

**COLLEGE OF CHARLESTON
CHARLESTON, SOUTH CAROLINA**



COMPREHENSIVE ANNUAL FINANCIAL REPORT
Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina
FOR THE YEAR ENDED JUNE 30, 2003

**PREPARED BY
THE OFFICE OF THE CONTROLLER
COLLEGE OF CHARLESTON**

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COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2003**

INTRODUCTORY SECTION

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COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION





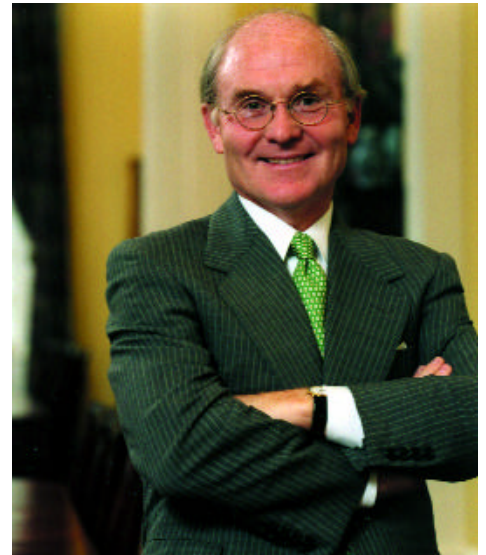
College of Charleston

66 George St.
Charleston, South Carolina 29424-0001

Office of the President

Dear College of Charleston Family and Friends,

The College is increasingly being recognized for its excellent academics, outstanding faculty, and its overall undergraduate experience. The 2003 edition of Barron's Profiles of American Colleges has boosted the College's Competitive Rankings, and the S.C. Commission on Higher Education has awarded the College eighteen out of thirty Commendations for Excellence – the most in the state. Publications including *The Princeton Review*, *The Fiske Guide to Colleges*, *U.S. News and World Report*, and *Kiplinger's Personal Finance* have all reported on the quality and exceptional value of the undergraduate experience at the College.



President's Letter

The Fourth Century Initiative, our comprehensive academic enhancement program, has received widespread endorsement and is quickly positioning the College as a top-tier liberal arts and sciences institution. The following is just a representative sample of what we have already achieved:

- Reduced the student/faculty ratio and class size while adding courses and graduate degrees
- Established Office of Undergraduate Research and provided more funds for student research and faculty incentive grants
- Opened Multicultural Center, Sylvia Vlosky Yaschik Jewish Studies Center, and Stern Student Fitness Facility
- Opened Kelly and McAlister Residence Halls and completed renovations to Berry and Craig Residence Halls
- Began construction on Beatty Business Center and the final phase of Marlene and Nathan Addlestone Library
- Expanded "smart" classrooms and Campuswide wireless project
- Created Student Employment Tuition Assistance Program (SETA)
- Expanded Student Wellness Services, Career Services, Advising Services, Food Services, and Alumni Services

But these are just a few of the projects that have been completed or are in progress; for example, plans to expand the School of Science and Mathematics, the School of the Arts, and the School of Education are also underway. But because we take the responsibility of our historic campus and the needs of our community very seriously, we are looking at the best ways to preserve and maintain our historic structures.

Of course, changes of this scope and magnitude require substantial financial resources. Economically our state's future is still uncertain and the legislature will continue to face enormous needs from competing sectors. Anticipating that higher education will have to rely more heavily on alternate sources of revenue, we are pursuing strategies to augment our resources. We will work even harder to raise more private funding to support our mission and vision. Regardless of the state's financial situation, we will do everything possible to ensure that our students receive all the benefits of an excellent education at one of the finest public liberal arts and sciences universities in the southeast. As a student-centered institution, this priority remains unchanged.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee Higdon", followed by a horizontal line.

Lee Higdon
President

October 6, 2003

Leo I. Higdon, Jr.
President
College of Charleston

We are pleased to present to you the Comprehensive Annual Financial Report for the College of Charleston for the year ended June 30, 2003. The audit report appears in the Financial Section and expresses an unqualified opinion on the College's financial statements.

INTRODUCTION

This Comprehensive Annual Financial Report includes the financial statements for the year ended June 30, 2003 as well as other information useful to those we serve and to whom we are accountable.

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

The financial statements presented this year reflect reporting standards issued by the Governmental Accounting Standards Board. This Annual Report includes all disclosures necessary for the reader to gain an understanding of the College's financial operations for the year ended June 30, 2003.

The *Introductory Section* includes this transmittal letter, a listing of the members of the Board of Trustees, the Business and

Finance Officers, and an organizational chart of the institution. In addition, the College has received the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association of the United States and Canada (GFOA) for fiscal year ended June 30, 2002. This introduction will familiarize the reader with the organization, structure and scope of the College's operations.

The *Financial Section* presents management's discussion and analysis which, when read in conjunction with the financial statements and the notes to the financial statements, will provide a more complete picture of the financial health of the institution. The financial statements may be used to make reasonable comparisons of the College's financial position as it relates to other public higher educational institutions.

The *Statistical Section* includes selected financial, statistical and demographic information. This information provides a broad overview of trends in the financial affairs of the College.

ENTITY

Founded in 1770, and chartered in 1785, the College is the oldest institution of higher education in South Carolina and the thirteenth oldest in the United States. Today this thriving academic institution offers a world-class liberal arts education for over 11,000 undergraduate and graduate students.

The College of Charleston and its graduate school are considered to be part of the State of South Carolina primary entity. The funds of the College of Charleston are included in the Comprehensive Annual Financial Report of the State of South Carolina. The College of Charleston is a state-supported, coeducational institution of higher education. The Board of Trustees is the governing body for the College and is responsible for the administration and management of the College.

The College of Charleston is committed to attracting the most promising students both from South Carolina and other states. The average combined SAT scores of entering freshmen for Fall 2002 was 1185, far exceeding the state and national averages, with only one other state institution having a higher average. Out-of-state and international students comprise 35% of the student enrollment with 51 states and US possessions and 73 foreign countries represented.

MAJOR INITIATIVES

Since its founding in 1770 as one of the original colonial colleges, the College of Charleston has remained focused on providing an outstanding education to the citizens of the state and in more recent years the region, the nation, and the world. As the College now enters its fourth century, the College has reaffirmed its commitment to educational excellence and embarked on a quest to become a nationally preeminent public liberal arts and sciences university.

To achieve this vision, the College has embarked on the Fourth Century Initiative designed to enhance the quality of every student's educational experience. Key impact areas for the Initiative include:

- ◆ **Students**

The initiative funds merit scholarships, significantly increases need-based grants, as well as expands the on

campus student employment program. These funds, combined with a significant increase in financial aid, ensure that no qualified student is unable to attend the College because of financial need. A decrease in student enrollment is also planned.

- ◆ **Faculty**

The heart of the educational experience of a college or university is its faculty. By adding to our excellent roster 50 full-time faculty who share our passion for student-centered learning, we have improved our student/teacher ratio, increased opportunities to work with faculty, and decreased the average class size.

- ◆ **Staff**

While clearly the number and quality of the faculty will have the greatest impact on the student's educational experience, staff support in key areas is also critically important. The College is adding new staff positions to areas that have the most immediate impact on the academic and student life services in areas such as tutoring, advising, career services, student affairs, and wellness.

- ◆ **Programs**

Increased emphasis on curricular and co-curricular programs that connect learning experiences outside the classroom with the learning that occurs within academic programs is another key tenant of the initiative. Funds for curriculum development and research guarantee that our curriculum remains practical and relevant to the times.

- ◆ **Integration of New Technologies**

It has become ever more important that laboratories, classrooms and libraries are equipped to apply the newest and most innovative teaching methodologies. The campus has embarked on a campus wide wireless network project to ensure that our

students have access to the newest and best technologies.

◆ **Facilities**

Construction of facilities (for example, the Addlestone Library, School of the Arts wing, School of Business and Economics building) as well as significantly renovated facilities (Maybank Hall, Stern Student Center) are integral to the campus re-nourishment that the Fourth Century Initiative will bring.

These efforts ensure that students who attend the College now and in the future are provided with the finest in academic facilities, the most accomplished faculty, and the latest in scientific and computer technology. The College continues to be committed to the present and future of higher education in South Carolina.

FINANCIAL INFORMATION

Internal Control

The management of the College is responsible for the establishment and maintenance of internal control policies and procedures designed to safeguard College assets. As part of this responsibility, the management ensures that its financial statements are prepared in conformity with generally accepted accounting principles, and that reasonable controls are in place to ensure the following:

- (1) That access to College assets is granted only with appropriate management authorization.
- (2) That transactions are executed in accordance with the general or specific authorization of management.
- (3) That transactions are recorded on a timely basis.
- (4) That transactions are recorded based on criteria applicable to state

guidelines, generally accepted accounting principles and criteria as designated by the National Association of College and University Business Officers.

The College of Charleston's Office of Internal Audit periodically reviews procedures and issues reports with recommended improvements to the system. This office reports directly to the President of the College. Annual audits are conducted under the authority of the S.C. State Auditor with testing to ensure the adequacy of internal controls and the College's compliance with applicable laws and regulations.

Independent Audit

The College of Charleston, as a state agency, receives audit services through the S.C. State Auditor's Office. In recent years the State Auditor has contracted audit services to various independent audit firms. Audits are conducted on an annual basis with the S.C. State Auditor assuming authority and oversight of the audit. The auditor's opinion is unqualified. For the fiscal year 2003 the audit was conducted by Cherry, Bekaert & Holland, L.L.P.

The College was also audited by Cherry, Bekaert, & Holland, L.L.P. to ensure compliance with the requirements of the Single Audit Act of 1984 as provided under Federal Circular A-133 for federal grants and contracts. The most recent audit (Fiscal Year 2003) detected no institutional liabilities related to the College's federal programs.

Further, the College is audited on a periodic basis by the Division of General Services to ensure compliance with the provisions of the South Carolina Procurement Code.

Budgetary Control

The College prepares, on an annual basis, a budget that provides reasonable estimates of revenues and expenditures. The budgetary process encompasses all

operating budgets of the College to include educational and general activities, the operations of auxiliary enterprises, all sponsored program activities, and all capital projects. Its preparation is based on programmatic planning by the College through its executive management, academic offices and department heads. The budgets are then presented to the Board of Trustees for approval.

Additionally, the Board receives quarterly updates of year to date actual revenue and expenditures and a comparison to budget. Any adjustments, and/or revisions to the budget, are approved by the Board on a quarterly basis.

After approval, the College ensures budgetary control through the application of account classifications that reflect the various functions of the College with detailed itemization of cost activity by function. Using this approach and the necessary reporting of the data, the responsibility for budgetary control rests at the departmental chairperson level with appropriate oversight provided by the executive management of the College. A centralized review system by accounting personnel ensures proper classification of costs. A computerized system of encumbrance reporting ensures in an on-line, real-time processing environment that budgets are not exceeded and that budget variances are approved through executive management.

In addition to this Comprehensive Annual Financial Report, the College prepares annual reports of financial and operational data which are available to the General Assembly of South Carolina and the public for review. These reports provide information that demonstrates the ability of the College to accomplish its mission in a manner that ensures prudent management of public funds.

CASH MANAGEMENT

As a state agency, the investment of funds is vested with the State Treasurer of South Carolina. Other than certain approved petty cash funds and two loan funds, all cash is held in a cash management pool administered by the State Treasurer. By law, the College is allowed to earn interest income on revenues derived from the operations of its Residence Halls, Parking, and Food Service. Certain debt service funds also managed by the State Treasurer allow interest earnings to the credit of the College. All other interest earned from the investment of College and related fees are retained by the State Treasurer and credited to the State General Fund.

RISK MANAGEMENT

The College participates in a statewide risk management program in which the state assumes substantially all risks for unemployment and workers' compensation benefits and claims of covered employees for health, dental, and group life insurance benefits. In addition, the College pays premiums to the South Carolina Insurance Reserve Fund to cover the risk of loss related to the following assets and activities: building and property (including contents), general tort liability, automobile liability and automobile physical damage (comprehensive and collision). The largest claim the College submitted was after Hurricane Hugo in September 1989. The buildings were fully insured for replacement claim costs and the College received over \$2,000,000 from the Insurance Reserve Fund for damaged properties. The College also obtains employee fidelity bond insurance coverage from a commercial insurer.

**Certificate of Achievement for
Excellence in Financial Reporting**

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the College of Charleston for its comprehensive annual financial report for the fiscal year ended June 30, 2002. In order to be awarded a Certificate of Achievement, an entity must publish an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our

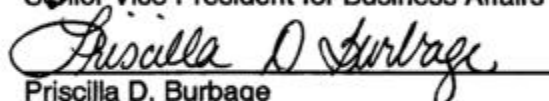
current report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

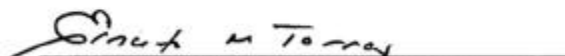
We wish to thank the Board of Trustees and the President of the College for their continued commitment to the fiscal management of the College. Likewise, we wish to thank the members of the College community whose cooperation made the successful close of the fiscal year possible.



