

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1999**

**PREPARED BY
THE OFFICE OF THE CONTROLLER**

COLLEGE OF CHARLESTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1999

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**College of Charleston
Comprehensive Annual Financial Report**

Introductory Section

October 27, 1999

Alexander M. Sanders, 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, 1999. The audit report of our independent certified public accountants, Rogers and Laban, 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, 1999, in addition to other information useful to the reader of the report.

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 financial position and results of operations of the various funds of the College. We have included all disclosures enabling the reader to gain an understanding of the College's financial activities. This Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical.

The Introductory section includes this transmittal letter, listings of the Board of Trustees, the Administrative Officers, the Business and Finance Officers, an Organizational Chart of the Institution and the Certificate of Achievement for Excellence in Financial Reporting awarded for Fiscal Year ended June 30, 1998. This section is intended to familiarize the reader with the College, the scope of its operations, the economic surroundings affecting the College, the College's financial activities, and significant factors contributing to the

present financial environment of the College. The financial section includes the letter of the State Auditor, the Independent Auditor's Report, the Basic Financial Statement, Notes to the Financial Statements and supplemental information related to year 2000. The Financial Statement may be used as a document to make reasonable comparisons of the College's financial position as it relates to other public higher educational institutions. The Statistical section includes selected unaudited financial and demographic information. The information contained in the Statistical Section gives an overview of trends regarding 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.

This effort is supported by a faculty of which 82% have earned PHD's or the highest degrees in their fields. This commitment to the liberal arts is supported by a core curriculum which requires study in English, History, Modern and Classical Languages, Math, Science, the Arts and the Social Sciences. Over forty majors and more than a dozen inter-disciplinary minors, innovative teaching techniques such as Marketing taught entirely in French, and national and international exchange programs, offer global opportunities for intellectual and personal growth. Additionally, the College provides both credit and non-credit continuing education programs and activities for local residents.

The College is situated in the heart of historic downtown Charleston. Interstate 26 originates just a few blocks from the campus and connects with Interstate 95, a major north-south route. Being situated in the downtown area ensures easy access to the

arts as well as entertainment and world class restaurants. Nearby beaches and parks offer even more leisure and diverse activities.

The College of Charleston, as an undergraduate school with the University of Charleston, South Carolina, as its graduate school (herein referred to as the College of Charleston) is 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. As a state agency, it is subject to the laws and policies of the State of South Carolina, comprised in a manner presented by Section 59-130-10, Code of Laws of South Carolina 1976, as amended. The Board of Trustees is the governing body for the College. It 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. Consequently, the overall quality of the students remains constant from year to year. This year's average combined with SAT scores of entering freshmen was 1139, far exceeding the state and national averages, with only one other state institution having a higher average. Our entering freshmen continue to think highly of the College, with its excellent academic reputation noted as the most popular reason for selecting the College of Charleston. Out of state and international students comprise 32% of the student enrollments with all 50 states and 65 foreign countries represented.

ECONOMIC OUTLOOK

Publicly funded institutions such as the College of Charleston economic outcomes are often tied to national, state and local economics and the activities and growth associated with these entities. Fiscal year 1999 followed the positive forecasts predicted by economists during the last fiscal year.

A sound national economy, despite a world economic slump, continues to fuel strong

and vibrant state and local economies. The College continues to position itself to encourage individuals to seek out educational opportunities. The College provides programs that not only attract individuals statewide but also from across the nation. On the state level the College has been recognized as one of the most efficient public higher educational institutions in the state. Along with this recognition comes funding from a legislature that recognizes the efforts of the College. This funding is derived from a performance based model that determines funding to State universities. The model examines indicators such as instructional quality, quality of faculty, graduate achievements, mission focus and entrance requirements.

The College will continue to offer programs and opportunities through its diversification of academic programs that will aid the local area economy. The recent acquisition of a high school facility adjacent to the College campus has increased both classroom and laboratory space. Through its School of Business and Economics the College continues course offerings that will benefit both student enrollment and aid the local economy. Examples of these offerings include major programs in Intermodal Transportation (a concept regarding the movement of cargo using more than one form of transportation) is a program designed to offer academic courses and practical exposure to the growing field of transportation to the student. The Center for Entrepreneurship introduces students to the fundamentals of free enterprise and entrepreneurship. It is designed to help individuals who wish to start their own companies by providing assistance in developing business plans, market research and the securing of financing. Seminars, lectures and short courses are offered to members and potential members of the business community. A Master of Science in Accountancy Program offers a broad base of programs in the accounting field and is designed for both the practicing professional and those recently completing the undergraduate program in accounting. Long established as a liberal arts institution, the College continues to offer courses in the humanities, arts, education and the sciences to prepare students as future members of

the world community. The economic future of the College will remain bright as a result of diversity in the educational arena.

COLLEGE INITIATIVES

The College admits full time students who are capable of successfully completing a course of study leading to a degree in their chosen field. As part of this process, its goal is to identify individuals who will excel academically and bring diversity to a dynamic student body

College enrollments (headcount) increased 17.3 percent between Fall 1994 and Fall 1998 with five year graduation rates remaining stable at 50 percent. The increase is due to improvements in student retention as well as the introduction of new programs. The general makeup of the class distributions is a result of more students being retained and ultimately continuing to graduation. The student population continues to grow in diversity as we see more minority and non-traditional students enrolling. Out-of-state and international students make up 32 percent of the student population. There are 50 states and US possessions and 65 foreign countries represented in the College's student enrollment.

The following constitute just some of the goals and objectives of the College:

- ◆ **To Make the College Affordable**
With College education being a major cost item in most family budgets, it is important that costs be controlled and that there exist mechanisms to help the student. The control of cost is examined on a regular basis through the budgetary process. This process allows the tracking of expenditures for examination. The College is recognized by the State of South Carolina as one of its most efficient higher education institutions. The financial assistance programs provide for state and private scholarship funding to deserving and talented students. Federal grants and loan programs are in place to fill gaps in scholarship funding.

- ◆ **Providing a Challenging Environment for the Student**
In an ever-increasing global economy the College offers opportunities for the Student to participate in study abroad programs. Bilateral exchange programs are available currently with England, Japan, France, Germany and other countries offering the student the opportunity to interact with the foreign community. On the national level, a program with over 100 participating colleges and universities in the United States offers exposure to new thoughts and innovative concepts nationwide.
- ◆ **Recruitment of Top-ranking Teacher-Scholars**
The strength of any institution of higher education rests with its faculty. The ability to attract competent and enthusiastic teachers is necessary to maintain academic excellence.
- ◆ **Integration of New Technologies**
In a changing world it will become ever more important that laboratories, classrooms and libraries are equipped to apply the newest and innovative teaching methodologies.
- ◆ **Modernization of Expansion of Facilities**
Construction of a new library, the establishment of a Center for Excellence in Education (through renovation of existing properties) and the purchase of new classroom facilities will enhance existing facilities.

These efforts will ensure that students who attend the College now and in the future will be provided with the finest in academic facilities, the most accomplished of 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 AND BUDGETARY CONTROLS

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 of the College ensures that its financial statements are prepared in conformity with generally accepted accounting principles, and that reasonable accounting controls are in place to provide the following:

- (1) That access to College assets are granted only with 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 such 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 and issues reports with recommended improvements for 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.

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. In conjunction with the Senior Vice President for Business Affairs, the budgets are presented to the Board of Trustees for approval.

After approval, the College ensures budgetary control through the development 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 on the departmental chairperson level with appropriate oversight provided by the executive management of the College. Given a centralized review system by accounting personnel ensuring 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 is 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 objectives in a manner that ensures prudent management of public funds.

