reported

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

Any audit findings disclosed that are required
 to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

Dollar threshold used to distinguish between
 type A and type B programs **\$300,000**

Auditee qualified as low-risk auditee? _____ Yes X No

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

CENTRAL CAROLINA TECHNICAL COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

No prior year audit findings