Gary M. McCombs
Senior Vice President for Business Affairs



Priscilla D. Burbage
Vice President for Fiscal Services



Ernesto M. Torres, C.G.F.O., C.P.A.
Chief Accountant

**COLLEGE OF CHARLESTON
BOARD OF TRUSTEES
2002-2003**

Robert S. Small, Jr., Chairman
Fourth District

James F. Hightower
At-Large

Marie M. Land, Vice Chairman
Sixth District

William D. Johnson
Sixth District

J. Vincent Price, Secretary
Fifth District

Robert W. Marlowe
At-Large

J. Philip Bell
Third District

F. Creighton McMaster
Fifth District

Donald H. Belk
At-Large

Lawrence R. Miller
Fourth District

Charlotte L. Berry
Second District

Annaliza Oehmig Moorhead
Third District

Dr. L. Cherry Daniel
First District

Y.W. Scarborough, III
Governor's Designee

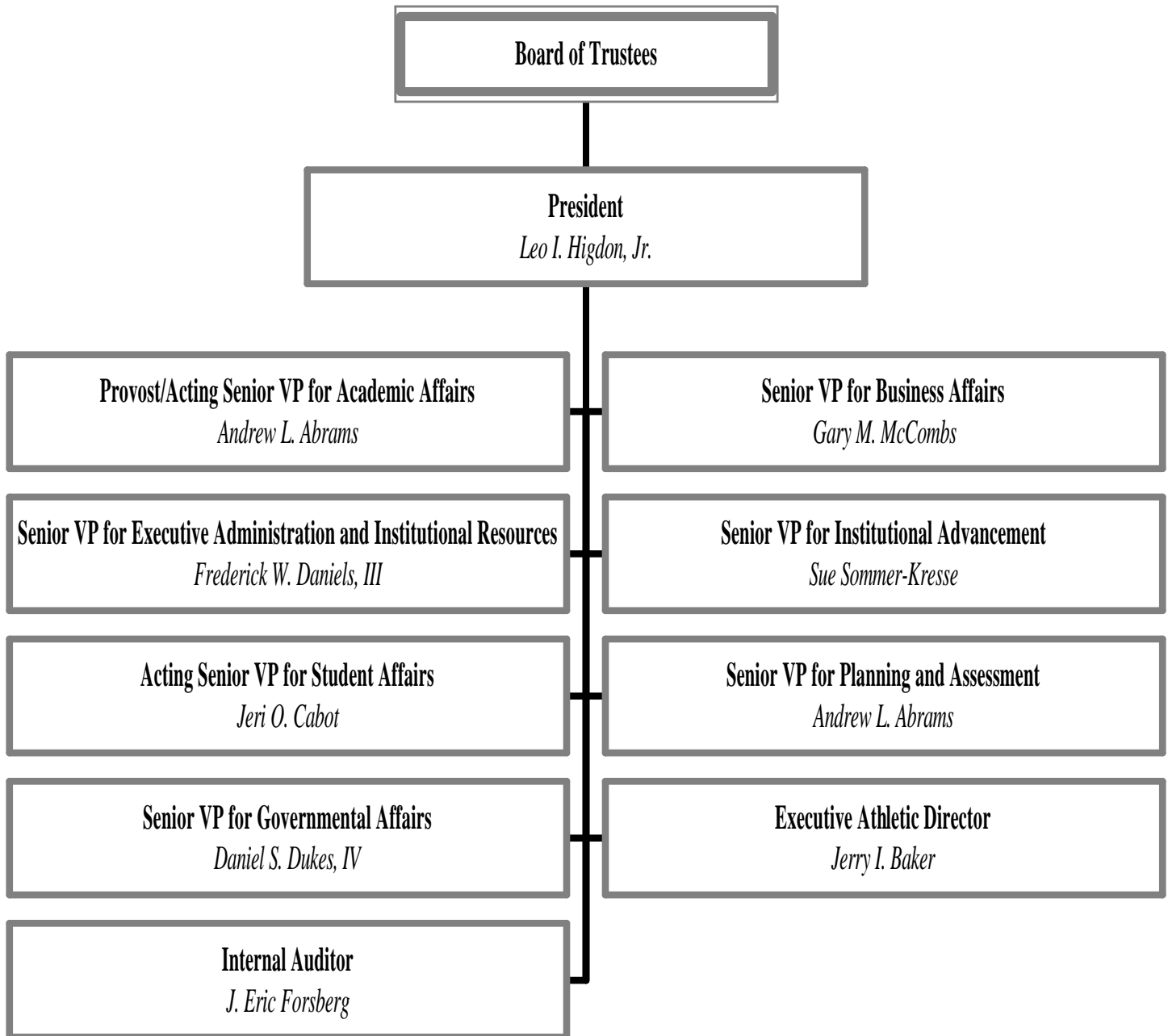
Cheryl Whipper Hamilton, Esquire
Governor's Designee

Joel H. Smith, Esquire
Second District

Joseph F. Thompson, Jr.
First District

College of Charleston

Organizational Structure



**COLLEGE OF CHARLESTON
BUSINESS AND FINANCE OFFICERS
2002 – 2003**

Gary M. McCombs
Senior Vice President for Business Affairs

Priscilla D. Burbage
Vice President for Fiscal Services

Ernesto M. Torres, C.G.F.O., C.P.A.
Chief Accountant

Samuel B. Jones
Director of Budgeting and Payroll Services

Anne Brownyard
Associate Vice President for Business Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

College of Charleston,
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723


October 24, 2003

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
College of Charleston
Charleston, South Carolina

This report on the audit of the financial statements of the College of Charleston for the fiscal year ended June 30, 2003, was issued by Cherry, Bekaert, & Holland, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/kss



Independent Auditors' Report

The Office of the State Auditor
and
Members of the Board of Trustees
The College of Charleston
Charleston, South Carolina

We have audited the accompanying basic financial statements of **The College of Charleston**, (The College) as of June 30, 2003 and for the year then ended as listed in the table of contents. These basic financial statements are the responsibility of The College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the basic financial statements, the accompanying basic financial statements of The College are intended to present the financial position, changes in its financial position, and cash flows of only that portion of the business type activities of the State of South Carolina financial reporting entity that is attributable to the transactions of The College. They do not purport to, and do not, present fairly the financial position of the State of South Carolina as of June 30, 2003, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of The College as of June 30, 2003, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2003 on our consideration of The College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis presented in the financial section is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The information presented in the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied to the audit of the financial statements and, accordingly, we express no opinion on it.

Chung, Behrnt, Holland, L.L.P.

Beaufort, South Carolina
September 26, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The College of Charleston's financial statements for fiscal year 2003 incorporate changes established by the Governmental Accounting Standards Board (GASB).

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Changes in Statement No. 34 included new government-wide financial statements prepared using accrual accounting for all of the government's activities. In November 1999, GASB applied these standards to public colleges and universities in Statement No. 35. The intent of these statements is to provide the user a more comprehensive way to assess the College's stewardship in the long term and as a complement to the yearly budgetary process. Among the many improvements, the new model requires statements that include capital assets and long-term liabilities, providing a more complete picture of financial health.

Using the Financial Statements

The financial statements include the Management Discussion and Analysis (MD&A) of current activities, known facts, and the resulting changes. The MD&A identifies transactions that have significant financial impact and highlights both favorable and unfavorable trends. This analysis should provide the reader an objective and easily readable analysis of the College's financial performance for the year.

Three financial statements are presented: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements are intended to provide a view of the College's financial position similar to that presented by most private sector companies. These statements

are provided utilizing the accrual basis of accounting, i.e. all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments made.

Full accrual accounting will help the College meet two important objectives of financial reporting. It will generate the information users need to help them assess:

- (1) Whether current-year students paid for the services they received in the current year, or if the costs of services were shifted to future-year students;
- (2) Whether the College's financial position has improved or deteriorated as a result of the year's operations.

Revenues and expenses are now categorized as either operating or non-operating. Significant recurring sources of the College's revenues, including state appropriations, gifts, and investment income (loss) are considered non-operating, as defined by GASB Statement No. 35.

The Statement of Net Assets is separated into current and non-current assets and liabilities. Current assets convert to cash within one year and for the College consist mainly of cash and receivables. Current liabilities will settle within one year and consist primarily of payables and accrued compensation.

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

All capital assets are reported as well as depreciation expense – the cost of “using up” capital assets – in the statement of activities. (Please note that the State of

South Carolina has decided to report only roads and bridges as infrastructure and thus the College will not carry infrastructure assets as a separate line item.)

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

The elimination of internal service fund transactions ensures that only transactions external to the College are shown in the statements.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as of the end of the fiscal year. This data provides information on assets

available to continue the operations; amounts due to vendors, investors, lending institutions; and the net assets available for expenditure by the College.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the College's equity in property, plant, and equipment. The next asset category is restricted net assets and is further divided into expendable and nonexpendable. The corpus of nonexpendable restricted resources is available solely for investment purposes. Expendable restricted net assets are available for expenditure but must be spent for purposes as determined by donors and/or external entities based on the defined restrictions. The final category is unrestricted net assets and these assets may be expended for any lawful purpose of the institution.

Condensed Statement of Net Assets for the year ended June 30, 2003

	2003	2002	Increase (Decrease)	Percent Change
Assets				
Current Assets	\$ 39,762,980	\$ 31,952,753	\$ 7,810,227	24.44%
Capital Assets, Net of Depreciation	138,350,136	95,477,224	42,872,912	44.90%
Other Non-Current Assets	30,581,019	24,716,235	5,864,784	23.73%
Total Assets	\$208,694,135	\$152,146,212	\$ 56,547,923	37.17%
Liabilities				
Current Liabilities	\$ 25,676,511	\$ 14,738,378	\$ 10,938,133	74.22%
Non-Current Liabilities	73,951,732	29,697,470	44,254,262	149.02%
Total Liabilities	\$ 99,628,243	\$ 44,435,848	\$ 55,192,395	124.21%
Net Assets				
Investments in Capital Assets, net of Debt	\$ 82,038,922	\$ 68,457,136	\$ 13,581,786	19.84%
Restricted – nonexpendable	103,740	101,331	2,409	2.38%
Restricted – expendable	17,163,396	25,231,248	(8,067,852)	(31.98%)
Unrestricted	9,759,834	13,920,649	(4,160,815)	(29.89%)
Total Net Assets	\$109,065,892	\$107,710,364	\$ 1,355,528	1.26%

The College's financial position at June 30, 2003 remained strong, with assets of \$209M and liabilities of \$100M. In the current asset category, the College had \$40.0M at June 30 with 54% of these assets held in cash or cash equivalents. Accounts payable and accrued payroll

liabilities accounted for 43% of the \$26M in current liabilities.

The College's capital assets include land and property in an area of approximately 11 city blocks in the center of downtown Charleston.

The College of Charleston's net asset amount is one way to measure the institution's overall financial position. Over time, the trend in net assets will provide an important indicator of the financial health of the College but should be considered in conjunction with other non-financial factors. Non-financial factors include the quality of applicants, student retention rates, building conditions, and campus safety.

Statement of Revenues, Expenses, and Changes in Net Assets

The purpose of this statement is to present the revenues earned and the expenses incurred by the College during the year. Activities are reported as either operating or non-operating. For public institutions, GASB requires that state appropriations be classified as non-operating revenues. The dependence of public educational institutions on state funding, therefore, will normally result in operating deficits. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

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

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

are supplies and materials, utilities, scholarships and fellowships, and depreciation.

Non-operating revenues are revenues received for which goods and services are not provided. As mentioned previously, non-operating revenues consist primarily of state appropriations and investment income.

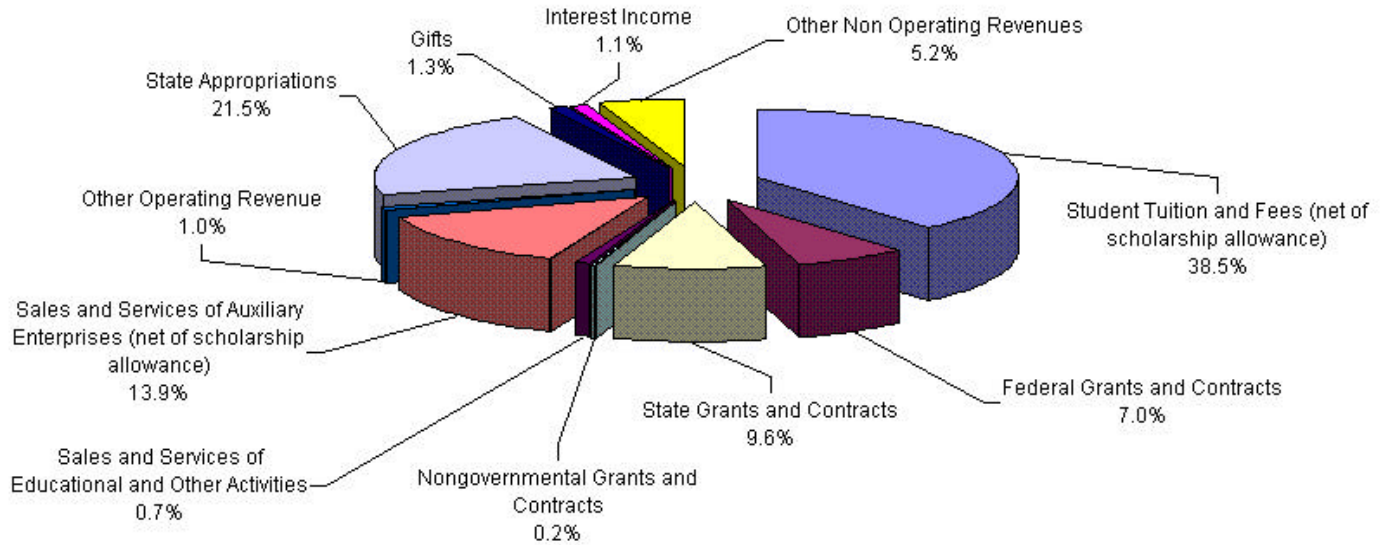
State capital appropriations, capital grants and gifts, as well as any loss or gain on disposal of equipment are considered neither operating nor non-operating revenues and are reported as "Income before other revenues, expenses, gains, or losses."

