

South Carolina State University



| a new state of mind

Orangeburg, South Carolina



Comprehensive Annual Financial Report

Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina

Year Ended June 30, 2013

South Carolina State University

Comprehensive Annual Financial Report
Included in the Higher Education Fund, an Enterprise Fund of the State of
South Carolina
Year Ended June 30, 2013

South Carolina State University

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Introductory Section



South Carolina State University

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(803) 536-7013

OFFICE OF THE PRESIDENT

FAX: (803) 533-3622

Dear Alumni, Advocates, and Friends of South Carolina State University:



South Carolina State University is a forward-moving institution destined for success. The enclosed financial statements reflect the past year's financial results. Although we were faced with fiscal challenges ending Fiscal Year 2013, we immediately began to anticipate and prepare for the future. SC State University is committed to transparency, accountability, and sustainability. Our task is to ensure that we remain resilient and proactive in addressing financial issues and rebuilding our fiscal base.

As we began to work toward an even higher level of excellence, we have employed a strategic and aggressive plan and approach to fiscal restoration. Utilizing long-range plans to address fiscal issues, while strengthening our capacity to become more financially stable, is the new SC State standard. The strategic decisions we make today, will sustain the University for years to come. This is a transformative period and despite the challenges that are affecting all HBCU's and are beyond our control, we will continue to move in an upward trajectory.

SC State is deliberate in its efforts to recruit, retain and graduate its students. Students are the lifeblood of the institution and they are first in all that we do. Therefore, we take very seriously our obligation to be good stewards of the resources that have been entrusted to us. We are very optimistic about the future of SC State and through our current financial course; we will emerge as an even stronger institution.

Sincerely,

Thomas J. Elzey
President

South Carolina State University

300 COLLEGE STREET, NORTHEAST
ORANGEBURG, SOUTH CAROLINA 29117-0001
(803) 536-8998

October 10, 2013

LETTER OF TRANSMITTAL

To the President and
Members of the Board of Trustees:

Management is pleased to present to you the Comprehensive Annual Financial Report of South Carolina State University for the fiscal year ended June 30, 2013.

Management asserts that this financial report is complete and reliable in all material respects, and accepts full responsibility for the completeness and reliability of all the information presented in this report. Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The University's MD&A can be found immediately following the report of the independent auditor.

Profile of the University

South Carolina State University (SC State), a senior comprehensive teaching and 1890 land-grant institution, is committed to providing affordable and accessible quality undergraduate and graduate degree programs. SC State is a public university, with a student population of approximately 3,400 located in Orangeburg, SC. Orangeburg is a small rural/agricultural city in the middle of the state that has evolved to include businesses and industries that are national and international in scope. The university currently offers 45 undergraduate degree programs through three academic colleges and sixteen graduate degree programs and 1 doctoral degree.

SC State's 1890 land-grant legacy of service to citizens of the local community, the state, nation, and global society is ensured through its collaborative efforts with businesses, secondary education, colleges and industries. This symbiotic relationship provides a catalyst that spurs reciprocal economic and social growth for all.

Economic Environment

State appropriations for fiscal year 2014 are projected to be lower largely as a result of the elimination of special, one-time supplemental appropriations for deferred maintenance received in fiscal year 2013. Other elements comprising the University's overall State appropriation remain stable but are not expected to increase in the future.

In regards to tuition revenue, SC State's resident tuition and fees is in the lower range compared to other in-state peer institutions. The Board of Trustees continues to express concerns over the burden tuition and fee increases are having on families; however, it was necessary to increase tuition and fees for fiscal year 2014 in order to maintain program quality and offset the loss of appropriations revenue. The increases include a 2.5% increase in tuition and fees, the establishment of a \$100 per semester Athletic Fee, and a \$50 per semester increase in health service fees. Further increases may be required in the future based on changes in other funding sources.

SC State is situated in a rural county. As a result, the operations of the institution have a substantial economic impact on the surrounding communities. To document this fact, the results of an economic impact study of SC State revealed the following:

"There are many facets to the economic impact of an institution of higher education, including both the short-term impacts on the local economy via local spending by the University and its faculty, staff, students and visitors, and the longer-term impact on the economy based on higher education levels, increased productivity and improvements in the quality of life in the area. The purpose of this economic impact research has been to quantify the first set of impacts (e.g. those impacts on economic activity that can accurately be estimated using the standard tools of economic impact analysis)."

Consequently, the research focused on the economic impact of the following specific activities associated with SC State:

1. The regular, ongoing operations of the university itself – including the cost of faculty, staff, and other non-labor expenditures.
2. University construction projects from recent years, as well as planned projects for the future.
3. SC State University student expenditures in the local economy, excluding payments made directly to the university.
4. Visitor spending at SC State University Homecoming football games.

The elements of this economic impact are summarized below. These elements will change in the future with respect to the University's plans to expand academic programs, increase enrollment, and replace and renew its facilities and physical plant.

SC State's economic impact for fiscal year 2013 is projected to include an injection into the local economy in excess of \$150 million, an impact on household income in excess of \$70 million, supports approximately 1,600 jobs in the Orangeburg area, and provides local sales tax revenue in excess of \$0.5 million. Additionally, it is estimated that the annual economic impact of the University on the statewide economy exceeds \$180 million.

FINANCIAL INFORMATION

Internal Controls

Management maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Legislature. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. An internal control structure has been implemented to accomplish two primary objectives: (1) ensure that the University's assets are protected from loss, theft, or misuse, and (2) ensure that adequate accounting data is compiled to allow for the preparation of financial statements in accordance with legal requirements and Generally Accepted Accounting Principles (GAAP).

The concept of reasonable assurance recognizes that, the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits require estimates and judgments by management. Because the cost of internal controls should not outweigh their benefits, the University's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Budgetary Controls

SC State prepares, on an annual basis, a budget that provides reasonable estimates of revenues and expenditures. The budgetary process encompasses all operating budgets of the university to include educational and general activities, the operations of auxiliary enterprises, all sponsored program activities, and all capital projects. The budget preparation is based on programmatic planning by the university through department heads, academic offices, the president's cabinet, and the President. The budget is then presented to the Board of Trustees for approval. Budget versus actual reports are prepared quarterly for review and presentation to the Audit and Finance Committee, and Board of Trustees.

Debt Management

SC State follows a debt management strategy to ensure the university stays within the framework of an acceptable level of debt. Management monitors the debt service level to remain apprised of the effects of long-term debt on the University's credit rating. This strategy acknowledges that, although all University revenues are generally available to meet any need, debt issued for one operational segment should be repaid from the resources generated by that segment.

Cash Management

State law requires that substantially all of the University's receipts and disbursements be made using bank accounts in the name of the South Carolina State Treasurer. The State Treasurer performs almost all cash management activities for the University's cash balances on deposit with in-state bank accounts. As a participant in the state's cash management pool, the University receives investment income allocations for certain qualifying cash balances.

Risk Management

SC State participates in the state of South Carolina's state-wide risk management program. The state's program assumes substantially all risks for unemployment and workers' compensation benefits and claims of covered employees for health, dental, and group-life insurance benefits.

The University pays premiums to the state's insurance reserve fund to cover the risk of loss related to buildings (including contents) and property, general tort liability, medical professional liability, blanket accident trip coverage, automobile liability, and automobile physical damage.

Relevant Financial Policies

In addition to being guided by its own strategic plan, the University is a part of state government in South Carolina, and as such, follows state law and policies regarding procurement, construction, human resource practices, contract and grant funding, and other operating practices. A budget, which is built on a robust internal budget process, is submitted annually to the Governor's Office.

The University uses a bottom-up process first that requires identified needs from department heads, deans, and chairs. These requests are then forwarded to cabinet members. A budget committee is formed that includes the President and presentations are made by each cabinet member. A budget is then presented to, agreed upon, and approved by the Board of Trustees.

Major Initiatives

Major initiatives have been identified that will ensure the viability of the Institution. The financial management team is proud to support these initiatives:

1. Capital Improvement and Deferred Maintenance

Major projects were planned and implemented to address the University's brick and mortar needs. The following projects and activities were in various stages of implementation during fiscal year 2013. Infrastructure projects are targeted in the following areas:

A. Classroom Buildings

1. The Engineering/Computer Science Complex was completed and placed into service in February 2013. This classroom building was funded, in part, from a \$32 million Institutional Bond issue.

B. The University completed \$2.8 million in deferred maintenance projects which extended the lives of its capital assets.

2. Improve quality of academic programs

Academic quality is a result of a dedicated faculty and the leadership provided by the University's Vice President of Academic Affairs. The faculty continually strives for excellence in teaching, research, and service. The accomplishments of the University's faculty are numerous. Over the course of this academic and fiscal year, the division of Academic Affairs oversaw re-accreditation of two major programs, an expansion of graduate degree programs in the STEM area (Energy and Environmental Science and Bio-Engineering), an expansive portfolio of programs and activities in the University's Honors College, and the development of a comprehensive service plan to meet the needs military veterans returning to school.

3. Multi-Year Planning Initiatives

The University has expanded its annual budget process into a "Multi-Year" planning process. The purpose of the multi-year view is to establish guidelines and targets for investing in and developing academic programs, enrollment growth strategies, and resource requirements.

4. Enhance student life and performance

Management is committed to the theory and practice of "*helping students learn and grow.*" Evidence supports the claim that students are truly achieving learning and development goals that include intellectual, cognitive, social, civic, political, moral, ethical, and spiritual dimensions. Management is committed to the theory and practice of "*helping students learn and grow.*" Evidence supports the claim that students are truly achieving learning and development goals that include intellectual, cognitive, social, civic, political, moral, ethical, and spiritual dimensions. Programs, services, activities and resources continue to be offered to improve the value and quality of the student experience and to ensure that these goals are realized. An example of such commitment is the recent development and implementation of the service learning arm of the University which provides meaningful community service opportunities in conjunction with classroom instruction to increase experiential and reflective learning, while positively impacting the community. The establishment and centralization of this unit will also assist with cultivating relationships through increased outreach of existing partnerships

and developing new partnerships within the community, which provide opportunities for students to become civically engaged.

OTHER INFORMATION

Independent Audit

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. Under the terms of this contract, BDO will perform an audit of the University's financial statements and the University's federal financial assistance programs through fiscal year 2016.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2013, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation.

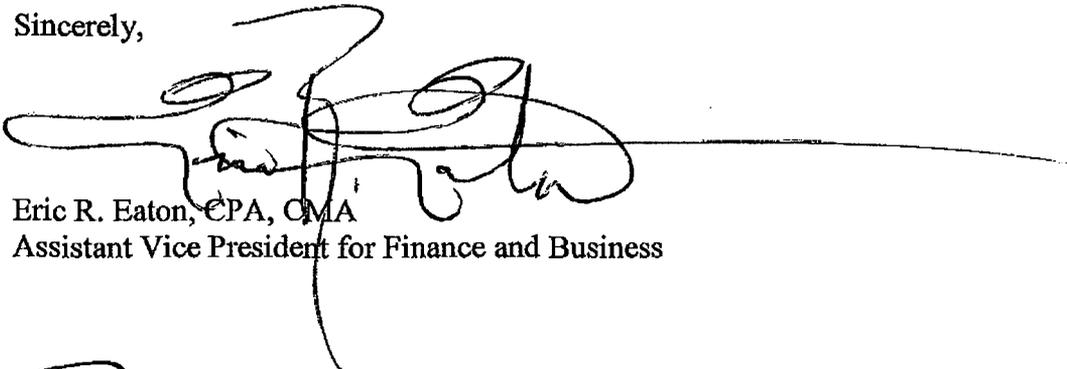
Except for the absence of the financial statements of a related foundation which was deemed to be a component unit of the University, the independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the University's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to an independent audit, SC State is audited on a periodic basis by the SC Budget & Control Board to ensure compliance with provisions of the South Carolina Procurement Code.

Acknowledgments

Management thanks the President of the University and members of the Board of Trustees for their continued support and dedication to excellence and integrity in fiscal affairs of the South Carolina State University. We would also like to extend our appreciation to all of our colleagues across campus whose dedication and hard work resulted in a successful closure of the fiscal year.

Sincerely,



Eric R. Eaton, CPA, CMA
Assistant Vice President for Finance and Business



Raul Bravo Cedeno, CPA, CIA, CGFO
Acting Controller



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Independent Auditor's Report

Members of the Board of Trustees
South Carolina State University

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of South Carolina State University (the "University"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the University 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 South Carolina State University Foundation, Inc. (the "Foundation"), which represent 4.5 percent, 11.0 percent, and 3.3 percent, respectively, of the assets, net position, and operating revenues of the University. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report 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 of material misstatement.

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

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Basis for Adverse Opinion on Aggregate Discretely Presented Component Units

The financial statements do not include financial data for South Carolina State University Advancement Foundation (the "Advancement Foundation"), one of the University's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for the Advancement Foundation to be reported with the financial data of the University unless the University also issues financial statements for the financial reporting entity that include the financial data for its component units. The University has not issued such reporting entity financial statements.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of the University, as of June 30, 2013, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities of the University as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Statistical Section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statistical Section 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 *Governmental Auditing Standards*, we have also issued our report dated October 30, 2013 on our consideration of the University'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 the University's internal control over financial reporting and compliance.

BDO USA, LLP

October 30, 2013

South Carolina State University

Management's Discussion and Analysis (unaudited)

Introduction

We are pleased to submit the annual Financial Statements for South Carolina State University ("SCSU" or the "University") for the fiscal year ended June 30, 2013. The following discussion and analysis have been prepared by the management of SCSU to provide an overview of the financial activities of the University for the fiscal year ended June 30, 2013. Please read this section in conjunction with the financial statements and the accompanying notes to the financial statements. The financial presentation for the University has been prepared to meet the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB Statement 34"), and GASB Statement No. 35, *Basic Financial Statement's and Management's Discussion and Analysis for Public Colleges and Universities*. The University has incorporated one non-governmental component unit, South Carolina State University Foundation, Inc. (the "Foundation"). Two of the Foundation's statements: (1) Statement of Financial Position and (2) Statement of Activities are presented separately in the University's report. Management's discussion and analysis addresses the activity of the University and does not include financial activity of the Foundation. Information presented in the Financial Statements is designed to aid a wide variety of readers in assessing the effectiveness of the University's management in using its resources to meet its primary mission of instruction, research, and public service, as well as to provide a comprehensive picture of the University's financial activities and soundness.

