

**COLLEGE OF CHARLESTON**  
**CHARLESTON, SOUTH CAROLINA**



*Randolph Hall*

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*A Component Unit of the State of South Carolina*  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**PREPARED BY**  
**THE OFFICE OF THE CONTROLLER**

**COLLEGE OF CHARLESTON  
CHARLESTON, SOUTH CAROLINA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*A Component Unit of the State of South Carolina*  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**PREPARED BY  
THE OFFICE OF THE CONTROLLER**

**COLLEGE OF CHARLESTON  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2014**

<b>INTRODUCTORY SECTION</b>	<b>INDEX</b>
President's Letter	5 - 6
Letter of Transmittal	7 - 14
Board of Trustees	15
President's Office Organizational Structure	16
Business and Finance Officers	17
Certificate of Achievement for Excellence in Financial Reporting	18
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report	20 - 22
Management's Discussion and Analysis	23 - 32
Basic Financial Statements:	
Statement of Net Position	33
Statement of Revenues, Expenses, and Changes in Net Position	34
Statement of Cash Flows	35
College of Charleston Foundation Statement of Financial Position	36
College of Charleston Foundation Statement of Activities	37
College of Charleston Cougar Club Statement of Financial Position	38
College of Charleston Cougar Club Statement of Activities	39
Notes to the Financial Statements	41 - 68
 <b>STATISTICAL SECTION</b>	
Schedule of Operating and Nonoperating Revenues by Source	71
Schedule of Expenses by Function	72
Schedule of Expenses by Use	73
Schedule of Net Position and Changes in Net Position	74
Schedule of Ratios of Outstanding Debt	75
Tuition and Fees	76
Schedule of Bond Coverage	77
Admissions, Enrollment, and Degree Statistics	78
Average Combined SAT Scores	79
Student Full Time Equivalent	80
Student Head Count	81
Demographic Statistics for the State of South Carolina	82
Ten Largest Employers for the State of South Carolina	83
Faculty and Staff Statistics	84
Schedule of Capital Asset Information	85
Residence Hall Occupancy	86
Academic Subject Areas and Degrees Offered	87

# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*A class meets on the Cistern*

## INTRODUCTORY SECTION

COLLEGE of  
CHARLESTON  
FOUNDED 1770

**Glenn F. McConnell**  
President

66 George St.  
Charleston, SC 29424  
843.953.5500  
mcconnellgf@cofc.edu

September 11, 2014

Dear Friends of the College of Charleston:

It is my pleasure to present the Comprehensive Annual Financial Report of the College of Charleston for the fiscal year ending June 30, 2014. It documents the fiscal stability of the institution and our accountability in managing assets of the College.



The College has continued to see growth in its net position. The College's net position of \$286,181,440 increased by \$9,905,687 or 3.6% in fiscal year 2014. We owe much of our financial health to the remarkable efforts of our faculty and staff. They along with our Development Team, our Executive Team, and our Deans remain committed to constantly improving our efficiency and quality and acquiring the external resources needed for the College to secure and shape its future and to meet and exceed its goals.

We are making great strides in the planning, preparation, and implementation of our national comprehensive fundraising campaign. The campaign has five priorities: to significantly increase merit-based and need-based scholarships; to recruit and retain distinguished faculty, endowed chairs, and visiting scholars; to follow our new Campus Master Plan and modernize our facilities and our technology infrastructure; to develop distinctive academic programs and expand student services to better prepare our students for professional success in our global society; and to further grow our base of philanthropic support from our network of alumni, parents, and friends. We will hold a launch event for the campaign later this fall.

The College continues to receive national recognition and exposure through a variety of university rankings. In August 2014, The Princeton Review named the College to its list of "The Best 379 Colleges" for the eleventh consecutive year. According to the reviewers, "Students report that a 'welcoming' vibe permeates the school and it's truly evident that the support staff want to see their students succeed." This well-deserved national recognition affirms the College's commitment to holistically educating and caring for our students and is directly correlated to our faculty and staff's dedication in fostering our student-focused culture. Their devotion to the well-being of our students and to providing an enriching educational experience is one of the many hallmarks of the College of Charleston brand.

In closing, I believe the College is doing exceptionally well. We are beginning to amass the needed tools and permissions to ensure we remain an excellent liberal arts and sciences institution that meets the needs of the communities that we serve. We are better positioned today to seize the future than at any other point in our rich history. We are a university of boundless intellectual ideas and potential, and I am excited about the direction in which we are heading. I look forward to even more progress and opportunities in the years ahead for our students, faculty, staff, and state.

Sincerely,

A handwritten signature in black ink, reading "Glenn F. McConnell". The signature is written in a cursive style with a large, stylized initial "G".

Glenn F. McConnell '69

**LETTER OF TRANSMITTAL**

September 26, 2014

**To President McConnell,  
Members of the Board of Trustees, and  
Citizens of South Carolina**

**FORMAL TRANSMITTAL REQUIREMENTS**

We proudly present to you the Comprehensive Annual Financial Report (CAFR) for the College of Charleston for the year ended June 30, 2014. This report contains the financial statements as well as other information useful to those we serve and to whom we are accountable. The CAFR includes three major sections, Introductory, Financial, and Statistical, as well as all disclosures necessary for the reader to gain an understanding of the College's financial operations.

The *Introductory Section* offers insight regarding the organization and scope of operations of the College. It also provides a message from the President, this transmittal letter, a listing of the members of the Board of Trustees, an organizational chart of the institution, the business and finance officers, and the certificate of achievement for excellence in financial reporting. The *Financial Section* presents management's discussion and analysis (MD&A) which, when read in conjunction with the financial statements and the notes to the financial statements, provides a more complete picture of the financial health of the institution. In addition to the financial statements and accompanying notes, this section includes the report of the independent auditors. The *Statistical Section* provides additional information regarding the College's economic condition. It is organized around five objectives which cover information on financial trends, revenue capacity, debt capacity, demographics and economics, and operations.

### Legal Requirement

As a lump-sum agency of the State of South Carolina, the College is required to provide a complete set of audited financial statements by October 10 of each year for incorporation into the statewide CAFR. This report fulfills that requirement for the fiscal year ended June 30, 2014. The College is included in the statewide CAFR as a component unit in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*.

### Assumption of Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, is assumed by the College of Charleston. We believe that, to the best of our knowledge and based upon a strong system of internal control, the data contained herein is accurate in all material respects and is reported in a manner designed to present fairly the College's financial position as well as revenues, expenses, changes in net position, and cash flows.

### Internal Control

The objective of internal controls is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. The cost of a control should not exceed the benefits to be derived. Management of the College is responsible for the establishment and maintenance of internal control policies and procedures designed to safeguard the College's assets. As part of this responsibility, management ensures that its financial statements are prepared in conformity with generally accepted accounting principles (GAAP). In addition, reasonable controls are in place to ensure that: access to the College's assets is granted only with appropriate management authorization; transactions are executed in accordance with the authorization of management; transactions are recorded timely and based on criteria applicable to state guidelines, GAAP, Governmental Accounting Standards Board (GASB), and criteria developed by the National Association of College and University Business Officers; and general ledger accounts are reconciled timely.

The College of Charleston's Office of Internal Audit periodically reviews procedures and issues reports with recommended improvements to the system. This office reports directly to the Executive Vice President for Business Affairs, but has an open and unrestricted reporting relationship with the Audit Committee of the Board of Trustees. In addition, annual audits are conducted by independent auditors which include testing to ensure the adequacy of internal controls and the College's compliance with applicable laws and regulations.

### Independent Audit

Audits are conducted on an annual basis by an independent audit firm. For the fiscal year ended 2014, the audit was conducted by Elliott Davis LLC. The auditor's report appears in the front of the Financial Section and expresses an unmodified opinion on the College's financial statements.

Furthermore, Elliott Davis LLC audits the College's federal programs to ensure compliance with the requirements of the Single Audit Act of 1984 as provided under Federal Circular A-133 for federal grants and contracts. Additionally, in accordance with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16, Elliott Davis will perform the engagement work of the agreed upon procedures of the College's Department of Athletics. The most recent engagements (fiscal year 2013) detected no institutional liabilities related to the College's federal and athletic programs. Finally, the College is audited on a periodic basis by the South Carolina Budget and Control Board Division of General Services to ensure compliance with the provisions of the South Carolina Procurement Code.

### Reference to Management's Discussion & Analysis

The letter of transmittal complements and should be read in conjunction with MD&A. The discussion focuses on recent activities, accounting changes, and currently known facts.

## **INSTITUTIONAL PROFILE**

### Basic Information

The College of Charleston is a state supported, coeducational institution of higher education. The Board of Trustees is the governing body for the College and is responsible for the administration and management thereof. Founded in 1770 and chartered in 1785, the College is the oldest educational institution south of Virginia, and the thirteenth oldest in the United States. Today, this thriving academic institution offers a superior liberal arts and sciences education for more than 11,000 undergraduate and graduate students. The College has six undergraduate schools, an honors college, and a graduate school. These schools offer 58 majors, 71 minors and 20 master's programs.

The College of Charleston is committed to attracting the most promising students from South Carolina as well from other states and nations. Out of state and international students comprise 40 percent of the student enrollment with 49 states and U. S. territories and 38 foreign countries represented.

President P. George Benson retired as President of the College on June 30, 2014 and became a faculty member in the School of Business. Glenn F. McConnell became the twenty-second President on July 1, 2014. President McConnell came to the College of Charleston from his position as Lieutenant Governor of South Carolina.

In September 2014, the South Carolina Commission on Higher Education (CHE) approved a new mission statement for the College, which designates the College of Charleston as a comprehensive university and the University of Charleston, South Carolina (UCSC) as a research university. The approval of the mission statement allows UCSC to offer targeted doctoral degrees.

### Component Units

The College of Charleston and its graduate school are considered to be a component unit of the State of South Carolina. The funds of the College of Charleston are included in the CAFR of the State of South Carolina. In addition, the College of Charleston Foundation and the College of Charleston Cougar Club are component units of the College whose financial statements are discretely presented in the College's CAFR.

### Budget

The College prepares, on an annual basis, a budget that provides reasonable estimates of revenues and expenditures. The budgetary process encompasses all operating budgets of the College, to include educational and general activities, the operations of auxiliary enterprises, all sponsored-program activities, and all capital projects. Executive management, academic officials, and department heads develop a programmatic budget and present it to the Board of Trustees for approval. Using a comprehensive account classification and tracking system, the responsibility for budgetary control rests at the departmental level with appropriate oversight provided by the executive management of the College. Any adjustments, and/or revisions to the operating budget, are approved by the Board on a quarterly basis.

Finally, the College prepares annual budgetary reports that are available to the General Assembly of South Carolina and the public for review. These reports provide information that demonstrates the ability of the College to accomplish its mission in a manner that ensures legislative compliance and prudent management of public funds.

## **INFORMATION USEFUL FOR ASSESSING ECONOMIC CONDITION**

### Local Economy

The United States gross domestic product increased at an annual rate of 4.2 percent in the second quarter of 2014.<sup>1</sup> This follows a decrease in the first quarter (the first in three years), which can be attributed to severe winter weather and slow inventory growth. The second quarter increase is due to increases in personal consumption, nonresidential fixed

---

<sup>1</sup> U.S. Bureau of Economic Analysis, News Release, August 28, 2014

investment, and exports of goods and services. Slow to moderate growth is predicted over the next 18 months.

The United States unemployment rate was 6.1 percent in August 2014, compared to 7.2 percent in August 2013. Total nonfarm employment for the United States increased by 142,000 in August 2014, compared to August 2013. This follows average monthly increases of 212,000 over the prior twelve month period.<sup>2</sup> Economic growth in the lower South Atlantic states is predicted to continue outpacing the national economy and South Carolina's will accelerate, but not as fast as the rest of the region. Rebounds in health care and manufacturing are among reasons for economic optimism in South Carolina.<sup>3</sup>

The employment and labor situation continues to improve in South Carolina. The unemployment rate decreased over the past year by approximately 2 percentage points to 5.7 percent in July 2014. During the recession and recovery, South Carolina's unemployment rate was consistently above the national unemployment rate, but has fallen well below it in the past few months. Total nonfarm employment in South Carolina increased by 32,300 jobs, with the largest increases in leisure and hospitality (+7,800), manufacturing (+6,800), and professional and business services (+5,800). Education and health services, trade, transportation, utilities, and government industry sectors all increased as well.<sup>4</sup> There was a 3.5 percent reduction in initial claims for Unemployment Insurance (UI) in the state, which was the lowest UI initial claimant activity for a July in more than 27 years.<sup>5</sup>

South Carolina's housing market is also improving. Although the 2014 year to date (YTD) closings are relatively flat compared to 2013 YTD, median sales prices are up 4.2 percent, residential building permits are up 18.5 percent, and foreclosures are down 21.1 percent.<sup>5</sup> 2013 was a record export year for South Carolina; exports totaled more than \$26.1 billion in goods to 202 countries around the world. This represents a nearly 4 percent increase over 2012, which was previously an all-time record for the state.<sup>6</sup> South Carolina is on track for another record export year in 2014. Comparing the first half of 2014 to the first half of 2013, exports are up 11.9 percent to \$14.59 billion. Exports for the U.S. for the same period have increased only 2.9 percent to \$804 billion.<sup>5</sup>

Other highlights include:

- Record level of capital investment in 2013 by businesses locating or expanding in South Carolina
- Boeing announced a \$1 billion expansion project at its North Charleston facility, adding at least 2,000 jobs
- Commerce Division of Public Railways began the permitting process on a new intermodal rail yard to be built on the former Navy Base in North Charleston

---

<sup>2</sup> Employment Situation Summary, Bureau of Labor Statistics, U.S. Department of Labor, September 5, 2014

<sup>3</sup> "SC's Economic Forecast: Moderate Growth" by David Dykes, The Greenville News, July 6, 2014

<sup>4</sup> South Carolina's Employment Situation, SC Department of Employment and Workforce, July 2014

<sup>5</sup> South Carolina Economic Outlook, SC Department of Commerce, August 2014

<sup>6</sup> Activity Report 2013, South Carolina Department of Commerce

The unemployment rate for the Charleston Metropolitan Statistical Area (MSA) was 5.6 percent in July 2014, down from 6.6 percent in July 2013. Employment levels were basically flat for the area, posting a slight increase of 0.26 percent over the prior year.<sup>4</sup> Average hourly earnings of all employees in private industry increased to \$22.41. Although the number of building permits decreased in the Charleston MSA, home sales volume and median sales prices both increased.<sup>5</sup> Overall, both the state and the Charleston area continue to rebound from the recession, with continued population and job growth expected. Occupations in high demand in the Charleston area are computer/software and science/engineering.

### Long term Financial Planning

The College developed and implemented an annual planning and budgeting cycle in fiscal year 2012. The cycle allows the College to align funding with implementation of the College's Strategic Plan, which was adopted in 2009. Planning continues for the comprehensive fundraising campaign, which will assist with funding Strategic Plan initiatives.

With the update of the Facilities Master Plan, identified capital projects of the College include progress on the development of Dixie Plantation, the build out of the new science center, renovations of the Rita L. Hollings Science Center and the Simons Center for the Arts. The College is planning on issuing bonds for both the Rita L. Hollings Science Center and the Simons Center. The College is continuing to invest in updating the wireless and classroom information technology infrastructure. Deferred maintenance projects will continue to be addressed over the next several years.

The Strategic Plan outlines funding requirements to carry out its goals and strategies. The plan involves the development of a new financial model that promotes more aggressive external fundraising; new attention to securing grant funding for teaching, research, and related activities; and careful management of enrollment and tuition. The College continues to work to expand alternative funding sources as noted above to continue to advance the strategic plan initiatives.

### Relevant Financial Policies

It is noteworthy to mention at least three policies that impact the budgetary process. These policies cover debt, cash, and risk management issues.

The College manages debt on a portfolio basis. Its continuing objective to achieve the lowest cost of capital will be balanced with the goal of limiting exposure to market shifts. The College will manage its credit to maintain the highest acceptable rating which will permit the College to issue debt and finance capital projects at favorable interest rates while meeting its strategic objectives. Overall debt will be limited to a level that will maintain an acceptable credit score with bond rating agencies.

Secondly, as a state agency, the investment of funds is vested with the State Treasurer of South Carolina. Other than certain approved petty cash funds and two loan funds, all cash is held in a cash management pool administered by the State Treasurer. By law, the

College is allowed to earn interest income on revenues derived from the operations of its residence halls, parking, and food services. Certain debt service funds also managed by the State Treasurer allow interest earnings to the credit of the College. All other interest earned from the investment of College and related fees are retained by the State Treasurer and credited to the State General Fund.

Finally, the College contributes to a statewide risk management program in which the state assumes substantially all risk for unemployment and workers' compensation benefits and claims of covered employees for health, dental, and group life insurance benefits. In addition, the College pays premiums to the South Carolina Insurance Reserve Fund to cover the risk of loss related to the assets and activities including real and personal property. The College also obtains employee fidelity bond insurance coverage from a commercial insurer.

### Major Initiatives

The College has advanced and will continue to make ongoing progress related to several major initiatives that began in prior years. The Facilities Master Plan was updated and finalized by the Board of Trustees in April 2012. The plan provides a roadmap for future campus development including major renovation projects and possible new facilities such as an active-learning high-tech classroom building, an alumni center, and an additional building for our business school. Projects that were completed during the year include:

- Dixie Plantation infrastructure improvements and new maintenance shed
- Completion of the second floor of the new science building
- Renovations to the Center for Social Science Research
- Grice Marine Lab renovation, chiller and electrical upgrade
- Sottile Theater upgrades

The College underwent an efficiency study of its information technology operations in fiscal year 2013, and is currently implementing recommendations from the study. The College continues to benefit from the results of the Comprehensive Program for Quality and Efficiency (CPQE). CPQE is a mechanism for the ongoing, internal review of quality and efficiency in the processes, management, offices, and programs of each campus division.

## **AWARDS AND ACKNOWLEDGEMENTS**

### Certificate of Achievement for Excellence in Financial Reporting

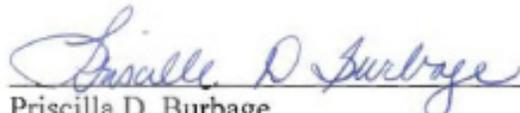
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the College of Charleston for its CAFR for the fiscal year ended June 30, 2013. The College has received the Certificate of Achievement for twenty-one consecutive years. In order to be awarded a Certificate of Achievement, an entity must publish an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

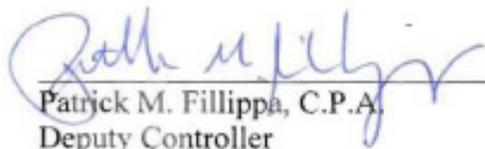
We wish to thank the President and the Board of Trustees of the College for their continued commitment to the fiscal management of the College. Likewise, we wish to thank the members of the College community whose cooperation made the successful close of the fiscal year possible.

