

# COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA



*The College of Charleston was named the Most Beautiful College Campus in America by  
Travel + Leisure in 2017*

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT** *A Component Unit of the State of South Carolina* **FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**PREPARED BY  
THE OFFICE OF THE CONTROLLER**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2017**

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# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*Built in 1890 by wealthy merchant Sam Wilson, the Sottile House is billed as one of the finest examples of Victorian architecture in Charleston. Once a residence for female undergraduates, it now houses administrative offices.*



*Students sit outside in the Cistern Yard, the heart of campus*

## INTRODUCTORY SECTION

**Glenn F. McConnell**  
President

September 13, 2017

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, 2017. It documents the fiscal stability of the institution and our accountability in managing assets of the College.

The College of Charleston continues to be financially healthy. In regards to our numbers for fiscal year 2017, the college's net position increased by 6.2% to \$182,567,792. 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.



The College continues to receive national recognition and exposure through a variety of university rankings. In August 2017, The Princeton Review named the College to its list of "The Best 382 Colleges" for the fifteenth consecutive year. The Princeton Review also named the College the 18<sup>th</sup> Best Career Center in the United States as well as on their list of Great Schools for 20 of the Most Popular Undergraduate Majors. The College is on the list because of our accounting, biology, communication, and business/finance majors. The Shanghai Ranking Consultancy, which ranks the Academic Ranking of World Universities, named the College's Hospitality and Tourism Management program just outside the top 50 programs in the world. In terms of the USA, the College is ranked in the top 25.

In addition, U.S. News & World Report recently named the College's First Year Experience as the No. 10 best program in the country. The College beat out every other college and university in South Carolina. These well-deserved national recognitions affirm 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.

In closing, the College of Charleston is on the move academically, programmatically, and financially. We remained anchored in the traditions that have brought us this far and focused on a future that brings the humanities, sciences, and businesses together in a way that enriches our liberal arts degrees and presents our students as very employable individuals. 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 cursive script that reads "Glenn F. McConnell". The signature is written in black ink and is positioned below the word "Sincerely,".

Glenn F. McConnell '69

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.



Paul D. Patrick  
Executive Vice President for Business Affairs/Chief Financial Officer



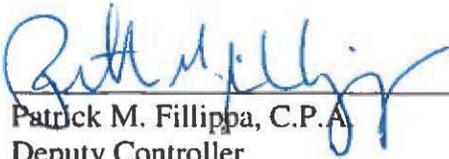
Samuel B. Jones  
Senior Vice President of Fiscal Services



Dawn Willan, C.P.A.  
Controller



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



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



Phyllis W. Singleton  
Associate Controller

**LETTER OF TRANSMITTAL**

September 29, 2017

**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, 2017. 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 four major sections, Introductory, Financial, Required Supplementary Information, and Statistical Section, 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, listings 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 *Required Supplementary Information Section* contains additional information about the net pension liability. 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 1 of each year for incorporation into the statewide CAFR. This report fulfills that requirement for the fiscal year ended June 30, 2017. 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, GASB (Governmental Accounting Standards Board), 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 2017, the audit was conducted by Elliott Davis Decosimo 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 Decosimo LLC audits the College's federal programs to ensure compliance with the requirements of the Code of Federal Regulations Part 200 (Uniform Grants Guidance), Subpart F-Audit Requirements. Additionally, in accordance with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16, Elliott Davis Decosimo LLC will perform the engagement work of the agreed upon procedures of the College's Department of Athletics. The most recent engagements (fiscal year 2016) detected no institutional liabilities related to the College's federal and athletic programs. Finally, the College is audited on a periodic basis by the State Fiscal Accountability Authority Procurement 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 11,200 undergraduate and graduate students. The College has six undergraduate schools, an honors college, and The Graduate School of the University of Charleston, South Carolina. These schools offer 68 undergraduate degrees, 76 minors, 21 graduate degrees, and 10 graduate certificate 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 35 percent of the student enrollment with 51 states and U. S. territories and 61 foreign countries represented in Fall 2016.

### 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 which addresses mandated spending increases, inflationary costs, and strategic investments informed by the College's strategic plan. The proposed budget is presented 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 Charleston region is comprised of three counties (Charleston, Berkeley and Dorchester). Located on the Atlantic coast half-way between New York and Miami, the region covers more than 3,100 square miles. In addition to a thriving economy, the region is rich in history and a popular tourist destination.

The South Carolina economy remained strong and continued to grow over the past year, considering the uncertainty that comes with a new governor and president. The Charleston area economy followed suit, and the growing population trend continued. The current population is approximately 760,000 and is growing by 45 people each day (34 new people coming into the area, and 11 new births).<sup>1</sup>

Major employers in the area are Joint Base Charleston, the Medical University of South Carolina, Boeing, and Roper St. Francis hospital. Volvo is building a new facility in

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<sup>1</sup> Charleston Regional Development Alliance

Berkeley County and plans to begin production in 2018. Mercedes broke ground on a new facility in North Charleston in July, 2016 with a three year full construction plan. The tech industry continues to thrive, and the area has been given the nickname of Silicon Harbor. According to the U.S. Bureau of Labor Statistics, the area includes more than 250 tech companies employing 11,000, and has added 4,000 jobs over the past five years.<sup>2</sup> 13 Charleston tech companies made the Inc. Magazine 5000 list. In addition, the tourism industry remains strong, employs more than 40,000 people locally and has a \$3.6 billion annual economic impact on the area.<sup>3</sup>

With increased jobs, the unemployment rate remains low. The unemployment rate for the state was 3.9 percent as of July 2017. The unemployment rate for the Charleston Metropolitan Statistical Area (MSA) was 3.7 percent as of July. The rate has remained low over the past year, staying under 4.4 percent since last July, and under 4 percent since February. As of August 2017, the largest industries in the Charleston MSA were government (65,000 jobs), Trade, Transportation, and Utilities (64,100 jobs), and Professional and Business Services (56,300). The industries with the largest percentage increases compared to the prior twelve months were mining, logging, and construction (+7.8 percent), Information (+7.3 percent), and Professional and Business Services (+5.2 percent).<sup>4</sup>

Home sales increased only slightly from 1,940 in June 2016, to 1,992 in June 2017, and the median sales price increased from \$250k to \$260k. Building permits were relatively flat in July 2017, compared to the previous year.<sup>5</sup> To meet the continued growing population, businesses continue to locate in the Charleston area, or expand current operations.

The renovation of the Charleston International Airport terminal was completed, and there are plans for an additional parking garage and gate expansions. In 2016, the airport set its fifth consecutive record for air travel with 3.7 million passengers. Passenger counts increased by 5.6 percent compared to last year. In addition, Frontier Airlines will be beginning service in the spring of 2018, and other airlines are continuing to add new destinations and flights.<sup>6</sup> The South Carolina Port Authority experienced another successful year, with increased productivity exceeding in all areas. There was a 10 percent increase in twenty-foot equivalent units over the previous year, a 3 percent increase in containers, and an 8.8 percent increase in tonnage.<sup>7</sup>

All sectors of the local economy are projected to grow in 2017 and 2018, with approximately 22,000 net new jobs being added over the next one to two years. The unemployment rate is projected to remain low, estimated to be 3.3 percent by the end of 2018. All signs are positive that the local economy will remain stable and continue to thrive.

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<sup>2</sup> Jon Swartz, USA Today, July 29, 2017

<sup>3</sup> Charleston Metro Chamber Economic Outlook Forecast 2017

<sup>4</sup> U.S. Bureau of Labor Statistics, preliminary data

<sup>5</sup> SC Department of Commerce Economic Outlook, Volume 10, Issue 8, August 2017

<sup>6</sup> [www.iflychs.com/News-Media/Current-News/News](http://www.iflychs.com/News-Media/Current-News/News)

<sup>7</sup> [www.scspa.com/news](http://www.scspa.com/news), July 19, 2017

As further evidence of Charleston's flourishing economy, listed below are some of the impressive accolades Charleston received over the past year:

- #4 Best Mid-Size U.S. Metro for Jobs in 2017, Forbes
- A Top 5 Best City to Start a Business Right Now, Inc.
- Best City in the U.S. and Canada, for the fifth year in a row, Travel + Leisure
- #27 Best Place to Live in the USA, U.S. News & World Report
- #16 Best Performing Cities, the Milken Institute
- #2 Best Places to Work in Manufacturing, Smartasset.com
- #7 for Economic Growth Potential, Business Facilities Annual Ranking

### Long term Financial Planning

The College's annual planning and budgeting cycle enables the College to align funding with implementation of the College's Strategic Plan, adopted in 2009, and revised in 2013. This process affords the College the ability to reinforce and manage investment based budgeting that targets specific strategies, tactics, or objectives directly tied to the mission and vision of the College. The administration believes this process is imperative for the College to maintain its viability and excellent academic reputation. The shifting dynamics of the higher education marketplace mandate that institutions fund only those initiatives expected to return value and enhance the learning environment.

BOUNDLESS, the comprehensive fundraising campaign, concluded in June 2016 raising over \$138 million. It served as a catalyst for future momentum. The College has built on the campaign's success and continues cultivation a sustainable culture of philanthropy to support the immediate and long-term needs of the College.

In concert with identifying and developing additional revenue sources, the College continues to look for opportunities for savings or resource reinvestment. To that end, the College refunded two series of outstanding bonds in January 2017 which resulted in cash savings in excess of \$13 million which will be realized over the twenty year refunding period.

### 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 the School of Business. Projects completed over the past year include:

- Historic renovation of the Lesesne House
- Full renovation of 176 Lockwood Boulevard, which now houses the Controller's Office, the Office of Procurement and Supply Services, and the Riley Center

In addition, significant progress was made on the following projects:

- Renovation of the Rita L. Hollings Science Center
- Envelope and mechanical renovation of the Avery Research Center
- Mechanical renovation of the McConnell Residence Hall
- HVAC replacement and envelope repairs of McAlister Hall
- Partial renovation of 92 Wentworth, an historic student residence building

## **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, 2016. The College has received the Certificate of Achievement for twenty-two 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.

**COLLEGE OF CHARLESTON  
BOARD OF TRUSTEES  
2016 - 2017**

David M. Hay, Chair  
Member At Large

Gregory D. Padgett  
Alumni Association Trustee

Frank M. Gadsden, Vice Chair  
Fifth District

Toya D. Pound  
Governor's Designee

Renee Buyck Romberger, Secretary  
Fourth District

Penelope S. Rosner  
Seventh District

Donald H. Belk  
Member At Large

Brian J. Stern  
Second District

John Hartnett Busch  
Second District

Joseph F. Thompson, Jr.  
First District

Demetria Noisette Clemons  
Sixth District

Craig C. Thornton  
Third District

Dr. L. Cherry Daniel  
First District

Michael Todd Warrick  
Fifth District

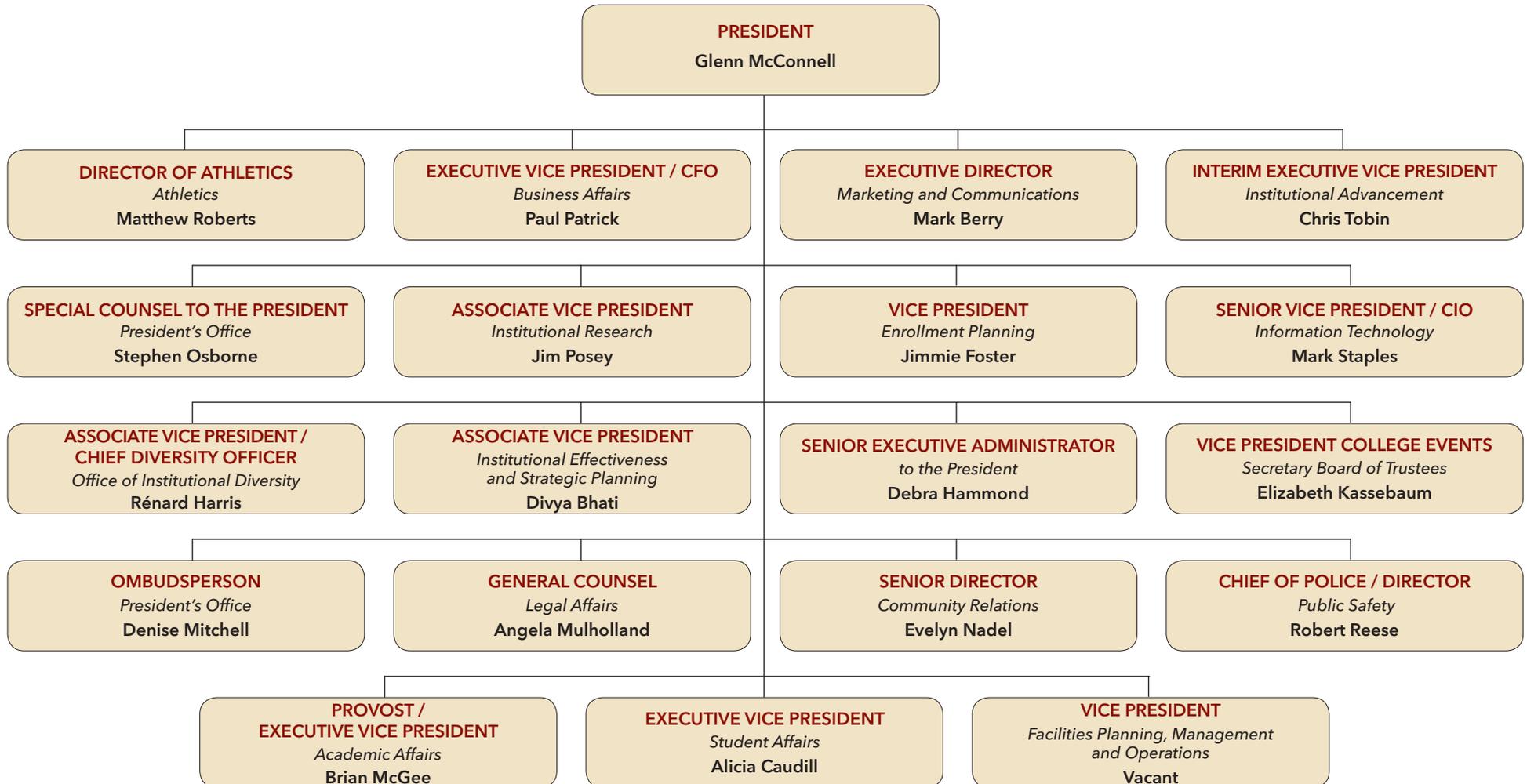
Henrietta U. Golding  
Seventh District

Ricci Land Welch  
Sixth District

Randy Lowell  
Member At Large

John B. Wood, Jr.  
Fourth District

Annaliza Oehmig Moorhead  
Third District



**COLLEGE OF CHARLESTON  
BUSINESS AND FINANCE OFFICERS  
2016-2017**

Paul D. Patrick  
Executive Vice President for Business Affairs/  
Chief Financial Officer

Samuel B. Jones  
Senior Vice President of 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 W. Singleton  
Associate Controller

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, 2016**

Executive Director/CEO

# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*Students in the Department of Theatre and Dance have abundant opportunities for valuable experience in all aspects of production and study*



*Cougar Baseball is one of the College's 19 varsity sports teams*

## 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, 2017, 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 and Subsidiaries (a discretely presented component unit) and the College of Charleston Cougar Club (a discretely presented component unit). The College of Charleston Foundation and Subsidiaries and the College of Charleston Cougar Club represent 100% of total assets, 100% of total net assets, and 100% of total revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have 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 Subsidiaries and College of Charleston Cougar Club were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

### ***Auditor's Responsibility, Continued***

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, 2017, 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.

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as shown on pages 23-33, and the Schedule of the College's Proportionate Share of the Net Pension Liability and the Schedule of the College's Contributions, as shown on pages 77 and 78, 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 GASB 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, 2017, 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 Decosimo, LLC". The signature is written in a cursive style with a long, sweeping underline.

