

CENTRAL CAROLINA TECHNICAL COLLEGE

**AUDITED FINANCIAL STATEMENTS
and
ADDITIONAL INFORMATION**

June 30, 2012

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

AUDIT PERIOD: JULY 1, 2011 - JUNE 30, 2012

AREA COMMISSION MEMBERS

| Name | Area Represented | Terms of Office |
|----------------------------------|------------------|-----------------|
| Mr. J. Mac Summers, Chairman | Sumter County | 7/01/09-7/01/13 |
| Mrs. Ruth J. Bell, Vice Chairman | Lee County | 7/01/11-6/30/15 |
| Mr. Bobby R. Anderson, Secretary | Sumter County | 7/01/11-6/30/15 |
| 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 | 7/01/11-7/01/15 |
| Mr. Ray Reich | Sumter County | 7/01/10-6/30/14 |
| Mr. Christopher L. Lee | Clarendon County | 7/01/11-6/30/15 |
| 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:

| Name | Title |
|--------------------|--|
| 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

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, 2012, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities as of June 30, 2012, and the respective changes in financial position, and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements as a whole. 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 financial statements. The accompanying 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 financial statements of the College. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.



Sumter, South Carolina
September 26, 2012

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, 2012. This discussion should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

- The assets of Central Carolina Technical College exceeded its liabilities at June 30, 2012, by \$35,437,932 (net assets). Of this amount, \$6,033,799 (unrestricted net assets) may be used to meet the College's ongoing obligations.
- Net assets decreased by \$1,241,128, primarily due to having no capital federal grants during fiscal year 2012.
- Total debt decreased by \$250,000 during the current fiscal year.
- The College experienced an operating loss of \$20,347,196 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. However, this operating loss was partially offset by State appropriations of \$3,813,588, local appropriations of \$2,218,907, Federal nonoperating grants and contracts of \$12,988,101, and other nonoperating revenues of \$237,237, 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 Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

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

The Statement of Revenues, Expenses, and Changes in Net Assets 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.

Central Carolina Technical College

Management's Discussion and Analysis

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 Assets

Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$35,437,932 at the close of the most recent fiscal year. A summary of the statements follows (in millions):

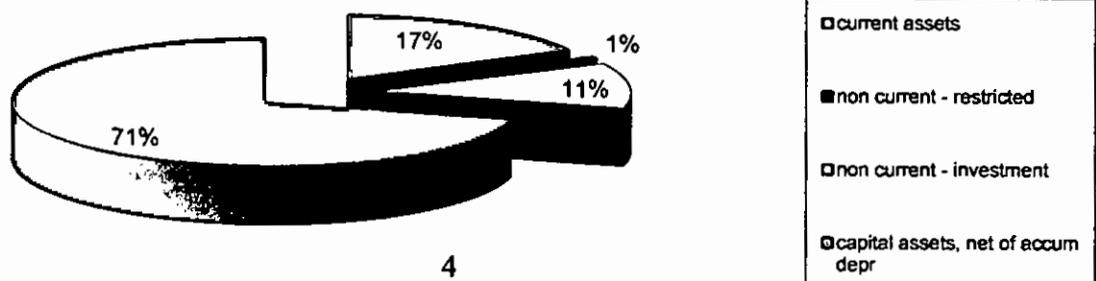
| | <u>2012</u> | <u>2011</u> | <u>Increase/ Decrease</u> |
|------------------------|-------------|-------------|-------------------------------|
| Current assets | \$ 7.50 | \$ 9.28 | \$ (1.78) |
| Noncurrent assets: | | | |
| Restricted and other | 5.22 | 5.22 | - |
| Capital assets, net | 31.35 | 30.68 | .67 |
| Total assets | \$ 44.07 | \$ 45.18 | \$ (1.11) |
| | | | |
| Current liabilities | 5.63 | 5.35 | .28 |
| Noncurrent liabilities | 3.00 | 3.15 | (.15) |
| Total liabilities | 8.63 | 8.50 | .13 |
| Net assets | \$ 35.44 | \$ 36.68 | \$ (1.24) |

The current ratio, representing current assets divided by current liabilities, was 1.33 at June 30, 2012 compared to 1.73 at June 30, 2011. Current assets of \$7.5 million at June 30, 2012 represent a \$1.78 million decrease compared to the prior year. This decrease was primarily a result of capital projects that were paid from funds resulting from the prior year increase in unrestricted net assets.

Net capital assets increased by \$.67 million due to current year capital projects.

The following chart pictorially presents the College's total assets as of June 30, 2012:

Total Assets Summary



Central Carolina Technical College
Management's Discussion and Analysis

Capital and Debt Activities

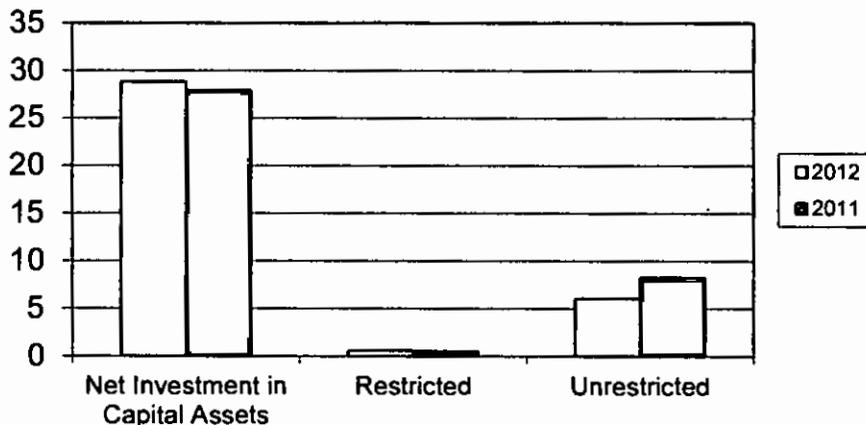
Bonds payable totaled \$2.52 million at June 30, 2012, as discussed in Note 6. These bonds were issued in fiscal year 2010 to finance the health sciences renovation capital project.

Net Assets

Net assets represent the residual interest in the College's assets after liabilities are deducted. The College's net assets at June 30, 2012 and June 30, 2011 are summarized below (in millions):

| | <u>2012</u> | <u>2011</u> | <u>Increase/ Decrease</u> |
|---|-----------------|-----------------|-------------------------------|
| Invested in capital assets, net of related debt | \$ 28.83 | \$ 27.91 | \$.92 |
| Restricted: | | | |
| Nonexpendable | .25 | .25 | - |
| Expendable | .33 | .26 | .07 |
| Unrestricted: | <u>6.03</u> | <u>8.26</u> | <u>(2.23)</u> |
| Total Net assets | <u>\$ 35.44</u> | <u>\$ 36.68</u> | <u>\$ (1.24)</u> |

**Comparative Net Assets - Fiscal Years
2012 and 2011**



The College's 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 assets. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Central Carolina Technical College
Management's Discussion and Analysis

Although the College's investment in its 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 assets consist of the College's permanent endowment fund.

The unrestricted net assets of \$6.03 million may be used to meet the College's ongoing obligations, which are discussed in Note 13, Unrestricted Net Assets, of the accompanying notes to the financial statements.