  
\_\_\_\_\_  
Stephen C. Osborne  
Executive Vice President for Business Affairs

  
\_\_\_\_\_  
Priscilla D. Burbage  
Vice President for Fiscal Services

  
\_\_\_\_\_  
Dawn E. Willan, C.P.A.  
Controller

  
\_\_\_\_\_  
Kenneth "Rick" Mims, C.P.A.  
Deputy Controller

  
\_\_\_\_\_  
Patrick M. Fillippa, C.P.A.  
Deputy Controller

  
\_\_\_\_\_  
Phyllis W. Singleton  
Associate Controller

**COLLEGE OF CHARLESTON  
BOARD OF TRUSTEES  
2014 - 2015**

Gregory D. Padgett, Chair  
Alumni Association Trustee

Pansy King-Reid  
Fifth District

G. Lee Mikell, Vice Chair  
Second District

Annaliza Oehmig Moorhead  
Third District

Frank M. Gadsden, Secretary  
Fifth District

Toya D. Pound  
Governor's Designee

Donald H. Belk  
Member At Large

Daniel Ravenel  
Member At Large

John Hartnett Busch  
Second District

Renee Buyck Romberger  
Fourth District

Demetria Noisette Clemons  
Sixth District

Jeff M. Schilz  
Governor's Appointee

Dr. L. Cherry Daniel  
First District

Edward L. Thomas  
Third District

Renee B. Goldfinch  
Seventh District

Joseph F. Thompson, Jr.  
First District

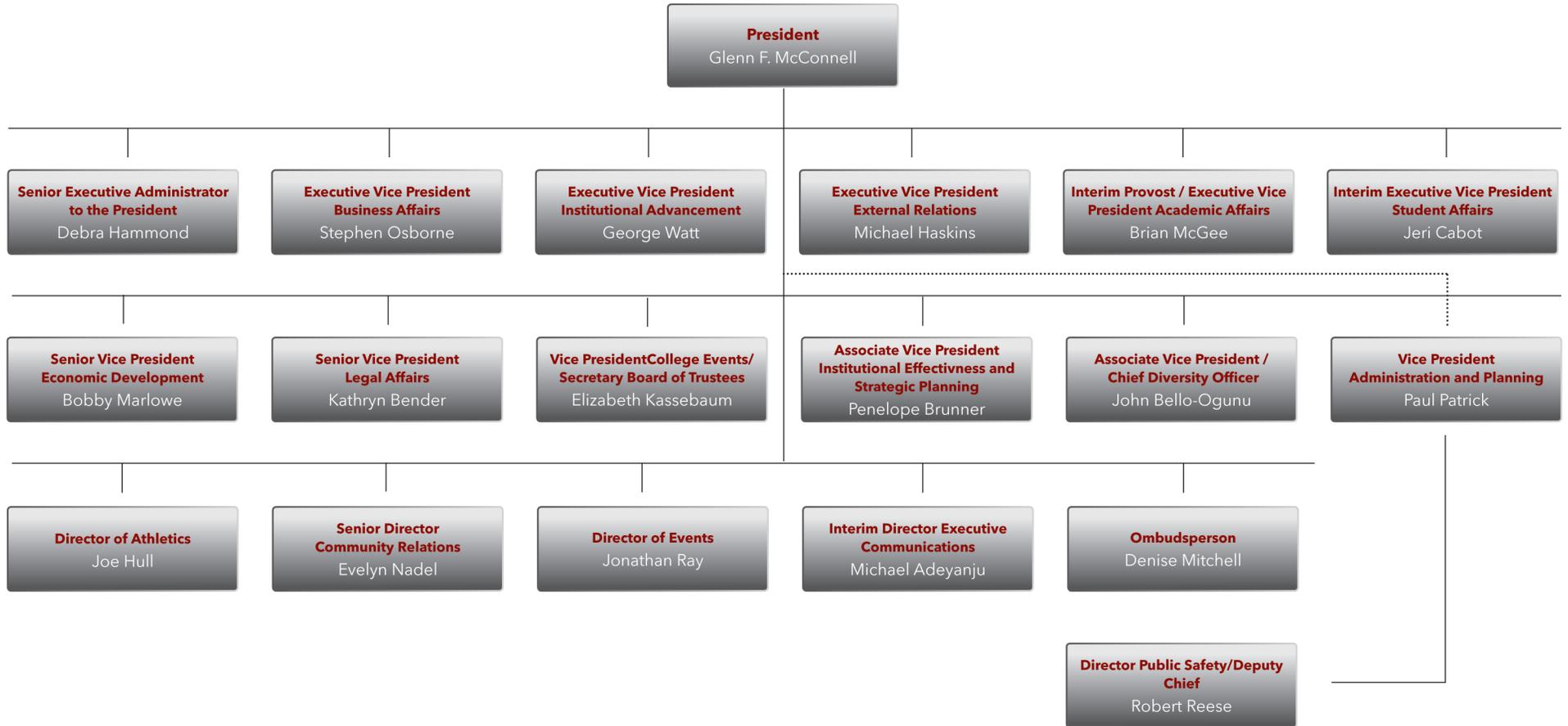
Henrietta U. Golding  
Seventh District

Ricci Land Welch  
Sixth District

David M. Hay  
Member At Large

John B. Wood, Jr.  
Fourth District

## COLLEGE OF CHARLESTON ORGANIZATIONAL STRUCTURE



**COLLEGE OF CHARLESTON  
BUSINESS AND FINANCE OFFICERS  
2014-2015**

Stephen C. Osborne  
Executive Vice President for Business Affairs

Priscilla D. Burbage  
Vice President for Fiscal Services

Dawn Willan, C.P.A.  
Controller

Kenneth "Rick" Mims, C.P.A.  
Deputy Controller

Patrick M. Fillippa, C.P.A.  
Deputy Controller

Phyllis Singleton  
Associate Controller

Samuel B. Jones  
Associate Vice President for Budgeting and Payroll Services

Gail E. Long, C.P.A.  
Internal Auditor

David Katz  
Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**College of Charleston**  
**South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*Members of the Class of 2014 exit through Porters Lodge after spring commencement*



*Josh Lieberman '11 doing marine research in Charleston Harbor*

## FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees  
College of Charleston  
Charleston, South Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the College of Charleston (the College), a component unit of the State of South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the College of Charleston Foundation (a discretely presented component unit). The College of Charleston Foundation reflects 98% of total assets, 98% of net assets, and 89% of total revenues of the discretely presented component units. We also did not audit the financial statements of the College of Charleston Cougar Club (a discretely presented component unit). The College of Charleston Cougar Club reflects 2% of total assets, 2% of total net assets, and 11% of total revenues of the discretely presented component units. Those statements were audited by another auditor whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for these discretely presented components units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the College of Charleston Foundation and College of Charleston Cougar Club were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the College as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the College adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Our audit opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response 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 audit evidence to express an opinion or provide any assurance.

### *Other 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 Introductory Section and Statistical Section as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2014 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Greenville, South Carolina  
September 29, 2014

**COLLEGE OF CHARLESTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

**Introduction**

The College of Charleston's (the College) Management Discussion and Analysis (MD&A) presents an overview of its financial condition and guides the reader toward significant financial matters for the fiscal year ended June 30, 2014. Management has prepared the discussion and recommends reading it in conjunction with the accompanying financial statements and notes. The responsibility for the financial statements, notes, and this discussion rests with management.

**Financial and Other Highlights**

- Net position of \$286.2 million in fiscal year 2014 grew by \$9.9 million or 3.6 percent in comparison to fiscal year 2013.
- State appropriations totaling \$20.9 million in fiscal year 2014 increased by \$1.1 million or 5.4 percent from the prior year's appropriations.
- Tuition and fee revenue of \$139.9 million for fiscal year 2014 reflects an additional \$6.0 million, up approximately 4.5 percent in relation to fiscal year 2013. Total revenues increased \$9.9 million, or 4.0 percent.
- Total operating expenses of \$239.7 million in fiscal year 2014 show an added 6.7 percent in contrast to fiscal year 2013.
- The College completed work on the first phase of the Dixie Plantation Project, the renovation of the new science center, and the Center for Social Science Research.

**Using the Annual Financial Report**

The annual financial report encompasses three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These financial statements are prepared according to GASB, Statements No. 34 and 35, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments and Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. During fiscal year 2014, the College implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The financial statements focus on the financial condition of the College, the results of operations, and its cash flows as a whole.

The three financial statements, similar to those of the private sector, should assist the reader of the annual report in assessing whether the College's overall financial condition (the Statement of Net Position) has improved or deteriorated as a result of current year's financial activities (the Statement of Revenues, Expenses and Changes in Net Position). In addition, the financial statements will help the reader ascertain whether the College can meet its financial obligations. The Statement of Cash Flows displays information related to both inflows and outflows of cash and further classifies activities by operating, noncapital financing, capital debt and related financing, and investing.

Moreover, it answers the questions as to whether the institution is generating any extra cash that can be used to repay debt or to invest in new services, and whether the institution is generating enough cash to purchase the additional assets required for growth and maintenance. The elimination of internal service fund transactions ensures that only transactions external to the College are shown in the statements. The following discussion elaborates further on the components and relationships of the three statements.

First, the **Statement of Net Position** (the balance sheet) includes current and noncurrent assets and liabilities. Current assets convert to cash within one year and for the College consist mainly of cash and receivables. Current liabilities will settle within one year and consist primarily of payables, unearned revenues and accrued compensation. This data provides information on assets available to continue the operations, amounts due to vendors, investors, lending institutions, and the net position available for expenditure by the College. All depreciable capital assets are reported net of accumulated depreciation. The College does not report any infrastructure assets as a separate line item. If applicable, the statement also displays deferred outflows and inflows of resources, which are consumptions or acquisitions of net position in one period that are applicable to future periods.

In addition, the Statement of Net Position presents three major components of net position. The first component, net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The next component displays the restricted portion of net position, subdivided into expendable and nonexpendable. The expendable portion of restricted net position is available for expenditure but must be spent for purposes as determined by donors and/or external entities based on the defined restrictions. The nonexpendable restricted component is available solely for investment purposes. The final component is the unrestricted portion of net position which may be expended for any lawful purpose of the institution.

Secondly, the **Statement of Revenues, Expenses, and Changes in Net Position** presents the sources of revenue, types of expenses, gains or losses, and changes in net position. Revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the College's revenues, including State appropriations, gifts, and investment income (loss) are considered nonoperating. The dependence of public educational institutions on state funding, therefore, will normally result in operating deficits. The utilization of long lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating revenues are classified in five major areas: student tuition and fees; federal, state, and local grants and contracts; student organization revenues; sales and services of auxiliary enterprises; and other sources.

Scholarships and fellowships applied to student accounts are shown as a reduction of student tuition and fee revenues, while stipends and other payments made directly to students continue to be presented as scholarship and fellowship expenses.

Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Operating expenses are mainly attributable to salaries and benefits for the faculty and staff of the College. Other elements included in operating expenses are supplies and services, utilities, scholarships and fellowships, and depreciation.

Nonoperating revenues are monies received for which goods and services are not provided. State capital appropriations as well as State Capital Improvement Bond proceeds are considered neither operating nor nonoperating revenues and are reported after "Income Before Other Revenues".

Lastly, the ***Statement of Cash Flows*** presents detailed information about the cash activity of the College during the year and is divided into five sections. The operating section shows the net cash provided by or used for the operating activities of the College. The second section presents cash flows from noncapital financing activities and reflects the cash received and spent for noncapital financing purposes. Cash used for the acquisition and construction of capital and related items is detailed in the cash flows from capital debt and related financing activities section. The section on cash flows from investing activities shows the interest received from investing activities. The fifth section reconciles the change in net cash to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position. This reconciliation is detailed in the financial statements of the College and is not included in this analysis.

As required by GASB, the Statement of Cash Flows was produced using the direct method. Under the direct method, net change in cash is determined by adjusting each item in the income statement from the accrual basis to the cash basis.

### **Statement of Net Position**

The Statement of Net Position is the residual of all other elements presented in the financial statements. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. The change in net position during the fiscal year is an indicator of the change in the overall financial condition of the College. A synopsis of the College's assets and deferred outflows, liabilities and deferred inflows, and net position as of June 30, 2014 and 2013 follows.

<b>Condensed Statement of Net Position</b>				
	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>Assets</b>				
Current assets	\$ 148,954,652	\$ 142,338,396	\$ 6,616,256	4.7%
Capital assets, net of depreciation	351,226,348	345,716,534	5,509,814	1.6%
Other noncurrent assets	4,691,329	5,834,716	(1,143,387)	-19.6%
<b>Total Assets</b>	<u>\$ 504,872,329</u>	<u>\$ 493,889,646</u>	<u>\$ 10,982,683</u>	<u>2.2%</u>
<b>Deferred Outflows</b>				
Deferred loss on debt refundings	\$ 454,643	\$ -	\$ 454,643	100.0%
<b>Total Deferred Outflows</b>	<u>\$ 454,643</u>	<u>\$ -</u>	<u>\$ 454,643</u>	<u>100.0%</u>
<b>Liabilities</b>				
Current liabilities	\$ 37,414,436	\$ 30,577,083	\$ 6,837,353	22.4%
Noncurrent liabilities	181,731,096	187,036,810	(5,305,714)	-2.8%
<b>Total Liabilities</b>	<u>\$ 219,145,532</u>	<u>\$ 217,613,893</u>	<u>\$ 1,531,639</u>	<u>0.7%</u>
<b>Net Position</b>				
Net investment in capital assets	\$ 176,597,664	\$ 164,855,627	\$ 11,742,037	7.1%
Restricted - expendable	62,992,702	53,288,670	9,704,032	18.2%
Restricted - nonexpendable	1,202,720	1,162,851	39,869	3.4%
Unrestricted	45,388,354	56,968,605	(11,580,251)	-20.3%
<b>Total Net Position</b>	<u>\$ 286,181,440</u>	<u>\$ 276,275,753</u>	<u>\$ 9,905,687</u>	<u>3.6%</u>

A 3.6 percent growth in the **Total Net Position** illustrates that the College remains financially sound even through recent years of severe economic downturns and a slow but improving recovery. Total net position was \$286.2 million as of the end of fiscal year 2014, growing \$9.9 million.

**Total Assets** of \$504.9 million have increased by \$11.0 million or 2.2 percent from last fiscal year to the current fiscal year. This increase is attributable to increased cash on hand at year end and an increase in capital assets. Cash and cash equivalents comprise approximately 90.1 percent of current assets. Included in the current cash balance is funding for internal capital projects and deferred maintenance. The increase in capital assets is discussed in the Capital Asset and Debt Activity section.

The College implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* in fiscal year 2014. Deferred loss on debt refunding is now presented using a deferred outflow of resources. This item was previously included in long term liabilities.

**Total Liabilities** of \$219.1 million increased by 0.7 percent. The increase in current liabilities is related to accruals for new projects that began towards the end of the fiscal year. The increase includes \$0.9 million for the Addlestone Library adaptation and \$1.9 million for renovations of the North Campus and Harbor Walk buildings.

Net investment in capital assets in the amount of \$176.6 million increased by \$11.7 million, or 7.1 percent. The balance represents capital asset accounts (net of related debt) of the College's real, personal, and intangible property. The College's capital assets include land and property primarily in an area of approximately eleven city blocks in the center of downtown Charleston. The increase in the balance is the result of the reduction of long term debt due to principal payments coupled with the completion of major capital projects during the year.

The expendable component of restricted net position includes funds for state approved capital projects. The increase in restricted expendable net position is due to the addition of several major projects including an expansion of the Jewish Studies Center, the Addlestone Library adaptation and the renovation of the Rita L. Hollings Science Center.

The nonexpendable component of restricted net position represents the College's permanent endowments. The College is the recipient of a permanent endowment of \$0.1 million from the South Carolina Commission on Higher Education. The other endowment in the amount of \$1.0 million is funded through the South Carolina Research Center of Economic Excellence Act of 2002. Please see note 12 of the financial statements for additional information regarding this endowment.

Unrestricted net position of \$45.4 million decreased \$11.6 million or 20.3 percent. The decrease is due to the completion of several internal capital projects, as well as deferred maintenance projects.

In summary, the changes in total net position provide an important indicator of the financial health of the College but should be considered in conjunction with other nonfinancial factors. Nonfinancial factors include, but are not limited to, the quality of applicants, student retention rates, building conditions, and campus safety.

### **Statement of Revenues, Expenses, and Changes in Net Position**

The results of the operations of the College are shown in the Statement of Revenues, Expenses and Changes in Net Position which follows.

<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>				
	<b>2014</b>	<b>2013</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>Revenues</b>				
Tuition and fees*	\$ 139,892,448	\$ 133,935,670	\$ 5,956,778	4.5%
Federal, state, and local grants and contracts	27,201,152	28,125,202	(924,050)	-3.3%
Sales and services of Auxiliary Enterprises*	45,072,136	43,531,563	1,540,573	3.5%
Other Operating Revenue	4,134,438	2,964,041	1,170,397	39.5%
<b>Total Operating Revenues</b>	<b>\$ 216,300,174</b>	<b>\$ 208,556,476</b>	<b>\$ 7,743,698</b>	<b>3.7%</b>
State appropriations	\$ 20,881,000	\$ 19,809,777	\$ 1,071,223	5.4%
Federal grants and contracts	10,559,749	10,297,628	262,121	2.6%
Gifts	3,497,825	3,229,952	267,873	8.3%
Auxiliary enterprises interest income	93,333	164,682	(71,349)	-43.3%
Interest and investment income	584,721	253,585	331,136	130.6%
Nongovernmental grants and contracts	164,746	390,738	(225,992)	-57.8%
Capital appropriations	3,767,162	3,752,769	14,393	0.4%
Capital gifts	1,500,000	981,258	518,742	52.9%
<b>Total Nonoperating and Other Revenues</b>	<b>\$ 41,048,536</b>	<b>\$ 38,880,389</b>	<b>\$ 2,168,147</b>	<b>5.6%</b>
<b>Total Revenues</b>	<b>\$ 257,348,710</b>	<b>\$ 247,436,865</b>	<b>\$ 9,911,845</b>	<b>4.0%</b>
<b>Expenses</b>				
Personnel cost	\$ 104,163,038	\$ 98,159,971	\$ 6,003,067	6.1%
Benefits	30,007,826	27,855,518	2,152,308	7.7%
Supplies and services	68,659,285	61,625,540	7,033,745	11.4%
Utilities	8,273,272	8,806,973	(533,701)	-6.1%
Scholarships and fellowships	15,090,415	15,456,717	(366,302)	-2.4%
Depreciation	13,555,469	12,857,663	697,806	5.4%
<b>Total Operating Expenses</b>	<b>\$ 239,749,305</b>	<b>\$ 224,762,382</b>	<b>\$ 14,986,923</b>	<b>6.7%</b>
Interest and amortization expense on capital assets and related debt	\$ 7,532,158	\$ 9,367,537	\$ (1,835,379)	-19.6%
Loss on sale or disposal of capital assets	161,560	42,632	118,928	279.0%
<b>Total Nonoperating Expenses</b>	<b>\$ 7,693,718</b>	<b>\$ 9,410,169</b>	<b>\$ (1,716,451)</b>	<b>-18.2%</b>
<b>Total Expenses</b>	<b>\$ 247,443,023</b>	<b>\$ 234,172,551</b>	<b>\$ 13,270,472</b>	<b>5.7%</b>
<b>Change in Net Position</b>	<b>\$ 9,905,687</b>	<b>\$ 13,264,314</b>	<b>\$ (3,358,627)</b>	<b>-25.3%</b>
<b>Net Position, Beginning</b>	<b>276,275,753</b>	<b>263,011,439</b>	<b>13,264,314</b>	<b>5.0%</b>
<b>Net Position, Ending</b>	<b>\$ 286,181,440</b>	<b>\$ 276,275,753</b>	<b>\$ 9,905,687</b>	<b>3.6%</b>

\* Net of scholarship discounts and allowances

For fiscal year 2014, the Statement of Revenues, Expenses, and Changes in Net Position reflects a net position of \$286.2 million, an augmentation of \$9.9 million or 3.6 percent in comparison to fiscal year 2013. Total revenue summed to \$257.3 million while total expenses excluding interest on debt and the loss on disposal of capital assets totaled \$239.7 million. The primary streams of revenue sources consist of tuition and fees, grants and contracts, sales and services of auxiliary enterprises, and state appropriations.

