

A photograph of a modern university building with a large glass facade and brick accents. The building is illuminated from within, and a tall, slender light pole stands in the foreground. The sky is clear and blue.

SC State

U N I V E R S I T Y

Comprehensive Annual Financial Report

“A nonmajor discretely presented component unit of the State of South Carolina”

For The Year Ended June 30, 2018

South Carolina State University

Comprehensive Annual Financial Report
A Nonmajor Discretely Presented Component Unit
of the State of South Carolina
For the Year Ended June 30, 2018

South Carolina State University

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Introductory Section (unaudited)



South Carolina State University

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OFFICE OF THE PRESIDENT

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October 31, 2018

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

South Carolina State University's 2017-2018 financial statements are enclosed. The attached report reflects an overall improvement over last year. Over the past year, we continued to make some improvements, however, there is certainly more work to be done as we head in the right direction. Realizing that the University's financial health is critical to the viability of the operational and programmatic aspects of the institution, several improvements were made within finance and budgeting which helped to return the institution to a more stable financial position.

A critical component to the success of the University is enrollment. As previously reported, there was an increase in enrollment in Fall 2016 for the first time in eight years. For the second consecutive year, enrollment increased; the Fall 2017 enrollment was 2,942, a 1.3% overall increase over the previous year which was made possible by a 22% increase in first-time new students.

SC State alumni support continues to improve. The transformation of the institution has increased the confidence level of alumni as they were able to witness positive strides that have been made. The number of gifts to SC State increased over 22% over last year and the average gift is up nearly 30%. Over the annual Alumni Weekend in May 2018, alumni donations totaled over a half million dollars.

A major upgrade to the University's infrastructure, the steam decentralization project across campus, was also completed two years ahead of schedule and \$2M under planned expense. The completion of the project will result in annual savings of over \$500,000; and was very timely as the central boiler plant, for the entire campus, gave its final hour of service before complete failure.

During the year, SC State continued to strengthen partnerships with other higher education institutions, including Piedmont Technical College (PTC) and Clemson University. These are additions to partnerships forged within the previous year. The articulation with "PTC Pathways" includes seventeen degree programs. The agreement allows PTC students access to programs and services at SC State while still at PTC. Upon completion of their PTC AA degree, those students transfer into the University's bachelor's degree program as juniors. The "3+2 Physics Program" with Clemson University allows students to receive the Bachelor of Science in Physics from SC State and the Master of Science in Physics from Clemson in five years.

In partnership with MUSC and The Regional Medical Center, SC State is part of a 5-year, \$12.6M research grant from the National Institutes of Health. The University received \$6.2M as its share of the grant, to establish a center for cancer disparities research.

During the 2017 – 2018 year, some progress was made, however we continue to work through our challenges. Although improvements have been made, the University is still under financial exigency and continues to operate vigilantly to work toward fiscal soundness. In some areas, the University remained on level ground; in others, expectations were met or exceeded. SC State continues to reaffirm its commitment to accountability as an institution.

Sincerely,

A handwritten signature in cursive script that reads "James E. Clark".

James E. Clark
President

South Carolina State University

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October 31, 2018

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, 2018.

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 3,000 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 48 undergraduate degree programs through three academic colleges and one school 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 2019 are projected to be slightly higher based on SC State's increase in health insurance allocation, anticipated funds for deferred and required maintenance, and additional state funding for technology and staff deficiencies.

In regards to tuition revenue, SC State's resident mandatory 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. Tuition and fees were increased by 3% for undergraduates and 5% for graduates for fiscal year 2018 and the University continued with a zero-budget process for fiscal year 2019 in order to maintain a balanced budget and maintain program quality.

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 home 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.

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 (both General Fund and Earmarked), athletic operations, and the operations of auxiliary enterprises. The budget preparation is based on programmatic planning by the university through department heads, academic offices, the president's cabinet, representative from critical areas identified by 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 President, the Board of Trustee's Finance Committee, and the full 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 and the associated interest rates to remain apprised of the effects of long-term debt on the University's credit rating, and to identify opportunities to reduce the annual debt service payout. 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.

SC State 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, SC State is a part of the 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.

SC State uses a decentralized methodology for budgeting. The process is managed by the Division of Finance & Management Office and begins by soliciting from all vice presidents a zero based budget that includes all budget requests. The Division of Finance & Management and the President of the University reviews all inputs and prioritizes them based on the needs of the university. The Division of Finance & Management also factors in the strategic budgeting priorities based on the availability of resources, to present to the President, and in turn, to the Board of Trustees for approval.

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 2020.

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, 2018, 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.

In addition to an independent audit, SC State is audited on a periodic basis by the SC Department of Administration 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,



Teare Brewington
Vice President of Finance & Management



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Independent Auditor's Report

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"), a non-major discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Carolina State University Foundation, Inc. (the "Foundation"), which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net assets, and revenues of the University's aggregate discretely presented component unit. 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 from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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



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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the University, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2018, the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the University's proportionate share of the net pension liability, the schedule of the University's contributions related to the pension liability, the schedule of the University's proportionate share of the net OPEB liability, and the schedule of the University's contributions related to the OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 an opinion on the financial statements that collectively comprise the University's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical section have 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 them.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 14, 2018 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

December 14, 2018

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, 2018. 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, 2018. Please read this section in conjunction with the accompanying financial statements and the 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"). The Foundation's (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 nonoperating.

Statement of Net Position

The statement of net position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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), deferred outflows of resources, liabilities (current and non-current), deferred inflows of resources, 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 payable 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 payable, net of the current portion, and accrued compensation, net of the current portion.

South Carolina State University

Management's Discussion and Analysis (unaudited)

Noncurrent liabilities will not be settled within one year. Deferred outflows of resources represents the consumption of net position that is applicable to a future reporting period. Deferred inflows of resources represents the acquisition of net position that is applicable to a future reporting period. Net position is divided into three major categories. The first 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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position between June 30, 2018 and 2017:

Condensed Statement of Net Position					
<i>June 30,</i>	2018	2017	Increase (Decrease)	Percent Change	
Assets					
Current assets	\$ 34,253,959	\$ 30,545,457	\$ 3,708,502	12.1%	
Noncurrent assets	16,099,821	13,628,185	2,471,636	18.1%	
Capital assets, net	109,202,199	112,304,994	(3,102,795)	-2.8%	
Total Assets	\$ 159,555,979	\$ 156,478,636	\$ 3,077,343	2.0%	
Deferred Outflows of Resources	\$ 12,717,805	\$ 13,085,933	\$ 368,128	2.8%	
Liabilities					
Current liabilities	\$ 13,590,405	\$ 11,555,539	\$ 2,034,866	17.6%	
Noncurrent liabilities	154,304,228	120,983,899	33,320,329	27.5%	
Total Liabilities	\$ 167,894,633	\$ 132,539,438	\$ 35,355,195	26.7%	
Deferred Inflows of Resources	\$ 16,573,822	\$ 13,085,933	\$ 3,487,889	26.7%	
Net Position					
Net Investment in capital assets	\$ 53,377,970	\$ 55,165,885	\$ (1,787,915)	-3.2%	
Restricted - Nonexpendable	905,720	886,082	19,638	2.2%	
Restricted - Expendable	24,551,569	19,980,760	4,570,809	22.9%	
Unrestricted	(91,029,930)	(52,093,527)	(38,936,403)	-74.7%	
Total Net Position	\$ (12,194,671)	\$ 23,939,200	\$ (36,133,871)	-150.9%	

South Carolina State University

Management's Discussion and Analysis (unaudited)

The vast majority of current assets (96.5%) 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, unearned revenues and the current portion of notes and bonds payable (90.1%).

The 12.1% increase in current assets is attributable to a \$4.2 million increase in cash and cash equivalents as a result of controlled cash management in order to realize an improvement in the current ratio at the end of the year. Current liabilities increased by approximately \$2.0 million (17.6%) from the prior year. The increase is largely a result of an increase in accounts payable and accrued expenses of \$1.6 million (54.6%) as a result of timely expenses incurred within 30 days (or less) of year end.

The University began complying with GASB 68 effective fiscal year ended June 30, 2015. The primary objective of the GASB 68 Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about the financial support for pensions that is provided by other entities. GASB 68 compliance requires the University to record deferred outflows, deferred inflows, net pension liability, and expenses (GASB adjust to retirement expense) that distorts the University's try activity and financial position.

Effective fiscal year ended June 30, 2018, the University began complying with GASB 75. GASB 75 statement addresses accounting and financial reporting for Postemployment Benefits Other Than Pension ("OPEB"). It also improves information provided by state and local governmental employers about the financial support for pensions that is provided by other entities. GASB 75 compliance requires the University to record deferred outflows, deferred inflows, net pension liability, and expenses (GASB adjust to retirement expense) that distorts the University's try activity and financial position.

South Carolina State University

Management's Discussion and Analysis (unaudited)

In the MD&A, the impact of both GASB 68 and GASB 75 is eliminated to provide a more useful reporting of operations and net position. Depreciation and change in compensated absences are also removed, as those are non-budgeted, non-cash expenses.

GASB 68 & GASB 75 Impact on Net Position

<i>June 30,</i>	2018	2017	Increase (Decrease)	Percent Change
Total Net Position	\$(12,194,671)	\$ 23,939,200	\$ (36,133,871)	-150.9%
Deferred Outflows of Resources (GASB 68)	(11,098,395)	(13,085,933)	1,987,538	15.2%
Deferred Outflows of Resources (GASB 75)	(1,619,410)	-	(1,619,410)	100.0%
Deferred Inflows of Resources (GASB 68)	12,703,570	13,085,933	(382,363)	-2.9%
Deferred Inflows of Resources (GASB 75)	3,870,252	-	3,870,252	100.0%
Net Pension Liability (GASB 68)	52,400,687	53,433,462	(1,032,775)	-1.9%
Net OPEB Liability (GASB 75)	40,935,163	-	40,935,163	100.0%
Total Impact of GASB 68 & 75	97,191,867	53,433,462	43,758,405	81.9%
Net Position Net of GASB 68 & 75 Impact	84,997,196	77,372,662	7,624,534	9.9%
Less net investment in capital assets	(53,377,970)	(55,165,885)	1,787,915	-3.2%
Less restricted net position	(25,457,289)	(20,866,842)	(4,590,447)	22.0%
Unrestricted Net Position	\$ 6,161,937	\$ 1,339,935	\$ 4,822,002	359.9%

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.

South Carolina State University

Management's Discussion and Analysis (unaudited)

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.

Condensed Statement of Revenues, Expenses and Change in Net Position

June 30,	2018	2017	Increase (Decrease)	Percent Change
Operating Activity				
Operating revenues	\$ 57,000,365	\$ 59,526,531	\$ (2,526,166)	-4.4%
Operating expenses	87,252,237	71,002,267	16,249,970	18.6%
Net Operating Revenue (Loss)	(30,251,872)	(11,475,736)	(18,776,136)	62.1%
Nonoperating revenue	33,780,046	40,663,128	(6,883,082)	-20.4%
Change in Net Position	3,528,174	29,187,392	(25,659,218)	-727.3%
Net Position, beginning of year	23,939,200	(5,248,192)	29,187,392	121.9%
Cumulative effect of change of accounting principle	(39,662,045)	-	(39,662,045)	100.0%
Net Position, end of year	\$ (12,194,671)	\$ 23,939,200	\$ (36,133,871)	296.3%

GASB 68 & GASB 75 and other non cash items impact on the Change of Net Position Impact on Net Position

	06/30/18	06/30/17	Increase (Decrease)	Percent Change
Change in Net Position	\$ 3,528,174	\$ 29,187,392	\$ (25,659,218)	-87.9%
GASB 68 Impact	2,363,505	3,863,444	(1,499,939)	-38.8%
GASB 75 Impact	2,525,287	-	2,525,287	100.0%
Depreciation	4,749,890	4,690,808	59,082	1.3%
Change in compensated absences	284,328	(474,287)	758,615	-159.9%
Change in Net Position after GASB 68 & 75 and other non cash items	\$13,451,184	\$ 37,267,357	\$ (23,816,173)	-63.9%

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. The University's enrollment increased by 37 students (1.3%); however, tuition and fees net of scholarship allowance decreased by 0.3% as a result of increased allowance for doubtful accounts netted against the 3% tuition increase. In addition, sales and services net of allowance decreased by 13.8% largely due to a decrease in athletic related revenue. Overall operating revenues decreased by \$2.5 million or 4.4% and nonoperating revenues (expenses) decreased by approximately \$6.9 million or 20.4% largely as a result of decreased state appropriations which included \$2 million in non-cash appropriations related to loan forgiveness on the recovery loan obtained during the year ended June 30, 2018.