Statement of Revenues, Expenses and Changes in Net Assets

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

| | <u>2012</u> | <u>2011</u> | <u>Increase/ Decrease</u> |
|--------------------------------------|-----------------|-----------------|-------------------------------|
| Operating revenues: | | | |
| Student tuition and fees | \$ 13.96 | \$ 13.88 | \$.08 |
| Less: scholarship allowances | <u>(8.12)</u> | <u>(8.05)</u> | <u>(.07)</u> |
| Net student tuition and fees | 5.84 | 5.83 | .01 |
| Grants and contracts | 4.77 | 3.94 | .83 |
| Auxiliary | 1.64 | 1.49 | .15 |
| Other | <u>.38</u> | <u>.40</u> | <u>(.02)</u> |
| Total operating revenues | 12.63 | 11.66 | .97 |
| Less operating expenses (see page 8) | <u>32.97</u> | <u>33.41</u> | <u>(.44)</u> |
| Net operating loss | <u>(20.34)</u> | <u>(21.75)</u> | <u>1.41</u> |
| Nonoperating revenues (expenses): | | | |
| State appropriations | 3.81 | 3.92 | (.11) |
| Local appropriations | 2.22 | 1.92 | .30 |
| Investment income | .07 | .01 | .06 |
| Loss on disposal of capital asset | - | (.09) | .09 |
| Grants and contracts | 12.99 | 14.50 | (1.51) |
| Interest expense | <u>(.15)</u> | <u>(.15)</u> | <u>-</u> |
| Net nonoperating revenues | <u>18.94</u> | <u>20.11</u> | <u>(1.17)</u> |
| Capital appropriations and grant | <u>.16</u> | <u>2.74</u> | <u>(2.58)</u> |
| Increase(decrease) in net assets | (1.24) | 1.10 | (2.34) |
| Net assets, beginning of year | <u>36.68</u> | <u>35.58</u> | <u>1.10</u> |
| Net assets, end of year | <u>\$ 35.44</u> | <u>\$ 36.68</u> | <u>\$ 1.24</u> |

Central Carolina Technical College

Management's Discussion and Analysis

The total revenues, including operating, nonoperating, and capital was \$31.88 million.

Student tuition and fees increased by \$.08 million from the prior year. This increase was a result of an increase in tuition and enrollment during the year. Scholarships and 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 increased by \$.07 million from the prior year, as a result of the increased enrollment.

Grants and contracts increased by \$.83 million or 21% as a result of several new grants received by the College during the year.

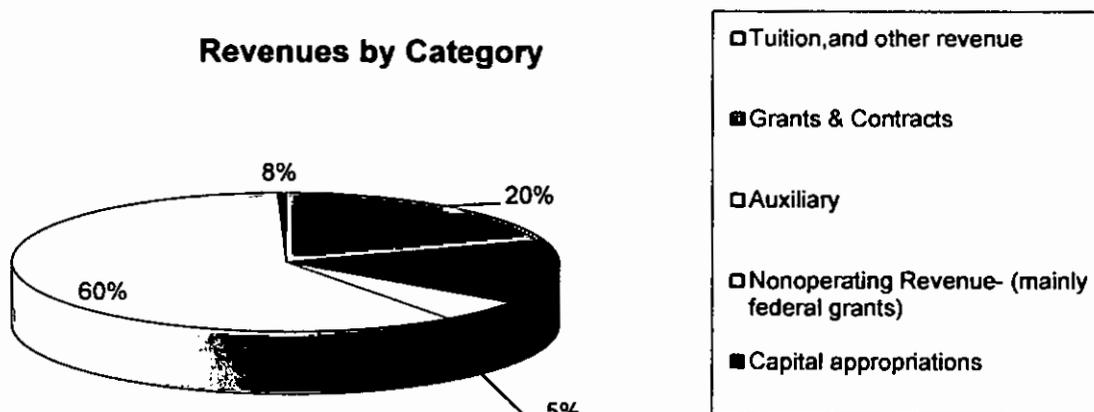
State appropriations decreased by \$.11 million or 3% as a result of continuing reductions in state funding.

Local appropriations increased by \$.3 million or 15% primarily as a result of an increase in high school student enrollment for the F.E. Dubose Career Center, which is funded by the school districts based on enrollment.

Grants and contracts nonoperating revenues decreased by \$1.51 million largely as a result of the loss of American Recovery and Reinvestment Act (ARRA) funds.

Capital appropriations and grants decreased by \$2.58 million as a result of funding received for the health sciences renovation capital project in the previous year (not received in the current year).

The following graphic illustration of revenues by source shows how operating and nonoperating revenues are used to fund the College's operating expenses. Significant recurring sources of the College's revenues are considered nonoperating, as defined by GASB Statement No. 35.



Central Carolina Technical College

Management's Discussion and Analysis

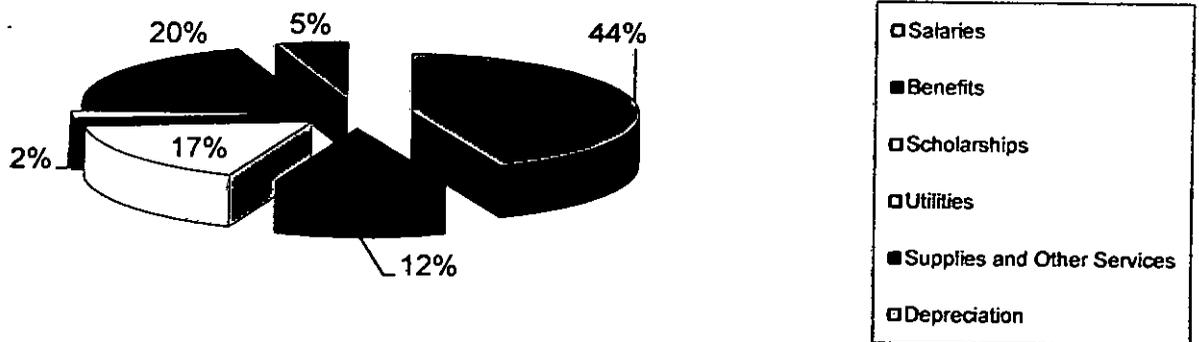
Operating and nonoperating expenses are shown below in the condensed statement format (in millions):

| | <u>2012</u> | <u>2011</u> | <u>Increase/ Decrease</u> |
|------------------------------------|-----------------|-----------------|-------------------------------|
| Operating: | | | |
| Salaries & benefits | \$ 18.39 | \$ 17.00 | \$ 1.39 |
| Scholarships | 5.69 | 5.76 | (.07) |
| Utilities | .65 | .71 | (.06) |
| Supplies and services | 6.54 | 8.34 | (1.80) |
| Depreciation | 1.70 | 1.60 | .10 |
| | <u>32.97</u> | <u>33.41</u> | <u>(.44)</u> |
| Nonoperating: | | | |
| Interest expense | .15 | .15 | - |
| Loss on disposal of capital assets | - | .09 | (.09) |
| Total expenses | <u>\$ 33.12</u> | <u>\$ 33.65</u> | <u>\$ (.53)</u> |

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

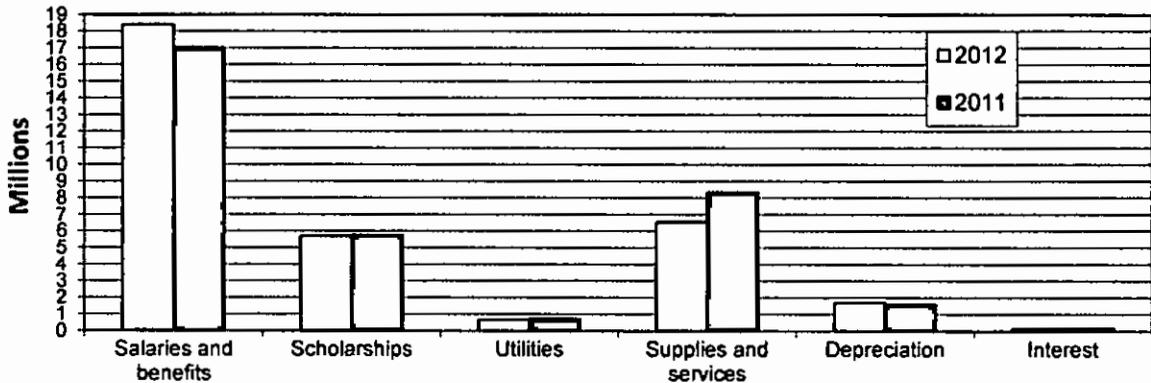
The following is a graphic illustration of total operating expenses by object:

Expenses by Classification



Central Carolina Technical College
Management's Discussion and Analysis

**Comparison of Operating Expenses -
Fiscal Years 2012 and 2011**



Total expenses decreased overall by \$.53 million. This net increase is primarily a result of the following. Salaries and benefits increased by \$1.39 million or 8% as a result of employees receiving a 3% base pay increase and new positions added and adjunct faculty hired to assist with the increased classes and services required as a result of the continued increase in enrollment. Retirement and health insurance benefits increased by 4% and 5% respectively. Supplies and services decreased by \$1.8 million because the previous year included non-capitalized equipment purchases for new and renovated facilities of approximately this amount.