Charleston, South Carolina  
September 29, 2017

**COLLEGE OF CHARLESTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**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, 2017. 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 \$182.6 million in fiscal year 2017 grew by \$10.6 million or 6.2 percent in comparison to fiscal year 2016.
- State appropriations totaling \$26.2 million in fiscal year 2017 increased by \$3.6 million or 16.0 percent from the prior year's appropriations.
- Tuition and fee revenue of \$146.3 million for fiscal year 2017 reflects an additional \$2.8 million, up approximately 1.9 percent in relation to fiscal year 2016. Total revenues increased \$9.7 million, or 3.7 percent.
- Total operating expenses of \$253.0 million in fiscal year 2017 increased 1.9 percent in contrast to fiscal year 2016.
- The College made substantial progress on the renovation of the Rita L. Hollings Science Center.

**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 Governmental Accounting Standards Board (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*. The Statements also follow 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, 2017 and 2016 follows.

**Condensed Statement of Net Position**

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>Assets</b>				
Current assets	\$ 169,595,391	\$ 189,954,811	\$ (20,359,420)	-10.7%
Capital assets, net of depreciation	409,184,496	378,989,273	30,195,223	8.0%
Other noncurrent assets	4,862,785	5,041,162	(178,377)	-3.5%
<b>Total Assets</b>	<u>\$ 583,642,672</u>	<u>\$ 573,985,246</u>	<u>\$ 9,657,426</u>	1.7%
<b>Deferred Outflows</b>				
Deferred loss on debt refundings	\$ 782,943	\$ 406,005	\$ 376,938	92.8%
Deferred outflows - pension	26,350,982	14,469,944	11,881,038	82.1%
<b>Total Deferred Outflows</b>	<u>\$ 27,133,925</u>	<u>\$ 14,875,949</u>	<u>\$ 12,257,976</u>	82.4%
<b>Liabilities</b>				
Current liabilities	\$ 40,255,633	\$ 45,507,635	\$ (5,252,002)	-11.5%
Noncurrent liabilities	383,421,745	371,138,139	12,283,606	3.3%
<b>Total Liabilities</b>	<u>\$ 423,677,378</u>	<u>\$ 416,645,774</u>	<u>\$ 7,031,604</u>	1.7%
Deferred Inflows - Pension	\$ 1,674,284	\$ 260,081	\$ 1,414,203	543.8%
Deferred Inflows - Other	2,857,143	-	2,857,143	100.0%
<b>Total Deferred Inflows</b>	<u>\$ 4,531,427</u>	<u>\$ 260,081</u>	<u>\$ 4,271,346</u>	1642.3%
<b>Net Position</b>				
Net investment in capital assets	\$ 195,633,441	\$ 197,773,709	\$ (2,140,268)	-1.1%
Restricted - expendable	67,155,860	72,254,867	(5,099,007)	-7.1%
Restricted - nonexpendable	1,100,000	1,100,000	-	0.0%
Unrestricted	(81,321,509)	(99,173,236)	17,851,727	18.0%
<b>Total Net Position</b>	<u>\$ 182,567,792</u>	<u>\$ 171,955,340</u>	<u>\$ 10,612,452</u>	6.2%

A 6.2 percent growth in the **Total Net Position** reflects a positive year. Total net position grew to \$182.6 million as of the end of fiscal year 2017, increasing by \$10.6 million.

**Total Assets** of \$583.6 million have increased by \$9.7 million or 1.7 percent from last fiscal year to the current fiscal year. The increase is due to an increase in capital assets, specifically in construction in progress. While capital assets increased \$30.2 million, the increase was offset by a decrease in restricted cash and cash equivalents at year end as unspent bond proceeds were spent on the Rita L. Hollings renovation during the year. The increase in capital assets is discussed in the Capital Asset and Debt Activity section.

**Deferred Outflows** increased \$12.3 million mostly due to changes in the net difference between projected and actual earnings on pension plan investment. See note 6 for additional information.

**Total Liabilities** of \$423.7 million increased only by 1.7 percent. Current liabilities decreased by \$5.3 million, which is mostly attributed to lower amounts outstanding to vendors at year end. Long term liabilities increased due to the increase in the College's proportionate share of the state's net pension liability. The total net pension liability for the state significantly increased, therefore the College's proportionate share of the liability increased as well. The state's liability increased due to a decrease in investment earnings and market values in both retirement plans. The return on investments has the most significant impact on a plan's fiduciary net position.

**Deferred Inflows** of \$4.5 million increased from the prior year, due to changes related to the College's proportionate share of the state's pension liability (see note 6 for additional information), and the addition of a seven year financial commitment from the College's food service vendor to assist with improvements to dining facilities. The revenue is being recognized over the period of the contract.

**Net Position** - Net investment in capital assets in the amount of \$195.6 million decreased by \$2.1 million, or 1.1 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 decrease in the balance is the net result of an increase in construction in progress, a reduction of unspent bond proceeds, and a reduction in bonds payable.

The expendable component of restricted net position includes funds for state approved capital projects. The net position for these projects decreased as substantial work was performed on the Rita Hollings Science Center, Rutledge Hall and 176 Lockwood Boulevard renovations. Offsetting this decrease was an increase in net position of debt service funds.

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 (\$81.3) million increased \$17.9 million. This component increased due to increases in tuition and fees, revenue from auxiliary enterprises, and funding for internal capital 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 Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in net position.

	2017	2016	Increase (Decrease)	Percent Change
<b>Revenues</b>				
Tuition and fees*	\$ 146,296,506	\$ 143,540,631	\$ 2,755,875	1.9%
Federal, state, and local grants and contracts	28,777,032	29,411,156	(634,124)	-2.2%
Sales and services of Auxiliary Enterprises*	52,122,646	48,189,300	3,933,346	8.2%
Other Operating Revenue	3,408,400	3,664,831	(256,431)	-7.0%
Total Operating Revenues	<u>\$ 230,604,584</u>	<u>\$ 224,805,918</u>	<u>\$ 5,798,666</u>	2.6%
State appropriations	\$ 26,208,867	\$ 22,597,031	\$ 3,611,836	16.0%
Federal and state grants and contracts	11,023,796	10,708,087	315,709	2.9%
Gifts	4,054,014	3,957,190	96,824	2.4%
Interest and investment income	718,528	992,188	(273,660)	-27.6%
Nongovernmental grants and contracts	71,424	161,852	(90,428)	-55.9%
Capital appropriations	643,395	863,831	(220,436)	-25.5%
Capital gifts	657,446	178,474	478,972	268.4%
Other non-operating revenue	30,594	16,004	14,590	91.2%
Total Nonoperating and Other Revenues	<u>\$ 43,408,064</u>	<u>\$ 39,474,657</u>	<u>\$ 3,933,407</u>	10.0%
Total Revenues	<u>\$ 274,012,648</u>	<u>\$ 264,280,575</u>	<u>\$ 9,732,073</u>	3.7%
<b>Expenses</b>				
Personnel cost	\$ 107,956,887	\$ 109,372,013	\$ (1,415,126)	-1.3%
Benefits	40,155,018	36,784,187	3,370,831	9.2%
Supplies and services	64,546,051	62,609,089	1,936,962	3.1%
Utilities	8,801,888	8,678,279	123,609	1.4%
Scholarships and fellowships	15,859,476	15,828,334	31,142	0.2%
Depreciation	15,657,916	14,923,912	734,004	4.9%
Total Operating Expenses	<u>\$ 252,977,236</u>	<u>\$ 248,195,814</u>	<u>\$ 4,781,422</u>	1.9%
Interest and amortization expense on capital assets and related debt	\$ 10,422,960	\$ 7,663,180	\$ 2,759,780	36.0%
Loss on sale or disposal of capital assets	-	4,117	(4,117)	-100.0%
Total Nonoperating Expenses	<u>\$ 10,422,960</u>	<u>\$ 7,667,297</u>	<u>\$ 2,755,663</u>	35.9%
Total Expenses	<u>\$ 263,400,196</u>	<u>\$ 255,863,111</u>	<u>\$ 7,537,085</u>	2.9%
<b>Change in Net Position</b>	<u>\$ 10,612,452</u>	<u>\$ 8,417,464</u>	<u>\$ 2,194,988</u>	26.1%
<b>Net Position, Beginning</b>	<u>171,955,340</u>	<u>163,537,876</u>	<u>8,417,464</u>	5.1%
<b>Net Position, Ending</b>	<u>\$ 182,567,792</u>	<u>\$ 171,955,340</u>	<u>\$ 10,612,452</u>	6.2%

\* Net of scholarship discounts and allowances

Total revenue increased 3.7 percent to \$274.0 million. Operating revenues increased \$5.8 million due to the following:

- Tuition and fees increased \$2.8 million. While enrollment levels were slightly down compared to the previous year, overall revenue increased due to a Board of Trustees approved increase of 3.5 percent for undergraduate and graduate students. Tuition and fees comprise the largest portion of total revenue.
- Revenue derived from auxiliary activities increased by \$3.9 million. Housing fees increased between 0.1 percent and 5.5 percent. All Access meal plans increased 2.9 percent and the twelve meal plan increased 2.5 percent. In addition, Athletics revenue increased by \$1.0 million due to increased ticket sales, additional distributions from the NCAA, and game guarantee revenue that wasn't received in the previous year.

Nonoperating revenue increased \$3.9 million from the prior year, comprised mainly of an increase in state appropriations of \$3.6 million. The base appropriation increased by \$2.2 million, and the College received \$1.4 million in supplemental appropriations (compared to \$0.2 million in the previous year).

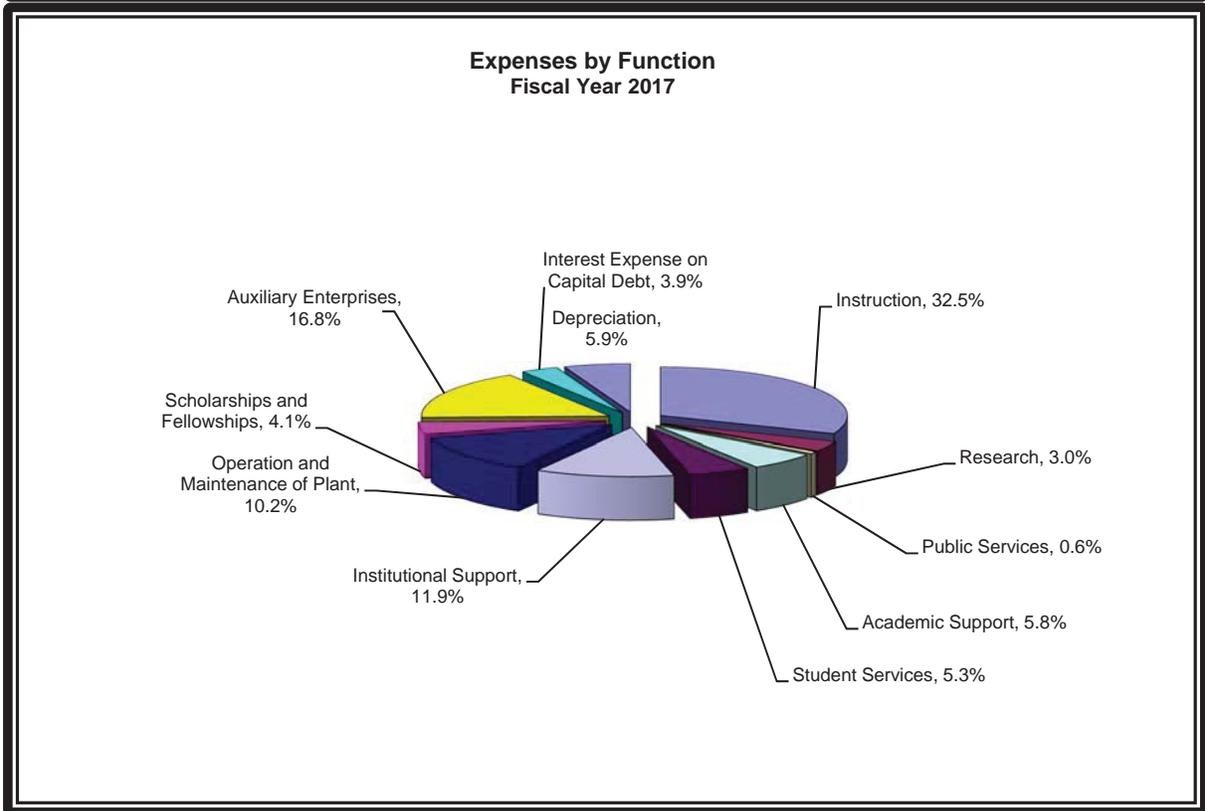
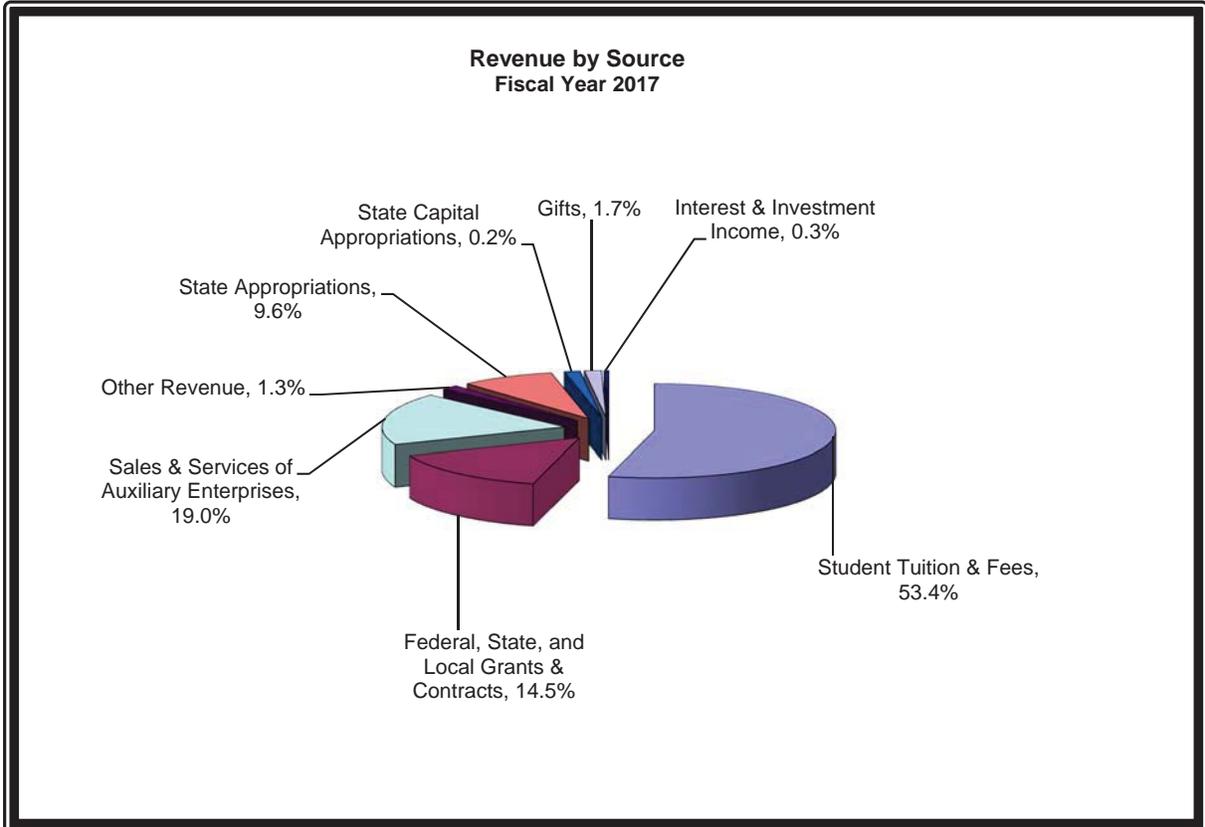
Total expenses increased by \$7.5 million compared to the prior year. Operating expenses increased by 4.8 million and nonoperating expenses increased by \$2.8 million. Highlights include:

- While employees received a 3.25 percent salary increase at the beginning of the fiscal year, total personnel costs decreased compared to the prior year. As part of the budget reduction plan, some positions were eliminated or remained vacant for the year. Also, the method used to estimate the compensated absences liability changed, which resulted in an additional reduction of personnel costs. Benefit costs were higher due to increases in pension, and medical employer rates. Personnel and benefits comprise most of the operating expenses of the College.
- Expenses for supplies and services increased slightly. Several areas contributed to the increase in this category, with the largest increases attributed to residence life, food services, athletics and parking.
- Utilities increased very slightly compared to the prior year, due to a relatively warm winter.
- Interest and amortization expense on capital assets and related debt increased due to bond issuance costs.