Overall operating expenses increased by approximately \$16.2 million or 18.6%, resulting from increases of \$10.9 million in salaries and benefits as a result of the elimination of mandatory furlough. Scholarships decreased by approximately \$667,000 or 6.6% as a result of a strict adherence to policy that institutional scholarships were nonrefundable which reduced the scholarship award once the students financial obligations were met.

The University's change in net position was \$3.5 million. This change was the net result of the decrease in operating revenues as well as operating expenditures and an increase in net nonoperating revenues 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.

South Carolina State University

Management's Discussion and Analysis (unaudited)

A synopsis of the statement of cash flows follows:

Condensed Statement of Cash Flows				
Year Ended June 30,	2018	2017	Increase (Decrease)	Percent Change
Cash used by operating activities	\$ (18,711,478)	\$ (20,242,459)	\$ 1,530,981	-7.56%
Cash provided by noncapital financing activities	31,699,167	37,023,742	(5,324,575)	-14.38%
Cash used by capital debt and related financing activities	(6,571,039)	(5,468,128)	(1,102,911)	20.17%
Cash provided by investing activities	162,178	144,230	17,948	12.44%
Net Change in Cash and Cash Equivalents	\$ 6,578,828	\$ 11,457,385	\$ (4,878,557)	-42.58%
Cash and Cash Equivalents, beginning of year	\$ 32,297,931	\$ 20,840,546	\$ 11,457,557	54.98%
Cash and Cash Equivalents, end of year	\$ 38,876,759	\$ 32,297,931	\$ 6,578,828	20.37%

Cash and cash equivalents increased by \$6.6 million or 20.4% from the prior year. This is due in large part to the receipt of restricted cash related to state appropriations for the 1890 Research program.

Capital Asset and Debt Administration

The University's statement of net position reflects total capital assets, net of accumulated depreciation, as of June 30, 2018 of \$109.2 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 \$62.9 million in notes and bonds payable. The University's bonded indebtedness consisted of: State institution bonds of \$17.7 million, student residential life building revenue notes of \$34.5 million, State Treasurer's Office Master Loan Program of \$1.1 million, State Budget Control Board Recovery loan of \$5.1 million, State of SC Blue Ribbon Committee loan of \$2 million and unamortized bond premiums of \$2.5 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 7, 8, and 9 in the notes to the financial statements.

Capital assets, with an individual cost in excess of \$5,000 per item, increased during the fiscal year by \$3.1 million. See Note 5 for further detail of the capital assets.

Economic Outlook

South Carolina State University experienced a decrease in state appropriations (general, special and capital fund for deferred maintenance) of \$3.5 million (or 14.3%) after experiencing multiple years of increases in appropriation amounts. 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.

South Carolina State University

Management's Discussion and Analysis (unaudited)

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 Vice President for Finance and Management, Teare Brewington; 300 College Street, N.E. PO Box 7007; Orangeburg, South Carolina 29117-0001.

Financial Statements

South Carolina State University

Statement of Net Position

<i>June 30,</i>	2018
Assets	
Current Assets	
Cash and cash equivalents	\$ 13,766,536
Restricted cash and cash equivalents	12,239,080
Student accounts receivable (net of allowance for doubtful accounts of \$4,547,919)	4,289,692
Grants and contracts receivable	2,748,823
Other receivables	1,042,190
Prepaid expenses and other assets	167,638
Total Current Assets	34,253,959
Noncurrent Assets	
Restricted cash and cash equivalents	12,871,143
Student loans receivable (net of allowance for doubtful accounts of \$1,684,578)	3,111,367
Investments	117,311
Capital assets (net of accumulated depreciation of \$89,385,928)	109,202,199
Total Noncurrent Assets	125,302,020
Total Assets	159,555,979
Deferred Outflows of Resources	
Amounts related to net pension liability	11,098,395
Amounts related to other postemployment benefits	1,619,410
Total Deferred Outflows of Resources	\$ 12,717,805

South Carolina State University

Statement of Net Position (continued)

June 30,

2018

Liabilities

Current Liabilities

Accounts payable and accrued expenses	\$	4,541,680
Accrued payroll and related liabilities		1,437,628
Unearned revenues		1,241,514
Funds held for others		585,059
Accrued interest payable		425,653
Compensated absences payable, current portion		760,522
Notes and bonds payable, current portion		4,598,349

Total Current Liabilities		13,590,405
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Noncurrent Liabilities

Compensated absences payable, long-term portion	1,820,687
Notes and bonds payable, long-term portion	58,296,735
Net pension liability	52,400,687
Net other postemployment benefits	40,935,163
Federal loan fund contributions	850,956

Total Noncurrent Liabilities		154,304,228
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Total Liabilities		167,894,633
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Deferred Inflows of Resources

Amounts related to net pension liability	12,703,570
Amounts related to other postemployment benefits	3,870,252

Total Deferred Inflows of Resources		16,573,822
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Net Position

Net investment in capital assets	53,377,970
Restricted for:	
Nonexpendable:	
Endowed professorships and scholarships	905,720
Expendable:	
Student loans	3,761,492
Debt service	6,989,754
Capital project	392,908
Research and other specific programs	13,407,415
Unrestricted	(91,029,930)

Total Net Position	\$	(12,194,671)
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See accompanying notes to financial statements.

South Carolina State University

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30,

2018

Revenues

Operating Revenues

Student tuition and fees (net of scholarship allowances of \$7,353,622)	\$	23,234,604
Student tuition and fees pledged for debt service		2,515,624
Federal grants and contracts		13,820,758
State grants and contracts		3,894,374
Nongovernmental grants and contracts		20,048
Sales and services of educational and other activities		1,958,606
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,736,191)		5,438,844
Sales and services of auxiliary enterprises pledged for debt service		4,448,873
Other operating revenues		1,668,634

Total Operating Revenues		57,000,365
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Expenses

Operating Expenses

Salaries and wages	35,294,748
Employee benefits	12,996,772
Services and supplies	22,220,172
Utilities	2,587,102
Scholarships	9,403,553
Depreciation and amortization	4,749,890

Total Operating Expenses	87,252,237
---------------------------------	-------------------

Net Operating Loss	(30,251,872)
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Nonoperating Revenues (Expenses)

State appropriations	21,150,755
Gain on forgiveness of state debt	2,000,000
Federal grants	9,758,739
Gifts	1,144,710
Interest and other investment income	161,923
Interest expense	(1,004,342)
Other nonoperating revenues	240,343

Net Nonoperating Revenues	33,452,128
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Net Income Before Other Revenues, Expenses, Gains or Losses	3,200,256
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Capital Grants and Gifts	327,918
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Change in Net Position	3,528,174
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Net Position

Net position, beginning of year (as previously reported)	23,939,200
Cumulative effect of change of accounting principle	(39,662,045)

Net Position, beginning of year (as restated)	(15,722,845)
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Net Position, end of year	\$	(12,194,671)
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See accompanying notes to financial statements.

South Carolina State University

Statement of Cash Flows

Year Ended June 30,

2018

Operating Activities

Student tuition and fees	\$	25,158,222
Grants and contracts		18,168,632
Sales and services of educational and other activities		1,913,577
Sales and services of auxiliary enterprises		9,660,395
Receipts from other operating revenues		2,728,929
Payments to employees for salaries and benefits		(44,110,444)
Payments to suppliers for goods and service		(22,875,778)
Payments to students		(9,403,553)
Inflows from Federal direct loans		33,451,193
Outflows from Federal direct loans		(33,819,277)
Loans issued to students		(489,919)
Collection of loans issued to students		321,486
Receipts of funds held for others		3,556,105
Payments of funds held for others		(2,971,046)

Net Cash Used in Operating Activities **(18,711,478)**

Noncapital Financing Activities

State appropriations		21,150,755
Federal grants and contracts		9,758,739
Gifts		1,144,710
Principal paid on noncapital debt		(291,884)
Interest paid on noncapital related debt		(63,153)

Net Cash Provided by Noncapital Financing Activities **31,699,167**

Capital Debt and Related Financing Activities

Proceeds from federal capital grant		327,918
Purchases of capital assets		(1,647,093)
Proceeds from capital related debt		240,343
Principal paid on capital debt		(3,854,638)
Interest paid on capital related debt		(1,637,569)

Net Cash Used in Capital Debt and Related Financing Activities **(6,571,039)**

Investing Activities

Interest on deposits and investments		161,923
Sale of investments		255

Net Cash Provided by Investing Activities **162,178**

Net Change in Cash and Cash Equivalents **6,578,828**

Cash and Cash Equivalents, beginning of year 32,297,931

Cash and Cash Equivalents, end of year **\$ 38,876,759**

South Carolina State University

Statement of Cash Flows (continued)

Year Ended June 30,

2018

Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities

Net operating loss	\$ (30,251,872)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Depreciation expense	4,749,890
Changes in operating assets and liabilities:	
Student accounts receivable, net	(937,715)
Grants and contracts receivables	726,766
Other receivables	692,211
Prepaid expenses and other assets	174
Student loans receivable, net	(83,001)
Deferred outflows of resources	368,128
Accounts payable and accrued expenses	1,603,404
Accrued payroll and related liabilities	(199,612)
Unearned revenues	107,962
Funds held for others	585,059
Compensated absences payable	284,328
Net pension liability	(1,032,775)
Net other postemployment benefits	1,273,118
Deferred inflows of resources	3,487,889
Federal loan fund contributions	(85,432)

Net Cash Used in Operating Activities	\$ (18,711,478)
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Noncash Transactions:

Gain on forgiveness of state debt	\$ 2,000,000
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Total Noncash Transactions	\$ 2,000,000
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Reconciliation of Cash and Cash Equivalent Balances

Current Assets	
Cash and cash equivalents	\$ 13,766,536
Restricted cash and cash equivalents	12,239,080
Noncurrent Assets	
Restricted cash and equivalents	12,871,143

Total Cash and Cash Equivalents	\$ 38,876,759
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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>		2017
Assets		
Cash and cash equivalents	\$	551,803
Promises to give, net		938,868
Investments		7,608,812
Art collections		539,409
Vehicle, net		73,920
Land		23,700
Total Assets	\$	9,736,512
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$	45,503
Due to South Carolina State University		41,725
Accrued expenses		8,177
Total Liabilities	\$	95,405
Net (Deficit) Assets		
Unrestricted	\$	(553,227)
Temporarily restricted		5,244,149
Permanently restricted		4,950,185
Total Net Assets		9,641,107
Total Liabilities and Net Assets	\$	9,736,512

See accompanying notes to financial statements.

South Carolina State University Foundation, Inc.

Statement of Activities

<i>Year ended December 31,</i>	<i>2017</i>
<i>Change in unrestricted net assets</i>	
Revenues	
Contributions	\$ 107,876
Investment income	212,434
Administrative fee income	127,813
Other	24,440
Net assets released from restrictions	2,488,855
Total Unrestricted Revenues	2,961,418
Expenses	
Program	
Scholarships	902,361
Educational programs and development	1,342,332
Management and general	600,495
Fund-raising	99,951
Total Expenses	2,945,139
Change in Unrestricted Net Assets	16,279
<i>Change in temporarily restricted net assets</i>	
Revenues	
Contributions	2,219,209
Investment income	842,183
Net assets released from restrictions	(2,488,855)
Change in Temporarily Restricted Net Assets	572,537
<i>Change in permanently restricted net assets</i>	
Revenues	
Contributions	270,009
Change in Permanently Restricted Net Assets	270,009
Change in Net Assets	858,825
Net Assets, at beginning of year	8,782,282
Net Assets, end of year	\$ 9,641,107

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.

The University is a non-major discretely presented component unit 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.

South Carolina State University

Notes to Financial Statements

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board ("FASB") reporting requirements, including FASB Accounting Standards Codification Topics 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 their 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.

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.

South Carolina State University

Notes to Financial Statements

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.

Unearned Revenues

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

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 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.

South Carolina State University

Notes to Financial Statements

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.