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 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, 2012 and 2011.

Central Carolina Technical College
Management's Discussion and Analysis

| | <u>2012</u> | <u>2011</u> | <u>Increase/ Decrease</u> |
|---|----------------|----------------|-------------------------------|
| Cash received from operations | \$ 12.66 | \$ 11.03 | \$ 1.63 |
| Cash expended for operations | <u>(31.22)</u> | <u>(31.88)</u> | <u>.66</u> |
| Net cash used in operating activities | (18.56) | (20.85) | 2.29 |
| Net cash provided by noncapital financing activities | 19.02 | 20.38 | (1.36) |
| Net cash provided (used) by capital and related financing | (2.34) | (2.68) | .34 |
| Net cash provided (used) by investing activities | <u>.07</u> | <u>(4.95)</u> | <u>5.02</u> |
| Net increase (decrease) in cash and cash equivalents | (1.81) | (8.10) | 6.29 |
| Cash and cash equivalents, beginning of year | <u>4.62</u> | <u>12.72</u> | <u>(8.10)</u> |
| Cash and cash equivalents, end of year | <u>\$ 2.81</u> | <u>\$ 4.62</u> | <u>\$ (1.81)</u> |

The College's cash and cash equivalents decreased by \$1.81 million from last year. Cash received from operations increased by \$1.63 million largely as a result of several new grants received by the College during the year. Net cash provided by noncapital financing activities decreased by \$1.36 million due to the loss of American Recovery and Reinvestment Act (ARRA) funds. Net cash provided (used) by investing activities increased by \$5.02 million because a \$5 million investment had been made from cash in the previous year.

Economic Factors

The national and state economies continued to suffer during fiscal year 2012, although the state economy improved somewhat during the year. Over the past decade, the College has lost almost 50 percent of its state funding, and 37 percent over the past five years. As a result, the College has begun to look for other sources of funding, and has increased grants revenue.

In spite of the economy and reductions in State funding, the College continues to operate on a fiscally sound basis. Enrollment, which has increased by 61 percent over the past five years, has stabilized some and only increased by about 2 percent over last year.

Central Carolina Technical College
Statement of Net Assets
June 30, 2012

ASSETS

Current assets:

| | |
|---------------------------|--------------|
| Cash and cash equivalents | \$ 2,558,972 |
| Accounts receivable, net | 4,630,985 |
| Inventories | 279,002 |
| Other assets | 30,540 |
| Total current assets | 7,499,499 |

Noncurrent assets:

| | |
|---|---------------|
| Restricted cash and cash equivalents | 251,171 |
| Investments | 4,973,740 |
| Capital assets, not being depreciated | 936,496 |
| Depreciable capital assets, net of accumulated depreciation | 30,410,736 |
| Total noncurrent assets | 36,572,143 |
| Total assets | \$ 44,071,642 |

LIABILITIES

Current liabilities

| | |
|---|------------|
| Accounts payable | \$ 178,934 |
| Accrued interest payable | 42,194 |
| Accrued payroll and related liabilities | 474,826 |
| Deferred revenue | 4,588,895 |
| Accrued annual leave - current portion | 64,912 |
| Bonds payable - current portion | 260,000 |
| Funds held for others | 22,502 |
| Total current liabilities | 5,632,263 |

Noncurrent liabilities

| | |
|---|--------------|
| Accrued annual leave - noncurrent portion | 741,447 |
| Bonds payable - noncurrent portion | 2,260,000 |
| Total noncurrent liabilities | 3,001,447 |
| Total liabilities | \$ 8,633,710 |

NET ASSETS

| | |
|---|---------------|
| Invested in capital assets, net of related debt | \$ 28,827,232 |
| Restricted for: | |
| Nonexpendable | |
| Scholarship | 251,171 |
| Expendable | |
| EPA - ETC | 163,643 |
| F.E. DuBose Career Center | 162,087 |
| Unrestricted | 6,033,799 |
| Total net assets | \$ 35,437,932 |

Central Carolina Technical College
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012

Revenues

Operating Revenues:

| | |
|--|--------------|
| Student tuition and fees (net of scholarship allowance of \$8,121,632) | \$ 5,839,673 |
| Federal grants and contracts | 1,627,325 |
| State and local grants and contracts | 3,145,208 |
| Auxiliary services(net of scholarship allowance of \$1,761,904) | 1,636,515 |
| Other operating revenues | 377,150 |
| Total operating revenues | 12,625,871 |

Expenses

Operating Expenses:

| | |
|-----------------------------|--------------|
| Salaries | 14,370,711 |
| Benefits | 4,018,823 |
| Scholarships | 5,696,181 |
| Utilities | 650,382 |
| Supplies and other services | 6,537,690 |
| Depreciation | 1,699,280 |
| Total operating expenses | 32,973,067 |
| Operating Loss | (20,347,196) |

Nonoperating Revenues (Expenses)

| | |
|--------------------------------------|-------------|
| State appropriations | 3,813,588 |
| Local appropriations | 2,218,907 |
| Investment income | 71,142 |
| Interest expense | (151,765) |
| Federal grants and contracts | 12,988,101 |
| Net nonoperating revenues (expenses) | 18,939,973 |
| Loss before capital contributions | (1,407,223) |

Capital Contributions

| | |
|--------------------------------|-------------|
| Local capital appropriations | 6,530 |
| Local capital grants and gifts | 100,000 |
| State capital grants and gifts | 59,565 |
| Net capital contributions | 166,095 |
| Decrease in net assets | (1,241,128) |

| | |
|--------------------------------|---------------|
| Net assets - beginning of year | 36,679,060 |
| Net assets - end of year | \$ 35,437,932 |

**Central Carolina Technical College
Statement of Cash Flows
For the Year Ended June 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|---------------------|
| Tuition and fees | \$ 5,775,356 |
| Federal, State and Local grants and contracts | 4,918,078 |
| Auxiliary enterprise charges | 1,591,294 |
| Other receipts | 377,150 |
| Payments to vendors | (12,938,977) |
| Payments to employees | (18,278,044) |
| Net cash used by operating activities | <u>(18,555,143)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|---|-------------------|
| State appropriations | 3,813,588 |
| Local appropriations | 2,218,005 |
| Federal, State and Local grants and contracts non operating | 12,987,840 |
| Net cash provided by noncapital financing activities | <u>19,019,433</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|--------------------|
| State and Local capital appropriations | 411,399 |
| Federal, State and Local grants and gifts | 159,565 |
| Purchase of capital assets | (2,508,639) |
| Principal paid on capital debt | (250,000) |
| Interest paid | (155,951) |
| Net cash used by capital and related financing activities | <u>(2,343,626)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|---------------|
| Interest on investments | 65,963 |
| Net cash flows provided by investing activities | <u>65,963</u> |

| | |
|--------------------------|---------------------|
| Net decrease in cash | (1,813,373) |
| Cash - beginning of year | 4,623,516 |
| Cash - end of year | <u>\$ 2,810,143</u> |

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

| | |
|---|------------------------|
| Operating income (loss) | \$ (20,347,196) |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities: | |
| Depreciation expense | 1,699,280 |
| Change in assets and liabilities | |
| Receivables, net | 2,228 |
| Inventories | (14,218) |
| Deferred charges and prepaid expenses | (46,798) |
| Accounts payable | (44,897) |
| Deferred revenue | 84,968 |
| Compensated absences | 111,490 |
| Net cash provided (used) by operating activities | <u>\$ (18,555,143)</u> |

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 are deemed significant. The criteria to determine significance is whether the net assets of the component unit are 5% of the College's net assets. As of June 30, 2012, 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*, and related statements and amendments. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in net assets and cash flows that replaces the fund-group perspective previously required. The College has not adopted Financial Accounting Standards Board ("FASB") statements and interpretations issued after November 30, 1989.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 in three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's office are also considered cash equivalents.