*The Simons Center for the Arts. Winner of the Elizabeth O'Neill Verner Award – South Carolina's highest award in the arts. The School of the Arts strives to be a pre-eminent center for the study, practice and management of the performing and creative arts*

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, 2017. A synopsis of the Statement of Cash Flows follows.

<b>Condensed Statement of Cash Flows</b>				
	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net cash provided by (used for) operating activities	\$ 2,253,009	\$ (7,578,443)	\$ 9,831,452	129.7%
Net cash provided by noncapital financing activities	41,358,101	37,537,317	3,820,784	10.2%
Net cash used for/provided by capital debt and related financing activities	(62,997,692)	(36,446,454)	(26,551,238)	-72.8%
Net cash used for investing activities	(64,113)	(14,564)	(49,549)	-340.2%
<b>Net change in cash and cash equivalents</b>	<b>(19,450,695)</b>	<b>(6,502,144)</b>	<b>(12,948,551)</b>	<b>-199.1%</b>
Cash and cash equivalents, Beginning of Year	176,863,016	183,365,160	(6,502,144)	-3.5%
Cash and cash equivalents, End of Year	<u>\$ 157,412,321</u>	<u>\$ 176,863,016</u>	<u>\$ (19,450,695)</u>	<u>-11.0%</u>

Cash flows from operating activities show a net increase of \$9.8 million. The increase is related to increased cash from tuition and fees of \$2.4 million, sales of auxiliary services of \$4.8 million, and an increase in other operating revenues of 3.4 million. Offsetting these cash flows was a decrease in payments to employees of \$1.8 million.

Cash provided by noncapital financing activities increased by \$3.8 million or 10.2 percent primarily due to the increase in state appropriations. Finally, cash related to capital debt and related financing activities decreased by \$26.6 million. The majority of this decrease is due to additional funds spent on the Rita L. Hollings Science Center renovation during the year. As of June 30, 2017, cash and cash equivalents made up 27.0 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 2017 and 2016 further illustrates the significant changes between the accounting periods.

	Capital Assets		Increase (Decrease)	Percent Change
	2017	2016		
Land	\$ 48,054,141	\$ 48,054,141	\$ -	0.0%
Construction in progress	61,379,607	29,988,526	31,391,081	104.7%
Land improvements	4,968,429	4,968,429	-	0.0%
Buildings	368,221,834	368,221,834	-	0.0%
Building improvements	96,060,109	83,952,040	12,108,069	14.4%
Machinery, equipment, and other	30,890,175	28,628,414	2,261,761	7.9%
Information technology equipment and software	7,941,698	7,941,698	-	0.0%
Motor vehicles	471,285	491,780	(20,495)	-4.2%
Accumulated depreciation	(208,802,782)	(193,257,589)	(15,545,193)	8.0%
<b>Total Capital Assets - Net</b>	<b>\$ 409,184,496</b>	<b>\$ 378,989,273</b>	<b>\$ 30,195,223</b>	<b>8.0%</b>

Construction in progress increased due to the full renovation of the Rita L. Hollings Science Center, which is expected to be completed during fiscal year 2018. This project is being funded by Series 2014A bonds, which were issued for \$54,255,000 in FY2015. The increase to building improvements can be attributed to renovations of the Rutledge Rivers Residence Hall and 11 Glebe Street. The 2007C and 2007D bonds were refunded with the 2017A and 2017B bonds. Bonds payable decreased by \$3.5 million overall, from principal payments and the refunding. See notes 5, 10, and 11 of the financial statements for additional information on capital assets and long term debt.

## **Economic Outlook**

The state's General Fund revenues increased slightly over 2016 revenues, however, the revenue growth rate has been slowing during the past two fiscal years. Although a surplus was projected, the actual surplus was less than expected. Therefore, approximately \$11.8 million of supplemental appropriations were not able to be funded. The state continues its strategy of building reserves and paying down debt. The state has begun to address the pension liability, but the liability increased \$2.7 billion compared to the prior year. Other significant budgetary objectives are K-12 funding, transportation infrastructure, and healthcare.

In December, 2016, Moody's Investors Service provided a stable outlook over the following 12 to 18 months for the U.S. higher education sector. While demand should remain strong, "the continued focus on affordability and accountability will continue limiting net tuition growth to inflationary increases."

In the Fall of 2018, The College implemented a new bridge program, available to select South Carolina high school students, whose goal it is to earn a College of Charleston undergraduate degree but will benefit from a transitional semester at Trident Technical College. Students enrolled in the Bridge program live, eat and attend classes taught by TTC faculty on the College's campus. At the end of the fall semester, students who have earned at least a 2.6 GPA in full-time coursework will be eligible to transfer to the College

in the January immediately following the end of the fall semester. There are over two hundred students participating in the first semester.

The FY18 base appropriation from the state is \$24.6 million. SCRS and PORS employer contribution rates were increased by 2% effective July 1, 2017. General Funds for 1% were appropriated to the Public Employee Benefit Authority (PEBA) to offset the cost to participating employers. PEBA will issue credit invoices to each employer for 1% of the employer contributions, based on its share of the appropriated funds. For tuition and fees, the Board approved an all-in increase of 2.75 percent for in-state residents, and 2.08 percent for out-of-state students.

### **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.



*Avenue of the Oaks at Dixie Plantation, situated on a bluff along the Stono River. Upon John Henry Dick's death in 1995, he bequeathed Dixie to the College of Charleston Foundation for the educational use of the College.*

COLLEGE OF CHARLESTON  
STATEMENT OF NET POSITION  
JUNE 30, 2017

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 49,693,921
Cash and cash equivalents, restricted	107,128,572
Accounts receivable	2,899,352
Allowances for bad debts	(245,000)
Grants and contracts receivable	2,825,794
Component unit receivable	2,202,101
Interest income receivable	190,982
Prepaid items	4,682,308
Inventories	209,317
Other Assets	8,044

**Total Current Assets** **\$ 169,595,391**

**Noncurrent Assets**

Cash and cash equivalents, restricted	\$ 589,828
Component unit receivable	1,239,401
Student loans receivable	1,738,924
Prepaid items	1,294,632
Capital assets not being depreciated	109,433,748
Capital assets, net of accumulated depreciation	299,750,748

**Total Noncurrent Assets** **\$ 414,047,281**

**Total Assets** **\$ 583,642,672**

**Deferred Outflows of Resources**

Deferred loss on debt refundings	\$ 782,943
Deferred outflows - pension	26,350,982

**Total Deferred Outflows of Resources** **\$ 27,133,925**

**Liabilities**

**Current Liabilities**

Accounts payable and accrued expenses	\$ 8,889,830
Accrued payroll and related liabilities	8,609,203
Retainage payable	1,630,818
Unearned revenues	4,712,850
Deposits held for others	807,029
Student deposits	2,183,145
Accrued interest payable	2,063,638
Compensated absences payable	2,812,489
Bonds payable	8,517,110
Other liabilities	29,521

**Total Current Liabilities** **\$ 40,255,633**

**Noncurrent Liabilities**

Compensated absences payable	\$ 2,032,931
Bonds payable	213,583,083
Federal capital contribution	1,801,624
Net pension liability	166,004,107

**Total Noncurrent Liabilities** **\$ 383,421,745**

**Total Liabilities** **\$ 423,677,378**

**Deferred Inflows of Resources**

Deferred inflows - pension	\$ 1,674,284
Deferred inflows - other	2,857,143

**Total Deferred Inflows of Resources** **\$ 4,531,427**

**Net Position**

**Net investment in capital assets** **\$ 195,633,441**

**Restricted for:**

Expendable	
Scholarships and fellowships	216,861
Research	462,592
Loans	30,260
Capital projects	54,382,746
Debt service	12,063,401
Nonexpendable	
Endowed professorship	100,000
Endowment other	1,000,000

**Unrestricted** **(81,321,509)**

**Total Net Position** **\$ 182,567,792**

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

**Operating Revenues**

Tuition and related fees (\$10,810,959 pledged for debt service; net of scholarship discounts and allowances of \$31,813,271)	\$	146,296,506
Federal grants and contracts		7,929,289
State grants and contracts		20,665,130
Local grants and contracts		182,613
Nongovernmental grants and contracts		681,413
Educational activities revenues		458,880
Student organizations generated revenues		1,579,572
Sales and services of auxiliary enterprises		
Revenues not pledged for debt service		
Athletics (net of scholarship discounts and allowances of \$2,374,349)		13,456,630
Health services (net of scholarship discounts and allowances of \$266,831)		1,226,013
Rental, vending, bookstore, and debit card		1,374,585
Revenues pledged for debt service		
Housing (net of scholarship discounts and allowances of \$4,709,772)		21,589,983
Food service (net of scholarship discounts and allowances of \$2,241,107)		11,549,696
Parking		2,925,739
Other sources		688,535
<b>Total Operating Revenues</b>	<b>\$</b>	<b>230,604,584</b>

**Operating Expenses**

Personnel costs	\$	107,956,887
Benefits		40,155,018
Supplies and services		64,546,051
Utilities		8,801,888
Scholarships and fellowships		15,859,476
Depreciation		15,657,916
<b>Total Operating Expenses</b>	<b>\$</b>	<b>252,977,236</b>

**Operating Loss** **\$ (22,372,652)**

**Nonoperating Revenues (Expenses)**

State appropriations	\$	26,208,867
Federal grants and contracts		10,901,953
Gifts		4,054,014
Auxiliary enterprises interest and investment gain		5,575
Interest and investment income		718,528
Interest and amortization expense on capital assets and related debt		(10,422,960)
State grants and contracts		121,843
Nongovernmental grants and contracts		71,424
Gain on sale or disposal of capital assets		25,019
<b>Total Net Nonoperating Revenues</b>	<b>\$</b>	<b>31,684,263</b>

**Income Before Other Revenues** **\$ 9,311,611**

**Other Revenues**

Capital appropriations	\$	643,395
Capital gifts		657,446
<b>Total Other Revenues</b>	<b>\$</b>	<b>1,300,841</b>

**Increase In Net Position** **\$ 10,612,452**

<b>Net Position, Beginning of Year</b>	<b>171,955,340</b>
<b>Net Position, End of Year</b>	<b>\$ 182,567,792</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Cash Flows From Operating Activities</b>	
Tuition and fees	\$ 146,201,150
Grants and contracts	29,965,007
Sales and services of education and other activities	2,038,452
Sales and services of auxiliary enterprises	52,766,855
Other operating revenues	2,182,388
Payments to employees for salaries and benefits	(143,592,841)
Payments to suppliers	(62,752,329)
Payments for utilities	(8,801,888)
Payments to students for scholarships and fellowships	(15,859,476)
Loans issued to students - Perkins loan program disbursements	(136,317)
Collection of loans from students - Perkins loan program receipts	229,236
Deposits held for others	12,772
Student direct lending receipts	69,863,359
Student direct lending disbursements	(69,863,359)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,253,009</b>
<b>Cash Flows From Noncapital Financing Activities</b>	
State appropriations	\$ 26,208,867
Gifts and grants for other than capital purpose	15,149,234
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>\$ 41,358,101</b>
<b>Cash Flows From Capital Debt And Related Financing Activities</b>	
Proceeds from state capital appropriations	\$ 643,395
Proceeds from capital grants and gifts	593,095
Purchases of capital assets	(51,070,881)
Proceeds from sales of capital assets	46,163
Principal paid on capital debt	(83,307,921)
Proceeds from new bond issues	79,998,539
Proceeds from investments in capital and related financing activities	718,528
Interest paid and amortization on capital related debt	(10,618,610)
<b>Net Cash Used for Capital Debt And Related Financing Activities</b>	<b>\$ (62,997,692)</b>
<b>Cash Flows From Investing Activities</b>	
Interest on investments	\$ (64,113)
<b>Net Cash Used for Investing Activities</b>	<b>\$ (64,113)</b>
Net change in cash and cash equivalents	\$ (19,450,695)
Cash and cash equivalents - Beginning of the Year	176,863,016
<b>Cash and Cash Equivalents - End of the Year</b>	<b>\$ 157,412,321</b>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Operating loss	\$ (22,372,652)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	15,657,916
Amortization of net pension liability	6,255,914
Deferred inflows-other	2,857,143
<b>Changes in assets and liabilities:</b>	
Deposits held for others	12,772
Accounts, grants and contracts, and component unit receivables, net	2,295,500
Inventories	36,194
Student loans receivable	756,245
Prepaid items	(1,858,751)
Accounts payable and accrued expenses	(1,205,352)
Compensated absences payable and related liabilities	(435,688)
Unearned revenues	313,919
Student deposits	(60,151)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,253,009</b>
<b>Reconciliation of Cash and Cash Equivalent Balances:</b>	
Current assets	
Cash and cash equivalents	\$ 49,693,921
Cash and cash equivalents, restricted	107,128,572
Noncurrent assets	
Cash and cash equivalents, restricted	589,828
<b>Total Cash and Cash Equivalents</b>	<b>\$ 157,412,321</b>
<b>Non Cash Transactions</b>	
Increase in component unit receivable	\$ (61,830)
Increase in Capital Gifts Receivable	\$ (657,446)

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON FOUNDATION AND SUBSIDIARIES  
NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2017**

<b>Assets</b>	
Cash and cash equivalents	\$ 416,885
Unconditional promises to give, net	7,031,191
Other assets	1,143,608
Investments	90,726,450
Property and equipment, net	6,276,979
Collections	8,812,056
<b>Total Assets</b>	<b>\$ 114,407,169</b>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 97,192
Line of credit	1,350,032
Annuities payable	73,840
Marine Genomics grant obligation (College of Charleston)	1,239,402
<b>Total Liabilities</b>	<b>\$ 2,760,466</b>
<b>Net Assets</b>	
Without donor restrictions:	
Board designated quasi endowment	\$ 1,740,929
Undesignated	7,335,744
<b>Total Without Donor Restrictions</b>	<b>\$ 9,076,673</b>
With donor restrictions:	
Purpose restrictions	\$ 45,817,103
Time-restricted for future periods	442,218
Perpetual in nature	56,310,709
<b>Total With Donor Restrictions</b>	<b>\$ 102,570,030</b>
<b>Total Net Assets</b>	<b>111,646,703</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 114,407,169</b>

See Accompanying Notes to Financial Statements

COLLEGE OF CHARLESTON FOUNDATION AND SUBSIDIARIES  
 NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
 CONSOLIDATED STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains, (Losses), and Other Support</b>			
<b>Revenue and Gains</b>			
Contributions	\$ 898,733	\$ 7,966,090	\$ 8,864,823
Rental income	894,999	-	894,999
Interest and dividend income, net	521,378	440,322	961,700
Realized and unrealized gains (losses) on investments, net	505,359	8,268,360	8,773,719
Special events, net	-	18,495	18,495
Other income	9,424	415,997	425,421
Changes in value of split interest agreements	-	(5,254)	(5,254)
<b>Total Revenue and Gains</b>	<b>\$ 2,829,893</b>	<b>\$ 17,104,010</b>	<b>\$ 19,933,903</b>
Net assets released from restrictions and administrative surcharges	\$ 10,276,416	\$ (10,276,416)	\$ -
Transfers based on changes in donor intent	(185,358)	185,358	-
<b>Total Revenue, Gains and Other Support</b>	<b>\$ 12,920,951</b>	<b>\$ 7,012,952</b>	<b>\$ 19,933,903</b>
<b>Expenses</b>			
<b>Program</b>			
Student aid and recognition	\$ 3,748,287	\$ -	\$ 3,748,287
Programs of education, research, and student and faculty enrichment	6,118,153	-	6,118,153
<b>Total Program Expenses</b>	<b>\$ 9,866,440</b>	<b>\$ -</b>	<b>\$ 9,866,440</b>
<b>Supporting Services</b>			
General and administrative	\$ 789,569	\$ -	\$ 789,569
Fundraising	1,727,753	-	1,727,753
<b>Total Supporting Services</b>	<b>\$ 2,517,322</b>	<b>\$ -</b>	<b>\$ 2,517,322</b>
<b>Total Expenses</b>	<b>\$ 12,383,762</b>	<b>\$ -</b>	<b>\$ 12,383,762</b>
<b>Change in Net Assets</b>	<b>\$ 537,189</b>	<b>\$ 7,012,952</b>	<b>\$ 7,550,141</b>
<b>Net Assets, Beginning of Year</b>	<b>\$ 8,539,484</b>	<b>\$ 95,557,078</b>	<b>\$ 104,096,562</b>
<b>Net Assets, End of Year</b>	<b>\$ 9,076,673</b>	<b>\$ 102,570,030</b>	<b>\$ 111,646,703</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON COUGAR CLUB  
 NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
 STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2017**