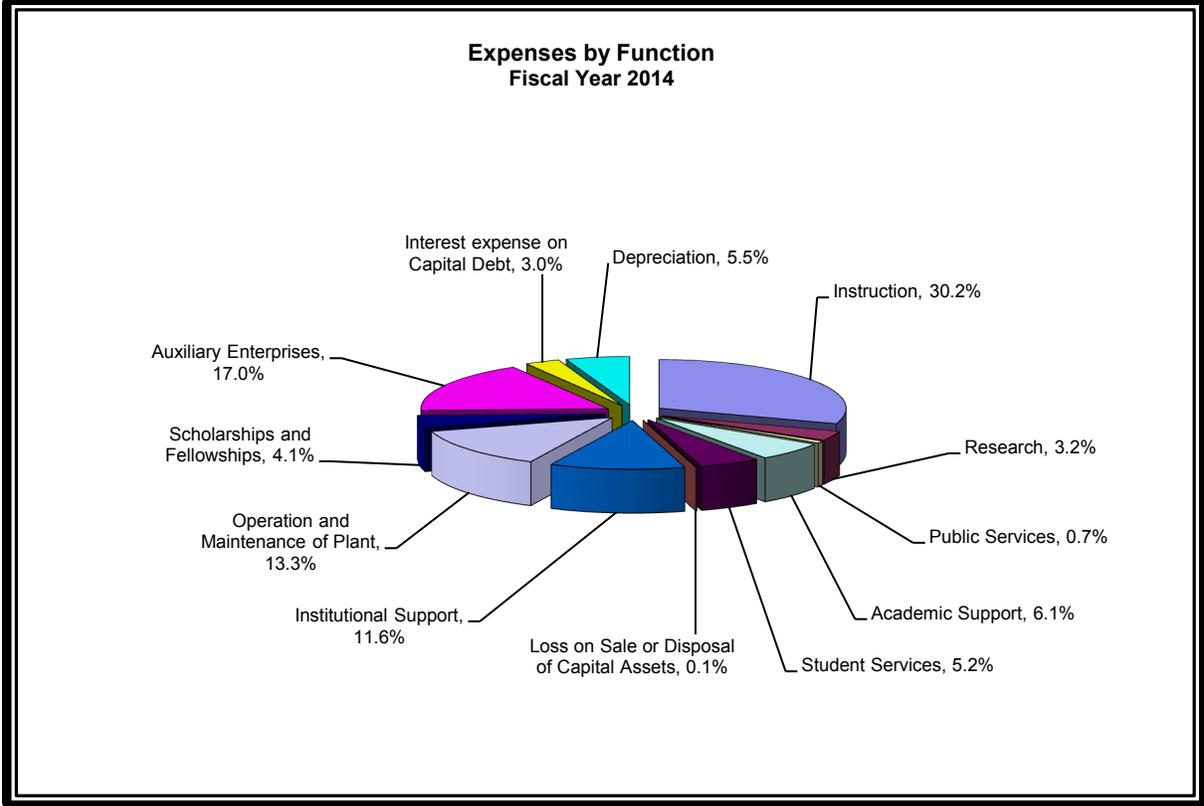
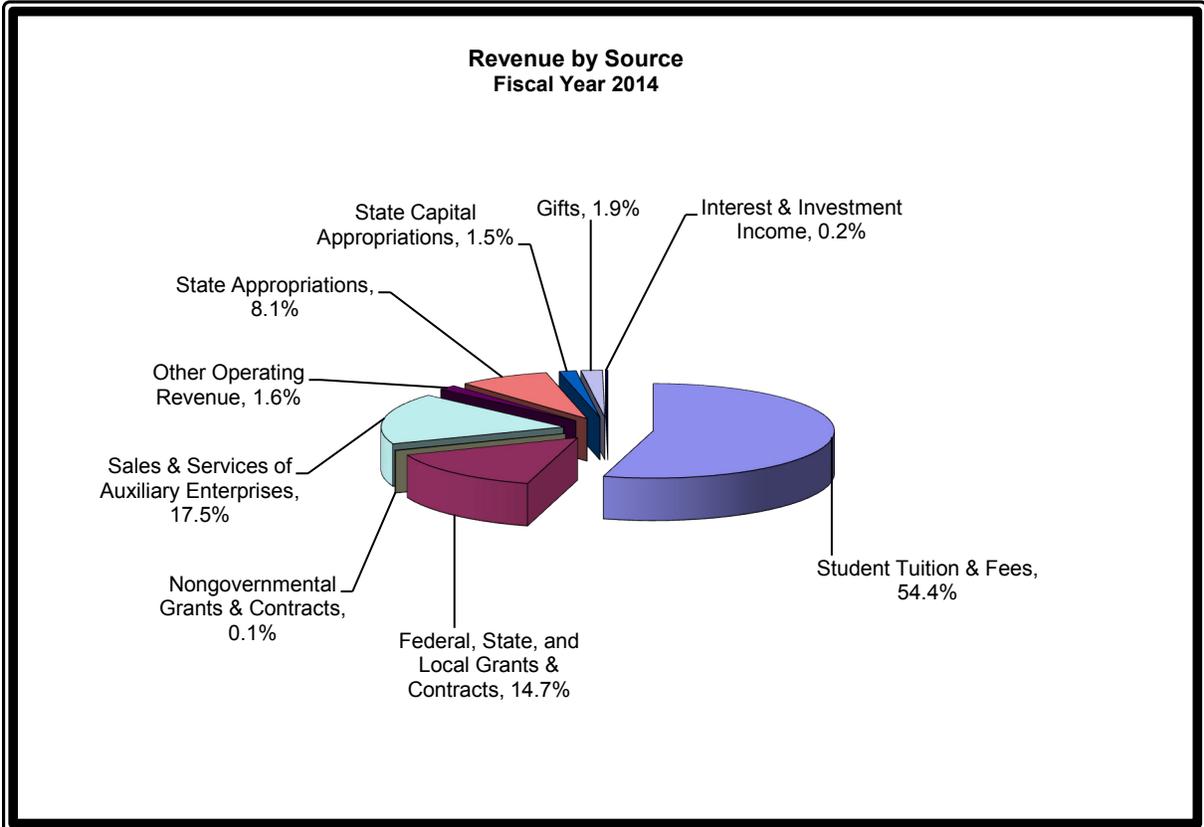
Tuition and related fees of \$139.9 million comprise the largest part of the total operating revenues. Tuition and related fees increased by 4.5 percent compared to fiscal year 2013. This is due to a Board of Trustees approved increase of 3.16 percent for resident students and 5.5 percent for nonresident students. For fiscal years 2014 and 2013 tuition and fees comprise 54.4 percent and 54.1 percent of total revenue, respectively.

State appropriations encompass 8.1 percent or \$20.9 million of total revenue. State appropriations increased by \$1.1 million compared to fiscal year 2013. The increase is related to \$0.4 million for the computer science program, \$0.4 million in non-recurring appropriations, and \$0.2 million for the Employee Pay Plan Funds. Capital appropriations include amounts received from the State Capital Reserve Fund and excess Lottery funds, which were allocated for deferred maintenance and technology projects.

Sales and services of auxiliary enterprises increased by \$1.5 million or 3.5 percent. The increase is primarily attributed to increased student athletic fees and increased food service revenue. The meal plan structure was revised, making it more attractive to students, which resulted in greater participation.

Total operating expenses reported for fiscal year 2014 were \$239.7 million. Personnel costs and benefits comprise most of the operating expenses of the College. Approximately \$134.2 million or 56.0 percent of the total operating expenses covered personnel costs and benefits for the fiscal year. Operating expenses increased by 6.7 percent or \$15.0 million due mostly to increases in personnel costs and benefits, and supplies. Personnel costs increased due to merit increases for some faculty and staff. There were also increases to the employer contributions for medical and retirement programs. Supplies and services increased by \$7.0 million or 11.4 percent. This includes increases in deferred maintenance projects, renovation projects, and information technology equipment.

The following charts depict the revenues by source and expenses by function.



## **Statement of Cash Flows**

The Statement of Cash Flows also provides information about the College's financial health by reporting the cash receipts and cash payments of the College during the year ended June 30, 2014. A synopsis of the Statement of Cash Flows follows.

<b>Condensed Statement of Cash Flows</b>				
	<b>2014</b>	<b>2013</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Net cash used for operating activities	\$ (4,906,016)	\$ (461,852)	\$ (4,444,164)	962.3%
Net cash provided by noncapital financing activities	35,068,105	33,676,764	1,391,341	4.1%
Net cash used for capital debt and related financing activities	(25,772,481)	(25,075,850)	(696,631)	-2.8%
Net cash provided by investing activities	103,671	200,513	(96,842)	-48.3%
<b>Net change in cash and cash equivalents</b>	<b>4,493,279</b>	<b>8,339,575</b>	<b>(3,846,296)</b>	<b>-46.1%</b>
<b>Cash and cash equivalents, Beginning of Year</b>	<b>130,759,093</b>	<b>122,419,518</b>	<b>8,339,575</b>	<b>6.8%</b>
<b>Cash and cash equivalents, End of Year</b>	<b>\$ 135,252,372</b>	<b>\$ 130,759,093</b>	<b>\$ 4,493,279</b>	<b>3.4%</b>

To begin with, cash flows from operating activities show a net decrease of \$4.4 million. The decrease is primarily related to higher payments to employees for salaries and benefits of \$8.0 million, and to suppliers of \$5.8 million. Offsetting the decreases were increases from operating activities including an additional \$6.0 million in tuition and fee revenue, the results of increases approved by the Board of Trustees. Cash flow from sales and services of auxiliary enterprises was \$1.6 million greater than fiscal year 2013.

Cash provided by noncapital financing activities increased by \$1.4 million or 4.1 percent primarily due to the increase in state appropriations. Finally, payments for capital expenditures were greater in fiscal year 2014 than in fiscal year 2013. Purchases of capital assets increased \$2.1 million. Interest payments on capital related debt decreased by \$2.5 million. As of June 30, 2014, cash and cash equivalents made up 26.8 percent of the total assets of the College.

## **Capital Asset and Debt Activity**

A synopsis of the net capital assets for the fiscal years ended 2014 and 2013 further illustrates the significant changes between the accounting periods.

<b>Capital Assets</b>				
	<b>2014</b>	<b>2013</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Land	\$ 41,850,600	\$ 41,850,600	\$ -	0.0%
Construction in progress	10,219,461	11,518,910	(1,299,449)	-11.3%
Land improvements	4,621,185	4,233,895	387,290	9.2%
Buildings	357,554,924	351,111,658	6,443,266	1.8%
Building improvements	70,973,511	62,261,877	8,711,634	14.0%
Machinery, equipment, and other	23,751,539	19,754,180	3,997,359	20.2%
Information technology equipment and software	7,180,487	7,180,487	-	0.0%
Motor vehicles	525,466	541,024	(15,558)	-2.9%
Accumulated depreciation	(165,450,825)	(152,736,097)	(12,714,728)	8.3%
<b>Total Capital Assets - Net</b>	<b>\$ 351,226,348</b>	<b>\$ 345,716,534</b>	<b>\$ 5,509,814</b>	<b>1.6%</b>

A critical factor in continuing the quality of the College's academic and research programs and residential life experience is the acquisition, construction, and improvement of its capital assets. The College continues to implement its long range plan to modernize its complement of older teaching and research facilities, balanced with new construction. The College updated its master plan during fiscal year 2012. The College had approximately \$351.2 million invested in capital assets, net of accumulated depreciation of \$165.5 million at June 30, 2014. Total net capital assets at June 30, 2014 were relatively unchanged in comparison to June 30, 2013. Construction in progress shows a net decrease of \$1.3 million. Several projects were completed and transferred to buildings and building improvements. The second floor of the new science center was completed, in addition to the Center for Social Science Research renovation and improvements to the Grice Marine lab. The renovation of the Rita L. Hollings Science Center has recently begun.

### **Debt**

Outstanding debt was \$182.8 million as of June 30, 2014. Total debt decreased by \$6.2 million due to principal payments. See notes 5, 10, and 11 of the financial statements for additional information on capital assets and long term debt.

### **Economic Outlook**

The state finished the fiscal year with a net budgetary surplus of \$266 million, which was \$32 million higher than expected. The state continues to address concerns about economic volatility by increasing their reserves with the surplus. The General Reserve Fund was increased to \$293 million, the Capital Reserve Fund was increased to \$117 million, and the Contingency Reserve Fund was increased to \$101 million. State agencies were authorized to carry over \$490 million of their fiscal year 2014 unspent authorizations, as they were allowed to in the previous year.<sup>1</sup>

General fund revenues of the state grew at an annual growth rate of 2.5 percent. Comparing that to the previous year's growth rate of 9.1 percent, it indicates that state revenues continue to grow but at a slower pace. Most economic indicators predict continued growth for the state including the Charleston MSA. There is an increase in the manufacturing industry statewide, but locally jobs in high demand are in the computer/software, science/engineering, sales/marketing, and medical fields.<sup>2</sup> The Charleston economy has changed with the presence of Boeing and more technology companies. Businesses are in need of computer science majors, and the College has received funds from the state to expand its program. With the recently revised mission statement and status, the College has the ability to offer targeted doctoral programs to meet the changing needs of the local business environment. These programs will only be developed if there is a demonstrated need, new funding to support the programs is available, and the programs are approved by the faculty, the Board of Trustees, the Commission on Higher Education (CHE), and our regional accreditor.

In fiscal year 2014, state governments across the country increased their investment in higher education by 5.7 percent. In fiscal year 2015, state governments provided an average 3.6 percent increase in state operating support for public four year colleges and

---

<sup>1</sup> News Release, Comptroller General's Office, August 19, 2014

<sup>2</sup> 2014 Economic Outlook, Charleston Metro Chamber of Commerce

universities, with South Carolina showing no increase.<sup>3</sup> In fiscal year 2015, the College's base appropriation increased slightly to provide funds for the employee pay plan and health insurance. In addition, non-recurring funds were approved for the purchase of surplus property (\$2.0 million) and the Simons Center renovation (\$0.5 million). State lottery funds allocated to the College this year are \$0.5 million for equipment and repairs (which must be matched by the College), and \$0.8 million for technology needs.

The Charleston economy has finally recovered from the recession and continues to grow at a moderate pace during 2014. Job opportunities are increasing and expanding, and the unemployment rate remains low. The real estate market is booming with increased home sales and new construction. It is predicted that the current growth will accelerate in 2015 and beyond. The future is bright for the region, and the College of Charleston is well positioned to serve the residents and area businesses.

### **More Information**

This financial report is designed to provide a general overview of the College's finances. Any questions or requests for information may be addressed to: Dawn Willan, Controller, College of Charleston.



*View of Randolph Hall from St. Philip Street*

---

<sup>3</sup> State Outlook, American Association of State of Colleges and Universities, July, 2014

**COLLEGE OF CHARLESTON  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 48,278,529
Cash and cash equivalents, restricted	85,973,646
Accounts receivable	5,449,674
Allowances for bad debts	(235,000)
Grants and contracts receivable	2,386,925
Component unit receivable	2,963,242
Interest income receivable	45,843
Prepaid items	3,837,716
Inventories	254,077
<b>Total Current Assets</b>	<b>\$ 148,954,652</b>

**Noncurrent Assets**

Cash and cash equivalents, restricted	\$ 1,000,197
Component unit receivable	1,369,095
Student loans receivable	1,962,416
Prepaid items	359,621
Capital assets not being depreciated	52,070,061
Capital assets, net of accumulated depreciation	299,156,287
<b>Total Noncurrent Assets</b>	<b>\$ 355,917,677</b>

<b>Total Assets</b>	<b>\$ 504,872,329</b>
---------------------	-----------------------

**Deferred Outflows of Resources**

Deferred loss on debt refundings	\$ 454,643
<b>Total Deferred Outflows of Resources</b>	<b>\$ 454,643</b>

**Liabilities And Net Position**

**Current Liabilities**

Accounts payable and accrued expenses	\$ 10,486,546
Accrued payroll and related liabilities	8,410,570
Retainage payable	245,350
Unearned revenues	5,125,193
Deposits held for others	395,893
Student deposits	1,861,569
Compensated absences payable	2,679,909
Accrued interest payable	1,812,269
Bonds payable	6,397,137
<b>Total Current Liabilities</b>	<b>\$ 37,414,436</b>

**Noncurrent Liabilities**

Compensated absences payable	\$ 2,817,374
Bonds payable	176,448,772
Federal capital contribution	2,464,950
<b>Total Noncurrent Liabilities</b>	<b>\$ 181,731,096</b>

<b>Total Liabilities</b>	<b>\$ 219,145,532</b>
--------------------------	-----------------------

**Net Position**

Net investment in capital assets	\$ 176,597,664
----------------------------------	----------------

**Restricted for:**

Expendable	
Scholarships and fellowships	252,539
Research	308,003
Loans	17,541
Capital projects	56,242,943
Debt service	6,171,676
Nonexpendable	
Endowed professorship	109,273
Endowment other	1,093,447

<b>Unrestricted</b>	<b>45,388,354</b>
---------------------	-------------------

<b>Total Net Position</b>	<b>\$ 286,181,440</b>
---------------------------	-----------------------

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014**

**Operating Revenues**

Tuition and related fees (\$6,713,021 pledged for debt service; net of scholarship discounts and allowances of \$29,549,937)	\$ 139,892,448
Federal grants and contracts	8,150,466
State grants and contracts	18,810,132
Local grants and contracts	240,554
Nongovernmental grants and contracts	1,334,201
Educational activities revenues	457,888
Student organizations generated revenues	1,482,197
Sales and services of auxiliary enterprises	
Revenues not pledged for debt service	
Athletics (net of scholarship discounts and allowances of \$2,155,782)	12,172,792
Health services (net of scholarship discounts and allowances of \$261,132)	1,243,678
Rental, vending, bookstore and debit card	1,331,832
Revenues pledged for debt service	
Housing (net of scholarship discounts and allowances of \$3,904,079)	18,731,224
Food service (net of scholarship discounts and allowances of \$1,808,186)	9,276,281
Parking	2,316,329
Other sources	860,152
<b>Total Operating Revenues</b>	<b>\$ 216,300,174</b>

**Operating Expenses**

Personnel cost	\$ 104,163,038
Benefits	30,007,826
Supplies and services	68,659,285
Utilities	8,273,272
Scholarships and fellowships	15,090,415
Depreciation	13,555,469
<b>Total Operating Expenses</b>	<b>\$ 239,749,305</b>

**Operating Loss** \$ (23,449,131)

**Nonoperating Revenues (Expenses)**

State appropriations	\$ 20,881,000
Federal grants and contracts	10,559,749
Gifts	3,497,825
Auxiliary enterprises interest income	93,333
Interest and investment income	584,721
Interest and amortization expense on capital assets and related debt	(7,532,158)
Nongovernmental grants and contracts	164,746
Loss on sale or disposal of capital assets	(161,560)
<b>Total Net Nonoperating Revenues</b>	<b>\$ 28,087,656</b>

**Income Before Other Revenues** \$ 4,638,525

**Other Revenues**

Capital appropriations	\$ 3,767,162
Capital gifts	1,500,000
<b>Total Other Revenues</b>	<b>\$ 5,267,162</b>

**Increase In Net Position** \$ 9,905,687

**Net Position, Beginning Of Year** 276,275,753

**Net Position, End Of Year** **\$ 286,181,440**

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Cash Flows From Operating Activities**

Tuition and fees	\$	140,911,469
Grants and contracts		29,128,756
Sales and services of education and other activities		1,940,085
Sales and services of auxiliary enterprises		44,979,357
Other operating revenues		806,125
Payments to employees for salaries and benefits		(133,383,990)
Payments to suppliers		(66,062,674)
Payments for utilities		(8,273,272)
Payments to students for scholarships and fellowships		(15,090,415)
Loans issued to students		(150,149)
Collection of loans from students		239,419
Deposits held for others		39,127
Student direct lending receipts		63,210,380
Student direct lending disbursements		(63,200,234)
<b>Net Cash Used for Operating Activities</b>	<b>\$</b>	<b>(4,906,016)</b>