Using this Annual Report

This annual report consists of the following financial statements: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. These financial statements illustrate the financial condition of the University, the results of the University's operations and the cash flows (sources and uses of funds) of the University as a whole. As a result of the implementation of GASB Statement 34, public colleges and universities of South Carolina elected to report as business-type activities ("BTAs"). These statements, therefore, are intended to provide a view of the University's financial position similar to that presented by most private sector companies. The financial statements are presented using the accrual basis of accounting. The accrual basis of accounting takes into consideration all of the University's revenue and expenses regardless of when cash is received or payments are made. Significant revenues of the University such as state appropriations, gifts, Pell grants, and investment income are considered non-operating.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the University as of the end of the fiscal year. This statement is a point-of-time financial statement that provides the reader with a fiscal snapshot of South Carolina State University. The Statement of Net Position consists of assets (current and noncurrent), liabilities (current and non-current) and net position (assets minus liabilities). Current assets consist primarily of cash and receivables. The current portion of the assets will be converted to cash within one year to be used to pay the current portion of the liabilities. Current liabilities consist principally of accounts payables and accrued compensation. These liabilities will be settled within one year. Noncurrent assets consist primarily of capital assets, net of accumulated depreciation. Noncurrent assets will not be converted to cash within one year. Noncurrent liabilities consist primarily of notes and bonds payables, net of the current portion, and accrued compensation, net of the current portion. Noncurrent liabilities will not be settled within one year. Net position is divided into three major categories. The first

South Carolina State University

Management's Discussion and Analysis (unaudited)

category, Net Investment in Capital Assets, provides the University's equity in property, plant, and equipment owned by the University. The next category is Restricted Net Position, which is further divided into two categories, nonexpendable and expendable. The corpus of the nonexpendable restricted resources is for investment purposes only and therefore not available for expenditure. The expendable restricted net position is available for expenditure by the University, but is restricted for specific purposes based on defined restrictions by donors and/or external entities. The third category of net assets is Unrestricted Net Position. These assets include balances from operations of education and general ("E&G") activities, auxiliary enterprises, quasi-endowments and unexpended plant funds and may be expended for any lawful purpose of the University.

Certain reclassifications have been made for presentation purposes.

The "Condensed Statement of Net Position" as shown below, presents a comparison of assets, liabilities, and net position between June 30, 2013 and June 30, 2012:

Condensed Statement of Net Position				
	2013	2012	Increase (Decrease)	Percent Change
Assets				
Current assets	\$ 11,995,895	\$ 13,102,137	\$ (1,106,242)	(8.44%)
Noncurrent assets	8,490,438	15,698,125	(7,207,687)	(45.91%)
Capital assets, net	128,926,452	128,927,074	(622)	0.00%
Total Assets	\$ 149,412,785	\$ 157,727,336	\$ (8,314,551)	(5.27%)
Liabilities				
Current liabilities	\$ 16,672,319	\$ 15,990,548	\$ 681,771	4.26%
Noncurrent liabilities	71,036,294	74,240,725	(3,204,431)	(4.32%)
Total Liabilities	\$ 87,708,613	\$ 90,231,273	\$ (2,522,660)	(2.80%)
Net Position				
Net investment in capital assets	\$ 58,237,010	\$ 62,155,578	\$ (3,918,568)	(6.30%)
Restricted - Nonexpendable	807,333	785,044	22,289	2.84%
Restricted - Expendable	11,956,827	10,939,696	1,017,131	9.30%
Unrestricted	(9,296,998)	(6,384,255)	(2,912,743)	(45.62%)
Total Net Position	\$ 61,704,172	\$ 67,496,063	\$ (5,791,891)	(8.58%)

South Carolina State University

Management's Discussion and Analysis (unaudited)

The vast majority of current assets (95%) are composed of cash and cash equivalents, along with student and grant accounts receivables, net of allowance for doubtful accounts. Current liabilities consist primarily of accounts payable and accrual expenses, accrued payroll and related liabilities, deferred revenues, student deposits, accrued interest payable and the current portion of notes and bonds payable.

The decrease in current assets is attributable to a decrease of \$1.1 million in student receivables, as a result of lower enrollment, and a decrease in other receivables of \$0.7 million. In addition, current restricted cash increased by \$0.7 million as a result of net reclassifications of cash restricted for debt service from non-current assets to current assets (both unrestricted and restricted). Noncurrent assets had a decrease of \$7.2 million or 46%. The decrease is primarily attributable to reductions in restricted cash and cash equivalents in completing the construction of the Engineering & Computer Science Complex. The building was placed into service in February of 2013. See Note 5 to the University's financial statements for detail information of capital asset changes. Current liabilities increased by \$0.7 million (or 4%) from the prior year. The increase is a result of timing of vendor payments and an increase in deferred grant revenue. Noncurrent liabilities decreased \$3.2 million primarily as a result of repayments on notes and bonds payable. The decrease of \$5.8 million in the net position reflects an operating deficit for the fiscal year of \$2.9 million, as discussed under revenues and expenses, and net \$2.9 million in reductions in restricted resources arising from lower capital projects.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position are a presentation of the revenues earned and expenses incurred during the fiscal year. Revenues and expenses are reported as either operating or non-operating. The financial reporting model selected by public institutions classifies state appropriations, Pell grants, and gifts as non-operating revenues. Since the University is a public institution and depends upon state aid and gifts, the University's statement will result in an operating deficit, all things being equal. This statement will reflect the utilization of long-lived or capital assets in the form of depreciation expense. Depreciation expense amortizes the cost of a capital asset over its expected useful life.

Generally speaking, operating revenues are earned for providing goods and services to the various customers or students and constituencies of the University. Operating expenses are those expenses incurred to acquire or produce the goods and services provided. Operating revenues and expenses are a result of implementation of the University's mission. Nonoperating revenues are revenues received for which there is not a reciprocal agreement - no goods and services are provided.

South Carolina State University

Management's Discussion and Analysis (unaudited)

Condensed Statement of Revenues, Expenses, and Change in Net Position

<i>Year ended June 30,</i>	2013	2012	Increase (Decrease)	Percent Change
Operating Revenues				
Student tuition and fees (net of allowance)	\$ 32,345,800	\$ 38,751,218	\$ (6,405,418)	(16.53%)
Grants and contracts	25,632,755	29,801,531	(4,168,776)	(13.99%)
Sales and services (net of allowance)	15,533,041	17,924,796	(2,391,755)	(13.34%)
Other operating revenues	1,426,682	2,072,049	(645,367)	(31.15%)
Total Operating Revenues	\$ 74,938,278	\$ 88,549,594	\$ (13,611,316)	(15.37%)
Operating Expenses				
Salaries and wages and related employee benefits	54,293,406	\$ 56,476,769	\$ (2,183,363)	(3.87%)
Services, supplies, and others	29,440,784	34,877,591	(5,436,807)	(15.59%)
Utilities	3,332,749	3,501,211	(168,462)	(4.81%)
Scholarships	14,837,102	18,280,384	(3,443,282)	(18.84%)
Depreciation and amortization	5,632,608	5,349,754	282,854	5.29%
Total Operating Expenses	\$ 107,536,649	\$ 118,485,709	\$ (10,949,060)	(9.24%)
Net Operating Loss	\$ (32,598,371)	\$ (29,936,115)	\$ (2,662,256)	(8.89%)
Nonoperating Revenues (Expenses)				
State appropriations	\$ 17,335,288	\$ 17,082,664	\$ 252,624	1.48%
Federal grants	10,793,087	12,943,075	(2,149,988)	(16.61%)
Gifts	196,369	947,917	(751,548)	(79.28%)
Interest and other investment income (expense)	(3,327,323)	(3,466,642)	139,319	4.02%
Loss on disposal of assets and other non-operating expenses	-	(314,076)	314,076	100.00%
Non-operating Revenues (Expenses)	\$ 24,997,421	\$ 27,192,938	\$ (2,195,517)	(8.07%)
Net Loss Before Other Revenues, Expense, Gains or Losses	(7,600,950)	(2,743,177)	(4,857,773)	(177.09)%
Capital Grants And Gifts and Capital Improvement Bonds	1,809,059	2,012,225	(203,166)	(10.10%)
Change in Net Position	\$ (5,791,891)	\$ (730,952)	\$ (5,060,939)	(692.38%)
Net position, beginning of year	\$ 67,496,063	\$ 68,227,015	\$ (730,952)	(1.07%)
Net Position, end of year	\$ 61,704,172	\$ 67,496,063	\$ (5,791,891)	-8.58%

South Carolina State University

Management's Discussion and Analysis (unaudited)

Operating revenues for Student Tuition and Fees and the Auxiliary Enterprises have been presented net of Scholarship Allowances. A scholarship allowance is defined as the difference between the stated charge for goods and services provided by the institution and the amount that is billed to the student and/or third parties making payments on behalf of the student. Tuition and Fees Net of Scholarship Allowance decreased by approximately 16.5% from the prior year. The decrease is mainly due to lower enrollment and higher student attrition. Overall operating revenues decreased by \$13.6 million or 15.3%. In addition to lower tuition and fee revenue, lower enrollment resulted in lower housing, food service and ancillary revenues. In addition, the University experienced reduced grant activity resulting in lower grant revenues. Non-operating revenues (expenses) decreased by \$2.2 million or 8.1% primarily as a result of lower Federal Grants (PELL) and lower gifts.

There was a decrease of \$10.9 million or 9.2% in operating expenses from fiscal year 2012 to fiscal year 2013. Salaries and related fringe benefits decreased by \$2.2 million while service and supplies expenditures decreased by \$5.4 million and scholarships decreased by \$3.4 million due to lower enrollment and reduced funding.

The University's net operating loss increased by \$2.7 million from fiscal year 2012 to fiscal year 2013. This is the net result of the decreases in operating revenues and decreases in operating expenditures as described above.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five sections. The first section details operating cash flows and presents the net cash used by the operating activities of the University. The second section details cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section details cash flows from capital and related financing activities. This section reflects cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and presents purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net operating loss on the Statement of Revenues, Expenses, and Changes in Net Position to the cash used by operating activities. This section is detailed in the financial statements of the University and is not included in this analysis. A synopsis of the Statement of Cash Flows follows.

South Carolina State University
Management's Discussion and Analysis (unaudited)

Condensed Statement of Cash Flows

<i>Year ended June 30,</i>	2013	2012	Increase (Decrease)	Percent Change
Cash used by operating activities	\$ (25,590,497)	\$ (23,079,595)	\$ (2,510,902)	(10.88%)
Cash provided by non-capital financing activities	28,324,744	28,473,656	(148,912)	(0.52%)
Cash used by capital debt and related financing activities	(9,371,110)	(20,327,271)	10,956,161	53.90%
Cash provided by investing activities	182,117	188,604	(6,487)	(3.44%)
Net Change in Cash and Cash Equivalents	(6,454,746)	(14,744,606)	8,289,860	56.22%
Cash and Cash Equivalents, beginning of year	16,396,375	31,140,981	(14,744,606)	(47.35%)
Cash and Cash Equivalents, end of year	\$ 9,941,629	\$ 16,396,375	\$ (6,454,746)	(39.37%)

Cash and cash equivalents decreased by \$6.5 million or 39.4% from the prior year. This is due in large part to increases in capital projects spending, increase in debt service cost, an increased net operating deficit and reduced grants and contracts revenue.

Capital Asset and Debt Administration

The University's Statement of Net Position reflects total Capital Assets, net of accumulated depreciation, as of June 30, 2013 of \$128.9 million. This amount is presented net of accumulated depreciation and includes land, plant (facilities), equipment, and construction in progress.

The University's financial statements reflect \$70.5 million in notes and bonds payable. The University's bonded indebtedness consisted of: State institution bonds of \$28.3 million, student residential life building revenue notes of \$36.7 million, and State Treasurer's Office Master Loan Program of \$5.4 million. Revenue bonds for state institution bonds and student housing notes are paid with pledged net revenues. For additional information on debt administration, see Notes 8, 9, and 10 in the notes to the financial statements.

The University completed construction of the Engineering & Computer Science complex in February of 2013 resulting in \$22.0 million being transferred from Construction-in-Progress to Capital Assets. New capital equipment and machinery, with an individual cost of \$5,000 per item, increased during the fiscal year by \$0.7 million. See Note 5 for further detail of the capital assets.

South Carolina State University

Management's Discussion and Analysis (unaudited)

Economic Outlook

South Carolina State University for the current year experienced an increase in state appropriations (general and capital fund for deferred maintenance) of \$1.3 million after experiencing several years of dramatic declines (these significant decreases were experienced by all public institutions in South Carolina and throughout the country). State funds are allocated through the South Carolina General Assembly appropriations process. In order to meet the challenges of possible appropriation reductions the administration meets continually, reviews all programs and decisions are made that are in the best interest of the students and the University. The University has also strengthened and heightened its recruitment and fundraising efforts to assist in addressing the financial needs and increasing enrollment. Increasing enrollment will be the key to reducing and eliminating operating deficits and increasing unrestricted cash resources. One major cost to the University is deferred maintenance, which the University funds through general revenues as well as through state appropriations.

More Information

This financial report is designed to provide a general overview of the University's finances and to demonstrate the University's accountability for the funds it receives. Any questions regarding this report or requests for information may be addressed to the Assistant Vice President for Finance and Business, Eric R. Eaton, CPA CMA; 300 College Street, N.E. PO Box 7007; Orangeburg, South Carolina 29117-0001.