Restatement

The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") during the year ended June 30, 2018. As a result of the implementation of GASB 75, net position as of June 30, 2017, as previously reported in the University's 2017 audited financial statements, was adjusted as follows:

June 30, 2017 net position, as previously reported	\$ 23,939,200
Cumulative effect of implementation of GASB 75 through June 30, 2017	(39,662,045)
June 30, 2017 net position, as restated	<u>\$ (15,722,845)</u>

Income Taxes

The University, as a political subdivision of the State of South Carolina, is generally excluded from federal and state income taxes under the applicable federal and state statutes and regulations on income. Certain transactions and activities of the University may be subject to taxation as unrelated business income.

The Foundation is a private not-for-profit foundation 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:

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.

South Carolina State University

Notes to Financial Statements

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 grantors.

Sales and Services of Educational and Other Activities

Revenues from sales and services of educational 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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenditures and affect disclosure of contingent amounts 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.

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.

South Carolina State University

Notes to Financial Statements

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, 2018	South Carolina State University Foundation, Inc. December 31, 2017
Current - cash and cash equivalents	\$ 13,766,536	\$ -
Current - restricted cash and cash equivalents		
Loan funds	1,148,588	-
Research and other specific programs	11,090,482	551,803
Total current restricted cash and cash equivalents	12,239,080	551,803
Noncurrent restricted cash and cash equivalents		
Debt service	5,661,510	-
Capital projects	6,253,779	-
Endowments	955,854	-
Total noncurrent restricted cash and cash equivalents	12,871,143	-
Noncurrent investments	117,311	7,608,812
Total	\$ 38,994,070	\$ 8,160,615
 <i>Deposits</i>		
Cash on hand	\$ 84	\$ -
Deposits held by financial institutions	3,573,164	8,160,615
Deposits held by State Treasurer	35,420,822	-
Total	\$ 38,994,070	\$ 8,160,615

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.

South Carolina State University

Notes to Financial Statements

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 entity's 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, 2018, the University's investments held by State Treasurer are as follows:

<i>Investment Type</i>	<i>Fair Value</i>	<i>Maturity</i>
Common stock	\$ 21,411	NA
Series 1984 Agricultural College stock	95,900	2035
Total	\$ 117,311	

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.

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.

South Carolina State University

Notes to Financial Statements

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, 2017, South Carolina State University Foundation, Inc.'s investments are as follows:

<i>Investments carried at fair value</i>		Fair Value
Mutual funds	\$	7,608,812
Total investments carried at fair value	\$	7,608,812

3. Student Accounts and Loans Receivable

Student accounts receivable as of June 30, 2018, are summarized as follows:

	Tuition and Fees	Auxiliary Services	Total
Student accounts receivable	\$ 6,451,456	\$ 2,386,155	\$ 8,837,611
Less allowance for doubtful accounts	(3,319,981)	(1,227,938)	(4,547,919)
Net student accounts receivable	\$ 3,131,475	\$ 1,158,217	\$ 4,289,692

South Carolina State University

Notes to Financial Statements

Student loans receivable consisted of the following:

<i>June 30,</i>	2018
Federal Perkins Loan Program	\$ 920,969
African American Loan Fund	1,316,277
Education Improvement Act	2,558,699
Gross student loans receivable	4,795,945
Less allowance for doubtful accounts	(1,684,578)
Net student loans receivable	\$ 3,111,367

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 consisted of the following:

<i>June 30,</i>	2018
Federal	\$ 2,600,380
State	56,096
Nongovernmental	92,347
Total grants and contracts receivable	\$ 2,748,823

South Carolina State University

Notes to Financial Statements

5. Capital Assets

Capital assets activity for the year ended June 30, 2018 is summarized as follows:

	Beginning Balance July 1, 2017	Increases	Decreases	Ending Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 2,576,140	\$ -	\$ -	\$ 2,576,140
Construction in-progress	626,146	327,918	-	954,064
Total capital assets not being depreciated	3,202,286	327,918	-	3,530,204
Depreciable capital assets:				
Land improvements	3,351,687	411,722	-	3,763,409
Buildings and improvements	172,770,360	635,544	-	173,405,904
Machinery, equipment, and other	16,374,479	220,227	-	16,594,706
Vehicles	1,288,447	51,682	(46,225)	1,293,904
Total capital assets being depreciated	193,784,973	1,319,175	(46,225)	195,057,923
Less accumulated depreciation for:				
Land improvements	(1,128,563)	(183,576)	-	(1,312,139)
Buildings	(68,258,265)	(3,761,220)	-	(72,019,485)
Machinery, equipment, and other	(14,067,106)	(784,194)	-	(14,851,300)
Vehicles	(1,228,329)	(20,900)	46,225	(1,203,004)
Total accumulated depreciation	(84,682,263)	(4,749,890)	46,225	(89,385,928)
Total capital assets being depreciated, net	109,102,710	(3,430,715)	-	105,671,995
Capital assets, net	\$ 112,304,996	\$ (3,102,797)	\$ -	\$ 109,202,199

South Carolina State University

Notes to Financial Statements

6. Unearned Revenues

Unearned revenues consisted of the following:

<i>June 30,</i>	2018
Academic and other fees - second summer session	\$ 588,074
Sponsored research and other programs	17,123
Athletic event receipts - fall semester	636,317
Total unearned revenues	\$ 1,241,514

7. Bonds and Notes Payable

Bonds and notes payable consisted of the following at June 30, 2018:

	Interest Rates	Maturity Dates	Balance
General Obligation Bonds, Series 2016A	4.000%	2016-2028	\$ 17,720,000
Plus unamortized bond premiums	n/a	n/a	2,520,099
Total Bonds Payable			20,240,099
Note Payable - Student Housing Part 2	1.633%	2013-2035	34,533,271
Note Payable - Master Lease Note 3	3.613%	2013-2019	27,408
Note Payable - Master Lease Note 4	5.079%	2013-2019	204,540
Note Payable - Master Lease Note 5	4.379%	2013-2020	818,912
Note Payable - Recovery Loan	1.610%	2015-2035	5,070,854
Note Payable - Blue Ribbon Loan	0.000%	n/a	2,000,000
Total Notes Payable			42,654,985
Total Bonds and Notes Payable			\$ 62,895,084
Current			\$ 4,598,349
Noncurrent			58,296,735
Total Bonds and Notes Payable			\$ 65,895,084

South Carolina State University

Notes to Financial Statements

General Obligation Bonds

The General Obligation Bonds, Series 2016A was issued as part of a statewide bond refinancing project initiated by the South Carolina State Treasurer's Office. The bonds mature serially each April beginning in 2017 with final maturity in 2028. 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 October 2016 at rate of 4.00%.

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 \$2,457,244 which results in a legal annual debt service at June 30, 2017 of \$2,211,520. The annual debt service payments for the fiscal year ended June 30, 2018 were \$2,185,600.

Scheduled maturities of General Obligation Bonds at June 30, 2018 are as follows:

<i>General Obligation Bonds Series 2006D and 2016A</i>	Principal	Interest	Total
2019	\$ 1,475,000	\$ 708,800	\$ 2,183,800
2020	1,535,000	649,800	2,184,800
2021	1,595,000	588,400	2,183,400
2022	1,660,000	524,600	2,184,600
2023-2027	9,355,000	1,572,200	10,927,200
2028	2,100,000	84,000	2,184,000
Total	\$ 17,720,000	\$ 4,127,800	\$ 21,847,800

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, which was refinanced in September 2016, is payable in semi-annual installments of approximately \$1,167,000 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 \$3,573,164 is included in noncurrent restricted cash and cash equivalents for debt service at June 30, 2018.

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. In November 2018, the University obtained a 60 day extension through December 31, 2018 for its financial reporting submission loan covenants that require the University to submit its audited 2018 financials statements within 120 days from June 30, 2018.

Scheduled maturities of notes payable - student housing part II at June 30, 2018 are as follows:

Notes Payable - Student Housing Part II

	Principal	Interest	Total
2019	\$ 1,778,021	\$ 556,932	\$ 2,334,953
2020	1,804,376	530,577	2,334,953
2021	1,838,312	496,641	2,334,953
2022	1,867,058	467,895	2,334,953
2023-2027	9,803,191	1,871,604	11,674,765
2028-2032	10,633,584	1,041,181	11,674,765
2033-2035	6,808,729	196,129	7,004,858
Total	\$ 34,533,271	\$ 5,160,959	\$ 39,694,230

Notes Payable - Master Lease

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, 2018 are as follows:

<i>Note Payable - Master Lease Note 3</i>	Principal	Interest	Total
2019	\$ 27,408	\$ 248	\$ 27,656
Totals	\$ 27,408	\$ 248	\$ 27,656

<i>Note Payable - Master Lease Note 4</i>	Principal	Interest	Total
2019	\$ 204,540	\$ 6,534	\$ 211,074
Totals	\$ 204,540	\$ 6,534	\$ 211,074

<i>Note Payable - Master Lease Note 5</i>	Principal	Interest	Total
2019	\$ 400,541	\$ 29,342	\$ 429,883
2020	418,371	11,512	429,883
Totals	\$ 818,912	\$ 40,854	\$ 859,766

Notes Payable SC Budget Control Board Operating Loan

The University obtained a loan from South Carolina Budget Control Board in the amount of \$6 million that was issued June 30, 2014. Required annual payments began in 2016 and the interest rate will adjust annually. During fiscal year 2018 the interest rate was 1.61%. The note matures in June 2035.

<i>Note Payable - SC BCB Operating Loan</i>	Principal	Interest	Total
2019	\$ 273,396	\$ 81,640	\$ 355,036
2020	277,797	77,239	355,036
2021	282,270	72,766	355,036
2022	286,814	68,222	355,036
2023-2027	1,504,843	270,339	1,775,182
2028-2032	1,629,947	145,235	1,775,182
2033-2035	815,787	22,800	838,587
Total	\$ 5,070,854	\$ 738,241	\$ 5,809,095

South Carolina State University

Notes to Financial Statements

Notes Payable SC Blue Ribbon Loan

In fiscal year 2015, the Blue Ribbon Committee, appointed by the South Carolina State Legislature, awarded the University a \$12 million loan to be provided to the University over three years in annual installments of \$6 million, \$4 million and \$2 million, in fiscal 2015, 2016 and 2017, respectively. The University received the initial installment of \$6 million during the fiscal year 2015. The University received an installment of \$3 million during fiscal year 2016 and the remaining \$3 million installment in fiscal year 2017.

The South Carolina State Legislature passed a Joint Resolution, 2016 Act 286 (S. 1166) that provided for forgiveness of the SC Blue Ribbon Loan over a period of three years effective fiscal year 2017. The loan is scheduled to be forgiven in increments of \$8 million in fiscal 2017, and \$2 million in fiscal years 2018 and 2019. During the years ended June 30, 2017, \$8 million of this debt was forgiven and recognized as a gain on the accompanying statement of revenue, expenses, and changes in net position. During the year ended June 30, 2018, \$2 million of this debt was forgiven and recognized as a gain on the accompanying statement of revenue, expenses, and changes in net position.

The University reported principal payments and interest expense related to the bonds and notes payable for the year ended June 30, 2018 as follows:

<i>Bond and Note</i>	Principal	Interest
General Obligation Bonds, Series 2016A	\$ 1,420,000	\$ 765,600
Note Payable - Student Housing Part 2	1,749,491	585,462
Note Payable - Master Lease Note 3	107,203	3,421
Note Payable - Master Lease Note 4	194,473	16,601
Note Payable - Master Lease Note 5	383,471	46,412
Note Payable - Recovery Loan	291,884	82,816
Total	\$ 4,146,522	\$ 1,500,312

8. Long-term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	July 1, 2017	Additions	Reductions	June 30, 2018	Due within one year
Compensated absences payable	\$ 2,296,881	\$ 591,833	\$ 307,505	\$ 2,581,209	\$ 760,522
General obligation bonds payable	19,140,000	-	1,420,000	17,720,000	1,475,000
Unamortized bond premiums	3,213,609	-	693,510	2,520,099	439,443
Notes payable	47,381,508	-	4,726,523	42,654,985	2,683,906
Total	\$ 72,031,998	\$ 591,833	\$ 7,147,538	\$ 65,476,293	\$ 5,358,871

Additional information regarding bonds payable is included in Note 7.

South Carolina State University

Notes to Financial Statements

9. 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 \$9,750 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 7, 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 7. As of June 30, 2018, total charges of \$136,774 have been made against the Escrow Account pursuant to the default of other borrowers in the HBCU Capital Finance Program

10. Pension Plan

The South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11 member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission ("RSIC") as co-trustees of the Retirement Trust Funds.