**Cash Flows From Noncapital Financing Activities**

State appropriations	\$	20,881,000
Gifts and grants for other than capital purpose		14,187,105
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>\$</b>	<b>35,068,105</b>

**Cash Flows From Capital Debt And Related Financing Activities**

Proceeds from state capital appropriations	\$	3,428,940
Proceeds from capital grants and gifts		136,500
Purchases of capital assets		(16,300,215)
Proceeds from sales of capital assets		36,197
Principal paid on capital debt		(6,180,000)
Proceeds from investments in capital and related financing activities		584,721
Interest paid on capital related debt		(7,478,624)
<b>Net Cash Used for Capital Debt And Related Financing Activities</b>	<b>\$</b>	<b>(25,772,481)</b>

**Cash Flows From Investing Activities**

Proceeds from interest on investments	\$	103,671
<b>Net Cash Provided by Investing Activities</b>	<b>\$</b>	<b>103,671</b>

Net change in cash and cash equivalents	\$	4,493,279
Cash and cash equivalents - Beginning of the Year		130,759,093
<b>Cash and Cash Equivalents - End of the Year</b>	<b>\$</b>	<b>135,252,372</b>

**Reconciliation of net operating loss to net cash used by operating activities**

Operating loss	\$	(23,449,131)
Adjustments to reconcile net operating loss to net cash used for operating activities		
Depreciation expense		13,555,469

**Changes in assets and liabilities:**

Deposits held for others		39,127
Account receivable, net		715,432
Inventories		(32,424)
Student loans receivable		89,270
Prepaid items		(1,042,138)
Accounts payable and accrued expenses		4,134,927
Accrued compensated absences and related liabilities		323,120
Unearned revenue		661,624
Student and other deposits		98,708
<b>Net Cash Used for Operating Activities</b>	<b>\$</b>	<b>(4,906,016)</b>

**Reconciliation of Cash and Cash Equivalent Balances:**

Current assets:		
Cash and cash equivalents	\$	48,278,529
Cash and cash equivalents, restricted		85,973,646
Noncurrent assets:		
Restricted cash and equivalents		1,000,197
<b>Total Cash and Cash Equivalents</b>	<b>\$</b>	<b>135,252,372</b>

**COLLEGE OF CHARLESTON FOUNDATION  
 NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2014**

<b>Assets</b>	
Cash and cash equivalents	\$ 509,572
Accounts receivable	50,754
Prepaid expenses	78,648
Other assets	1,011,474
Unconditional promises to give, net	7,322,202
Investments	82,896,547
Property and equipment, net	5,572,848
Collections	7,494,466
<b>Total Assets</b>	<b>\$ 104,936,511</b>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts payable	\$ 358,983
Accrued liabilities	272,400
Line of credit	900,000
Annuities payable	240,952
Marine Genomics grant payable (College of Charleston)	1,369,095
<b>Total Liabilities</b>	<b>\$ 3,141,430</b>
<b>Net Assets</b>	
Unrestricted:	
Board designated quasi endowment	\$ 1,159,417
Undesignated	9,088,305
<b>Total Unrestricted</b>	<b>\$ 10,247,722</b>
Temporarily restricted:	
Program expenses	\$ 14,060,168
Portion of perpetual endowment subject to restriction under UPMIFA and with purpose restrictions	36,915,238
Investment in property	5,379,634
<b>Total Temporarily Restricted</b>	<b>\$ 56,355,040</b>
Permanently restricted:	
Donor restricted permanent endowments	\$ 35,192,319
<b>Total Net Assets</b>	<b>\$ 101,795,081</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 104,936,511</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON FOUNDATION  
 NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
 CONSOLIDATED STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, gains, (losses), and other support:</b>				
Contributions	\$ 997,847	\$ 7,568,298	\$ 1,120,047	\$ 9,686,192
Rental income	820,841	-	-	820,841
Net interest and dividend income	819,836	4,386,693	-	5,206,529
Net realized and unrealized gains (losses) on investments	236,508	2,735,616	-	2,972,124
Special events	-	85,305	-	85,305
Other income	17,080	205,447	-	222,527
Changes in value of split interest agreements	-	(32,170)	-	(32,170)
	<u>\$ 2,892,112</u>	<u>\$ 14,949,189</u>	<u>\$ 1,120,047</u>	<u>\$ 18,961,348</u>
<b>Net assets released from restrictions:</b>				
Program restrictions satisfied	\$ 7,663,460	\$ (7,663,460)	\$ -	\$ -
Administrative surcharges	785,742	(785,742)	-	-
Transfers based on changes in donor intent	-	31,800	(31,800)	-
<b>Total revenue, gains, (losses), and other support</b>	<u>\$ 11,341,314</u>	<u>\$ 6,531,787</u>	<u>\$ 1,088,247</u>	<u>\$ 18,961,348</u>
<b>Expenses:</b>				
<b>Program:</b>				
Student aid and recognition	\$ 3,141,803	\$ -	\$ -	\$ 3,141,803
Programs of education, research, and student and faculty enrichment	5,732,230	-	-	5,732,230
Total program expenses	<u>\$ 8,874,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,874,033</u>
<b>Supporting Services:</b>				
General and administrative	\$ 677,933	\$ -	\$ -	\$ 677,933
Fundraising	1,558,995	-	-	1,558,995
Total supporting services	<u>\$ 2,236,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,236,928</u>
<b>Total Expenses</b>	<u>\$ 11,110,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,110,961</u>
<b>Change in net assets</b>	<u>\$ 230,353</u>	<u>\$ 6,531,787</u>	<u>\$ 1,088,247</u>	<u>\$ 7,850,387</u>
<b>Net Assets, Beginning of Year</b>	<u>\$ 10,017,369</u>	<u>\$ 49,823,253</u>	<u>\$ 34,104,072</u>	<u>\$ 93,944,694</u>
<b>Net Assets, End of Year</b>	<u>\$ 10,247,722</u>	<u>\$ 56,355,040</u>	<u>\$ 35,192,319</u>	<u>\$ 101,795,081</u>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON COUGAR CLUB  
 NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
 STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2014**

**Assets**

**Current Assets**

Cash and cash equivalents	\$	1,861,959
Accounts receivable		11,860
Unconditional promises to give, net		5,000
Due from related parties		1,762
Prepaid expenses		322
<b>Total Current Assets</b>	<b>\$</b>	<b>1,880,903</b>

**Other Assets**

Unconditional promises to give, net	\$	-
Property and equipment, net		6,275
<b>Total Other Assets</b>	<b>\$</b>	<b>6,275</b>

<b>Total Assets</b>	<b>\$</b>	<b>1,887,178</b>
---------------------	-----------	------------------

**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable	\$	7,894
Due to related parties		23,909
Deferred revenue		17,000
<b>Total Current Liabilities</b>	<b>\$</b>	<b>48,803</b>

**Net Assets**

Unrestricted	\$	362,596
Unrestricted board designated		708,555
Temporarily restricted		767,224
<b>Total Net Assets</b>	<b>\$</b>	<b>1,838,375</b>

<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>1,887,178</b>
---	-----------	------------------

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON COUGAR CLUB  
 NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2014**

**UNRESTRICTED NET ASSETS**

**Unrestricted revenues and gains**

Contributions and memberships	\$ 1,094,074
Special events net of direct expenses of \$35,041	46,644
Interest	2,005
Other income	140
<b>Total unrestricted revenues and gains</b>	<b>\$ 1,142,863</b>

<b>Net assets released from restrictions</b>	<b>\$ 1,361,435</b>
--	---------------------

<b>Total revenue, gains and other support</b>	<b>\$ 2,504,298</b>
---	---------------------

**Expenses:**

**Program Services:**

Grants and support	\$ 2,258,307
Membership activities	106,620
<b>Total program services expenses</b>	<b>\$ 2,364,927</b>

**Supporting Services:**

Management and general	\$ 171,705
Fundraising	125,285

<b>Total Expenses</b>	<b>\$ 2,661,917</b>
-----------------------	---------------------

<b>Increase (decrease) in unrestricted net assets</b>	<b>\$ (157,619)</b>
---	---------------------

**TEMPORARILY RESTRICTED NET ASSETS**

Contributions	\$ 1,225,731
Net assets released from restrictions	(1,361,435)

<b>Increase (decrease) in temporarily restricted net assets</b>	<b>\$ (135,704)</b>
---	---------------------

<b>Increase (decrease) in net assets</b>	<b>\$ (293,323)</b>
--	---------------------

<b>Net Assets, Beginning of Year</b>	<b>\$ 2,131,698</b>
--------------------------------------	---------------------

<b>Net Assets, End of Year</b>	<b>\$ 1,838,375</b>
--------------------------------	---------------------

See Accompanying Notes to Financial Statements

# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*Students working in the College's observatory*

## NOTES TO THE FINANCIAL STATEMENTS

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Financial Reporting Entity**

The College of Charleston (the College) is a state supported institution of higher education. The College's main purpose is to provide a world class liberal arts education to undergraduate and graduate students. The College is committed to attracting the most promising students from South Carolina, other states in the nation, and from around the world. The College is a component unit of the State of South Carolina and its financial statements are included in the Comprehensive Annual Financial Report (CAFR) of the State.

The accompanying basic financial statements present the statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows of the College. The financial statements include individual schools and departments. The financial statements also include all funds and accounts of the College and all component units.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationships 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 the College, as the primary government, and the accounts of its nongovernmental discretely presented component units, the College of Charleston Foundation (the Foundation) and the College of Charleston Cougar Club (the Cougar Club).

The Foundation is a separately chartered corporation formed primarily to provide financial assistance and scholarships to the College. The Foundation reports under the Financial Accounting Standards Board (FASB) and its fiscal year runs concurrent with that of the College.

The Cougar Club is a separately chartered corporation organized exclusively to provide financial assistance and scholarships to the Athletic Department. The Cougar Club reports under FASB, and its fiscal year runs concurrent with that of the College.

### **Financial Statement Presentation**

The financial statement presentation for the College meets the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The financial statement presentation provides a comprehensive, entity wide perspective of the College's net position, revenues, expenses and changes in net position and cash flows.

In addition and as per GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and Statement No. 61, *The Financial Reporting Entity*, its component units are discretely presented in the report.

### **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 reflect 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 fees and auxiliary enterprise fees are presented net of scholarship discounts and allowances applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

### **Cash, Cash Equivalents**

The amounts shown in the financial statements in the College funds as "cash and cash equivalents" represent petty cash, cash on deposits in banks, cash on deposit with the State Treasurer, cash invested in various instruments by the State Treasurer as part of the State's internal cash management pool as well as cash invested in various short term investments by the State Treasurer, and held in separate agency accounts.

Most State agencies including the College participate in the State's internal cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina, and certain of its political subdivisions, certificates of deposit and certain corporate bonds.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on the account are credited to the General Fund of the State. The College records its deposits in the general deposit account at cost. It records and reports its special deposit account at fair value.

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

## **Investments**

The College accounts for its investments at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position.

## **Accounts Receivable**

Accounts receivable consist primarily of tuition and fee charges to students, gift receivables, and auxiliary enterprise services provided to students, and other outside entities. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Student loans receivable consist of amounts due from the Federal Perkins Loan Program.

## **Inventories and Prepaid Items**

The College reports inventories using the consumption approach for which goods are recorded as assets at the time of purchase and recognition of the expenditures is deferred until the goods are actually consumed. Inventories are carried at the lower of cost or market. The cost of inventory is reported on a first in, first out basis. Items accounted for as inventories include maintenance, janitorial, housing, and office supplies. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

## **Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. 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 moveable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year; depreciable land improvements, buildings and improvements; and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

The College of Charleston capitalizes as a component of construction in progress interest costs in excess of earnings on debt associated with capital projects; therefore, asset values in capital assets include such interest costs. There was no capitalized interest during the year.

Depreciation is computed using the straight line method over the estimated useful life of the asset, generally 15 to 50 years for buildings and improvements and land improvements, and 3 to 25 years for machinery, equipment, and vehicles. For assets capitalized prior to fiscal year 2012, a full year of depreciation was taken during the year the asset was placed in service, and no depreciation was taken in the year of disposition. Beginning in fiscal year 2012, capital assets are depreciated based on the number of months the asset is in service during the fiscal year. The change in depreciation method was required by the State of South Carolina.

### **Unearned Revenues and Deposits**

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

Deposits include residence hall deposits, advance tuition payments, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee to which the deposit relates is applicable, and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

### **Rebatable Arbitrage**

Arbitrage involves the investment of proceeds from the sale of tax exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax exempt debt if the yield from these earnings exceeds the effective yield on the related tax exempt debt issued.

Governmental units that issue no more than \$5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax exempt indebtedness includes bonds and certain capital leases and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. The liability and expense incurred are recorded at year end to accrued accounts payable in the Statement of Net Position and as an expense in the Statement of Revenues, Expenses, and Changes in Net Position.

### **Noncurrent Liabilities**

Noncurrent liabilities include (1) principal amounts of bonds payable, (2) estimated amounts for accrued compensated absences, and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

## **Compensated Absences**

Generally, all permanent full time State employees and certain part time employees scheduled to work at least one half of the agency's workweek are entitled to accrue and carry forward at calendar year end maximums of 180 days sick leave and 45 days annual vacation leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave. The College calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through cash payments at termination.

The net change in the liability is recorded in the current year in the applicable functional expense categories. The liability and expenses incurred are recorded at year end as compensated absences payable in the Statement of Net Position, and as a component of personnel cost and benefits expense in the Statement of Revenues, Expenses, and Changes in Net Position.

## **Perkins Loans Receivable and Related Liability**

The loans receivable on the Statement of Net Position is due to the College under the Perkins Loan Program. This program is funded primarily by the federal government with the College providing a required match. The amount reported as the Perkins liability is the amount of cumulative federal contributions and a pro rata share of net earnings on the loans under this program which would require repayment to the federal government if the College ceases to participate in the program. The College recognizes as revenue and expenses only the portion attributable to its matching contribution.

## **Net Position**

The College's net position is classified as follows:

*Net investment in capital assets:* This category represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.

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

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

*Unrestricted net position:* Unrestricted net position represents resources derived from student tuition and fees, appropriations, and sales and services of educational departments. These resources also include auxiliary enterprises, which are substantially self supporting activities that provide services to students, faculty, and staff.

The College policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### **Income Taxes**

The College, as a political subdivision of the State of South Carolina, is excluded from federal income taxes under Section 115 (1) of the Internal Revenue Code, as amended.

### **Classification of Revenues and Expenses**

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

*Operating revenues and expenses:* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) federal, state and local grants and contracts for services that finance programs the College would not otherwise undertake, (4) receipts for scholarships where the provider has identified the student recipients, and (5) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College. Operating expenses include all expense transactions incurred other than those related to investing, capital or noncapital financing activities.

*Nonoperating revenues and expenses:* Nonoperating revenues include activities that have the characteristics of non exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes. Nonoperating expenses include interest and amortization expense on capital asset related debt, and losses on the sale or disposal of capital assets.

### **Scholarship Discounts and Allowances**

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

### **Sales and Services of Educational and Other Activities**

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the general public.

### **Auxiliary Enterprises and Internal Service Activities**

Auxiliary enterprise revenues primarily represent revenues generated by intercollegiate athletics, parking, bookstore, food services, housing, health services, debit card, and vending. Revenues of internal auxiliary enterprise activities and the related expenditures of College departments have been eliminated.

### **Use of Estimates in Accounting**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, revenues, and expenditures/expenses, and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Estimates are used to determine the useful lives of long lived assets such as buildings, improvements, and equipment. The College has used approximations as provided by the South Carolina Comptroller General's Office in developing the estimates of useful lives.

In addition, the College has estimated the percentage of accounts receivable that may not be collected, typically known as the allowance for bad debts. The College uses an aging analysis to estimate this allowance.

## **NOTE 2 – CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS**

All deposits and investments of the College are under the control of the State Treasurer, who, by law, has sole authority for investing State funds. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits and investments is disclosed in the CAFR of the State of South Carolina.

The following schedule as of June 30, 2014, reconciles deposits and investments in the notes to the Statement of Net Position amounts:

---



---

**Schedule of Deposits and Investments  
As of June 30, 2014**

**Statement of Net Position**

Current assets	
Cash and cash equivalents	\$ 48,278,529
Cash and cash equivalents, restricted	85,973,646
Noncurrent assets	
Cash and cash equivalents, restricted	<u>1,000,197</u>
	<b><u>\$ 135,252,372</u></b>

**Deposits and Investments**

Cash on hand	\$ 3,206
Deposits held by State Treasurer	135,221,069
Payroll checking account	9,671
Wells Fargo Perkins loan account	<u>18,426</u>
	<b><u>\$ 135,252,372</u></b>

---



---

**Deposits Held by State Treasurer**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the deposits of the College of Charleston may not be returned to the College. For deposits held by the State Treasurer, State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 2014, all State Treasurer bank balances were fully insured or collateralized with securities held by the State or by its agents in the State's name.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, credit risk, interest rate risk, and concentration risk of the State Treasurer's investments is disclosed in the CAFR of the State of South Carolina.

With respect to the College's other deposits at year end, all of these deposits are either insured or collateralized with securities held by the entity or by its agent in the entity's name, or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

## **Other Deposits**

The College owns approximately \$28,000 of other deposits which are held in checking accounts used for payroll and Perkins Loans collections. Federal Depository Insurance Corporation (FDIC) covers the deposits of the College's checking and Perkins Loans accounts up to the FDIC limit of \$250,000.

## **Restricted Cash Deposits**

Current restricted cash deposits of \$85,973,646 consist of \$83,553,853 for capital project accounts, \$913,155 for debt service accounts, and \$1,506,638 for other (auxiliary enterprise, grant and contract, etc.) accounts. Noncurrent restricted cash deposits of \$100,000 and \$900,197 are restricted for the endowment fund and Perkins Loan fund, respectively.

## **NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2014, are summarized as follows:

---

---

<b>Accounts Receivable As of June 30, 2014</b>	
Student accounts	\$ 1,869,237
Other	2,923,026
Auxiliary enterprises	657,411
Total accounts receivable	<u>\$ 5,449,674</u>
Allowance for bad debts	<u>\$ (235,000)</u>
Federal grants and contracts	\$ 1,639,800
State grants and contracts	359,637
Nongovernmental grants and contracts	366,190
Local grants and contracts	21,298
Total grants and contracts receivable	<u>\$ 2,386,925</u>
Component unit receivable	\$ 4,332,337
Interest income receivable	45,843
Student loans receivable	1,962,416
Total other receivables	<u>\$ 6,340,596</u>
<b>Net Accounts Receivable</b>	<b><u>\$ 13,942,195</u></b>

---

---

Allowances for losses on student accounts receivable are established based upon actual losses incurred in prior years and/or evaluations of the current account portfolio. At June 30, 2014, the allowance for bad debts on student accounts is estimated at \$225,000 and \$10,000 for non-student accounts.

## NOTE 4 – LOANS RECEIVABLE

Student loans made through the federal Perkins Loan Program comprise substantially all of the loans receivable as of June 30, 2014. The Perkins Loan Program provides various repayment options. Students have the right to repay the loans over periods up to ten years depending on the amount of the loan and loan cancellation privileges the student may exercise. These loans are classified as noncurrent receivables. If the College determines that loans are uncollectible, the loans are written off and assigned to the U.S. Department of Education.