Financial Statements

South Carolina State University

Statement of Net Position

June 30,

2013

Assets

Current Assets

Cash and cash equivalents	\$ 640,784
Restricted cash and cash equivalents	4,721,500
Student accounts receivable (net of allowance for doubtful accounts of \$1,965,000)	1,363,825
Grants and contracts receivable	4,627,990
Other receivables	474,628
Prepaid expenses	167,168

Total Current Assets	11,995,895
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Noncurrent Assets

Restricted cash and cash equivalents	4,579,345
Investments	108,496
Student loans receivables (net of allowance for doubtful accounts of \$1,276,000)	3,486,885
Capital assets (net of accumulated depreciation of \$66,579,674)	128,926,452
Note issue costs (net of amortization of \$415,386)	315,712

Total Noncurrent Assets	137,416,890
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Total Assets	\$ 149,412,785
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South Carolina State University

Statement of Net Position

June 30,

2013

Liabilities and Net Assets

Liabilities

Current Liabilities

Accounts payable and accrued expenses	\$ 5,919,172
Accrued payroll and related liabilities	1,835,081
Unearned revenues	2,801,830
Student deposits	375,504
Funds held for others	19,832
Accrued interest payable	1,147,953
Compensated absences payable	1,347,963
Capital lease payable	71,855
Notes and bonds payable	3,153,129

Total Current Liabilities	16,672,319
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Noncurrent Liabilities

Compensated absences payable	1,716,516
Notes and bonds payable	67,342,920
Federal loan fund contributions	1,976,858

Total Noncurrent Liabilities	71,036,294
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Total Liabilities	\$ 87,708,613
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Net Position

Net investment in capital assets	\$ 58,237,010
Restricted for:	
Nonexpendable:	
Endowed professorships and scholarships	807,333
Expendable:	
Student loans	2,433,309
Debt Service	1,691,930
Capital project	2,271,401
Research and other specific programs	5,560,187
Unrestricted	(9,296,998)

Total Net Position	\$ 61,704,172
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See accompanying notes to financial statements.

South Carolina State University

Statement of Revenues, Expenses, and Changes in Net Position

<i>Year ended June 30,</i>	<i>2013</i>
Revenues	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$9,248,720)	\$ 29,302,299
Student tuition and fees pledged for debt service	3,043,501
Federal grants and contracts	20,324,222
State grants and contracts	5,172,793
Nongovernmental grants and contracts	135,740
Sales and services of educational and other activities	4,099,842
Sales and services of auxiliary enterprises (net of scholarship allowances of \$3,248,435)	7,214,630
Sales and services of auxiliary enterprises pledged for debt service	4,218,569
Other operating revenues	1,426,682
Total Operating Revenues	74,938,278
Expenses	
Operating expenses:	
Salaries and wages	42,058,383
Employee benefits	12,235,023
Services and supplies	29,440,784
Utilities	3,332,749
Scholarships	14,837,102
Depreciation and amortization	5,632,608
Total Operating Expenses	107,536,649
Net Operating Loss	(32,598,371)
Nonoperating Revenues (Expenses)	
State appropriations	17,335,288
Federal grants	10,793,087
Gifts	196,369
Interest and other investment income	162,279
Interest expense	(3,489,602)
Net Nonoperating Revenues	24,997,421
Net Loss Before Other Revenues, Expenses, Gains or Losses	(7,600,950)
State capital appropriations	1,809,059
Change in Net Position	(5,791,891)
Net Position, beginning of year	67,496,063
Net Position, end of year	\$ 61,704,172

See accompanying notes to financial statements.

South Carolina State University

Statement of Cash Flows

Year ended June 30,

2013

Operating Activities

Tuition and fees	\$ 31,640,045
Grants and contracts	25,808,231
Sales and services of educational and other activities	4,089,420
Sales and services of auxiliary enterprises	11,891,829
Other operating revenues	1,426,682
Payments to employees for salaries and benefits	(54,632,678)
Payments to suppliers for goods and services	(31,282,921)
Payments to students for student refunds (student loans, grants, scholarships)	(14,652,550)
Inflows from Federal Family Education loans	35,139,191
Outflows from Federal Family Education loans	(35,140,279)
Loans issued to students	(371,183)
Collection of loans to students	483,850
Receipts of funds held for others	2,474,606
Payments of funds held for others	(2,464,740)

Net Cash Used by Operating Activities (25,590,497)

Noncapital Financing Activities

State appropriations	17,335,288
Federal grants and contracts	10,793,087
Gifts	196,369

Net Cash Provided by Noncapital Financing Activities 28,324,744

Capital Debt and Related Financing Activities

State capital appropriations	1,809,059
Purchases of capital assets	(4,106,146)
Principal paid on capital debt	(2,587,231)
Principal paid on capital lease payable	(71,854)
Interest paid on capital related debt	(4,414,938)

Net Cash Used by Capital Debt and Related Financing Activities (9,371,110)

Cash Flows from Investing Activities

Interest on deposits and investments	182,739
Purchase of investments	(622)

Net Cash Provided by Investing Activities 182,117

Net Change in Cash and Cash Equivalents (6,454,746)

Cash and Cash Equivalents, beginning of year \$ 16,396,375

Cash and Cash Equivalents, end of year \$ 9,941,629

South Carolina State University

Statement of Cash Flows

Year ended June 30,

2013

Reconciliation of Net Operating Loss to Net Cash Used by

Operating Activities:

Net operating loss	\$ (32,598,371)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation expense	5,618,467
Loan amortization expense	14,141
Changes in assets and liabilities:	
Student accounts receivable, net	1,060,380
Grants and contracts receivables	(121,281)
Other receivables	690,942
Prepaid expenses	60,086
Student loan receivable, net	116,272
Accounts payable and accrued expenses	544,335
Accrued payroll and related liabilities	(167,347)
Unearned revenue	(243,733)
Student deposits	(438,199)
Funds held for others	9,866
Compensated absences payable	(171,925)
Federal loan fund contributions	35,870

Net Cash Used by Operating Activities	\$ (25,590,497)
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Noncash Transactions:

Decrease in fair value of deposits and investments	\$ (153,051)
Capital assets acquired through donation	710,000

Total Noncash Transactions	\$ 556,949
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Reconciliation of Cash and Cash Equivalent Balances:

Current Assets:

Cash and cash equivalents	\$ 640,784
Restricted cash and equivalents	4,721,500

Noncurrent Assets:

Restricted cash and equivalents	4,579,345
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Total Cash and Cash Equivalents	\$ 9,941,629
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See accompanying notes to financial statements.

Discretely Presented Component Unit

South Carolina State University Foundation, Inc.

Statement of Financial Position

<i>December 31,</i>	2012
Assets	
Cash and cash equivalents	\$ 100,214
Pledges receivable, net	120,333
Investments	6,109,525
Art collections	434,015
Land	23,700
Total Assets	\$ 6,787,787
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	\$ 16,609
Total Liabilities	\$ 16,609
Net Assets	
Unrestricted	\$ (296,512)
Temporarily restricted	2,957,006
Permanently restricted	4,110,684
Total Net Assets	6,771,178
Total Liabilities and Net Assets	\$ 6,787,787

See accompanying notes to financial statements.

South Carolina State University Foundation, Inc.

Statement of Activities

Year ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Contributions	\$ 93,084	\$ 1,780,664	\$ 133,484	\$ 2,007,232
Investment income	271,459	231,934	-	503,393
Bad debts recovery	(38,311)	-	-	(38,311)
Loan on cash value of life insurance	(3,187)	-	-	(3,187)
Net assets released from restrictions	2,416,869	(2,359,336)	(57,533)	-
Total Revenues	2,739,914	(346,738)	75,951	2,469,127
Expenses				
Program:				
Scholarships	1,009,810	-	-	1,009,810
Educational programs and development	1,330,938	-	-	1,330,938
Total Program Expenses	2,340,748	-	-	2,340,748
Management and general	179,879	-	-	179,879
Fund-raising	86,532	-	-	86,532
Total Expenses	2,607,159	-	-	2,607,159
Change in Net Assets	132,755	(346,738)	75,951	(138,032)
Net Assets, beginning of year	\$ (429,267)	\$ 3,303,744	\$ 4,034,733	\$ 6,909,210
Net Assets, end of year	\$ (296,512)	\$ 2,957,006	\$ 4,110,684	\$ 6,771,178

See accompanying notes to financial statements.

South Carolina State University

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

South Carolina State University (the “University”) is a coeducational institution of higher education supported by the State of South Carolina (the “State”). The University serves local, regional, state, national, and international communities by providing academic instruction, conducting research and other activities that advance fundamental knowledge, and by disseminating knowledge to the public.

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (“GASB”) Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, 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 relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. The accompanying financial statements present only that portion of the funds of the State of South Carolina that is attributable to the transactions of the University and its component units unless otherwise unavailable as discussed below.

South Carolina State University Foundation, Inc. (the “Foundation”) is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University, and is discretely presented in the University’s financial statements. Copies of the separately issued financial statements of the Foundation can be obtained by sending a request to South Carolina University Foundation, Post Office Box 7187, Orangeburg, South Carolina 29117.

South Carolina State University Advancement Foundation Incorporated (the “Advancement Foundation”) is a legally separate tax-exempt component unit of the University. This non-profit foundation is a “public benefit” corporation, organized and designed for advancement of the University’s missions and to serve as the repository for proceeds generated from outsource enterprises, fund development initiatives and other special institutional campaigns. Since the Advancement Foundation was created to support the University, the Foundation is considered a component unit of the University. As the Advancement Foundation’s financial statements as of and for the year ended June 30, 2013 were not readily available as of October 30, 2013 (the date of the auditors’ report on the 2013 financial statements of the University), they were not discretely presented in the University’s 2013 financial statements. The discrete presentation of the 2013 financial statements of the Advancement Foundation is required by accounting principles generally accepted in the United States of America (“US GAAP”). As a result, the omission of the discrete presentation of the 2013 financial statements of the Advancement Foundation is a departure from US GAAP. Copies of the most recently available and separately issued financial statements of the Advancement Foundation can be obtained by sending a request to South

South Carolina State University

Notes to Financial Statements

Carolina State University Advancement Foundation, 300 College Street, NE, Orangeburg, South Carolina 29117.

The University is part of the primary government of the State of South Carolina.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The Foundation is a private nonprofit organization that reports under FASB, including FASB Accounting Standards Codification Topic relevant to not-for-profit entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences. The Foundation is required to report information regarding its financial position and activities according to three classes of Net Assets: unrestricted Net Assets, temporarily restricted Net Assets, and permanently restricted Net Assets.

Cash and Cash Equivalents

For purposes of the financial statements, the University 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 University accounts for its investments at fair value in accordance with GASB Codification Section 150, *Investments*. 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. The Foundation's investment in securities and donated negotiable assets are stated at market value. Investment income is reported net of investment fees and service charges.

Receivables

Student accounts receivable consists of tuition and fees charged to students, and auxiliary enterprise sales and services provided to students, faculty and staff. Student accounts receivable are recorded net of estimated uncollectible amounts.

Grants and contracts receivable include amounts due from the federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts and for reimbursements of other expenses.

South Carolina State University

Notes to Financial Statements

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements, and 2 to 25 years for machinery, equipment, and vehicles. Depreciation is calculated based on the number of months the item is in use during the year.

The University capitalizes as a component of construction in progress interest costs in excess of earnings on debt associated with the capital projects; therefore asset values in capital assets include such interest costs.

Deferred Revenues

Deferred 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. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned, and the unamortized portion of the deferred capital contributions from outside contributors.

Student Deposits

Deposits include dormitory room deposits, advance tuition payments, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is non-refundable to the student under the forfeit terms of the agreement.

Compensated Absences Payable

Employee vacation pay expense is accrued at year end for financial statement purposes. The liability and expense incurred are recorded at year end as compensated absences payable in the Statement of Net Position, and as components of compensation expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

Federal Perkins Loans Receivable and Related Federal Loan Fund Contributions

Certain student loans receivable on the Statement of Net Position are due to the University under the Federal Perkins Loan Program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as federal loan fund

South Carolina State University

Notes to Financial Statements

contributions is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program that would have to be repaid to the federal government if the University ceases to participate in the program. The University recognizes as revenue and expenses only the portion attributable to its matching contribution.

Net Position

The University's Net Position is classified as follows:

Net Investment in Capital Assets: This represents the University'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.

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

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

Unrestricted Net Position: Unrestricted Net Position represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources may be used at the discretion of the governing board to meet current expenses. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. The University's policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources then to unrestricted resources.

Income Taxes

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

The Foundation and Advancement Foundation are private not-for-profit foundations within the definition of Section 509(a) of the Internal Revenue Code and are exempt from taxes under Section 501(c)(3).

Classification of Revenues and Expenses

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

South Carolina State University

Notes to Financial Statements

Operating revenues and expenses: Operating revenues generally result from exchange transactions to provide goods or services related to the University's principal on-going operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. 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 nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes. Nonoperating expenses include interest paid on capital asset related debt, losses on disposal of capital assets, and refunds to grantor.

Sales and Services of Educational Departments and Other Activities

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

Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues are primarily generated by the dormitories, dining services, bookstore and health center.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures and affect disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

Donor Restricted Assets

The University policy for the treatment of net appreciation (depreciation) on investments of donor restricted endowments increases or decreases the principal. These amounts are not authorized for expenditure.

South Carolina State University

Notes to Financial Statements

2. Cash and Cash Equivalents, Deposits and Investments

Most deposits and investments of the University are under the control of the State Treasurer who, by law, has sole authority of investing State funds. Certain restricted deposits and investments are held by financial institutions.