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 assets.

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, 2012

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

J. Classification of Revenues

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

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

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

J. Classification of Revenues

(continued)

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 assets. 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.

K. 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.

L. 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.

M. Net Assets

The College's net assets are classified as follows:

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

M. Net Assets

(continued)

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

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

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and 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 assets is to first apply restricted resources when an expense is incurred for purposes of which both restricted and unrestricted net assets are available.

N. 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.

O. 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.

P. 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.

CENTRAL CAROLINA TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

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

Statement of Net Assets:

| | |
|--------------------------------------|--------------------|
| Cash and cash equivalents | \$2,558,972 |
| Restricted cash and cash equivalents | 251,171 |
| investments | <u>4,973,740</u> |
| TOTAL STATEMENT OF NET ASSETS | <u>\$7,783,883</u> |

Notes to Financial Statements:

| | |
|--------------------------------|---------------------|
| Carrying value of deposits: | |
| Held by financial institutions | \$ 734,628 |
| Held by state treasurer | 1,927,329 |
| Repurchase agreement | 147,176 |
| Cash on hand | 1,010 |
| Investments: | |
| Certificates of Deposits | 1,750,000 |
| Federal Home Loan Bank | <u>3,223,740</u> |
| TOTAL | <u>\$ 7,783,883</u> |

Deposits:

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

The college considers cash and cash equivalents to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

Restricted cash includes \$251,171 held for endowment. The endowment had earnings of \$671.

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.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

(continued)

Deposits:

(continued)

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, 2012 are held by certain financial institutions in the College's name. The fair value of investments at June 30, 2012 consists solely of negotiable certificates of deposits, and Federal Home Loan Bank (FHLB) 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.

As of June 30, 2012, the deposits for Central Carolina Technical College outside of the State Treasurer were \$881,804 and the bank balances were \$982,086. Of these, \$573,973 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, 2012 due to default by counterparties.

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

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.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

(continued)

Investments:

(continued)

As of June 30, 2012, 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 structures 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, 2012, was

FHLB bonds with a market value of \$3,223,740. These bonds are step-up and callable on 9/29/12. The interest rate for the bonds was 2.25% as of June 30, 2012.

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 FHLB bonds have a Moody's rating of AAA and S&P rating of AA+.

As of June 30, 2012, the College had all of its investments in fully insured negotiable certificates of deposits and Federal Home Loan Bank 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.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2012, are summarized as follows:

| | |
|--------------------------------------|---------------------|
| Student accounts receivable | \$ 3,567,887 |
| Allowance for uncollectible accounts | (165,463) |
| Federal grants and contracts | 282,568 |
| State grants and contracts | 780,574 |
| Nongovernmental grants and contracts | 9,285 |
| County appropriation | 58,433 |
| Other | 97,701 |
| Total accounts receivable | <u>\$ 4,630,985</u> |

NOTE 4 - LEASE OBLIGATIONS

The College has two operating lease obligations as of June 30, 2012 with non-state entities. The first lease expires June 30, 2015 and has monthly payments of \$1,240. The second lease expires December 2012 for photocopy equipment and has monthly payments are \$5,329. Operating lease expense during fiscal year 2012 was \$78,828. Future minimum operating lease obligation are as follows:

| | |
|------------|------------------|
| <u>FYE</u> | |
| 2013 | \$ 46,854 |
| 2014 | 14,880 |
| 2015 | 14,880 |
| Total | <u>\$ 76,614</u> |

NOTE 5 - CAPITAL ASSETS

| | Balance June 30, 2011 | Increases | Decreases | Balance June 30, 2012 |
|---|--------------------------|---------------------|---------------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land and improvements | \$ 936,496 | \$ - | \$ - | \$ 936,496 |
| Construction in progress | 539,806 | - | (539,806) | - |
| Total capital assets not being depreciated | <u>1,476,302</u> | - | <u>(539,806)</u> | <u>936,496</u> |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 37,004,440 | 826,830 | - | 37,831,270 |
| Machinery, equipment, and other | 4,037,434 | 712,268 | (107,047) | 4,642,655 |
| Vehicles | 463,037 | 27,214 | - | 490,251 |
| Depreciable land improvements | 831,993 | 1,334,697 | - | 2,166,690 |
| Total depreciable capital assets at historical cost | <u>42,336,904</u> | <u>2,901,009</u> | <u>(107,047)</u> | <u>45,130,866</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (9,468,085) | (1,005,565) | - | (10,473,650) |
| Machinery, equipment, and other | (2,791,694) | (528,436) | 107,047 | (3,213,083) |
| Vehicles | (401,434) | (27,431) | - | (428,865) |
| Depreciable land improvements | (466,684) | (137,848) | - | (604,532) |
| Total accumulated depreciation | <u>(13,127,897)</u> | <u>(1,699,280)</u> | <u>107,047</u> | <u>(14,720,130)</u> |
| Depreciable capital assets, net | <u>29,209,007</u> | <u>1,201,729</u> | - | <u>30,410,736</u> |
| Capital assets, net | <u>\$ 30,685,309</u> | <u>\$ 1,201,729</u> | <u>\$ (539,806)</u> | <u>\$ 31,347,232</u> |

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 on February 11, 2010. 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 \$1,293,183. 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%.

Revenue Bonds—Series 2010A & 2010B:

| | <u>Principal Payment</u> | <u>Interest Payment</u> | <u>Total Payments</u> | <u>Interest Rebate</u> |
|-----------|------------------------------|-----------------------------|---------------------------|----------------------------|
| 2013 | \$ 260,000 | \$ 141,876 | \$ 401,876 | \$ (56,750) |
| 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) |
| 2018-2020 | <u>1,070,000</u> | <u>122,171</u> | <u>1,192,171</u> | <u>(48,868)</u> |
| Total | \$ 2,520,000 | \$ 676,163 | \$ 3,196,163 | \$ (270,465) |

NOTE 7 – LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012 was as follows:

| | <u>June 30, 2011</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2012</u> | <u>Due Within One Year</u> |
|------------------------------|--------------------------|-------------------|-------------------|--------------------------|--------------------------------|
| Bonds and Notes Payable | | | | | |
| Special Fee Revenue Bonds | \$ 2,770,000 | - | \$ 250,000 | \$ 2,520,000 | \$ 260,000 |
| Accrued Compensated Absences | <u>694,869</u> | <u>185,932</u> | <u>74,442</u> | <u>806,359</u> | <u>64,912</u> |
| Total Long-Term Liabilities | <u>\$ 3,464,869</u> | <u>\$ 185,932</u> | <u>\$ 324,442</u> | <u>\$ 3,326,359</u> | <u>\$ 324,912</u> |

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 \$80,145 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 39. The College excluded this organization from the reporting entity because it is not financially accountable for it and the Foundation's assets are not significant to the College's overall assets.

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, 2012 were \$1,325,580.

NOTE 9 – DONOR RESTRICTED ENDOWMENTS

Noncurrent assets include restricted cash and cash equivalents of \$251,171, 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.

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

At June 30, 2012, the endowment had no net appreciation. All is restricted and nonexpendable as of June 30, 2012 and was included in the restricted net assets, in compliance with SC Code of Laws Sections 34-6-20, 34-6-30, and 34-6-60.