The Statement of Revenues, Expenses, and Changes in Net Assets reflects an increase in the net assets for the year of \$1.4M.

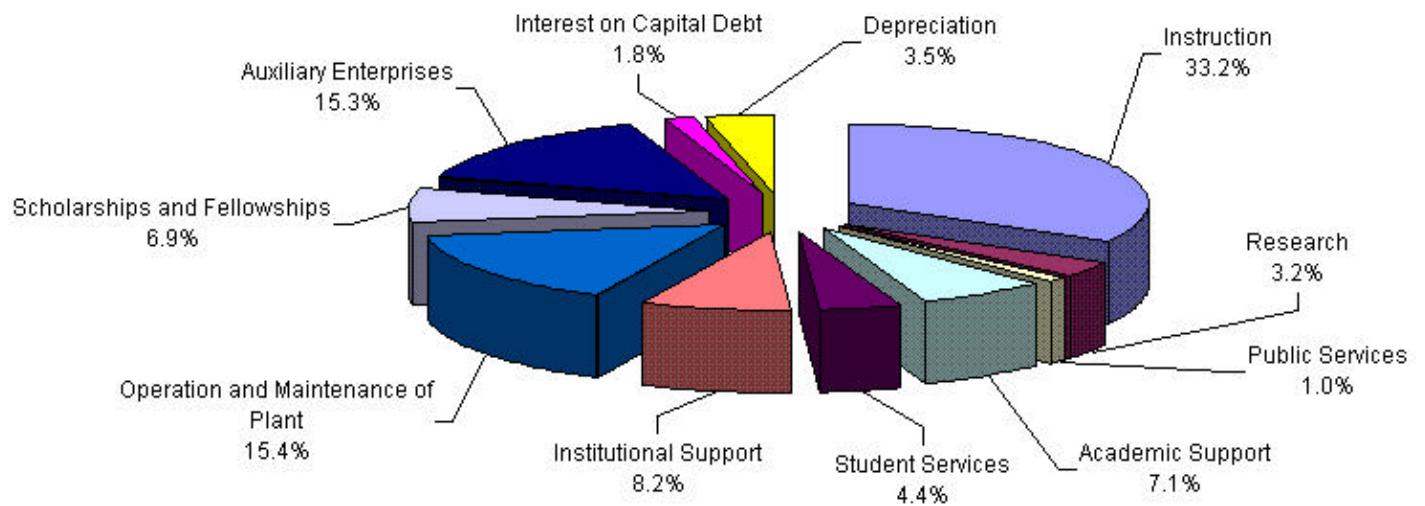
Highlights of the statement include the following:

- ◆ For academic years 1995-1996 through 2001-2002 the College was able to keep in-state fee increases in the low single digits, ranging from 3.0% to 4.0%. However, for academic year 2002-2003, the fee increase was 28.5% and for 2003-2004 it is 18.75%.
- ◆ The state appropriation of \$29.7M is net of a series of budget cuts totaling 8.6% of the original appropriation.
- ◆ Federal, state, and local grant revenue totaled \$23M in 2003 and included \$12.4M of grant and scholarship aid to students.
- ◆ Tuition and fees accounted for 38.5% and state appropriations were 21.5% of the total revenue of the College. Auxiliary services generated 13.9% of total revenue.

Revenues By Source Fiscal Year 2003



Expenses By Function Fiscal Year 2003



**Statement of Revenues, Expenses, and Changes in Net Assets
for the year ended June 30, 2003**

	2003	2002	Increase (Decrease)	Percent Change
Operating Revenue				
Tuition and Fees*	\$ 53,187,117	\$ 47,824,716	\$ 5,362,401	11.21%
Federal, State, and Local Grants and Contracts	23,116,038	15,971,678	7,144,360	44.73%
Auxiliary Services*	19,157,239	20,216,548	(1,059,309)	(5.23%)
Other	2,366,571	2,655,250	(288,679)	(10.87%)
Total Operating Revenue	<u>\$ 97,826,965</u>	<u>\$ 86,668,192</u>	<u>\$ 11,158,773</u>	12.88%
Less:				
Operating Expenses				
Personnel Cost	\$ 61,697,337	\$ 58,434,495	\$ 3,262,842	5.58%
Benefits	14,384,829	13,319,711	1,065,118	8.00%
Services, supplies and others	38,870,999	32,994,822	5,876,177	17.81%
Utilities	3,471,188	2,998,981	472,207	15.75%
Scholarship and fellowship	11,032,340	8,456,595	2,575,745	30.46%
Depreciation and amortization	4,752,080	3,758,611	993,469	26.43%
Total Operating Expenses	<u>\$ 134,208,773</u>	<u>\$ 119,963,215</u>	<u>\$ 14,245,558</u>	11.87%
Operating Income or (Loss)	\$ (36,381,808)	\$ (33,295,023)	\$ (3,086,785)	(9.27%)
Non-Operating Revenue				
State Appropriations	\$ 29,681,597	\$ 32,764,142	\$ (3,082,545)	(9.41%)
Net Non-Operating Revenues	2,132,312	3,278,582	(1,146,270)	(34.96%)
Total Non-Operating Revenue	<u>\$ 31,813,909</u>	<u>\$ 36,042,724</u>	<u>\$ (4,228,815)</u>	(11.73%)
Income Before Other Revenues and Expense, Gain or Loss	\$ (4,567,899)	\$ 2,747,701	\$ (7,315,600)	(266.24%)
Total Other Revenue	<u>\$ 5,923,427</u>	<u>\$ 800,202</u>	<u>\$ 5,123,225</u>	640.24%
Change in Net Assets	\$ 1,355,528	\$ 3,547,903	\$ (2,192,375)	61.80%
Net Assets, Beginning of Year	<u>\$ 107,710,364</u>	<u>\$ 104,162,461</u>	<u>\$ 3,547,903</u>	3.41%
Net Assets, End of Year	<u>\$ 109,065,892</u>	<u>\$ 107,710,364</u>	<u>\$ 1,355,528</u>	1.26%

*Net of scholarship discounts and allowances

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the College during the year and is divided into five sections. As of fiscal year end 2003, cash represents 23.3% of the total asset base of the College. The net change in cash for 2003 was a \$8.2M increase.

The operating cash flow statement shows the net cash used by the operating activities of the College. Significant operating inflows include tuition and fees (\$52.8M), grants and contracts (\$23.3M), and auxiliary enterprises (\$19.9M). Operating outflows include payments to suppliers (\$38.0M), payments to employees (\$76.2M), and scholarships and fellowships (\$11.M).

The second section presents cash flows from non-capital financing activities and reflects the cash received and spent for non-capital financing purposes. The state appropriation of \$29.7M is the largest contributor to the total inflow in this section. Another example is non-federal grants and contracts.

Cash used for the acquisition and construction of capital and related items is detailed in the cash from capital and related financing activities section. Proceeds from capital debt provided \$62.M of inflow in this category. Purchases of capital assets of

\$46.5M and principal payments of \$17.2M on debt produced the bulk of the outflow.

The section on cash flows from investing activities shows the purchases, proceeds, and interest received from investing activities.

The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. This reconciliation is detailed in the financial statements of the College and is not included in this analysis.

Cash Flows
For the Year Ended June 30, 2003

Cash Provided (Used) By Operating Activities	\$(26,790,806)
Cash Provided by Non-Capital Financing Activities	32,449,672
Cash Provided by Capital and Related Financing Activities	959,884
Cash Provided by Investing Activities	<u>1,621,570</u>
Net Increase (Decrease) in Cash	8,240,320
Cash, Beginning of Year	<u>40,300,277</u>
Cash, End of Year	<u>\$ 48,540,597</u>

Capital Asset and Debt Activity

A critical factor in continuing the quality of the College's academic and research programs and residential life experience is the acquisition, construction, and improvement of its capital assets. The College continues to implement its long-range plan to modernize its complement of older teaching and research facilities, balanced with new construction. Construction of the Addlestone Library continued in 2003.

Capital bonds added in 2003 were Series 2002B Bonds for the purpose of acquiring and equipping a new 532-bed facility known

as McAlister Hall. The bonds were issued on August 14, 2002, in the amount of \$21.9M.

On July 9, 2002, the College issued \$12,840,000 of Higher Education Facilities Revenue Refunding Bonds, Series 2002B which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Series bonds.

The College, using funds on hand, retired \$3,135,000 of Facilities and Improvement Revenue Refunding Bonds, Series 1992. The bonds are considered retired and the

liability for these bonds have been removed from the College's financial statements.

The College acquired a parking deck and funded dormitory renovations by issuing bonds on May 22, 2003, in the amount of \$20,000,000.

On June 1, 2002, the State of South Carolina issued on behalf of the College, State of South Carolina General Obligation State Institution Bonds, Series 2003A, in the amount of \$7,200,000 for the construction of the School of Business.

See notes 5, 10, and 11 for additional information on capital assets and long term debt.

Economic Outlook and Environmental Scan

Economic Trends

- ◆ The South Carolina economy will continue to struggle during the upcoming fiscal year, which will translate into declining appropriations for higher education.
- ◆ Because of the volatile nature of the current economy, state funding for higher education will remain unstable, with appropriation cuts throughout the fiscal year possible, if not likely for many states, including South Carolina.
- ◆ There will be increased demand for the State's scarce resources from areas such as K-12, prisons, human services, and health care, all of which will have a higher priority with the Legislature than higher education.
- ◆ Despite economic gains, South Carolina (82.5%) ranks last among its neighboring states of North Carolina (91%), Virginia (104.4%), Georgia (95.8%), and Florida (97.3%) in

percentage of national average per capita income.

- ◆ There will be increased pressure on higher education to contribute with demonstrated results towards economic growth and development in the State.

Social/Demographic Trends

- ◆ The College will face increased competition from both in-state and out-of-state institutions for high achieving students.
- ◆ Students and their parents will have increased expectations regarding the availability and quality of facilities, services, and programs.
- ◆ There will be increased demand for the State's public colleges and universities to educate South Carolinians rather than out-of-state students, as the state's population growth continues to exceed the national average and the college-going rate of high school seniors likewise increases.

Trends in Higher Education

- ◆ Due to declining state appropriations, students will pay a greater portion of the total cost of their education.
- ◆ The public believes the quality of higher education is good and is more demanding of this education because it believes that some form of higher education is now a necessity rather than a luxury.
- ◆ The public is, however, concerned about the affordability of this education, but significantly overestimates the cost of this education.
- ◆ There will be increased expectation that the College play an active role in the improvement of K-12 in general and the

preparation of teachers for the local region and state, in particular.

- ◆ There will be increased expectation from the business sector that the College play an active role through its academic programs in meeting the educational needs of the community, particularly in graduate education.
- ◆ Increased salary, benefits, and support competition from competitor institutions, public schools and private agencies, coupled with an aging workforce, will make attracting and retaining faculty and staff more difficult and will be an issue that money alone cannot resolve.
- ◆ There will be increased pressure on public institutions to be more accountable of its activities and expenditures and to demonstrate how the institutions have met previously established learning outcomes.

Physical Facility Trends

- ◆ In order to recruit and retain high quality students, faculty, and to a somewhat lesser extent, staff, the College will need to continue to renovate existing facilities and construct new facilities where renovation is not feasible.
- ◆ Because of the State's economy, the State has not issued a bond bill in several years, with a high probability that it will not issue a bond bill this fiscal year and perhaps even next year. This has created a major pent-up demand for state bond-funded projects among many state agencies, which will make the process highly competitive and the funds more limited once a bond bill is authorized. The College will, therefore, be required to use a greater proportion of its own funds and bonding capacity to meet its facility needs.
- ◆ Technological needs and capacities in these new and renovated facilities must be included in calculating project costs, recognizing that this has the potential in some cases to significantly increase total project costs.
- ◆ The College will continue to experience pressure from neighborhood and governmental bodies (e.g. BAR) concerning the design and location of the College's facilities, which has the potential to increase project costs and delay project completion.