The following are Cash and cash equivalents, deposits and investments (at cost) as of:

<i>Statement of Net Position</i>	South Carolina State University June 30, 2013	South Carolina State University Foundation, Inc. December 31, 2012
Current - cash and cash equivalents	\$ 640,784	\$ 100,214
Current - restricted cash and cash equivalents:		
Loan funds	926,563	-
Debt service	1,805,740	-
Research and other specific programs	1,989,197	-
Total current restricted cash and cash equivalents	4,721,500	-
Noncurrent restricted cash and cash equivalents:		
Debt service	1,431,439	-
Capital projects	2,405,051	-
Endowments	742,855	-
Total noncurrent restricted cash and cash equivalents	4,579,345	-
Investments	108,496	6,109,525
Total	\$ 10,050,125	\$ 6,209,739
<i>Deposits</i>		
Cash on hand	\$ 280	\$ -
Deposits held by State Treasurer	6,812,666	-
Deposits held by financial institution	3,237,179	100,214
Total	\$ 10,050,125	\$ 100,214

South Carolina State University

Notes to Financial Statements

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. 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. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

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, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

The University's and the Foundation's other deposits are entirely insured or collateralized with securities held by the entity or by its agent in the entities name, or collateralized with securities held by the pledging financial institution's Trust Department or Agent in the entity's name.

Investments Held by State Treasurer

At June 30, 2013, the University's investments held by State Treasurer are as follows:

<i>Investment Type</i>	<i>Fair Value</i>	<i>Maturity</i>
Common Stock	\$ 12,596	NA
Series 1984 Agricultural College Stock	95,900	2035
Total	\$ 108,496	

Investments Held by State Treasurer

These investments consist of Series 1984 Agricultural College stock with a carrying amount of \$95,900 held by the State Treasurer until they mature in 2035. While outstanding, the State is required to pay the University 6% per year.

The investment types listed above include all investment types in which monies were held throughout the fiscal year and the balances therein fluctuated minimally in excess of the fiscal year end balances.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk is the risk of loss attributed to the magnitude of the University investment in a single issuer. The University does not have a formal investment policy that requires investments to be spread among more than a single issuer.

South Carolina State University

Notes to Financial Statements

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University does not have a formal policy for handling investment credit risk.

Custodial credit risk occurs in the event that investment securities are uninsured and are not registered in the name of the University, and there is a failure of the counterparty. At year end, the University was not exposed to custodial credit risk. The U.S. Government securities are on deposit with the University's fiduciary agent, which holds these securities by book entry in its fiduciary Federal Reserve accounts. The University's ownership of these securities is identified through the internal records of the fiduciary agent.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University is not at risk for foreign currency risk.

Investments - Nongovernmental Discretely Presented Component Unit

South Carolina State University Foundation, Inc.

Investment earnings in pooled or common investments in which multiple funds are invested are allocated among the funds in a proportion of each fund's beginning fair value total.

At December 31, 2012, South Carolina State University Foundation, Inc.'s investments are as follows:

<i>Investments carried at fair value</i>	Cost	Fair Value
Money market funds	\$ 334,419	\$ 368,612
Equities	2,126,260	1,821,595
Mutual funds	191,344	51,489
Fixed income	3,014,676	2,947,904
Real estate investment trust	171,012	164,764
Commodities	219,553	240,792
Certificates of deposit	52,261	52,261
Total investments carried at fair value	\$ 6,109,525	\$ 5,647,417

3. Student Accounts and Loans Receivable

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

	Tuition and Fees	Auxiliary Services	Total
Student accounts receivable	\$ 2,478,720	\$ 850,105	\$ 3,328,825
Less allowance for doubtful accounts	(1,588,000)	(377,000)	(1,965,000)
Net accounts receivable	\$ 890,720	\$ 473,105	\$ 1,363,825

South Carolina State University

Notes to Financial Statements

Student loans receivable at June 30, 2013 consisted of the following:

Federal Perkins Loan Program	\$ 1,920,313
African American Loan Fund	1,254,595
Education Improvement Act	1,587,977
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Gross student loans receivable	4,762,885
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Less allowance for doubtful accounts	(1,276,000)
<hr/>	
Net student loans receivable	\$ 3,486,885
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Allowances for doubtful accounts are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

4. Grants and Contracts Receivable

Grants and contracts receivable at June 30, 2013 consisted of the following:

Federal	\$ 4,473,125
State	153,759
Nongovernmental	1,106
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Total grants and contracts receivable	\$ 4,627,990
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South Carolina State University

Notes to Financial Statements

5. Capital Assets

Capital assets activity for the year ended June 30, 2013 is summarized as follows:

	Beginning Balance July 1, 2012	Increases	Decreases	Ending Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 2,573,180	\$ -	\$ -	\$ 2,573,180
Construction in-progress	17,770,805	4,203,348	(21,974,153)	-
Total capital assets not being depreciated	20,343,985	4,203,348	(21,974,153)	2,573,180
Depreciable capital assets:				
Land improvements	2,824,186	-	-	2,824,186
Buildings	150,823,543	22,684,152	-	173,507,695
Machinery, equipment, and other	14,392,045	704,498	-	15,096,543
Vehicles	1,504,522	-	-	1,504,522
Total capital assets being depreciated	169,544,296	23,388,650	-	192,932,946
Less accumulated depreciation for:				
Land improvements	(480,928)	(127,755)	-	(608,683)
Buildings	(51,463,665)	(3,692,845)	-	(55,156,510)
Machinery, equipment, and other	(7,864,893)	(1,673,551)	-	(9,538,444)
Vehicles	(1,151,721)	(124,316)	-	(1,276,037)
Total accumulated depreciation	(60,961,207)	(5,618,467)	-	(66,579,674)
Total capital assets being depreciated, net	108,583,089	17,770,183	-	126,353,272
Capital assets, net	\$ 128,927,074	\$ 21,973,531	\$ (21,974,153)	\$ 128,926,452

The University capitalized interest of \$823,604 during the year ended June 30, 2013.

South Carolina State University

Notes to Financial Statements

6. Unearned Revenues

Unearned revenues consisted of the following:

<i>June 30,</i>	2013
Academic and other fees - second summer session	\$ 845,487
Sponsored research and other programs	887,182
Bond premium deferred interest	263,276
Donated capital gift	688,095
Athletic event receipts - fall semester	117,790
Total unearned revenues	\$ 2,801,830

7. Lease Obligations

The University acquired musical instruments under capital lease which commenced in July 2009. The economic substance of the lease was that the University is financing the acquisition of the assets through the lease and, accordingly, they were recorded in the University's assets and liabilities.

Future minimum payments required under capital lease together with their aggregate present values as of June 30, 2013 are as follows:

<i>Year ending June 30,</i>	Capital Leases
2014	\$ 80,477
Less: Interest	(8,622)
Total principal outstanding	\$ 71,855
Current	\$ 71,855
Total principal outstanding	\$ 71,855

Amortization of assets held under capital lease is included within depreciation expense. At June 30, 2013, the musical instruments, which were acquired in July 2009, are carried at a cost of \$359,270 with accumulated depreciation of \$287,416.

South Carolina State University

Notes to Financial Statements

The future minimum lease payments for noncancelable operating leases at June 30, 2013 are as follows:

<i>Year ending June 30,</i>	Operating Leases
2014	\$ 861,640
2015	715,808
2016	593,405
2017	122,803
Total minimum lease payments	\$ 2,293,656

The above payment schedule relates to noncancelable operating leases having remaining terms of more than one year and expiring in various fiscal years from 2014 to 2017. Certain operating leases provide for renewal options for periods three to five years at their fair rental value at the end of their lease term. Total operating lease payments were \$954,655 for fiscal year 2013.

8. Bonds and Notes Payable

Bonds and notes payable consisted of the following at June 30, 2013:

	Interest Rates	Maturity Dates	Balance
General Obligation Bonds, Series 2003G	3.00-4.125%	2006-2023	\$ 2,480,000
General Obligation Bonds, Series 2006D	4.00-5.00%	2007-2027	25,830,000
Total Bonds Payable			28,310,000
Note Payable - Student Housing Part 2	5.830%	2013-2035	36,707,270
Note Payable - Master Lease Note 1	3.890%	2013-2017	279,764
Note Payable - Master Lease Note 2	3.836%	2013-2017	195,039
Note Payable - Master Lease Note 3	3.613%	2013-2019	549,561
Note Payable - Master Lease Note 4	5.079%	2013-2019	1,124,274
Note Payable - Master Lease Note 5	4.130%	2013-2020	3,247,091
Note Payable Energy Stimulus Loan	0.000%	2013-2015	83,050
Total Notes Payable			42,186,049
Total Bonds and Notes Payable			\$70,496,049
Current			3,153,129
Noncurrent			67,342,920
Total Bonds and Notes Payable			\$70,496,049

South Carolina State University

Notes to Financial Statements

General Obligation Bonds

The General Obligation Bonds, Series 2003G mature serially and after June 1, 2014 are subject to redemption in whole or if in part on June 1, 2013 and all subsequent payment dates in inverse chronological order of maturity, at the option of the State of South Carolina, at the following redemption prices: June 1, 2013 and December 1, 2013 at 101%; June 1, 2014 and thereafter at par. State of South Carolina did not redeem the bonds on June 1, 2013. Interest is payable semi-annually at rates from 3.00% to 4.125%.

The General Obligation Bonds, Series 2006D mature serially each October beginning in 2007 with final maturity in 2027. Bonds maturing on or after October 2017 may be redeemed by the State in any order determined by the State after that date, at par plus accrued interest. Interest is payable each April and October 1, beginning in 2007 at rates from 4.00% to 5.00%.

The Constitution of the State of South Carolina requires that the amount of the University's required debt service does not exceed 90% of pledged tuition revenues received for the preceding year. Tuition revenue is pledged up to the amount of the annual debt requirements for the payment of principal and interest on General Obligation Bonds. Tuition fees used to calculate the University's debt service limit on bonded indebtedness for the preceding year were \$3,035,867 which results in a legal annual debt service at June 30, 2013 of \$2,732,280. The annual debt service payments for the fiscal year ended June 30, 2013 were \$2,714,269. Tuition revenue pledged in fiscal year 2013 was \$3,043,501 which results in a legal debt limit of \$2,739,151.

Scheduled maturities of General Obligation Bonds at June 30, 2013 are as follows:

General Obligation Bonds Series 2003G & 2006D

	Principal	Interest	Total
2014	\$ 1,515,000	\$ 1,196,919	\$ 2,711,919
2015	1,580,000	1,129,244	2,709,244
2016	1,640,000	1,052,194	2,692,194
2017	1,710,000	971,869	2,681,869
2018	1,780,000	888,369	2,668,369
2019-2023	10,150,000	3,234,822	13,384,822
2024-2027	9,935,000	867,147	10,802,147
Totals	\$ 28,310,000	\$ 9,340,564	\$ 37,650,564

Notes Payable - Student Housing

Notes payable to construct housing facilities in 2006 were financed in two parts from the proceeds of two tax-exempt bond issues made by the lending private financial institution through Capital Loan Agreement ("Agreement") under the Historically Black Colleges and Universities ("HBCU") Capital Financing Program. The first part was fully retired in 2012. The second part is payable in semi-annual installments of approximately \$1,431,416 beginning in 2013 until it matures in 2035. The loan is secured by the revenues from the housing facility.

South Carolina State University

Notes to Financial Statements

The University established an escrow account in accordance with the Agreement and assigned all of its rights and interests to the trustee for the lending financial institution. The use of the escrow funds are governed, in part, by a trust indenture which provides for claims against the escrow account for a share of defaulted loans of other borrowers participating in the HBCU Capital Financing Program. The balance of escrow account in the amount of \$1,431,439 is included in noncurrent restricted cash and cash equivalents for debt service at June 30, 2013.

The Agreement contains various performance covenants and limits the incurrence of new debt by the University. Certain covenant requires the net housing revenues are equal to at least 125% of maximum annual debt service and such that revenues are equal to at least 100% of operating expenses, maximum annual debt service and escrow account payments. As of June 30, 2013, the University complied with the loan covenants.

Scheduled maturities of notes payable - student housing part II at June 30, 2013 are as follows:

<i>Notes Payable - Student Housing Part II</i>	Principal	Interest	Totals
2014	\$ 450,973	\$ 2,411,859	\$ 2,862,832
2015	911,327	1,951,505	2,862,832
2016	1,041,635	1,821,197	2,862,832
2017	1,096,085	1,766,747	2,862,832
2018	1,153,605	1,709,228	2,862,832
2019-2023	6,736,196	7,577,965	14,314,161
2024-2028	8,699,918	5,614,242	14,314,161
2029-2033	11,245,911	3,076,250	14,322,161
2034-2035	5,371,620	354,042	5,725,662
Totals	\$ 36,707,270	\$ 26,283,035	\$62,990,305

Notes Payable - Master Lease

The University issued two notes payable in 2007 in order to acquire certain equipment. The first note requires annual payments of \$76,868 at annual interest of 3.89% and matures in March 2017. The second note requires annual payments of \$53,523 at annual interest of 3.8355% and matures in May 2017.

In fiscal year 2009, the University issued two additional notes payable in order to acquire certain equipment. The note in the amount of \$925,000 was issued on September 25, 2008 which requires a quarterly payment of \$27,656 at annual interest of 3.6125% and matures in September 2018. The other note in the amount of \$1,647,000 was issued on June 24, 2009 which requires a quarterly payment of \$52,769 at annual interest of 5.079% and matures in June 2019.

In fiscal year 2010, the University issued an additional note payable in order to acquire additional equipment. The note in the amount of \$4,700,960 was issued on June 25, 2010 which requires a quarterly payment of \$176,556 until 2015 and \$107,471 thereafter at annual interest of 4.3788%. The note matures in June 2020.