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 State revenue reported in the financial statements for the fiscal year ended June 30, 2012:

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10 - STATE APPROPRIATIONS

(continued)

Non-Capital Appropriations

Current year's appropriations:

| | |
|---|-------------|
| Original appropriations per Annual Appropriations Act | \$3,684,928 |
| Critical Needs Nursing | 18,794 |
| Pathways to Prosperity | 37,784 |
| ReadySC | 4,073 |

From Commission on Higher Education:

| | |
|--------------------|----|
| Academic Endowment | 52 |
|--------------------|----|

From SC Lottery Fund:

| | |
|--------------------|---------------|
| Lottery Technology | <u>67,957</u> |
|--------------------|---------------|

Total non-capital appropriations recorded as current year revenue \$3,813,588

NOTE 11—PENSION PLANS

The Retirement Division of the State Budget and Control Board 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 Retirement Systems, 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 the Retirement Division, 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.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11—PENSION PLANS

(continued)

In fiscal year 2012, employees participating in the SCRS were required to contribute 6.50 percent of all compensation and the employer contribution rate became 13.685 percent which included a 4.30 percent surcharge to fund retiree health and dental insurance coverage. The rate for FY 2011 was 13.14 percent, including a 3.90 percent surcharge. The College's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2012, 2011, and 2010, were \$1,130,535, \$1,026,162, and \$960,069, respectively, and equaled the required contributions of 9.385 percent (excluding the surcharge) in fiscal year 2012, and 9.24 percent (excluding the surcharge) in fiscal years 2011 and 2010. Also, the College paid employer group-life insurance contributions of \$18,069 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 the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. The employer contribution rate for FY 2012 was 15.663% (including an increase in the surcharge to 4.3 percent). The College's actual contributions to the PORS for the years ended June 30, 2012, 2011, and 2010, were \$5,206, \$517, and \$0, respectively, and equaled the required contributions of 11.363 percent (excluding the surcharge) for FY 12, 11.13 percent (excluding the surcharge) for FY 11, and 10.65 percent (excluding the surcharge) for FY 10.

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 the South Carolina Retirement Systems, 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, 9.385 percent plus the retiree surcharge of 4.30 percent from the employer in fiscal year 2012.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11—PENSION PLANS

(continued)

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 \$64,080 (excluding the surcharge) from Central Carolina Technical College as employer and \$44,381 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$1,024 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 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.

SCRS employer contribution rates increased from 9.385% to 10.45% and the surcharge rate increased from 4.30% to 4.55% effective July 1, 2012. The employee contribution rate increased from 6.5% to 7.0% effective July 1, 2012.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 4.3%, 3.90%, and 3.50% of annual covered payroll for 2012, 2011, and 2010, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. Central Carolina Technical College paid approximately \$549,316, \$459,695, and \$410,080 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2012, 2011, and 2010, respectively. These amounts are less than one percent of total required contributions of all participating entities. 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, 2012 and 2011, and \$3.23 for the fiscal year ended June 30, 2010.

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

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 13 – UNRESTRICTED NET ASSETS

The unrestricted net assets reported on the Statement of Net Assets total \$6,033,799. A large portion of these funds are designated for specific expenditures or projects as follows:

| | |
|--|---------------------|
| Designated for Encumbrances – this reflects outstanding commitments (purchase orders and contracts) as of June 30, 2012. | \$ 249,497 |
| Quasi-Endowment – this represents amounts established by the governing board to function as an endowment | 113,058 |
| Designated for Capital projects | 4,016,386 |
| 30 Days Working Capital—required by State Board policy | <u>1,654,858</u> |
| Total | <u>\$ 6,033,799</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, 2012

| | <u>2012</u> | <u>2011</u> | <u>Increase/ (Decrease)</u> |
|-------------------------------------|----------------------|----------------------|---------------------------------|
| Charges for services | \$ 12,248,721 | \$ 11,183,220 | \$ 1,065,501 |
| Operating grants and contributions | 15,655,300 | 16,941,092 | (1,285,792) |
| Capital grants and contributions | 166,095 | 2,737,792 | (2,571,697) |
| Less: expenses | <u>(33,124,832)</u> | <u>(33,692,513)</u> | 567,681 |
| Net program revenue (expense) | <u>(5,054,716)</u> | <u>(2,830,409)</u> | <u>(2,224,307)</u> |
| Transfers: | | | |
| State appropriation | <u>3,813,588</u> | <u>3,925,790</u> | (112,202) |
| Total general revenue and transfers | <u>3,813,588</u> | <u>3,925,790</u> | (112,202) |
| Change in net assets | <u>(1,241,128)</u> | <u>1,095,381</u> | <u>(2,336,509)</u> |
| Net assets-beginning | <u>36,679,060</u> | <u>35,583,679</u> | <u>1,095,381</u> |
| Net assets-ending | <u>\$ 35,437,932</u> | <u>\$ 36,679,060</u> | <u>\$ (1,241,128)</u> |

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2012 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 | \$ 9,184,129 | \$2,523,603 | - | - | \$ 2,045,322 | - | \$ 13,753,054 |
| Academic Support | 844,836 | 242,733 | - | - | 175,324 | - | 1,262,893 |
| Student Services | 1,728,073 | 505,809 | - | - | 657,456 | - | 2,891,338 |
| Operation and Maintenance of Plant | 878,802 | 221,243 | - | 650,382 | 250,508 | - | 2,000,935 |
| Institutional Support | 1,635,589 | 489,534 | - | - | 860,244 | - | 2,985,367 |
| Scholarships | - | - | 5,696,181 | - | - | - | 5,696,181 |
| Auxiliary Enterprises | 99,282 | 35,901 | - | - | 2,548,836 | - | 2,684,019 |
| Depreciation | - | - | - | - | - | 1,699,280 | 1,699,280 |
| Total Operating Expense | <u>\$14,370,711</u> | <u>\$4,018,823</u> | <u>\$5,696,181</u> | <u>\$650,382</u> | <u>\$6,537,690</u> | <u>\$1,699,280</u> | <u>\$32,973,067</u> |

NOTE 16 – STATE FISCAL STABILIZATION FUNDS (ARRA FUNDS)

The College incurred expenditures of \$23,395 during fiscal year 2012 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 U.S. Department of Health and Human Services were expended for educational supplies and technology upgrades.

| | <u>Salaries</u> | <u>Benefits</u> | <u>Supplies/ Services</u> | <u>Total</u> |
|-------------|-----------------|-----------------|-------------------------------|--------------|
| Instruction | - | - | \$ 23,395 | \$ 23,395 |

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.

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

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 17 - RISK MANAGEMENT

(continued)

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 (Retirement Systems).

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

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

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

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

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

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

NOTE 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.

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 19 - CONTINGENCIES

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. 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 operations of the college, resulting in 3 locations which may not have been preapproved by Department of Education. The College self-reported the potential oversight to the Federal Department of Education (DOE) and has implemented changes to stay in compliance with this regulation. The additional locations were submitted to DOE, which has initiated a program review of these locations. The College is currently awaiting the results of the program review, but believes disallowances, if any, will not be material.

NOTE 20 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012, improves financial reporting by enhancing guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The College will implement the new requirements for the 2013 financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011, will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The College will implement the new guidance with the 2013 financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011, improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The College will implement the new guidance with the 2013 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 Assets
June 30, 2012**

| | <u>Primary Government Governmental Activities</u> |
|--|---|
| ASSETS | |
| Cash and cash equivalents | \$ 192,479 |
| Property taxes receivables | 2,974 |
| Other receivables | 79,258 |
| Total Assets | 274,711 |
| LIABILITIES | |
| Accounts payable and other current liabilities | 17,926 |
| Deferred revenue | 62,903 |
| Long-term liabilities: | |
| Due within one year: | |
| Compensated absences | 2,560 |
| Due after one year: | |
| Compensated absences | 29,235 |
| Total Liabilities | 112,624 |
| NET ASSETS | |
| Unrestricted | 162,087 |
| Total Net Assets | 162,087 |
| Total Liabilities and Net Assets | \$ 274,711 |