**Current Assets**

Cash and cash equivalents	\$ 1,983,525
Accounts receivable	8,350
Due from related parties	16,087
Prepaid expenses	129
<b>Total Current Assets</b>	<b>\$ 2,008,091</b>

**Noncurrent Assets**

Property and equipment, net of accumulated depreciation	34,730
<b>Total Assets</b>	<b>\$ 2,042,821</b>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable	\$ 13,422
Due to related parties	19,410
Deferred revenue	10,825
<b>Total Liabilities</b>	<b>\$ 43,657</b>

**Net Assets**

Unrestricted	\$ 89,206
Unrestricted board designated	688,012
Temporarily restricted	1,221,946
<b>Total Net Assets</b>	<b>\$ 1,999,164</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,042,821</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, 2017

**UNRESTRICTED NET ASSETS**

**Unrestricted Revenues and Gains**

Contributions and memberships	\$ 906,564
Special events, net of direct expenses of \$46,224	42,809
Interest	4,696
Other income	5,485

**Total Unrestricted Revenues and Gains** \$ 959,554

**Net Assets Released From Restrictions** \$ 1,418,030

**Total Unrestricted Revenue, Gains and Other Support** \$ 2,377,584

**Expenses**

**Program Services**

Grants and support	\$ 2,073,644
Membership activities	84,176

**Total Program Services** \$ 2,157,820

**Supporting Services**

Management and general	\$ 146,704
Fundraising	74,777

**Total Supporting Services** \$ 221,481

**Total Expenses** \$ 2,379,301

**Decrease in Unrestricted Net Assets** \$ (1,717)

**TEMPORARILY RESTRICTED NET ASSETS**

Contributions	\$ 1,569,090
Net assets released from restrictions	(1,418,030)

**Increase in Temporarily Restricted Net Assets** \$ 151,060

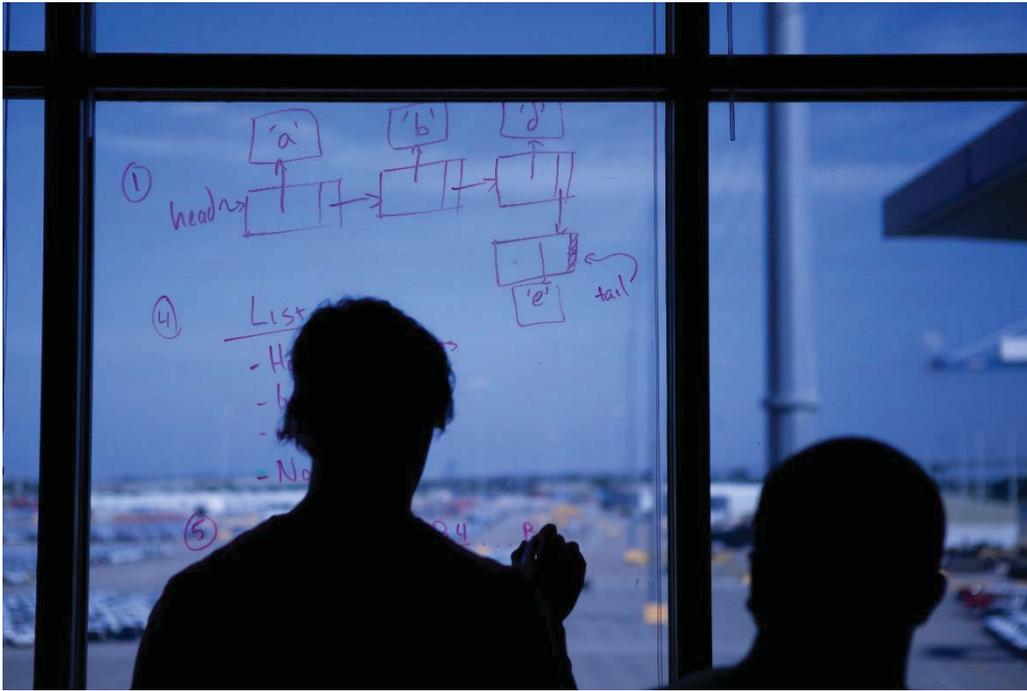
**Increase in Net Assets** \$ 149,343

**Net Assets, Beginning of Year** \$ 1,849,821

**Net Assets, End of Year** **\$ 1,999,164**

See Accompanying Notes to Financial Statements

## COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*Computer science students work out a problem at the College's Harbor Walk campus*



*The Special Collections holdings in the College's Addlestone Library include over 600 manuscript collections related to the history and culture of the South Carolina Lowcountry, the College's archives, the Spoleto Festival Archives, and more than 40,000 rare books and pamphlets*

## 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 (the State) 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 all 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 (GAAP) 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 and Subsidiaries (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 College's 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-an amendment of GASB Statement No. 34* 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-an amendment to GASB Statement No. 14* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, 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 and Cash Equivalents**

The amounts shown in the financial statements in the College funds as "cash and cash equivalents" represent petty cash, cash on deposit 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 space 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 building 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.

Depreciation is computed using the straight line method over the estimated useful life of the asset, generally 15 to 50 years for buildings and building 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, 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.

The College is not aware of any rebatable arbitrage liabilities as of June 30, 2017.

### **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.

## **Pensions**

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

A plan's Net Pension Liability (NPL) is determined by reducing its total pension liability by its fiduciary net position. Total pension liability is defined by the GASB as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the requirements of GASB 67 *Financial Reporting for Pension Plans-An Amendment of GASB Statement No. 25*. Total pension liability may be impacted annually by the cost of service accrued by participants, interest accrued on the liability, the impact of benefit and assumption changes, the cost of benefit payments, and the difference between expected and actual plan experience. The most significant impact on a plan's fiduciary net position relates to the rate of return on its investments. Consequently, significant fluctuations in the market value of investments substantially affect the fiduciary net position component of the NPL calculation, and as a result, cause a direct change in the NPL.

The financial reporting changes required by GASB 68 *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27* are likely to result in increased volatility in an employers' reported proportionate share of the NPL from one year to the next. Regardless of the NPL reported on the employer's financial statements, the employer is responsible only for making the contributions required by state law during any given year. Employers cannot pay down or pay off their proportionate share of the NPL because SCRS and PORS are multiple employer, cost-sharing defined benefit plans.

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

## **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 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 which would require repayment to the federal government if the College ceases to participate in the program.

### **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.

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 GAAP 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, land and building 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 and historical data 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, 2017, reconciles deposits and investments in the notes to the Statement of Net Position amounts:

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<b>Schedule of Deposits and Investments as of June 30, 2017</b>	
<b><u>Statement of Net Position</u></b>	
Current assets	
Cash and cash equivalents	\$ 49,693,921
Cash and cash equivalents, restricted	107,128,572
Noncurrent assets	
Cash and cash equivalents, restricted	589,828
	<b><u>\$ 157,412,321</u></b>
<b><u>Deposits and Investments</u></b>	
Cash on hand	\$ 5,009
Deposits held by State Treasurer	157,153,894
Payroll	43,364
Student loan accounts	210,054
	<b><u>\$ 157,412,321</u></b>

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## **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, 2017, 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.

The College owns \$203,082 of other deposits which are held in a separate checking account used for Perkins Loans collections. Federal Depository Insurance Corporation (FDIC) covers the deposit accounts up to the FDIC limit of \$250,000.

### **Restricted Cash Deposits**

Current restricted cash deposits of \$107,128,572 consist of \$96,066,950 for capital project accounts, \$7,071,014 for debt service accounts, and \$3,990,608 for other (auxiliary enterprise, grant and contract, etc.) accounts. Noncurrent restricted cash deposits include amounts for endowment funds, student loan funds, and unrealized appreciation associated with amounts held by the State Treasurer.

### NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2017, are summarized as follows:

Student accounts	\$	1,446,648
Other		767,489
Auxiliary enterprises		685,215
Total accounts receivable	\$	<u>2,899,352</u>
Allowance for bad debts	\$	<u>(245,000)</u>
Federal grants and contracts	\$	2,108,397
State grants and contracts		305,912
Nongovernmental grants and contracts		410,539
Local grants and contracts		946
Total grants and contracts receivable	\$	<u>2,825,794</u>
Component unit	\$	3,441,502
Interest income		190,982
Student loans		1,738,924
Total other receivables	\$	<u>5,371,408</u>
<b>Net Accounts Receivable</b>	<b>\$</b>	<b><u>10,851,554</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, 2017, the allowance for bad debts on student accounts is estimated at \$235,000 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, 2017. 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 6/30/2016	Increases	Decreases	Ending Balance 6/30/2017
Capital assets not being depreciated:				
Land	\$ 48,054,141	\$ -	\$ -	\$ 48,054,141
Construction in progress	29,988,526	44,046,119	(12,655,038)	61,379,607
Total capital assets not being depreciated	<u>\$ 78,042,667</u>	<u>\$ 44,046,119</u>	<u>\$ (12,655,038)</u>	<u>\$ 109,433,748</u>
Depreciable capital assets:				
Land improvements	\$ 4,968,429	\$ -	\$ -	\$ 4,968,429
Buildings	368,221,834	-	-	368,221,834
Building improvements	83,952,040	12,108,069	-	96,060,109
Machinery, equipment, and other	28,628,414	2,375,133	(113,372)	30,890,175
Information technology equipment and software	7,941,698	-	-	7,941,698
Motor vehicles	491,780	-	(20,495)	471,285
Total depreciable capital assets	<u>\$ 494,204,195</u>	<u>\$ 14,483,202</u>	<u>\$ (133,867)</u>	<u>\$ 508,553,530</u>
Less accumulated depreciation:				
Land improvements	\$ 3,882,812	\$ 117,075	\$ -	\$ 3,999,887
Buildings	127,770,893	9,119,195	-	136,890,088
Building improvements	38,528,056	3,160,812	-	41,688,868
Machinery, equipment, and other	15,013,391	2,989,313	(92,228)	17,910,476
Information technology equipment and software	7,618,638	253,737	-	7,872,375
Motor vehicles	443,799	17,784	(20,495)	441,088
Total accumulated depreciation	<u>\$ 193,257,589</u>	<u>\$ 15,657,916</u>	<u>\$ (112,723)</u>	<u>\$ 208,802,782</u>
Depreciable capital assets, net	<u>\$ 300,946,606</u>	<u>\$ (1,174,714)</u>	<u>\$ (21,144)</u>	<u>\$ 299,750,748</u>
<b>Capital assets, net</b>	<u><b>\$ 378,989,273</b></u>	<u><b>\$ 42,871,405</b></u>	<u><b>\$ (12,676,182)</b></u>	<u><b>\$ 409,184,496</b></u>

During fiscal year 2017, there was \$1,858,613 of capitalized interest, and depreciation expense was \$15,657,916. In addition, the College disposed of assets with a net book value of \$21,144. The gain derived from the sale of assets totaled \$25,019.

## NOTE 6 – PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement systems (Systems) and serves as a co-trustee of the Systems in conducting that review.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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

## **Plan Descriptions**

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

## **Membership**

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

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

**State ORP** - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes.

Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5.0 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

**PORS** - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

### **Benefits**

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

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

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1.0 percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

**PORS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1.0 percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

**Contributions**

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5.0 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to 0.5 percent per year.

- Required **employee** contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
<b>SCRS</b>		
Employee Class Two	8.66%	8.16%
Employee Class Three	8.66%	8.16%
<b>State ORP Employee</b>	8.66%	8.16%
<b>PORS</b>		
Employee Class Two	9.24%	8.74%
Employee Class Three	9.24%	8.74%

- Required **employer** contribution rates<sup>2</sup> are as follows:

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

<sup>2</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
<b>SCRS</b>		
Employer Class Two	11.41%	10.91%
Employer Class Three	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
<b>State ORP</b>		
Employer Contribution <sup>3</sup>	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
<b>PORS</b>		
Employer Class Two	13.84%	13.34%
Employer Class Three	13.84%	13.34%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

### **Net Pension Liability**

At June 30, 2017, the College reported liabilities of \$162,045,025 and \$3,959,082 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2016. The College's proportionate shares of the net pension liabilities were based on a projection of the College's long term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the College's proportionate shares of the SCRS and PORS plans were 0.758643 percent and 0.15609 percent, respectively.

### **Pension Expense**

For the year ended June 30, 2017, the College recognized pension expense for the SCRS and PORS plans of \$14,752,289 and \$385,299, respectively.

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<sup>3</sup> Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

## **Deferred Inflows of Resources and Deferred Outflows of Resources**

At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to its pension liabilities from the following sources for each of the respective plans:

	<b>SCRS</b>	
	<b><u>Deferred outflows of resources</u></b>	<b><u>Deferred inflows of resources</u></b>
Differences between expected and actual experience	\$ 1,679,787	\$ 175,981
Net difference between projected and actual earnings on pension plan investments	13,633,194	-
Change in proportion & difference between employer contributions & proportionate share of plan contributions	1,507,558	1,158,411
College contributions subsequent to the measurement date	<u>8,611,744</u>	<u>-</u>
Total	<u>\$ 25,432,283</u>	<u>\$ 1,334,392</u>
	<b>PORS</b>	
	<b><u>Deferred outflows of resources</u></b>	<b><u>Deferred inflows of resources</u></b>
Differences between expected and actual experience	\$ 58,745	\$ -
Net difference between projected and actual earnings on pension plan investments	448,925	-
Change in proportion & difference between employer contributions & proportionate share of plan contributions	140,832	339,892
College contributions subsequent to the measurement date	<u>270,197</u>	<u>-</u>
Total	<u>\$ 918,699</u>	<u>\$ 339,892</u>
Total SCRS and PORS	<u>\$ 26,350,982</u>	<u>\$ 1,674,284</u>

The \$8,611,744 and \$270,197 reported as deferred outflows of resources related to pensions resulting from College contributions paid subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2017 will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2017 of the systems.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension obligation will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

Future amortization:

	<u>SCRS</u>
Year ending June 30:	
2018	\$ 4,082,641
2019	3,204,605
2020	5,176,369
2021	3,022,532
2022	-
Thereafter	-
	<u>\$ 15,486,147</u>
	<u>PORS</u>
Year ending June 30:	
2018	\$ 71,933
2019	68,955
2020	126,967
2021	40,755
2022	-
Thereafter	-
	<u>\$ 308,610</u>

### **Actuarial Assumptions and Methods**

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by the System's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2015, actuarial valuations, as adopted by the PEBA Board and the SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the System's fiscal year ended June 30, 2016, using Generally Accepted Actuarial Principles. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2015 valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return <sup>4</sup>	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service) <sup>4</sup>	4.0% to 10.0% (varies by service) <sup>3</sup>
Benefit adjustments	lesser of 1.0% or \$500 annually	lesser of 1.0% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2015, valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

### **Pension Plan Fiduciary Net Position**

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2016, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability(Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$45,356,214,752	\$23,996,362,354	\$21,359,852,398	52.9%
PORS	6,412,510,458	3,876,035,732	2,536,474,726	60.4%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is

<sup>4</sup> Includes inflation at 2.75%

disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Statements Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

### **Long Term Expected Rate of Return**

The long term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30 year capital markets outlook at the end of the third quarter 2015. The long term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>43.00%</b>		
Global Public Equity	34.00%	6.52%	2.22%
Private Equity	9.00%	9.30%	0.84%
<b>Real Assets</b>	<b>8.00%</b>		
Real Estate	5.00%	4.32%	0.22%
Commodities	3.00%	4.53%	0.13%
<b>Opportunistic</b>	<b>20.00%</b>		
GTAA/Risk Parity	10.00%	3.90%	0.39%
HF (Low Beta)	10.00%	3.87%	0.39%
<b>Diversified Credit</b>	<b>17.00%</b>		
Mixed Credit	5.00%	3.52%	0.17%
Emerging Markets Debt	5.00%	4.91%	0.25%
Private Debt	7.00%	4.47%	0.31%
<b>Conservative Fixed Income</b>	<b>12.00%</b>		
Core Fixed Income	10.00%	1.72%	0.17%
Cash and Short Duration (Net)	2.00%	0.71%	0.01%
Total Expected Real Return	<u>100.0%</u>		<u>5.10%</u>
Inflation for Actuarial Purposes			<u>2.75%</u>
Total Expected Nominal Return			<u><u>7.85%</u></u>

## **Discount Rate**

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## **Sensitivity Analysis**

The following table presents the College's proportionate share of the net pension liability of the respective plans calculated using the discount rate of 7.5 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.0 percent lower (6.5 percent) or 1.0 percent higher (8.5 percent) than the current rate.