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

South Carolina State University

Notes to Financial Statements

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

Plan Description

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

The State Optional Retirement Program ("State ORP") is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by 1 of 4 investment providers.

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

Membership

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

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

State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by 1 of 4 investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

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Notes to Financial Statements

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

Benefits

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

SCRS - A Class II member who has separated from service with at least 5 or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class III member who has separated from service with at least 8 or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class II and Class III members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the 5 or 8 year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS - A Class II member who has separated from service with at least 5 or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class III member who has separated from service with at least 8 or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class II and Class III members are eligible to receive a deferred annuity at age 55 with 5 or 8 years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

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The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS and 5% for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than 0.5% in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a 30 year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30 year amortization period; and, this increase is not limited to 0.5% per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 90%, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 90%. Any decrease in contribution rates must maintain the 2.9% and 5% differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 90%, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90%.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56% for SCRS and 16.24% for PORS, effective July 1, 2017. It also removes the 2.9% and 5% differential and increases and establishes a ceiling on employee contribution rates at 9% and 9.75% for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1% through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56% for SCRS and 21.24% for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from 90 to 85.

Required employee contribution rates for fiscal year 2017-2018 are as follows:

SCRS

Employee Class II	9.00% of earnable compensation
Employee Class III	9.00% of earnable compensation

State ORP Employee	9.00% of earnable compensation
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PORS

Employee Class II	9.75% of earnable compensation
Employee Class III	9.75% of earnable compensation

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Notes to Financial Statements

Required employer contributions for fiscal year 2017-2018 are as follows:

SCRS

Employer Class II	13.41% of earnable compensation
Employer Class III	13.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

State ORP

Employer Contribution	13.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

PORS

Employer Class II	15.84% of earnable compensation
Employer Class III	15.84% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

Of the ORP contribution of 13.41% of earnable compensation, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

Contributions to the SCRS, ORP, and PORS pension plans from the University were \$4,040,983, \$794,087 and \$141,417, respectively, for the year ended June 30, 2018.

Net Pension Liability

At June 30, 2018, the University reported liabilities of \$51,248,126 and \$1,152,561 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2016 projected forward to June 30, 2017. The University's proportionate shares of the net pension liabilities were based on a projection of the University's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the University's proportionate shares of the SCRS and PORS plans were 0.227652% and 0.042070%.

Pension Expense

For the year ended June 30, 2018, the University recognized pension expense for the SCRS and PORS plans of \$435,499 and \$107,099 respectively.

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Notes to Financial Statements

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each of the respective plans:

	SCRS and ORP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,362,935	\$ -
Net difference between projected and actual earnings on pension plan investments	-	12,505,906
University contributions subsequent to the measurement date	3,311,116	-
Total	\$ 10,674,051	\$ 12,505,906

	PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 321,306	\$ -
Net difference between projected and actual earnings on pension plan investments	-	197,664
University contributions subsequent to the measurement date	103,038	-
Total	\$ 424,344	\$ 197,664

The \$3,311,116 and \$103,038 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2018 will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2019.

As of June 30, 2018, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

<i>Year Ending June 30,</i>	SCRS	PORS
2019	\$ (3,357,521)	\$ 11,957
2020	(1,607,754)	38,940
2021	(177,695)	72,746
Total	\$ (5,142,970)	\$ 123,643

South Carolina State University

Notes to Financial Statements

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each 5 year period. The last experience study was performed in 2015.

The June 30, 2017, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used in the June 30, 2017 valuations for the SCRS and PORS plans administered by PEBA:

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases (varies by service)	3.0% to 12.5%	3.5% to 9.5%
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (“2016 PRSC”), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from year 2016.

Former Job Class	Males	Females
Educators and Judges	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

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Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity:	45.0%		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets:	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic:	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit:	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income:	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

South Carolina State University

Notes to Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following table presents the University's proportionate share of the net pension liabilities of the respective plans calculated using the discount rate of 7.25%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 % lower (6.25%) or 1.00 % higher (8.25%) than the current rate.

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

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 66,051,795	\$ 51,248,126	\$ 42,265,778
PORS	\$ 1,556,176	\$ 1,152,561	\$ 834,638

Pension Plan Fiduciary Net Position

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, ("GASB 67") less that System's fiduciary net position. As of June 30, 2017, net pension liability amounts for SCRS and PORS are as follows (amounts expressed in thousands):

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Position Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$48,244,437,494	\$25,732,829,268	\$ 22,511,608,226	53.3%
PORS	\$ 7,013,684,001	\$ 4,274,123,178	\$ 2,739,560,823	60.9%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the System's actuary for the purpose of satisfying the requirements of GASB 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

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Notes to Financial Statements

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued audited financial statements for the fiscal year ended June 30, 2017 containing financial statements and required supplementary information for SCRS and PORS which can be accessed via the South Carolina PEBA Retirement Benefits' website.

11. Post-employment Benefits Other Than Pensions

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

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July first of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits ("OPEB").

Plan Descriptions

The Other Post-Employment Benefits Trust Funds ("OPEB Trusts"), collectively refers to the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF"), were established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

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

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. 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.

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Benefits

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

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2017 was 5.33 percent. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs.

Basic Long Term Disability ("BLTD") benefits are funded through a person's premium charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2017. The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

In accordance with part (b) of paragraph 69 of GASB 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

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Notes to Financial Statements

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

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

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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Notes to Financial Statements

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of Plan investment expense; including inflation
Single Discount Rate:	3.87% as of June 30, 2017
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Notes:	There were no benefit changes during the year. The discount rate changed from 3.74% as of June 30, 2016 to 3.87% as of June 30, 2017

South Carolina State University

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Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2016. Update procedures were used to roll forward the total OPEB liability to June 30, 2017.

Net OPEB Liability

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

The following table represents the components of the net OPEB liability as of June 30, 2017:

System	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a % of Total OPEB Liability
SCRHITF	\$14,659,610,970	\$ 1,114,774,760	\$ 13,544,836,210	7.60%
SCLTDITF	\$ 38,510,568	\$ 36,697,589	\$ 1,812,979	95.29%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

Single Discount Rate

The Single Discount Rate of 3.56% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.87% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.56%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

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Long-term Expected Rate of Return

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
US Domestic Fixed Income	80.0%	2.09%	1.67%
Cash	20.0%	0.84%	0.17%
Total Expected Real Return	100.0%		1.84%
Inflation for Actuarial Purposes			2.25%
Total Return			4.09%
Investment Return Assumption			4.00%

Sensitivity Analysis

The following table presents the University's proportionate share of the SCRHITF and the SCLTDITF net OPEB liability calculated using a Single Discount Rate of 3.56% and 3.87% respectively, as well as what the University's net OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower (2.56% and 2.87%) or 1% higher (4.56% and 4.87%):

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

Plan	1.00% Decrease (2.56%)	Current Discount Rate (3.56%)	1.00% Increase (4.56%)
SCRHITF	\$ 48,204,836	\$ 40,930,734	\$ 35,066,028

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

Plan	1.00% Decrease (2.87%)	Current Discount Rate (3.87%)	1.00% Increase (4.87%)
SCLTDITF	\$ 7,879	\$ 4,429	\$ 1,042

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Regarding the sensitivity of the University's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the University's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is 1% lower or 1% higher:

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

Plan	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
SCRHITF	\$ 33,564,898	\$ 40,930,734	\$ 50,467,721

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each of the respective plans:

	SCRHITF	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 17,764
Changes of assumptions or other inputs	-	3,851,392
Changes in proportion and differences between university contributions and proportionate share of contributions	-	584
Net difference between projected and actual earnings on OPEB plan investments	70,331	-
University contributions subsequent to the measurement date	1,527,670	-
Total	\$ 1,598,001	\$ 3,869,740

	SCLTDITF	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-
Changes of assumptions or other inputs	-	402
Changes in proportion and differences between university contributions and proportionate share of contributions	-	110
Net difference between projected and actual earnings on OPEB plan investments	2,134	-
University contributions subsequent to the measurement date	19,275	-
Total	\$ 21,409	\$ 512

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The net amount of deferred outflows of resources and deferred inflows of resources related to retiree health benefits will be recognized in retiree health benefit expense as follows for the SCRHITF and SCLTDITF plans, respectively:

Year ended June 30:	SCRHITF	SCLTDITF
2018	\$ (601,879)	\$ 489
2019	(601,879)	489
2020	(601,879)	489
2021	(601,879)	489
2022	(619,461)	(45)
Thereafter	(771,849)	(178)
	<hr/>	<hr/>
	\$ (3,798,826)	\$ 1,733

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer Allocation of the Net OPEB Liability, Contributions from Non-employer Contributing Entities, and Implicit Subsidy and the Schedules of Employer Allocation of the OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (the Schedules) were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2017, and the accounting and financial reporting actuarial valuation as of June 30, 2017. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trust Funds audited financial statements. Employers are encouraged to review Illustration II in Appendix C of GASB Statement No. 75, which provides a sample footnote disclosure and required supplementary information for a cost-sharing multiple-employer defined benefit plan.

12. 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 SCSU Foundation and South Carolina State University Real Estate Foundation ("Real Estate Foundation").

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 SCSU Foundation as a component unit and has discretely presented the SCSU Foundation herein. The University excluded the Real Estate Foundation from the reporting entity because it is not financially accountable for this entity.

In fiscal year 2018, the SCSU Foundation contributed \$126,500 to the University for scholarships and other supporting activities of the University. The University also received \$102,589 as reimbursement for salaries and office space. Included in other receivables in the statement of net position is an amount due from the SCSU Foundation totaling \$54,960 as of June 30, 2018.

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The Real Estate Foundation, through its wholly owned South Carolina State University Housing, LLC, operates a student housing facility to be used exclusively for 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 management agreement with the University was amended in July 2015 to waive the management fee of 2% in order ensure the renewal of the line of credit for the Real Estate Foundation. In fiscal year 2018, the University paid the Real Estate Foundation \$1,723,247 for dormitory fees collected from students. The University charged and billed the Real Estate Foundation a total of \$61,817 in fiscal year 2018 for reimbursement for telephone, copying equipment, salaries and benefits costs.

At June 30, 2018, amounts due from the Real Estate Foundation are as follows:

Due from the Real Estate Foundation	\$	623,008
Due to the Real Estate Foundation	\$	121,237

13. State Appropriations and Contracts

The following are the appropriations as enacted by the General Assembly and reported in the accompanying financial statements for the year ended June 30, 2018:

	Educational and General	Public Service	Total
Noncapital Appropriations:			
Original appropriations per Annual Appropriations Act	\$ 13,970,128	\$ 4,295,605	\$ 18,265,733
Appropriation allocation from SC Education Lottery Fund	2,500,000	-	2,500,000
One time allocation	146,817	-	146,817
For technology funds	238,205	-	588,205
Total state noncapital appropriations recorded as current year revenue	\$ 16,855,150	\$ 4,295,605	\$ 21,150,755

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State Grants and Contracts	Total
Received from SC Commission on Higher Education:	
HOPE Scholarships	\$ 246,400
Life Scholarships	1,045,930
Palmetto Scholarships	26,139
Need Based Grants	874,504
Education Improvement Act Loan	339,482
African American Teacher Loans	87,924
College of Business	279,504
SC National Guard CAP Scholarship	76,125
Higher Education Excellence Enhancement Program	674,719
Received from other agencies	243,647
Total state grants and contracts	\$ 3,894,374

14. Operating Expenses by Function

Operating expenses by functional classification for the year ended June 30, 2018 are summarized as follows:

	Compensation and Employee Benefits	Service and Supplies	Utilities	Scholarships	Depreciation and Amortization	Grand Total
Instruction	\$ 17,231,400	\$ 747,626	\$ 4,469	\$ 280,807	\$ -	\$ 18,264,302
Research	4,950,634	1,617,154	(42)	178,391	-	6,746,137
Public service	2,649,766	640,106	24,104	6,000	-	3,319,976
Academic support	2,374,441	920,995	-	147,271	-	3,442,707
Student services	7,372,586	1,886,617	137,324	3,077,200	-	12,473,727
Institutional support	12,988,792	7,138,142	66	34,203	-	20,161,203
Operations and maintenance	-	3,167,346	1,541,902	-	-	4,709,248
Scholarships	-	-	-	5,679,681	-	5,679,681
Auxiliaries	723,901	6,102,186	879,279	-	-	7,705,366
Depreciation and amortization	-	-	-	-	4,749,890	4,749,890
Total Operating Expenses	\$ 48,291,520	\$ 22,220,172	\$ 2,587,102	\$ 9,403,553	\$ 4,749,890	\$ 87,252,237

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Notes to Financial Statements

15. 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>	2018	2017	(Decrease) Increase
Charges for services	\$ 37,596,551	\$ 41,054,775	\$ (3,458,224)
Operating grants, contributions and investment income	30,709,529	28,892,034	1,817,495
Capital grants and contributions	327,918	149,818	178,100
Less expenses	(88,256,579)	(73,594,361)	(14,662,218)
Net program expenses	(19,622,581)	(3,497,734)	(16,124,847)
Transfers:			
State appropriations	21,150,755	24,685,126	(3,534,371)
Gain on extinguishment of state debt	2,000,000	8,000,000	(6,000,000)
Total transfers	23,150,755	32,685,126	(9,534,371)
Change in net position	3,528,174	29,187,392	(25,659,218)
Net position, beginning of year	23,939,200	(5,248,192)	29,187,392
Cumulative effect of change of accounting principle	(39,662,045)	-	(39,662,045)
Net position, end of year	\$(12,194,671)	\$ 23,939,200	\$(36,133,871)

16. 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 benefits; 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.