**F.E. DuBose Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2012**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|--------------------------------------|---------------------|---|---|---|--|
| | | <u>Charges for Services & Sales</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Primary Government Governmental Activities</u> |
| Primary government | | | | | |
| Government activities: | | | | | |
| Instruction | \$ 912,925 | \$ 826,147 | \$ 205,803 | \$ 67,116 | \$ 186,141 |
| Support services | 582,834 | - | 169,313 | - | (413,521) |
| Total governmental activities | <u>1,495,759</u> | <u>826,147</u> | <u>375,116</u> | <u>67,116</u> | <u>(227,380)</u> |
| Total primary government | <u>\$ 1,495,759</u> | <u>\$ 826,147</u> | <u>\$ 375,116</u> | <u>\$ 67,116</u> | <u>\$ (227,380)</u> |
| General Revenues: | | | | | |
| Taxes | | | | | 274,434 |
| Grants and contributions | | | | | 64,477 |
| Total General Revenues | | | | | <u>338,911</u> |
| Change in Net Assets | | | | | <u>111,531</u> |
| Net assets - beginning of year | | | | | 50,556 |
| Net assets - end of year | | | | | <u>\$ 162,087</u> |

**F.E. DuBose Career Center
Balance Sheet
Governmental Funds
June 30, 2012**

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|---|-----------------|----------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 192,479 | \$ - | \$ 192,479 |
| Property taxes receivables, net | 2,974 | - | 2,974 |
| Due from other funds | 69,726 | - | 69,726 |
| Other receivables | 9,532 | 69,726 | 79,258 |
| Total assets | \$ 274,711 | \$ 69,726 | \$ 344,437 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | 17,926 | - | 17,926 |
| Deferred revenue | 62,903 | - | 62,903 |
| Due to other funds | - | 69,726 | 69,726 |
| Total liabilities | 80,829 | 69,726 | 150,555 |
| Fund balances: | | | |
| Unassigned | 193,882 | - | 193,882 |
| Total fund balances | 193,882 | - | 193,882 |
| Total liabilities and fund balances | \$ 274,711 | \$ 69,726 | \$ 344,437 |
| Total fund balances | | | 193,882 |
| Compensated absences (vacations) are recorded as a liability in the Statement of Net Assets. This liability is not recorded in the fund statements. | | | (31,795) |
| Net assets of governmental activities | | | \$ 162,087 |

**F.E. DuBose Career Center
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
for the Year Ended June 30, 2012**

| | General Fund | Special Revenue Fund | EIA Fund | Total Governmental Funds |
|--|-------------------|----------------------------|----------------|--------------------------------|
| REVENUES | | | | |
| Local property taxes | \$ 195,940 | \$ - | \$ - | \$ 195,940 |
| Other local | 890,624 | - | - | 890,624 |
| Total local | <u>1,086,564</u> | <u>-</u> | <u>-</u> | <u>1,086,564</u> |
| State | 78,494 | 44,078 | 288,579 | 411,151 |
| Federal | - | 109,575 | - | 109,575 |
| Total revenues | <u>1,165,058</u> | <u>153,653</u> | <u>288,579</u> | <u>1,607,290</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 640,006 | 73,821 | 131,982 | 845,809 |
| Support services | 406,698 | 12,716 | 156,597 | 576,011 |
| Capital outlay | - | 67,116 | - | 67,116 |
| Total expenditures | <u>1,046,704</u> | <u>153,653</u> | <u>288,579</u> | <u>1,488,936</u> |
| Excess (deficiency) of revenues over expenditures | <u>118,354</u> | <u>-</u> | <u>-</u> | <u>118,354</u> |
| Net change in fund balances | <u>118,354</u> | <u>-</u> | <u>-</u> | <u>118,354</u> |
| Fund balances - July 1, 2011 | 75,528 | - | - | 75,528 |
| Fund balances - June 30, 2012 | <u>\$ 193,882</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 193,882</u> |

Total net change in fund balance—governmental funds (above) \$ 118,354

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). \$ (6,823)

Change in net assets of governmental activities (from Statement of Activities) \$ 111,531

**F.E. DuBose Career Center
Statement of Fiduciary Net Assets
June 30, 2012**

| | <u>Agency Funds</u> |
|---------------------------|---------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 22,502 |
| Total assets | <u>22,502</u> |
| LIABILITIES | |
| Due to student groups | <u>22,502</u> |
| Total liabilities | <u>\$ 22,502</u> |

**F.E. DuBose Career Center
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------------|------------------|-------------------|----------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget -</u> |
| | | | | <u>Positive (Negative)</u> |
| REVENUES | | | | |
| Local | \$ 1,043,730 | \$ 1,097,943 | \$ 1,086,564 | \$ (11,379) |
| State | - | 78,494 | 78,494 | - |
| Total revenues | <u>1,043,730</u> | <u>1,176,437</u> | <u>1,165,058</u> | <u>(11,379)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 616,053 | 660,487 | 640,006 | 20,481 |
| Support services | 427,677 | 475,950 | 406,698 | 69,252 |
| Capital outlay | - | 40,000 | - | 40,000 |
| Total expenditures | <u>1,043,730</u> | <u>1,176,437</u> | <u>1,046,704</u> | <u>129,733</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>118,354</u> | <u>118,354</u> |
| Net change in fund balances | - | - | 118,354 | 118,354 |
| Fund balance - July 1, 2011 | - | - | 75,528 | 75,528 |
| Fund balance - June 30, 2012 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 193,882</u> | <u>\$ 193,882</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, 2012**

| | <u>Actual</u> | <u>Budget</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|------------------|------------------|---|
| REVENUES | | | |
| Local Revenues | | | |
| 1210 Ad Valorem Taxes | \$ 195,940 | \$ 180,506 | \$ 15,434 |
| Tuition | | | |
| 1310 Tuition - Patrons | 8,852 | 6,000 | 2,852 |
| 1320 Tuition - Local Education Agency's | 720,281 | 720,280 | 1 |
| 1330 Adult/CE from Patrons | 22,919 | 54,200 | (31,281) |
| 1340 Adult/CE from District | 12,000 | 12,000 | - |
| 1910 Rentals | 62,095 | 55,000 | 7,095 |
| 1990 Miscellaneous | 64,477 | 69,957 | (5,480) |
| Total Local Sources | <u>1,086,564</u> | <u>1,097,943</u> | <u>(11,379)</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>1,165,058</u> | <u>1,176,437</u> | <u>(11,379)</u> |
| EXPENDITURES | | | |
| 100 General Instruction | | | |
| 110 General Instruction | | | |
| 115 Career and Technology Education (Vocational) Programs | | | |
| 100 Salaries | 349,162 | 358,555 | 9,393 |
| 200 Employee Benefits | 117,594 | 93,075 | (24,519) |
| 300 Purchased Services | 2,989 | 37,000 | 34,011 |
| 400 Supplies and Materials | 70,707 | 35,700 | (35,007) |
| 500 Capital Outlay | - | 40,000 | 40,000 |
| 180 Adult/CE Programs | | | |
| 181 Adult Basic Education Programs | | | |
| 100 Salaries | 39,170 | 37,908 | (1,262) |
| 200 Employee Benefits | 6,930 | 6,649 | (281) |
| 300 Purchased Services | 13,482 | 16,018 | 2,536 |
| 400 Supplies and Materials | 7,154 | 29,382 | 22,228 |
| 470 Energy | 12,000 | 12,000 | - |
| 185 Vocational Adult Education Programs | | | |
| 100 Salaries | 11,352 | 21,814 | 10,462 |
| 200 Employee Benefits | 8,047 | 4,471 | (3,576) |
| 300 Purchased Services | 27 | - | (27) |
| 400 Supplies and Materials | 1,392 | 7,915 | 6,523 |
| Total Instruction | <u>640,006</u> | <u>700,487</u> | <u>60,481</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, 2012**

| | <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 | 21,205 | 21,436 | 231 |
| 200 Employee Benefits | 13,088 | 13,073 | (15) |
| 212 Guidance Services | | | |
| 100 Salaries | 21,942 | 27,210 | 5,268 |
| 200 Employee Benefits | 6,283 | 7,500 | 1,217 |
| 300 Purchased Services | 452 | 100 | (352) |
| 400 Supplies and Materials | | 575 | 575 |
| 230 General Administrative Services | | | |
| 231 Board of Education | | | |
| 318 Audit Services | 1,500 | 1,500 | - |
| 233 School Administration | | | |
| 100 Salaries | 79,848 | 80,000 | 152 |
| 200 Employee Benefits | 21,888 | 18,912 | (2,976) |
| 300 Purchased Services | 3,692 | 6,750 | 3,058 |
| 400 Supplies and Materials | 3,052 | 5,250 | 2,198 |
| 250 Finance and Operations Services | | | |
| 252 Fiscal Services | | | |
| 100 Salaries | 30,465 | 33,674 | 3,209 |
| 200 Employee Benefits | 9,154 | 12,016 | 2,862 |
| 254 Operation and Maintenance of Plant | | | |
| 100 Salaries | 39,700 | 41,881 | 2,181 |
| 200 Employee Benefits | 15,712 | 15,989 | 277 |
| 300 Purchased Services | 53,599 | 61,584 | 7,985 |
| 400 Supplies and Materials | 17,199 | 56,500 | 39,301 |
| 470 Energy | 67,278 | 70,000 | 2,722 |
| 255 Student Transportation | | | |
| 300 Purchased Services | 641 | 2,000 | 1,359 |
| Total Support Services | 406,698 | 475,950 | 69,252 |
| TOTAL EXPENDITURES | 1,046,704 | 1,176,437 | 129,733 |