**COLLEGE OF CHARLESTON
STATEMENT OF NET ASSETS
JUNE 30, 2003**

Assets

Current Assets

Cash and cash equivalents	\$ 21,470,444
Accounts receivable	2,963,468
Allowances for bad debts	(225,002)
Grants and contracts receivable	5,908,278
Private gifts receivable	8,778,905
Interest income receivable	199,236
Prepaid items	486,973
Inventories	180,675
Total Current Assets	\$ 39,762,977

Non-Current Assets

Restricted cash and cash equivalent	\$ 27,070,153
Student loans receivable	2,212,065
Prepaid Items	444,233
Land	24,108,639
Land improvements	3,930,238
Buildings	109,016,958
Building improvements	29,330,207
Equipment	7,484,504
Computer software	343,732
Accumulated depreciation and amortization	(59,746,354)
Construction in progress	23,882,215
Bond discount/other	854,568
Total Non-Current Assets	\$ 168,931,158

Total Assets	\$ 208,694,135
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Liabilities And Fund Balances

Current Liabilities

Accounts payable and accrued expenses	\$ 7,752,313
Accrued payroll and related liabilities	3,286,804
Retainage payable	786,088
Deferred and unearned student revenues	8,688,223
Student deposits	1,065,162
Compensated absences payable	947,794
Deposits held for others	224,564
Accrued interest payable	655,563
Bonds payable	2,270,000
Total Current Liabilities	\$ 25,676,511

Non-Current Liabilities

Compensated absences payable	1,811,595
Bonds payable	69,740,000
Federal capital contribution	2,400,137
Total Non-Current Liabilities	\$ 73,951,732

Total Liabilities	\$ 99,628,243
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Net Assets

Invested in capital assets, net of related debt	\$ 82,001,991
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Restricted for:

Nonexpendable	
Endowed professorship	103,740
Expendable	
Scholarships and fellowships	300,226
Research	270,987
Loans	109,418
Capital projects	15,957,863
Debt service	524,902

Unrestricted	9,796,765
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Total Net Assets	\$ 109,065,892
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See Accompanying Notes to Financial Statements

COLLEGE OF CHARLESTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2003

Operating Revenues

Tuition and related fees (\$484,600 pledged for debt service; net of scholarship allowance of \$11,542,403)	\$	53,187,117
Federal grants and contracts		9,597,169
State grants and contracts		13,311,115
Non governmental grants and contracts-restricted		207,754
Educational activities revenues		428,437
Student organizations generated revenues		596,132
Sales and services of auxiliary enterprises		
Revenues not pledged for debt service		
Athletics (net of scholarship allowance of \$772,770)		4,088,198
Health services (net of scholarship allowance of \$149,845)		710,702
Bookstore (net of scholarship allowance of \$17,505)		407,194
Rental, vending, and debit card		172,705
Revenues pledged for debt service		
Housing (net of scholarship allowance of \$1,650,129)		8,638,630
Food service (net of scholarship allowance of \$620,543)		3,847,715
Parking		1,292,095
Other sources		1,342,002
Total Operating Revenues	\$	97,826,965

Operating Expenses

Personnel cost	\$	61,697,337
Benefits		14,384,829
Services, supplies and others		38,870,999
Utilities		3,471,188
Scholarship and fellowship		11,032,340
Depreciation and amortization		4,752,080
Total Operating Expenses	\$	134,208,773

Operating Income (Loss)	\$	(36,381,808)
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Non-Operating Revenues

State appropriations	\$	29,681,597
Gifts		1,739,309
Auxiliary enterprises interest income		305,280
Interest/investment income		1,273,255
Interest on capital assets and related debt		(2,501,270)
State grants and contracts		922,916
Non governmental grants and contracts		281,873
Local grants and contracts		110,949
Total Net Non-Operating Revenues	\$	31,813,909

Income Before Other Revenues And Expense Gain Or Loss	\$	(4,567,899)
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Other Revenues

Capital improvement bond proceeds	\$	4,831,217
Capital gifts		1,092,210
Total Other Revenue	\$	5,923,427

Increase In Net Assets	\$	1,355,528
Net Assets, beginning of year		107,710,364
Net Assets, End Of Year	\$	109,065,892

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2003**

Cash Flow From Operating Activities

Tuition and fees	\$ 52,830,986
Grants and contracts	23,315,705
Sales and services of education and other activities	428,437
Auxiliary enterprises	19,914,952
Other operating revenues	1,540,898
Payments to suppliers	(37,953,401)
Payments to employees	(76,176,330)
Scholarships and fellowships	(11,032,340)
Student direct lending receipts	32,166,708
Student direct lending disbursements	(32,232,676)
Funds held for others	113,515
Collection of loans	545,957
New loans to students	(253,217)
Net Cash Used By Operating Activities	\$ (26,790,806)

Cash Flows From Non-Capital Financing Activities

State appropriations	\$ 29,681,597
Grants and contracts	1,315,738
Gifts	1,452,337
Net Cash From Non-Capital Financing	\$ 32,449,672

Cash Flows From Capital And Related Financing Activities

Capital gifts	\$ 768,384
Proceeds from capital improvement bonds	4,831,217
Proceeds from capital debt	61,970,000
Purchases of capital assets	(46,515,209)
Principal paid on capital debt	(17,225,000)
Interest paid on capital debt	(2,869,508)
Net Cash From Capital Debt And Related Financing	\$ 959,884

Cash Flows From Investing Activities

Interest on investments	\$ 1,621,570
Net Cash From Investing Activities	\$ 1,621,570

Net Change In Cash	\$ 8,240,320
Cash - Beginning of the Year	40,300,277
Cash - End of the Year	\$ 48,540,597

Reconciliation

Operating expenses over revenue	\$ (36,381,808)
Depreciation expense	4,752,080
Funds held for others	47,547
Changes in assets and liabilities:	
Receivables	701,243
Inventory	1,655,397
Prepaid expenses	162,814
Accrued payroll liabilities	76,618
Payables	2,319,391
Deferred revenues	54,191
Deposits	(289,184)
Compensated absences	110,905
Net Cash From Operating Activities	\$ (26,790,806)

See Accompanying Notes to Financial Statements

The College of Charleston
Notes to the Financial Statements
June 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The College of Charleston is a state-supported institution of higher education. The College's main purpose is to provide a world-class liberal arts education to undergraduate and graduate students. It is committed to attracting the most promising students both from South Carolina and other states.

Reporting Entity

The reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. The College has no component units and therefore reports as a primary entity.

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

Financial Statements

The financial statement presentation for the College has been changed 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*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in

net assets and cash flows that replaces the fund-group perspective previously required.

Basis of Accounting

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

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Cash and Cash Equivalents

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

Investments

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

of investment income in the statement of revenues, expenses and changes in net assets.

Accounts Receivable

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

Inventories

Inventories are carried at cost on a moving weighted average basis.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes moveable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year 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 was incurred.

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

buildings and improvements and land improvements and 3 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Deferred Revenues and Deposits

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

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

Compensated Absences

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

Perkins Loans Receivable and Related Liability

The loans receivable on the balance sheet is due to the College under the Perkins Loan Program. This program is funded primarily by the federal government with the College providing a required match. The amount reported as Perkins liability is the amount of cumulative federal contributions and a pro rata share of net earnings on the loans under this program which would have

to be repaid to the federal government if the College ceases to participate in the program. The College recognizes as revenue and expenses only the portion attributable to its matching contribution.

Net Assets

The College's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

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

Restricted net assets – nonexpendable: Nonexpendable restricted net assets 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.

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

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

Income Taxes

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

Classification of Revenues

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) federal, state and local grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake, (4) receipts for scholarships where the provider has identified the student recipients, and (5) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental

grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Sales and Services of Educational and Other Activities

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

Auxiliary Enterprises and Internal Service Activities

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

Use of Estimates in Accounting

The College has used estimates in certain situations to enable it to properly prepare the financial statements. Estimates are used to determine the useful life of long-lived assets such as buildings, improvements, and equipment. The College has used estimates as provided by the South Carolina Comptroller General's Office in developing the estimates of useful lives. In addition, the College has estimated the percentage of accounts receivable that may not be collected, typically known as the allowance for bad debts. The College uses an aging analysis to estimate this allowance. Actual results could vary from these estimates.

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

All deposits and investments of the College are under the control of the State Treasurer, who, by law, has sole authority for investing state funds.

The following schedule reconciles deposits and investments with the footnotes to the statement of net assets amounts:

Statement of Net Assets

Cash and Cash Equivalents (current)	\$ 21,470,444
Cash for Capital Projects (non-current)	26,512,140
Cash Held for Others (non-current)	163,078
Cash and Cash Equivalents (non-current)	100,000
Perkins Loan Funds (non-current)	294,935
	<u>\$ 48,540,597</u>

Footnotes

Cash on hand	\$ 6,125
Deposits held by State Treasurer	39,954,540
Other deposits	8,579,932
	<u>\$ 48,540,597</u>

Deposits Held by State Treasurer

State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 2003, all State Treasurer bank balances were fully insured or collateralized with securities held by the state or by its agents in the state's name.

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

Comprehensive Annual Financial Report of the State of South Carolina.

Restricted cash deposits include restricted endowment fund of \$100,000, \$294,935 for Perkins Loan Fund, \$163,078 for funds held for others, and \$26,512,140 for capital projects.

Other Deposits

Federal Depository Insurance covers the deposits of the College for Perkins and Baruch Loans.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2003, are summarized as follows:

Perkins Loan Receivable	\$ 2,212,065
Student Accounts	2,015,086
Less Allowance for Doubtful Accounts	(225,002)
Federal Grants and Contracts	5,680,539
State Grants and Contracts	119,945
Nongovernmental Grants and Contracts	107,794
Related Parties	8,778,905
Interest Income	199,236
Other	75,805
Auxiliary Enterprise	872,577
Net Accounts Receivable	<u>\$ 19,836,950</u>

Allowances for losses on student accounts receivable are established based upon actual losses experienced in prior years and/or evaluations of the current account portfolio. At June 30, 2003, the allowance for uncollectible student accounts is valued at \$225,002.

NOTE 4 – LOANS RECEIVABLE

Student loans made through the federal Perkins Loan Program comprise

substantially all of the loans receivable as of June 30, 2003. The Perkins Loan Program provides various repayment options. Students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise. These loans are classified as non-current receivables. As the College determines that loans are uncollectible, the loans are written off and assigned to the US Department of Education.

NOTE 5 - CAPITAL ASSETS

	<u>Beginning Balance 7/1/2002</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 6/30/2003</u>
Capital assets not being depreciated:				
Land	\$ 21,583,639	\$ 2,525,000	\$ -	\$ 24,108,639
Construction in progress	<u>10,001,340</u>	<u>13,880,875</u>		<u>23,882,215</u>
Total capital assets not being depreciated	<u>\$ 31,584,979</u>	<u>\$ 16,405,875</u>	<u>\$ -</u>	<u>\$ 47,990,854</u>
Other capital assets:				
Land improvements	\$ 3,930,238	\$ -	\$ -	\$ 3,930,238
Buildings	78,625,568	30,391,390	-	109,016,958
Building improvements	29,330,207	-	-	29,330,207
Machinery, equipment, and other	5,815,044	660,898	92,461	6,383,481
Computer software	235,146	108,586		343,732
Motor vehicle	<u>1,050,602</u>	<u>66,690</u>	<u>16,269</u>	<u>1,101,023</u>
Total other capital assets at historical cost	<u>\$118,986,805</u>	<u>\$ 31,227,564</u>	<u>\$ 108,730</u>	<u>\$150,105,639</u>
Less accumulated depreciation for:				
Land improvements	\$ 2,822,423	\$ 65,165	\$ -	\$ 2,887,588
Buildings	34,795,545	2,840,272	-	37,635,817
Buildings improvements	13,702,439	1,059,914	-	14,762,353
Machinery, equipment, and other	2,917,808	557,445	92,461	3,382,792
Computer software	70,544	114,577		185,121
Motor vehicle	<u>785,801</u>	<u>86,220</u>	<u>16,269</u>	<u>855,752</u>
Total accumulated depreciation	<u>\$ 55,094,560</u>	<u>\$ 4,723,593</u>	<u>\$ 108,730</u>	<u>\$ 59,709,423</u>
Other capital assets, net	<u>\$ 63,892,245</u>	<u>\$ 26,503,971</u>	<u>\$ -</u>	<u>\$ 90,396,216</u>
Capital assets, net	<u>\$ 95,477,224</u>	<u>\$ 42,909,846</u>	<u>\$ -</u>	<u>\$138,387,070</u>

NOTE 6 – PENSION PLAN (S)

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement

Division, 202 Arbor Lake Drive, Columbia, South Carolina, 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all state operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended,

prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and average final compensation.

South Carolina Retirement System

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

Since July 1, 1988, employees participating in the SCRS have been required to contribute 6.0 percent of all compensation. Effective July 1, 2002, the employer contribution rate became 10.7 percent, which included a 3.15 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2003, 2002, and 2001, were \$2,701,735, \$2,739,539 and \$2,561,328, respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for each year. Also, the College paid employer group life insurance contributions of \$53,677 in the current fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-

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

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2002, the employer contribution rate became 13.45 percent, which, as for the SCRS, included the 3.15 percent surcharge. The College's actual contributions to the PORS for the years ended June 30, 2003, 2002, and 2001, were \$167,950, \$152,352, and \$143,454 respectively, and equaled the required contribution of 10.3 percent (excluding the surcharge) for each year. Also, the College paid employer group life insurance contributions of \$3,238 and accidental death insurance contributions of \$3,238 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program

Certain state employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts, which are issued to, and

become the property of, the participants. The state assumes no liability for this plan other than for payment of contributions to designated insurance companies.

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

Under state law, contributions to the ORP are required at the same rate as for the SCRS, 7.55 percent plus the retiree surcharge of 3.15 percent from the employer in fiscal year 2003.

Certain College employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were \$1,179,973 (excluding the surcharge) from the College as employer and \$937,730 from its employees as plan members. In addition, the College paid \$23,443 for group life insurance coverage for these employees. All amounts were remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Deferred Compensation Plans

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

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

Teacher and Employee Retention Incentive

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

NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

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

state funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

These benefits are provided through annual appropriations by the General Assembly to the College for its active employees and to the State Budget and Control Board for all participating state retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the College for its active employees who are not funded by State General Fund appropriations. The state finances health and dental plan benefits on a pay-as-you-go basis. Currently, approximately 21,400 state retirees meet these eligibility requirements.