CURRENT FUND – REVENUES AND EXPENDITURES

As a state institution the College receives educational and general funding from the State of South Carolina as an annual appropriation. During 1998-99 state appropriation revenues represented 25.2% educational and governmental operating revenues with student college related fees comprising 32.9% of all operating revenues. The State Appropriation increased 13.4% over 1997-98 with College and related fees increasing 10.0%. Appropriation increases represent the State's effort to more fully fund higher education with College and related fees rising due to increases in enrollment and a nominal increase in College fees. Auxiliary Enterprise revenues increased by 4.9% during the period. This was attributed to increase student volume utilizing the services of these enterprises. The following tables present information regarding revenues and expenditures for the year ending June 30, 1999:

TABLE 1
CURRENT FUND REVENUES

(amounts expressed in thousands)	Amount	Percentage of Total	Change From 1998	Percentage Change From 1998
College and Related Fees Amounts collected from students as part of registration and attendance at the College including course fees, lab fees and debt service allocations	\$43,622	32.9%	\$3,950	10.0%
State Appropriations Amounts provided by the Legislature of the State of South Carolina for current operations of the College of Charleston	33,417	25.2%	3,942	13.4%
Federal Grants and Contracts Amounts provided by Federal government for research, training and student aid activities	31,217	23.5%	1,089	3.6%
State, Local and Private Grants and Contracts Amounts provided for research, training and scholarships	2,038	1.5%	659	32.4%
Endowment Income (1) Amounts provided by endowment held by State Treasurer	8	*	0	0
Auxiliary Enterprises Revenue of enterprises providing facilities and services to students, faculty and staff	19,968	15.1%	939	4.9%
Other Sources Amounts from sales and services of educational departments, revenues generated and allocated to student organizations and other miscellaneous items	2,444	1.8%	738	43.3%
Total Current Fund Sources	\$132,714 =====	100% =====	\$11,317 =====	9.3% =====

* Less than .1%

(1) The College of Charleston Foundation exists as the depository of all other endowment funds of the College.

The estimated value of these funds was \$ 26,260,000 at December 31, 1998.

TABLE 2
CURRENT FUND EXPENDITURES

(amounts expressed in thousands)	Amount	Percentage of Total	Change From 1998	Percentage Change From 1998
Instruction Includes expenditures related to providing for all credit and non-credit course sessions	\$ 34,903	26.2%	\$ 2,038	6.2%
Research Includes expenditures for activities specifically organized to produce research outcomes	2,705	2.0%	(38)	(1.4%)
Academic Support Includes costs of libraries, academic computing, and academic administration in providing support services for instructional and other activities	8,212	6.2%	769	10.3%
Student Services Includes cost of registration, counseling, student aid administration and other non-instructional services to students	4,617	3.5%	421	10.0%
Institutional Support Includes cost of executive level activities, financial services, business services, security and other administrative activities	9,178	6.9%	765	9.1%
Operation and Maintenance Includes costs of utilities, building and grounds maintenance and general service activities	8,631	6.5%	269	3.2%
Public Service Includes costs associated with non-instructional activities that benefit individuals external to College	1,212	.9%	269	28.5%
Student Aid & Scholarships Includes costs of scholarships and grants to students	36,184	27.2%	4,741	15.1%
Auxiliary Enterprises Operations Includes costs of self supporting entities that provide services to students in the form of Housing, Food Services and other related activities	16,809	12.6%	350	2.1%
Mandatory Transfers Includes transfers to support costs of principal and interest related to long term debt	2,736	2.0%	28	1.0%
Non-Mandatory Transfers Includes transfers made at the discretion of governing boards to service institutional objectives related to construction and other related activity	8,025	6.0%	4,454	124.7%
Total Current Fund Totals for Expenditures and Transfers	\$133,212 =====	100.0% =====	\$14,066 =====	11.8% =====

AUXILIARY ENTERPRISES

Auxiliary Enterprise Operations of the College are its Bookstore/Campus Shop, Theatre Rentals, Food Service, Athletics, Residence Halls, Parking, Debit Card Services and Vending Machines. Pursuant to laws of the State of South Carolina, all auxiliary operations are self supporting. Appropriate administrative overhead is charged to each operation. In addition, the

Residence Halls, Parking and Food Service operations transfer as mandatory transfers amounts necessary to service debt for bonds issued as "Housing and Auxiliary Facilities Revenue Refunding Bonds" in October 1992. (See Debt Administration section of this report). For the period ending June 30, 1999, the results of Auxiliary Enterprises Operations were as follows:

<u>Activity</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers for Debt Service</u>
Dormitory Operations	\$ 6,465,937	\$ 4,390,471	\$ 1,528,961
Cafeteria	4,425,111	4,108,945	98,533
Health Services	445,185	582,087	
Other Rentals	45,947	46,124	
Vending	118,423	180,706	
Bookstore	4,242,852	3,821,662	
Parking Operations	1,080,254	671,713	71,351
Debit Card Services	17,553	17,553	
Athletics	<u>3,126,735</u>	<u>2,989,526</u>	
Total	<u>\$19,967,997</u>	<u>\$16,808,787</u>	<u>\$ 1,698,845</u>

AGENCY FUNDS

The Agency Fund accounts for resources held by the College as custodian or fiscal agent for others. Generally these accounts are provided to students and faculty for outside organizations with projects related to College activities.

FIXED ASSETS

A computerized system for equipment inventories is a major component of asset accountability at the College. This system as a joint effort between the Procurement Office and the Accounting Department ensures that equipment is tracked and properly recorded in the College's financial records.

The value of land, buildings and equipment are recorded in the Investment in Plant Fund of the College's Financial Statement. At June 30, 1999, the general fixed assets of the College amounted to \$147,882.035. In accordance with accounting practices of educational institutions there is no provision to recognize depreciation.

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 on 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 earnings resulting from the investment of College and related fees are retained by the State Treasurer for credit to the State General Fund.

RISK MANAGEMENT

As a South Carolina state agency, the College is insured through the South Carolina Insurance Reserve Fund which is also a South Carolina state agency. The types of coverages which the College has purchased from the Insurance Reserve Fund are Building and Property (including contents), General Tort Liability, Automobile Liability and Automobile Physical Damage (Comprehensive and Collision). The largest claim that the College submitted was after Hurricane Hugo in September 1989. The College's buildings were fully Insured for

replacement claim costs. Claims totalling over \$2,000,000 were paid to the College by the Insurance Reserve Fund for damaged properties. Hurricane Floyd which threatened the Charleston area in September skirted the coast causing minimal damage to the campus with no resulting major claims being filed.

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 S.C. State Auditor assuming authority and oversight of the audit. The auditor's opinion is unqualified.

DEBT ADMINISTRATION

At June 30, 1999, the College has two outstanding bond issues as the result of issuing refunding bonds to defease existing bond debt of the institution. The first issue in the amount of \$8,535,000 was issued in August, 1992, to defease facilities improvement bonds. The payment related to this debt is provided by an assessment to the student of a plant improvement fee. At June 30, 1999, the outstanding principal balance on these bonds was \$4,650,000. The second issue in the amount of \$20,010,000 was issued in October 1992, to defease existing Residence Halls, Cafeteria and Parking Bonds. This revenue bond is paid from the revenues of Residence Halls, Cafeteria and Parking Services. At June 30, 1999, the outstanding principal balance on the bond was \$15,985,000.

OTHER INFORMATION

In addition to the regular annual audit of the College, the College is audited annually by the South Carolina State Auditor ensuring compliance with the requirements of the Single Audit Act of 1984 as provided under Federal Circular A-128 for federal grants and contracts. The most recent audit (Fiscal Year 1998) 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 ensuring compliance with the provisions of the South Carolina Procurement Code.

This Comprehensive Annual Financial Report is designed to present a clear and complete picture of the College's financial affairs, to enhance the information conveyed through the

traditional governmental college and university financial reporting model, and to address comprehensive annual financial report user needs.