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, 2012

| | <u>Actual</u> | <u>Budget</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------|---------------|---|
| Excess (Deficiency) of Revenues Over Expenditures | <u>118,354</u> | <u>-</u> | <u>118,354</u> |
| Fund Balance - July 1, 2011 | <u>75,528</u> | <u>-</u> | <u>75,528</u> |
| Fund Balance - June 30, 2012 | <u>\$ 193,882</u> | <u>\$ -</u> | <u>\$ 193,882</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, 2012**

| | State | Federal | Total | Budget | Variance Positive (Negative) |
|--|---------------|----------------|----------------|----------------|------------------------------------|
| REVENUES | | | | | |
| 3000 State | | | | | |
| 3125 Career & Tech Equipment | \$ 42,878 | \$ - | \$ 42,878 | \$ 46,859 | \$ (3,981) |
| 3991 ADEPT | 1,200 | - | 1,200 | 1,200 | - |
| 4000 Federal | | | | | |
| 4210 Perkins Aid | - | 7,330 | 7,330 | 8,344 | (1,014) |
| 4410 Basic Adult Education | - | 98,095 | 98,095 | 98,095 | - |
| 4430 State Literacy Resource | - | 2,200 | 2,200 | 2,200 | - |
| 4999 Revenue from Other Sources | - | 1,950 | 1,950 | 1,950 | - |
| Total Revenues | <u>44,078</u> | <u>109,575</u> | <u>153,653</u> | <u>158,648</u> | <u>(4,995)</u> |
| EXPENDITURES | | | | | |
| 100 Instruction | | | | | |
| 115 Vocational Programs | | | | | |
| 300 Purchased Services | - | 966 | 966 | 1,000 | 34 |
| 400 Supplies and Materials | 1,200 | 2,000 | 3,200 | 3,200 | - |
| 500 Capital | 42,878 | 4,364 | 47,242 | 52,203 | 4,961 |
| 181 Adult Basic Programs | | | | | |
| 100 Salaries | - | 27,990 | 27,990 | 27,990 | - |
| 200 Employee Benefits | - | 5,040 | 5,040 | 5,040 | - |
| 400 Supplies and Materials | - | 13,247 | 13,247 | 12,483 | (764) |
| 500 Capital Outlay | - | 9,937 | 9,937 | 10,701 | 764 |
| 182 Adult Secondary Program | | | | | |
| 100 Salaries | - | 6,720 | 6,720 | 6,720 | - |
| 200 Employee Benefits | - | 1,210 | 1,210 | 1,210 | - |
| 400 Supplies and Materials | - | 13,248 | 13,248 | 12,484 | (764) |
| 500 Capital Outlay | - | 9,937 | 9,937 | 10,701 | 764 |
| 183 English Literacy (ESL) | | | | | |
| 100 Salaries | - | 1,820 | 1,820 | 1,820 | - |
| 200 Employee Benefits | - | 380 | 380 | 380 | - |
| Total Instruction | <u>44,078</u> | <u>96,859</u> | <u>140,937</u> | <u>145,932</u> | <u>4,995</u> |
| 200 Supporting Services | | | | | |
| 223 Supervision Special Program | | | | | |
| 100 Salaries | - | 3,360 | 3,360 | 3,360 | - |
| 200 Employee Benefits | - | 931 | 931 | 931 | - |
| 400 Supplies and Materials | - | 1,950 | 1,950 | 1,950 | - |
| 254 Operation & Maintenance | | | | | |
| 100 Salaries | - | 5,485 | 5,485 | 5,485 | - |
| 200 Employee Benefits | - | 990 | 990 | 990 | - |
| Total Supporting Services | <u>-</u> | <u>12,716</u> | <u>12,716</u> | <u>12,716</u> | <u>-</u> |
| Total Expenditures | <u>44,078</u> | <u>109,575</u> | <u>153,653</u> | <u>158,648</u> | <u>4,995</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, 2012**

| | #350/355 Teacher Salary | #356 Adult Education | #332 National Board | #377 Teachers Supplies | #392 Work Based Learning | Total | Budget | Variance Positive (Negative) |
|--|-------------------------------|----------------------------|---------------------------|------------------------------|--------------------------------|----------------|----------------|------------------------------------|
| REVENUES | | | | | | | | |
| 3000 State | | | | | | | | |
| 3532 National Board Certification | \$ - | \$ - | \$ 9,111 | \$ - | \$ - | \$ 9,111 | \$ 9,111 | \$ - |
| 3550 Teacher Salary Increase | 11,539 | - | - | - | - | 11,539 | 11,539 | - |
| 3555 School Employer Contributions | 2,479 | - | - | - | - | 2,479 | 2,480 | (1) |
| 3556 Adult Education | - | 258,810 | - | - | - | 258,810 | 290,075 | (31,265) |
| 3577 Teachers Supplies | - | - | - | 2,250 | - | 2,250 | 2,250 | - |
| 3592 Work-Based Learning | - | - | - | - | 4,390 | 4,390 | 2,744 | 1,646 |
| TOTAL REVENUE | 14,018 | 258,810 | 9,111 | 2,250 | 4,390 | 288,579 | 318,199 | (29,620) |
| EXPENDITURES | | | | | | | | |
| 100 Instruction | | | | | | | | |
| 115 Vocational Programs | | | | | | | | |
| 100 Salaries | 11,539 | - | 7,500 | - | - | 19,039 | 19,039 | - |
| 200 Employee Benefits | 2,479 | - | 1,611 | - | - | 4,090 | 4,091 | 1 |
| 400 Supplies and Materials | - | - | - | 2,250 | - | 2,250 | 2,250 | - |
| 181 Instruction - Basic | | | | | | | | |
| 100 Salaries | - | 31,000 | - | - | - | 31,000 | 31,460 | 460 |
| 200 Employee Benefits | - | 5,556 | - | - | - | 5,556 | 5,556 | - |
| 300 Purchased Services | - | 274 | - | - | - | 274 | 589 | 315 |
| 400 Supplies and Materials | - | 3,676 | - | - | - | 3,676 | 3,676 | - |
| 182 Adult Secondary Program | | | | | | | | |
| 100 Salaries | - | 40,149 | - | - | - | 40,149 | 66,012 | 25,863 |
| 200 Employee Benefits | - | 11,670 | - | - | - | 11,670 | 12,504 | 834 |
| 300 Purchased Services | - | 2,021 | - | - | - | 2,021 | 3,444 | 1,423 |
| 400 Supplies and Materials | - | 12,257 | - | - | - | 12,257 | 13,296 | 1,039 |
| TOTAL INSTRUCTION | 14,018 | 106,603 | 9,111 | 2,250 | - | 131,982 | 161,917 | 29,935 |
| 200 Supporting Services | | | | | | | | |
| 223 Supervision of Special Program | | | | | | | | |
| 100 Salaries | - | 119,535 | - | - | - | 119,535 | 119,714 | 179 |
| 200 Employee Benefits | - | 31,462 | - | - | - | 31,462 | 32,143 | 681 |
| 300 Purchased Services | - | 430 | - | - | - | 430 | 700 | 270 |
| 400 Supplies and Materials | - | 780 | - | - | - | 780 | 981 | 201 |
| 224 Improvement of Instruction: Inservice/Staff Training | | | | | | | | |
| 300 Purchased Services | - | - | - | - | 447 | 447 | 2,744 | 2,297 |
| 400 Supplies and Materials | - | - | - | - | 3,943 | 3,943 | - | (3,943) |
| TOTAL SUPPORTING SERVICES | - | 152,207 | - | - | 4,390 | 156,597 | 156,282 | (315) |
| TOTAL EXPENDITURES | 14,018 | 258,810 | 9,111 | 2,250 | 4,390 | 288,579 | 318,199 | 29,620 |
| 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, 2012**

