AIKEN TECHNICAL COLLEGE

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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AREA COMMISSION MEMBERS, OFFICERS, KEY ADMINISTRATIVE STAFF AND OTHER INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022

MEMBERS OF AREA COMMISSION	**Term Expires**
Ms. Teresa Haas	Ex-Officio
Mr. King Laurence	Ex-Officio
Mr. Alvin B. Padgett	04/15/25
Mr. Charles Hartz	04/30/24
Mr. Daniel Lloyd, Jr.	01/31/23
Mr. Joe E. Lewis, Chairman	01/31/23
Mr. William J. Windley, Vice Chairman	04/15/24
Ms. Keyatta Priester, Secretary	04/15/24
Mr. Ed Romero	08/01/22
Mr. Stuart MacVaean	04/15/25
Mr. Mike Uhle	04/30/24

OFFICERS OF AREA COMMISSION

Mr. Joe E. Lewis, Chairman
Mr. William J. Windley, Vice Chairman
Ms. Keyatta Priester, Secretary

KEY ADMINISTRATIVE STAFF

Dr. Forest Mahan, President
Ms. Donna Elmore, Vice President of Academic and Student Affairs
Ms. Mechelle English, Vice President of Advancement
Mr. Andy Jordan, Vice President of Administrative Services
Ms. Sylvia Byrd, Director of Human Resources

AIKEN TECHNICAL COLLEGE

AREA COMMISSION MEMBERS, OFFICERS, KEY ADMINISTRATIVE STAFF AND OTHER INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022

AREA SERVED BY COMMISSION

Aiken County, South Carolina

ENTITIES WHICH PROVIDE FINANCIAL SUPPORT

South Carolina Department of Administration - Office of Executive Budget
Aiken County, South Carolina
United States Department of Agriculture
United States Department of Education
United States Department of Labor
United States Department of Energy
United States Department of Commerce
United States Environmental Protection Agency
United States Nuclear Regulatory Commission
South Carolina Department of Education
South Carolina Energy Office
South Carolina Department of Employment & Workforce
Aiken Technical College Foundation

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

**To the President and Members of the Area Commission
of Aiken Technical College
Aiken, South Carolina**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of **Aiken Technical College** (the "College") and the discretely presented component unit, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the College and the discretely presented component unit as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Aiken Technical College Foundation, Inc., which represent 100 percent of the assets, net assets, and revenues of the discretely presented component unit as of June 30, 2022, and the respective changes in financial position for the fiscal year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Aiken Technical College Foundation, Inc., is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Aiken Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 7 through 15), the Schedule of the College's Proportionate Share of the Net Pension Liability (page 53), the Schedule of College Pension Contributions (page 54) and the Schedule of the College's Proportionate Share of the Net OPEB Liability (page 55), and the Schedule of College OPEB Contributions (page 56) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of the "area commission members, officers, key administrative staff and other information", as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022, on our consideration of Aiken Technical 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Report on State Lottery Tuition Assistance Program

We have also issued our report dated September 22, 2022, on our consideration of Aiken Technical College's administration of the State Lottery Tuition Assistance Program and on our tests of its compliance with certain provisions of State law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

Mauldin & Jenkins, LLC

Columbia, South Carolina
September 22, 2022

The management of Aiken Technical College (the "College") offers readers of the College's financial statements this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2022. This discussion should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The financial statements follow Governmental Accounting Standards Board (GASB) codifications and related implementation guides. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. Fiscal year 2022 contains adjustments, calculations and information based on GASB statements 68 and 75, relating to the economic effects of the College's potential pension and other postemployment benefits (OPEB) responsibilities to employees.

Financial Highlights

- The assets and deferred outflows of Aiken Technical College exceeded its liabilities and deferred inflows of resources at June 30, 2022, by $18,326,566.
- The College's net pension and OPEB liabilities (and the related deferred inflows and outflows of resources) are not legal obligations, and the South Carolina Retirement System does not have recourse to collect either the College's net pension, or OPEB liabilities, which total $30,880,042, as shown on the College's Statement of Net Position.
- The College's total net position increased by $1,077,211.
- The College recorded $551,852 in capital funding received during the fiscal year.
- The College experienced an operating loss of $11,039,138 as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, this operating loss was offset by state appropriations of $5,438,548, local appropriations of $2,106,367 and certain non-operating federal grants of $3,965,141, primarily for pass-through student financial aid and other non-operating revenues.
- Due to COVID-19, the global pandemic, the College expended $4,824,331 from the Education Stabilization Fund (HEERF and GEER) grants to provide aid to students and offset expenses related to personal protective equipment, sanitation supplies, and technology.

Overview of the Financial Statements

The College engages only in Business-type Activities (BTA) financed, in part, by fees charged to students for educational services. Accordingly, it reports activities using the following three financial statements, required for proprietary funds: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and noncurrent. The difference between the sum of total assets and deferred outflows less total liabilities and deferred inflows equals net position, and is displayed in three broad categories: net investment in capital assets, restricted, and unrestricted.

Current GASB codification allows for Statement of Net Position categories entitled "deferred outflows of resources" and "deferred inflows of resources", considered neither assets nor liabilities, but in limited circumstances affect in which fiscal year certain financial accruals of actual or potential transactions arise. Deferred outflows of resources represent consumption of net assets that applies to a future reporting period(s) and so will not be recognized as outflows of resources (expense) until then. Deferred inflows of resources represent the acquisition of net assets that applies to a future reporting period(s) and so will not be recognized as inflows of resources (revenue) until then. This year's deferred inflows and outflows relate to pension and OPEB liabilities.

Unrestricted net position provides one indication of the current financial condition of the College, while the change in net position indicates whether the overall financial condition improved or worsened during the year.

The unrestricted net position does not reflect a direct relationship to the College's legal financial condition. Recent GASB pronouncements require the College to present a share of the South Carolina Retirement System's (SCRS) net pension and OPEB liabilities, potentially payable to retirees in future years, but not supported by projected SCRS investments and funding. The College is not legally liable for SCRS shortfalls in funding or investment performance, nor does the state require the College to pay out a share of any SCRS potential failure to provide for all future retiree benefits. The College's only responsibility rests with annual contributions to the SCRS's retirement plans, based on pre-determined rates, noted in the College's financial statement footnotes. Without the non-recourse pension and OPEB liabilities, the unrestricted net position would increase to $27,843,125 from ($3,036,917).

Additionally, depending on annual changes in the SCRS net pension and OPEB liabilities from year to year, future balances of the College's unrestricted net position will be more volatile. The College's balances will depend, in part, on investment fluctuations in: stock and bond markets; private equity; and hedge funds, which will affect future SCRS annual investment performances, and in turn, will affect future SCRS annual net pension and OPEB liabilities, and therefore the College's future share of the SCRS's net pension liabilities.

The Statement of Revenues, Expenses, and Changes in Net Position is basically a statement of net income that replaces the fund perspective with the entity-wide perspective. Operating and non-operating categories segment the statement, while expenses are reported by object type. A separate footnote displays expenses reported by function, with a cross reference to the object type.

The Statement of Cash Flows aids readers in identifying the sources and uses of cash by categorizing activities as operating, noncapital financing, capital and related financing. This statement clarifies the College's dependence on state and county appropriations by separating them from operating cash flows. As a result of reporting the non-cash related net pension liability, noted above, the Statement of Cash Flows will take on increased importance as an indicator of the College's financial viability. The current Statement of Cash Flows will remain more directly comparable to future fiscal year presentations, since annual changes in the net pension and OPEB liabilities, net of contributions, will be a non-cash entry, unless changed by the South Carolina legislature.

Financial Analysis

Net position increased over fiscal year 2021 net position by $1,077,211. This reflects funds received and expended for capital, cost management appropriate to the College's enrollment size, and related tuition and fees revenue, offset by HEERF funds, as well as a slight increase in the state appropriations. Operating expenses increased from $22,960,337 to $28,271,974 including a scholarship increase from $3,682,060 to $4,181,929.

Student enrollment decreased by 120 full time equivalent students, or (4.58%).

The College's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $18,326,566 taking into account the inclusion of non-legal (non-recourse) net pension & OPEB liabilities.