The Government Finance Officers Association of the United States and Canada (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, 1998. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

It is incumbent upon us to thank the Board of Trustees and the President of the College for their interest and support in conducting the fiscal affairs of the College in a highly responsible and caring manner. Further, we wish to thank the many members of the College's community whose cooperation in the conduct of the College's business affairs made possible the successful close of the fiscal year. Our appreciation is also expressed to South Carolina State Auditor's Office and our independent auditors, Rogers and Laban, for the timely completion of the audit.

Gary M. McCombs
Senior Vice President for Business Affairs

Joseph E. Bolchoz, Jr., CGFO
Controller

Ernesto M. Torres, CGFO
Assistant Controller

**COLLEGE OF CHARLESTON
BOARD OF TRUSTEES
1998-99**

Mr. J. Phillip Bell
Greenwood, SC

Mr. J. Vincent Price, Jr.
Gaffney, SC

Mrs. Charlotte L. Berry
Columbia, SC

Mrs. Anne Sheppard
Laurens, SC

Dr. John F. Clark, III
Columbia, SC

Mr. Robert S. Small, Jr.
Greenville, SC

Honorable Merl E. Code
Greenville, SC

Joel H. Smith, Esquire
Columbia, SC

Mr. Timothy N. Dangerfield
Aiken, SC

Mr. Joseph F. Thompson, Jr.
Mt. Pleasant, SC

Ms. Cheryl Hamilton
Goose Creek, SC

Mr. Lawrence O. Thompson
Charleston, SC

Mrs. Marie Land
Manning, SC

David J. Watson, Esquire
Latta, SC

Mr. F. Creighton McMaster
Winnsboro, SC

Thomas W. Weeks, Esquire
Barnwell, SC

**COLLEGE OF CHARLESTON
ADMINISTRATIVE OFFICERS
1998-99**

Alexander M. Sanders, Jr.
President

Conrad D. Festa
Provost and Senior Vice President
Academic Affairs

Frederick W. Daniels, III
Senior Vice President
Executive Administration and Institutional Resources

Gary M. McCombs
Senior Vice President
Business Affairs

George E. Haborak
Senior Vice President
Student Affairs

Robert E. Lyon
Senior Vice President
Institutional Advancement

Andrew L. Abrams
Senior Vice President
Institutional Research and Planning

**COLLEGE OF CHARLESTON
BUSINESS AND FINANCE OFFICERS
1998-99**

**Gary M. McCombs
Senior Vice President for Business Affairs**

**Joseph E. Bolchoz, Jr., C.G.F.O.
Controller and Treasurer**

**Ernesto M. Torres, C.G.F.O.
Assistant Controller**

**Leonardo V. Cortez
Special Projects Accountant**

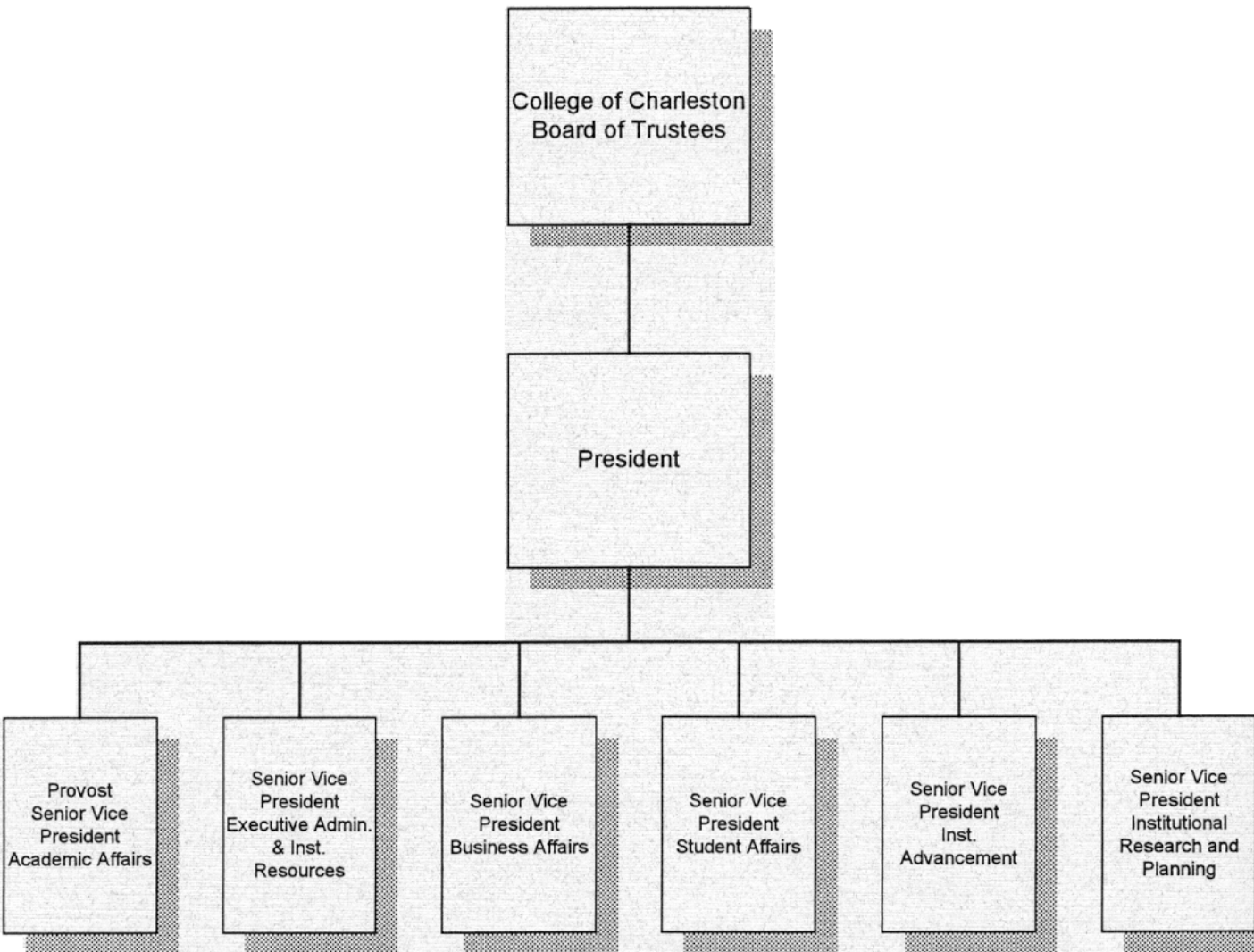
**J. Parker Leake
Director of Auxiliary Enterprises**

**Priscilla Burbage
Budget Director**

**Anne D. Brownyard
Director of Procurement**

College of Charleston

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

College of Charleston,
South Carolina

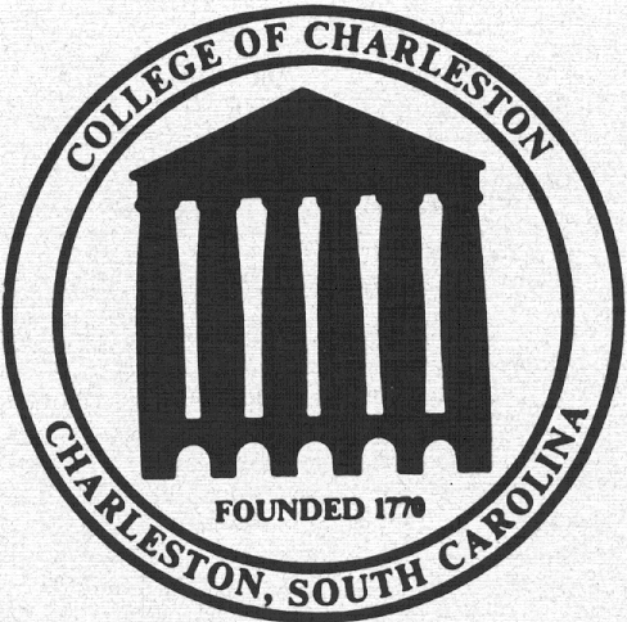
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

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.