## NOTE 5 – CAPITAL ASSETS

	Beginning Balance 7/1/2013	Increases	Decreases	Ending Balance 6/30/2014
Capital assets not being depreciated:				
Land	\$ 41,850,600	\$ -	\$ -	\$ 41,850,600
Construction in progress	11,518,910	15,083,835	(16,383,284)	10,219,461
Total capital assets not being depreciated	<u>\$ 53,369,510</u>	<u>\$ 15,083,835</u>	<u>\$ (16,383,284)</u>	<u>\$ 52,070,061</u>
Other capital assets:				
Land improvements	\$ 4,233,895	\$ 387,290	\$ -	\$ 4,621,185
Buildings	351,111,658	6,443,266	-	357,554,924
Building improvements	62,261,877	8,711,634	-	70,973,511
Machinery, equipment, and other	19,754,180	4,998,763	(1,001,404)	23,751,539
Information technology equipment and software	7,180,487	-	-	7,180,487
Motor vehicles	541,024	21,577	(37,135)	525,466
Total other capital assets	<u>\$ 445,083,121</u>	<u>\$ 20,562,530</u>	<u>\$ (1,038,539)</u>	<u>\$ 464,607,112</u>
Less accumulated depreciation for:				
Land improvements	\$ 3,574,698	\$ 91,326	\$ -	\$ 3,666,024
Buildings	101,039,777	8,781,329	-	109,821,106
Building improvements	30,363,438	2,515,852	-	32,879,290
Machinery, equipment, and other	10,135,891	2,134,948	(803,606)	11,467,233
Information technology equipment and software	7,180,487	-	-	7,180,487
Motor vehicles	441,806	32,014	(37,135)	436,685
Total accumulated depreciation	<u>\$ 152,736,097</u>	<u>\$ 13,555,469</u>	<u>\$ (840,741)</u>	<u>\$ 165,450,825</u>
Other capital assets, net	<u>\$ 292,347,024</u>	<u>\$ 7,007,061</u>	<u>\$ (197,798)</u>	<u>\$ 299,156,287</u>
<b>Capital assets, net</b>	<u><b>\$ 345,716,534</b></u>	<u><b>\$ 22,090,896</b></u>	<u><b>\$ (16,581,082)</b></u>	<u><b>\$ 351,226,348</b></u>

During fiscal year 2014, there was no capitalized interest. The depreciation expense was \$13,555,469. In addition, the College disposed of assets with a net book value of \$197,798. The loss incurred from the disposal of assets totaled \$161,560.

## NOTE 6 – RETIREMENT PLANS

The majority of employees of the College of Charleston are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Benefits Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full time or part time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the

South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides life time monthly retirement annuity benefits to eligible members as well as disability, survivor options, annual benefit adjustments, and incidental death benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available CAFR which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

Under the SCRS, Class II members are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member's job and they have a minimum of eight years of credited service. For disability applications received after December 31, 2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits.

An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. Teacher and Employee Retention Incentive (TERI) participants and retired contributing members are eligible for the

increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the TERI Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018 and a member's participation may not continue after this date.

Effective July 1, 2013, employees participating in the SCRS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for SCRS was 15.52%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45%, 0.15% for the incidental death benefit program and a 4.92% surcharge that will fund retiree health and dental insurance coverage. The College paid 100% of the required contribution. The College of Charleston's actual retirement and incidental death benefit program contributions to the SCRS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year <u>Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2014	10.450%	\$ 4,489,960	0.15%	\$ 64,449
2013	10.450%	\$ 4,232,029	0.15%	\$ 60,747
2012	9.385%	\$ 3,717,762	0.15%	\$ 59,421

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

Under the PORS, Class II members are eligible for a full service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits for the PORS is 2.14 percent of an employee's average AFC multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2013, employees participating in the PORS were required to contribute 7.84% of all earnable compensation. The employer contribution rate for PORS was 17.76%. Included in the total PORS employer contribution rate is a base retirement contribution of 12.44%, 0.20% for the incidental death benefit program, 0.20% for the accidental death program, and a 4.55% surcharge that will fund retiree health and dental insurance coverage. The College paid 100% of the required contribution. The College of Charleston's actual retirement, incidental death benefit program and accidental death program contributions to the PORS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2014	12.440%	\$ 252,614	0.20%	\$ 4,061	0.20%	\$ 4,061
2013	11.900%	\$ 224,966	0.20%	\$ 3,781	0.20%	\$ 3,781
2012	11.363%	\$ 200,521	0.20%	\$ 3,529	0.20%	\$ 3,529

As an alternative to membership in the SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution retirement plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for the State ORP plan other than for the employer's payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.60% plus the retiree surcharge of 4.92% from the employer in fiscal year 2014. Of the 10.60% employer retirement contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.45% retirement contribution and 0.15% incidental death benefit program contribution amounts are remitted to SCRS.

For fiscal year 2014, total contributions requirements to the ORP were approximately \$5,043,704 (excluding the surcharge) from the College of Charleston as employer and approximately \$3,555,892 from its employees as plan members. The amounts paid by the College of Charleston for pension, incidental death benefit program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

While the surcharge to fund retiree health and dental insurance benefits is collected by the Retirement Benefits Division of PEBA, it is remitted to the Insurance Benefits Division of PEBA, which is responsible for administration of retiree health and dental insurance benefits and establishment of the applicable retiree insurance surcharge rate.

For the current fiscal year, the SCRS and PORS do not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, the College of Charleston's liability under the plans is limited to the amount of required employer contributions (stated as a percentage of covered payroll) as established by the South Carolina Public Employee Benefit Authority and as appropriated in the South Carolina Appropriation Act and from other applicable revenue sources. Accordingly, the College of Charleston recognizes no contingent liability for unfunded costs associated with participation in the plans. In June 2012, the GASB approved a pair of related Statements that reflect substantial changes to the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67, *Financial Reporting for Pension Plans*, addresses financial reporting for state and local government pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. Statement No. 67 is effective for pension plans beginning fiscal year 2014. Statement No. 68 is effective for employers and governmental non employer contributing entities beginning fiscal year 2015. Government entities will be required to record a proportionate share of the government's total net pension liability in the accrual based statement of net position.

## **NOTE 7 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

### **Plan Description**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post employment health and dental and long term disability benefits to retired State and school district employees and their covered dependents. The College of Charleston contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long Term Disability Insurance Trust Fund (SCLTDITF), cost sharing multiple employer defined benefit postemployment

healthcare, and long term disability plans administered by the Insurance Benefits Division (IB), a part of the South Carolina Public Employee Benefit Authority (PEBA).

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

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

### **Funding Policies**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the Retiree Medical Plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.92% of annual covered payroll for 2014 and 4.55% of annual covered payroll for 2013. The IB sets the employer contribution rate based on a pay as you go basis. The College of Charleston paid approximately \$4,554,881 and \$3,958,176 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2014 and 2013, respectively. The College contributed 100% of the required contribution. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2014 and 2013. The College paid 100% of the required contribution. The College of Charleston recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$50,789 and \$49,272 for the years ended June 30, 2014 and 2013, respectively.

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

A copy of the complete financial statements for the benefit plans and the trust funds from PEBA Retirement Benefits and Insurance Benefits, 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

## **NOTE 8 – LITIGATION, CONTINGENCIES, PROJECT COMMITMENTS, AND SUBSEQUENT EVENTS**

### **Litigation**

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

### **Contingencies**

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

### **Project Commitments**

The College had outstanding project commitments under contracts of approximately \$1,095,003 at June 30, 2014. Of this total, \$1,044,582 is attributable to capital projects and the balance of \$50,421 is for noncapital project expenses. The College has current resources on hand from bond issues, private gifts, and student fees to cover these commitments. The State has issued Research University Infrastructure bonds to advance economic development and create a knowledge based economy, thereby increasing job opportunities, or to facilitate and increase externally funded research at the research universities, including land acquisition, acquisition or construction of buildings, equipment, furnishings, site preparation, road, highway improvements, and water and sewer infrastructure. The College has \$421,085 of proceeds available to draw at June 30, 2014.

### **Subsequent Events**

The College is planning on completing a major renovation to the Rita L. Hollings Science Center. Construction is scheduled to begin in January 2015 with targeted occupancy before Fall 2016. The College has been approved to issue bonds up to a maximum of \$62 million for the project, and plans to sell them before the end of the calendar year.

## NOTE 9 – LEASE OBLIGATIONS

Future commitments for operating leases having remaining noncancelable terms in excess of one year as of June 30, 2014 are as follows:

### Real Property Operating Lease Commitments

<u>Year Ending June 30,</u>	<u>External Parties</u>	<u>Other State Agencies</u>	<u>CofC Foundation</u>	<u>Total</u>
2015	\$ 4,152,165	\$ 317,619	\$ 770,841	\$ 5,240,625
2016	4,159,072	160,048	100,000	4,419,120
2017	4,187,120	160,048	100,000	4,447,168
2018	4,215,568	160,048	100,000	4,475,616
2019	4,192,997	160,048	100,000	4,453,045
2020	4,223,053	160,048	100,000	4,483,101
2021	3,608,570	160,048	100,000	3,868,618
2022	1,973,788	160,048	100,000	2,233,836
2023	1,844,158	160,048	100,000	2,104,206
2024	287,153	160,048	100,000	547,201
2025-2029	-	800,239	500,000	1,300,239
2030-2034	-	800,239	500,000	1,300,239
2035-2039	-	800,239	400,000	1,200,239
2040-2044	-	800,239	-	800,239
2045-2049	-	800,239	-	800,239
2050-2054	-	800,239	-	800,239
2055-2059	-	800,239	-	800,239
2060-2062	-	440,132	-	440,132
Total Minimum Lease Payments	<u>\$ 32,843,644</u>	<u>\$ 7,799,856</u>	<u>\$ 3,070,841</u>	<u>\$ 43,714,341</u>

### Operating Leases

The College's operating leases having remaining terms of more than one year expire in various fiscal years from 2014 through 2062. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are typically payable on a monthly basis for equipment and on a quarterly basis, in advance, for property. In addition, the College has copier leases payable on a per copy basis.

The College has real property operating leases for seventeen different locations with the Foundation, a component unit. In 2010, the College renewed fifteen of these leases through 2015 with two remaining renewal options of five years each. These triple net leases cover office space, student housing, and two parking lots. Other leases with the Foundation that are not triple net include Dixie Plantation with a 2038 end date, and a villa in Trujillo Spain with a 2019 end date. There are no escalation clauses for Foundation leases. Under the agreements, the College paid the Foundation \$820,841 during the current fiscal year.

Other operating leases for real property consist of office space, classroom space, dorm space, parking lots, dock space, a practice golf facility, a sports complex, a warehouse, a fitness center, and labs.

In August 2004, the College entered into a nine year lease for residential apartments and parking spaces with Warren Place, a joint venture (formerly known as Brumley, Meyer and Kapp). In 2011 this triple net lease was amended to extend it through 2023. The current year lease payments totaled \$1,219,354.

The College leases a sports complex from Patriots Point Development Authority, a state agency, with lease terms effective April 1, 1997 through March 31, 2062. A one time payment of \$500,000 was paid in fiscal year 1998 with a corresponding charge to prepaid expenditures. It is being amortized ratably over the 65 year lease term utilizing the straight line method of calculation. The lease agreements make no provisions beyond the 65 year period. The unamortized balance at June 30, 2014 is \$367,313. Amortization of the prepaid rent balance for fiscal year 2014 was \$7,692 and is reported in operating expenses. The College is responsible for all maintenance and improvements as well as insurance, assessments and other fees that may be levied or invoked on the property. Rent is adjusted annually based on the Consumer Price Index for the Southeast Region. The College paid the Patriots Point Development Authority \$158,895 in rent in fiscal year 2014. The College also subleases dock space at Charleston Harbor Marina located near the sports complex at Patriots Point, and the current year lease payment was \$51,157. The current term of this exempt lease ends in 2018.

The College leases a golf practice facility from The Links at Stono Ferry with lease terms effective August 11, 2007 through August 10, 2014 with the option to renew for up to three consecutive periods of one year each. This lease was renewed for one period with an end date of August 10, 2015. Rent for this facility is \$150,000 per year.

The College leases the North Campus and Lowcountry Graduate Center building from the South Carolina Research Authority (SCRA) with lease terms effective September 1, 2009 through October 31, 2014. For fiscal year 2014, the total payment was \$484,607. This building was purchased by the Boeing Company, and the College has entered into a lease with Drake/Faber IV for 50,000 square feet of new space for its North Campus and Lowcountry Graduate Center located at 3800 Paramount Drive, North Charleston. The initial term of this lease is July 1, 2014 to June 30, 2021 with two renewal options of five years each. Rent for the first year of the initial term is \$830,000.

The College also leases warehouse space, and the current term ends December 14, 2022 with one renewal option of five years. The total rental payment for fiscal year 2014 was \$221,590.

The College entered into a ten year lease for a fitness center beginning October 7, 2013 with two renewal options of ten years each. Rent for the first year of the initial term is \$485,135.

The College entered into a seven year lease for 41,000 square feet of office, classroom, and lab space at Harbor Walk beginning January 1, 2014 and ending December 31, 2020 with one five year renewal option. Rent for the first year of the initial term is \$1,291,500 including building operating costs.

The College has exempt leases for two historic houses with parking located at 29 and 31 Coming Street. The lease terms are July 1, 2011 through June 30, 2014 with the option to renew for one period of two years. For fiscal year 2014, total rent paid for these properties was \$128,381. Additionally, the College has an exempt lease for office space for faculty research at 1 Carriage Lane and the lease term is October 1, 2013 to September 30, 2014 with one renewal option of one year. Rent for the current term is \$13,497. The College also leases wet lab space for faculty research and offices at the SCRA MUSC Innovation Center located at 645 Meeting Street from the SCRA with lease terms effective December 1, 2013 to November 30, 2014 with four renewal options of six months each. Rent for the first year of the initial term is \$182,726.

Finally, the total operating lease expenditures for fiscal year 2014 were \$6,189,119, of which approximately \$340,000 is for the per copy charge on the copy machines. The College reports all of these operating lease costs in operating expenses.

## NOTE 10 – BONDS

Bonds consisted of the following at June 30, 2014:

	<u>Original Balance</u>	<u>Fixed Interest Rates</u>	<u>Maturity Dates</u>	<u>Outstanding Balance</u>	<u>Debt Retired FY 2014</u>
<b>Revenue Bonds</b>					
Higher Education Facilities Revenue Bonds					
Bond, Series 2004A	\$ 5,190,000	3.625-4.60%	2019	\$ 2,090,000	\$ 370,000
Bond, Series 2007C	55,320,000	4.00-5.00%	2037	48,335,000	1,170,000
Bond, Series 2012A	25,630,000	2.00-4.00%	2032	23,595,000	1,025,000
Bond, Series 2013A	12,510,000	3.00-4.00%	2033	11,600,000	910,000
Academic/Administrative Facilities Revenue Bonds					
Bond, Series 2004B	27,265,000	4.00-5.375%	2034	-	405,000
Bond, Series 2007D	40,610,000	4.125-5.625%	2037	35,635,000	330,000
Bond, Series 2011A	33,745,000	2.00-5.00%	2037	32,785,000	960,000
Bond, Series 2013B	24,835,000	4.25-5.375%	2034	<u>24,680,000</u>	<u>155,000</u>
<b>Total Revenue Bonds</b>				<b>\$ 178,720,000</b>	<b>\$ 5,825,000</b>
<b>State Institutional Bonds</b>					
Series 2003A	7,200,000	3.00-4.125%	2023	<u>\$ 4,105,000</u>	<u>\$ 355,000</u>
Less: Unamortized Premiums/(Discounts)				<u>20,909</u>	
<b>Total Bonds Payable</b>				<b><u>\$ 182,845,909</u></b>	<b><u>\$ 6,180,000</u></b>

Bonds issued by the College include certain restrictive covenants. Auxiliary Revenue Bonds are payable solely from and secured by a pledge of revenues of the College's residence halls, food service, and parking, and from additional funds from the capital improvement fee imposed by the Board of Trustees.

State Institution Bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State of South Carolina. Tuition revenue is pledged up to the annual debt requirements for the payment of principal and interest on State Institution Bonds. S.C. Code of Laws Section 59-107-90 states that the maximum amount of annual debt service on State Institution Bonds for each institution shall not exceed ninety percent of the sums received from tuition fees for the preceding fiscal year. Tuition fees for the year ended June 30, 2014, used to calculate the College's debt service limit on bond indebtedness for the preceding year, were \$692,752 which results in a legal debt margin at June 30, 2014, of \$623,477. Debt service payments for fiscal year 2015 will be \$526,275. Bond premiums/(discounts) are capitalized and amortized over the life of the bonds. The amount amortized was \$17,182 for fiscal year 2014.

The College of Charleston capitalizes as a component of construction in progress interest costs in excess of earnings on debt associated with capital projects; therefore, asset values in capital assets include such interest costs. Total interest and amortization expense incurred for fiscal year 2014 was \$7,532,158. There was no capitalized interest during the year.

Amounts including interest required to complete payment of the Revenue Bonds as of June 30, 2014 are as follows:

<b>Revenue Bonds</b>			
<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 6,020,000	\$ 7,196,983	\$ 13,216,983
2016	6,225,000	6,996,701	13,221,701
2017	6,420,000	6,794,339	13,214,339
2018	6,630,000	6,585,183	13,215,183
2019	6,200,000	6,352,376	12,552,376
2020-2024	34,750,000	28,009,594	62,759,594
2025-2029	42,365,000	20,309,969	62,674,969
2030-2034	47,445,000	11,043,340	58,488,340
2035-2037	22,665,000	2,120,250	24,785,250
<b>Total Revenue Bonds</b>	<b>\$ 178,720,000</b>	<b>\$ 95,408,735</b>	<b>\$ 274,128,735</b>

Amounts including interest required to complete payment of the State Institution Bonds as of June 30, 2014 are as follows:

<b>State Institutional Bonds</b>			
<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 370,000	\$ 156,275	\$ 526,275
2016	390,000	143,325	533,325
2017	415,000	129,675	544,675
2018	430,000	115,150	545,150
2019	450,000	99,563	549,563
2020-2023	2,050,000	212,750	2,262,750
<b>Total State Institutional Bonds</b>	<b>\$ 4,105,000</b>	<b>\$ 856,738</b>	<b>\$ 4,961,738</b>

In prior years the College defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the College's financial statements. At June 30, 2014, \$24,802,000 of bonds outstanding is considered defeased. Management believes the College was in compliance with all applicable bond covenants as of June 30, 2014.

## NOTE 11 – LONG TERM LIABILITIES

Long term liability activity for the year ended June 30, 2014 was as follows:

Long Term Liabilities	GASB 65					June 30, 2014	Due Within One Year
	July 1, 2013	Additions	implementation effect	Reductions			
<b>Bonds Payable</b>							
State Institution Bonds	\$ 4,460,000	\$ -	\$ -	\$ 355,000	\$ 4,105,000	\$ 370,000	
Unamortized Premiums/ (Discounts)	1,367	-	-	137	1,230	137	
Total State Institution Bonds	\$ 4,461,367	\$ -	\$ -	\$ 355,137	\$ 4,106,230	\$ 370,137	
Revenue Bonds	\$ 184,545,000	\$ -	\$ -	\$ 5,825,000	\$ 178,720,000	\$ 6,020,000	
Unamortized Premiums/ (Discounts)	26,679	-	-	7,000	19,679	7,000	
Total Revenue Bonds	\$ 184,571,679	\$ -	\$ -	\$ 5,832,000	\$ 178,739,679	\$ 6,027,000	
Deferred Loss on refunding	\$ (990,021)	\$ -	\$ 965,702	\$ (24,319)	\$ -	\$ -	
Total Bonds Payable	\$ 188,043,025	\$ -	\$ 965,702	\$ 6,162,818	\$ 182,845,909	\$ 6,397,137	
<b>Other Liabilities</b>							
Federal Capital Contribution	\$ 2,464,950	\$ -	\$ -	\$ -	\$ 2,464,950	\$ -	
Accrued Compensated Absences	5,174,163	2,805,630	-	2,482,510	5,497,283	2,679,909	
Total Other Liabilities	\$ 7,639,113	\$ 2,805,630	\$ -	\$ 2,482,510	\$ 7,962,233	\$ 2,679,909	
<b>Total Long term Liabilities</b>	<b>\$ 195,682,138</b>	<b>\$ 2,805,630</b>	<b>\$ 965,702</b>	<b>\$ 8,645,328</b>	<b>\$ 190,808,142</b>	<b>\$ 9,077,046</b>	

The College implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* effective July 1, 2013. According to the statement, debt issuance costs should be reported as an expense in the period incurred. The amount of outstanding bond issuance costs previously recorded as an asset was \$511,059, and was reported as an expense during the current reporting period. The remaining \$454,643 of the deferred loss on refundings is now presented as a deferred outflow of resources on the Statement of Net Position.