By far the largest portion of the College's net position, $21,299,088, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related outstanding debt used to acquire the assets. The College acquires these capital assets to provide services to students; consequently, these assets are not available for future spending. In a similar fashion, non-recourse liabilities, such as the net pension and OPEB liabilities, do not reduce liquidity available for future spending. Although the College's investment in its capital assets is reported net of capital related debt, it should be noted that the resources needed to repay legal debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

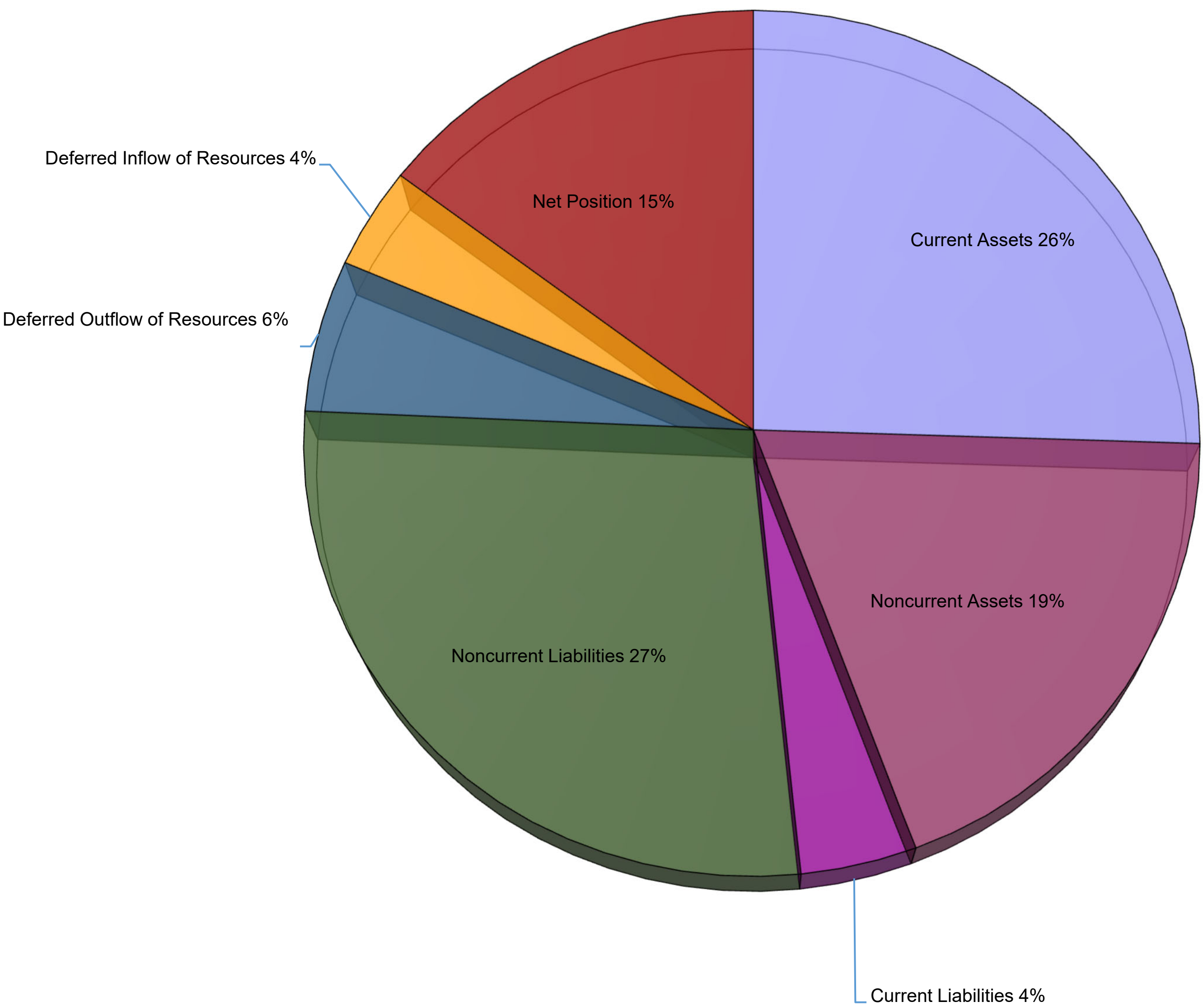
Only 0.35% of the College's net position represents resources subject to external restrictions on how they may be used. The unrestricted net position of ($3,036,917), when adjusted for the non-recourse net pension and OPEB liabilities of $30,880,042, results in liquidity of $27,843,125 that may be used to meet the College's ongoing legal obligations. The State Board for Technical Colleges requires the College to maintain one month's operating funds for liquidity. The current unrestricted net position, adjusted for non-recourse liabilities, represents in excess of twelve months normal operating funds.

Total operating expenses increased during the year by $5,311,637 or 23.13%. Salaries and Benefits, the College's largest expense category, increased by $175,975, or 1.38%. Supplies and Other Services increased by $4,589,563, or 99.17%. Utilities increased by $66,291, or 13.55%. Instruction and Academic Support functions increased by $162,051, or 1.46%. Student Services and Institutional Support functions expenditures increased by a total of $4,230,209, or 92.83%. Plant Maintenance and Operation increased by $111,750, or 6.87%. Depreciation decreased by $20,062 or (1.43%).

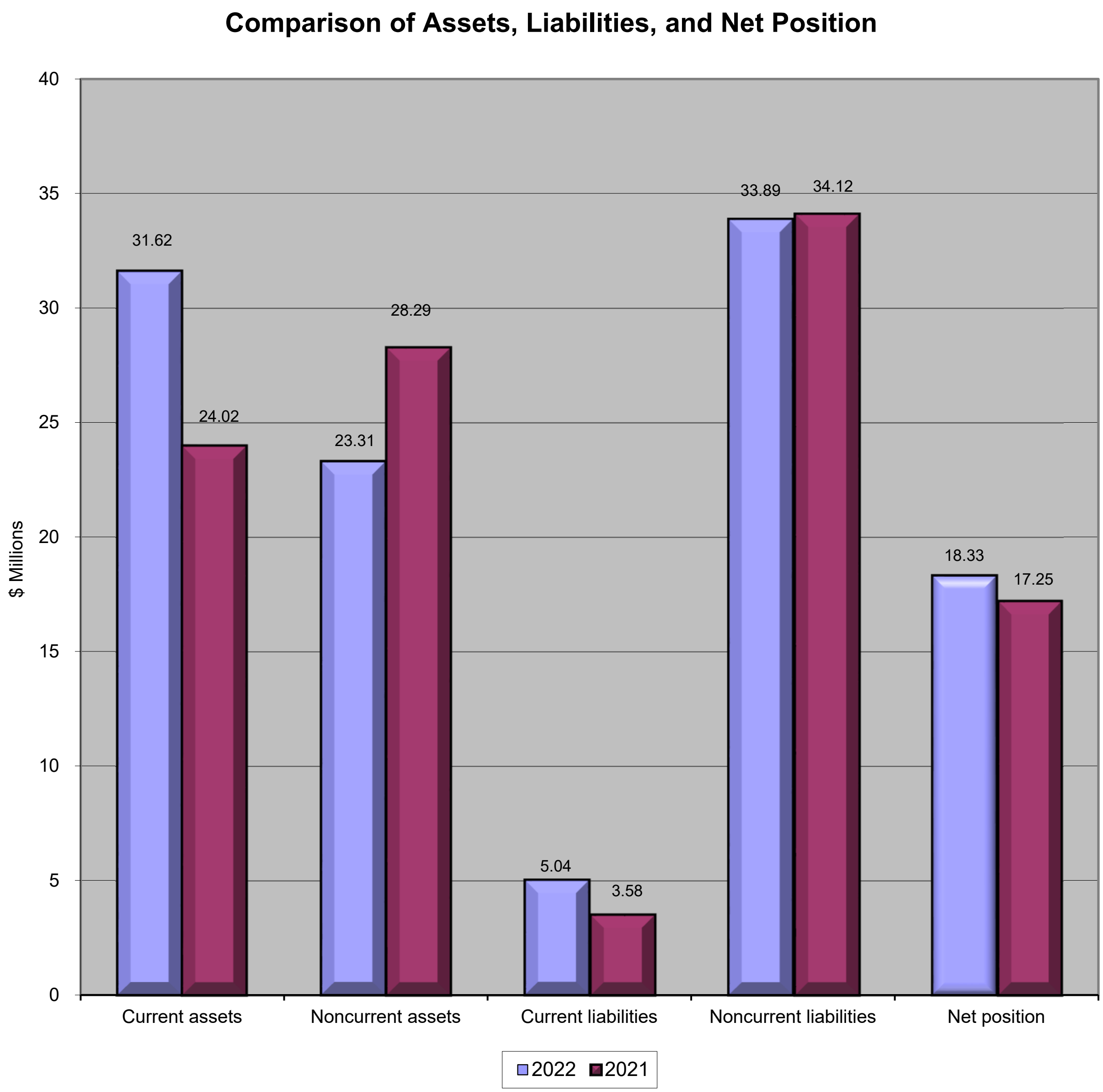
Charts and graphs follow that pictorially present specific areas of the College's financial condition at June 30, 2022, and comparisons with the prior year.