17. Subsequent Events

The University has evaluated subsequent events from June 30, 2018 (date of the most recent statement of net position presented) through December 14, 2018 (the date of the audit report and the date the financial statements were available to be issued).

Statistical Section (unaudited)

South Carolina State University

Statistical Section (unaudited)

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 (unaudited)

Schedule of Revenues by Source

<i>Year Ended June 30,</i>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	(amounts expressed in thousands)									
Revenues										
Operating Revenues:										
Student Tuition and Fees										
(net of scholarship allowance)										
	\$ 25,750	\$ 25,823	\$ 25,219	\$ 28,836	\$ 30,099	\$ 32,345	\$ 38,751	\$ 35,822	\$ 34,568	\$ 34,502
Federal Grants and										
Contracts	13,821	14,406	13,362	13,995	15,623	20,324	24,304	26,997	20,945	31,702
State Grants and										
Contracts	3,894	3,713	3,840	4,636	4,852	5,173	5,259	6,484	6,497	7,993
Non-Government										
Grants and Contracts	20	353	298	215	134	136	238	275	223	230
Sales and Services of										
Educational and										
Other Activities	1,959	3,521	2,478	2,799	3,262	4,100	3,753	2,967	3,157	2,547
Sales and Services of										
Auxiliary Enterprises										
(net of scholarship allowance)										
	9,888	10,223	9,196	11,028	9,879	11,433	14,172	13,594	12,075	12,066
Other Operating Revenue	1,668	1,487	754	949	977	1,427	2,072	2,624	1,500	1,109
Total Operating Revenue	57,000	59,526	55,147	62,458	64,826	74,938	88,549	88,763	78,965	90,149
Non-Operating Revenues:										
State Appropriations	21,151	24,685	24,806	19,895	18,921	19,145	17,083	16,922	21,950	24,975
Gain on Extinguishment										
of State Debt	2,000	8,000	-	-	-	-	-	-	-	-
Federal Grants	9,759	9,876	9,764	11,082	11,107	10,793	12,943	18,212	17,750	807
Interest Income	162	149	269	220	230	162	156	183	1,500	2,552
Other Non-Operating										
Revenue	1,712	395	941	1,255	99	196	2,960	4,617	7,449	8,406
Total Non-Operating Revenue	34,784	43,105	35,780	32,452	30,357	30,296	33,142	39,934	48,649	36,740
Total Revenues	\$ 91,784	\$ 102,631	\$ 90,927	\$ 94,910	\$ 95,183	\$ 105,234	\$ 121,691	\$ 128,697	\$ 127,614	\$ 126,889

South Carolina State University

Statistical Section (unaudited)

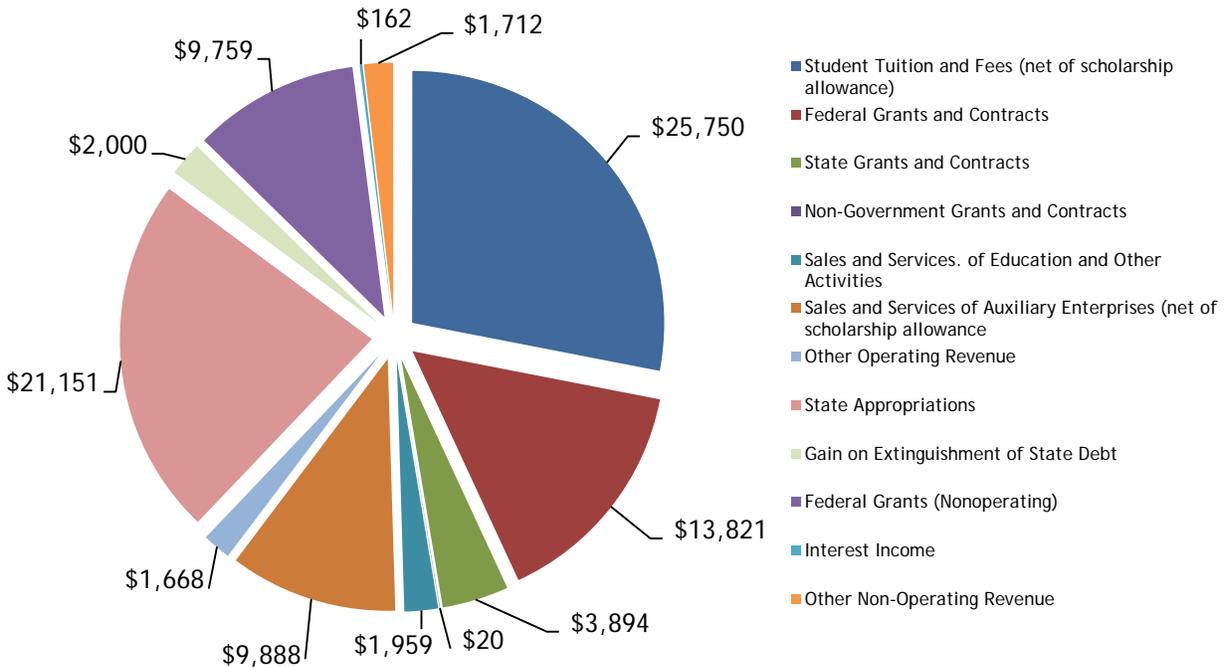
Schedule of Revenues by Source (continued)

<i>Year Ended June 30,</i>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	(percent of total revenue)									
Revenues										
Operating Revenues:										
Student Tuition and Fees										
(net of scholarship allowance)	28.05%	25.16%	27.74%	30.38%	31.62%	30.74%	31.84%	27.83%	27.09%	27.19%
Federal Grants and										
Contracts	15.06%	14.04%	14.70%	14.74%	16.41%	19.31%	19.97%	20.98%	16.41%	24.98%
State Grants and										
Contracts	4.24%	3.62%	4.22%	4.88%	5.10%	4.92%	4.32%	5.04%	5.09%	6.30%
Non-Government										
Grants and Contracts	0.02%	0.34%	0.33%	0.23%	0.14%	0.13%	0.20%	0.21%	0.17%	0.18%
Sales and Services of										
Educational and										
Other Activities	2.13%	3.43%	2.73%	2.95%	3.43%	3.90%	3.08%	2.31%	2.47%	2.01%
Sales and Services of										
Auxiliary Enterprises										
(net of scholarship allowance)	10.77%	9.96%	10.11%	11.62%	10.38%	10.86%	11.65%	10.56%	9.46%	9.51%
Other Operating Revenue	1.82%	1.45%	0.83%	1.00%	1.03%	1.36%	1.70%	2.04%	1.18%	0.87%
Total Operating										
Revenue	62.10%	58.00%	60.65%	65.81%	68.11%	71.21%	72.77%	68.97%	61.88%	71.05%
Non-Operating										
Revenues:										
State Appropriations	23.04%	24.05%	27.28%	20.96%	19.88%	18.19%	14.04%	13.15%	17.20%	19.68%
Gain on Extinguishment										
of State Debt	2.18%	7.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Federal Grants	10.63%	9.62%	10.74%	11.68%	11.67%	10.26%	10.64%	14.15%	13.91%	0.64%
Interest Income	0.18%	0.15%	0.30%	0.23%	0.24%	0.15%	0.13%	0.14%	1.18%	2.01%
Other Non-Operating										
Revenue	1.87%	0.38%	1.03%	1.32%	0.10%	0.19%	2.43%	3.59%	5.84%	6.62%
Total Non-Operating										
Revenue	37.90%	42.00%	39.35%	34.19%	31.89%	28.79%	27.23%	31.03%	38.12%	28.95%
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 (unaudited)

Schedule of Revenues by Source - Fiscal Year 2018 - Pie Chart



Amounts expressed in thousands

Source: South Carolina State University audited financial statements.

South Carolina State University

Statistical Section (unaudited)

Schedule of Expenses by Use

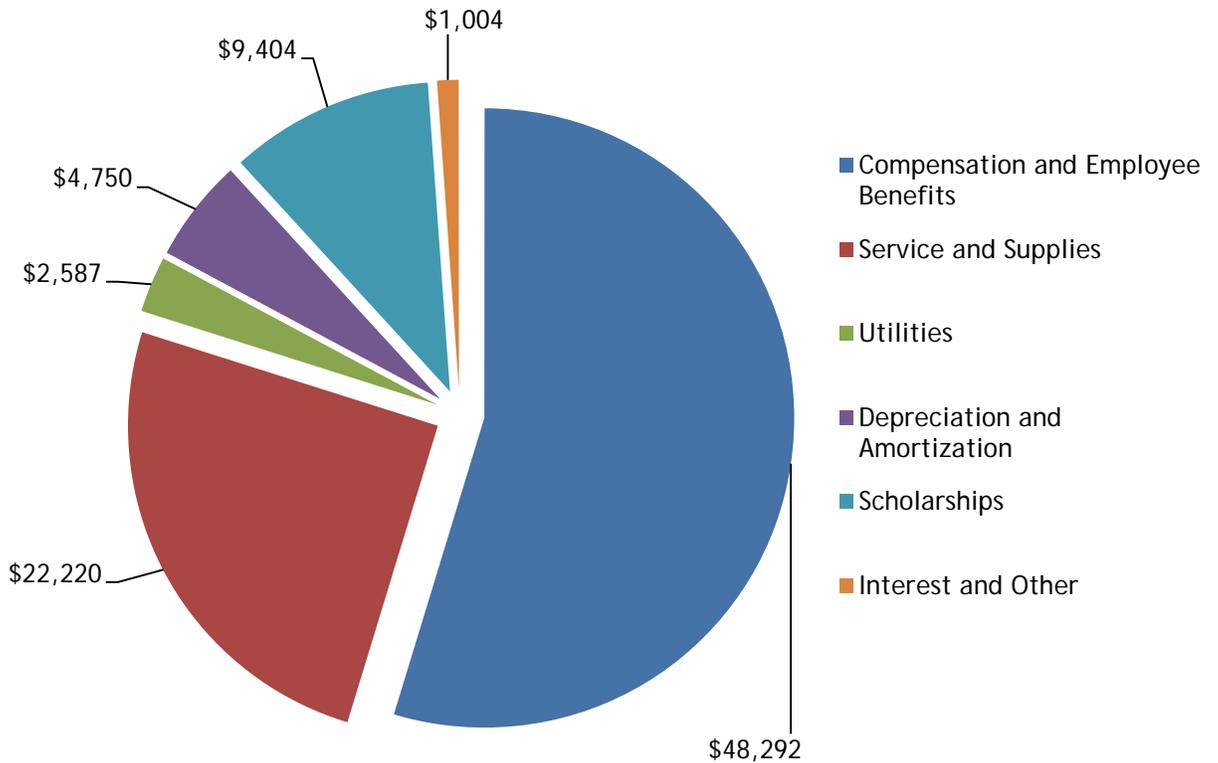
<i>Year Ended June 30,</i>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	(amounts expressed in thousands)									
Expenses:										
Operating Expenses:										
Compensation and										
Employee Benefits	\$ 48,292	\$ 33,570	\$ 41,194	\$ 48,527	\$ 51,501	\$ 54,293	\$ 56,477	\$ 59,062	\$ 59,240	\$ 61,266
Service and Supplies	22,220	19,923	21,828	23,607	26,648	29,441	34,878	37,083	31,844	36,402
Utilities	2,587	2,747	2,669	3,551	3,599	3,333	3,501	3,514	2,883	3,505
Depreciation	4,750	4,691	4,941	5,014	5,638	5,633	5,350	5,372	5,183	4,316
Scholarships	9,404	10,071	10,928	16,345	14,070	14,837	18,280	15,913	16,772	15,409
Total Operating Expenses	\$ 87,253	\$ 71,002	\$ 81,560	\$ 97,044	\$ 101,456	\$ 107,537	\$ 118,486	\$ 120,944	\$ 115,922	\$ 120,898
Non-operating Expenses:										
Interest and Other	\$ 1,004	\$ 2,592	\$ 3,026	\$ 3,414	\$ 4,051	\$ 3,489	\$ 3,936	\$ 3,836	\$ 3,647	\$ 3,463
Total Expenses	\$ 88,257	\$ 73,594	\$ 84,586	\$ 100,458	\$ 105,507	\$ 111,026	\$ 122,422	\$ 124,780	\$ 119,569	\$ 124,361
<i>Year Ended June 30,</i>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	(percent of total expenses)									
Expenses:										
Operating Expenses:										
Compensation and										
Employee Benefits	54.72%	45.62%	48.70%	48.31%	48.81%	48.90%	46.13%	47.33%	49.54%	49.26%
Service and Supplies	25.18%	27.07%	25.81%	23.50%	25.26%	26.52%	28.49%	29.72%	26.63%	29.27%
Utilities	2.93%	3.73%	3.16%	3.53%	3.41%	3.00%	2.86%	2.82%	2.41%	2.82%
Depreciation	5.38%	6.37%	5.84%	4.99%	5.34%	5.07%	4.37%	4.31%	4.33%	3.47%
Scholarships	10.66%	13.68%	12.92%	16.27%	13.34%	13.36%	14.93%	12.75%	14.03%	12.39%
Total Operating Expenses	98.86%	96.48%	96.42%	96.60%	96.16%	96.86%	96.78%	96.93%	96.95%	97.22%
Non-operating Expenses:										
Interest and Other	1.14%	3.52%	3.58%	3.40%	3.84%	3.14%	3.22%	3.07%	3.05%	2.78%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: South Carolina State University audited financial statements.