Douglas R. Ellsworth
President

Jeffrey L. Esser
Executive Director



COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA

FOUNDED 1770

**College of Charleston
Comprehensive Annual Financial Report**

Financial Section

November 1, 1999

The Honorable James H. Hodges, 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, 1999, was issued by Rogers & Laban, PA, 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/sj



ROGERS & LABAN, PA

CERTIFIED PUBLIC ACCOUNTANTS AND FINANCIAL CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Mr. Thomas L. Wagner, Jr., CPA
State Auditor
State of South Carolina
Columbia, South Carolina

We have audited the accompanying basic financial statements of the College of Charleston (the College) as of June 30, 1999, and for the year then ended as listed in the table of contents. These 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 generally accepted auditing standards. 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 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 financial statements, the accompanying basic financial statements of the College are intended to present the financial position, changes in fund balances and current funds revenues, expenditures, and other changes of only that portion of the funds of the State of South Carolina financial reporting entity that is attributable to the transactions of the College, an institution of the State of South Carolina. These financial statements do not include other agencies, institutions, departments, or component units of the State of South Carolina primary government.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the College at June 30, 1999, and the changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended in conformity with generally accepted accounting principles.

These financial statements exclude the related entity described in Note 18 from the reporting entity because the College is not financially accountable for this entity. As part of its affiliated organizations project, the Governmental Accounting Standards Board (GASB) is currently studying other circumstances under which related entities that do not meet the financial accountability criteria would be included in the financial reporting entity.

The year 2000 issue required supplementary information on page 48 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue; its effects; the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established; the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter; and insufficient audit evidence exists to support the disclosures. In addition, we do not provide assurance that the College is or will become year 2000 compliant, that its year 2000 remediation efforts will be successful in whole or in part, or that parties with which it does business are or will become year 2000 compliant.

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 be subjected to the auditing procedures applied to the audit of the financial statements and, accordingly, we express no opinion on it.

Logan & Laban, P.A.

September 24, 1999

COLLEGE OF CHARLESTON BALANCE SHEET									
June 30, 1999									
with totals as of June 30, 1998									
		CURRENT FUNDS							
						Loan		Endowment	
		Unrestricted		Restricted		Funds		Fund	
ASSETS									
Cash and cash equivalents		\$ 13,561,740		\$		\$ 332,814		\$ 101,009	
Accounts receivable, net of provision for doubtful accounts \$142,139		2,534,649							
Grants and contracts receivable				366,751					
Interest and investment income receivable									
Prepaid items		689,175							
Inventories		1,594,388							
Student loans receivable						2,052,459			
Capital improvement bonds proceeds receivable									
Due from Restricted Current Funds									
Property and equipment									
Construction in progress									
TOTAL ASSETS		\$ 18,496,030		\$ 366,751		\$ 2,385,273		\$ 101,009	
LIABILITIES & FUND BALANCES									
Accounts payable and accrued expenses						\$ 1,189		\$	
Accrued payroll and related liabilities									
Retainages Payable									
Deferred and Unearned									
Student Revenues		2,224,141							
Student deposits		1,099,692							
Compensated absences payable and related liabilities		2,358,245							
Due to Unrestricted Current Funds									
Deposits held for others									
Accrued interest payable									
Obligation under capital lease									
Bonds payable									
Fund balances		7,548,203		168,156		2,384,084		101,009	
Net investment in plant									
TOTAL LIABILITIES & FUND BALANCES		\$ 18,496,030		\$ 366,751		\$ 2,385,273		\$ 101,009	
See Accompanying Notes to Financial Statements.									

PLANT FUNDS										
		Retirement		Investment		Agency		TOTALS		
		of		in Plant		Funds		(Memorandum Only)		
Unexpended		Indebtedness						1999		1998
\$ 19,303,747		\$ 1,106,906		\$		\$ 129,623		\$ 34,535,839		\$ 38,262,693
						485,037		3,019,686		1,952,386
559,565								926,316		996,523
78,936		6,239						120,879		132,153
								689,175		1,164,038
								1,594,388		1,683,921
								2,052,459		2,226,308
12,878,236								12,878,236		13,806,236
								80,374		315,529
				145,369,283				145,369,283		131,181,745
				2,512,752				2,512,752		2,792,472
\$ 32,820,484		\$ 1,113,145		\$ 147,882,035		\$ 614,660		\$ 203,779,387		\$ 194,514,004
\$ 169,092		\$ 1,363		\$		\$ 502,971		\$ 3,238,572		\$ 2,883,662
						14,062		2,834,075		2,648,881
7,312								7,312		133,616
								2,224,141		2,057,204
								1,099,692		1,068,863
								2,358,245		2,083,933
								80,374		315,529
						97,627		97,627		71,108
		354,739						354,739		378,864
				134,243				134,243		40,139
				20,635,000				20,635,000		22,015,000
32,644,080		757,043						43,602,575		48,898,127
				127,112,792				127,112,792		111,919,078
\$ 32,820,484		\$ 1,113,145		\$ 147,882,035		\$ 614,660		\$ 203,779,387		\$ 194,514,004

COLLEGE OF CHARLESTON					
STATEMENT OF CHANGES IN FUND BALANCES					
For the year ended June 30, 1999					
with totals for the year ended June 30, 1998					
		CURRENT FUNDS			
					Loan
		Unrestricted	Restricted		Funds
REVENUES AND OTHER ADDITIONS					
Unrestricted current funds revenues		\$ 75,166,359	\$		\$
Auxiliary enterprises revenues		19,967,997			
State appropriations - restricted			4,614,606		
U.S. Government advances					39,786
Federal grants and contracts-restricted			31,098,405		
State grants and contracts-restricted			782,149		
Local grants and contracts-restricted			19,193		
Private gifts, grants and contracts-restricted			1,249,185		
Interest and other on loans receivable					66,637
Reimbursements for cancelled loans					116,452
Interest/investment income -restricted					322
Endowment income-restricted			7,500		
Retirement of Indebtedness (including \$59,703 capital lease charged to current fund expenditures)					
Expended for plant facilities (including \$1,890,830 charged to current fund expenditures)					
TOTAL REVENUES AND OTHER ADDITIONS		95,134,356	37,771,038		223,197
EXPENDITURES AND OTHER DEDUCTIONS					
Educational and general expenditures		68,062,456	37,579,569		
Auxiliary enterprises expenditures		16,808,787			
Indirect cost remitted to the State General Fund		33,213			
Indirect cost recovered			248,313		
Refunded to grantors					
Loans assigned, cancelled, written off					187,540
Administration and collection cost					13,957
Expended for capital projects (including non-capitalized expenditures of \$525,037)					
Capital lease addition					
Disposals of property and equipment					
Retirement of indebtedness-bonds					
Interest and other charges on indebtedness					
TOTAL EXPENDITURES AND OTHER DEDUCTIONS		84,904,456	37,827,882		201,497
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS)					
<i>Mandatory Transfers:</i>					
Principal and interest		(2,723,147)			
Loan fund matching contribution		(13,261)			13,261
<i>Non-Mandatory Transfers:</i>					
Unrestricted Current Funds to Unexpended Plant Fund		(7,991,921)			
Retirement of Indebtedness to Unexpended Plant Fund					
TOTAL TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS)		(10,728,329)			13,261
NET INCREASE (DECREASE) IN FUND BALANCES		(498,429)	(56,844)		34,961
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED		8,136,145	225,000		2,349,552
PRIOR PERIOD ADJUSTMENTS		(89,513)			(429)
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED		8,046,632	225,000		2,349,123
FUND BALANCES, END OF YEAR		\$ 7,548,203	\$ 168,156		\$ 2,384,084
See Accompanying Notes to Financial Statements.					