Statement of Net Position Pie Chart Summary

Note: Assets substantially exceed liabilities denoting a sound financial condition for the College.

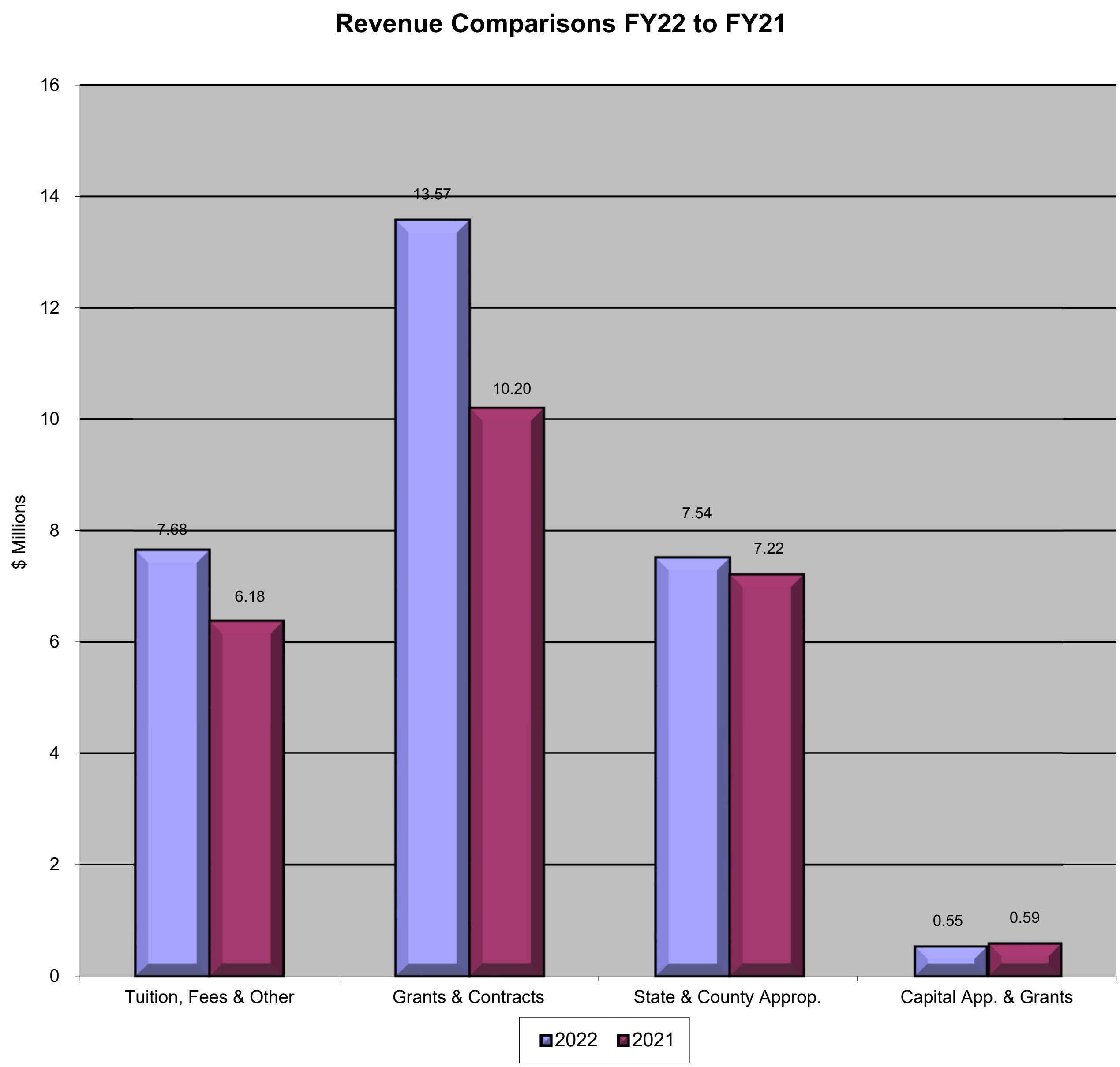


The following graph illustrates the change from the prior year for Assets, Liabilities and Net Position. Current assets increased while noncurrent assets decreased resulting from a decrease investment of funds. Current liabilities decreased due to timing of Education Stabilization Funds (Higher Education Emergency Relief Funds). Noncurrent liabilities increased due to an increase in non-recourse Pension and OPEB liabilities.



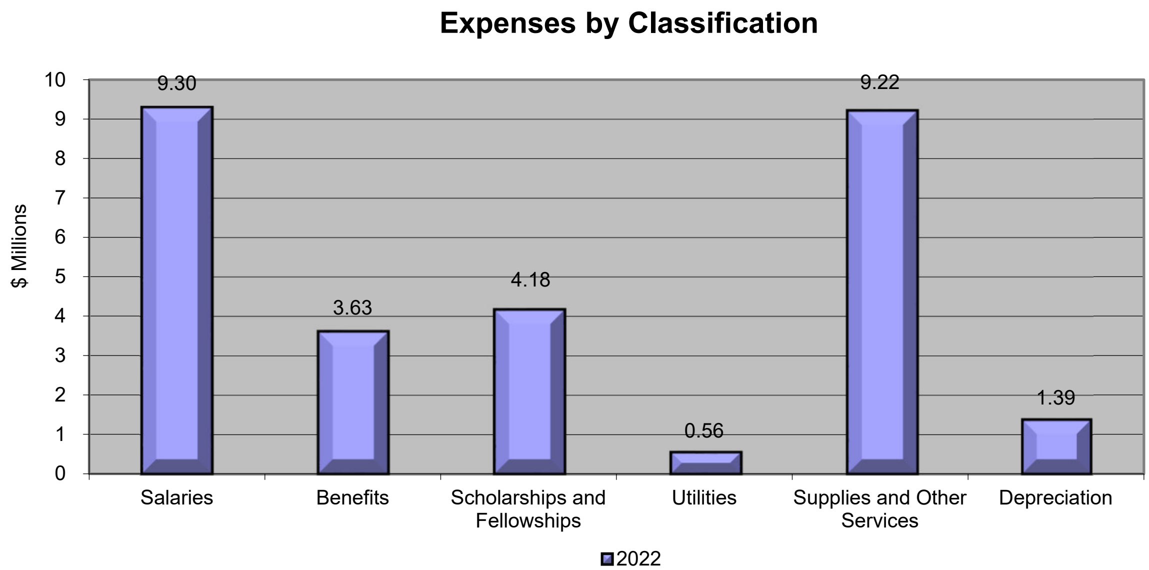
Revenue Comparisons

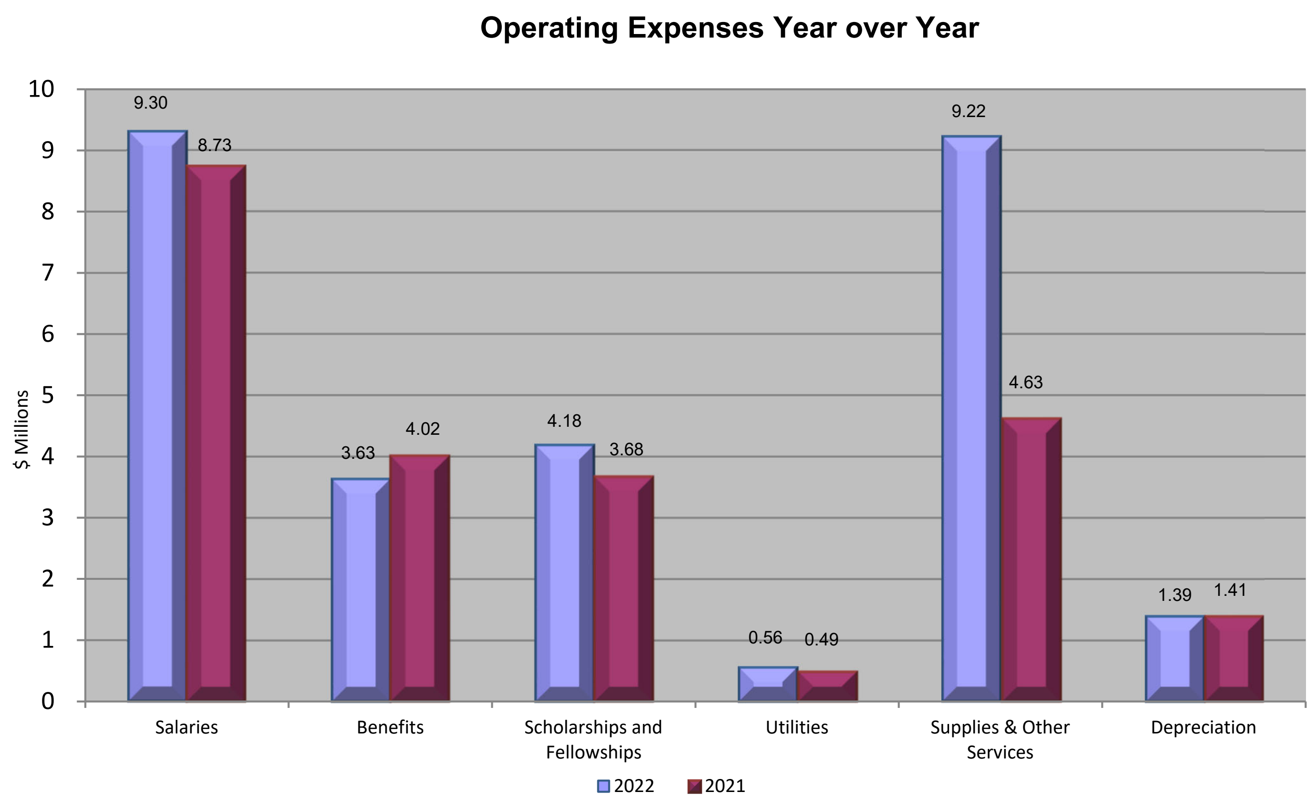
The chart below shows even Tuition, Fees, and Other revenue. Combined State and County Appropriations increased slightly. Grant categories increased due to the Higher Education Emergency Relief Fund.