South Carolina State University

Statistical Section (unaudited)

Schedule of Expenses by Use - Fiscal Year 2018 - Pie Chart



Amounts expressed in thousands

Source: South Carolina State University audited financial statements.

South Carolina State University

Statistical Section (unaudited)

Schedule of Net Position and Changes in Net Position

Year Ended June 30,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
(amounts expressed in thousands)										
Total revenues	\$ 91,784	\$ 102,781	\$ 90,927	\$ 94,910	\$ 95,183	\$ 105,234	\$ 121,691	\$ 128,697	\$ 127,614	\$ 126,889
Total expenses	88,257	73,594	84,586	100,459	105,507	111,026	122,422	124,780	119,569	124,361
Total changes in net position	3,527	29,187	6,341	(5,549)	(10,324)	(5,792)	(731)	3,917	8,045	2,528
Net position, beginning										
as originally reported	23,939	(5,248)	(11,588)	51,380	61,704	67,496	68,227	64,310	56,265	53,737
Effect of GASB 68 and GASB 75 implementation	(39,662)	-	-	(57,419)	-	-	-	-	-	-
Net position, beginning	(15,723)	(5,248)	(11,588)	(6,039)	61,704	67,496	68,227	64,310	56,265	53,737
Net position, ending	\$ (12,196)	\$ 23,939	\$ (5,248)	\$ (11,588)	\$ 51,380	\$ 61,704	\$ 67,496	\$ 68,227	\$ 64,310	\$ 56,265
Invested in capital assets, net of related debt	\$ 53,378	\$ 55,166	\$ 58,329	\$ 55,987	\$ 57,129	\$ 58,237	\$ 62,156	\$ 64,293	\$ 61,913	\$ 58,489
Restricted-expendable	24,551	19,981	14,980	17,849	10,575	11,957	10,939	2,239	2,778	2,604
Restricted - non-expendable	905	886	863	1,018	765	807	785	767	938	914
Unrestricted	(91,030)	(52,094)	(79,420)	(86,442)	(17,089)	(9,297)	(6,384)	928	(1,319)	(5,742)
Total	\$ (12,196)	\$ 23,939	\$ (5,248)	\$ (11,588)	\$ 51,380	\$ 61,704	\$ 67,496	\$ 68,227	\$ 64,310	\$ 56,265

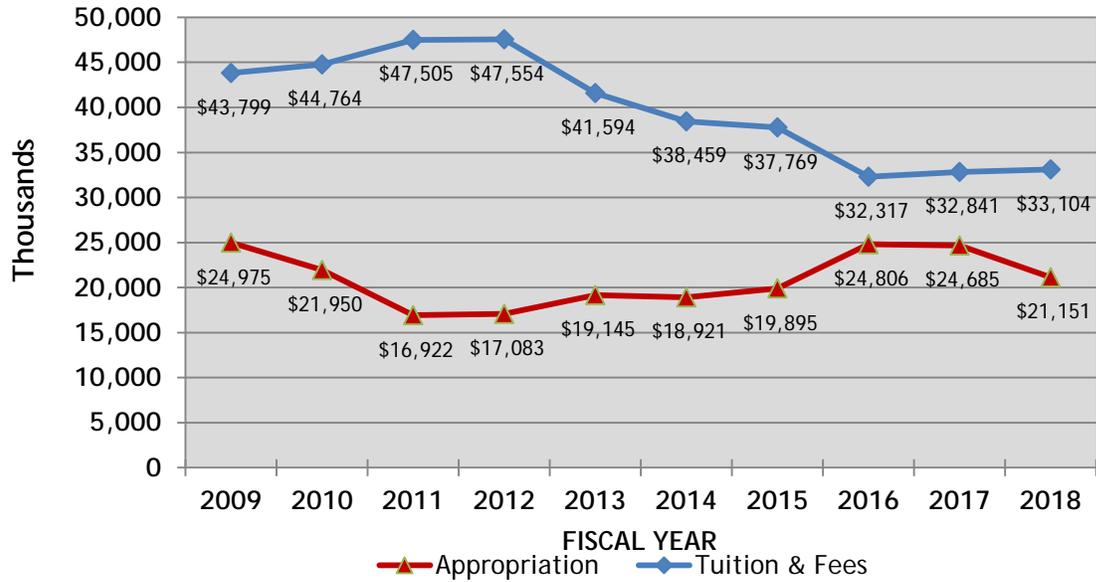
Source: South Carolina State University audited financial statements.

South Carolina State University

Statistical Section (unaudited)

Schedule of State Appropriations and Gross Tuition and Fees

2009-2018



Source: South Carolina State University Audited Financial Statements.

South Carolina State University

Statistical Section (unaudited)

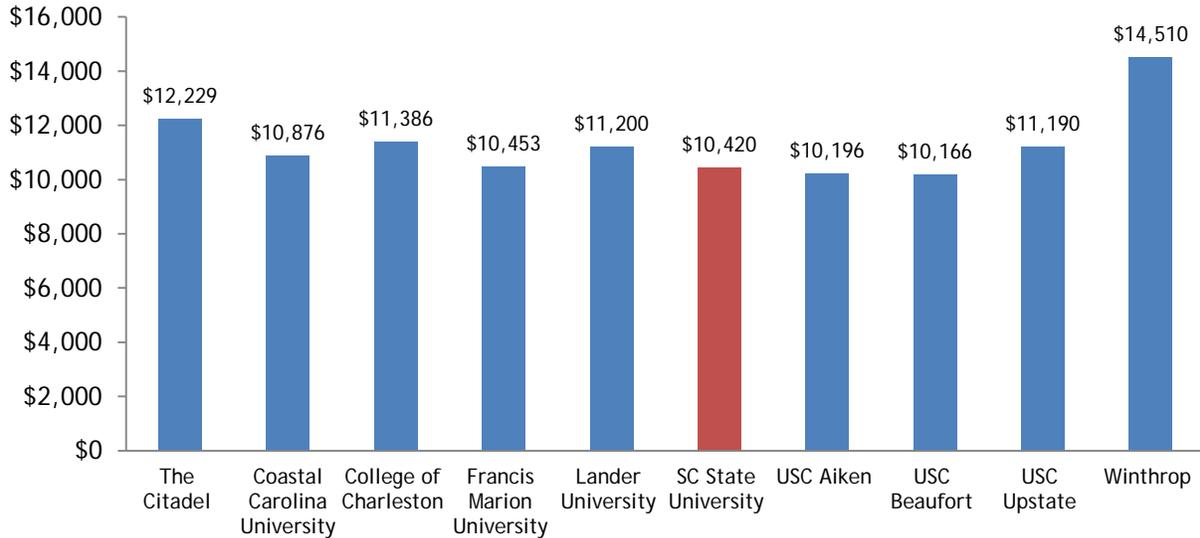
Schedule of Average Annual Tuition and Fees

S.C. State University in Comparison to Other Colleges and Universities
Last Ten Years

Undergraduate Resident

<i>Year Ended June 30,</i>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
The Citadel	\$ 12,229	\$ 12,626	\$ 11,364	\$ 11,098	\$ 10,838	\$ 10,523	\$ 10,216	\$ 9,871	\$ 8,735	\$ 8,428
Coastal Carolina University	\$ 10,876	\$ 11,200	\$ 10,530	\$ 10,140	\$ 9,760	\$ 9,760	\$ 9,760	\$ 9,390	\$ 8,950	\$ 8,650
College of Charleston	\$ 11,386	\$ 11,998	\$ 10,900	\$ 10,558	\$ 10,230	\$ 9,918	\$ 9,616	\$ 10,314	\$ 8,988	\$ 8,400
Francis Marion University	\$ 10,453	\$ 10,842	\$ 10,100	\$ 9,738	\$ 9,432	\$ 9,102	\$ 8,802	\$ 8,480	\$ 7,960	\$ 7,632
Lander University	\$ 11,200	\$ 11,700	\$ 10,752	\$ 10,418	\$ 10,100	\$ 9,792	\$ 9,504	\$ 9,144	\$ 8,760	\$ 8,380
SC State University	\$ 10,420	\$ 10,740	\$ 10,088	\$ 10,089	\$ 9,776	\$ 9,258	\$ 9,258	\$ 8,898	\$ 8,462	\$ 7,806
USC Aiken	\$ 10,196	\$ 10,502	\$ 9,878	\$ 9,552	\$ 9,258	\$ 8,974	\$ 8,700	\$ 8,374	\$ 7,900	\$ 7,532
USC Beaufort	\$ 10,166	\$ 10,472	\$ 9,848	\$ 9,354	\$ 8,922	\$ 8,508	\$ 8,108	\$ 7,940	\$ 7,250	\$ 7,000
USC Upstate	\$ 11,190	\$ 11,520	\$ 10,718	\$ 10,348	\$ 10,028	\$ 9,722	\$ 9,426	\$ 9,072	\$ 8,462	\$ 8,342
Winthrop	\$ 14,510	\$ 14,870	\$ 14,156	\$ 13,812	\$ 13,430	\$ 13,026	\$ 12,656	\$ 12,176	\$ 11,606	\$ 11,160

Undergraduate Resident Tuition and Fees FY 2017-18



Source: South Carolina Commission on Higher Education.