The College recorded compensation and benefit expenses for these insurance benefits for active employees in the amount of \$3,934,046 for the year ended June 30, 2003. As discussed in Note 6, the College paid \$1,021,348 applicable to the 3.15 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to College retirees is not available. By state law, the College has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement System to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is

appropriated from the State General Fund for the SCRS and PORS benefits.

NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

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

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

The College had outstanding commitments under construction contracts of approximately \$15,909,277 at June 30, 2003. Of this total, \$11,024,305 is attributable to capital projects and the balance of \$4,884,972 is for non-capital repairs and maintenance. The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and state capital improvement bond proceeds. The state has issued capital improvement bonds to fund improvements and expansion of state facilities. The College is not obligated to repay these funds to the state. Authorized funds can be requested as needed once state authorities have given approval to begin specific projects and project expenditures have been incurred. The College has \$6,166,217 of authorized state capital improvement bond proceeds available to draw at June 30, 2003.

NOTE 9 – LEASE OBLIGATIONS

Future commitments for operating leases having remaining non-cancelable terms in excess of one year as of June 30, 2003, were as follows:

Year Ending June 30,	Operating Leases		
	Equipment	Real Property	
		External Parties	Other State Agencies
2004	\$ 77,134	\$ 1,505,396	\$ 121,806
2005	12,836	606,994	121,806
2006	2,999	508,306	121,806
2007	2,112	186,487	121,806
2008			121,806
2009-13			609,030
2014-18			609,030
2019-23			609,030
2024-28			609,030
2029-33			609,030
2034-38			609,030
2039-43			609,030
2044-48			609,030
2049-53			609,030
2054-58			609,030
2059-63			365,418
Total minimum lease payments	\$ 95,081	\$ 2,807,183	\$ 7,064,748

Operating Leases

The College's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2003 through 2062. Certain operating leases provide for renewal options for periods of one to three years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis. In addition, the College has copier leases on a per copy basis.

In 2003, the College renewed real property operating leases with the College of Charleston Foundation, a related party, for twenty different locations for offices, dormitories, and parking, for annual rentals

of \$906,461. The agreements contain renewal options. Under these agreements, the College paid the Foundation \$906,461 in the current year. These leases provide that the College assumes responsibility for the maintenance of the property. There are no escalation clauses in the leases nor is the College liable for property taxes. During the subsequent fiscal year, the College renewed all existing leases with the Foundation. The terms of the lease agreements are subject to annual changes. In the case of operating leases for real property from commercial vendors, there exist several leases with escalation clauses limited to the cost of living. The leased properties consist of classrooms, parking lots, and a warehouse. Additionally, the College pays the commercial vendor property taxes. The College performs

routine maintenance on these properties. These costs are not included in the schedule of lease commitments.

Additionally, the College leases a sports complex field from the Patriots Point Development Authority, a state agency, with annual rents of \$10,000 per month, April 1, 2002 through March 31, 2062, with annual increases equal to the Consumer Price Index beginning April 1, 2003. A one-time payment of \$500,000 was paid in fiscal year 1998 with a corresponding charge to prepaid expenditures. It is being amortized ratably over the 65-year lease term utilizing the straight-line method of calculation. The lease agreements make no provisions beyond the 65 year period. The un-

amortized balance at June 30, 2003 is \$451,925. Amortization of the prepaid rent balance for fiscal year 2003 was \$7,692 and is reported in operating expenses. The College provides maintenance to the tax-exempt property. The College paid the Patriots Point Development Authority \$120,300 in rent in fiscal year 2003. Total operating lease expenditures for fiscal year 2003 were \$1,832,832, of which \$363,763 is for per copy charge on copy machines. The College reports all of these operating lease costs in operating expenses.

NOTE 10 – BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2003:

Interest Maturity June 30, 2003

	Interest Rates	Maturity Dates	Balance	Debt Retired FY 2003
Revenue Bonds				
Housing and Auxiliary Facilities Revenue Refunding Bond, Series 1992 A	5.10-6.125%	2013	\$	\$ 13,510,000
Higher Education Facilities Revenue Bond, Series 2002 B-McAlister	3.0-5.0%	2032	21,530,000	400,000
Higher Education Facilities Revenue Bond, Series 2002 A-Kelly	3.0-5.25%	2032	10,440,000	180,000
Higher Education Facilities Revenue Bond, Series 2003 D				
Parking Garage	2.0-4.5%	2033	12,550,000	
Dorm Renovation	2.0-4.5%	2033	7,450,000	
Higher Education Facilities Revenue Refunding Bond, Series 2002 B	4.0-5.0%	2012	12,840,000	
Facilities and Improvement Revenue Refunding Bond, Series 1992	5.0-5.5%	2007		3,135,000
Total Revenue Bonds			<u>\$ 64,810,000</u>	<u>\$ 17,225,000</u>
State Institution Bonds				
Series 2003 A – School of Business	3.0-5.0%	2023	\$ 7,200,000	
Total Bonds Payable			<u>\$ 72,010,000</u>	<u>\$ 17,225,000</u>

The College receives loan interest subsidies from the U.S. Department of Housing and Urban Development designated for the payment of interest on the Student and

Faculty Housing Auxiliary Revenue Bonds. During the fiscal year ending June 30, 2003, the College received a subsidy for this purpose in the amount of \$6,731.

Bonds issued by the College include certain restrictive covenants. Facilities and Improvement Refunding Bonds are limited obligations of the College payable solely from, and secured by a pledge of a special student fee for plant improvements. Auxiliary Revenue Bonds are payable solely from and secured by a pledge of revenues of the College's residence halls, food services, and parking, and from additional funds from the plant improvement fee imposed by the Board of Trustees.

The college capitalizes bond discounts/premiums and other bond issuance cost

and are amortized throughout the life of the bonds. The amount amortized was \$28,487 in FY 2003 and \$8,444 in FY 2002.

The College purchased a bond insurance policy payable to the bond trustee for the individual revenue bonds outstanding. The insurance guarantees payment of principal and interest until all debt has been retired. All of the bonds are payable in semiannual installments plus interest. Amounts including interest required to complete payment of the auxiliary revenue bonds as of June 30, 2003, are as follows:

Revenue Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2004	\$ 2,050,000	\$ 2,692,287	\$ 4,742,287
2005	2,410,000	2,682,653	5,092,653
2006	2,485,000	2,603,553	5,088,553
2007	2,570,000	2,521,803	5,091,803
2008	2,655,000	2,435,453	5,090,453
2009-13	14,865,000	10,530,238	25,395,238
2014-18	9,300,000	8,075,444	17,375,444
2019-23	7,060,000	6,156,661	13,216,661
2024-28	9,750,000	4,768,773	14,518,773
2029-33	11,665,000	2,152,510	13,817,510
	<u>\$ 64,810,000</u>	<u>\$ 44,619,375</u>	<u>\$ 109,429,375</u>

Amounts including interest required to complete payment of the State Institution Bonds as of June 30, 2003, are as follows:

State Institution Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2004	\$ 220,000	\$ 264,600	\$ 484,600
2005	225,000	253,600	478,600
2006	240,000	242,350	482,350
2007	255,000	230,350	485,350
2008	265,000	222,700	487,700
2009-13	1,535,000	986,300	2,521,300
2014-18	1,960,000	713,125	2,673,125
2019-23	2,500,000	312,313	2,812,313
	<u>\$ 7,200,000</u>	<u>\$ 3,225,338</u>	<u>\$ 10,425,338</u>

In prior years the College defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the College's financial statements. At June 30, 2003, \$5,147,000 of bonds outstanding are considered defeased. The College was in compliance with all applicable bond covenants as of June 30, 2003.

On July 9, 2002, the College issued \$12,840,000 of Higher Education Facilities Revenue Refunding Bonds, Series 2002 B, with an average interest rate of 4.87% to advance refund \$12,600,000 of outstanding Housing and Auxiliary Facilities Revenue Refunding Bonds with an average interest rate of 5.60%. The net proceeds of \$12,736,332 (after payment of \$103,668 in underwriting fees, insurance and other issuance costs) plus an additional \$882,616 from College funds was used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Series bonds. As a result, the 1992 Series are considered defeased and the liability for these bonds have been removed from the College's financial statements.

Although the advance refunding resulted in the recognition of an \$108,948 loss, which is being amortized over the term of the bonds payable, the College in effect reduced its aggregate debt service payments by almost \$1,950,000 over the next ten years and obtained an economic gain (difference between the present value

of the old and new debt service payments) of almost \$1,750,000. The College, using funds on hand, retired \$3,135,000 of Facilities and Improvement Revenue Refunding Bonds, Series 1992. The bonds are considered retired and the liability for these bonds have been removed from the College's financial statements.

On August 14, 2002, the College issued Higher Facilities Revenue Bonds, Series 2002C, in the amount of \$21,930,000. The proceeds were used to acquire and equip the McAlister Residence Hall at interest rates between 3.00% and 5.00% for thirty years. Related bond issue costs of \$349,333 will be amortized over the life of the bonds using the bonds outstanding method.

On May 22, 2003, the College issued Higher Education Facilities Revenue Bonds, Series 2003 D, in the amount of \$20,000,000. The proceeds were used to acquire a parking deck and to fund dormitory renovations, at interest rates between 2.00% and 4.50% for thirty years. Related bond issue costs of \$391,922 will be amortized over the life of the bonds using the bonds outstanding method.

On June 1, 2003, the State of South Carolina issued on behalf of the College State of South Carolina General Obligation State Institution Bonds, Series 2003 A, in the amount of \$7,200,000 at a fixed interest rate of five percent. The proceeds will be used to construct a new School of Business. In FY 2003 no debt service payment was made on State Institution Bonds but the Tuition Fees in FY 2003 were \$3.6 M.

NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2003 was as follows:

Long-Term Liabilities					
	<u>July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2003</u>	<u>Due Within One Year</u>
Bonds Payable					
State Institution Bonds	\$	\$ 7,202,734	\$	\$ 7,202,734	\$ 220,000
Unamortized premium		(2,734)		(2,734)	
Total State Institution Bonds	<u>\$</u>	<u>\$ 7,200,000</u>	<u>\$</u>	<u>\$ 7,200,000</u>	<u>\$ 220,000</u>
Revenue Bonds	\$ 27,182,759	\$ 54,997,666	\$ 17,229,753	\$ 64,950,672	\$ 2,050,000
Unamortized premiums/					
Discounts	82,241	(227,666)	(4,753)	(140,672)	
Total Revenue Bonds	<u>\$ 27,265,000</u>	<u>\$ 54,770,000</u>	<u>\$ 17,225,000</u>	<u>\$ 64,810,000</u>	<u>\$ 2,050,000</u>
Total Bonds Payable	<u>\$ 27,265,000</u>	<u>\$ 61,970,000</u>	<u>\$ 17,225,000</u>	<u>\$ 72,010,000</u>	<u>\$ 2,270,000</u>
Other Liabilities					
Accrued Compensated Absences	<u>\$ 2,648,484</u>	<u>\$ 1,170,038</u>	<u>\$ 1,059,133</u>	<u>\$ 2,759,389</u>	<u>\$ 947,794</u>
Total Other Liabilities	<u>\$ 2,648,484</u>	<u>\$ 1,170,038</u>	<u>\$ 1,059,133</u>	<u>\$ 2,759,389</u>	<u>\$ 947,794</u>
Total Long-Term Liabilities	<u>\$ 29,913,484</u>	<u>\$ 63,140,038</u>	<u>\$ 18,284,133</u>	<u>\$ 74,769,389</u>	<u>\$ 3,217,794</u>

NOTE 12 – DONOR RESTRICTED ENDOWMENTS

The College received a restricted endowment from the Commission of Higher Education in the amount of \$100,000 with a stipulation that only earnings could be used to fund endowed chairs at the College. At June 30, 2003, net appreciation of \$3,944 was available to be spent, of which \$3,944 is restricted to specific purposes.

NOTE 13 – RELATED PARTIES

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

financial statements of these entities. The activities of these two organizations are not included in the College's financial statements. However, the College's statements include transactions between the College and these related parties.

In conjunction with its implementation of GASB statement No. 14, management reviewed its relationships with the Foundation described in this note. The University excluded these entities from the reporting entity because it is not financially accountable for them. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, issued in May 2002, provides additional guidance that must be evaluated. In conjunction with the implementation of this statement the reporting requirements for the Foundation and the Cougar Club will be reassessed. This statement is effective for the financial

statement periods beginning after June 15, 2003.

Transactions between the College and the Foundation during the year ended June 30, 2003, were as follows:

The College of Charleston Foundation is a separately chartered entity, which exists exclusively to benefit the College.

Foundation for the rental of certain real property (excludes approximately \$2,000 for premiums for insurance coverage on leased properties owned by the Foundation). The amount is reported as part of operating expense.	\$ 906,461
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Scholarships awarded by the College and reimbursed by the Foundation. The amount is reported as part of gifts under non-operating revenue.	\$ 1,414,309
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Capital Gifts	\$ 1,092,210
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See Note 9 regarding lease transactions with the Foundation. Also, the Foundation reimbursed the College \$1,042,307 for certain expenditures that were paid by the College for the benefit of the Foundation.