Expenditure Charts

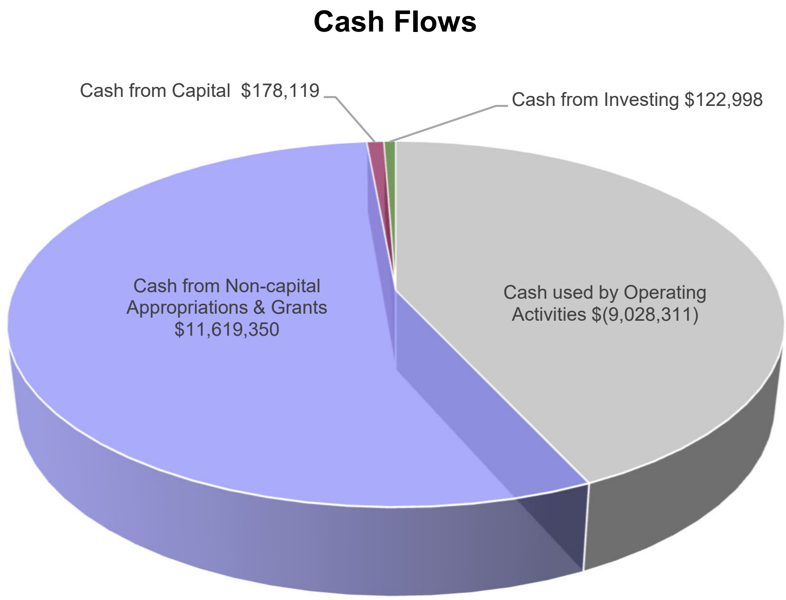
Expenditures for the College are mainly for Salaries and Supplies and Other Services as noted in the chart below: (See Financial Analysis text for details)





Cash Flows

Cash and cash equivalents increased by $2,892,156.



Economic Factors

South Carolina's (SC) economy declined during fiscal year 2022. By June 2022, the SC Leading Index (SCLI) ended with a value of 102.99.[i] According to the SC Department of Commerce a SCLI value greater than 100 forecasts economic growth through the following three to six months.

The SC decline, reflected in the above indicator, when combined with state and federal funding priorities, resulted in an increase of the College's share of state revenues for its current operations, from a comparatively low base. SC initial unemployment claims equaled a 2,179 weekly average by the end of June, a high number compared to the prior year due to the pandemic.[ii] Typically, high unemployment leads to an increase in enrollment; however, the prior year was unique given the quarantine restrictions and economic hardships.

Due to COVID-19, the global pandemic, the College's faculty and staff faced many challenges. Impact of the pandemic on the College's revenues were reduced by offering online courses, while expenses were decreased due to quarantine and telecommuting restrictions. The College was affected by the necessity of personal protective equipment, sanitizing supplies, and additional technology; however, the Education Stabilization Funds (HEERF) safeguarded the College from additional expenses and provided reimbursement for lost revenue in fiscal year 2022.

Summary

The College continued towards previously established goals of empowering students, transforming resources into desired outcomes, and aligning College and business resources by managing costs and tuition to enable the funding of current programs, maintain affordability for students, and provide for the maintenance of physical facilities. This year's financial statements reflect the College's ability to maintain cash flow by utilizing various sources of revenue provided by state and federal grants. Non-state resources aided the achievement of our goals through: College Foundation community program and scholarship support; Aiken County plant maintenance support; and federal & state grant funding for financial aid and College operations.

The College's ability to generate assets and deferred outflows of resources in excess of total liabilities and deferred inflows of resources, as seen in the Condensed Statement of Net Position below, indicates the fiscal soundness of the College. Continuing soundness depends, in part, on future SC legislative decisions related to the funding of the SCRS net pension and OPEB liabilities noted in the Overview section, as well as, the ongoing pandemic.

Condensed Statement of Net Position

			Increase (Decrease)	
ASSETS	6/30/2022	6/30/2021	$	%
Cash, investments, and other assets	$ 33,632,190	$ 30,005,535	$ 3,626,655	12.09
Capital Assets, net	21,299,088	22,311,435	(1,012,347)	(4.54)
Total Assets	54,931,278	52,316,970	2,614,308	5.00
Deferred outflows of resources	7,068,593	6,017,583	1,051,010	17.47
LIABILITIES				
Accounts payable and other current liabilities	5,037,999	3,575,816	1,462,183	40.89
Noncurrent liabilities	33,890,772	34,115,716	(224,944)	(0.66)
Total Liabilities	38,928,771	37,691,532	1,237,239	3.28
Deferred inflows of resources	4,744,534	3,393,666	1,350,868	39.81
NET POSITION				
Net investment in capital assets	21,299,088	22,311,435	(1,012,347)	(4.54)
Restricted	64,395	64,695	(300)	(0.46)
Unrestricted	(3,036,917)	(5,126,475)	2,089,558	(40.76)
Total Net Position	$ 18,326,566	$ 17,249,355	$ 1,077,211	6.24

[i] SC Department of Commerce Economic Outlook. Division of Research, Volume 15, Issue 6, July 2022, 1st para.
[ii] SC Department of Commerce Economic Outlook. Division of Research, Volume 15, Issue 6, July 2022, pg. 2, 2nd para.

AIKEN TECHNICAL COLLEGE

STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ASSETS	
Current assets	
Cash and cash equivalents	$ 17,716,906
Investments	10,044,533
Accounts receivable, net	3,406,124
Inventories	301,895
Prepaid expenses	151,407
Total current assets	31,620,865
Noncurrent assets	
Investments	2,011,325
Capital assets not being depreciated	1,126,922
Capital assets, net of accumulated depreciation	20,172,166
Total noncurrent assets	23,310,413
Total assets	54,931,278
DEFERRED OUTFLOWS OF RESOURCES	
Pension	2,310,976
Other post employment benefits	4,757,617
Total deferred outflows of resources	7,068,593
LIABILITIES	
Current liabilities	
Accounts payable	426,776
Accrued payroll liabilities	310,724
Unearned revenue and advances	4,242,155
Accrued compensated absences, due within one year	58,344
Total current liabilities	5,037,999
Noncurrent liabilities	
Accrued compensated absences, net of current portion	682,065
Net pension liability	14,591,092
Net other post employment benefits liability	18,613,009
Funds held for others	4,606
Total noncurrent liabilities	33,890,772
Total liabilities	38,928,771
DEFERRED INFLOWS OF RESOURCES	
Pension	2,780,932
Other post employment benefits	1,963,602
Total deferred inflows of resources	4,744,534
NET POSITION	
Investment in capital assets	21,299,088
Restricted expendable for loan fund	64,395
Unrestricted	(3,036,917)
Total net position	$ 18,326,566