## NOTE 12 – DONOR RESTRICTED ENDOWMENTS

The College is the recipient of two restricted endowments. One is an endowed professorship from the Commission of Higher Education in the amount of \$100,000 with a stipulation that only earnings can be used to fund endowed chairs at the College. For the year ended June 30, 2014, net appreciation of \$4,602 was available to be spent, which is restricted to specific purposes.

The other endowment funded through the South Carolina Research Centers of Economic Excellence Act of 2002 in the amount of \$1,000,000 was received during fiscal year 2005 through a Memorandum of Understanding between the College and the Medical University of South Carolina (MUSC).

The College has joined with MUSC to raise nonstate matching funds of \$2,000,000 for collaborative research, the Research Center in Applied Marine Genomics. Through an agreement between the College and the College of Charleston Foundation and permissible under South Carolina Code of Laws Section 59-101-410(b), the College loaned the funds to the Foundation for the specific purpose of maximizing the College's investment yield. The collaborative research project is intended to be a permanent program; however, in the event the program is discontinued, the Foundation must return the funds plus any earnings less any authorized program spending and customary administrative fees.

## **NOTE 13 – COMPONENT UNITS**

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational programs. They include the College of Charleston Foundation and the College of Charleston Cougar Club. Independent auditors retained by the organizations audit the financial statements of these entities.

The financial report of the Foundation may be obtained by writing to the Financial Services Office of the College of Charleston Foundation, 66 George Street Charleston, South Carolina, 29424. The financial report of the Cougar Club may be obtained by writing to the Finance Director, Cougar Club, 66 George Street, Charleston, South Carolina, 29424.

Effective fiscal year June 30, 2004 and as a result of the GASB Statement No. 39 implementation guidelines, the College began recognizing the Foundation and the Cougar Club as component units and displaying a discrete presentation format of their financial statements. Both entities report under guidelines established by the FASB.

### **College of Charleston Foundation**

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value based upon quoted market prices. Investments in limited partnerships are stated at fair values based upon financial information provided by external investment partners. Because limited partnership interests are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for the investments existed. Investments donated to the Foundation are initially recorded at fair value on the date of the gift. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the change in unrestricted net assets unless the income or loss is restricted by the donor or law.

Investment income is recorded net of investment expenses. Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains or losses are calculated by comparing cost to market values at the statement of financial position date.

The Foundation's endowment consists of approximately 500 individual funds established for a variety of purposes including both donor restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions and the Foundation's interpretation of relevant law.

The Foundation maintains master investment accounts for its donor restricted and board designated endowments. Investment income and expenses, including unrealized gains and losses from securities in the master investment accounts, are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the fair value of the master investment accounts, adjusted for additions to or deductions from those accounts.

The Foundation places its cash and cash equivalents on deposit with commercial banks. The FDIC covers \$250,000 for each interest bearing account. At times throughout the year, the Foundation may maintain bank account balances in excess of the FDIC insured limit. The Foundation has not experienced losses in such deposit accounts and believes it is not exposed to any significant credit risk in this regard.

The Foundation is also subject to concentration of credit risk related to its unconditional promises to give. Contributions and unconditional promises to give consist of gift amounts from individuals and businesses predominantly located in the State of South Carolina. At June 30, 2014, promises to give from two donors accounted for approximately 40 percent of the total unconditional promises to give balance.

### **Investments – Nongovernmental Discretely Presented Component Units**

The College of Charleston Foundation investments as of June 30, 2014, were as follows:

<b>Investments Carried at Fair Value</b>		
	<b>Cost</b>	<b>Fair value</b>
Cash	\$ 179,310	\$ 179,310
Equity securities	55,705	58,481
Mutual funds	19,384,585	20,573,793
Alternative investments	54,840,000	62,084,963
<b>Total</b>	<b>\$ 74,459,600</b>	<b>\$ 82,896,547</b>

The following schedule details transactions between the College and the Foundation during the year ended June 30, 2014.

---



---

**Transactions between the College and the Foundation for Fiscal Year 2014**

The College paid the Foundation for the rental of certain real property. The amount is reported as part of operating expenses. In addition, see Note 9 regarding lease transactions with the Foundation.	\$ 820,841
The Foundation reimbursed the College for scholarships awarded. The amount is reported as a part of gifts under nonoperating revenue.	\$ 2,943,648
The Foundation reimbursed the College for certain expenditures that were paid by the College for the benefit of the Foundation.	\$ 3,109,169
The Foundation reimbursed the College to assist with certain capital projects.	\$ 91,500

---



---

**College of Charleston Cougar Club**

The Cougar Club is a separately chartered corporation organized exclusively to provide financial assistance and scholarships to the Athletic Department. The College received \$2,188,688 in scholarships and other support from the Cougar Club for the year ended June 30, 2014.

The College has receivables totaling \$4,332,337 with the component units. The details of the component unit receivables follow.

---



---

**Component Units Receivable  
As of June 30, 2014**

The Foundation	
Capital Projects and Operating Expenses Receivable	\$ 2,940,991
Marine Genomics endowment receivable	<u>1,369,095</u>
Total Foundation receivable	<u>\$ 4,310,086</u>
The Cougar Club	
Operating expenses receivable	<u>\$ 22,251</u>
Total Cougar Club receivable	<u>\$ 22,251</u>
<b>Total Component Units Receivable</b>	<b><u>\$ 4,332,337</u></b>

---



---

**NOTE 14 – RISK MANAGEMENT**

The College is exposed to various risks of loss and maintains state or commercial insurance coverage for these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The costs of settled claims and claim losses have not exceeded this coverage in any of the past three years. The College pays insurance premiums to certain other state agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with the insurance policy and benefit program limits.

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 risks for the following:

**Managed Risks Assumed by the State**

1. Claims of State employees for unemployment compensation benefits (SC Department of Employment and Workforce);
2. Claims of covered employees for workers' compensation benefits for job related illnesses or injuries (State Accident Fund);
3. Claims of covered public employees for health and dental insurance benefits. (Employee Insurance Program); and
4. Claims of covered public employees for long term disability and group life insurance benefits. (Employee Insurance Program).

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

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

**Risks of Loss Covered by Insurance**

1. Theft of, damage to, or destruction of assets;
2. Natural disasters;
3. Real property, its contents, and other equipment;
4. Motor vehicles;
5. Watercraft, artwork, equipment (inland marine);
6. Torts;
7. Business interruptions;
8. Data processing; and
9. Medical malpractice claims against covered employees.

The IRF is a self insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in certain areas. The IRF rates are determined actuarially. The College obtains commercial crime coverage through a commercial insurer for losses arising from employee theft and has hired a brokerage service to obtain cyber liability insurance.

## Emergency Preparedness and Management Plan

To ensure that the College is prepared to respond to emergency and crisis situations, the President has formed a standing Emergency Management Team (EMT), and this team has developed an Emergency Preparedness and Management Plan (Plan) for the College. The Plan outlines an emergency response and recovery policy which provides a consistent, coordinated approach for assessing and responding to crises and emergency situations. The Plan also defines and describes actions to be taken by the College community to mitigate, prepare for, respond to and recover from various human induced and/or natural emergencies that may affect lives, property, and the institution.

## NOTE 15 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2014 are summarized as follows:

	Personnel Costs and Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 69,891,828	\$ 4,831,066	\$ 341	\$ -	\$ -	\$ 74,723,235
Research	3,752,678	4,106,085	997	-	-	7,859,760
Public Service	986,070	674,718	-	-	-	1,660,788
Academic Support	10,031,480	4,940,731	-	-	-	14,972,211
Student Services	9,685,976	3,224,754	-	-	-	12,910,730
Operation and Maintenance of Plant	9,456,194	18,813,541	4,627,339	-	-	32,897,074
Institutional Support	20,375,668	8,392,557	-	-	-	28,768,225
Scholarships and Fellowships (net of discounts and allowances)	-	-	-	10,232,716	-	10,232,716
Auxiliary Enterprises	9,990,970	23,675,833	3,644,595	4,857,699	-	42,169,097
Depreciation	-	-	-	-	13,555,469	13,555,469
<b>Total Operating Expenses</b>	<b>\$ 134,170,864</b>	<b>\$ 68,659,285</b>	<b>\$ 8,273,272</b>	<b>\$ 15,090,415</b>	<b>\$ 13,555,469</b>	<b>\$ 239,749,305</b>

## NOTE 16 – STATE APPROPRIATIONS AND TRANSACTIONS WITH STATE ENTITIES

The College is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received and available. The original appropriation is the College's base budget amount presented in the General Funds column of Section 9 of the 2013-2014 Appropriation Act. The following schedule is a reconciliation of the original appropriation as enacted by the General Assembly to State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2014.

---

---

**State Appropriations**

**Noncapital Appropriations**

Original appropriations per annual Appropriations Act	\$ 19,449,861
Supplemental Appropriations	400,000
Employee Pay Plan Funds	237,357
From Commission on Higher Education:	
Academic Endowment Incentive	8,683
Low Country Graduate Center	785,099

**Total State noncapital appropriations recorded as current year revenue** **\$ 20,881,000**

**Capital Appropriations**

From SC Education Lottery Fund	\$ 1,718,543
From Capital Reserve Fund	2,048,619

**Total State capital appropriations recorded as current year revenue** **\$ 3,767,162**

---

---

The College received substantial funding from the CHE for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from the CHE are accounted for as both operating and nonoperating revenues, depending upon the requirement of deliverables with a current or potential future economic value. The College also receives state funds from various other public service projects. Following is a summary of amounts received from state agencies for scholarships, sponsored research and public service projects for the fiscal year ended June 30, 2014.

---

---

**Other Amounts Received from State Agencies**

Received from CHE:	
Hope Scholarships	\$ 393,400
LIFE Scholarships	12,377,945
Palmetto Scholarships	4,209,234
Need Based Grants	977,434
SC National Guard Program	49,500
Various other CHE amounts	25,886
Received from Department of Education	90,587
Received from Winthrop University	442,455
Received from Various State Agencies	243,691
<b>Total</b>	<u><b>\$ 18,810,132</b></u>

---

---

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee and investment services from the State Treasurer; legal services from the Attorney General; and grant services from the Office of the Governor. Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

## NOTE 17 – SUMMARY FINANCIAL INFORMATION

Summarized financial activity for the year ended June 30, 2014 was as follows:

	2014	2013	Increase/ (Decrease)
Charges for services	\$ 216,300,174	\$ 208,556,476	\$ 7,743,698
Nonoperating grants and contributions	16,400,374	15,275,211	1,125,163
Less: Program expenses	(247,443,023)	(234,129,919)	(13,313,104)
Net program expenses	\$ (14,742,475)	\$ (10,298,232)	\$ (4,444,243)
Transfers:			
State appropriations	\$ 20,881,000	\$ 19,809,777	\$ 1,071,223
State capital appropriations	3,767,162	3,752,769	14,393
Total transfers	\$ 24,648,162	\$ 23,562,546	\$ 1,085,616
Change in net position	\$ 9,905,687	\$ 13,264,314	\$ (3,358,627)
Net position - beginning	276,275,753	263,011,439	13,264,314
<b>Net position - ending</b>	<b>\$ 286,181,440</b>	<b>\$ 276,275,753</b>	<b>\$ 9,905,687</b>

# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*A student paints in the Cistern Yard near Towell Library*

## STATISTICAL SECTION

## STATISTICAL SECTION

This section of the College of Charleston's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information conveys about the College's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the College's financial performance has changed over time.	<b>71 - 75</b>
<b>Revenue Capacity</b> This schedule contains information to help the reader assess the factors affecting the College's ability to generate tuition income.	<b>76</b>
<b>Debt Capacity</b> This schedule presents information to help the reader assess the affordability of the College's current levels of outstanding debt and its ability to issue additional debt in the future.	<b>77</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place and to help make comparisons over time and with other colleges.	<b>78 - 83</b>
<b>Operating Information</b> These schedules contain information about the College's operations and resources to help the reader understand how the College's financial information relates to the services it provides.	<b>84 - 87</b>

*Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years.*

**SCHEDULE OF OPERATING AND NONOPERATING REVENUES BY SOURCE**

	For the Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total revenues)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Operating Revenues:</b>																				
Student tuition and fees (net of scholarship allowance)	\$ 139,892	\$ 133,936	\$ 128,093	\$ 118,768	\$ 108,009	\$ 98,406	\$ 90,435	\$ 82,491	\$ 76,836	\$ 70,209	55.49%	55.19%	54.30%	52.43%	49.59%	47.77%	44.75%	44.25%	46.73%	45.37%
Federal grants and contracts	8,151	9,278	8,939	8,244	7,584	12,084	15,125	9,903	9,568	9,351	3.23%	3.82%	3.79%	3.64%	3.48%	5.87%	7.48%	5.31%	5.82%	6.04%
State grants and contracts	18,810	18,671	18,140	17,981	18,448	17,868	17,996	16,347	16,136	15,398	7.46%	7.69%	7.69%	7.94%	8.47%	8.67%	8.91%	8.77%	9.81%	9.95%
Local grants and contracts	241	176	176	184	81	8	8	8	7	23	0.10%	0.07%	0.07%	0.08%	0.04%	0.00%	0.00%	0.00%	0.00%	0.01%
Nongovernmental grants and contracts	1,334	541	165	192	105	18	102	226	300	341	0.53%	0.22%	0.07%	0.08%	0.05%	0.01%	0.05%	0.12%	0.18%	0.22%
Sales and services of educational and other activities	1,940	1,949	1,950	1,845	2,604	1,499	1,124	1,212	1,057	991	0.77%	0.80%	0.83%	0.81%	1.20%	0.73%	0.56%	0.65%	0.64%	0.64%
Sales and services of auxiliary enterprises (net of scholarship allowance)	45,072	43,532	43,517	40,593	36,453	36,531	33,550	28,476	25,029	24,412	17.88%	17.94%	18.45%	17.93%	16.74%	17.74%	16.60%	15.27%	15.23%	15.79%
Other operating revenue	860	474	1,116	211	693	2,383	2,069	1,817	1,561	1,255	0.34%	0.20%	0.47%	0.09%	0.31%	1.16%	1.03%	0.98%	0.96%	0.82%
<b>Total Operating Revenues</b>	<b>\$ 216,300</b>	<b>\$ 208,557</b>	<b>\$ 202,096</b>	<b>\$ 188,018</b>	<b>\$ 173,977</b>	<b>\$ 168,797</b>	<b>\$ 160,409</b>	<b>\$ 140,480</b>	<b>\$ 130,494</b>	<b>\$ 121,980</b>	<b>85.80%</b>	<b>85.93%</b>	<b>85.67%</b>	<b>83.00%</b>	<b>79.88%</b>	<b>81.95%</b>	<b>79.38%</b>	<b>75.35%</b>	<b>79.37%</b>	<b>78.84%</b>
<b>Nonoperating Revenues:</b>																				
State appropriations	\$ 20,881	\$ 19,810	\$ 18,872	\$ 19,794	\$ 24,767	\$ 27,173	\$ 36,094	\$ 37,806	\$ 30,328	\$ 28,896	8.28%	8.16%	8.00%	8.74%	11.37%	13.19%	17.86%	20.28%	18.44%	18.67%
Federal grants and contracts	10,560	10,298	10,216	14,792	12,576	4,583	-	-	-	-	4.19%	4.24%	4.33%	6.53%	5.77%	2.22%	0.00%	0.00%	0.00%	0.00%
Gifts	3,498	3,230	3,008	2,515	2,181	2,239	2,044	5,836	1,814	1,768	1.39%	1.33%	1.28%	1.11%	1.00%	1.09%	1.01%	3.13%	1.10%	1.14%
Interest and investment income	678	417	1,169	855	3,758	2,712	3,204	1,739	1,141	1,503	0.27%	0.17%	0.50%	0.38%	1.73%	1.32%	1.59%	0.93%	0.69%	0.97%
Other grants and contracts	165	391	525	539	539	475	324	576	657	587	0.07%	0.17%	0.22%	0.24%	0.25%	0.23%	0.16%	0.31%	0.40%	0.38%
<b>Total Nonoperating Revenues</b>	<b>\$ 35,782</b>	<b>\$ 34,146</b>	<b>\$ 33,790</b>	<b>\$ 38,495</b>	<b>\$ 43,821</b>	<b>\$ 37,182</b>	<b>\$ 41,666</b>	<b>\$ 45,957</b>	<b>\$ 33,940</b>	<b>\$ 32,754</b>	<b>14.20%</b>	<b>14.07%</b>	<b>14.33%</b>	<b>17.00%</b>	<b>20.12%</b>	<b>18.05%</b>	<b>20.62%</b>	<b>24.65%</b>	<b>20.63%</b>	<b>21.16%</b>
<b>Total Operating and Nonoperating Revenues</b>	<b>\$ 252,082</b>	<b>\$ 242,703</b>	<b>\$ 235,886</b>	<b>\$ 226,513</b>	<b>\$ 217,798</b>	<b>\$ 205,979</b>	<b>\$ 202,075</b>	<b>\$ 186,437</b>	<b>\$ 164,434</b>	<b>\$ 154,734</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: College of Charleston Comprehensive Annual Financial Reports.

Note: Beginning in 2010, Pell grant revenue is reported as nonoperating. Pell Grant amounts for 2009 were reclassified for comparative purposes.