Related party receivables as of June 30, 2003, is as follows:

Due from Foundation	\$ 8,778,905
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Independent auditors examined the financial statements of the Foundation as of December 31, 2002 and for the year then ended. The assets, liabilities and operating activities of the Foundation as of December

31, 2002, and for the year then ended, are excerpts from the Foundation's audited financial statements and are not included in the accompanying financial statements of the College.

College of Charleston Foundation
Statement of Financial Position
As of December 31, 2002

<u>Assets</u>	<u>In Thousands</u>
Cash and cash equivalents	\$ 3,755
Accounts receivable	
Accrued interest receivable	158
Prepaid expenses	17
Inventories	18
Unconditional promise to give, net	1,590
Investments	34,187
Notes receivable	
Contributions receivable from remainder trusts	234
Cash value of life insurance	27
Property, equipment, net	9,081
Total Assets	\$ 49,067
 <u>Liabilities</u>	
Accounts payable and accrued expenses	\$ 887
Annuities payable	388
Deferred revenues – rental income	184
Notes payable	200
Total Liabilities	\$ 1,659
 <u>Net Assets</u>	
Unrestricted	\$ 2,068
Temporarily restricted	23,567
Permanently restricted	21,773
Total Net Assets	\$ 47,408
 Total Liabilities and Net Assets	\$ 49,067

**College of Charleston Foundation
Statement of Activities
Year Ended December 31, 2002**

<u>Revenue, Gains and Other Support:</u>	<u>In Thousands</u>
Contributions – cash and non-cash	\$ 4,588
Net interest and dividend income	747
Rental income	709
Net realized and unrealized gains on long term investments	(3,048)
Other income	389
Gains (Loss) on sale of equipment	(8)
Changes in value of split interest agreement	(154)
Total revenue, gains, and other support	<u>\$ 3,223</u>
<u>Expenses and Losses:</u>	
Program	\$ 3,882
Supporting	1,073
Total expenses and losses	<u>\$ 4,955</u>
Changes in Net Assets	\$ (1,732)
Net Assets, Beginning of Year	<u>49,140</u>
Net Assets, End of Year	<u>\$ 47,408</u>

The Cougar Club is a separately chartered corporation organized exclusively to solicit and provide funds to the athletic department in the form of scholarships and general revenues from season ticket sales and fund raising activities. Season basketball tickets are only available through Cougar Club membership. The College received \$325,000 from the Cougar Club in fiscal year 2003, primarily for athletic scholarships, which are reported as part of private gifts for auxiliaries in the operating fund and \$165,852 for basketball ticket sales, which is reported as sales, and

services of Auxiliary Enterprises in operating funds.

The financial statements of the Cougar Club, as of June 30, 2003, and for the year then ended, were examined by independent auditors. The assets, liabilities and operating activities of the Cougar Club as of June 30, 2003, and the year then ended, are excerpts from the Cougar Club's audited financial statements and are not included in the accompanying financial statements of the College.

Cougar Club
Statement of Financial Position
As of June 30, 2003

<u>Assets</u>	<u>In Thousands</u>
Cash	\$ 455
Accounts receivable	22
Investments	154
Prepaid Expenses	2
Equipment (Net of accumulated depreciation)	24
Total Assets	<u><u>\$ 657</u></u>
<u>Liabilities</u>	
Accounts payable	\$ 2
Incentive compensation contract	154
Deferred revenue	134
Total Liabilities	<u><u>\$ 290</u></u>
<u>Net Assets</u>	
Unrestricted	\$ 52
Temporarily restricted	315
Total Net Assets	<u><u>\$ 367</u></u>
Total Liabilities and Net Assets	<u><u>\$ 657</u></u>

Cougar Club
Statement of Activities
Year ended June 30, 2003

<u>Revenue and Other Support</u>	<u>In Thousands</u>
Donations/Memberships	\$ 826
Special events	123
Investment Return	9
Season ticket sales	166
Miscellaneous income	4
Total Revenue and Other Support	<u><u>\$ 1,128</u></u>
<u>Expenses</u>	
Program	\$ 969
Supporting	174
Total Expenses	<u><u>\$ 1,143</u></u>
Changes in Net Assets	\$ (15)
Net Assets, Beginning of Year	382
Net Assets, End of Year	<u><u>\$ 367</u></u>

NOTE 14 – RISK MANAGEMENT

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

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the state itself assumes substantially all risks for the following:

1. Claims of state employees for unemployment compensation benefits (Employment Security Commission);
2. Claims of covered employees for workers' compensation benefits for job related illnesses or injuries (State Accident Fund);
3. Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services); and
4. Claims of covered public employees for long-term disability and group life insurance benefits (Office of Insurance Services).

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

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

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

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

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

NOTE 15 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2003 are summarized as follows:

	Compensation and Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 41,469,210	\$ 3,965,613	\$	\$	\$	\$ 45,434,823
Research	2,219,674	2,136,967				4,356,641
Public Service	558,237	741,039				1,299,276
Academic Support	6,646,368	3,035,459				9,681,827
Student Services	4,364,993	1,693,453				6,058,446
Operation and Maintenance of Plant	7,304,375	11,535,746	2,160,384			21,000,505
Institutional Support	8,272,952	2,920,823				11,193,775
Scholarships and Fellowships (net of discounts and allowances)				9,452,517		9,452,517
Auxiliary Enterprises	5,246,357	12,841,899	1,310,804	1,579,823		20,978,883
Depreciation and amortization					4,752,080	4,752,080
Total Operating Expense	\$ 76,082,166	\$ 38,870,999	\$ 3,471,188	\$ 11,032,340	\$ 4,752,080	\$134,208,773

NOTE 16 – STATE APPROPRIATIONS AND TRANSACTIONS WITH STATE ENTITIES

The College is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received and available.

The original appropriation is the College's base budget amount presented in the General Funds column of Section 5C of the 2002-2003 Appropriation Act. The following is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2003:

Non-Capital State Appropriations

Current year's appropriations:

Original appropriations per Annual Appropriations Act	\$ 32,032,054
Mid-year appropriation reductions	(2,739,520)

From Commission on Higher Education:

Academic Endowment	57,201
Technology Grant	331,862

Total non-capital appropriations recorded as current year revenue	<u>\$ 29,681,597</u>
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The College received substantial funding from the Commission on Higher Education (CHE) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and non-operating revenues, depending upon the requirement of

deliverables with a current or potential future economic value. The College also receives state funds from various other public service projects. Following is a summary of amounts received from state agencies for scholarships, sponsored research and public service projects for the fiscal year ended June 30, 2003:

Other Amounts

Received from CHE:

MRR Technology Funding	\$ 421,947
LIFE Scholarships	9,481,797
Palmetto Scholarships	2,039,251
Need-Based Grants	939,600
Access and Equity	29,212
Various other CHE amounts	209,812
Received from Dept. of Education	479,005
Received from various state agencies	453,549
	<u>\$ 14,054,173</u>

NOTE 17 – STATEMENT OF ACTIVITIES

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

	2003	2002	Increase/(Decrease)
Charges for services	\$ 97,826,965	\$ 86,668,192	\$ 11,158,773
Operating grants and contributions	4,633,582	4,422,766	210,816
Capital grants and contributions	1,092,210	537,792	554,418
Less: Expenses	136,710,043	121,107,399	15,602,644
Net program revenue (expense)	<u>\$ (33,157,286)</u>	<u>\$ (29,478,649)</u>	<u>\$ 3,679,637</u>
Transfers:			
State appropriations	\$ 29,681,597	\$ 32,764,142	\$ (3,082,545)
Capital improvement bond proceeds	4,831,217	262,410	4,568,807
Total transfers	<u>\$ 36,091,349</u>	<u>\$ 34,353,778</u>	<u>\$ 1,737,571</u>
Change in net assets	1,355,528	3,547,903	(2,192,375)
Net assets – beginning	107,710,364	104,162,461	3,547,903
Net assets – ending	<u>\$ 109,065,892</u>	<u>\$ 107,710,364</u>	<u>\$ 1,355,528</u>

NOTE 18 – SUBSEQUENT EVENTS

In September 2003, the College awarded a \$9,000,000 construction contract to build a new building to house the School of Business. The building will be paid for with the proceeds of the State Institution Bond issued in June 2003, and with private donations.

NOTE 19 - BOOKSTORE OPERATIONS

Effective July 1, 2002 the College outsourced the operations of the College's bookstore to

Follett Higher Educational Group (Follett). As part of this agreement Follett agreed to purchase approximately \$1,200,000 of inventory on hand. As part of this agreement Follett agreed to perform renovations to the existing bookstore facilities. Follett agreed to pay quarterly commissions to the College. The amount of the commission varies depending on the profit from the bookstore during the quarter. For the year ended June 30, 2002 the bookstore reported gross revenues of \$5,250,041, expenditures of \$5,993,291 and a non-mandatory transfer of \$350,000.

COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



STATISTICAL SECTION

Schedule Of Revenues By Source

	For the Year Ended June 30,					
	(amounts expressed in thousands)			(percent of total revenue)		
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues						
Operating Revenues:						
Student Tuition and Fees (net of scholarship allowance)	\$ 53,187	\$ 47,825	\$ 43,771	38.5%	38.4%	37.4%
Federal Grants and Contracts	9,597	8,530	7,183	7.0%	6.8%	6.1%
State Grants and Contracts	13,311	7,210	8,623	9.6%	5.8%	7.4%
Local Grants and Contracts	0	15	4	0.0%	0.0%	0.0%
Nongovernmental Grants and Contracts	208	217	418	0.2%	0.2%	0.4%
Sales and Services of Educational and Other Activities	1,025	1,544	1,167	0.7%	1.2%	1.0%
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	19,157	20,216	19,424	13.9%	16.2%	16.6%
Other Operating Revenue	1,342	1,111	1,325	1.0%	0.9%	1.1%
Total Operating Revenues	<u>\$ 97,827</u>	<u>\$ 86,668</u>	<u>\$ 81,915</u>	<u>70.9%</u>	<u>69.5%</u>	<u>70.0%</u>
Non Operating Revenues:						
State Appropriations	29,682	33,027	33,339	21.5%	26.5%	28.5%
Gifts	1,739	2,208	1,483	1.3%	1.8%	1.3%
Interest Income	1,579	1,327	353	1.1%	1.1%	0.3%
Other Non Operating Revenues	7,239	1,425	(22)	5.2%	1.1%	0.0%
Total Non Operating Revenues	<u>\$ 40,239</u>	<u>\$ 37,987</u>	<u>\$ 35,153</u>	<u>29.1%</u>	<u>30.5%</u>	<u>30.0%</u>
Total Revenues	<u>\$ 138,066</u>	<u>\$ 124,655</u>	<u>\$ 117,068</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