South Carolina State University

Notes to Financial Statements

Scheduled maturities of notes payable - master lease at June 30, 2013 are as follows:

<i>Note Payable - Master Lease Note 1</i>	Principal	Interest	Totals
2014	\$ 65,992	\$ 10,876	\$ 76,868
2015	68,558	8,310	76,868
2016	71,223	5,645	76,868
2017	73,991	2,877	76,868
Totals	\$ 279,764	\$ 27,708	\$ 307,472

<i>Note Payable - Master Lease Note 2</i>	Principal	Interest	Totals
2014	\$ 46,043	\$ 7,480	\$ 53,523
2015	47,809	5,714	53,523
2016	49,642	3,881	53,523
2017	51,545	1,978	53,523
Totals	\$ 195,039	\$ 19,053	\$ 214,092

<i>Note Payable - Master Lease Note 3</i>	Principal	Interest	Totals
2014	\$ 115,532	\$ 17,785	\$ 133,317
2015	96,239	14,385	110,624
2016	99,763	10,861	110,624
2017	103,416	7,208	110,624
2018	107,203	3,421	110,624
2019	27,408	249	27,657
Totals	\$ 549,561	\$ 53,909	\$ 603,470

South Carolina State University

Notes to Financial Statements

<i>Note Payable - Master Lease Note 4</i>	Principal	Interest	Totals
2014	\$ 197,413	\$ 52,154	\$ 249,567
2015	167,147	43,927	211,074
2016	175,800	35,274	211,074
2017	184,901	26,173	211,074
2018	194,473	16,601	211,074
2019	204,540	6,534	211,074
Totals	\$1,124,274	\$ 180,663	\$1,304,937

<i>Note Payable - Master Lease Note 5</i>	Principal	Interest	Totals
2014	\$ 720,651	\$ 126,582	\$ 847,233
2015	605,444	100,779	706,223
2016	351,483	78,400	429,883
2017	367,129	62,754	429,883
2018	383,471	46,412	429,883
2019-2020	818,913	40,854	859,767
Totals	\$3,247,091	\$ 455,781	\$3,702,872

Notes Payable Energy Stimulus Loan

In fiscal year 2011, the University obtained a loan from South Carolina State Energy Office which is funded through the State Energy Program-American Recovery and Reinvestment Act, for energy efficiency and renewable energy improvements in the amount of \$124,574. The loan is free of interest and payable in three years starting 2013 through 2015.

Scheduled maturities of notes payable energy stimulus loan at June 30, 2013 are as follows:

	Principal	Interest	Totals
2014	\$ 41,525	\$ -	\$ 41,525
2015	41,525	-	41,525
Totals	\$ 83,050	\$ -	\$ 83,050

South Carolina State University

Notes to Financial Statements

The University reported principal payments and interest expense related to the bonds and notes payable for the year ended June 30, 2013 as follows:

<i>Bond and Note</i>	Principal	Interest
Stadium Improvement Revenue Bonds, Series 1993A	\$ 235,000	\$ 6,462
General Obligation Bonds, Series 2003G	185,000	98,894
General Obligation Bonds, Series 2006D	1,275,000	1,142,163
Note Payable - Student Housing Part 2	106,282	2,675,876
Note Payable - Master Lease Note 1	100,897	13,736
Note Payable - Master Lease Note 2	50,122	9,163
Note Payable - Master Lease Note 3	66,868	21,064
Note Payable - Master Lease Note 4	112,605	59,975
Note Payable - Master Lease Note 5	413,932	151,284
Note Payable Energy Stimulus Loan	41,525	
Total	\$ 2,587,231	\$ 4,178,617

9. Long-term Liabilities

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

	June 30, 2012	Additions	Reductions	June 30, 2013	Due within one year
Compensated absences payable	\$ 3,236,404	\$1,160,818	\$ 1,332,743	\$ 3,064,479	\$ 1,347,963
Capital lease	143,709	-	71,854	71,855	71,855
Stadium improvement revenue bonds payable	235,000	-	235,000	-	-
General obligation bonds payable	29,770,000	-	1,460,000	28,310,000	1,515,000
Notes payable	43,078,280	-	892,231	42,186,049	1,638,129
Total	\$ 76,463,393	\$1,160,818	\$ 3,991,828	\$ 73,632,383	\$ 4,572,947

Additional information regarding bonds payable is included in Note 8.

South Carolina State University

Notes to Financial Statements

10. Contingencies, Litigation, and Project Commitments

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

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

The University had outstanding commitments under construction contracts of approximately \$1,956,266 for capital projects. The University anticipates funding these projects out of General Obligation Bonds.

The University is contingently liable, under the Capital Project Loan Agreement described in Note 8, for a portion of certain notes payable of other HBCU's under the HBCU Capital Financing program. The liability is limited to 5% of the cumulative advances under the Capital Project Loan Agreement. The contingent liability is secured by the South Carolina State University Escrow Account, also described in Note 8. As of June 30, 2013, total charges of \$28,115 have been made against the Escrow Account pursuant to the default of another borrower in the HBCU Capital Finance Program

11. Pension Plan

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report ("CAFR") which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

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

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

South Carolina State University

Notes to Financial Statements

Since July 1, 2006, employees participating in the SCRS have been required to contribute 6.5% of all compensation. Effective July 1, 2013, the employer contribution rate is 15.0 percent which included a 4.55% surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2013, 2012, and 2011, were approximately \$2,896,032, \$2,775,77 and \$2,831,340, respectively, and equaled the required contributions of 10.45%, 9.385% and 9.24% (excluding the surcharge) for respective year. Also, the University paid employer group-life insurance contributions of approximately \$41,570 in the current fiscal year at the rate of 0.15% of compensation.

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

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5% of all compensation. Effective July 1, 2013, the employer contribution rate is 16.45% which included the 4.55% surcharge. The University's actual contributions the PORS for the years ended June 30, 2013, 2012 and 2011 were approximately \$77,835, \$81,397 and \$89,602, respectively, and equaled the required contributions of 11.90%, 11.363% and 11.13% (excluding the surcharge) for respective year. Also, the University paid approximately \$1,308 each for employer group-life insurance contributions and accidental death insurance contributions in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20% of compensation.

Certain State employees may elect to participate in the Optional Retirement Program ("ORP"), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

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

South Carolina State University

Notes to Financial Statements

Certain employees of the University have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were approximately \$911,788 (excluding the surcharge) from the University as employer and approximately \$610,767 from its employees as plan members. 10% of the total contributions was remitted to the Retirement Division of the State Budget and Control Board. The balance was remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Also, the University paid employer group-life insurance contributions of approximately \$13,088 in the current fiscal year at the rate of 0.15% of compensation.

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans.

Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

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

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the University are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally, those who retire must have at least 10 years of retirement service credit to qualify for these State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

South Carolina State University

Notes to Financial Statements

12. Post-employment Benefits Other Than Pensions

a. Plan Description

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

b. Funding Policies

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.30% and 3.90% of annual covered payroll for 2013 and 2012, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The University paid approximately \$1,687,711 and \$1,681,774 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2013 and 2012, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium for BLTD and group life insurance per active employee paid to EIP was \$3.22 and \$0.34, respectively, for the fiscal year ended June 30, 2013.

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

13. Related Parties

Certain separately chartered legal entities whose activities are related to those of the University exist primarily to provide financial assistance and other support to the University and its educational programs. They include the Foundation, Advancement Foundation and South Carolina State University Real Estate Foundation ("Real Estate Foundation").

South Carolina State University

Notes to Financial Statements

In conjunction with GASB Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, management annually reviews its relationships with the related parties described in this note. The University recognizes the Foundation as a component unit and has discretely presented the Foundation herein. The University also recognizes the Advancement Foundation as a component unit but has not discretely presented it herein as the Advancement Foundation's financial statements as of and for the year ended June 30, 2013 were not readily available as of the date of the auditor's report on the 2013 financial statements of the University. The University excluded the Real Estate Foundation from the reporting entity because it is not financially accountable for this entity.

In fiscal year 2013, the Foundation contributed \$116,500 to the University for scholarships and other supporting activities of the University. The University also received \$106,423 as reimbursement for salaries and office space. Included in other receivable in Statement of Net Position is amount due from the Foundation totaling \$8,427 as of June 30, 2013.

The Real Estate Foundation, through its wholly owned South Carolina State University Housing, LLC, operates a student housing facility to be used exclusively for the University students. The University entered an agreement with South Carolina State University Housing, LLC. Under the agreement, the University provides management services to the Real Estate Foundation. These services include, among others, general management of the operations, marketing, occupancy and student resident selection as well as collection of dormitory fees charged to students. The University receives a management fee of 2% of collected revenues as compensation. In fiscal year 2013, the University paid the Real Estate Foundation \$1.9 million for dormitory fees collected from students. The University charged and billed the Real Estate Foundation a total of \$268,128 in fiscal year 2013 for management fees, reimbursement for telephone, copying equipment, salaries and benefits costs. The University received a payment from the Foundation \$647,999 in fiscal year 2013. At June 30, 2013, amounts due to and due from the Real Estate Foundation are as follows:

Due from the Real Estate Foundation	\$ 26,165
Due to the Real Estate Foundation	\$ 53,600

South Carolina State University

Notes to Financial Statements

14. State Appropriations and Contracts

The following are the appropriations as enacted by the General Assembly and reported in the financial statements for the year ended June 30, 2013:

	Educational and General	Public Service	Total
Noncapital Appropriations:			
Original appropriations per Annual Appropriations Act	\$ 11,378,373	\$ 2,281,862	\$ 13,660,235
Additional appropriation for cost of living	574,972	32,018	606,990
Appropriation allocations from SC Department of Education for Felton Laboratory School	108,736	-	108,736
Appropriation allocation from SC Education Lottery Fund	2,500,000	-	2,500,000
Appropriation allocations from the State Commission on Higher Education:			
For Academic Endowment	1,898	-	1,898
For Technology funds	457,429	-	457,429
Total State noncapital appropriations recorded as current year revenue	\$ 15,021,408	\$ 2,313,880	\$ 17,335,288
Capital Appropriations:			
From SC Education Lottery Fund	\$ 553,080	\$ -	\$ 553,080
From Capital Reserve Fund	1,255,979	-	1,255,979
Total State capital appropriations recorded as current year revenue	\$ 1,809,059	\$ -	\$ 1,809,059

South Carolina State University

Notes to Financial Statements

State Grants and Contracts

Received from SC Commission on Higher Education:

HOPE Scholarships	\$ 239,400
Life Scholarships	1,879,495
Palmetto Scholarships	41,700
Teaching Fellows	20,700
Need Based Grants	1,113,566
Education Improvement Act Loan	339,482
African American Teacher Loans	87,905
College of Business	279,504
SC National Guard CAP Scholarship	64,125
Higher Education Excellence Enhancement Program	500,000
Statewide SLDS	27,603
Received from other agencies	579,313
Total state grants and contracts	\$ 5,172,793

South Carolina State University

Notes to Financial Statements

15. Operating Expenses by Function

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

	Compensation And Employee Benefits	Service and Supplies	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Grand Total
Instruction	\$22,558,537	\$ 1,726,951	\$, 114,437	\$ -	\$ -	\$ 24,399,925
Research	5,238,083	4,056,111	-	-	-	9,294,194
Public Service	2,563,119	1,108,790	21,132	-	-	3,693,041
Academic Support	4,031,235	1,013,930	-	-	-	5,045,165
Student Services	7,810,690	4,114,028	123,385	-	-	12,048,103
Institutional Support	10,318,316	4,750,155	1,863,655	-	-	16,932,126
Operations and Maintenance	254,590	3,972,846	-	-	-	4,227,436
Scholarships	-	-	-	14,837,102	-	14,837,102
Auxiliaries	1,518,836	8,697,973	1,210,140	-	-	11,426,949
Depreciation and Amortization	-	-	-	-	5,632,608	5,632,608
Total Operating Expenses	\$54,293,406	\$29,440,784	\$ 3,332,749	\$14,837,102	\$ 5,632,608	\$107,536,649

South Carolina State University

Notes to Financial Statements

16. Statement of Activities

The following information is provided for incorporation in the State of South Carolina Comprehensive Annual Financial Report:

<i>Year ended June 30,</i>	2013	2012	Increase (Decrease)
Charges for services	\$ 49,305,523	\$ 56,676,014	\$ (7,370,491)
Operating grants, contributions and investment income	36,784,490	48,420,024	(11,635,534)
Capital operating grants and contributions	-	2,012,225	(2,012,225)
Less expenses	(111,026,251)	(122,421,879)	11,395,628
Net program expenses	(24,936,238)	(15,313,616)	9,622,622
Transfers:			
State appropriations	19,144,347	14,582,664	4,561,683
Total transfers	19,144,347	14,582,664	4,561,683
Change in net position	(5,791,891)	(730,952)	(5,060,939)
Net position, beginning of year	67,496,063	68,227,015	(730,952)
Net position, ending of year	\$ 61,704,172	\$ 67,496,063	\$ (5,791,891)

17. Risk Management

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees: unemployment compensation benefits; worker's compensation benefits for job-related illnesses or injuries; health and dental insurance benefit; long-term disability and group-life insurance benefits. Employees can elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

South Carolina State University

Notes to Financial Statements

The University and other entities pay premiums to the State's Insurance Reserve Fund ("IRF"), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities: theft, damage to, or destruction of assets; real property, its contents, and other equipment; motor vehicles and watercraft; torts; business interruptions; Natural disaster; and Medical malpractice claims against covered employees. The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation and for health insurance for its student-athletes.

Statistical Section

South Carolina State University

Statistical Section

Overview

This section of the Comprehensive Annual Financial Report provides additional information as a context for understanding what the information in the financial statements and note disclosures says about the University's and the State of South Carolina's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.

Revenue Capacity

These schedules help the reader assess the factors affecting the University's ability to generate its operating revenues from tuition and fees.

Debt Capacity

These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.