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.0% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1.0% Increase (8.5%)</b>
<b>SCRS</b>	\$202,146,732	\$162,045,025	\$128,661,865
<b>PORS</b>	5,188,716	3,959,082	2,854,025

## **Additional Financial and Actuarial Information**

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2016 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2016.

## **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 (OPEB plans) 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 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 100.0 percent employer funding and 15 through 24 years of service for 50.0 percent 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 healthcare and long term disability benefits be funded through annual appropriations by the General Assembly for active employees and participating retirees, except for the portion funded through the pension surcharge and provided from the other applicable sources, for active employees who are not funded by State General Fund appropriations.

Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 5.33 percent of annual covered payroll for fiscal year 2017 and fiscal year 2016. The state sets the employer contribution rate based on a pay as you go basis. The College of Charleston paid approximately \$5,312,693 and \$5,269,511 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2017 and 2016, respectively. The College contributed 100.0 percent 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 was \$3.22 for the fiscal years ended June 30, 2017 and 2016. The College paid 100.0 percent 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 \$54,048 and \$52,985 for the years ended June 30, 2017 and 2016, 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 PEBA-Insurance Benefits cash 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.

In June 2015, the GASB approved a pair of related Statements that reflect substantial changes to the accounting and financial reporting of other postemployment benefits (OPEB) by state and local governments. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* applies to benefit plans, and

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* applies to employers that provide those benefits to their employees. Statement No. 75 is effective for employers beginning fiscal year 2018. Employers covered through the state's OPEB will recognize a proportionate share of the state's unfunded liability. OPEB accounting requirements will parallel the new pension requirements that employers implemented in fiscal year 2015.

## **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 \$18,973,000 at June 30, 2017. Of this total, approximately \$16,520,000 is attributable to capital projects. 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 \$334,898 of proceeds available to draw at June 30, 2017.

### **Subsequent Events**

The College evaluated subsequent events through September 29, 2017, which is the date the financial statements were issued. The College concluded that no subsequent events have occurred that would require disclosure.

## NOTE 9 – LEASE OBLIGATIONS

Future commitments for operating leases having remaining noncancelable terms in excess of one year as of June 30, 2017 are as follows:

### Real Property Operating Lease Commitments

Year Ending June 30,	Equipment	External Parties	Other State Agencies	CofC Foundation	Total
2018	\$ 31,530	\$ 4,718,704	\$ 262,419	\$ 730,157	\$ 5,742,810
2019	31,530	4,691,477	165,079	695,491	5,583,577
2020	18,393	4,721,534	165,079	635,491	5,540,497
2021	-	3,990,599	165,079	100,000	4,255,678
2022	-	2,239,366	165,079	100,000	2,504,445
2023-2027	-	2,429,129	825,395	500,000	3,754,524
2028-2032	-	-	825,395	500,000	1,325,395
2033-2037	-	-	825,395	500,000	1,325,395
2038-2042	-	-	825,395	100,000	925,395
2043-2047	-	-	825,395	-	825,395
2048-2052	-	-	825,395	-	825,395
2053-2057	*	-	825,395	-	825,395
2058-2062	-	-	619,046	-	619,046
Total Minimum Lease Payments	<u>\$ 81,453</u>	<u>\$ 22,790,809</u>	<u>\$ 7,319,546</u>	<u>\$ 3,861,139</u>	<u>\$ 34,052,947</u>

### Operating Leases

The College's operating leases having remaining terms of more than one year expire in various fiscal years from 2018 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 2015, the College renewed fifteen of these leases through 2020 with one remaining renewal option 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 \$894,999 in 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 \$1,305,218

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 amortization. The lease agreements make no provisions beyond the 65-year period. The unamortized balance at June 30, 2017 is \$344,237. Amortization of the prepaid rent balance for fiscal year 2017 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 \$163,159 in rent in fiscal year 2017. 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 \$56,836. The current term of this exempt lease ends in 2018.

The College leased 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. The College entered into a new six year lease with this facility with lease terms from August 11, 2017 through August 10, 2023 with the option to renew for up to four consecutive periods of one year each. Rent for this facility is \$150,000 per year.

The College's North Campus and the Lowcountry Graduate Center share space in a 50,000 square foot building owned by Drake/Faber IV, LLC at 3800 Paramount Drive in 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 fiscal year 2017 was \$880,547.

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 2017 was \$228,422.

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 fiscal year 2017 was \$499,411.

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. In 2015 the College leased an additional 3,104 square feet. Rent for fiscal year 2017 was \$1,404,712. In July 2017, the College leased an additional 2,575 square feet.

The College leases wet lab space for faculty research and offices at the SCRA MUSC Innovation Center located at 645 Meeting Street from the SCRA with an initial lease term of December 1, 2013 to November 30, 2014 and has been renewed for a consecutive term. The current term ends November 30, 2017. Rent for fiscal year 2017 was

\$142,511. The College also leases teaching lab space located at 280 Calhoun Street from MUSC. The initial lease term is effective August 1, 2014 to July 31, 2016 with two renewal periods of six months each ending on May 31, 2017. Rent for fiscal year 2017 was \$59,694. The College entered into a new lease for the MUSC teaching lab space with the lease term effective August 15, 2017 to December 15, 2017. Rent for this facility is \$18,168.

Finally, the total operating lease expenditures for fiscal year 2017 were \$9,268,645. The majority of which were property lease expenditures. The College reports all of these operating lease costs in operating expenses.

## NOTE 10 – BONDS

Bonds consisted of the following at June 30, 2017:

	<u>Original Balance</u>	<u>Fixed Interest Rates</u>	<u>Maturity Dates</u>	<u>Outstanding Balance</u>	<u>Debt Retired FY 2017</u>
<b>Revenue Bonds</b>					
Higher Education Facilities Revenue Bonds					
Bond, Series 2004A	\$ 5,190,000	3.625-4.60%	2019	\$ 890,000	\$ 415,000
Bond, Series 2007C	55,320,000	4.00-5.00%	2037	-	45,840,000
Bond, Series 2012A	25,630,000	2.00-4.00%	2032	20,395,000	1,085,000
Bond, Series 2013A	12,510,000	3.00-4.00%	2033	8,710,000	995,000
Bond, Series 2017A	42,705,000	3.00-5.00%	2037	42,705,000	-
Academic/Administrative Facilities Revenue Bonds					
Bond, Series 2007D	40,610,000	4.125-5.625%	2037	-	33,825,000
Bond, Series 2011A	33,745,000	2.00-5.00%	2037	29,785,000	1,020,000
Bond, Series 2013B	24,835,000	2.00-5.00%	2034	22,915,000	600,000
Bond, Series 2014A	54,255,000	3.00-5.00%	2044	53,225,000	1,030,000
Bond, Series 2017B	31,345,000	3.00-5.00%	2037	<u>31,345,000</u>	-
<b>Total Revenue Bonds</b>				<u>\$ 209,970,000</u>	<u>\$ 84,810,000</u>
<b>State Institutional Bonds</b>					
Series 2003A	7,200,000	3.00-4.125%	2023	\$ 2,930,000	\$ 415,000
Unamortized Premiums/(Discounts)				<u>9,200,193</u>	
<b>Total Bonds Payable</b>				<u>\$ 222,100,193</u>	<u>\$ 85,225,000</u>

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. South Carolina Code of Laws Section 59-107-90 (Maximum amount of outstanding bonds) states that the maximum amount of annual debt service on State Institution Bonds for the 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, 2016, used to calculate the College's debt service limit on bond indebtedness for the

preceding year, were \$684,067 which results in a legal debt margin at June 30, 2017, of \$615,660. Debt service payments for fiscal year 2017 were \$543,465.

Bond premiums(discounts) and deferred losses on refunding are capitalized and amortized over the life of the bonds. The amount amortized was \$979,466 for fiscal year 2017.

In January 2017, The College issued Series 2017A and 2017B bonds in the amount of \$42,705,000 and \$31,345,000, respectively. The proceeds from the new bonds were used to refund Series 2007C and 2007D bonds.

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 2017 was \$6,545,090. Capitalized interest was \$1,858,613 for the fiscal year ended June 30, 2017.

Amounts including interest required to complete payment of the Revenue Bonds as of June 30, 2017 are as follows:

<b>Revenue Bonds</b>			
<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 7,625,000	\$ 8,216,170	\$ 15,841,170
2019	7,255,000	7,924,645	15,179,645
2020	7,545,000	7,640,190	15,185,190
2021	7,840,000	7,333,615	15,173,615
2022	8,170,000	7,014,115	15,184,115
2013-2027	46,395,000	29,440,125	75,835,125
2028-2032	56,400,000	19,340,351	75,740,351
2033-2037	49,350,000	9,496,338	58,846,338
2038-2042	13,300,000	2,855,800	16,155,800
2043-2044	6,090,000	367,800	6,457,800
<b>Total Revenue Bonds</b>	<b>\$ 209,970,000</b>	<b>\$ 99,629,149</b>	<b>\$ 309,599,149</b>

Amounts including interest required to complete payment of the State Institution Bonds as of June 30, 2017 are as follows:

<b>State Institution Bonds</b>			
<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 430,000	\$ 115,150	\$ 545,150
2019	450,000	99,563	549,563
2020	475,000	82,687	557,687
2021	500,000	63,688	563,688
2022	525,000	43,687	568,687
2023	550,000	22,687	572,687
<b>Total State Institutional Bonds</b>	<b>\$ 2,930,000</b>	<b>\$ 427,462</b>	<b>\$ 3,357,462</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, 2017, \$23,020,000 of bonds outstanding is considered defeased. Management believes the College was in compliance with all applicable bond covenants as of June 30, 2017.

## NOTE 11 – LONG TERM LIABILITIES

Long term liability activity for the year ended June 30, 2017 was as follows:

	<u>6/30/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2017</u>	<u>Due Within One Year</u>
<b>Bonds Payable</b>					
Revenue Bonds	\$ 220,730,000	\$ 74,050,000	\$ 84,810,000	\$ 209,970,000	\$ 7,625,000
Unamortized Premiums/ (Discounts)	<u>956,680</u>	<u>5,948,539</u>	<u>(2,294,154)</u>	<u>9,199,373</u>	<u>461,973</u>
<b>Total Revenue Bonds</b>	<b>\$ 221,686,680</b>	<b>\$ 79,998,539</b>	<b>\$ 82,515,846</b>	<b>\$ 219,169,373</b>	<b>\$ 8,086,973</b>
State Institution Bonds	\$ 3,345,000	\$ -	\$ 415,000	\$ 2,930,000	\$ 430,000
Unamortized Premiums/ (Discounts)	<u>957</u>	<u>-</u>	<u>137</u>	<u>820</u>	<u>137</u>
Total State Institution Bonds	<u>\$ 3,345,957</u>	<u>\$ -</u>	<u>\$ 415,137</u>	<u>\$ 2,930,820</u>	<u>\$ 430,137</u>
<b>Total Bonds Payable</b>	<b>\$ 225,032,637</b>	<b>\$ 79,998,539</b>	<b>\$ 82,930,983</b>	<b>\$ 222,100,193</b>	<b>\$ 8,517,110</b>
<b>Other Liabilities</b>					
Net Pension Liability	\$ 149,281,358	\$ 16,722,749	\$ -	\$ 166,004,107	\$ -
Federal Capital Contribution	2,464,950	-	663,326	1,801,624	-
Accrued Compensated Absences	<u>5,281,108</u>	<u>2,580,126</u>	<u>3,015,814</u>	<u>4,845,420</u>	<u>2,812,489</u>
<b>Total Other Liabilities</b>	<b>\$ 157,027,416</b>	<b>\$ 19,302,875</b>	<b>\$ 3,679,140</b>	<b>\$ 172,651,151</b>	<b>\$ 2,812,489</b>
<b>Total Long Term Liabilities</b>	<b>\$ 382,060,053</b>	<b>\$ 99,301,414</b>	<b>\$ 86,610,123</b>	<b>\$ 394,751,344</b>	<b>\$ 11,329,599</b>

## 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, 2017, interest income of \$4,046 was available to be spent, which is restricted for 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). As of June 30, 2017, cumulative net appreciation on these funds was \$239,401.

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 Financial 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 consolidated Statement of Activities.

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 510 individual funds established for a variety of purposes including funds established by donors to provide annual funding for specific activities and general operations, and certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. 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, 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, 2017, no donor represented a concentration.

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

The College of Charleston Foundation investments as of June 30, 2017, were as follows:

<b>Investments Carried at Fair Value</b>		
	<u>Cost</u>	<u>Fair value</u>
Cash and cash equivalents	\$ 213,555	\$ 213,555
Equity securities	127,086	125,795
Fixed income and multi-asset funds	18,795,951	18,930,300
Limited partnership interest	<u>64,120,668</u>	<u>71,456,800</u>
<b>Total</b>	<b><u>\$ 83,257,260</u></b>	<b><u>\$ 90,726,450</u></b>

The following schedule details transactions between the College and the Foundation during the year ended June 30, 2017.

<b>Transactions between the College and the Foundation for Fiscal Year 2017</b>	
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.	\$ 894,999
The Foundation reimbursed the College for scholarships awarded. The amount is reported as a part of gifts under nonoperating revenue.	\$ 5,260,178
The Foundation reimbursed the College for certain expenditures that were paid by the College.	\$ 2,522,138
The Foundation reimbursed the College to assist with certain capital projects.	\$ 593,094

## **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 \$2,013,126 in scholarships and other support from the Cougar Club for the year ended June 30, 2017.

The College has receivables totaling \$3,441,502 with the component units. The details of the component unit receivables follow.

<b>Component Units Receivable as of June 30, 2017</b>	
The Foundation	
Capital projects and operating expenses receivable	\$ 2,182,691
Marine Genomics endowment receivable	1,239,401
Total Foundation receivable	<u>\$ 3,422,092</u>
The Cougar Club	
Operating expenses receivable	\$ 19,410
Total Cougar Club receivable	<u>\$ 19,410</u>
<b>Total Component Units Receivable</b>	<b><u>\$ 3,441,502</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 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 during 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 with the State's self-insured plan administered through the PEBA. All of the other types of coverage listed above are through the applicable State's self-insured plan or PEBA.

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, and 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 coverage through commercial insurers for fidelity bond insurance to cover employees for losses arising from theft or misappropriation, for cyber liability, Directors and Officers liability, and various other limited coverages.