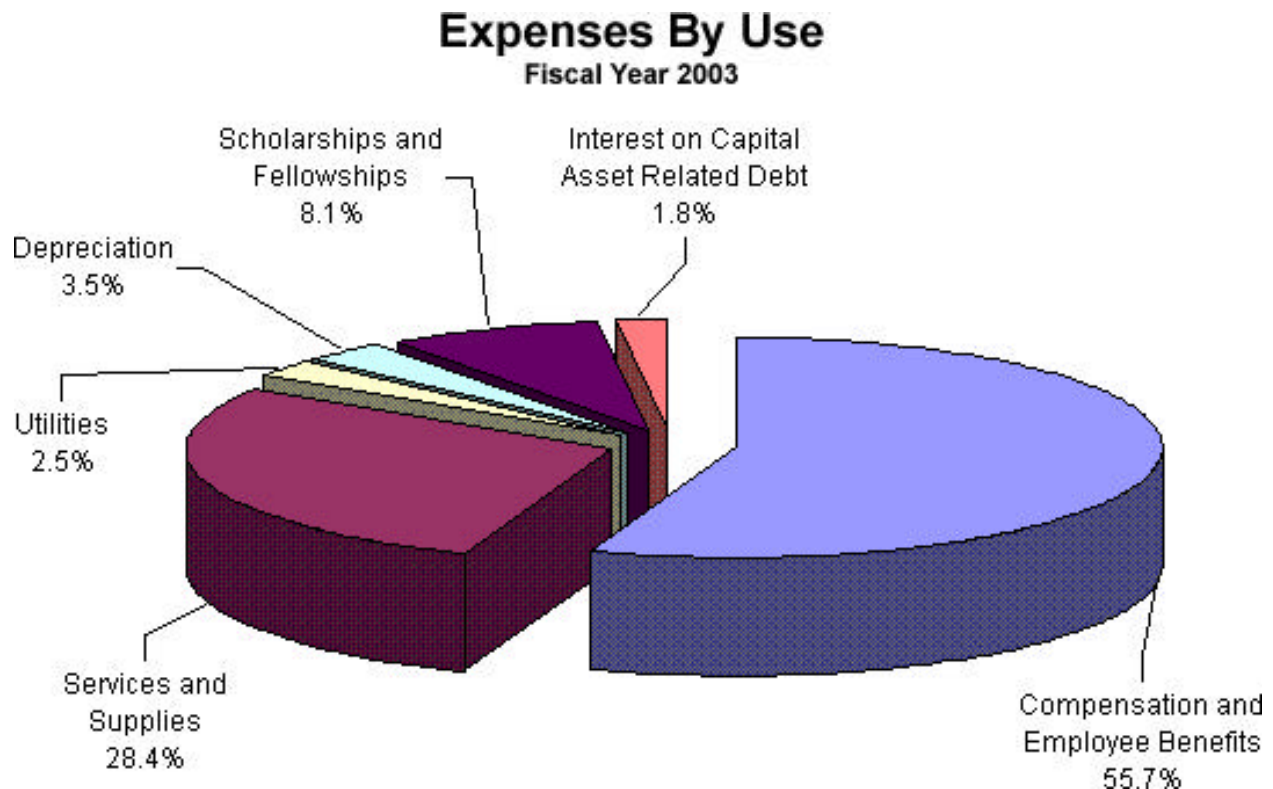
Schedule Of Expenses By Function

	For the Year Ended June 30,					
	(amounts expressed in thousands)			(percent of total expenses)		
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Expenses:						
Instruction	\$ 45,435	\$ 43,997	\$ 42,413	33.2%	36.3%	36.4%
Research	4,357	3,867	3,569	3.2%	3.2%	3.1%
Public Services	1,299	1,180	1,192	1.0%	1.0%	1.0%
Academic Support	9,682	9,535	9,226	7.1%	7.9%	7.9%
Student Services	6,058	5,752	5,239	4.4%	4.8%	4.5%
Institutional Support	11,194	9,506	8,615	8.2%	7.9%	7.4%
Operation and Maintenance of Plant	21,001	12,517	12,309	15.4%	10.3%	10.6%
Scholarships and Fellowships	9,452	8,456	7,915	6.9%	7.0%	6.8%
Auxiliary Enterprises	20,979	21,395	21,723	15.3%	17.7%	18.7%
Interest on Capital Debt	2,501	1,144	1,076	1.8%	0.9%	0.9%
Depreciation	4,752	3,758	3,188	3.5%	3.1%	2.7%
Total Expenses	<u>\$ 136,710</u>	<u>\$ 121,107</u>	<u>\$ 116,465</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: The Audited Financial Statements of the College of Charleston for the years ended June 30, 2003 2002, and 2001.

Schedule Of Expenses By Use

	For the Year Ended June 30,					
	(amounts expressed in thousands)			(percent of total expenses)		
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Expenses:						
Operating Expenses:						
Compensation and Employee Benefits	\$ 76,082	\$ 71,754	\$ 68,716	55.7%	59.3%	61.9%
Services and Supplies	38,871	32,995	27,404	28.4%	27.2%	24.7%
Utilities	3,471	2,999	3,428	2.5%	2.5%	3.1%
Depreciation	4,752	3,758	3,188	3.5%	3.1%	2.9%
Scholarships and Fellowships	11,032	8,457	7,292	8.1%	7.0%	6.6%
Total Operation Expenses	<u>\$ 134,209</u>	<u>\$ 119,963</u>	<u>\$ 110,028</u>	<u>98.2%</u>	<u>99.1%</u>	<u>99.0%</u>
Non Operating Expenses:						
Interest on Capital Asset Related Debt	\$ 2,501	\$ 1,144	\$ 1,076	1.8%	0.9%	1.0%
Total Non Operating Expenses	<u>\$ 2,501</u>	<u>\$ 1,144</u>	<u>\$ 1,076</u>	<u>1.8%</u>	<u>0.9%</u>	<u>1.0%</u>
Total Expenses	<u>\$ 136,710</u>	<u>\$ 121,107</u>	<u>\$ 111,104</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>



Source: The Audited Financial Statements of the College of Charleston for the years ended June 30, 2003, 2002, and 2001

SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years
(amounts in thousands)

Plant Improvement Bonds

Fiscal Year Ended June 30,	Special Student Fee	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
			Principal	Interest	Total	
2003	\$ 1,188	\$ 1,188	\$ 580	\$ 168	\$ 748	1.59*
2002	1,142	1,142	545	183	728	1.57
2001	1,098	1,098	505	209	714	1.54
2000	1,096	1,096	465	233	698	1.57
1999	1,024	1,024	630	259	889	1.15
1998	1,088	1,088	615	289	904	1.20
1997	1,152	1,152	600	319	919	1.25
1996	2,075	2,075	595	354	949	2.19
1995	2,047	2,047	565	393	958	2.14
1994	1,988	1,988	485	429	914	2.17

* Bond paid off in full

Revenue Bonds

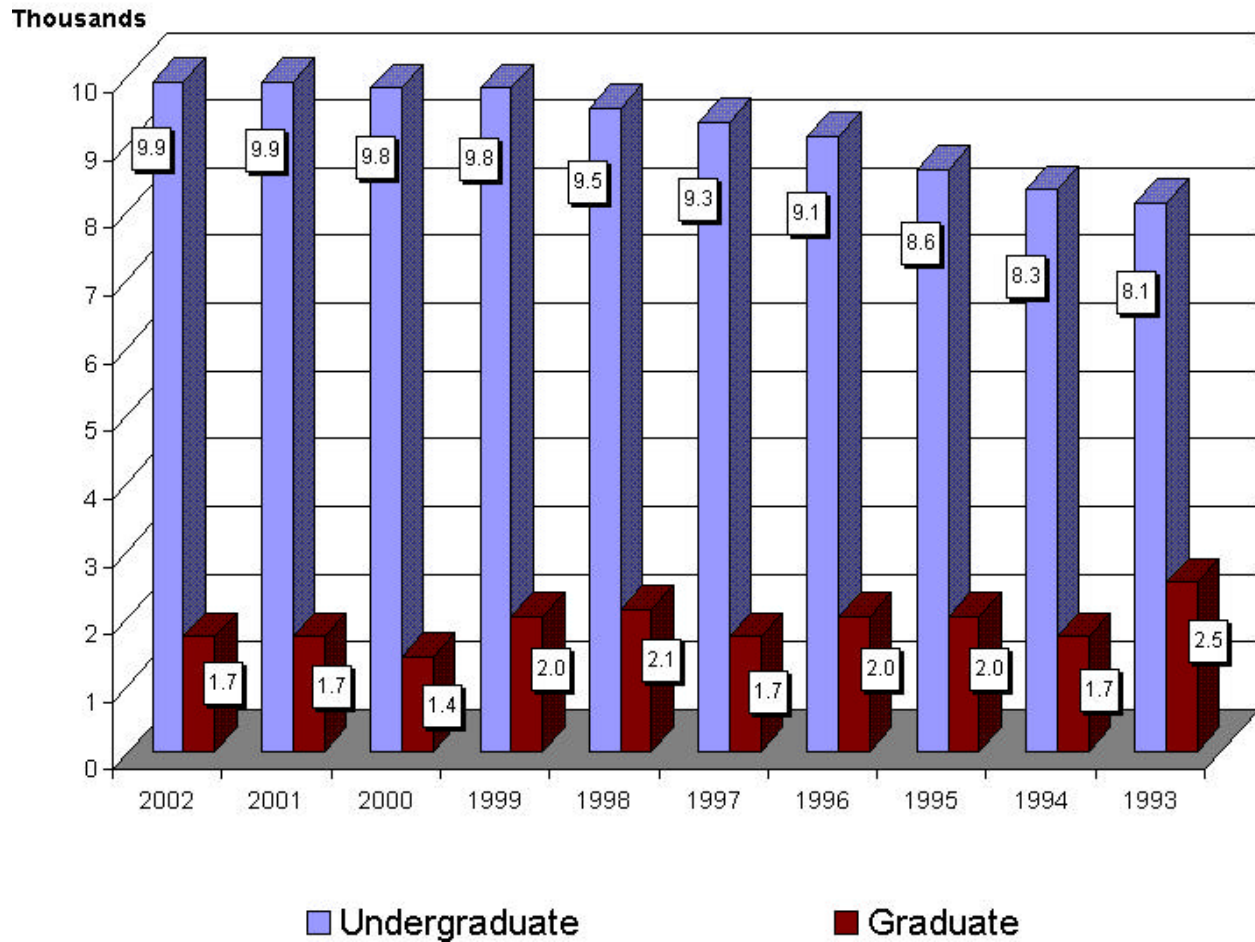
Fiscal Year Ended June 30,	Defined Net Revenue Available for Debt Service	Total Revenue Available for Debt Service	Debt Service Payment Requirements			Coverage Ratio
			Principal	Interest	Total	
2003	\$ 2,996	\$ 2,996	\$ 580	\$ 1,976	\$ 2,556	1.17
2002	1,830	1,830	865	822	1,687	1.08
2001	2,425	2,425	825	865	1,690	1.44
2000	2,363	2,363	785	907	1,692	1.40
1999	2,814	2,814	750	954	1,704	1.65
1998	2,211	2,211	715	982	1,697	1.30
1997	2,414	2,414	685	1,015	1,700	1.42
1996	2,081	2,081	655	1,048	1,703	1.22
1995	2,302	2,302	625	1,076	1,701	1.35
1994	2,134	2,134	595	1,108	1,703	1.25