South Carolina State University

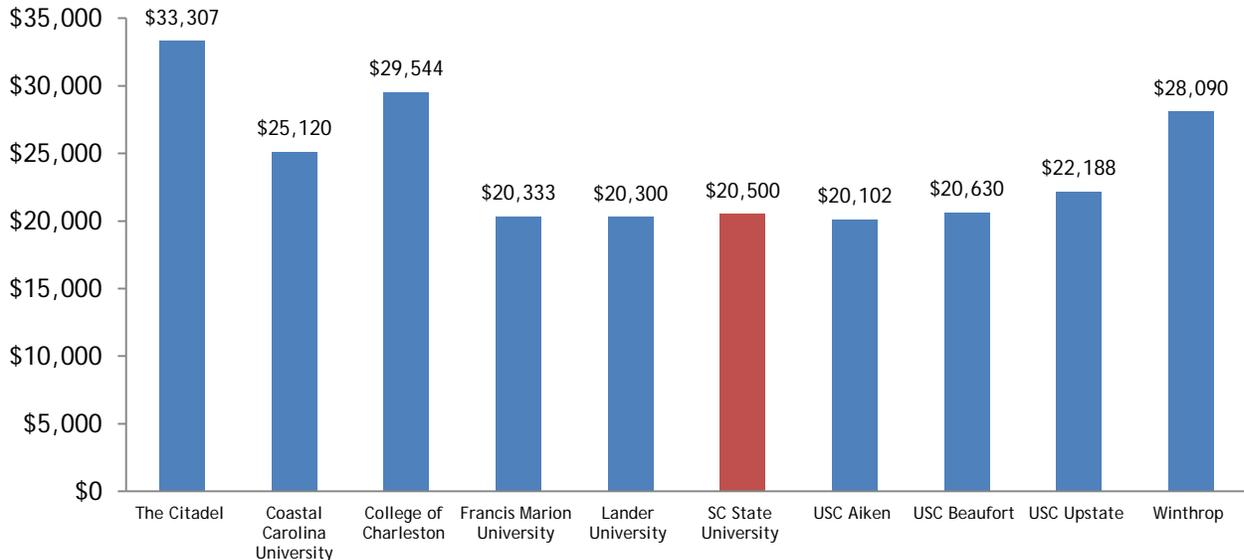
Statistical Section (unaudited)

Schedule of Average Annual Tuition and Fees (Continued)

Undergraduate Non-Resident

Year Ended June 30,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
The Citadel	\$ 33,307	\$ 34,389	\$ 31,780	\$ 30,706	\$ 29,639	\$ 28,776	\$ 27,033	\$ 24,800	\$ 22,545	\$ 21,031
Coastal Carolina University	\$ 25,120	\$ 25,872	\$ 24,320	\$ 23,480	\$ 22,770	\$ 22,050	\$ 21,560	\$ 20,270	\$ 18,770	\$ 18,090
College of Charleston	\$ 29,544	\$ 30,386	\$ 28,444	\$ 27,548	\$ 26,694	\$ 25,304	\$ 24,330	\$ 23,172	\$ 21,846	\$ 20,418
Francis Marion University	\$ 20,333	\$ 21,018	\$ 19,668	\$ 19,004	\$ 18,410	\$ 17,810	\$ 17,256	\$ 16,625	\$ 15,585	\$ 15,028
Lander University	\$ 20,300	\$ 21,300	\$ 20,370	\$ 19,738	\$ 19,136	\$ 18,552	\$ 17,976	\$ 17,304	\$ 16,560	\$ 15,840
SC State University	\$ 20,500	\$ 21,120	\$ 19,856	\$ 19,856	\$ 18,910	\$ 18,170	\$ 18,170	\$ 17,470	\$ 16,626	\$ 15,298
USC Aiken	\$ 20,102	\$ 20,702	\$ 19,472	\$ 18,876	\$ 18,290	\$ 17,730	\$ 17,188	\$ 16,542	\$ 15,632	\$ 14,896
USC Beaufort	\$ 20,630	\$ 21,248	\$ 19,982	\$ 19,374	\$ 18,774	\$ 17,906	\$ 17,220	\$ 16,522	\$ 15,100	\$ 14,576
USC Upstate	\$ 22,188	\$ 22,848	\$ 21,368	\$ 20,698	\$ 20,056	\$ 19,444	\$ 18,852	\$ 18,144	\$ 17,284	\$ 16,684
Winthrop	\$ 28,090	\$ 28,786	\$ 27,404	\$ 26,738	\$ 26,000	\$ 24,476	\$ 23,796	\$ 22,892	\$ 21,596	\$ 20,710

Undergraduate Non-Resident Tuition and Fees FY 2017-18



Source: South Carolina Commission on Higher Education.

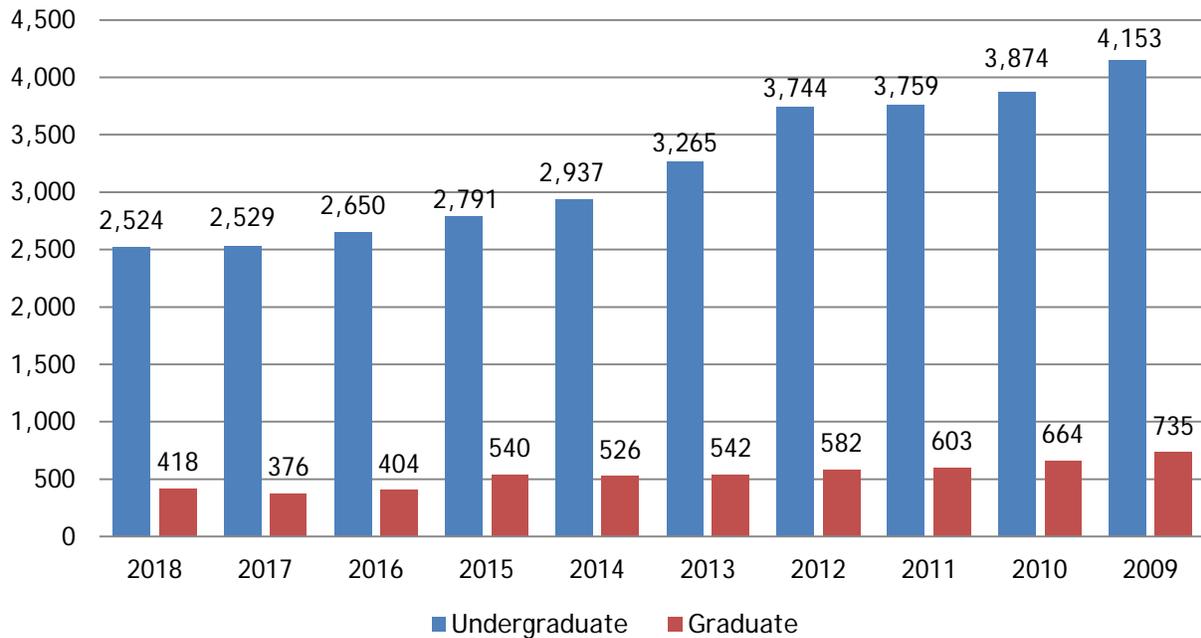
South Carolina State University

Statistical Section (unaudited)

Student Head Count - Fiscal Year 2009 to 2018

Year Ended June 30,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Undergraduate	2,524	2,529	2,650	2,791	2,937	3,265	3,744	3,759	3,874	4,153
Graduate	418	376	404	540	526	542	582	603	664	735
Total	2,942	2,905	3,054	3,331	3,463	3,807	4,326	4,362	4,538	4,888

Student Head Count - Fiscal Year 2009-2018



Source: South Carolina State University Office of Institutional Research.

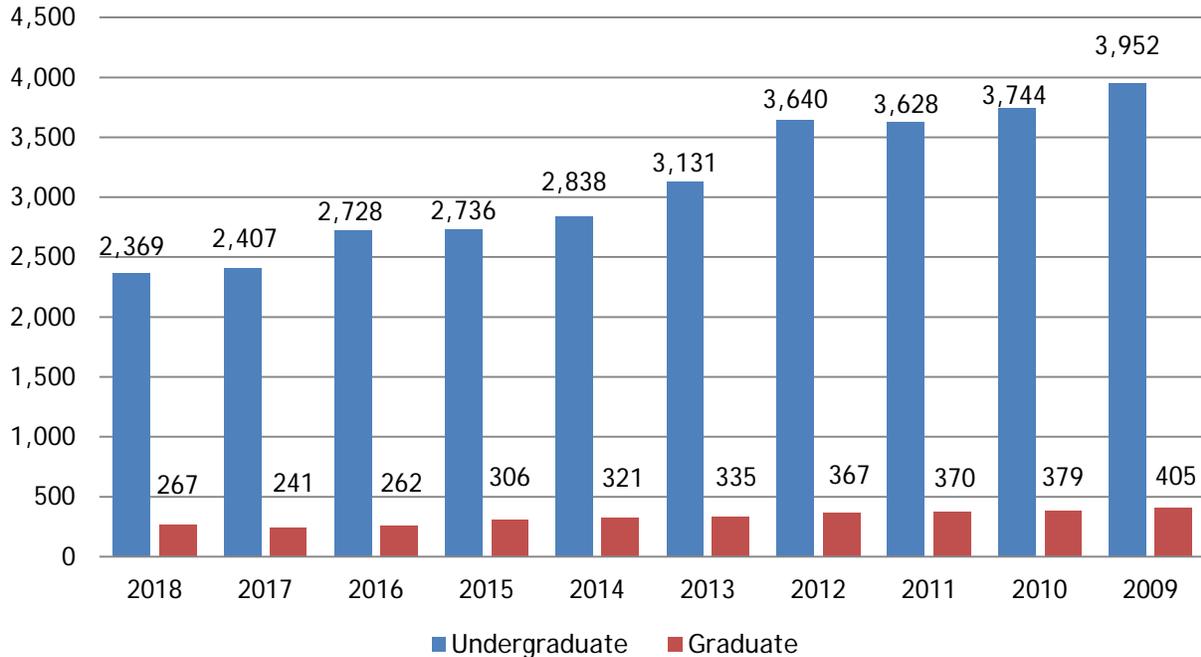
South Carolina State University

Statistical Section (unaudited)

Student Full-Time Equivalent - Fiscal Year 2009 to 2018

Year Ended June 30,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Undergraduate FTE	2,369	2,407	2,728	2,736	2,838	3,131	3,640	3,628	3,744	3,952
Graduate FTE	267	241	262	306	321	335	367	370	379	405
Total FTE	2,636	2,648	2,990	3,042	3,159	3,466	4,007	3,998	4,123	4,357

Student Full-Time Equivalent - Fiscal Year 2009-2018

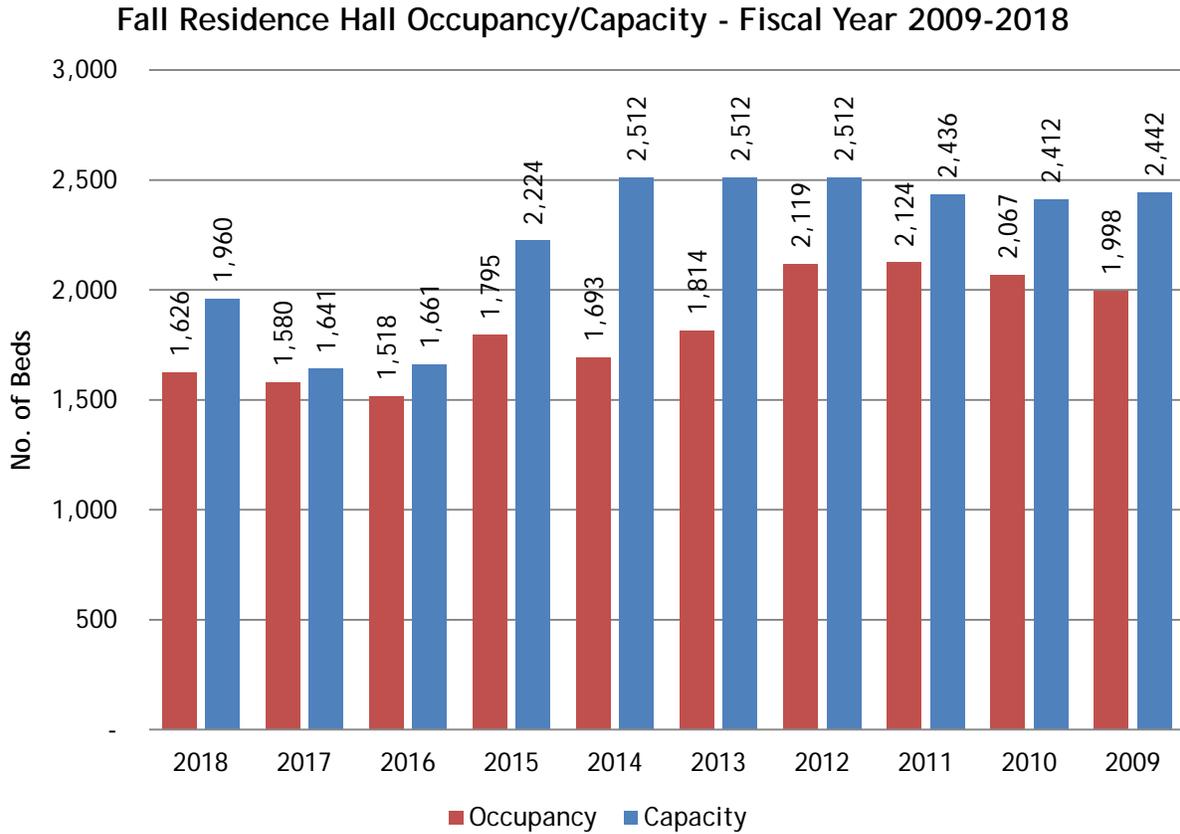


Source: South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section (unaudited)