### **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, 2017 are summarized as follows:

	Personnel Costs and Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 80,659,525	\$ 4,896,482	\$ -	\$ -	\$ -	\$ 85,556,007
Research	3,387,250	4,550,476	-	-	-	7,937,726
Public Service	933,406	699,140	-	-	-	1,632,546
Academic Support	10,633,284	4,556,313	-	-	-	15,189,597
Student Services	10,981,428	2,863,551	-	-	-	13,844,979
Institutional Support	21,598,902	9,729,932	5,379	-	-	31,334,213
Operation and Maintenance of Plant	8,969,043	12,917,844	4,905,442	-	-	26,792,329
Scholarships and Fellowships (net of discounts and allowances)	-	-	203,375	-	10,542,625	-
10,746,000						
Auxiliary Enterprises	10,949,067	24,128,938	3,891,067	5,316,851	-	44,285,923
Depreciation	-	-	-	-	15,657,916	15,657,916
<b>Total Operating Expenses</b>	<b>\$ 148,111,905</b>	<b>\$ 64,546,051</b>	<b>\$ 8,801,888</b>	<b>\$ 15,859,476</b>	<b>\$ 15,657,916</b>	<b>\$ 252,977,236</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 15 of the 2016-2017 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, 2017.

State Appropriations	
<b>Noncapital Appropriations</b>	
Original appropriations per annual Appropriations Act	\$ 23,315,992
Supplemental Appropriations	1,250,000
Employee Pay Plan Funds	850,363
From Commission on Higher Education:	
Academic Endowment Incentive	7,413
Low Country Graduate Center	785,099
<b>Total State noncapital appropriations recorded as current year revenue</b>	<b>\$ 26,208,867</b>
<b>Capital Appropriations</b>	
From South Carolina Education Lottery Fund	\$ 643,395
<b>Total State capital appropriations recorded as current year revenue</b>	<b>\$ 643,395</b>

The College received substantial funding from the Commission on Higher Education (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, 2017.

<b>Other Amounts Received from State Agencies</b>	
	Operating Revenue
Received from CHE:	
Hope Scholarships	\$ 777,000
LIFE Scholarships	13,460,717
Palmetto Scholarships	4,066,099
Need Based Grants	1,431,279
SC National Guard Program	45,000
Various other CHE amounts	11,056
Received from Department of Education	77,076
Received from Winthrop University	489,767
Received from Various State Agencies	307,136
<b>Total</b>	<b><u>\$ 20,665,130</u></b>

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 Department of Administration 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, 2017 was as follows:

	2017	2016	Increase/ (Decrease)
Charges for services	\$ 230,604,584	\$ 224,805,918	\$ 5,798,666
Nonoperating grants and contributions	16,555,802	16,013,795	542,007
Less: Program expenses	(263,400,196)	(255,863,111)	(7,537,085)
<b>Net program expenses</b>	<u>\$ (16,239,810)</u>	<u>\$ (15,043,398)</u>	<u>\$ (1,196,412)</u>
Transfers:			
State appropriations	\$ 26,208,867	\$ 22,597,031	\$ 3,611,836
State capital appropriations	643,395	863,831	(220,436)
<b>Total transfers</b>	<u>\$ 26,852,262</u>	<u>\$ 23,460,862</u>	<u>\$ 3,391,400</u>
Change in net position	\$ 10,612,452	\$ 8,417,464	\$ 2,194,988
<b>Net position – Beginning</b>	<u>171,955,340</u>	<u>163,537,876</u>	<u>8,417,464</u>
<b>Net position – Ending</b>	<u>\$ 182,567,792</u>	<u>\$ 171,955,340</u>	<u>\$ 10,612,452</u>



*The School of Sciences and Mathematics Building, a 125,000-square-foot, state-of-the-art center with classrooms, offices, laboratories and a 150-seat auditorium*

# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*Historic homes dot the campus as faculty offices and student residences*

## **REQUIRED SUPPLEMENTARY INFORMATION**

**COLLEGE OF CHARLESTON**  
**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEARS ENDED JUNE 30,**

	<b>SCRS</b>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's proportion of the net pension liability	0.76%	0.77%	0.75%	0.75%
College's proportionate share of the net pension liability	<u>\$ 162,045,025</u>	<u>\$ 145,433,196</u>	<u>\$ 129,272,338</u>	<u>\$ 134,676,602</u>
College's covered payroll for the measurement period	<u>\$ 96,875,236</u>	<u>\$ 95,239,404</u>	<u>\$ 90,548,229</u>	<u>\$ 85,152,558</u>
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	167.27%	152.70%	142.77%	158.16%
Plan fiduciary net position as a percentage of the total pension liability	52.91%	56.99%	59.92%	56.39%
	<b>PORS</b>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's proportion of the net pension liability	0.16%	0.18%	0.16%	0.16%
College's proportionate share of the net pension liability	<u>\$ 3,959,082</u>	<u>\$ 3,848,162</u>	<u>\$ 3,157,810</u>	<u>\$ 3,419,327</u>
College's covered payroll for the measurement period	<u>\$ 1,989,891</u>	<u>\$ 2,188,201</u>	<u>\$ 2,028,611</u>	<u>\$ 1,854,929</u>
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.96%	175.86%	155.66%	184.34%
Plan fiduciary net position as a percentage of the total pension liability	60.44%	64.57%	67.55%	62.98%

**COLLEGE OF CHARLESTON  
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS  
FOR THE TEN YEARS ENDED JUNE 30,**

	<b>SCRS</b>									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 8,611,733	\$ 8,125,167	\$ 7,837,059	\$ 7,225,796	\$ 6,795,402	\$ 5,630,469	\$ 5,374,140	\$ 5,277,164	\$ 5,250,986	\$ 4,769,756
Contributions in relation to the contractually required contribution	8,611,733	8,125,167	7,837,059	7,225,796	6,795,402	5,630,469	5,374,140	5,277,164	5,250,986	4,769,756
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll	\$ 97,777,837	\$ 96,875,236	\$ 95,239,404	\$ 90,548,229	\$ 85,152,558	\$ 80,482,969	\$ 77,640,465	\$ 75,041,079	\$ 73,926,535	\$ 68,799,207
Contributions as a percentage of covered-employee payroll	8.81%	8.39%	8.23%	7.98%	7.98%	7.00%	6.92%	7.03%	7.10%	6.93%

	<b>PORS</b>									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 270,197	\$ 273,412	\$ 293,324	\$ 254,734	\$ 228,157	\$ 206,098	\$ 220,050	\$ 193,709	\$ 194,493	\$ 197,659
Contributions in relation to the contractually required contribution	270,197	273,412	293,324	254,734	228,157	206,098	220,050	193,709	194,493	197,659
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll	\$ 1,897,447	\$ 1,989,891	\$ 2,188,201	\$ 2,028,611	\$ 1,854,929	\$ 1,752,089	\$ 1,908,500	\$ 1,753,022	\$ 1,760,124	\$ 1,847,268
Contributions as a percentage of covered-employee payroll	14.24%	13.74%	13.40%	12.56%	12.30%	11.76%	11.53%	11.05%	11.05%	10.70%

# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*Harbor Walk East is a 45,000-square-foot complex consisting of classrooms, faculty offices and laboratories. This contemporary facility is immediately adjacent to Charleston Harbor*

## 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.	81-85
<b>Revenue Capacity</b> This schedule contains information to help the reader assess the factors affecting the College's ability to generate tuition income.	86
<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.	87
<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.	88-93
<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.	94-97

*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 Fiscal Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total revenues)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Operating Revenues:</b>																				
Tuition and related fees																				
(net of scholarship allowance)	\$ 146,297	\$ 143,541	\$ 141,682	\$ 139,892	\$ 133,936	\$ 128,093	\$ 118,768	\$ 108,009	\$ 98,406	\$ 90,435	53.65%	54.53%	54.74%	55.49%	55.19%	54.30%	52.43%	49.59%	47.77%	44.75%
Federal grants and contracts	7,929	9,075	8,390	8,151	9,278	8,939	8,244	7,584	12,084	15,125	2.91%	3.45%	3.24%	3.23%	3.82%	3.79%	3.64%	3.48%	5.87%	7.48%
State grants and contracts	20,665	20,115	19,681	18,810	18,671	18,140	17,981	18,448	17,868	17,996	7.58%	7.64%	7.60%	7.46%	7.69%	7.69%	7.94%	8.47%	8.67%	8.91%
Local grants and contracts	183	221	327	241	176	176	184	81	8	8	0.07%	0.08%	0.13%	0.10%	0.07%	0.07%	0.08%	0.04%	0.00%	0.00%
Nongovernmental grants and contracts	681	1,126	1,292	1,334	541	165	192	105	18	102	0.25%	0.43%	0.50%	0.53%	0.22%	0.07%	0.08%	0.05%	0.01%	0.05%
Sales and services of educational and other activities	2,038	2,052	2,052	1,940	1,949	1,950	1,845	2,604	1,499	1,124	0.75%	0.78%	0.79%	0.77%	0.80%	0.83%	0.81%	1.20%	0.73%	0.56%
Sales and services of auxiliary enterprises (net of scholarship allowance)	52,123	48,189	47,276	45,072	43,532	43,517	40,593	36,453	36,531	33,550	19.11%	18.31%	18.27%	17.88%	17.94%	18.45%	17.93%	16.74%	17.74%	16.60%
Other sources	689	487	549	860	474	1,116	211	693	2,383	2,069	0.23%	0.19%	0.21%	0.34%	0.20%	0.47%	0.09%	0.31%	1.16%	1.03%
<b>Total Operating Revenues</b>	<b>\$ 230,605</b>	<b>\$ 224,806</b>	<b>\$ 221,249</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>84.55%</b>	<b>85.41%</b>	<b>85.48%</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>Nonoperating Revenues:</b>																				
State appropriations	\$ 26,209	\$ 22,597	\$ 21,843	\$ 20,881	\$ 19,810	\$ 18,872	\$ 19,794	\$ 24,767	\$ 27,173	\$ 36,094	9.61%	8.58%	8.44%	8.28%	8.16%	8.00%	8.74%	11.37%	13.19%	17.86%
Federal grants and contracts	10,902	10,691	10,583	10,560	10,298	10,216	14,792	12,576	4,583	-	4.00%	4.06%	4.09%	4.19%	4.24%	4.33%	6.53%	5.77%	2.22%	0.00%
Gifts	4,054	3,957	3,772	3,498	3,230	3,008	2,515	2,181	2,239	2,044	1.49%	1.50%	1.46%	1.39%	1.33%	1.28%	1.11%	1.00%	1.09%	1.01%
Interest and investment income	724	992	1,130	678	417	1,169	855	3,758	2,712	3,204	0.27%	0.38%	0.44%	0.27%	0.17%	0.50%	0.38%	1.73%	1.32%	1.59%
Other nonoperating revenue	218	195	231	165	391	525	539	539	475	324	0.08%	0.07%	0.09%	0.07%	0.17%	0.22%	0.24%	0.25%	0.23%	0.16%
<b>Total Nonoperating Revenues</b>	<b>\$ 42,107</b>	<b>\$ 38,432</b>	<b>\$ 37,559</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>15.45%</b>	<b>14.59%</b>	<b>14.52%</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>Total Operating and Nonoperating Revenues</b>	<b>\$ 272,712</b>	<b>\$ 263,238</b>	<b>\$ 258,808</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>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.

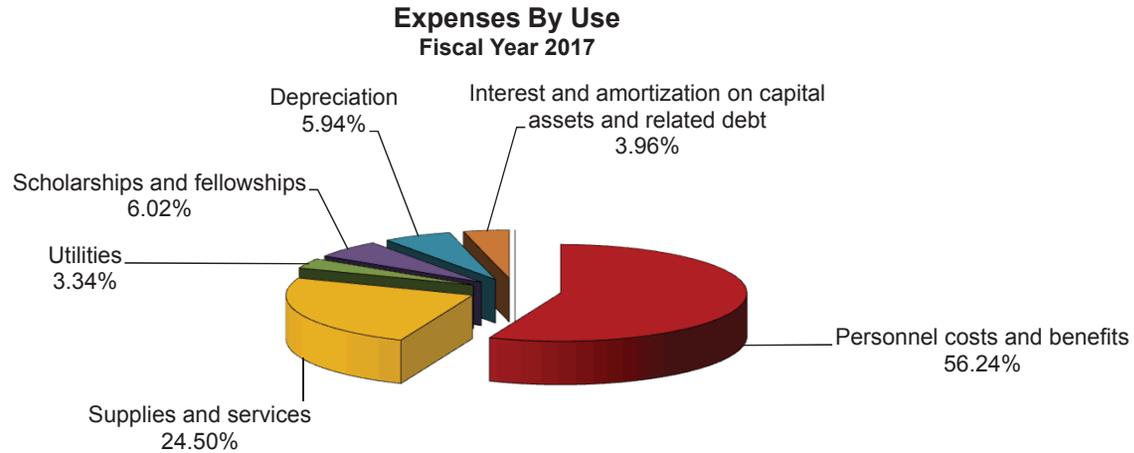
**SCHEDULE OF OPERATING AND NONOPERATING EXPENSES BY FUNCTION**

	For the Fiscal Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total expenses)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Operating Expenses:</b>																				
Instruction	\$ 85,556	\$ 82,831	\$ 79,060	\$ 74,723	\$ 70,055	\$ 67,426	\$ 64,386	\$ 62,200	\$ 62,752	\$ 61,877	32.48%	32.37%	31.06%	30.20%	29.92%	30.54%	30.36%	31.21%	32.96%	32.88%
Research	7,938	8,744	8,503	7,860	8,515	7,959	7,227	7,931	5,592	5,647	3.01%	3.42%	3.34%	3.18%	3.64%	3.61%	3.41%	3.98%	2.94%	3.00%
Public service	1,632	1,852	1,684	1,661	1,400	1,382	1,122	4,020	1,200	1,172	0.62%	0.72%	0.66%	0.67%	0.60%	0.63%	0.53%	2.02%	0.63%	0.62%
Academic support	15,190	15,575	15,093	14,972	13,591	13,267	13,046	10,280	13,344	13,742	5.77%	6.09%	5.93%	6.05%	5.80%	6.01%	6.15%	5.16%	7.01%	7.30%
Student services	13,845	13,543	13,546	12,911	12,116	11,385	10,723	10,046	9,970	9,170	5.26%	5.29%	5.32%	5.22%	5.17%	5.16%	5.06%	5.04%	5.24%	4.87%
Institutional support	31,334	29,306	30,423	28,768	28,492	23,917	23,097	21,493	18,034	16,713	11.90%	11.45%	11.95%	11.63%	12.17%	10.84%	10.89%	10.78%	9.47%	8.88%
Operation and maintenance of plant	26,792	28,440	31,236	32,897	25,919	22,514	22,346	18,043	21,730	24,393	10.17%	11.12%	12.27%	13.29%	11.07%	10.20%	10.54%	9.05%	11.41%	12.96%
Scholarships and fellowships (net of discounts and allowances)	10,746	11,016	10,086	10,233	10,799	11,935	11,713	8,515	7,711	7,276	4.08%	4.31%	3.96%	4.14%	4.61%	5.41%	5.52%	4.27%	4.05%	3.87%
Auxiliary enterprises	44,286	41,965	42,068	42,169	41,018	37,455	35,176	32,963	32,409	32,189	16.81%	16.40%	16.52%	17.04%	17.51%	16.96%	16.58%	16.54%	17.02%	17.10%
Depreciation	15,658	14,924	14,611	13,555	12,858	14,725	14,757	14,373	10,621	8,269	5.94%	5.83%	5.74%	5.47%	5.49%	6.67%	6.95%	7.22%	5.57%	4.40%
<b>Total Operating Expenses</b>	<b>252,977</b>	<b>248,196</b>	<b>246,310</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>96.04%</b>	<b>97.00%</b>	<b>96.75%</b>	<b>96.89%</b>	<b>95.98%</b>	<b>96.03%</b>	<b>95.99%</b>	<b>95.27%</b>	<b>96.30%</b>	<b>95.88%</b>
<b>Nonoperating Expenses:</b>																				
Interest and amortization expense on capital assets and related debt	10,423	7,663	8,150	7,532	9,367	8,690	8,503	9,388	6,948	7,671	3.96%	3.00%	3.20%	3.04%	4.00%	3.94%	4.01%	4.71%	3.65%	4.08%
Loss on sale or disposal of capital assets	-	4	115	162	43	73	-	36	103	79	0.00%	0.00%	0.05%	0.07%	0.02%	0.03%	0.00%	0.02%	0.05%	0.04%
<b>Total Nonoperating Expenses</b>	<b>10,423</b>	<b>7,667</b>	<b>8,265</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>3.96%</b>	<b>3.00%</b>	<b>3.25%</b>	<b>3.11%</b>	<b>4.02%</b>	<b>3.97%</b>	<b>4.01%</b>	<b>4.73%</b>	<b>3.70%</b>	<b>4.12%</b>
<b>Total Operating and Nonoperating Expenses</b>	<b>\$ 263,400</b>	<b>\$ 255,863</b>	<b>\$ 254,575</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>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 OPERATING AND NONOPERATING EXPENSES BY USE**