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

AIKEN TECHNICAL COLLEGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating revenues	
Student tuition and fees (net of scholarship allowances of $3,112,520)	$ 6,535,409
Student tuition and fees pledged	
(net of scholarship allowances of $28,519)	366,532
Federal grants and contracts	6,486,094
State grants and contracts	2,777,110
Local grants and contracts	236,789
Auxiliary enterprises (net of scholarship allowances of $99,818)	611,584
Other operating revenues	219,318
Total operating revenues	17,232,836
Operating expenses	
Salaries	9,302,333
Benefits	3,628,937
Scholarships and fellowships	4,181,929
Utilities	555,378
Supplies and other services	9,217,317
Depreciation expense	1,386,080
Total operating expenses	28,271,974
Operating loss	(11,039,138)
Non-operating revenues (expenses)	
State appropriations	5,438,548
County appropriations	2,106,367
Federal grants and contracts	3,965,141
State and local grants and contracts	108,094
Loss on investments	(53,653)
Total non-operating revenues, net	11,564,497
Income before capital grants and contributions	525,359
Capital grants and contributions	
Capital grants and state capital appropriations	462,253
Contributed capital assets	89,599
Total capital grants and contributions	551,852
Change in net position	1,077,211
Net position, beginning of year	17,249,355
Net position, end of year	$ 18,326,566

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

AIKEN TECHNICAL COLLEGE

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities		
Student tuition and fees	$	7,553,566
Federal, state and local grants and contracts		8,974,990
Auxiliary enterprise charges		611,584
Other receipts		221,088
Scholarships		(4,181,929)
Payments to employees		(12,765,066)
Payments to vendors		(9,442,544)
Net cash used in operating activities		(9,028,311)
Cash Flows from Non-capital Financing Activities		
State appropriations		5,438,548
County appropriations		2,106,367
Federal, state and local grants, gifts, and contracts, non-operating		4,074,435
Net cash provided by non-capital financing activities		11,619,350
Cash Flows from Capital and Related Financing Activities		
Federal, state, and local grants and contracts for capital		462,253
Purchase of capital assets		(284,134)
Net cash provided by capital and related financing activities		178,119
Cash Flows from Investing Activities		
Interest received on cash and cash equivalents		1,618
Proceeds from the sale and maturity of investments		121,380
Net cash provided by investing activities		122,998
Increase in cash and cash equivalents		2,892,156
Cash and cash equivalents:		
Beginning of year		14,824,750
End of year	$	17,716,906

(Continued)

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

AIKEN TECHNICAL COLLEGE

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(11,039,138)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense		1,386,080
(Increase) decrease in:		
Accounts receivables, net		(1,003,979)
Inventories		120,354
Prepaid expenses		(28,725)
Deferred outflows of resources - pension/OPEB		(1,051,010)
Increase (decrease) in:		
Accounts payable		(2,750)
Accrued payroll liabilities		90,078
Accrued compensated absences		(22,372)
Unearned revenues		1,373,643
Deferred inflows of resources - pension/OPEB		1,350,868
Net pension/OPEB liabilities		(201,360)
Net cash used in operating activities	$	(9,028,311)
Noncash flows from capital and related financing activities		
Contributed capital assets	$	89,599

AIKEN TECHNICAL COLLEGE FOUNDATION

NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS		
Current assets		
Cash and cash equivalents	$	546,804
Restricted cash and cash equivalents		172,747
Prepaid expenses		4,919
Total current assets		724,470
Noncurrent assets		
Investments		6,202,498
Pledges receivable, restricted for specific use		15,397
Total noncurrent assets		6,217,895
Total assets	$	6,942,365
NET ASSETS		
Net assets without donor restrictions		
Board designated - endowment fund		551,723
Net assets with donor restrictions		6,390,642
Total net assets	$	6,942,365

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

AIKEN TECHNICAL COLLEGE FOUNDATION

NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	$ 210,006	$ 233,222	$ 443,228
Contributions of nonfinancial assets	48,393	67,819	116,212
Interest and dividend income	63,924	114,363	178,287
Net assets released from restriction	147,983	(147,983)	-
Total revenues, gains, and other support	470,306	267,421	737,727
Expenses and losses			
Management and general	203,137	-	203,137
Fundraising	16,652	-	16,652
Program services	256,588	-	256,588
Realized and unrealized losses on investments	775,170	68,974	844,144
Total expenses and losses	1,251,547	68,974	1,320,521
Transfers	50,304	(50,304)	-
Change in net assets	(730,937)	148,143	(582,794)
Net assets, beginning of year	1,282,660	6,242,499	7,525,159
Net assets, end of year	$ 551,723	$ 6,390,642	$ 6,942,365

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

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Aiken Technical College, as the primary government, and the accounts of Aiken Technical College Foundation, Inc. (the “Foundation”), its discretely presented component unit. The College is a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt organization. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 40-member board of the Foundation is elected by the Foundation’s Board of Trustees and consists of the President of the College, one or more members of the Aiken County Commission for Technical Education, the Development Office of the College, and other graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) pronouncements. Most significant to the Foundation's operations and reporting model are FASB's, *Accounting for Contributions Received and Contributions Made,* and FASB's, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

The complete financial statements for the Foundation can be obtained by mailing a request to Dr. Beth LaClair, Aiken Technical College Foundation, Inc., P.O. Drawer 696, Aiken, SC 29802-0696, by calling (803) 508-7413, or by e-mailing a request to laclaire@atc.edu.

Financial Statements

The financial statements of the College are presented in accordance with GASB's *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB's *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* The financial statement presentation required by these GASB Statements provides a comprehensive, entity-wide perspective of the College's net position, revenues, expenses and changes in net position and cash flows.

Basis of Accounting

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

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as non-recourse 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.

Cash, Cash Equivalents and Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investment of Funds". The College accounts for its investments at fair value in accordance with GASB's *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB's *Fair Value Measurement and Application*. Changes in unrealized gain (loss) on the fair value of investments (certain certificates of deposit excluded) are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position.

Receivables

Receivables consist of tuition and fee charges to students, gifts pledged, and auxiliary enterprise services provided to students, faculty, and staff. Receivables also include amounts due from federal, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Receivables are reported net of estimated uncollectible amounts. The College maintains an allowance for uncollectible amounts, which is based upon actual losses experienced in prior years and management's evaluations of the current account portfolio.

Inventories

Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or net realizable value on the first-in, first-out (FIFO) basis.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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. Depreciation begins in the month the capital item is included in total assets.

Unearned Revenues and Advances

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent year. Unearned revenues also include amounts received from grant and contract sponsors for which eligibility requirements have not been met.

Compensated Absences

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of liabilities in the Statement of Net Position and as a component of benefit expenses in the Statement of Revenues, Expenses, and Changes in Net Position, respectively.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

Three items relating to the College's Pension Plan and four items relating to the College's Other Post Employment Benefit Plan (OPEB) qualify for reporting in this category and are combined in the Statement of Net Position under the headings "Pension" and "Other Post Employment Benefits", respectively. The first item, experience losses, results from periodic studies by the actuary of the Pension Plan and OPEB Plan, which adjust the net pension and net OPEB liabilities for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of the plan members. The second item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions relative to the OPEB plan. These changes are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in future years. The third item, changes in the actuarial assumptions, adjust the net pension and OPEB liabilities, and are amortized into pension and OPEB expense over the expected remaining service lives of plan members. Additionally, any contributions made by the College to the pension plan and OPEB plan, respectively, before year-end but subsequent to the measurement date of the College's net pension liability and net OPEB liability are reported as deferred outflows of resources and will be recognized as a reduction of the respective net pension liability and net OPEB liability during the fiscal year ended June 30, 2023.

In addition to liabilities, the Statement of Net Position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Three items relating to the College's pension plan and four items relating to the College's OPEB plan qualify for reporting in this category and are combined in the Statement of Net Position under the heading "Pension" and "Other Post Employment Benefits", respectively. The first item, experience gains, result from periodic studies by the actuaries of the pension plan and OPEB plan, which adjust the net pension and the net OPEB liabilities for actual experience for certain trend information that was previously assumed. These gains are recorded as deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining lives of the plan members. The second item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions relating the College's pension and OPEB plans. These changes are reported as deferred inflows of resources and will be recognized into pension and OPEB expense in future years.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

The third item, changes in the actuarial assumptions, adjusts the net OPEB liability and is amortized into OPEB expense over the expected remaining service lives of plan members. The fourth item, differences between projected investment return on pension and OPEB investments and actual return on those investments, is deferred and amortized against pension and OPEB expense resulting in recognition as a deferred inflow of resources

Net Position

The College's net position is classified as follows:

Investment in capital assets**:** This represents the College's total investment in capital assets, net of debt related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. As of June 30, 2022, the College did not have any capital related debt outstanding.

Restricted net position - expendable**:** This represents resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Restricted expendable net position consists of amounts restricted for debt service, capital improvements, and for the loan fund.