**SCHEDULE OF EXPENSES BY FUNCTION**

	For the Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total expenses)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses:</b>																				
Instruction	\$ 74,723	\$ 70,055	\$ 67,426	\$ 64,386	\$ 62,200	\$ 62,752	\$ 61,877	\$ 58,447	\$ 55,232	\$ 51,228	30.20%	29.92%	30.54%	30.36%	31.21%	32.96%	32.88%	34.86%	34.60%	33.84%
Research	7,860	8,515	7,959	7,227	7,931	5,592	5,647	5,974	5,662	4,650	3.18%	3.64%	3.61%	3.41%	3.98%	2.94%	3.00%	3.56%	3.55%	3.07%
Public service	1,661	1,400	1,382	1,122	4,020	1,200	1,172	865	889	955	0.67%	0.60%	0.63%	0.53%	2.02%	0.63%	0.62%	0.52%	0.56%	0.63%
Academic support	14,972	13,591	13,267	13,046	10,280	13,344	13,742	13,322	13,061	12,022	6.05%	5.80%	6.01%	6.15%	5.16%	7.01%	7.30%	7.94%	8.18%	7.94%
Student services	12,911	12,116	11,385	10,723	10,046	9,970	9,170	8,152	7,687	7,122	5.22%	5.17%	5.16%	5.06%	5.04%	5.24%	4.87%	4.86%	4.82%	4.70%
Operation and maintenance of plant	32,897	25,919	22,514	22,346	18,043	21,730	24,393	22,526	22,845	24,348	13.29%	11.07%	10.20%	10.54%	9.05%	11.41%	12.96%	13.43%	14.31%	16.08%
Institutional support	28,768	28,492	23,917	23,097	21,493	18,034	16,713	14,913	13,081	11,435	11.63%	12.17%	10.84%	10.89%	10.78%	9.47%	8.88%	8.89%	8.19%	7.55%
Scholarships and fellowships (net of discounts and allowances)	10,233	10,799	11,935	11,713	8,515	7,711	7,276	7,212	6,794	5,585	4.14%	4.61%	5.41%	5.52%	4.27%	4.05%	3.87%	4.30%	4.26%	3.69%
Auxiliary enterprises	42,169	41,018	37,455	35,176	32,963	32,409	32,189	26,068	24,776	24,087	17.04%	17.51%	16.96%	16.58%	16.54%	17.02%	17.10%	15.55%	15.52%	15.91%
Interest and amortization expense on capital assets and related debt	7,532	9,367	8,690	8,503	9,388	6,948	7,671	3,591	3,721	3,929	3.04%	4.00%	3.94%	4.01%	4.71%	3.65%	4.08%	2.14%	2.33%	2.60%
Loss on sale or disposal of capital assets	162	43	73	-	36	103	79	280	83	-	0.07%	0.02%	0.03%	0.00%	0.02%	0.05%	0.04%	0.17%	0.05%	0.00%
Depreciation	13,555	12,858	14,725	14,757	14,373	10,621	8,269	6,332	5,793	6,020	5.47%	5.49%	6.67%	6.95%	7.22%	5.57%	4.40%	3.78%	3.63%	3.99%
<b>Total Expenses</b>	<b>\$ 247,443</b>	<b>\$ 234,173</b>	<b>\$ 220,728</b>	<b>\$ 212,096</b>	<b>\$ 199,288</b>	<b>\$ 190,414</b>	<b>\$ 188,198</b>	<b>\$ 167,682</b>	<b>\$ 159,624</b>	<b>\$ 151,381</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

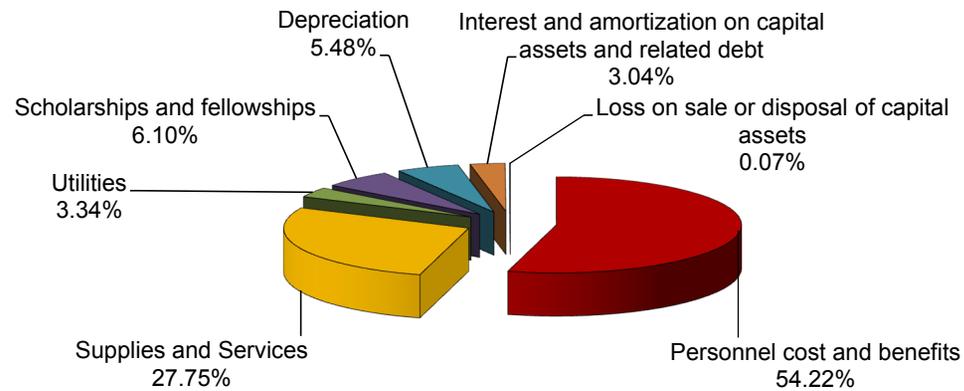
Source: College of Charleston Comprehensive Annual Financial Reports.

**SCHEDULE OF EXPENSES BY USE**

For the Year Ended June 30,

	(amounts expressed in thousands)										(percent of total expenses)										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
<b>Operating Expenses:</b>																					
Personnel cost and benefits	\$ 134,171	\$ 126,016	\$ 120,436	\$ 113,725	\$ 112,316	\$ 109,387	\$ 105,071	\$ 98,115	\$ 93,528	\$ 85,847	54.22%	53.81%	54.57%	53.50%	56.36%	57.45%	55.83%	58.51%	58.59%	56.71%	
Supplies and services	68,659	61,625	52,849	51,465	43,541	45,973	51,152	44,332	42,582	42,170	27.75%	26.32%	23.94%	24.30%	21.85%	24.14%	27.18%	26.44%	26.68%	27.86%	
Utilities	8,273	8,807	7,990	7,971	7,458	6,759	5,878	5,384	4,778	4,648	3.34%	3.76%	3.62%	3.80%	3.74%	3.55%	3.12%	3.21%	2.99%	3.07%	
Scholarships and fellowships	15,091	15,457	15,965	15,675	12,176	10,623	10,078	9,648	9,139	8,767	6.10%	6.60%	7.23%	7.40%	6.11%	5.58%	5.35%	5.75%	5.73%	5.79%	
Depreciation	13,555	12,858	14,725	14,757	14,373	10,621	8,269	6,332	5,793	6,020	5.48%	5.49%	6.67%	7.00%	7.21%	5.58%	4.40%	3.78%	3.63%	3.97%	
<b>Total Operation Expenses</b>	<b>\$ 239,749</b>	<b>\$ 224,763</b>	<b>\$ 211,965</b>	<b>\$ 203,593</b>	<b>\$ 189,864</b>	<b>\$ 183,363</b>	<b>\$ 180,448</b>	<b>\$ 163,811</b>	<b>\$ 155,820</b>	<b>\$ 147,452</b>	<b>96.89%</b>	<b>95.98%</b>	<b>96.03%</b>	<b>96.00%</b>	<b>95.27%</b>	<b>96.30%</b>	<b>95.88%</b>	<b>97.69%</b>	<b>97.62%</b>	<b>97.40%</b>	
<b>Nonoperating Expenses:</b>																					
Interest and amortization expense on capital assets and related debt	\$ 7,532	\$ 9,367	\$ 8,690	\$ 8,503	\$ 9,388	\$ 6,948	\$ 7,671	\$ 3,591	\$ 3,721	\$ 3,929	3.04%	4.00%	3.94%	4.00%	4.71%	3.65%	4.08%	2.14%	2.33%	2.60%	
Loss on sale or disposal of capital assets	162	43	73	-	36	103	79	280	83	-	0.07%	0.02%	0.03%	0.00%	0.02%	0.05%	0.04%	0.17%	0.05%	0.00%	
<b>Total Nonoperating Expenses</b>	<b>\$ 7,694</b>	<b>\$ 9,410</b>	<b>\$ 8,763</b>	<b>\$ 8,503</b>	<b>\$ 9,424</b>	<b>\$ 7,051</b>	<b>\$ 7,750</b>	<b>\$ 3,871</b>	<b>\$ 3,804</b>	<b>\$ 3,929</b>	<b>3.11%</b>	<b>4.02%</b>	<b>3.97%</b>	<b>4.00%</b>	<b>4.73%</b>	<b>3.70%</b>	<b>4.12%</b>	<b>2.31%</b>	<b>2.38%</b>	<b>2.60%</b>	
<b>Total Expenses</b>	<b>\$ 247,443</b>	<b>\$ 234,173</b>	<b>\$ 220,728</b>	<b>\$ 212,096</b>	<b>\$ 199,288</b>	<b>\$ 190,414</b>	<b>\$ 188,198</b>	<b>\$ 167,682</b>	<b>\$ 159,624</b>	<b>\$ 151,381</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	

**Expenses By Use  
Fiscal Year 2014**



Source: College of Charleston Comprehensive Annual Financial Reports.

## SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

	For the Year Ended June 30,									
	(amounts expressed in thousands)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total revenues (from schedule of revenues by source)	\$ 252,082	\$ 242,703	\$ 235,886	\$ 226,513	\$ 217,798	\$ 205,979	\$ 202,075	\$ 186,437	\$ 164,434	\$ 154,734
Total expenses (from schedule of expenses by use and function)	(247,443)	(234,173)	(220,728)	(212,096)	(199,288)	(190,414)	(188,198)	(167,682)	(159,624)	(151,381)
Income before other revenues, expenses, gains or losses	\$ 4,639	\$ 8,530	\$ 15,158	\$ 14,417	\$ 18,510	\$ 15,565	\$ 13,877	\$ 18,755	\$ 4,810	\$ 3,353
Capital improvement bond proceeds	-	-	-	2,373	-	-	7,889	8,992	3,295	1,670
Capital gifts	1,500	982	460	155	165	-	-	-	-	-
Capital appropriations	3,766	3,753	3,431	218	1,108	1,122	1,122	1,131	1,167	-
Additions to permanent endowments	-	-	-	-	-	-	-	-	-	1,000
Uncollectible capital gifts	-	-	-	-	-	-	-	-	-	-
University infrastructure bond proceeds	-	-	-	-	-	-	-	1,829	-	-
Prior period adjustment	-	-	-	-	-	3,617	-	-	-	-
Net Position, beginning	276,276	263,011	243,962	226,799	207,016	186,712	163,824	133,117	123,845	117,822
<b>Net Position, ending</b>	<b>\$ 286,181</b>	<b>\$ 276,276</b>	<b>\$ 263,011</b>	<b>\$ 243,962</b>	<b>\$ 226,799</b>	<b>\$ 207,016</b>	<b>\$ 186,712</b>	<b>\$ 163,824</b>	<b>\$ 133,117</b>	<b>\$ 123,845</b>
Net investment in capital assets	\$ 176,597	\$ 164,856	\$ 159,379	\$ 155,328	\$ 160,358	\$ 156,437	\$ 143,670	\$ 117,272	\$ 93,162	\$ 101,222
Restricted - expendable	62,993	53,289	50,544	44,321	49,131	35,448	31,608	36,133	33,396	11,304
Restricted - nonexpendable	1,203	1,163	1,110	1,175	1,047	1,140	1,390	1,098	1,103	1,103
Unrestricted	45,388	56,968	51,978	43,138	16,263	13,991	10,044	9,321	5,456	10,216
<b>Total Net Position</b>	<b>\$ 286,181</b>	<b>\$ 276,276</b>	<b>\$ 263,011</b>	<b>\$ 243,962</b>	<b>\$ 226,799</b>	<b>\$ 207,016</b>	<b>\$ 186,712</b>	<b>\$ 163,824</b>	<b>\$ 133,117</b>	<b>\$ 123,845</b>

Source: College of Charleston Comprehensive Annual Financial Reports.

## SCHEDULE OF RATIOS OF OUTSTANDING DEBT

For the Year Ended June 30,  
(dollars expressed in thousands except for outstanding debt per student)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue bonds	\$ 178,741	\$ 184,572	\$ 188,901	\$ 160,590	\$ 165,699	\$ 170,845	\$ 175,790	\$ 86,132	\$ 89,316	\$ 92,381
State institution bonds	4,105	4,461	4,802	5,122	5,674	5,981	6,267	6,260	6,514	6,753
Bond anticipation note	-	-	-	33,500	33,500	33,500	-	-	-	-
Capital lease obligations	-	-	-	3,550	4,264	4,952	-	-	-	-
Deferred loss on refunding	(455)	(990)	(431)	-	-	-	-	-	-	-
<b>Total Outstanding Debt</b>	<b>\$ 182,391</b>	<b>\$ 188,043</b>	<b>\$ 193,272</b>	<b>\$ 202,762</b>	<b>\$ 209,137</b>	<b>\$ 215,278</b>	<b>\$ 182,057</b>	<b>\$ 92,392</b>	<b>\$ 95,830</b>	<b>\$ 99,134</b>
<b>Full time equivalent students (fiscal year)</b>	10,538	10,558	10,548	10,206	10,191	9,806	9,904	9,802	9,883	9,942
<b>Outstanding debt per student</b>	\$ 17,308	\$ 17,810	\$ 18,323	\$ 19,867	\$ 20,522	\$ 21,954	\$ 18,382	\$ 9,426	\$ 9,696	\$ 9,971

Note: Outstanding debt per student calculated using full time equivalent enrollment data for each of the last ten years.

Source: College of Charleston Comprehensive Annual Financial Reports, College of Charleston Office of Institutional Research

## TUITION AND FEES

Last Ten Academic Years

Academic Year Beginning in Fall	Undergraduate (1)		Undergraduate (2)	
	Resident	Nonresident	Resident	Nonresident
2013	\$ 10,230	\$ 26,694	\$ 426	\$ 1,112
2012	9,918	25,304	413	1,054
2011	9,616	24,330	401	1,014
2010 (3)	10,314	23,172	430	965
2009	8,988	21,846	375	910
2008	8,400	20,418	350	851
2007	7,778	18,732	324	781
2006	7,234	16,800	301	700
2005	6,668	15,342	276	637
2004	6,202	14,140	256	587

	Graduate (1)		Graduate (2)	
	Resident	Nonresident	Resident	Nonresident
2013	\$ 11,254	\$ 29,364	\$ 469	\$ 1,224
2012	10,910	27,834	455	1,160
2011	10,580	26,764	441	1,115
2010 (3)	11,346	25,490	473	1,062
2009	9,886	24,030	412	1,001
2008	8,820	21,438	368	893
2007	7,776	18,744	324	781
2006	7,224	16,800	301	700
2005	6,624	15,288	276	637
2004	6,144	14,088	256	587

Notes: (1) These amounts are for an academic year of 24 semester hours  
 (2) Per credit hour  
 (3) Tuition was subsequently reduced for the 2011 Spring semester

Source: College of Charleston Office of Institutional Research, Graduate School Office

## SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended June 30,	Defined Net Revenue Available for Debt Service	Total Revenue Available for Debt Service	Debt Service Payment Requirements			Coverage Ratio
			Principal	Interest	Total	
<b>Revenue Bonds</b>						
2014	\$ 17,688	\$ 27,419	\$ 5,825	\$ 7,293	\$ 13,118	2.09
2013	17,819	27,552	6,085	8,074	14,159	1.95
2012	19,090	27,436	5,645	7,535	13,180	2.08
2011	17,605	25,375	5,415	7,763	13,178	1.93
2010	17,196	23,855	5,215	7,974	13,189	1.81
2009	14,811	19,594	5,015	8,171	13,186	1.49
2008	12,664	15,839	4,400	7,225	11,625	1.36
2007	10,487	17,683	3,180	4,008	7,188	2.46
2006	9,993	14,492	3,070	4,085	7,155	2.03
2005	9,550	13,522	2,815	4,193	7,008	1.93
<b>State Institutional Bonds</b>						
2014	\$ 693	\$ 693	\$ 355	\$ 169	\$ 524	1.32
2013	697	697	340	179	519	1.34
2012	701	701	320	189	509	1.38
2011	703	703	305	198	503	1.40
2010	675	675	295	207	502	1.34
2009	649	649	275	225	500	1.30
2008	537	537	265	223	488	1.10
2007	534	534	255	230	485	1.10
2006	529	656	240	240	480	1.37
2005	563	653	225	287	512	1.28

Source: College of Charleston Controller's Office

Note: The State of South Carolina first issued State Institutional Bonds on behalf of the College in 2003 with debt service payment requirements beginning in 2004. In addition, each year's figures for revenue available for debt service were recalculated during fiscal year 2006 and consequently, resulted in a revised schedule for that period. The 2012 schedule reflects those revisions.

## ADMISSIONS, ENROLLMENT, AND DEGREE STATISTICS

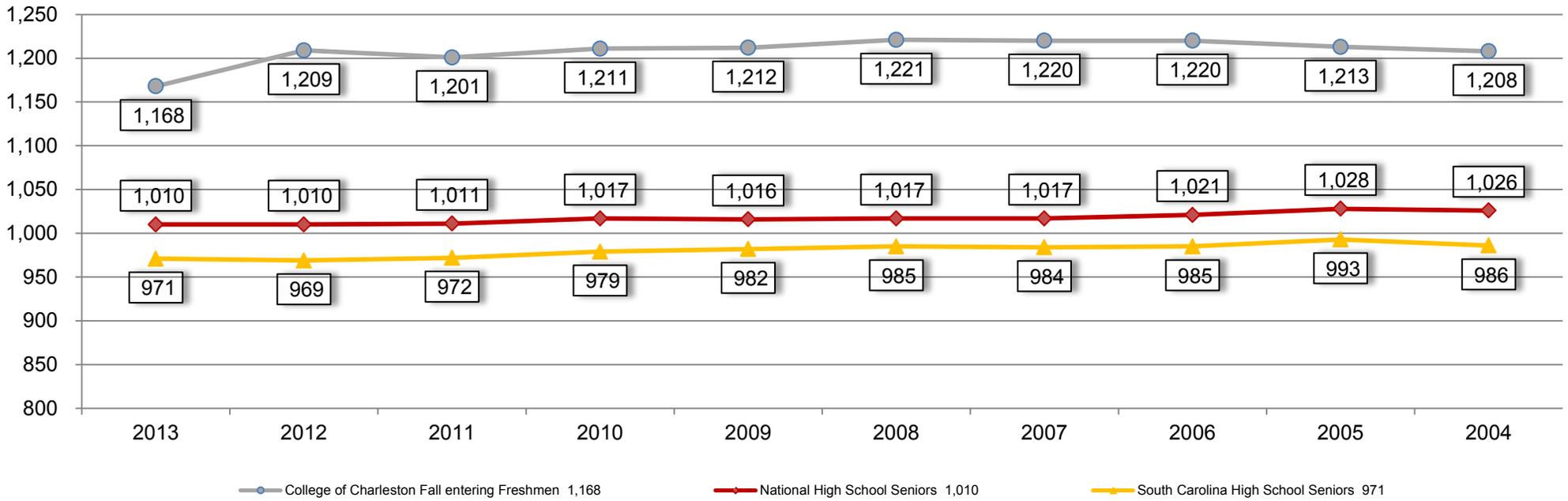
Last Ten Academic Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Admissions - Freshman</b>										
Applications	11,533	11,510	11,086	11,280	11,083	9,964	8,941	8,673	8,217	8,076
Applications accepted	8,331	8,093	8,149	7,896	7,703	6,401	5,775	5,311	5,436	5,238
Accepted as a percentage of applications	72.2%	70.3%	73.5%	70.0%	69.5%	64.2%	64.6%	61.2%	66.2%	64.9%
Students enrolled	2,116	2,138	2,334	2,010	2,143	1,955	2,064	1,968	1,993	1,944
Enrolled as a percentage of accepted	25.4%	26.4%	28.6%	25.5%	27.8%	30.5%	35.7%	37.1%	36.7%	37.1%
SAT scores - total*	1,168	1,209	1,201	1,211	1,212	1,221	1,220	1,220	1,213	1,208
Verbal*	589	606	605	606	606	612	611	610	609	607
Math*	579	603	596	605	606	609	609	610	604	601
South Carolina average SAT score - total	971	969	972	979	982	985	984	985	993	986
U.S. average SAT score - total	1,010	1,010	1,011	1,017	1,016	1,017	1,017	1,021	1,028	1,026
<b>Enrollment</b>										
Undergraduate and graduate FTE	10,538	10,558	10,548	10,206	10,191	9,806	9,904	9,802	9,883	9,942
Undergraduate and graduate headcount	11,619	11,723	11,649	11,532	11,772	11,367	11,316	11,218	11,332	11,607
Percentage of Men	36.4%	36.0%	36.4%	35.4%	33.8%	33.8%	34.3%	34.0%	33.9%	33.3%
Percentage of Women	63.6%	64.0%	63.6%	64.6%	66.2%	66.2%	65.7%	66.0%	66.1%	66.7%
Percentage of African American	6.4%	6.2%	5.8%	6.3%	5.9%	6.5%	6.9%	7.2%	7.7%	8.5%
Percentage of White	81.8%	82.6%	83.4%	83.3%	81.9%	82.7%	82.8%	82.5%	82.0%	83.0%
Percentage of Other	11.7%	11.2%	10.8%	10.4%	12.2%	10.8%	10.3%	10.3%	10.3%	8.5%
<b>Degrees Earned</b>										
Undergraduate	2,402	2,333	2,327	2,380	2,212	2,287	2,145	2,209	2,098	2,162
Graduate	246	237	216	246	172	189	218	204	207	192