| | <u>ACTUAL</u> |
|---|-------------------------|
| RECEIPTS | |
| 1000 Receipts from Local Sources | |
| 1700 Pupil Activities | |
| 1740 Student Fees | <u>\$ 26,984</u> |
| Total Receipts | <u>26,984</u> |
| DISBURSEMENTS | |
| 270 Supporting Services Pupil Activity | |
| 272 Enterprise Activities | |
| 660 Pupil Activity | <u>26,387</u> |
| Total Disbursements | <u>26,387</u> |
| Excess of Receipts over Disbursements | <u>597</u> |
| Fund Balance July 1, 2011 | <u>21,905</u> |
| Fund Balance June 30, 2012 | <u><u>\$ 22,502</u></u> |

**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 | \$ 36,567 |
| Career & Tech Education Eq | 12VA121 | 3125/905 | Unexpended Funds | 100 | \$ 3,981 |
| Family Literacy | | | Unexpended Funds | | \$ 909 |
| Para Professional | | | Unexpended Funds | | \$ 4,307 |
| Dollar General Literacy Foundation | | | Unexpended Funds | | \$ 10,000 |
| GED/HS Diploma grant | | | Unexpended Funds | | \$ 6,977 |
| Palmetto Youth Connections | | | Unexpended Funds | | \$ 162 |
| Total Deferred | | | | | \$ 62,903 |

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, 2012**

| | <u>Federal CFDA Number</u> | <u>Grant/Contract Number</u> | <u>Expenditures</u> |
|---|------------------------------------|----------------------------------|---------------------|
| U.S. Department of Education | | | |
| Student Financial Assistance Cluster | | | |
| Federal Work Study Programs 11-12 | 84.033 | P033A113809 | \$ 143,098 |
| Federal Work Study Programs 10-11 | 84.033 | P033A103809 | 21,398 |
| Total CFDA 84.033 | | | <u>164,496</u> |
| | | | |
| Federal Pell Grant Program--10-11 | 84.063 | P063P102482 | 3,407 |
| Federal Pell Grant Program--11-12 | 84.063 | P063P112482 | 12,961,299 |
| Total CFDA 84.063 | | | <u>12,964,706</u> |
| | | | |
| Federal Supplemental Educational Opportunity Grant-- 10-11 | 84.007 | P007A113809 | 167,560 |
| | | | |
| Federal Direct Student Loans | 84.268 | P268K112482 | (3,461) |
| Federal Direct Student Loans | 84.268 | P268K122482 | 7,060,174 |
| Total CFDA 84.268 | | | <u>7,056,713</u> |
| | | | |
| Total Student Financial Assistance Cluster | | | <u>20,353,475</u> |
| | | | |
| TRIO Student Support | 84.042 | P042A100297 | 234,959 |
| | | | |
| HEA Institutional Aid | 84.031P | P031P110030 | 122,521 |
| | | | |
| Strengthening Minority - Serving Institutions | 84.382A | P382A110003 | 359,759 |
| | | | |
| SC Gear-up | 84.334S | P334SO500009-10 | 8,037 |
| | | | |
| Subtotal Direct | | | <u>21,078,751</u> |
| | | | |
| Pass-through--South Carolina Dept. of Education | | | |
| | | | |
| Adult Education - F.E. Dubose | 84.002 | 12EA121 | 100,045 |
| Adult Education-English Lit - F.E. Dubose | 84.002 | 12ED121-01 | 2,200 |
| Total CFDA 84.002 | | | <u>102,245</u> |
| | | | |
| Carl Perkins - F.E.Dubose | 84.048 | 12VA121 | 7,330 |
| Carl Perkins Grant | 84.048 | 12VA413 | 270,849 |
| Total CFDA 84.048 | | | <u>278,179</u> |
| | | | |
| Total passed-through--South Carolina Dept. of Education | | | <u>380,424</u> |
| | | | |
| Total U.S. Department of Education | | | <u>21,459,175</u> |

**CENTRAL CAROLINA TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012
(Continued)**

| | <u>Federal CFDA Number</u> | <u>Grant/Contract Number</u> | <u>Expenditures</u> |
|--|------------------------------------|----------------------------------|----------------------|
| U.S. Department of Agriculture | | | |
| Pass-through--SC MEP Office Rural Development | 10.761 | RDUP-TAT-FY11 | <u>60,647</u> |
| Total U.S. Department of Energy | | | <u>60,647</u> |
| U.S. Department of Health & Human Services | | | |
| Pass-through--SC Technical College System ARRA - ABC Childcare program | 93.713 | G10076T | <u>20,000</u> |
| Total passed-through--SC Technical College System | | | <u>20,000</u> |
| Pass-through--Office of First Steps T.E.A.C.H. Early Childhood | 93.575 | 01TE413 | <u>42,303</u> |
| Total passed-through--Office of First Steps | | | <u>42,303</u> |
| Total U.S. Department of Health & Human Services | | | <u>62,303</u> |
| U.S. Department of Labor | | | |
| Pass-through--Florence-Darlington Tech College Assist to Work grant | 17.282 | TC-22521-11-60-A-45 | <u>65,917</u> |
| Total passed-through--Florence-Darlington Tech College | | | <u>65,917</u> |
| Total U.S. Department of Labor | | | <u>65,917</u> |
| U.S. Department of Commerce | | | |
| Pass-through--SC Technical College System ARRA - Broadband Technology | 11.557 | 45-42-B10012 | <u>3,395</u> |
| Pass-through--SC Manufacturing Extension Partnership National Institute of Standards and Technology grant | 11.611 | 2011-005 | <u>19,578</u> |
| Total U.S. Department of Commerce | | | <u>22,973</u> |
| Total Federal Assistance | | | <u>\$ 21,671,015</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards

CENTRAL CAROLINA TECHNICAL COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

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, 2012 are:

| | <u>Federal Direct Student Loan</u> |
|--------------------|------------------------------------|
| Subsidized loans | \$4,629,868 |
| Unsubsidized loans | <u>2,426,845</u> |
| Total | <u>\$7,056,713</u> |

**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 the financial statements of the business-type activities of Central Carolina Technical College (the College), as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A *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.

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

Compliance and Other Matters

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

Members

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

Member

Division for CPA Firms, AICPA

The President and Members of the Area Commission
Central Carolina Technical College
Page Two

This report is intended solely for the information and use of management, members of the Central Carolina Technical College Area Commission, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Wehster/Rogers LLP

Sumter, South Carolina
September 26, 2012

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

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 the College's major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, members of the Central Carolina Technical College Area Commission, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sumter, South Carolina
September 26, 2012

CENTRAL CAROLINA TECHNICAL COLLEGE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2012

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> |
|--------------------|---|
| 84.007 | Student Financial Assistance Cluster |
| 84.033 | Federal Supplemental Educational Opportunity Grants |
| 84.063 | Federal Work-Study Program |
| 84.268 | Federal Pell Grant Program |
| | Federal Direct Student Loans |
| 84.382A | Strengthening Minority-Serving Institutions |

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

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

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

CENTRAL CAROLINA TECHNICAL COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

No prior year audit findings