Restricted net position - nonexpendable**:** Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2022, the College did not have any restricted net position - nonexpendable.

Unrestricted net position**:** Unrestricted net position represents resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. A deficit in unrestricted net position does not represent reduced liquidity to the extent resources are applied to non-legal, non-recourse, or non-contractual obligations, or liabilities.

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

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The College is exempt from income taxes under the Internal Revenue Code and similar state tax code. The Foundation has been classified by the Internal Revenue Service as an organization other than a private foundation. However, the Foundation is not exempt from unrelated business income tax (UBIT).

Classification of Revenues

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

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

***Non-operating revenues*:** Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts, 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.

Student Tuition and Fees

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public.

Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by bookstores and food services. Revenues of internal service activities conducted separately, and in conjunction with auxiliary enterprise activities, and their related College department expenditures, have been eliminated.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Unit

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

Net assets without donor restrictions*:* represent resources over which the Foundation has discretionary control and are used to carry out the operations of the Foundation in accordance with its bylaws.

Net assets with donor restrictions**:** represent resources currently available for use, but expendable only for those operating purposes specified by the donor. Resources of this classification originate from contributions and grants received with designations placed thereon by the donor and resources that are subject to donor-imposed stipulations that do not expire with time nor can be fulfilled or otherwise removed by actions of the Foundation. The donor of these assets permits the Foundation to use all of the income earned on the related investments for general and specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in undesignated or designated net assets without donor restrictions as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Pensions

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

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post Employment Benefits Other than Pensions (OPEB)

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

NOTE 2. STATE APPROPRIATIONS

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the "Board"), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse, and are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a reconciliation of the state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2022:

Non-capital Appropriations		
Current year's appropriations:		
Final Appropriations Act appropriation as allocated by the State Board for Technical and Comprehensive Education	$	5,438,548
Total non-capital appropriations recorded as current year revenue	$	5,438,548
Capital Appropriations		
Current year's appropriations:		
Critical Training, Information and General Technology, and CEAM building equipment	$	462,253
Total capital appropriations recorded as current year revenue	$	462,253

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

State Law requires that a bank or savings and loan association (both depository financial institutions) receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit as a means to protect the State.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, a government will not be able to recover its deposits if the depository financial institution fails to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails. The College's deposits are categorized to give an indication of the level of risk assumed by the College at year-end.

The deposits for the College at June 30, 2022, were $29,768,314 with a book balance of $30,013,316. Of these, none were exposed to custodial credit risk as uninsured and uncollateralized or not subject to an irrevocable letter of credit. The College recognized no losses due to default by counterparties to investment transactions and amounts recovered from prior period losses.

Investments

The College is authorized, by the South Carolina Code of Laws, Section 11-9-660, "Investment of Funds", to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements. As of June 30, 2022, the College holds certificate of deposits maturing over a three-year period. The certificates maturing within one year of June 30, 2022, have been classified as current investments; whereas, the certificates of deposits with maturity dates in excess of one year from June 30, 2022, are classified as noncurrent investments.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The following schedule reconciles cash and cash equivalents, investments, and restricted deposits as reported on the Statement of Net Position for the College.

Statement of Net Position:		
Cash and cash equivalents	$	17,716,906
Current investments		10,044,533
Noncurrent investments		2,011,325
Total statement of net position	$	29,772,764
Deposits and Investments:		
Carrying value of deposits and investments	$	29,768,314
Cash on hand		4,450
Total deposits and investments	$	29,772,764

Fair Value Measurements

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The College’s investments consist entirely of $12,055,858 in certificates of deposits issued by commercial banks and are recorded at amortized cost which approximates fair value. Due to the nature of these investments, they are not included within the fair value hierarchy.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an institution’s investment in a single issuer. As of June 30, 2022, all the College’s deposits were fully collateralized. The College maintains an investment policy procedure awarding investments in certificates of deposit, collateralized, supported by an irrevocable letter of credit, or insured by the Federal Deposit Insurance Corporation (FDIC), with no concentration restriction.

The Foundation is not bound by the State investment restrictions that apply to the College, thereby allowing investments in both equities and fixed income securities.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of a security. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. The College has no formal policy to manage interest rate risk other than that of state law.

Credit Risk

This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The College has no investment policy that would further limit its investment choices other than state law.

NOTE 4. RECEIVABLES

Receivables at June 30, 2022, including applicable allowances for uncollectible receivables, were as follows:

Receivables:	
Student accounts	$ 316,960
Aiken County	29,110
Federal grants and contracts	1,086,544
State grants and contracts	2,110,104
Other receivables	113,021
Total receivables	3,655,739
Less: Allowance for uncollectable accounts	(249,615)
Net accounts receivable	$ 3,406,124

NOTE 5. CAPITAL ASSETS

A summary of capital assets for the College as of June 30, 2022, are as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated					
Land and improvements	$ 1,126,922	$ -	$ -	$ -	$ 1,126,922
Total capital assets not being depreciated	1,126,922	-	-	-	1,126,922
Capital assets being depreciated					
Buildings and improvements	44,621,039	-	-	-	44,621,039
Machinery, equipment and other	5,556,572	373,733	(219,016)	-	5,711,289
Intangible assets	461,809	-	-	-	461,809
Vehicles	55,765	-	(12,779)	-	42,986
Depreciable land improvements	1,453,858	-	-	-	1,453,858
Total capital assets being depreciated	52,149,043	373,733	(231,795)	-	52,290,981
Less accumulated depreciation					
Buildings and improvements	(24,327,957)	(1,066,620)	-	-	(25,394,577)
Machinery, equipment and other	(4,711,642)	(305,450)	219,016	-	(4,798,076)
Intangible assets	(461,809)	-	-	-	(461,809)
Vehicles	(47,868)	(1,142)	12,779	-	(36,231)
Depreciable land improvements	(1,415,254)	(12,868)	-	-	(1,428,122)
Total accumulated depreciation	(30,964,530)	(1,386,080)	231,795	-	(32,118,815)
Total capital assets being depreciated, net	21,184,513	(1,012,347)	-	-	20,172,166
Capital assets, net	$ 22,311,435	$ (1,012,347)	$ -	$ -	$ 21,299,088

NOTE 6. RETIREMENT PLANS

Overview

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Description

The South Carolina Retirement System (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

NOTE 6. RETIREMENT PLANS (CONTINUED)

Plan Description (Continued)

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

Membership

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

South Carolina Retirement System – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State Optional Retirement Program - As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

Benefits

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

NOTE 6. RETIREMENT PLANS (CONTINUED)

Benefits (Continued)

South Carolina Retirement System – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

NOTE 6. RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2022, the College contributed $1,024,219 to the SCRS plan and $239,547 to the ORP plan.

Required employee contribution rates for the year ended June 20, 2022, are as follows:

South Carolina Retirement System
9.00% of earnable compensation

South Carolina Optional Retirement Program
9.00% of earnable compensation

Required employer contribution rates for the year ended June 30, 2022, are as follows:

South Carolina Retirement System
16.41% of earnable compensation
Employer incidental death benefit: 0.15% of earnable compensation

South Carolina Optional Retirement Program
16.41% of earnable compensation
Employer incidental death benefit: 0.15% of earnable compensation

Net Pension Liability

The June 30, 2021 (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2020 actuarial valuation. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

NOTE 6. RETIREMENT PLANS (CONTINUED)

Net Pension Liability (Continued)

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2022, (measurement date of June 30, 2021), the net pension liability amounts for the College's proportionate share of the collective net pension liability associated with the SCRS plan is as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	College's Proportionate Share of the Collective Net Pension Liability
SCRS	$ 37,171,365	$ 22,580,273	$ 14,591,092	60.75%	0.067423%

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2020, valuations for SCRS.

	SCRS
Actuarial cost method	Entry Age
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	3% to 11% (varies by service)
Includes inflation at	2.25%
Benefit adjustments	lesser of 1% or $500

NOTE 6. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions and Methods (Continued)

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

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

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 20-year capital market assumptions. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of the return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.25 percent real rate of return and a 2.25 percent inflation component.