		PLANT FUNDS							
		Retirement					TOTALS		
Endowment			of		Investment		(MEMORANDUM ONLY)		
Fund		Unexpended	Indebtedness		in Plant		1999		1998
\$		\$	\$		\$		\$ 75,166,359		\$ 69,547,977
							19,967,997		19,028,963
							4,614,606		495,747
							39,786		45,534
			13,462				31,111,867		30,122,997
		56,991					839,140		1,634,519
							19,193		36,148
		429,304			246,363		1,924,852		4,573,433
							66,637		52,480
							116,452		67,877
(1,039)		394,153	156,007				549,443		982,358
							7,500		8,545
					1,439,703		1,439,703		1,344,194
					15,103,381		15,103,381		5,632,175
(1,039)		880,448	169,469		16,789,447		150,966,916		133,572,947
							105,642,025		96,407,631
							16,808,787		16,459,191
							33,213		42,427
							248,313		234,218
									18,680
							187,540		93,983
							13,957		35,651
		13,583,781					13,583,781		4,781,791
					153,807		153,807		
					1,441,926		1,441,926		273,469
			1,380,000				1,380,000		1,330,000
			1,206,382				1,206,382		1,281,175
		13,583,781	2,586,382		1,595,733		140,699,731		120,958,216
			2,723,147						
		7,991,921							
		421,408	(421,408)						
		8,413,329	2,301,739						
(1,039)		(4,290,004)	(115,174)		15,193,714		10,267,185		12,614,731
102,363		37,188,047	897,020		111,919,078		160,817,205		148,202,474
(315)		(253,963)	(24,803)				(369,023)		
102,048		36,934,084	872,217		111,919,078		160,448,182		148,202,474
\$ 101,009		\$ 32,644,080	\$ 757,043		\$ 127,112,792		\$ 170,715,367		\$ 160,817,205

COLLEGE OF CHARLESTON					
STATEMENT OF CURRENT FUNDS REVENUES,					
EXPENDITURES, AND OTHER CHANGES					
For the year ended June 30, 1999					
with totals for the year ended June 30, 1998					
REVENUES:					
Tuition and related fees					
State appropriations					
Federal grants and contracts					
State grants and contracts					
Local grants and contracts					
Private gifts, grants and contracts					
Private gifts, grants and contracts for auxiliaries					
Sales and services of educational departments					
Student organizations generated revenues					
Auxiliary enterprises interest/investment income					
Sales and services of auxiliary enterprises					
Endowment income					
Other sources					
TOTAL CURRENT REVENUES					
EXPENDITURES AND MANDATORY TRANSFERS:					
Educational and general:					
Instruction					
Research					
Public Service					
Academic support-library					
Academic support-other					
Student Services					
Institutional support					
Operation and maintenance-physical plant					
Student aid and scholarships					
TOTAL EDUCATIONAL AND GENERAL EXPENDITURES					
Mandatory transfers for:					
Principal and interest					
Loan fund matching contribution					
TOTAL EDUCATIONAL AND GENERAL					
Auxiliary enterprises:					
Expenditures					
Mandatory transfers for principal and interest					
TOTAL AUXILIARY ENTERPRISES					
TOTAL EXPENDITURES AND MANDATORY TRANSFERS					
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS					
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):					
Non-mandatory Transfers to Unexpanded Plant Fund					
Indirect cost remitted to State General Fund					
Transfer from Loan Funds for Financial Aid Program					
Refunded to grantors					
Excess of restricted receipts over transfers to revenues					
NET INCREASE (DECREASE)IN FUND BALANCES					
See accompanying Notes to Financial Statements.					

1999						Totals
Unrestricted		Restricted		Totals		1998
\$ 43,621,803		\$		\$ 43,621,803		\$ 39,671,637
28,802,129		4,614,606		33,416,735		28,356,195
293,140		30,923,668		31,216,808		30,128,424
4,786		775,271		780,057		1,629,840
		19,134		19,134		23,636
		1,239,390		1,239,390		845,080
195,000				195,000		190,000
505,685				505,685		585,306
706,003				706,003		654,320
199,183				199,183		300,428
19,573,814				19,573,814		18,538,535
		7,500		7,500		7,693
1,232,813				1,232,813		465,961
95,134,356		37,579,569		132,713,925		121,397,055
34,170,194		732,628		34,902,822		32,864,581
756,100		1,948,754		2,704,854		2,742,776
730,939		481,448		1,212,387		942,682
3,423,866				3,423,866		3,013,139
4,787,831				4,787,831		4,429,907
4,617,107				4,617,107		4,196,331
9,177,890				9,177,890		8,413,470
8,630,792				8,630,792		8,361,767
1,767,737		34,416,739		36,184,476		31,442,978
68,062,456		37,579,569		105,642,025		96,407,631
1,024,302				1,024,302		994,461
13,261				13,261		15,176
69,100,019		37,579,569		106,679,588		97,417,268
16,808,787				16,808,787		16,459,191
1,698,845				1,698,845		1,698,826
18,507,632				18,507,632		18,158,017
87,607,651		37,579,569		125,187,220		115,575,285
7,526,705				7,526,705		5,821,770
(7,991,921)				(7,991,921)		(3,539,759)
(33,213)				(33,213)		(42,427)
						11,334
						(18,680)
		(56,844)		(56,844)		95,517
\$ (498,429)		\$ (56,844)		\$ (555,273)		\$ 2,327,755

COLLEGE OF CHARLESTON
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

NOTE 1
SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

The accounting policies of the College of Charleston (The College) conform to generally accepted accounting principles (GAAP) applicable to the governmental colleges and universities model as defined in the American Institute of Certified Public Accounts (AICPA) Industry Audit Guide Audits of Colleges and Universities recognized by the Governmental Accounting Standards Board (GASB). GASB is the recognized standard-setting body for GAAP for all State governmental entities including colleges and universities. Those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, are authoritative provided they do not contradict or conflict with GASB guidance. However, GAAP prohibits the application of FASB guidance by governmental colleges and universities after that date. A summary of significant accounting policies follows:

Reporting Entity

The core of the financial reporting entity is the primary government which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The College of Charleston reports as part of the State's primary entity.

A primary government or entity is financially accountable if its officials or appointees appoint a voting majority of an organization's governing body including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex

officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity also may be financially accountable if an organization is fiscally dependent on it even if it does not appoint a voting majority of the board. An organization is fiscally dependent on the primary government or entity that holds one or more of the following powers:

- (1) Determines its budget without another government having the authority to approve and modify that budget.
- (2) Levies taxes or sets rates or charges without approval by another government.
- (3) Issues bonded debt without approval by another government.

The organization is fiscally independent if it holds all three of those powers. Based on these criteria, the College of Charleston has determined it is not a component of another entity and it has no component units. This financial reporting entity includes only the College of Charleston (a primary entity).

The College of Charleston is a State-supported, coeducational institution of higher education. The College of Charleston is granted an annual appropriation for operating purposes as authorized by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the institution. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total funds. The laws of the State and the policies and procedures specified by the State for State agencies and institutions are applicable to the activities of the College of Charleston. The College of Charleston was established as an institution of higher education by Section 59-101-20 of the Code of Laws of South Carolina. Effective July 1, 1992, the College of Charleston was granted university status. The College of Charleston is part of the primary government of the State of South Carolina and its funds are reported in the State's higher education funds in the Comprehensive Annual Financial Report of the State of South Carolina. Generally all State departments, agencies, and colleges are included in the State's reporting entity. These entities are financially accountable to and fiscally dependent on the State. Although the State-supported universities operate somewhat

autonomously, they lack full corporate powers. In addition, the Governor and/or the General Assembly appoints most of their board members and budgets a significant portion of their funds.

The Board of Trustees, whose members are appointed by the Governor with the advice and consent of the Senate, is the governing body of the College of Charleston. The Board administers, has jurisdiction over, and is responsible for the management of the College of Charleston.

The accompanying financial statements present the financial position, the changes in fund balances, and the current funds revenues, expenditures, and other changes of only that portion of the funds of the State of South Carolina that is attributable to the transactions of the College of Charleston.