Operating Information

These schedules contain service and capital asset data to help the reader understand how the University's financial information relates to the services it provides.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the Environment within which the University's and the State's financial activities take place.

South Carolina State University

Statistical Section

Schedule of Revenues by Source

For the Year Ended June 30,

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
(amounts expressed in thousands)										
Revenues:										
Operating Revenues:										
Student Tuition and Fees (net of scholarship allowance)	\$ 32,345	\$ 38,751	\$ 35,822	\$ 34,568	\$ 34,502	\$ 31,714	\$ 28,602	\$ 24,965	\$ 24,380	\$ 19,793
Federal Grants and Contracts	20,324	24,304	26,997	20,945	31,702	29,779	14,408	26,590	25,535	22,440
State Grants and Contracts	5,173	5,259	6,484	6,497	7,993	6,117	5,030	5,329	7,141	3,980
Non-Government Grants and Contracts	136	238	275	223	230	94	48	362	154	95
Sales and Services of Educational and Other Activities	4,100	3,753	2,967	3,157	2,547	2,436	1,779	398	485	456
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	11,433	14,172	13,594	12,075	12,066	10,615	9,120	9,680	10,758	8,492
Other Operating Revenue	1,427	2,072	2,624	1,500	1,109	3,442	5,520	3,664	3,021	1,864
Total Operating Revenue	74,938	88,549	88,763	78,965	90,149	84,197	64,507	70,988	71,474	57,120
Non-Operating Revenues:										
State Appropriations	19,145	17,083	16,922	21,950	24,975	34,773	30,347	27,216	23,170	22,576
Federal grants	10,793	12,943	18,212	17,750	807	834	14,173	4,318	5,365	453
Interest income	162	156	183	1,500	2,552	2,194	1,263	341	262	76
Other Non-Operating Revenue	196	2,960	4,617	7,449	8,406	3,451	2,500	119	233	5,679
Total Non-Operating Revenue	30,296	33,142	39,934	48,649	36,740	41,252	48,283	31,994	29,030	28,784
Total Revenues	\$ 105,234	\$ 121,691	\$ 128,697	\$ 127,614	\$ 126,889	\$ 125,449	\$ 112,790	\$ 102,982	\$ 100,504	\$ 85,904

South Carolina State University

Statistical Section

Schedule of Revenues by Source (continued)

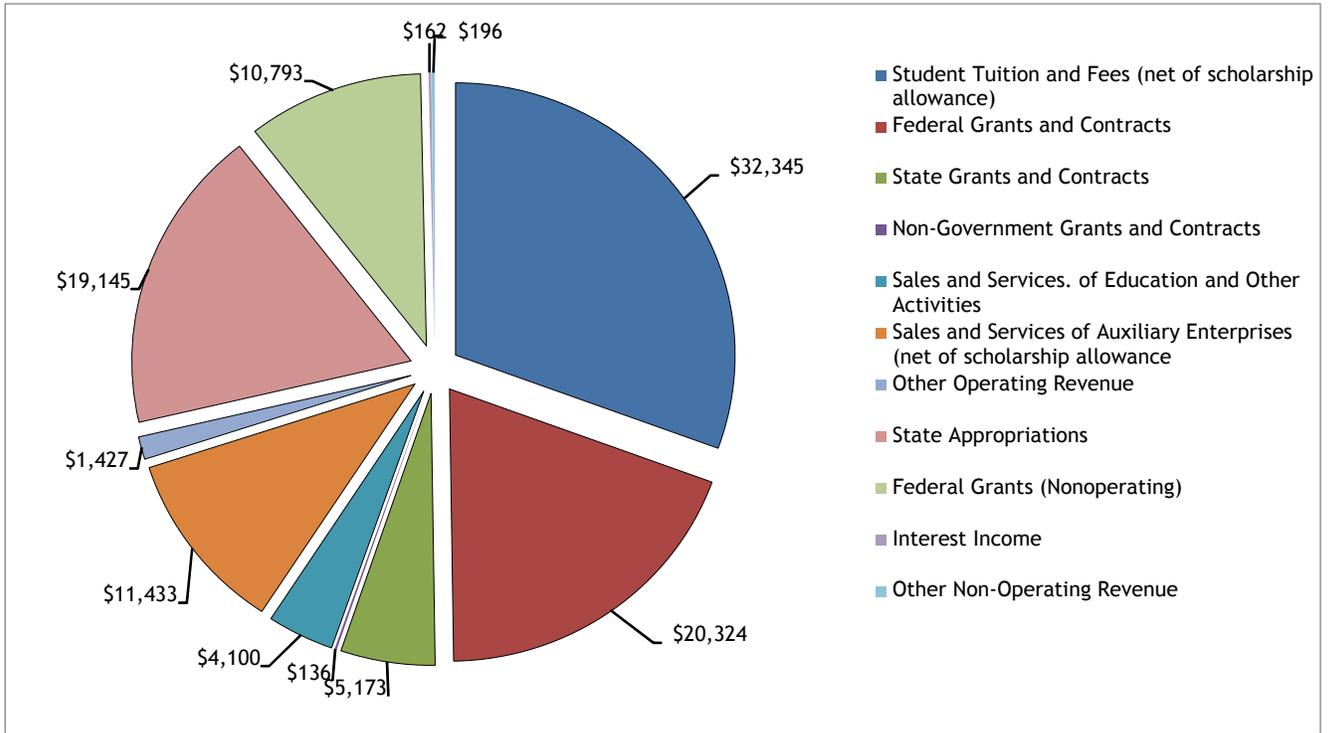
For the Year Ended June 30,

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
	(percent of total revenue)									
Revenues:										
Operating Revenues:										
Student Tuition and Fees (net of scholarship allowance)	30.74%	31.84%	27.83%	27.09%	24.99%	25.28%	25.36%	24.24%	24.26%	23.04%
Federal Grants and Contracts	19.31%	19.97%	20.98%	16.41%	24.98%	23.74%	12.77%	25.82%	25.41%	26.12%
State Grants and Contracts	4.92%	4.32%	5.04%	5.09%	6.30%	4.88%	4.46%	5.17%	7.11%	4.63%
Non-Government Grants and Contracts	0.13%	0.20%	0.21%	0.18%	0.18%	0.08%	0.04%	0.35%	0.15%	0.11%
Sales and Services of Educational and Other Activities	3.90%	3.08%	2.31%	2.47%	2.01%	1.94%	1.58%	0.39%	0.48%	0.53%
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	10.86%	11.65%	10.56%	9.46%	9.51%	8.46%	8.09%	9.40%	10.70%	9.89%
Other Operating Revenue	1.35%	1.71%	2.04%	1.18%	0.87%	2.74%	4.89%	3.56%	3.01%	2.17%
Total Operating Revenue	71.21%	72.77%	68.97%	61.88%	71.05%	67.12%	57.19%	68.93%	71.12%	66.49%
Non-Operating Revenues:										
State Appropriations	18.19%	14.04%	13.15%	17.19%	19.68%	27.72%	26.91%	26.43%	23.05%	26.28%
Federal grants	10.26%	10.64%	14.15%	13.91%	0.64%	0.66%	12.57%	4.19%	5.34%	0.53%
Interest income	0.15%	0.13%	0.14%	1.18%	2.01%	1.75%	1.12%	0.33%	0.26%	0.09%
Other Non-Operating Revenue	0.19%	2.43%	3.59%	5.84%	6.62%	2.75%	2.22%	0.12%	0.23%	6.61%
Total Non-Operating Revenue	28.79%	27.23%	31.03%	38.12%	28.95%	32.88%	42.81%	31.07%	28.88%	33.51%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

South Carolina State University

Statistical Section

Schedule of Revenues by Source Fiscal Year 2013 - Pie Chart



Amounts expressed in thousands

Source: South Carolina State University Audited Financial Statements.

South Carolina State University

Statistical Section

Schedule of Expenses by Use

For the Year Ended June 30,

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
(amounts expressed in thousands)										
Expenses:										
Operating Expenses:										
Compensation and										
Employee Benefits	\$ 54,293	\$ 56,477	\$ 59,062	\$ 59,240	\$ 61,266	\$ 61,554	\$ 54,804	\$ 52,514	\$ 48,571	\$ 44,877
Service and Supplies	29,441	34,878	37,083	31,844	36,402	42,250	39,481	32,965	33,447	22,469
Utilities	3,333	3,501	3,514	2,883	3,505	3,626	3,893	3,943	3,026	2,308
Depreciation and										
Amortization	5,633	5,350	5,372	5,183	4,316	3,085	2,516	1,748	1,920	1,795
Scholarships	14,837	18,280	15,913	16,772	15,409	11,818	10,929	9,252	8,478	8,967
Total Operating Expenses	107,537	118,486	120,944	115,922	120,898	122,333	111,623	100,422	95,442	80,416
Non-operating Expenses:										
Interest and Other	3,489	3,936	3,836	3,647	3,463	4,490	2,160	530	604	436
Total Expenses	\$ 111,026	\$ 122,422	\$ 124,780	\$ 119,569	\$ 124,361	\$ 126,823	\$ 113,783	\$ 100,952	\$ 96,046	\$ 80,852

For the Year Ended June 30,

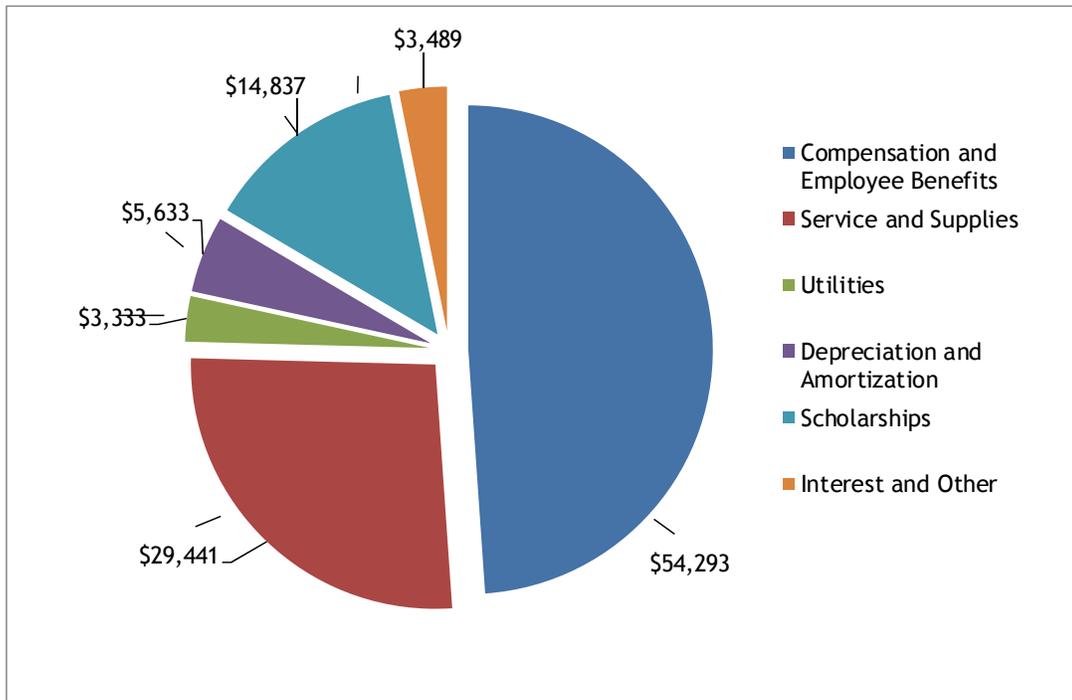
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
(percent of total expenses)										
Expenses:										
Operating Expenses:										
Compensation and										
Employee Benefits	48.90%	46.13%	47.33%	49.54%	49.26%	48.54%	48.17%	52.02%	50.57%	55.51%
Service and Supplies	26.52%	28.49%	29.72%	26.63%	29.27%	33.31%	34.70%	32.65%	34.82%	27.79%
Utilities	3.00%	2.86%	2.82%	2.41%	2.82%	2.86%	3.42%	3.91%	3.15%	2.85%
Depreciation and										
Amortization	5.07%	4.37%	4.31%	4.33%	3.47%	2.43%	2.21%	1.73%	2.00%	2.22%
Scholarships	13.36%	14.93%	12.75%	14.03%	12.39%	9.32%	9.61%	9.16%	8.83%	11.09%
Total Operating Expenses	96.86%	96.78%	96.93%	96.95%	97.22%	96.46%	98.10%	99.47%	99.37%	99.46%
Non-operating Expenses:										
Interest and Other	3.14%	3.22%	3.07%	3.05%	2.78%	3.54%	1.90%	0.53%	0.63%	0.54%
Total Expenses	100.00%									

Source: South Carolina State University Audited Financial Statements.

South Carolina State University

Statistical Section

Schedule of Expenses by Use Fiscal Year 2013 - Pie Chart



Amounts expressed in thousands

Source: South Carolina State University Audited Financial Statements.