\*Excludes provisionally admitted freshmen

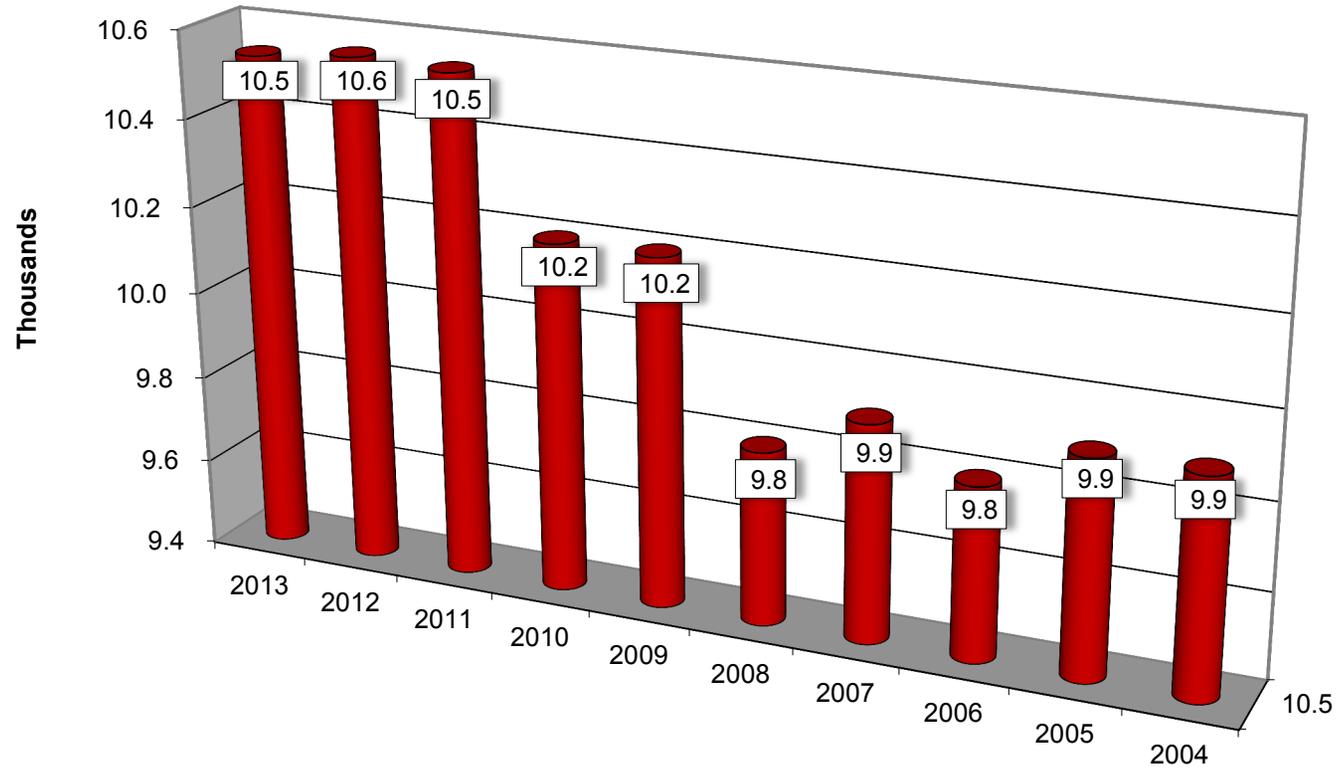
Source: College of Charleston Office of Institutional Research

**College of Charleston  
Average Combined SAT Scores  
For The Last 10 Years**



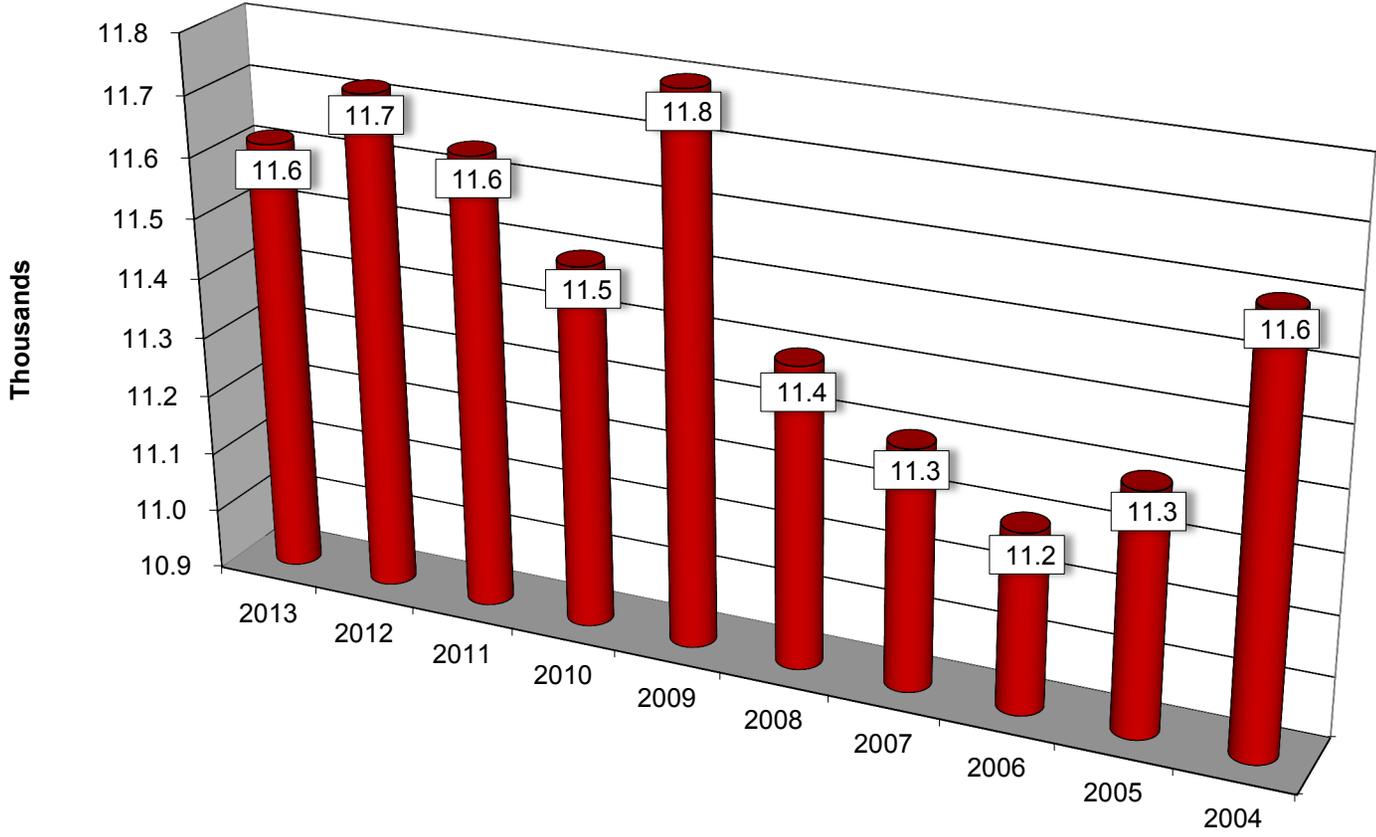
Source: College of Charleston Office of Institutional Research

**College of Charleston  
Student Full Time Equivalents  
For The Last 10 Years**



Source: College of Charleston Office of Institutional Research

**College of Charleston  
Student Head Count  
For The Last 10 Years**



Source: College of Charleston Office of Institutional Research

## DEMOGRAPHIC STATISTICS

State of South Carolina

Last Ten Calendar Years

<b>Year</b>	<b>Population as of July 1</b>	<b>Total Personal Income (in thousands)</b>	<b>Per Capita Income</b>	<b>Average Annual Unemployment Rate</b>
2013	4,774,839	\$ 169,282,367	\$ 35,453	7.6%
2012	4,723,723	161,863,092	34,266	9.1%
2011	4,679,230	157,563,712	33,673	10.3%
2010	4,596,958	152,448,918	33,163	11.2%
2009	4,561,242	145,042,934	31,799	11.7%
2008	4,479,800	146,337,147	32,666	6.9%
2007	4,407,709	141,333,189	32,065	5.6%
2006	4,330,108	134,367,581	31,031	6.3%
2005	4,254,989	124,543,528	29,270	6.7%
2004	4,201,437	117,358,740	27,933	6.8%

Source: South Carolina Comptroller General's Office

## Ten Largest Employers

**Latest Completed Calendar Year and Ten Years Prior**  
(Listed alphabetically)

<u>2013</u>	<u>2003</u>
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Blue Cross/Blue Shield of South Carolina
Greenville County School District	Greenville County School District
Greenville Hospital System	Michelin North America, Inc.
Michelin North America, Inc.	Palmetto Health Alliance, Inc.
Palmetto Health Alliance, Inc.	U.S. Department of Defense
U.S. Department of Defense	U.S. Postal Service
U.S. Postal Service	University of South Carolina
University of South Carolina	Wal-Mart Associates, Inc.
Wal-Mart Associates, Inc.	Washington Savannah River Company

Note: Due to confidentiality issues, the number of employees for each company is not available, and the employers are listed alphabetically rather than in order of size.

Source: South Carolina Department of Employment and Workforce.

## FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Instructional Faculty</b>										
Part time	338	373	354	337	342	354	347	343	317	317
Full time	535	519	521	510	504	503	499	502	495	481
Percentage tenured	65%	64%	62%	59%	61%	59%	60%	59%	60%	59%
<b>Staff and administrators with faculty rank</b>										
Full time	1,009	971	967	964	828	824	795	763	730	703
Full time permanent	902	868	858	837	828	824	795	763	730	703
Full time temporary*	107	103	109	127	N/A *					
<b>Other employees</b>										
Part time temporary	220	220	178	172	157	177	177	213	213	241
Graduate assistants	141	109	140	154	149	140	144	141	129	119
<b>Total employees</b>										
Part time	699	702	672	663	648	671	668	697	659	677
Full time*	1,544	1,490	1,488	1,474	1,332 *	1,327 *	1,294 *	1,265 *	1,225 *	1,184 *
<b>FTE Students per full time</b>										
Instructional Faculty	19.7	20.3	20.2	20.0	20.2	19.5	19.8	19.5	20.0	20.7
Staff member	10.4	10.9	10.9	10.6	12.3 *	11.9 *	12.5 *	12.8 *	13.5 *	14.1 *
<b>Average annual faculty salary</b>	\$ 69,723	\$ 68,805	\$ 65,965	\$ 64,679	\$ 64,707	\$ 64,735	\$ 62,275	\$ 59,600	\$ 57,965	\$ 55,057

Source: College of Charleston Office of Institutional Research, Planning and Information Management - IPEDS Human Resources Survey

\*Note: Data reported prior to Fall 2010 excluded full-time temporary employees.

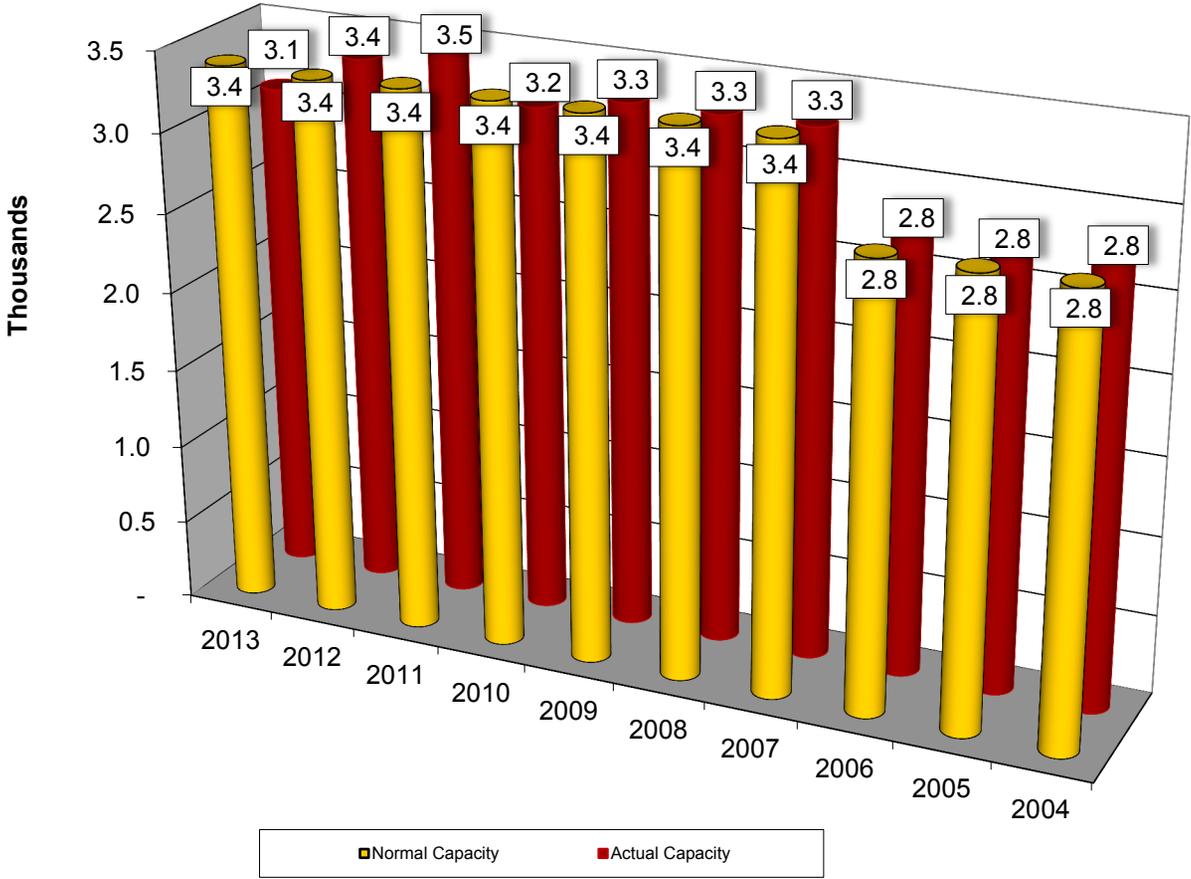
## SCHEDULE OF CAPITAL ASSET INFORMATION

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Academic buildings										
Net assignable square feet (in thousands)	765	758	751	722	720	708	712	705	703	605
Administrative and support buildings										
Net assignable square feet (in thousands)	173	171	168	169	167	155	155	168	160	174
Laboratories										
Net assignable square feet (in thousands)	189	176	173	173	171	121	123	122	121	126
Auxiliary and independent operations buildings										
Net assignable square feet (in thousands)	1,001	1,029	1,019	1,046	1,038	1,190	1,191	918	922	920
Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (in thousands)	1,087	1,071	939	816	798	780	762	741	720	702
Volumes per student	94	91	89	71	68	69	67	66	64	60
Student Housing:										
Residence Halls	8	8	8	8	8	8	8	7	7	7
Apartments	3	3	3	3	3	3	3	2	2	2
Other housing options	26	30	30	30	30	29	29	30	30	31
Units available	3,221	3,284	3,235	3,408	3,235	3,312	3,248	2,840	2,842	2,770
Units in use	3,287	3,183	3,115	3,446	3,253	3,333	3,259	2,860	2,834	2,778
Percent occupancy	102.0%	96.9%	96.3%	101.1%	100.6%	100.6%	100.3%	100.7%	99.7%	100.3%
Dining facilities:										
Locations	8	8	6	6	6	6	6	6	6	4
Average daily customers	6,227	6,165	5,404	5,470	5,263	5,782	5,854	5,574	4,991	3,688
Parking facilities:										
Parking spaces available	2,174	2,224	2,224	2,269	2,249	2,300	2,287	2,232	2,372	2,534
Parking permits issued to students	835	991	989	972	1,069	1,136	1,240	1,181	1,101	1,324
Parking permits issued to faculty/staff	980	966	938	959	924	921	934	1,053	1,030	1,004

### Sources:

Building square footage:	College of Charleston Division of Business Affairs
Libraries:	College of Charleston Library
Student housing:	College of Charleston Residence Life and Housing
Dining and Parking facilities:	College of Charleston Business and Auxiliary Services

**College of Charleston  
Residence Hall Occupancy  
For The Last Academic 10 Years**



Source: College of Charleston Office of Institutional Research

## ACADEMIC SUBJECT AREAS AND DEGREES OFFERED

Spring 2014

UNDERGRADUATE				GRADUATE	
Accounting	A.B., B.S.	Historic Preservation & Community Planning	A.B., B.A.	Accounting	M.S.
Anthropology	A.B., B.S.	History	A.B., B.A.	Arts Management	CER
Archaeology	B.A.	Hospitality and Tourism Management	A.B., B.S.	Business Administration	M.B.A.
Art History	A.B., B.A.	International Business	A.B., B.S.	Communication	M.A.
Arts Management	A.B., B.A.	International Studies	A.B., B.A.	Computer and Information Sciences	M.S.
Astronomy	A.B., B.A.	Jewish Studies	A.B., B.A.	Early Childhood Education	M.A.T.
Astrophysics	A.B., B.S.	Latin American and Caribbean Studies	A.B., B.A.	Elementary Education	M.A.T.
Athletic Training	A.B., B.S.	Marine Biology	A.B., B.S.	English	M.A.
Biochemistry	A.B., B.S.	Marketing	A.B., B.S.	English to Speakers of Other Languages, Initial	CER
Biology	A.B., B.A., B.S.	Mathematics	A.B., B.A., B.S.	English to Speakers of Other Languages, Advanced	CER
Business Administration	A.B., B.S.	Middle Level Education	A.B., B.S.	Environmental Studies	M.S.
Chemistry	A.B., B.A., B.S.	Music	A.B., B.A.	Gifted and Talented Education	CER
Classics	A.B., B.A.	Philosophy	A.B., B.A.	Historic Preservation	M.S.
Communication	A.B., B.A.	Physical Education	A.B., B.S.	History	M.A.
Computer Information Systems	A.B., B.S.	Physics	A.B., B.A., B.S.	Languages	M.Ed.
Computer Science	A.B., B.A., B.S.	Political Science	A.B., B.A.	Marine Biology	M.S.
Computing in the Arts	A.B., B.A.	Professional Studies	B.P.S.	Mathematics	M.S.
Dance	A.B., B.A.	Psychology	A.B., B.A., B.S.	Middle Grades	M.A.T.
Data Science	A.B., B.S.	Public Health	A.B., B.S.	Operations Research	CER
Early Childhood Education	A.B., B.S.	Religious Studies	A.B., B.A.	Performing Arts	M.A.T.
Economics	A.B., B.S.	Secondary Education	B.S.	Public Administration	M.P.A.
Elementary Education	A.B., B.S.	Sociology	A.B., B.S.	Science and Math for Teachers	M.Ed.
English	A.B., B.A.	Spanish	A.B., B.A.	Service-Oriented Computing	CER
Exercise Science	A.B., B.S.	Special Education	A.B., B.S.	Special Education	CER, M.A.T., MCER
Finance	A.B., B.S.	Studio Art	A.B., B.A.	Statistics	CER
Foreign Language Education	B.S.	Theatre	A.B., B.A.	Teaching, Learning and Advocacy	M.Ed.
French & Francophone Studies	A.B., B.A.	Urban Studies	A.B., B.A.	Urban and Regional Planning	CER
Geology	A.B., B.A., B.S.	Women's and Gender Studies	A.B., B.A.		
German	A.B., B.A.				

A.B. - Artium Baccalaureatus (classical studies)

B.A. - Bachelor of Arts

B.S. - Bachelor of Science

CER - Post-Baccalaureate Certificate

MCER - Post-Master's Certificate

M.A. - Master of Arts

M.B.A. - Master of Business Administration

M.A.T. - Master of Arts in Teaching

M.Ed. - Master of Education

M.P.A. - Master of Public Administration

M.S. - Master of Science

Source: College of Charleston Office of Institutional Research

# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*Graduating seniors, in their traditional white dresses and white dinner jackets, awaiting the diploma presentation at May Commencement in the Cistern Yard*