NOTE 6. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions and Methods (Continued)

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	**12.0%**		
Real estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
	100.0%		
	Total expected real return		5.18%
	Inflation for actuarial purposes		2.25%
	Total expected nominal return		7.43%

Discount Rate

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the College's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6. RETIREMENT PLANS (CONTINUED)

Discount Rate (Continued)

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	$ 19,112,650	$ 14,591,092	$ 10,832,932

Pension Expense

For the year ended June 30, 2022, the College recognized its proportionate share of collective pension expense of $1,065,461 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of ($471,281) for a total of $594,180 for the SCRS plan.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 248,542	$ 19,693
Changes of assumptions	798,668	-
Net difference between projected and actual earnings on pension plan investments	-	2,119,549
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	641,690
Employer contributions subsequent to the measurement date	1,263,766	-
Total	$ 2,310,976	$ 2,780,932

NOTE 6. RETIREMENT PLANS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

College contributions subsequent to the measurement date of $1,263,766 for the SCRS plan are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS
2023	$ (440,994)
2024	(290,217)
2025	(209,402)
2026	(793,109)

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS

Overview

The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly as part of Act No. 278, effective July 1, 2012. PEBA is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July 1 of even numbered years. The PEBA board appoints the Executive Director.

The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits.

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description

The Other Post-Employment Benefits Trust Fund (OPEB Trust), refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF), was established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans.

In accordance with Act 195, the SCRHITF is administered by the PEBA, Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The SCRHITF is a cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the plan and authorizes the Trustee to at any time adjust the plan, including its benefits and contributions, as necessary to insure the fiscal stability of the plan. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental benefits to retired State and school district employees and their covered dependents.

Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008, and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll.

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions and Funding Policies (Continued)

The covered payroll surcharge for the year ended June 30, 2022 was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities. For the fiscal year ended June 30, 2022, the College recognized $2,123 as a non-operating revenue from contributions from non-employer contributing entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the annual comprehensive financial report of the state.

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Methods

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

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

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	1.92% as of June 30, 2021 (measurement date)
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% for retirees who are eligible for partial funded premiums 20% for retirees who are eligible for non-funded premiums
Notes:	The discount rate changed from 2.45% as of the June 30, 2020, measurement date, to 1.92% as of the June 30, 2021 measurement date.

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2020. Update procedures were used to roll forward the total OPEB liability to June 30, 2021, (measurement date used for the College's reporting as of June 30, 2022).

Net OPEB Liability

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

For the year ended June 30, 2021 (the measurement date), the College's OPEB liability for the South Carolina Retiree Health Insurance Trust Fund is as follows:

Plan	Total OPEB Liability	Plan Fiduciary Net Position	Employer's Net OPEB Liability	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	College's Proportionate Share of the Collective Net OPEB Liability
SCRHITF	$ 20,117,748	$ 1,504,739	$ 18,613,009	7.48%	0.089386%

Single Discount Rate

The Single Discount Rate of 1.92% was used to measure the total OPEB liability for the SCRHITF for the year ended June 30, 2022 (June 30, 2021 measurement date). The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

Long-term Expected Rate of Return

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

NOTE 7. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Long-term Expected Rate of Return (Continued)

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash	20.00%	0.35%	0.07%
Total	100.00%		0.55%
	Total expected weighted real return		0.55%
	Inflation for actuarial purposes		2.25%
	Total expected nominal return		2.80%
	Investment return assumption		**2.75%**

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability as of June 30, 2022, calculated using a Single Discount Rate of 1.92%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

South Carolina Retiree Health Insurance Plan

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

1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
$ 22,433,279	$ 18,613,009	$ 15,601,196

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability for fiscal year ended June 30, 2022, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

South Carolina Retiree Health Insurance Plan

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

(5.00% decreasing to 3.00%)	Current Healthcare Cost Trend Rates (6.00% decreasing to 4.00%)	(7.00% decreasing to 5.00%)
$ 14,932,642	$ 18,613,009	$ 23,516,974

NOTE 7. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense

Items included in total employer OPEB Expense are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NOL and differences between actual employer contributions and proportionate share of total plan employer contributions. The College recorded OPEB expense of $1,351,055 for the year ended June 30, 2022.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

South Carolina Retiree Health Insurance Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 376,669	$ 477,081
Changes of assumptions	3,784,113	448,177
Net difference between projected and actual earnings on OPEB plan investments	-	5,033
Changes in proportion and differences between employer contributions and proportionate share of contributions	56,396	1,033,311
Employer contributions subsequent to the measurement date	540,439	-
Total	$ 4,757,617	$ 1,963,602

College contributions subsequent to the measurement date of $540,439 for the SCRHITF plan are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

NOTE 7. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

As of June 30, 2022, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	SCRHITF
2023	$ 272,999
2024	264,758
2025	407,777
2026	521,594
2027	495,401
Thereafter	291,047

NOTE 8. CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

In the opinion of the College's management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

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

The State annually issues capital improvement bonds to fund improvements and expansion of State facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenditures have been incurred. The College received authority through a proviso to redirect previously authorized state funds to be used for a campus security upgrade project. The College received an allocation of $640,000 on a reimbursable basis, when expended, through the revised proviso. The funds will be used to enhance safety and security technology with indoor and outdoor cameras, call boxes, and access control. This project will improve safeguards, improve employee, student, and visitor safety, improve employee productivity and operations, monitor activities, and increase overall safety and security campus-wide. As part of the upgrade, all outdoor callbox stanchions will include Wi-Fi hotspots for student use as part of the new social distancing requirements. In addition, a state capital appropriation of $3,650,000 exists for the College's future Nursing building and equipment project. Another state capital appropriation of $1,000,000 exists for campus infrastructure improvements. Both state capital appropriations are available for reimbursement, when expended.

NOTE 9. LONG-TERM LIABILITIES

The following is a schedule of the College's long-term liabilities as of June 30, 2022.

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
Net pension liability	$ 17,346,894	$ 1,825,659	$ (4,581,461)	$ 14,591,092	$ -
Net OPEB liability	16,058,567	3,268,019	(713,577)	18,613,009	-
Total non-recourse liabilities	33,405,461	5,093,678	(5,295,038)	33,204,101	-
Accrued compensated absences	762,781	68,636	(91,008)	740,409	58,344
Total long-term liabilities	$ 34,168,242	$ 5,162,314	$ (5,386,046)	$ 33,944,510	$ 58,344

NOTE 10. COMPONENT UNIT

The following is a summary of significant transactions between the Foundation and the College for the year ended June 30, 2022.

The College recorded non-governmental gift receipts of $160,094 from the Foundation in non-operating revenues for the fiscal year ended June 30, 2022. These funds were used to support College programs such as scholarships, Allied Health Salaries, and educational equipment. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space and administrative services to the Foundation. The College invoiced the Foundation a total of $82,341 for reimbursement for administrative services provided to the Foundation during the year. The College had no receivables from or payables due to the Foundation as of June 30, 2022.

NOTE 11. RISK MANAGEMENT

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years. The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

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

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

NOTE 11. RISK MANAGEMENT (CONTINUED)

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

- Theft, damage to, or destruction of assets
- Torts
- Real property, its contents, and other equipment
- Natural disasters
- Motor vehicles and watercraft
- Medical malpractice claims against the Infirmary

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

The College also has employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

NOTE 12. OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2022, are summarized as follows:

	Salaries	Benefits	Scholarships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction	$ 5,319,949	$ 2,117,506	$ -	$ -	$ 2,490,307	$ -	$ 9,927,762
Academic Support	815,644	343,214	-	-	172,621	-	1,331,479
Student Services	999,962	430,250	-	-	3,905,770	-	5,335,982
Operation and Maintenance of Plant	186,266	84,589	-	555,378	911,889	-	1,738,122
Institutional Support	1,895,536	623,708	-	-	932,004	-	3,451,248
Scholarships	-	-	4,181,929	-	-	-	4,181,929
Auxiliary Enterprises	84,976	29,670	-	-	804,726	-	919,372
Depreciation	-	-	-	-	-	1,386,080	1,386,080
	$ 9,302,333	$ 3,628,937	$ 4,181,929	$ 555,378	$ 9,217,317	$ 1,386,080	$ 28,271,974

REQUIRED SUPPLEMENTARY INFORMATION

AIKEN TECHNICAL COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE PLAN YEAR ENDED JUNE 30,

South Carolina Retirement System

Plan Year Ended June 30,	College's proportion of the net pension liability	College's proportionate share of the net pension liability	College's covered payroll	College's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.067423%	$ 14,591,092	$ 6,128,995	238.07%	60.75%
2020	0.067889%	17,346,894	6,287,818	275.88%	50.71%
2019	0.071908%	16,419,540	6,530,764	251.42%	54.40%
2018	0.073780%	16,531,900	6,689,450	247.13%	54.10%
2017	0.076300%	17,176,808	6,286,230	273.24%	53.30%
2016	0.073930%	15,791,340	6,151,445	256.71%	52.90%
2015	0.072680%	14,467,628	6,294,265	229.85%	56.99%
2014	0.082090%	14,133,196	6,605,935	213.95%	59.90%
2013	0.082090%	14,724,018	6,438,879	228.67%	56.39%

Notes to the schedule:

The above schedule will present 10 years of information once it is accumulated.