	For the Fiscal Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total expenses)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Operating Expenses:</b>																				
Personnel costs and benefits	\$ 148,112	\$ 146,156	\$ 141,587	\$ 134,171	\$ 126,016	\$ 120,436	\$ 113,725	\$ 112,316	\$ 109,387	\$ 105,071	56.24%	57.12%	55.61%	54.22%	53.81%	54.57%	53.62%	56.36%	57.45%	55.83%
Supplies and services	64,546	62,609	66,247	68,659	61,625	52,849	51,465	43,541	45,973	51,152	24.50%	24.47%	26.02%	27.75%	26.32%	23.94%	24.26%	21.85%	24.14%	27.18%
Utilities	8,802	8,678	8,774	8,273	8,807	7,990	7,971	7,458	6,759	5,878	3.34%	3.39%	3.45%	3.34%	3.76%	3.62%	3.76%	3.74%	3.55%	3.12%
Scholarships and fellowships	15,859	15,829	15,091	15,091	15,457	15,965	15,675	12,176	10,623	10,078	6.02%	6.19%	5.93%	6.10%	6.60%	7.23%	7.39%	6.11%	5.58%	5.35%
Depreciation	15,658	14,924	14,611	13,555	12,858	14,725	14,757	14,373	10,621	8,269	5.94%	5.83%	5.74%	5.48%	5.49%	6.67%	6.96%	7.21%	5.58%	4.40%
<b>Total Operating Expenses</b>	<b>\$ 252,977</b>	<b>\$ 248,196</b>	<b>\$ 246,310</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>96.04%</b>	<b>97.00%</b>	<b>96.75%</b>	<b>96.89%</b>	<b>95.98%</b>	<b>96.03%</b>	<b>95.99%</b>	<b>95.27%</b>	<b>96.30%</b>	<b>95.88%</b>
<b>Nonoperating Expenses:</b>																				
Interest and amortization expense on capital assets and related debt	\$ 10,423	\$ 7,663	\$ 8,150	\$ 7,532	\$ 9,367	\$ 8,690	\$ 8,503	\$ 9,388	\$ 6,948	\$ 7,671	3.96%	3.00%	3.20%	3.04%	4.00%	3.94%	4.01%	4.71%	3.65%	4.08%
Loss on sale or disposal of capital assets	-	4	115	162	43	73	-	36	103	79	0.00%	0.00%	0.05%	0.07%	0.02%	0.03%	0.00%	0.02%	0.05%	0.04%
<b>Total Nonoperating Expenses</b>	<b>\$ 10,423</b>	<b>\$ 7,667</b>	<b>\$ 8,265</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>3.96%</b>	<b>3.00%</b>	<b>3.25%</b>	<b>3.11%</b>	<b>4.02%</b>	<b>3.97%</b>	<b>4.01%</b>	<b>4.73%</b>	<b>3.70%</b>	<b>4.12%</b>
<b>Total Operating and Nonoperating Expenses</b>	<b>\$ 263,400</b>	<b>\$ 255,863</b>	<b>\$ 254,575</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>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 NET POSITION AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30,  
(amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total revenues (from schedule of revenues by source)	\$ 272,712	\$ 263,238	\$ 258,808	\$ 252,082	\$ 242,703	\$ 235,886	\$ 226,513	\$ 217,798	\$ 205,979	\$ 202,075
Total expenses (from schedule of expenses by use and function)	(263,400)	(255,863)	(254,575)	(247,443)	(234,173)	(220,728)	(212,096)	(199,288)	(190,414)	(188,198)
Net income before other revenues, expenses, gains or losses	\$ 9,312	\$ 7,375	\$ 4,233	\$ 4,639	\$ 8,530	\$ 15,158	\$ 14,417	\$ 18,510	\$ 15,565	\$ 13,877
Capital improvement bond proceeds	-	-	-	-	-	-	2,373	-	-	7,889
Capital gifts	658	178	125	1,500	982	460	155	165	-	-
Capital appropriations	643	864	3,609	3,766	3,753	3,431	218	1,108	1,122	1,122
Prior period adjustment	-	-	(130,610)	-	-	-	-	-	3,617	-
Net Position, beginning	171,955	163,538	286,181	276,276	263,011	243,962	226,799	207,016	186,712	163,824
<b>Net Position, ending</b>	<b>\$ 182,568</b>	<b>\$ 171,955</b>	<b>\$ 163,538</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>
Net investment in capital assets	\$ 195,634	\$ 197,774	\$ 192,937	\$ 176,597	\$ 164,856	\$ 159,379	\$ 155,328	\$ 160,358	\$ 156,437	\$ 143,670
Restricted - expendable	67,156	72,255	69,293	62,993	53,289	50,544	44,321	49,131	35,448	31,608
Restricted - nonexpendable	1,100	1,100	1,124	1,203	1,163	1,110	1,175	1,047	1,140	1,390
Unrestricted	(81,322)	(99,174)	(99,816)	45,388	56,968	51,978	43,138	16,263	13,991	10,044
<b>Total Net Position</b>	<b>\$ 182,568</b>	<b>\$ 171,955</b>	<b>\$ 163,538</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>

Source: College of Charleston Comprehensive Annual Financial Reports.

## SCHEDULE OF RATIOS OF OUTSTANDING DEBT

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenue bonds	\$ 219,170	\$ 221,687	\$ 227,953	\$ 178,741	\$ 184,572	\$ 188,901	\$ 160,590	\$ 165,699	\$ 170,845	\$ 175,790
State institution bonds	2,930	3,346	3,736	4,105	4,461	4,802	5,122	5,674	5,981	6,267
Bond anticipation note	-	-	-	-	-	-	33,500	33,500	33,500	-
Capital lease obligations	-	-	-	-	-	-	3,550	4,264	4,952	-
<b>Total Outstanding Debt</b>	<b>\$ 222,100</b>	<b>\$ 225,033</b>	<b>\$ 231,689</b>	<b>\$ 182,846</b>	<b>\$ 189,033</b>	<b>\$ 193,703</b>	<b>\$ 202,762</b>	<b>\$ 209,137</b>	<b>\$ 215,278</b>	<b>\$ 182,057</b>
<b>Full time equivalent students (fiscal year)</b>	10,257	10,365	10,354	10,538	10,558	10,548	10,206	10,191	9,806	9,904
<b>Outstanding debt per student</b>	<b>\$ 21,654</b>	<b>\$ 21,711</b>	<b>\$ 22,377</b>	<b>\$ 17,351</b>	<b>\$ 17,904</b>	<b>\$ 18,364</b>	<b>\$ 19,867</b>	<b>\$ 20,522</b>	<b>\$ 21,954</b>	<b>\$ 18,382</b>

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, Planning, and Information Management

**TUITION AND FEES**  
Last Ten Academic Years

Academic Year Beginning in Fall	Undergraduate (1)		Undergraduate (2)	
	Resident	Nonresident	Resident	Nonresident
2016	\$ 11,386	\$ 29,544	\$ 474	\$ 1,231
2015	11,000	28,544	458	1,189
2014	10,558	27,548	440	1,148
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	966
2009	8,988	21,846	375	910
2008	8,400	20,418	350	851
2007	7,778	18,732	324	781

	Graduate (1)		Graduate (2)	
	Resident	Nonresident	Resident	Nonresident
2016	\$ 12,524	\$ 32,498	\$ 522	\$ 1,354
2015	12,100	31,398	504	1,308
2014	11,614	30,304	484	1,263
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

- Notes:
- (1) Full-time fees are assessed for 12 or more credit hours each semester
  - (2) Part-time fees are assessed per credit hour up to 12 hours in a semester
  - (3) Tuition was subsequently reduced for the 2011 Spring semester

Source: College of Charleston Office of Institutional Research, Planning, and Information Management

## 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>						
2017	\$ 27,718	\$ 34,448	\$ 7,450	\$ 8,994	\$ 16,444	2.09
2016	25,276	32,013	6,225	9,196	15,421	2.08
2015	24,329	30,577	6,020	7,197	13,217	2.31
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
<b>State Institutional Bonds</b>						
2017	\$ 684	\$ 684	\$ 415	\$ 130	\$ 545	1.26
2016	683	683	390	143	533	1.28
2015	685	685	370	156	526	1.30
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

Source: College of Charleston Controller's Office

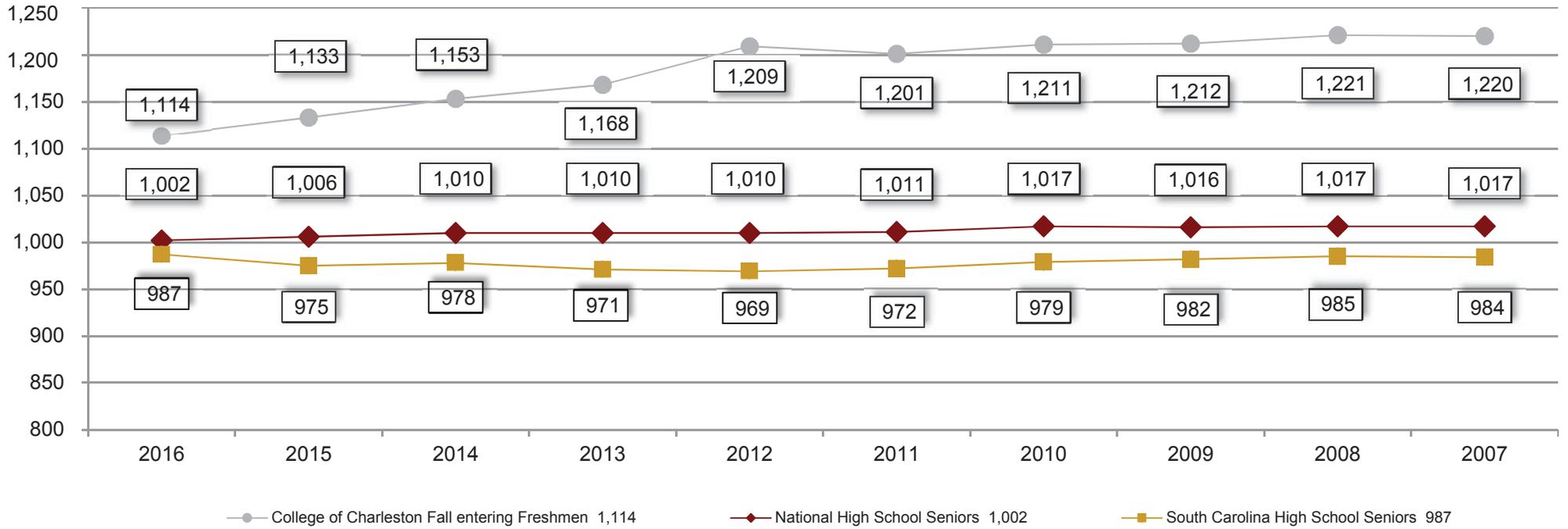
## ADMISSIONS, ENROLLMENT, AND DEGREE STATISTICS

Last Ten Years - Fall

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Admissions - Freshman</b>										
Applications	10,828	11,722	11,179	11,533	11,510	11,086	11,280	11,083	9,964	8,941
Applications accepted	9,110	9,043	8,722	8,331	8,098	8,149	7,896	7,703	6,401	5,775
Accepted as a percentage of applications	84.1%	77.1%	78.0%	72.2%	70.4%	73.5%	70.0%	69.5%	64.2%	64.6%
Students enrolled	2,349	2,237	2,166	2,116	2,138	2,334	2,010	2,143	1,955	2,064
Enrolled as a percentage of accepted	25.8%	24.7%	24.8%	25.4%	26.4%	28.6%	25.5%	27.8%	30.5%	35.7%
SAT scores - total*	1,114	1,133	1,153	1,168	1,209	1,201	1,211	1,212	1,221	1,220
Verbal*	561	573	581	589	606	605	606	606	612	611
Math*	553	560	571	579	603	596	605	606	609	609
South Carolina average SAT score - total	987	975	978	971	969	972	979	982	985	984
U.S. average SAT score - total	1,002	1,006	1,010	1,010	1,010	1,011	1,017	1,016	1,017	1,017
<b>Enrollment</b>										
Undergraduate and graduate FTE	10,257	10,365	10,354	10,538	10,558	10,548	10,206	10,191	9,806	9,904
Undergraduate and graduate headcount	11,294	11,531	11,456	11,619	11,723	11,649	11,532	11,772	11,367	11,316
Percentage of Men	35.6%	35.5%	36.0%	36.4%	36.0%	36.4%	35.4%	33.8%	33.8%	34.3%
Percentage of Women	64.4%	64.5%	64.0%	63.6%	64.0%	63.6%	64.6%	66.2%	66.2%	65.7%
Percentage of African American	8.1%	7.8%	7.2%	6.4%	6.2%	5.8%	6.3%	5.9%	6.5%	7.0%
Percentage of White	78.7%	79.6%	80.5%	81.8%	82.6%	83.4%	83.3%	81.9%	82.7%	82.8%
Percentage of Other	13.2%	12.6%	12.3%	11.8%	11.2%	10.8%	10.4%	12.2%	10.8%	10.2%
<b>Degrees Earned</b>										
Undergraduate	2,613	2,507	2,375	2,402	2,333	2,327	2,380	2,212	2,287	2,145
Graduate	244	254	283	246	237	216	246	172	189	218