Basis of Accounting

The financial statements of the College of Charleston have been prepared on the accrual basis except that, in accordance with accounting practices customarily followed by governmental educational institutions, no provision is made for depreciation of physical plant assets, interest on loans to students is recorded when collected, and revenue from tuition and student fees for summer sessions is reported totally within the fiscal year in which the session is primarily conducted. Otherwise, revenues are reported in the accounting period when earned and become measurable and expenditures when materials or services are received or when incurred, if measurable. Unrestricted state appropriations are recognized as revenue when received or made available. The statement of current fund revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. The statement does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenue and expenses.

Mandatory transfers are limited to those arising out of binding legal arrangements related to financing the educational plant, (e.g. construction, repairs, debt amortization, and interest); agreements to match gifts and grants; or required matching of certain federal loan programs. All other interfund transfers are reported as non-mandatory transfers.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of alterations and renovations and purchases and normal replacement of movable equipment and library books; (2) mandatory

transfers in the case of required provisions; and (3) transfers of a non-mandatory nature in all other cases.

Fund Accounting

Fund Accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives in accordance with limitations and restrictions imposed by sources outside the institution or in accordance with directions issued by governing board. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups and subgroups. Accordingly, all financial transactions have been recorded and reported by fund group and subgroup.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific programs by action of the governing board. Externally restricted funds may be utilized only in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds, over which the governing board retains full control to use in achieving any of its institutional purposes.

All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund that owns such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds which is accounted for in the fund to which it is restricted. The College's endowment agreement does not require current earnings not used for the restricted purpose to be added to the corpus.

All other unrestricted revenues are accounted for in unrestricted current funds. Restricted gifts, grants, appropriations, endowment income, and other restricted resources are accounted for in the appropriate restricted funds.

The **Current Funds** group includes those economic resources which are expendable for operating purposes to perform the primary missions of the College of Charleston, which are instruction, research and public service. For a more meaningful disclosure, the current funds are divided into two subgroups: unrestricted and restricted. Separate accounts are maintained for auxiliary enterprises operations in the unrestricted current funds. Current funds are considered unrestricted unless the

restrictions imposed by the donor or other external agency are so specific that they substantially reduce the College's flexibility in their utilization. Unrestricted gifts are recognized as revenue when received and other unrestricted resources are recorded as revenue when earned. Receipts that are restricted are recorded initially as additions to restricted fund balances and recognized as revenue to the extent that such funds are expended for the restricted purposes during the current fiscal year and meet all related requirements.

The **Current Funds Auxiliary Enterprises** are essentially self-supporting business entities and activities that exist for the purpose of furnishing goods and services primarily to students, faculty, staff, or departments and for which charges are made that directly relate to such goods and services. Revenue and expenditures are reported separately as unrestricted current funds. Assets, liabilities and fund balances are combined with other unrestricted current funds for reporting purposes; however, each separate enterprise maintains its own assets, liabilities and fund balance. Auxiliary enterprises activities include athletics, housing, bookstore, food services, student health services, parking, other rentals and vending machine operations.

The **Loan Funds** group accounts for the resources available for loans to students from donors, government agencies, and mandatory institutional matching grants. Loan funds have been divided into those provided by the federal government and those provided by other sources. Expenditures include costs of loan collections, loan cancellations and administrative costs under the federal loan programs. To the extent that current funds are used to meet required provisions for grant matching, they are accounted for as mandatory transfers.

The **Endowment Fund** reported by the College is a singular endowment held by the State Treasurer of South Carolina. As an endowment fund it is subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized for the restricted purpose. The term "principal" is construed to include the original value of an endowment and subsequent additions and realized gains/losses attributable to investment transactions. Other endowments are held by the College of Charleston Foundation for the benefit of the College. These endowments include both term, quasi-endowment, and pure endowment funds and are subject to the restrictions imposed by various donors. The College of Charleston

Foundation is reported herein (Note 18) as a related party.

The **Plant Funds** group consists of three self-balancing subgroups: (1) unexpended plant funds, (2) funds for retirement of indebtedness, and (3) investment in plant. The unexpended plant funds subgroup accounts for the resources derived from various sources and any debt related to unexpended resources to finance the acquisition of long-life assets and to provide for routine renewal and replacement of existing plant assets. The retirement of indebtedness subgroup accounts for resources that are specifically assessed and/or specifically accumulated for interest and principal payments, debt service reserve funds, other debt service charges related to plant fund indebtedness (except for capital lease obligations) and federal interest subsidies. The investment in plant subgroup accounts for all long-life assets in the service of the College, all construction in progress, and related debt for funds borrowed and expended for the acquisition of plant assets included in this fund subgroup. Net investment in plant represents the excess of the carrying value of plant assets over the related liabilities.

The **Agency Funds** group accounts for the assets held on behalf others in the capacity of custodian or fiscal agent; consequently, transactions relating to agency funds do not affect the operating statements of the College. They include the accounts of students, related professional organizations, and other groups directly associated with the College of Charleston.

Use of Estimates

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

Indirect Cost Recoveries

The College of Charleston records restricted current funds revenue for governmental grants and contracts in amounts equal to direct costs incurred. The College reports as unrestricted revenue recoveries of indirect costs applicable to government-sponsored programs at negotiated fixed rates for each year. The recoveries are also recorded as additions and deductions of restricted current funds. Indirect cost

recoveries must be remitted to the State General Fund except those received under research and student aid grants which may be retained by the College. Also, after January 1, 1999, federal grants and contracts whose annual award is two hundred thousand dollars or less are exempted from the requirement to remit recoveries to the State General Fund. For fiscal year 1999, the College retained all indirect cost recoveries except for \$25,406 which was remitted prior to January 1, 1999 and \$7,807 which was remitted after January 1, 1999 under the new regulation.

Compensated Absences

Generally all permanent full-time State employees and certain part-time employees scheduled to work at least one-half of the agency's work week are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and of 45 days annual vacation leave, except that faculty members do not accrue annual leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum, but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave and compensatory holiday leave earned for which the employees are entitled to paid time off or payment at termination. The College calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through paid time off or cash payments at termination. That liability is inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments and is recorded in unrestricted current funds. The net change in the liability is recorded in the current year in the applicable functional expenditure categories.

Investment in Plant

Physical plant and equipment, except for plant assets acquired prior to July 1, 1970, and equipment acquired under capital lease, are stated at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Plant assets acquired prior to July 1, 1970, are stated at historical cost when determinable or at estimated historical cost. Equipment additions purchased through capital leases or installment purchase contracts are capitalized in the investment in plant funds sub-group in the year of acquisition at their total cost, excluding interest charges. Equipment under capital leases is stated at the lower of the present value or minimum lease payments, including the down payment, at the beginning of the lease term or fair value at the inception of the lease. Payments of principal and

interest on such contracts are recorded in the applicable educational and general expenditure categories of the current funds group as the installments are paid.

Infrastructure assets include streets, sidewalks, parking lots, drainage systems, lighting systems, utility systems and similar assets that are immovable and of value only to the College which reports these assets as land improvements and values them at cost.

Construction expenditures are recorded at cost in the unexpended plant funds when incurred and simultaneously capitalized at total expenditures less non-capitalized cost as construction in progress in the investment in plant funds subgroup. Upon the completion of the project, the costs are capitalized in the appropriate asset accounts in investment in plant.

Library books, periodicals, microfilms and other library materials on computer data storage devices are recorded at cost when purchased or fair market value at the date of donation.

Current funds expenditures for acquisition of capital assets are simultaneously recorded in both the current funds expenditure accounts of the various operating departments and in the investment in plant funds subgroup.

The College capitalizes major additions and renovations to plant assets; qualifying equipment with a unit value of \$5,000 or more and a useful life in excess of one year; and library materials regardless of cost.