South Carolina State University

Statistical Section

Schedule of Net Position and Changes in Net Position

For the Year Ended June 30,

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
(amounts expressed in thousands)										
Total revenues	\$ 105,234	\$ 121,691	\$ 128,697	\$ 127,614	\$ 126,889	\$ 125,449	\$ 112,790	\$ 102,982	\$ 100,504	\$ 85,904
Total expenses	111,026	122,422	124,780	119,569	124,361	126,928	113,781	100,952	96,046	81,159
Total changes in net position	(5,792)	(731)	3,917	8,045	2,528	(1,479)	(991)	2,030	4,458	4,745
Net position, beginning	67,496	68,227	64,310	56,265	53,737	55,111	56,102	54,072	49,614	44,869
Net position, ending	\$ 61,704	\$ 67,496	\$ 68,227	\$ 64,310	\$ 56,265	\$ 53,632	\$ 55,111	\$ 56,102	\$ 54,072	\$ 49,614
Net investment in capital assets	\$ 58,237	\$ 62,156	\$ 64,293	\$ 61,913	\$ 58,489	\$ 49,632	\$ 50,580	\$ 47,888	\$ 46,481	\$ 41,384
Restricted-expendable	11,957	10,939	2,239	2,778	2,604	2,676	2,572	2,128	2,248	2,595
Restricted - non-expendable	807	785	767	938	914	980	901	868	783	440
Unrestricted	(9,297)	(6,384)	928	(1,319)	(5,742)	344	1,058	5,218	4,560	5,195
Total	\$ 61,704	\$ 67,496	\$ 68,227	\$ 64,310	\$ 56,265	\$ 53,632	\$ 55,111	\$ 56,102	\$ 54,072	\$ 49,614

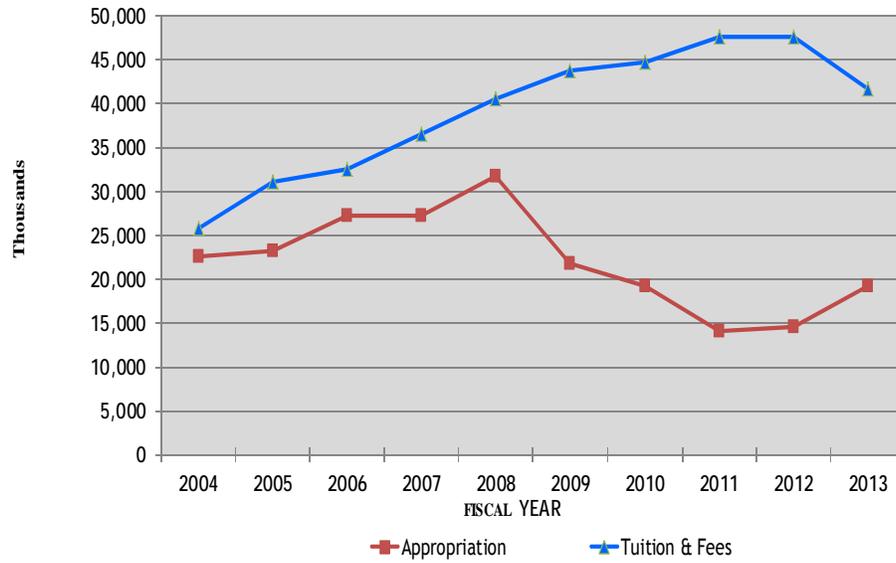
Source: South Carolina State University Audited Financial Statements

South Carolina State University

Statistical Section

Schedule of State Appropriations and Gross Tuition Fees

2004-2013



Source: South Carolina State University Audited Financial Statements.

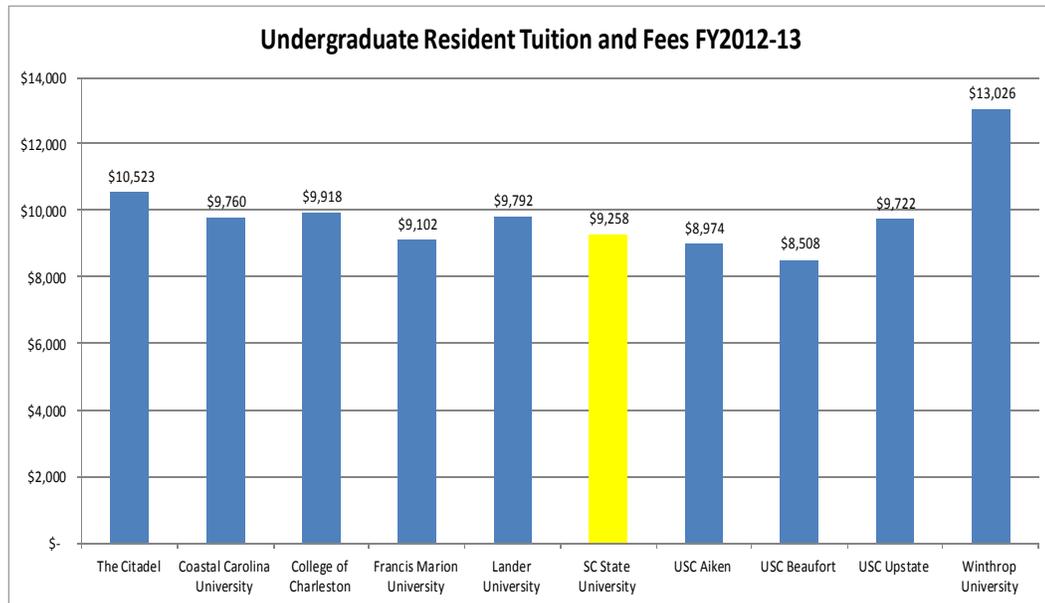
South Carolina State University

Statistical Section

Schedule of Average Annual Tuition and Fees S.C. State University in Comparison to Other Colleges and Universities Last Ten Years

Undergraduate Resident

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
The Citadel	\$ 10,523	\$ 10,216	\$ 9,871	\$ 8,735	\$ 8,428	\$ 7,735	\$ 7,168	\$ 6,522	\$ 5,900	\$ 4,999
Coastal Carolina University	\$ 9,760	\$ 9,760	\$ 9,390	\$ 8,950	\$ 8,650	\$ 7,600	\$ 7,500	\$ 6,860	\$ 6,100	\$ 5,190
College of Charleston	\$ 9,918	\$ 9,616	\$ 10,314	\$ 8,988	\$ 8,400	\$ 7,778	\$ 7,234	\$ 6,668	\$ 6,202	\$ 5,770
Francis Marion University	\$ 9,102	\$ 8,802	\$ 8,480	\$ 7,960	\$ 7,632	\$ 7,038	\$ 6,512	\$ 5,984	\$ 5,540	\$ 5,082
Lander University	\$ 9,792	\$ 9,504	\$ 9,144	\$ 8,760	\$ 8,380	\$ 7,728	\$ 7,162	\$ 6,668	\$ 5,866	\$ 5,400
SC State University	\$ 9,258	\$ 9,258	\$ 8,898	\$ 8,462	\$ 7,806	\$ 7,318	\$ 7,278	\$ 6,480	\$ 6,170	\$ 5,570
USC Aiken	\$ 8,974	\$ 8,700	\$ 8,374	\$ 7,900	\$ 7,532	\$ 7,006	\$ 6,670	\$ 6,128	\$ 5,622	\$ 5,084
USC Beaufort	\$ 8,508	\$ 8,108	\$ 7,940	\$ 7,250	\$ 7,000	\$ 6,250	\$ 5,724	\$ 5,214	\$ 4,670	\$ 4,208
USC Upstate	\$ 9,722	\$ 9,426	\$ 9,072	\$ 8,462	\$ 8,342	\$ 7,760	\$ 7,218	\$ 6,636	\$ 6,060	\$ 5,460
Winthrop	\$ 13,026	\$ 12,656	\$ 12,176	\$ 11,606	\$ 11,160	\$ 10,210	\$ 9,500	\$ 8,756	\$ 7,816	\$ 6,652



Source: South Carolina Commission on Higher Education.

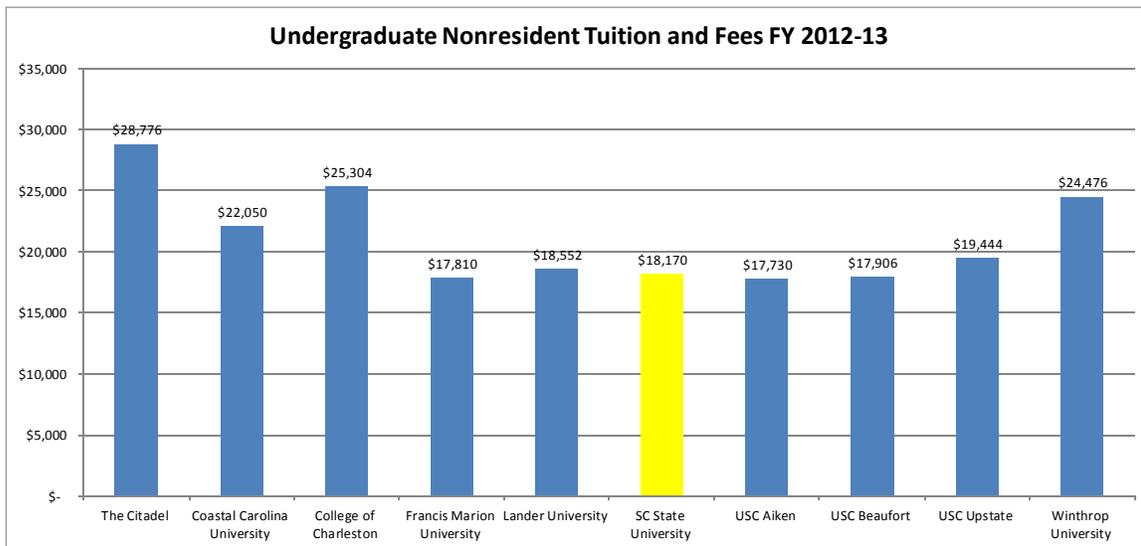
South Carolina State University

Statistical Section

Schedule of Average Annual Tuition and Fees (Continued)

Undergraduate Non-Resident

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
The Citadel	\$ 28,776	\$ 27,033	\$ 24,800	\$ 22,545	\$ 21,031	\$ 19,291	\$ 17,487	\$ 15,918	\$ 14,518	\$ 13,410
Coastal Carolina University	\$ 22,050	\$ 21,560	\$ 20,270	\$ 18,770	\$ 18,090	\$ 16,590	\$ 16,190	\$ 15,100	\$ 14,150	\$ 12,870
College of Charleston	\$ 25,304	\$ 24,330	\$ 23,172	\$ 21,846	\$ 20,418	\$ 18,732	\$ 16,800	\$ 15,342	\$ 14,140	\$ 13,032
Francis Marion University	\$ 17,810	\$ 17,256	\$ 16,625	\$ 15,585	\$ 15,028	\$ 13,841	\$ 12,839	\$ 11,833	\$ 10,945	\$ 10,029
Lander University	\$ 18,552	\$ 17,976	\$ 17,304	\$ 16,560	\$ 15,840	\$ 14,616	\$ 13,538	\$ 13,608	\$ 12,034	\$ 11,050
SC State University	\$ 18,170	\$ 18,170	\$ 17,470	\$ 16,626	\$ 15,298	\$ 14,362	\$ 14,322	\$ 13,288	\$ 12,978	\$ 10,850
USC Aiken	\$ 17,730	\$ 17,188	\$ 16,542	\$ 15,632	\$ 14,896	\$ 13,922	\$ 13,250	\$ 12,270	\$ 11,264	\$ 10,224
USC Beaufort	\$ 17,906	\$ 17,220	\$ 16,522	\$ 15,100	\$ 14,576	\$ 13,912	\$ 12,756	\$ 12,130	\$ 11,060	\$ 10,112
USC Upstate	\$ 19,444	\$ 18,852	\$ 18,144	\$ 17,284	\$ 16,684	\$ 15,752	\$ 14,656	\$ 13,474	\$ 12,304	\$ 11,086
Winthrop	\$ 24,476	\$ 23,796	\$ 22,892	\$ 21,596	\$ 20,710	\$ 19,034	\$ 17,564	\$ 16,150	\$ 14,410	\$ 12,580



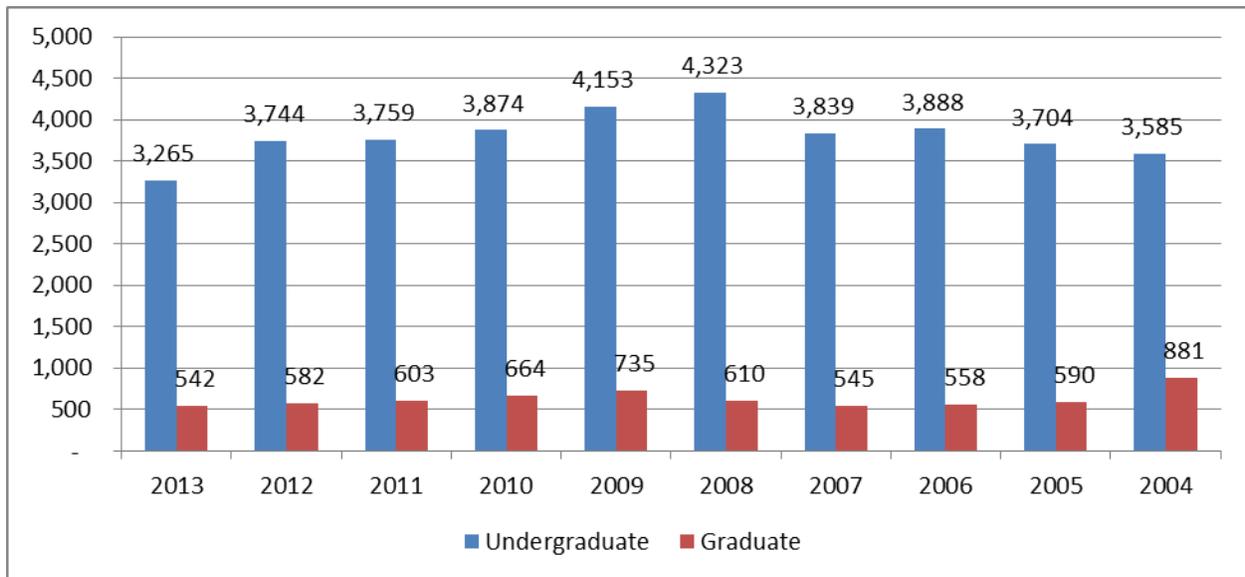
Source: South Carolina Commission on Higher Education

South Carolina State University

Statistical Section

Student Head Count - Fiscal Year 2004 to 2013

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Undergraduate	3,265	3,744	3,759	3,874	4,153	4,323	3,839	3,888	3,704	3,585
Graduate	542	582	603	664	735	610	545	558	590	881
Total	3,807	4,326	4,362	4,538	4,888	4,933	4,384	4,446	4,294	4,466