Actuarial assumptions used in determining the statutorily required contribution are as follows.

AIKEN TECHNICAL COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COLLEGE'S PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30,

South Carolina Retirement System

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	College's covered payroll	Contributions as a percentage of covered payroll
2022	$ 1,024,219	$ 1,024,219	$ -	$ 6,645,598	15.41%
2021	874,469	874,469	-	6,128,995	14.27%
2020	904,934	904,934	-	6,287,818	14.39%
2019	915,762	915,762	-	6,530,764	14.02%
2018	938,741	938,741	-	6,689,450	14.03%
2017	875,775	875,775	-	6,286,230	13.93%
2016	763,266	763,266	-	6,151,445	12.41%
2015	685,828	685,828	-	6,294,265	10.90%
2014	661,280	661,280	-	6,605,935	10.01%

Notes to the schedule:

The above schedule will present 10 years of information once it is accumulated.

Actuarial assumptions used in determining the statutorily required contribution are as follows:

System	SCRS
Actuarial valuation date	July 1, 2019
Actuarial cost method	Entry Age Normal
Asset valuation method	5-year Smoothed
Amortization method	Level % of pay
Amortization period as of the actuarial valuation date	28 years maximum, closed period
Investment return	7.25%
Inflation	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service
Mortality	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.

AIKEN TECHNICAL COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
FOR THE PLAN YEAR END JUNE 30,

South Carolina Retiree Health Plan

Plan Year Ended June 30,	College's proportion of the net OPEB liability	College's proportionate share of the net OPEB liability	College's covered payroll	College's share of the net OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.089386%	$ 18,613,009	$ 6,128,995	303.7%	7.48%
2020	0.088960%	16,058,567	6,287,818	255.4%	8.39%
2019	0.094305%	14,260,354	6,530,764	218.4%	8.44%
2018	0.096020%	13,607,162	6,689,450	203.4%	7.91%
2017	0.100040%	16,604,838	6,286,230	264.1%	7.60%
2016	0.100040%	14,532,727	6,151,445	236.2%	6.62%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

AIKEN TECHNICAL COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COLLEGE'S OPEB CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30,

South Carolina Retiree Health Plan

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	College's covered payroll	Contributions as a percentage of covered payroll
2022	$ 540,439	$ 540,439	$ -	$ 6,645,598	8.13%
2021	520,997	520,997	-	6,128,995	8.50%
2020	512,509	512,509	-	6,287,818	8.15%
2019	442,659	442,659	-	6,530,764	6.78%
2018	442,141	442,141	-	6,689,450	6.61%
2017	413,398	413,398	-	6,286,230	6.58%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

The actuarial assumptions used in determining the statutorily required contribution can be found in note 7 of the financial statements.

COMPLIANCE SECTION

AIKEN TECHNICAL COLLEGE

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

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Expenditures	Passed through to Subrceipients
U.S. Department of Education				
Student Financial Aid Cluster				
Federal Pell Grant Program	84.063	P063P163288	$ 3,965,141	$ -
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	P007A163759	141,325	-
Federal Work-study Program FWS	84.033	P033A163759	10,737	-
Federal Direct Student Loans	84.268	P268K173288	1,816,336	-
Total Student Financial Aid Cluster			5,933,539	-
COVID-19 Education Stabilization Funds - HEERF- Students	84.425E	P425E202374	3,256,381	-
COVID-19 Education Stabilization Funds - HEERF- IHE/Institution	84.425F	P425F201739	1,207,839	-
(Passed through S.C. Department of Technical Education)				
COVID-19 Education Stabilization Funds - GEER	84.425C	N/A	360,111	-
			4,824,331	-
(Passed through S.C. Department of Education)				
Vocational Education-Basic Grants to States (Perkins)	84.048A	16VA401-H6301010716	198,298	-
Total Passed through State Department of Education			198,298	-
Total U.S. Department of Education			10,956,168	-
U.S. Department of Energy				
(Passed through Savannah River Site Community Reuse Organization)				
Workforce Opportunities in Regional Careers	81.104	DE-EM0005210	125,094	-
Workforce Opportunities in Regional Careers	81.104	DE-EM0005227	186,830	-
Total U.S. Department of Energy			311,924	-
Total Expenditures of Federal Awards			$ 11,268,092	$ -

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Aiken Technical College (the "College") and is prepared on the accrual basis of accounting.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding $750,000. The threshold of $750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk-based approach was used in the selection of federal programs to be tested as major programs. The College qualified as a low-risk auditee for the fiscal year ended June 30, 2022.

NOTE 2. DE MINIMIS INDIRECT COST RATE

The College chose not to use the ten percent de Minimis cost rate for the year ended June 30, 2022.

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

To the President and Members of the Area Commission
of Aiken Technical College
Aiken, South Carolina

We have audited, 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, the financial statements of **Aiken Technical College** (the "College") and the discretely presented component unit, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Aiken Technical College's basic financial statements, and have issued our report thereon dated September 22, 2022. Our report includes a reference to other auditors who audited the financial statements of the Aiken Technical College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of the Aiken Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, the report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Aiken Technical College Foundation, Inc. or that are reported on separately by those auditors who audited the financial statements of the Aiken Technical College Foundation, Inc.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
September 22, 2022

MAULDIN & JENKINS
CPAs & ADVISORS

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

To the President and Members of the Area Commission
of Aiken Technical College
Aiken, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Aiken Technical College's** (the "College") compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2022. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
September 22, 2022

AIKEN TECHNICAL COLLEGE

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

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies identified?	____ 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?	____ Yes __X__ No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes __X__ No

AIKEN TECHNICAL COLLEGE

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

SECTION I
SUMMARY OF AUDIT RESULTS (CONTINUED)

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
	Student Financial Aid Cluster
	U.S. Department of Education –
84.033	Federal College Work-study Grant
84.007	Federal Supplemental Education Opportunity Grant
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loan Program
	U.S. Department of Education –
84.425E	COVID-19 Education Stabilization Funds HEERF - Students
84.425F	COVID-19 Education Stabilization Funds HEERF – IHE/Institution
84.425C	COVID-19 Education Stabilization Funds GEER

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? _X_ Yes ___ No

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

None reported.

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE STATE LOTTERY TUITION ASSISTANCE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the President and Members of the Area Commission
of Aiken Technical College
Aiken, South Carolina

Report on Compliance for the State Lottery Tuition Assistance Program

Opinion on the State Lottery Tuition Assistance Program

We have audited **Aiken Technical College's** (the "College") compliance with the types of compliance requirements described in the State Lottery Tuition Assistance Program Policy 3-2-307 and procedure 3-2-307.1, issued by the State Board for Technical and Comprehensive Education, that could have a direct and material effect on the College's State Lottery Assistance Program for the fiscal year ended June 30, 2022.

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 the State Lottery Tuition Assistance program for the year ended June 30, 2022.

Basis for Opinion on the College's State Lottery Tuition Assistance Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Lottery Tuition Assistance Program Policy 3-2-307 and procedure 3-2-307.1, issued by the State Board for Technical and Comprehensive Education. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of State Law and Policy 3-2-307 and procedure 3-2-307.1 related to its State Lottery Tuition Assistance Program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Lottery Tuition Assistance Program Policy 3-2-307 and procedure 3-2-307.1, issued by the State Board for Technical and Comprehensive Education will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of the State Lottery Tuition Assistance program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Lottery Tuition Assistance Program Policy 3-2-307 and procedure 3-2-307.1, issued by the State Board for Technical and Comprehensive Education, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Lottery Tuition Assistance Program Policy 3-2-307 and procedure 3-2-307.1, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Lottery Tuition Assistance Program Policy 3-2-307 and procedure 3-2-307.1, issued by the State Board for Technical and Comprehensive Education. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Columbia, South Carolina
September 22, 2022

AIKEN CAROLINA TECHNICAL COLLEGE

SCHEDULE OF STATE LOTTERY TUITION ASSISTANCE PROGRAM FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I
SUMMARY OF AUDIT RESULTS

State Lottery Tuition Assistance Program

Internal control over State Lottery Tuition Assistance Program:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies not considered to be material weaknesses?	____ Yes __X__ None Reported
Type of auditor's report issued on compliance for State Lottery Tuition Assistance Program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical College and Comprehensive Education?	____ Yes __X__ No

SECTION II
STATE LOTTERY TUITION ASSISTANCE PROGRAM FINDINGS AND QUESTIONED COSTS

None reported.