When plant assets are sold, retired or otherwise disposed of, the carrying value at cost, estimated historical cost, or fair market value at date of gift, where applicable, is removed from the investment in plant subgroup. The values of library materials are removed when the materials no longer serve the need of the College at amounts based on the average cost of library materials. In accordance with practices followed by governmental educational institutions, depreciation on physical plant and equipment is not recorded.

Capitalized Interest

The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with the capital projects. Therefore asset values in the investment in plant subgroup do include such interest costs. There was no capitalized interest during the current fiscal year.

Deferred and Unearned Student Revenues

In unrestricted current funds, deferred revenues primarily consist of receipts collected in advance which have not been earned. These receipts include \$382,595 for the College's Governor's School that will be predominantly conducted in the next fiscal year. Additionally, it includes deferred student revenues for student tuition and fees of approximately \$1,300,000 collected in advance for the Summer II and Fall academic terms. The \$428,141 in Auxiliary deferred revenues consist of student room fees collected in advance for the Summer II and Fall terms. Revenues are recognized in the period in which the sessions are predominantly conducted and services are provided or the semester for which the fee is applicable and earned.

Student Deposits

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

Fee Waivers

Student tuition and fees revenues include all such amounts assessed against students (net of refunds) for educational purposes even in those cases in which there is no intention of collection. These revenue amounts are offset by equal expenditures. The amounts of such remissions or waivers are recorded and classified as scholarships and fellowships expenditures or as staff benefits in the applicable current funds functional expenditure categories. State law provides that educational fee waivers may be offered to no more than two percent of the undergraduate student body.

Educational Activities Revenue

Revenues from sales and services of educational 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 operation of an early childhood development center.

Prepaid Items

Expenditures for goods and services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. For the College, amounts

reported in this asset account consist primarily of prepaid rent for the sports complex field (See Note 6), operational expenditures of the Governor's School and library deposits for future purchases.

Cash and Cash Equivalents

The amounts shown in the financial statements in College funds as "cash and cash equivalents" represent petty cash, cash on deposit in banks, cash on deposit with the State Treasurer and cash invested in various instruments by the State Treasurer as part of the State's internal cash management pool.

Most State agencies including the College participate in the State's internal cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds. For credit risk information pertaining to the cash management pool, see the deposits disclosures in Note 15.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State. The College records and reports its deposits in the general deposit account at cost. The College reports its deposits in the special deposit accounts at fair value. Investments held by the pool are recorded at fair value. Reported interest/investment income on deposits and investments includes interest earnings, realized gains/losses, and unrealized gains/losses arising from changes in the fair value of investments in the pool. Interest earned by the College's special deposit accounts is posted to its account at the end of each month and is retained. Interest earnings are allocated based on the percentage of the College's accumulated daily income receivable to the total income receivable of the pool. Realized gains and losses are allocated daily and are included in the accumulated income receivable. Unrealized gains and losses are allocated at year-end based on the College's percentage ownership in the pool.

Some State Treasurer accounts are not included in the State's internal cash management pool because of restrictions on the use of the funds. For those

accounts, cash equivalents include investments in short-term, highly liquid securities having an initial maturity of three months or less.

For the College's funds not held by the State Treasurer, cash equivalents include investments in short-term, highly liquid securities having a maturity of three months or less.

Rebatable Arbitrage

Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from those earnings exceeds the effective yield on the related tax-exempt debt issued. Governmental units may avoid the requirement to rebate the "excess" earnings to the federal government under certain circumstances, if they issue no more than \$5 million in total of all such debt in a calendar year or if they meet specified targets for expenditures of the proceeds and interest earnings thereon. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. The federal government only requires arbitrage be calculated, reported and paid every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. Arbitrage expenditures are valued using the rebate method by a professional firm contracted by the State Treasurer. The expenditure and liability are recorded in the retirement of indebtedness subgroup.

Comparative Total and Totals (Memorandum Only)

Amounts in the "Totals (Memorandum Only)" columns of the Balance Sheet and the Statement of Changes in Fund Balances present an aggregation of

financial statement line-items to facilitate financial analysis. Such amounts are not comparable to a consolidation and do not present financial information in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Totals for the prior year are included to provide a summarized comparison with current year amounts. The prior year totals are not intended to present all of the information necessary for a fair presentation of financial position and operations in accordance with generally accepted accounting principles. The prior year amounts have not been restated for the prior period adjustments as discussed in Note 24.

Income Taxes

The College of Charleston is a political subdivision of the State of South Carolina and is exempt from federal and state income taxes.

NOTE 2 – STATE APPROPRIATIONS

The College of Charleston 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. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the College receives authorization from the General Assembly to carry the funds over to the next year.

The original appropriation is the College's base budget amount presented in the General Funds column of Section 5E of Part 1A of the 1998-99 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 physical year ended June 30, 1999.

Original Appropriation	\$25,346,924
State Budget and Control Board Allocations:	
Employee Base Pay Increases and Related Employee Benefits (Proviso 63C.12)	659,227
From Supplemental Appropriations of 1998 Surplus State General Fund Revenues (Part III of the 1999 Appropriations Act) for:	
Youth Race Initiative Program	50,000
Appropriation Allocations from the State Commission on Higher Education:	
From the Children's Education Endowment for:	
Palmetto Fellow's Scholarship	774,821 (A)

Need-Based Grants (B)	1,016,338 (A)
From The Higher Education Matching Gift Fund for Academic Endowment Match	94,629 (A)
For Access and Equity Desegregation Funding (Proviso 5A.7.)	7,520
For Performance Funding (Proviso 5A.26.)	596,865
For Higher Education Awareness Program from EIA Funding	1,560 (A)
For Center of Excellence Program from EIA Funding	62,107 (A)
For Life Scholarships (1998 Act 418)	2,665,151 (A)
From Capital Reserve Fund Appropriations (June 1998 Joint Resolution R537, H4702) for:	
Institutional Funding	1,826,593
Supplemental Appropriations of 1998 Surplus State General Fund Revenues (Part III of the 2000 Appropriations Act) for:	
Youth Race Initiative Program	50,000
Avery Institute	<u>265,000</u>
Revised Appropriations – Legal basis	33,416,735
(A) Less Higher Education Grant/Scholarship Funding Reported in Restricted Current Funds	<u>4,614,606</u>
Funding Reported in Unrestricted Current Funds	<u>\$28,802,129</u>
(B) Need-based grants revenues for fiscal year 1998 in the amount of \$1,119,347 were reported in the Statement of Changes in Fund Balances as revenues from State grants and contracts-restricted.	

Proviso 72.48 of the 1999-2000 Appropriation Act authorizes agencies to carry forward unspent appropriations up to a maximum of ten percent with limitations similar to those for the prior year. Pursuant to this proviso, the College carried forward \$319,000 to fiscal year 2000. Included in the carry over amount is \$315,000 from Supplemental Appropriations of 1998 Surplus State General Fund Revenues which includes \$50,000 for the Youth Race Initiative Program and \$265,000 is for the Avery Institute.

In addition to the State Appropriation Revenue, the College received certain State grants and contracts which included \$467,848 from the South Carolina Department of Education to provide \$125,000 from the Accelerated School's EIA funding for instructional services to students from Educational Improvement Act funding; \$252,300 for a Charleston Country Hub Grant; \$15,548 for a "Gifted and Talented" Program; and \$75,000 for South Carolina Aquarium Curriculum Development; \$51,803 from the University of South Carolina to fund various grant programs including: The "South Carolina Alliance in Minority Participation" in the amount of \$30,753; a wetland research project in the amount of \$13,050; the "House Price Impact of School District Choice" in the amount of \$7,500

and the "Service Learning Model Development" in the amount of \$500; and \$25,224 from the South Carolina Department of Natural Resources for College library services. All of these amounts are recorded as state grants and contracts in the restricted current funds.