Source: College of Charleston Controller's Office

College of Charleston

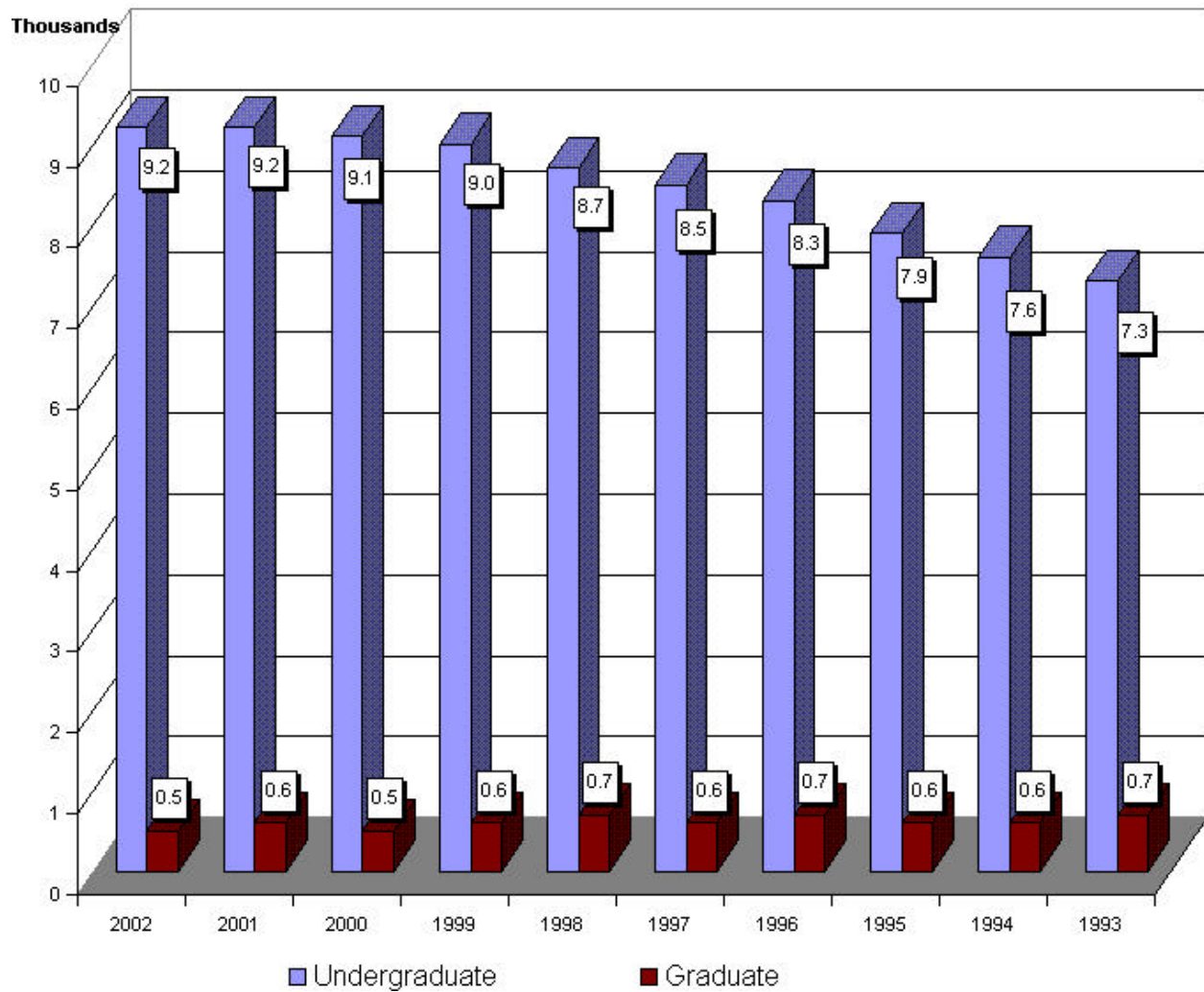
Student Head Count

For The Last 10 Years



Source: College of Charleston Office of Institutional Research and Planning

College of Charleston Student Full Time Equivalent For The Last 10 Years

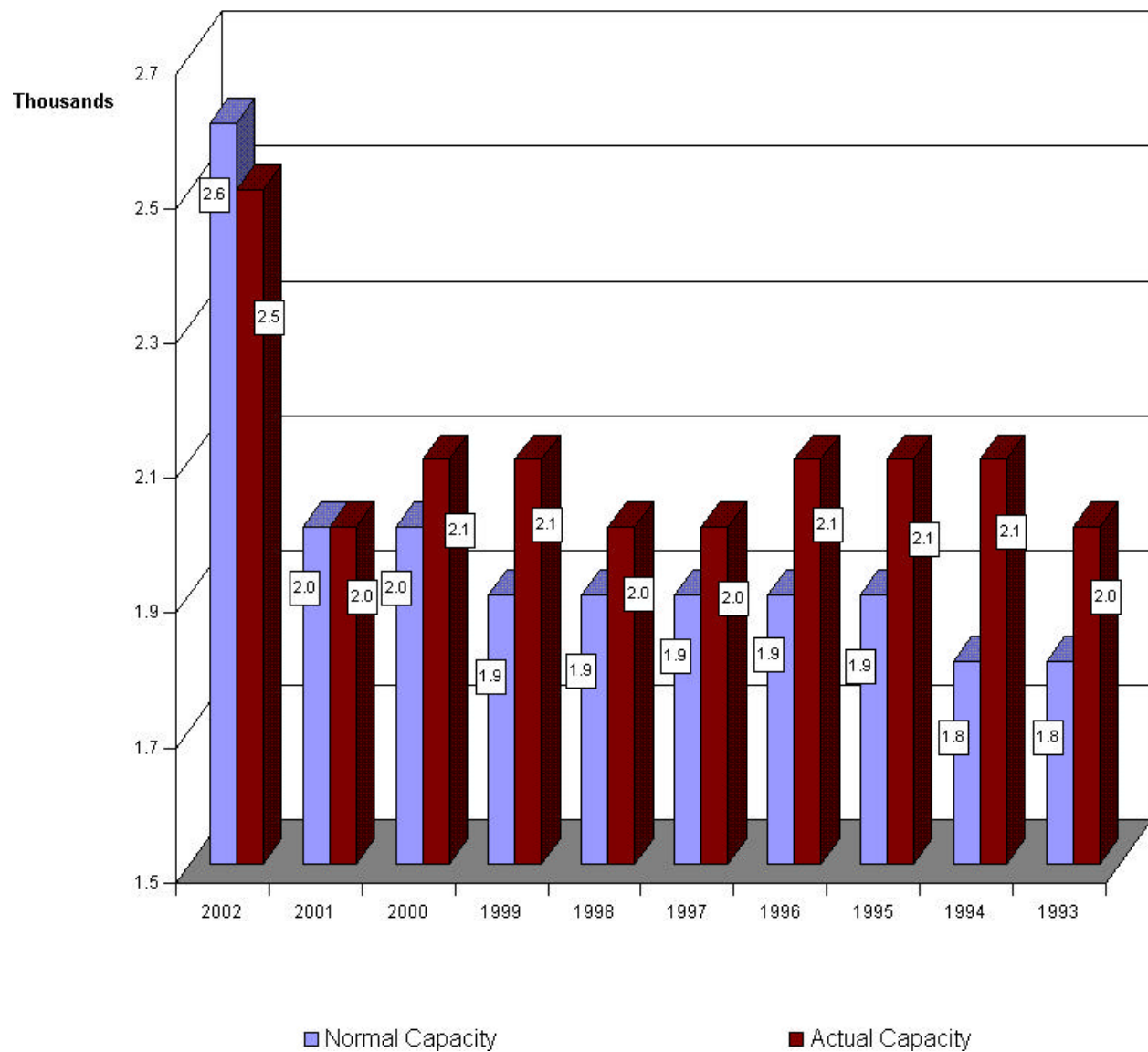


Source: College of Charleston Office of Institutional Research and Planning

College Of Charleston

Fall Residence Hall Occupancy

For The Last 10 Years

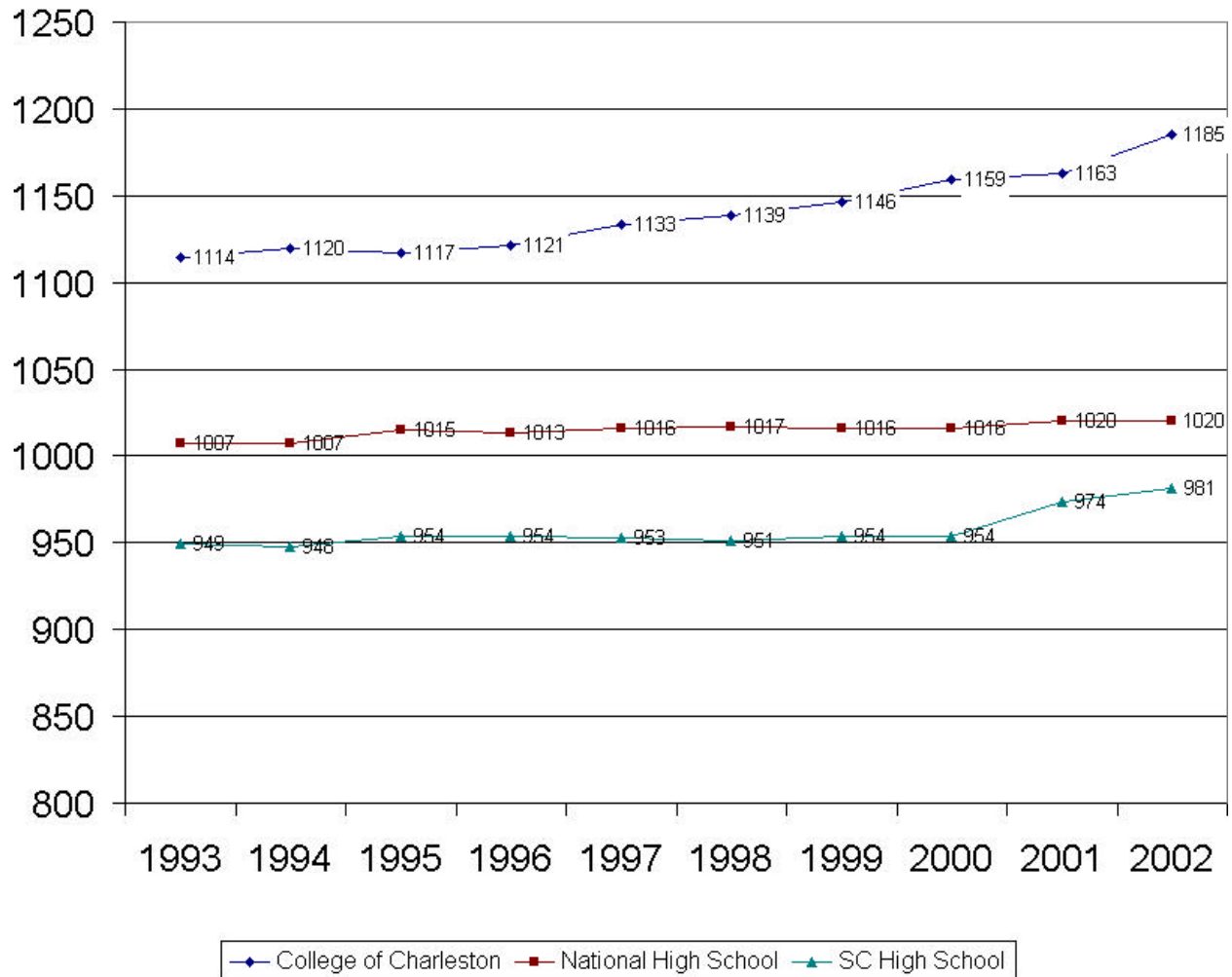


Source: College of Charleston Office of Institutional Research and Planning / Dean of Residence life

College of Charleston

Average Combined SAT Scores

For The Last 10 Years



Source: College of Charleston Office of Admissions

COLLEGE OF CHARLESTON
 FALL ROSTER FACULTY
 RANK, TENURE, AND TERMINAL DEGREES
 LAST TEN YEARS

Year Ended June 30,	Professors	Associate Professors	Assistant Professors	Instructors	Total	Percent with	
						Terminal Degrees (1)	Tenure (2)
2002	111	143	154	59	467	85%	58%
2001	105	136	157	64	462	82%	60%
2000	107	137	151	61	456	85%	61%
1999	108	126	149	56	439	83%	63%
1998	100	111	143	66	420	82%	64%
1997	101	101	143	54	399	82%	65%
1996	96	93	147	52	388	82%	61%
1995	89	91	144	38	362	85%	64%
1994	80	94	146	35	355	86%	63%
1993	69	102	135	33	339	86%	65%

(1) Includes visiting faculty occupying a state position and roster faculty on sabbatical or leave.
 Excludes Administrators and Deans holding faculty rank.

(2) Includes roster faculty on sabbatical or leave. Excludes both visiting faculty occupying a state position and Administrators holding faculty rank.

Source: College of Charleston Office of Institutional Research and Planning

COLLEGE OF CHARLESTON

STUDENT AND FACULTY FULL TIME EQUIVALENTS

FALL 2002

AREA	UNDERGRADUATE			GRADUATE		
	FTE Students	IFTE Faculty	Student/ Faculty Ratio	FTE Students	IFTE Faculty	Student/ Faculty Ratio
Biological Science	574.27	37.25	15.42	21.67	3.77	5.75
Business and Management	1,007.93	38.86	25.94	15.00	1.23	12.20
Computer Science	177.00	12.10	14.63	10.25	0.87	11.78
Education	691.00	38.36	18.01	372.66	23.12	16.12
Engineering	6.80	0.83	8.19			
Student Teaching	49.60	3.41	14.55	13.50	0.99	13.64
Fine Arts	897.20	61.26	14.65			
Foreign Languages	1,130.87	76.56	14.77	5.42	0.71	7.63
English	1,028.20	64.95	15.83	13.50	0.86	15.70
Environmental Studies	6.60	0.50	13.20	63.75	4.92	12.96
Philosophy and Religion	325.00	12.28	26.47			
Library	5.00	0.51	9.80			
Mathematics	720.67	27.91	25.82	10.25	1.38	7.43
Physical Science	675.67	48.42	13.95			
Psychology	458.73	21.96	20.89			
Public Administration				21.75	1.55	14.03
Science and Math for Teachers				6.42	0.85	7.55
Social Sciences	1,261.20	57.22	22.04	12.83	1.70	7.55
Interdisciplinary	367.54	27.80	13.22			
Totals	9,383.28	530.18	17.70	567.00	41.95	13.52
College Totals	9,950.28	572.13	17.39			

NOTE: Student Full Time Equivalents (FTE) is the calculation based on student credit hours where an undergraduate FTE is the total number of student credit hours generated by undergraduate courses divided by 15, and the graduate. FTE is the number of student credit hours generated by Graduate Courses divided by 12.

Instructional Full Time Equivalents (FTE) is an external reporting standard measuring the amount of faculty time used for instructional activity. Contact hours are the basis for calculation; in general, 12 contact courses = 1 FTE.

Source: College of Charleston Office of Institutional Research and Planning

COLLEGE OF CHARLESTON

ACADEMIC SUBJECT AREAS AND DEGREES OFFERED

UNDERGRADUATE

Accounting	A.B., B.S.	History	A.B., B.A.
Anthropology	A.B., B.S.	International Business	A.B., B.S.
Art History	A.B., B.A.	Marine Biology	A.B., B.S.
Arts Management	A.B., B.A.	Mathematics	A.B., B.S.
Athletic Training	A.B., B.S.	Middle Level Education	A.B., B.S.
Biochemistry	A.B., B.S.	Music	A.B., B.A.
Biology	A.B., B.A., B.S.	Philosophy	A.B., B.A.
Business Administration	A.B., B.S.	Physical Education and Health	A.B., B.S.
Chemistry	A.B., B.A., B.S.	Physics	A.B., B.A., B.S.
Classical Studies	A.B., B.A.	Political Science	A.B., B.A.
Communication	A.B., B.A.	Psychology	A.B., B.S.
Computer Science	A.B., B.A., B.S.	Religious Studies	A.B., B.A.
Computer Information Systems	A.B., B.S.	Sociology	A.B., B.S.
Early Childhood Education	A.B., B.S.	Spanish	A.B., B.A.
Economics	A.B., B.S.	Special Education	A.B., B.S.
Elementary Education	A.B., B.S.	Studio Arts	A.B., B.A.
English	A.B., B.A.	Theatre	A.B., B.A.
French	A.B., B.A.	Urban Studies	A.B., B.A.
Geology	A.B., B.A., B.S.	Bachelor of Science with	
German	A.B., B.A.	Dentistry Emphasis	B.S.D.
Historic Preservation and		Bachelor of Science with	
Community Planning	A.B., B.A.	Medicine Emphasis	B.S.M.

GRADUATE

Accounting	M.S.	History	M.A.
Bilingual Legal Interpreting	M.A.	Languages	M.Ed.
Computer and Information		Marine Biology	M.S.
Sciences	M.S.	Mathematics	M.S.
Early Childhood Education	M.Ed., M.A.T.	Public Administration	M.P.A.
Elementary Education	M.Ed., M.A.T.	Science and Math for Teachers	M.Ed.
English	M.A.	Special Education	M.Ed., M.A.T.
Environmental Studies	M.S.		

A.B.- Artium Baccalaureatus (classical studies)
 B.A.- Bachelor of Arts
 B.S.- Bachelor of Science
 M.A.- Master of Arts

M.A.T.- Master of Arts in Teaching
 M.Ed- Master of Education
 M.P.A.- Master of Public Administration
 M.S.- Master of Science

Source: College of Charleston Office of Institutional Research and Planning