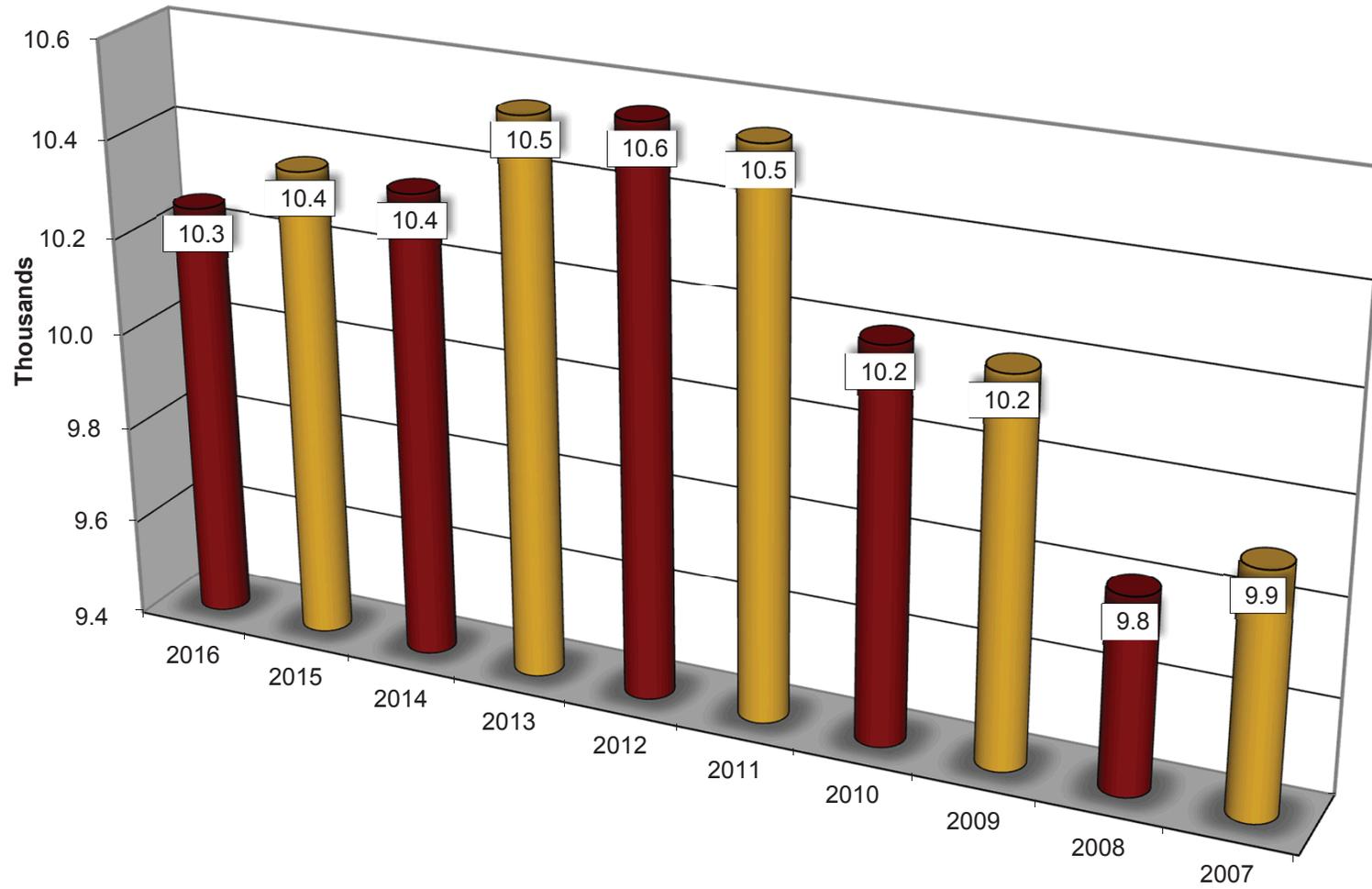
Source: College of Charleston Office of Institutional Research, Planning, and Information Management

**College of Charleston  
Average Combined SAT Scores  
Last Ten Years - Fall**



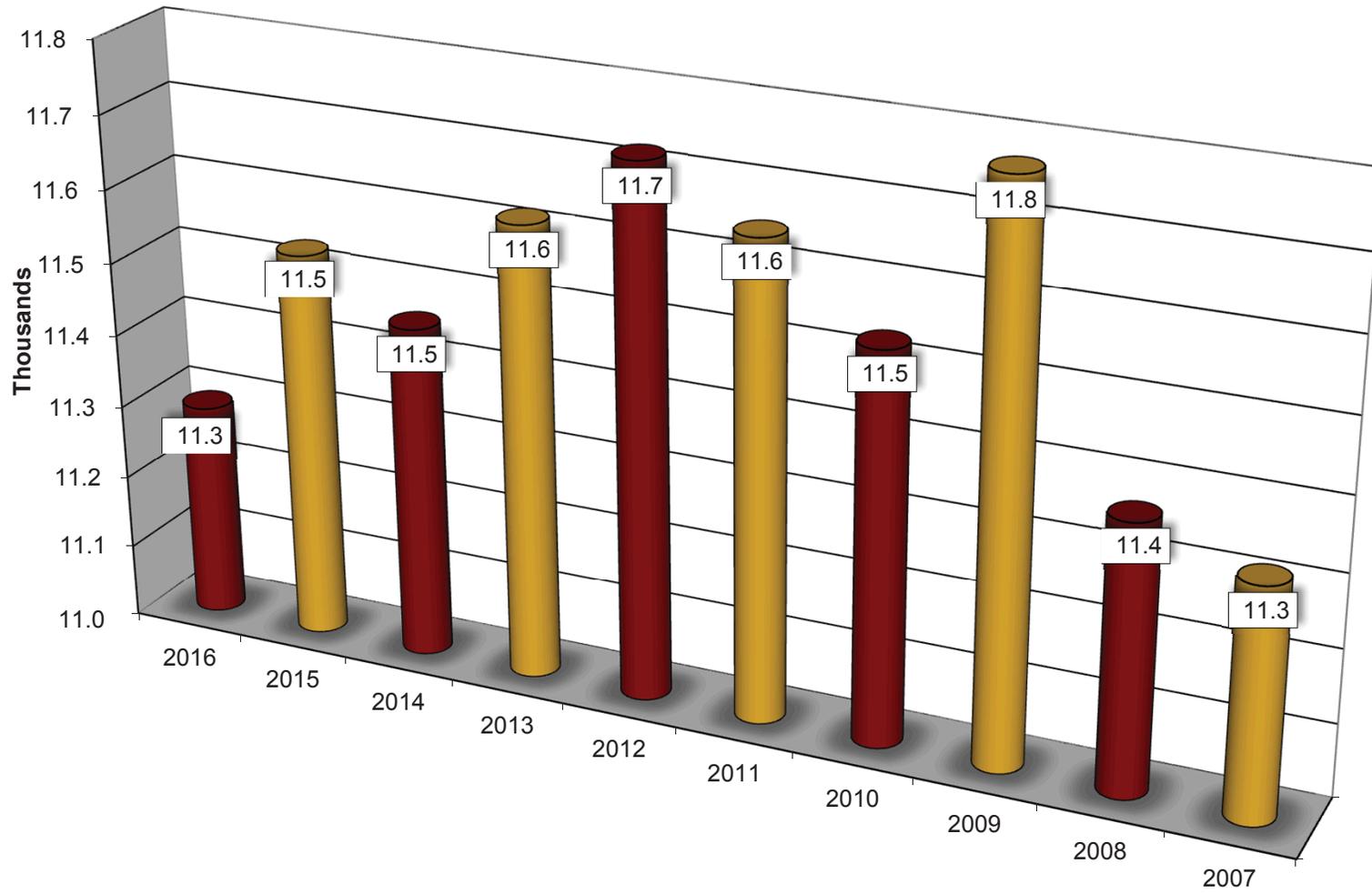
Source: College of Charleston Office of Institutional Research, Planning, and Information Management

**College of Charleston  
Student Full Time Equivalents  
Last Ten Years - Fall**



Source: College of Charleston Office of Institutional Research, Planning, and Information Management

**College of Charleston  
Student Head Count  
Last Ten Years - Fall**



Source: College of Charleston Office of Institutional Research, Planning, and Information Management

**DEMOGRAPHIC STATISTICS**  
**State of South Carolina**

<b>Year</b>	<b>Personal Income (in thousands) as of June 30 (a)</b>	<b>Population as of July 1 (a)</b>	<b>Per Capita Income (a)</b>	<b>Average Annual Unemployment Rate (b)</b>
2016	\$ 198,762,651	4,987,575	\$ 39,852	4.8%
2015	186,285,746	4,869,991	38,041	6.0%
2014	178,485,001	4,832,482	36,934	6.6%
2013	169,282,713	4,774,839	35,453	7.6%
2012	161,863,730	4,723,723	34,266	9.1%
2011	156,230,797	4,679,230	33,673	10.3%
2010	149,283,181	4,596,958	33,163	11.2%
2009	144,342,563	4,561,242	31,799	11.7%
2008	149,324,705	4,479,800	31,884	6.9%
2007	142,166,788	4,407,709	31,013	5.9%

Source:

- (a) U.S. Board of Economic Advisors
- (b) U.S. Department of Labor

## TEN LARGEST EMPLOYERS

### State of South Carolina

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

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#### 2016

BI-LO, LLC.  
Department of Defense  
Greenville Health System  
Michelin North America, Inc.  
Palmetto Health  
Publix Super Markets, Inc.  
School District of Greenville County  
University of South Carolina  
U.S. Postal Service  
Wal-Mart Associates, Inc.

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#### 2006

BI-LO, LLC.  
Blue Cross Blue Shield of South Carolina  
Department of Defense  
Michelin North America, Inc.  
Palmetto Health  
Savannah River Company  
School District of Greenville County  
University of South Carolina  
U.S. Postal Service  
Wal-Mart Associates, Inc.

Note: Due to confidentiality, 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Instructional Faculty</b>										
Part time	264	367	368	338	373	354	337	342	354	347
Full time	531	548	542	535	519	521	510	504	503	499
Percentage tenured	65%	63%	63%	64%	63%	62%	59%	61%	59%	60%
<b>Staff and administrators with faculty rank</b>										
	994	1,014	1,024	1,009	971	967	964	828	824	795
Full time	856	897	899	902	868	858	837	828	824	795
Full time permanent	138	117	125	107	103	109	127	N/A *	N/A *	N/A *
Full time temporary*										
<b>Other employees</b>										
	168	198	214	220	220	178	172	157	177	177
Part time temporary	173	165	175	141	109	140	154	149	140	144
Graduate assistants										
<b>Total employees</b>										
Part time	605	730	757	699	702	672	663	648	671	668
Full time*	1,525	1,562	1,566	1,544	1,490	1,488	1,474	1,332 *	1,327 *	1,294 *
<b>FTE Students per full time</b>										
Instructional Faculty	19.3	18.9	19.1	19.7	20.3	20.2	20.0	20.2	19.5	19.8
Staff member	10.3	10.2	10.1	10.4	10.9	10.9	10.6	12.3 *	11.9 *	12.5 *
<b>Average annual faculty salary</b>	\$ 77,148	\$ 74,565	\$ 73,638	\$ 69,723	\$ 68,805	\$ 65,965	\$ 64,679	\$ 64,707	\$ 64,735	\$ 62,275

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

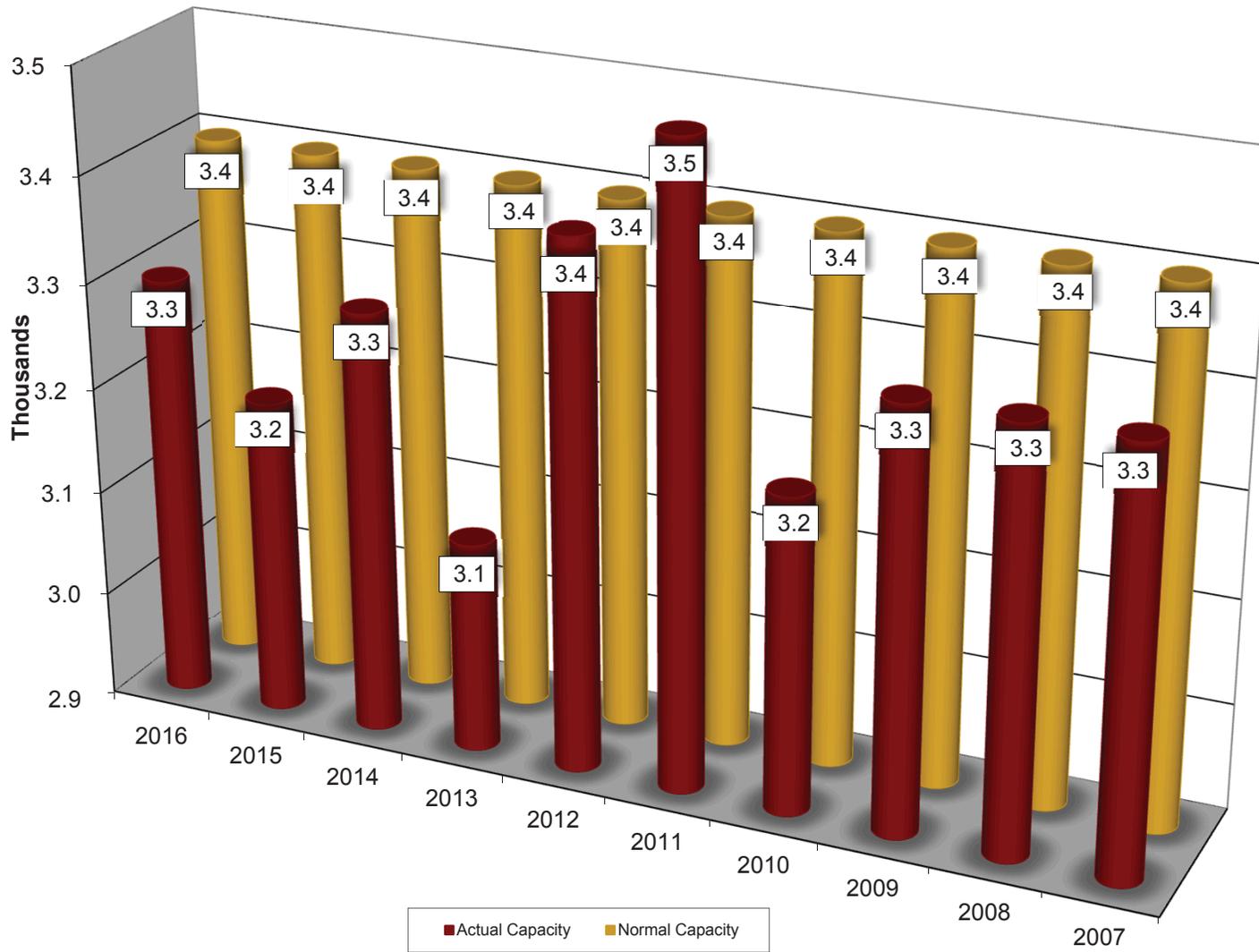
Fall	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Academic buildings										
Net assignable square feet (in thousands)	728	734	757	765	758	751	722	720	708	712
Administrative and support buildings										
Net assignable square feet (in thousands)	286	245	189	173	171	168	169	167	155	155
Laboratories										
Net assignable square feet (in thousands)	175	178	176	189	176	173	173	171	121	123
Auxiliary and independent operations buildings										
Net assignable square feet (in thousands)	994	962	980	1,001	1,029	1,019	1,046	1,038	1,190	1,191
Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (in thousands)	1,495	1,355	1,178	1,087	1,071	939	816	798	780	762
Volumes per student	132	118	103	94	91	81	71	68	69	67
Student Housing:										
Residence Halls	8	7	7	8	8	8	8	8	8	8
Apartments	3	3	3	3	3	3	3	3	3	3
Other housing options	24	27	27	26	30	30	30	30	29	29
Units available	3,409	3,404	3,374	3,230	3,284	3,235	3,408	3,235	3,312	3,248
Units in use	3,261	3,325	3,218	3,287	3,183	3,115	3,446	3,253	3,333	3,259
Percent occupancy	95.7%	97.7%	95.4%	101.8%	96.9%	96.3%	101.1%	100.6%	100.6%	100.3%
Dining facilities:										
Locations	11	11 *	10	8	8	6	6	6	6	6
Average daily customers	6,913	7,221	6,627	6,227	6,165	5,404	5,470	5,263	5,782	5,854
Parking facilities:										
Parking spaces available	1,719	1,806	1,974	2,174	2,224	2,224	2,269	2,249	2,300	2,287
Parking permits issued to students	702	723	666	835	991	989	972	1,069	1,136	1,240
Parking permits issued to faculty/staff	972	981	1,030	980	966	938	959	924	921	934

\* One additional dining facility opened January 2016, averaging 172 daily customers in Fiscal Year 2016.

### Sources:

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

**College of Charleston  
Residence Hall Occupancy  
Fall**



Source: College of Charleston Office of Institutional Research, Planning, and Information Management

## ACADEMIC SUBJECT AREAS AND DEGREES OFFERED

Spring 2017

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

A.B. - Artium Baccalaureatus (classical studies)

B.A. - Bachelor of Arts

B.S. - Bachelor of Science

B.P.S. - Bachelor of Professional Studies

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.F.A. - Master of Fine Arts

M.P.A. - Master of Public Administration

M.S. - Master of Science

# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



A spectacular view from Randolph Hall overlooking the Cistern Yard, full of families and friends watching the College's graduation