Fall Residence Hall Occupancy/Capacity - Fiscal Year 2009 to 2018



Source: South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section (unaudited)

Schedule of Ratios of Outstanding Debt

<i>June 30,</i>	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	(amounts expressed in thousands, except for outstanding debt per student)									
Revenue Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235	\$ 455	\$ 665	\$ 865
General Obligation										
Bonds	17,720	19,140	20,625	25,215	26,795	28,310	29,770	31,175	32,530	33,835
Notes Payable	45,175	47,382	51,820	50,610	46,548	42,186	43,078	44,410	45,564	41,603
Capital Lease										
Obligations	-	-	-	-	-	72	144	629	1,103	1,208
Total Outstanding Debt	\$ 62,895	\$ 66,522	\$ 72,445	\$ 75,825	\$ 73,343	\$ 70,568	\$ 73,227	\$ 76,669	\$ 79,862	\$ 77,511
Full-time equivalent students	2,636	2,648	2,990	3,042	3,159	3,466	4,007	3,998	4,123	4,357
Outstanding debt per FTE student	\$ 23,860	\$ 25,122	\$ 24,229	\$ 24,926	\$ 23,217	\$ 20,360	\$ 18,275	\$ 19,177	\$ 19,370	\$ 17,790

Source: South Carolina State University audited financial statements, South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section (unaudited)

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	
2018	\$ 2,516	\$ 1,420	\$ 766	\$ 2,186	1.15
2017	2,457	1,485	866	2,351	1.05
2016	2,997	1,640	1,040	2,680	1.12
2015	3,018	1,571	1,111	2,682	1.13
2014	3,012	1,528	1,183	2,711	1.11
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

Revenue Bonds and Notes Payable (Housing)

Year Ended June 30,	Total Revenue Debt Service	Debt Service Requirement			Coverage Ratio
		Principal	Interest	Total	
2018	\$ 4,449	\$ 1,750	\$ 585	\$ 2,335	1.91
2017	4,638	534	1,147	1,681	2.76
2016	4,476	1,043	1,821	2,864	1.56
2015	4,083	911	1,951	2,862	1.43
2014	4,260	451	2,230	2,681	1.59
2013	4,218	1,341	2,682	4,023	1.05
2012	4,699	1,602	2,529	4,131	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

Source: South Carolina State University audited financial statements.

South Carolina State University

Statistical Section (unaudited)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Faculty	133	137	136	175	199	207	213	216	229	224
Staff and administrators	429	355	359	428	450	461	449	559	587	600
Total	562	492	495	603	649	668	662	775	816	824

FTE students per full time

Faculty	20	19	22	17	16	17	19	19	18	19
Staff and administrators	6	7	8	7	7	8	9	7	7	7

Average annual faculty salary \$ 65,253 \$ 64,899 \$ 63,024 \$ 62,206 \$ 62,091 \$ 59,988 \$ 60,175 \$ 60,512 \$ 59,425 \$ 54,686

Source: South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section (unaudited)

Schedule of Capital Asset Information

<i>June 30,</i>	2018	2017	2016	2015	2014	2013	2012	2011	2010
Academic buildings	731,973	731,973	731,973	764,615	764,615	764,615	679,278	671,307	523,339
Administrative and support buildings	129,582	129,582	129,582	129,582	129,582	158,631	151,880	150,680	101,209
Auxiliary and independent operation buildings	221,867	221,867	221,867	354,091	354,091	354,091	354,091	354,091	132,113
Student housing	522,791	522,791	417,472	595,096	595,096	575,684	575,684	575,684	436,201
Dining facilities	26,798	26,798	26,798	26,798	26,798	26,798	26,798	26,798	26,798
Total Square Feet	1,633,011	1,633,011	1,527,692	1,870,182	1,870,182	1,879,819	1,787,731	1,778,560	1,219,660

Note: 2009 data not readily available.

Source: South Carolina State University Facilities Office.

South Carolina State University

Statistical Section (unaudited)

Academic Subject Areas and Degrees Offered - Fall 2018

Undergraduate

Bachelor of Arts

Communications
Dramatic Arts
English, Professional
History
Modern Languages
Music Merchandising (Industry)
Political Science & Government
Social Studies Education
Sociology
Speech Pathology & Audiology
Studio Arts

Bachelor of Science

Accounting
Agribusiness
Art Education K-12
Biology
Business Education
Chemistry
Civil Engineering Technology
Computer Science
Criminal Justice
Early Childhood Education
Economics/Business Economics
Electrical Engineering Technology
Elementary Education
Environmental Science/Studies
Family and Consumer Sciences Business
Health and Physical Education
Industrial Education
Industrial Engineering Technology
Management
Marketing
Mathematics
Mechanical Engineering Technology
Middle Level Education, Mathematics/English
Middle Level Education, Mathematics/Science
Middle Level Education, Mathematics/Social Studies
Middle Level Education, Science/English
Middle Level Education, Science/Social Studies
Middle Level Education, Social Studies/English
Music Education
Nuclear Engineering (Joint w/ University of Wisconsin)
Nutrition & Food Management
Physical Education
Physics
Professional Land Surveying
Psychology, General
Social Work
Special Education

Graduate

Master's Degrees

Business Administration
Counselor Education
Early Childhood Education
Elementary Education (MAT)
Elementary Education (MED)
Individual & Family Development
Nutritional Sciences
Rehabilitation Counseling
Secondary Education & Teaching, Physical Education
Secondary Education & Teaching, Business
Secondary Education & Teaching, Chemistry
Secondary Education & Teaching, English
Secondary Education & Teaching, English
Secondary Education & Teaching, Mathematics
Secondary Education & Teaching, Mathematics
Secondary Education & Teaching, Science
Secondary Education & Teaching, Science
Secondary Education & Teaching, Social Studies
Secondary School Counseling
Secondary Teacher Education, Industrial Technology
Special Education
Speech Pathology & Audiology
Transportation

Educational Specialist

Educational Administration

Doctor of Education

Educational Administration

Graduate Certificate Programs

Environmental Monitoring and Restoration

South Carolina State University

Statistical Section (unaudited)

State of South Carolina Demographic Statistics - Last Ten Calendar Years

Year	(a) Population as of June 30	(b) Total Personal Income	(b) Per Capita Income	(c) Average Annual Unemployment Rate
2018	5,072,900	\$ 203,087,627	\$ 40,421	4.4%
2017	4,625,364	196,049,325	39,465	4.8%
2016	4,896,146	186,285,746	38,041	5.5%
2015	4,832,482	171,088,000	35,831	6.6%
2014	4,774,839	161,863,730	34,266	5.8%
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%

(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 (unaudited)

State of South Carolina Ten Largest Employers

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

2018	2009
AVX	Bi-Lo, Inc.
Bi-Lo, Inc.	BlueCross BlueShield of South Carolina
BlueCross BlueShield of South Carolina	Greenville County School District
Cryovac, Inc.	Greenville Hospital System
Intertech Group	Michelin North America Inc.
KEMET Electronics	Palmetto Health Alliance, Inc.
Long's Drugs	U.S. Department of Defense
Michelin North America Inc.	U.S. Postal Office
Perrigo Company plc	University of South Carolina
Sonoco Company	Wal-Mart Stores, Inc.

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 Commerce: Research & Data Overview
U.S. Department of Labor Bureau of Labor Statistics

Required Supplementary Information

South Carolina State University

Schedule of the University's Proportionate Share of the Net Pension Liability

<i>June 30,</i>	The South Carolina Retirement System				
	2018	2017	2016	2015	2014
University's proportion of the net pension liability	0.23%	0.25%	0.33%	0.33%	0.33%
University's proportionate of the net pension liability	\$ 51,248,126	\$ 52,485,431	\$ 63,170,796	\$ 57,345,851	\$ 46,355,025
University's covered-employee payroll during the measurement period	\$ 18,697,154	\$ 19,081,603	\$ 25,114,445	\$ 24,764,122	\$ 24,502,355
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.12%	0.13%	0.19%	0.20%	0.22%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	52.90%	57.00%	59.90%	56.40%
The South Carolina Police Officers Retirement System					
<i>June 30,</i>	2018	2017	2016	2015	2014
University's proportion of the net pension liability	0.04%	0.04%	0.05%	0.05%	0.05%
University's proportionate of the net pension liability	\$ 1,152,561	\$ 948,134	\$ 1,101,953	\$ 967,934	\$ 782,951
University's covered-employee payroll during the measurement period	\$ 499,453	\$ 413,312	\$ 544,473	\$ 522,380	\$ 515,328
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.03%	0.02%	0.03%	0.03%	0.04%
Plan fiduciary net position as a percentage of the total pension liability	60.90%	60.40%	64.60%	67.50%	63.00%

Information is not available for preceding years, to the extent 10 years of information is not presented.

South Carolina State University

Schedule of the University's Contributions Related to Pension Liability

<i>June 30,</i>	The South Carolina Retirement System				
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 3,311,116	\$ 2,655,251	\$ 2,631,697	\$ 3,128,886	\$ 3,205,399
Contributions made to pension plan	3,311,116	2,774,627	2,660,405	3,128,886	3,205,399
Contribution deficiency (excess)	\$ -	\$ (119,376)	\$ (28,708)	\$ -	\$ -
University's covered employee payroll	\$ 27,125,317	\$ 26,284,660	\$ 19,081,603	\$ 25,114,445	\$ 24,764,122
Contributions as a portion of covered payroll	12.21%	10.56%	13.94%	12.46%	12.94%
	The South Carolina Police Officers Retirement System				
<i>June 30,</i>	2018	2017	2016	2015	2014
Contractually required contributions	\$ 103,038	\$ 80,678	\$ 65,470	\$ 67,944	\$ 78,088
Contributions made to pension plan	103,038	89,373	67,753	66,765	78,088
Contribution deficiency (excess)	\$ -	\$ (8,695)	\$ (2,283)	\$ 1,179	\$ -
University's covered employee payroll	\$ 650,494	\$ 639,017	\$ 413,312	\$ 544,473	\$ 522,380
Contributions as a portion of covered payroll	15.84%	13.99%	16.39%	12.26%	14.95%

Information is not available for preceding years, to the extent 10 years of information is not presented.

South Carolina State University

Schedule of the University's Proportionate Share of Net OPEB Liability

<i>June 30,</i>	South Carolina Retiree Health Care Plan	
	2018	2017
University's proportion of the net OPEB liability	0.03%	0.03%
University's proportionate share of the net OPEB liability	\$ 40,930,734	\$ 43,722,322
University's covered-employee payroll during the measurement period	\$ 27,775,811	\$ 25,482,958
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	147.36%	171.57%
Plan fiduciary net position as a percentage of the total OPEB liability	7.60%	7.60%
	South Carolina Long-Term Disability Plan	
<i>June 30,</i>	2018	2017
University's proportion of the net OPEB liability	0.24%	0.24%
University's proportionate share of the net OPEB liability	\$ 4,429	\$ 1,696
University's covered-employee payroll during the measurement period	\$ 27,775,811	\$ 25,482,958
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.02%	0.01%
Plan fiduciary net position as a percentage of the total OPEB liability	95.29%	95.29%

Information is not available for preceding years, to the extent 10 years of information is not presented.

South Carolina State University

Schedule of the University's Contributions Related to the OPEB Liability

<i>June 30,</i>	South Carolina Retiree Health Care Plan	
	2018	2017
Contractually required contributions	\$ 1,527,670	\$ 1,358,242
Contributions made to plan	1,527,670	1,358,242
Contribution deficiency (excess)	\$ -	\$ -
University's covered employee payroll	\$ 27,775,811	\$ 25,482,958
Contributions as a portion of covered payroll	5.50%	5.33%
<i>June 30,</i>	South Carolina Long-Term Disability Plan	
	2018	2017
Contractually required contributions	\$ 19,275	\$ 17,684
Contributions made to plan	19,275	17,684
Contribution deficiency (excess)	\$ -	\$ -
University's covered employee payroll	\$ 27,775,811	\$ 25,482,958
Contributions as a portion of covered payroll	0.07%	0.07%

Information is not available for preceding years, to the extent 10 years of information is not presented.