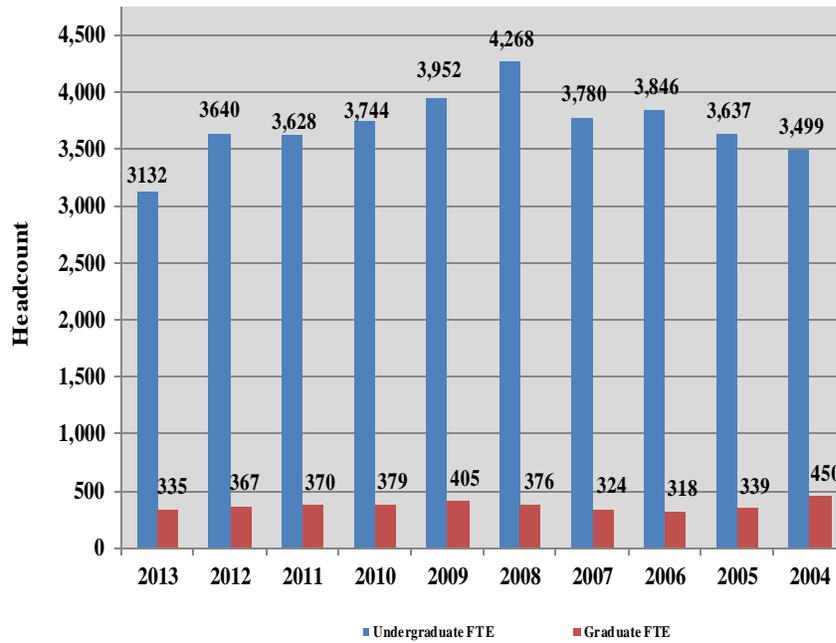
Source: South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section

Student Full-Time Equivalent - Fiscal Year 2004 to 2013

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Undergraduate FTE	3,132	3,640	3,628	3,744	3,952	4,268	3,780	3,846	3,637	3,499
Graduate FTE	335	367	370	379	405	376	324	318	339	450
Total FTE	3,467	4,007	3,998	4,123	4,357	4,644	4,104	4,164	3,976	3,949

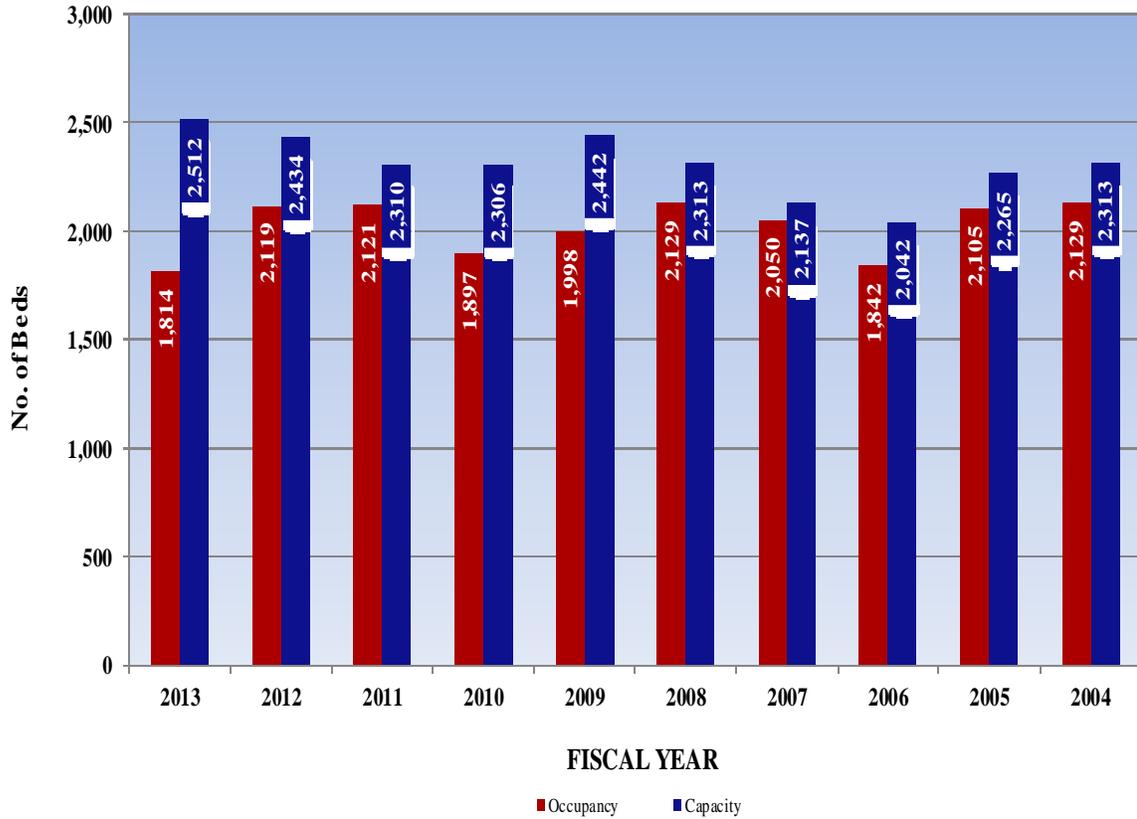


Source: South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section

Fall Residence Hall Occupancy/Capacity - Fiscal Year 2004 - 2013



Source: South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section

Schedule of Ratios of Outstanding Debt

For the Year Ended June 30,

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
(amounts expressed in thousands, except for outstanding debt per student)										
Revenue Bonds	\$ -	\$ 235	\$ 455	\$ 665	\$ 865	\$ 1,055	\$ 1,235	\$ 1,405	\$ 1,570	\$ 4,480
General Obligation										
Bonds	28,310	29,770	31,175	32,530	33,835	35,095	36,305	3,620	3,750	3,880
Notes Payable	42,186	43,078	44,410	45,564	41,603	39,600	38,947	21,623	5,424	-
Capital Lease										
Obligations	72	144	629	1,103	1,208	1,591	-	-	-	201
Total Outstanding Debt	\$ 70,568	\$ 73,227	\$ 76,669	\$ 79,862	\$ 77,511	\$ 77,341	\$ 76,487	\$ 26,648	\$ 10,744	\$ 8,561
Full-time equivalent students	3,467	4,007	3,998	4,123	4,357	4,644	4,104	4,164	3,976	3,949
Outstanding debt per FTE Student	\$ 20,354	\$ 18,275	\$ 19,177	\$ 19,370	\$ 17,790	\$ 16,654	\$ 18,637	\$ 6,400	\$ 2,702	\$ 2,168

Source: South Carolina State University Audited Financial Statement, SC State University Office of Institutional Research

South Carolina State University

Statistical Section

Schedule of Bond Coverage

Last Ten Years

(amounts expressed in thousands except coverage ratio)

General Obligation Bonds

Year Ended June 30,	Total Revenue Available for Debt Service	Debt Service Requirement			Coverage Ratio
		Principal	Interest	Total	
2013	\$ 3,043	\$ 1,460	\$ 1,241	\$ 2,701	1.13
2012	\$ 3,036	\$ 1,405	\$ 1,297	\$ 2,702	1.12
2011	\$ 2,983	\$ 1,355	\$ 1,352	\$ 2,707	1.10
2010	\$ 2,989	\$ 1,305	\$ 1,406	\$ 2,711	1.10
2009	\$ 3,080	\$ 1,260	\$ 1,459	\$ 2,719	1.13
2008	\$ 2,768	\$ 1,210	\$ 1,520	\$ 2,730	1.01
2007	\$ 2,446	\$ 140	\$ 1,076	\$ 1,216	2.01
2006	\$ 1,044	\$ 137	\$ 130	\$ 267	3.91
2005	\$ 879	\$ 130	\$ 144	\$ 274	3.21
2004	\$ 729	\$ 120	\$ 149	\$ 269	2.71

Revenue Bonds and Notes Payable (Housing)

Year Ended June 30,	Total Revenue Available for Debt Service	Debt Service Requirement			Coverage Ratio
		Principal	Interest	Total	
2013	\$ 4,218	\$ 341	\$ 2,682	\$ 3,023	1.40
2012	\$ 4,699	\$ 1,552	\$ 2,584	\$ 4,136	1.14
2011	\$ 5,673	\$ 1,488	\$ 2,367	\$ 3,855	1.47
2010	\$ 3,470	\$ 940	\$ 2,205	\$ 3,145	1.10
2009	\$ 3,015	\$ 759	\$ 2,048	\$ 2,807	1.07
2008	\$ 2,638	\$ 396	\$ 2,097	\$ 2,493	1.06
2007	\$ 1,785	\$ 562	\$ 821	\$ 1,383	1.29
2006	\$ 569	\$ 334	\$ 173	\$ 507	1.12
2005	\$ 1,888	\$ 430	\$ 267	\$ 697	2.71
2004	\$ 1,780	\$ 415	\$ 284	\$ 699	2.55

Source: South Carolina State University Audited Financial Statements.

South Carolina State University

Statistical Section

Full-Time Faculty and Staff - For the Last Ten Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Faculty	207	213	216	229	224	215	203	204	211	186
Staff and administrators	461	449	559	587	600	617	607	583	550	616
Total	668	662	775	816	824	832	810	787	761	802

FTE students per full time

Faculty	17	19	19	18	19	22	20	20	19	21
Staff and administrators	8	7	7	7	7	8	7	7	7	6

Average annual faculty salary	\$ 62,091	\$ 59,988	\$ 60,545	\$ 60,512	\$ 59,425	\$ 54,686	\$ 52,995	\$ 53,983	\$ 47,342	\$ 48,482
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Source: South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section

Schedule of Capital Asset Information

For the Fiscal Year (square feet)	2013	2012	2011	2010	2009
Academic buildings	764,615	679,278	671,307	523,339	523,339
Administrative and support buildings	158,631	151,880	150,680	101,209	74,980
Auxiliary and independent operation buildings	354,091	354,091	354,091	132,113	139,096
Student housing	575,684	575,684	575,684	436,201	492,149
Dining facilities	26,798	26,798	26,798	26,798	26,798
	1,879,819	1,787,731	1,778,560	1,219,660	1,256,362

Note: 2004 to 2008 data not readily available

Source: South Carolina State University Facilities Office

South Carolina State University

Statistical Section

Academic Subject Areas and Degrees Offered - Fall 2012

UNDERGRADUATE

Accounting, BS	Marketing, BS
Agribusiness, BS	Mathematics, BS
Art Education, K-12, BS	Mechanical Engineering Technology, BS
Biology, BS	Middle Level Education
Business Administration (Agribusiness) or (Entrepreneurship)	M.B.A.
Business Education, BS	Modern Language (Spanish), BS
Chemistry, BS	Music Education, BS
Civil Engineering Technology, BS	Music Merchandising (Industry), BA
Communications, BA	Nuclear Engineering, BS
Computer Science, BS	Nursing, BSN
Criminal Justice, BS	Nutrition and Food Management, BS
Drama Arts, BA	Physical Education, BS
Early Childhood Education, BS	Physical Education and Health, BS
Economics/Business Economics, BS	Physics, BS
Electrical Engineering Technology, BS	Political Science & Government, BA
Elementary Education, BS	Psychology, General, BS
English, Professional, BA	Social Work, BSW
Family and Consumer Sciences Business, BS	Social Studies Education
History, BA	Sociology, BA
Industrial Education, BS	Special Education, BS
Industrial Engineering Technology, BS	Speech Pathology and Audiology, BA
Management, BS	Studio Arts, BA

GRADUATE

Agribusiness/Entrepreneurship, MBA	Individual and Family Development, MS
Counselor Education, Med	Nutritional Sciences, MS
Early Childhood Education, MAT	Rehabilitation Therapeutic Services, Other, PMCERT
Education Administration, EDD, EDS	Rehabilitation Counseling, MA
Elementary Education, MAT, Med	Secondary Education, Med, MAT
Environmental Science/Studies, PB	Special Education, Med
Human Development Consultant, CERT	Speech Pathology and Audiology, MA
	Transportation, MS

South Carolina State University

Statistical Section

State of South Carolina Demographic Statistics - Last Ten Calendar Years

Year	Population as of June 30 (a)	Total Personal Income (b)	Per Capita Income (b)	Average Annual Unemployment Rate (c)
2013	4,723,723	161,863,730	34,266	9.1%
2012	4,679,230	157,564,533	33,673	10.3%
2011	4,679,230	157,564,533	33,673	10.3%
2010	4,625,364	153,391,793	33,163	10.9%
2009	4,561,242	145,041,489	31,799	11.8%
2008	4,479,800	146,337,147	35,419	12.1%
2007	4,407,709	135,849,999	31,013	5.9%
2006	4,321,249	129,864,269	29,515	6.5%
2005	4,246,933	120,220,459	28,285	6.7%
2004	4,194,694	113,602,655	27,090	6.8%

(a) Source: U.S. Census Bureau

(b) Source: U.S. Board of Economic Advisors

(c) Source: U.S. Department of Labor

South Carolina State University

Statistical Section

State of South Carolina Ten Largest Employers Latest Completed Calendar Year and Ten Years Prior (Listed alphabetically)

2012	2003
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Blue Cross/Blue Shield of South Carolina
Greenville County School District	Greenville County School District
Greenville Hospital System	Michelin North America Inc.
Michelin North America Inc.	Springs Industries, Inc.
Palmetto health Alliance, Inc.	U.S. Department of Defense
U.S. Department of Defense	University of South Carolina
U.S. Postal Office	UPS-SC District
University of South Carolina	Wal-Mart Stores Inc.
Wal-Mart Stores Inc.	Westinghouse Savannah River

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

Source: South Carolina Department of Department of Employment and Workforce