NOTE 3 – STATE CAPITAL IMPROVEMENT BONDS

In prior years, the State authorized funds for improvements and expansion of College facilities using the proceeds of State Capital Improvement Bonds. As capital projects are authorized by the State Budget and Control Board, the bond proceeds are allocated to the projects. When the funds are authorized, the College records the proceeds as revenue in the unexpended plant fund subgroup. These authorized funds can be requested as needed once State authorities have given approval to begin specific projects. The College is not obligated to repay these funds to the State. The total balance receivable for the undrawn portions of the authorizations is reported in the balance sheet as "capital improvement bond proceeds receivable". A summary of the activity in the balances available from these authorizations during the year ended June 30, 1999 follows:

<u>Act</u>	<u>Total Authorized</u>	<u>Amount Drawn In Prior Years</u>	<u>Amount Drawn In Fiscal Year Ended June 30, 1999</u>	<u>Balance Authorized June 30, 1999</u>
538 of 1986	\$ 5,900,000	\$ 5,772,775	\$ 5,000	\$ 122,225
522 of 1992	5,978,000	4,298,989	523,000	1,156,011
111 of 1997	12,000,000	-	400,000	11,600,000
Totals	\$ 23,878,000	\$ 10,071,764	\$ 928,000	\$ 12,878,236

The balances are reported in the unexpended plant fund subgroup. All of the balances available at June 30, 1999, are now available to be drawn by the College as needed for construction project expenditures. During fiscal year 1999, no undrawn state capital improvement bond proceeds were deauthorized. State capital improvement bonds approved for fiscal year 1999-2000 include \$12,000,000 for a new basketball arena and \$3,000,000 for improvements to the Simmons Art Center.

NOTE 4 – GRANTS RECEIVABLE – UNEXPENDED PLANT FUND

The amount reported represents a \$200,000 grant given to the College of Charleston Foundation in 1996 from the Ford Foundation for the renovation of the Avery Institute, a museum of black history; a grant in the amount of \$100,000 from the South Carolina Energy Office and \$259,565 from other private sources for the same building.

NOTE 5 – BONDS PAYABLE

At June 30, 1999, bonds payable consisted of the following:

	<u>Interest Rates</u>	<u>Maturity</u>	<u>June 30,1999 Balance</u>	<u>FY 2000 Maturities</u>
Housing and Auxiliary Facilities Revenue Refunding Bonds Series 1992	4.80 – 6.125%	2013	\$ 15,985,000	\$ 785,000
Facilities and Improvement Revenue Refunding Bonds Series 1992	4.8 – 5.5%	2007	<u>4,650,000</u>	<u>465,000</u>
Total			<u>\$ 20,635,000</u>	<u>\$ 1,250,000</u>

Housing and Auxiliary Facilities Revenue Refunding Bonds Series 1992

The College of Charleston receives a loan subsidy from the US Department of Housing and Urban Development (HUD) in the amount of \$13,462 designated for the Housing and Auxiliary Facilities Revenue Refunding Bonds Series 1992. HUD subsidies in the amount of \$13,462 supporting the debt are recorded in the Retirement of Indebtedness fund. These subsidies will continue until the

defeased Student Faculty Housing Revenue Bonds are paid by escrow agent. The various bond indentures restrict the use of particular revenue sources. All housing, cafeteria and parking revenues including any loan subsidies are restricted, up to the amount of annual debt service requirement, for the payment of principal and interest on the Housing and Auxiliary Revenue Refunding Bond Series 1992. Interest is paid semi-annually and the principal annually. These

debt service requirement are funded twice yearly and reported as Mandatory Transfers from Auxiliary in the unrestricted current funds to the retirement of indebtedness fund. The following is a financial

summary related to the Auxiliary Enterprise activities supporting the Housing and Facilities Revenue Refunding Bond Series 1992:

<u>Activity</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Mandatory Transfers</u>	
			<u>Amount</u>	<u>Percent</u>
Housing	\$ 6,444,110	\$ 4,382,876	\$ 1,528,961	90.0
Cafeteria	4,423,704	4,108,919	98,533	5.8
Parking	1,079,235	670,941	71,351	4.2

The College of Charleston purchased a bond insurance policy in favor of the bond Trustee for the Housing and Auxiliary Facilities Revenue Refunding Bond Series 1992. The insurance covers payments of principal and interest for any period where fees would not be sufficient to pay the debt service payment. Accordingly, there exists no reserve requirement for the Housing and Auxiliary Facilities Revenue Refunding Bond Series 1992.

Facilities and Improvement Revenue Refunding Bonds Series 1992

An allocation of College fee revenue, determined each year by the Board of Trustees, is used to pay principal and interest. The bond covenant states that the College will collect each semester amounts sufficient to meet debt requirements.

In accordance with the Facilities and Improvement Revenue Refunding Bonds Series 1992, the College maintains with the Trustee a reserve fund not less than the next scheduled principal and interest payments. With the State Treasurer of South Carolina as Trustee, the College makes semi-annual payments to accounts held by the Treasurer to pay the necessary principal and interest payments. The bond covenant states that an amount not exceeding the lesser of (1) the maximum annual principal and interest requirements of the bonds then outstanding for any subsequent fiscal year or (2) a sum permitted as reserve by the regulations of the United States Treasury relating to arbitrage bonds shall be held as a reserve. A debt service reserve fund balance of \$757,043 (including unrealized appreciation of \$836) is on deposit with the State Treasurer to meet the reserve requirement. This amount represents the sum allowable by the United States Treasury relating to arbitrage bonds.

College fee allocations for plant improvement are recorded in unrestricted current funds with mandatory transfers of collections of the fee allocations made to retirement of indebtedness each academic term. Payments are made on principal annually and interest semi-annually. The bond covenant requires the fee allocation be so structured that it will raise not less than 110% of the annual debt service requirements for the next ensuing fiscal year of all bonds outstanding. The College fee allocation for this purpose exceeds this requirement.

Beginning on or after October 1, 2002, the Housing and Auxiliary Facilities Revenue Refunding Bonds Series 1992 maturing on and after October 1, 2002, may be redeemed prior to the mandatory redemption dates and final maturities at the option of the College's Board of Trustees. The bonds redeemed are subject to a redemption price equal to the par value of the bond and accrued interest to date.

Beginning on or after January 1, 2003, the Facilities and Improvement Revenue Refunding Bonds Series 1992 maturing on and after January 1, 2003, may be redeemed prior to mandatory redemption dates and final maturities at the option of the College's Board of Trustees. The bonds redeemed are subject to the following terms:

- (1) if the redemption be effected before January 1, 2004, the redemption premium shall be two percent (2%) of the principal amount of each Series 1992 Bond redeemed;
- (2) If the redemption be effected on or after January 1, 2004, but before January 1, 2005, the redemption premium shall be one percent (1%) of the principal amount of each Series 1992 Bond redeemed;

- (3) If the redemption be effected on or after January 1, 2005, there shall be no redemption premium.

All of the bonds are payable in semi-annual installments plus interest. Amounts including interest required to complete payment of the revenue bond obligations as of June 30, 1999, are as follows:

Year Ending June 30	Principal	Interest	Total
2000	\$ 1,250,000	\$ 1,155,668	\$ 2,405,668
2001	1,330,000	1,092,613	2,422,613
2002	1,410,000	1,023,619	2,433,619
2003	1,490,000	948,093	2,438,093
2004	1,575,000	866,028	2,441,028
2005-13	13,580,000	3,683,660	17,263,660
Total Obligations	\$ 20,635,000	\$ 8,769,681	\$ 29,404,681

During fiscal year 1999, the College paid principal in the amount of \$1,380,000 for the two bonds. Further, it reported interest expenditures and other charges on the bonds of \$1,206,382 for fiscal year 1999. No arbitrage costs were incurred during 1998-99.

In prior years, the College of Charleston defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments (principal and interest) on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements. At June 30, 1999, \$4,190,000 of bonds outstanding is considered defeased.

NOTE 6 – LEASE OBLIGATIONS

The College of Charleston is obligated under various operating leases for the use of real property (land, buildings, office facilities and equipment). The College is obligated under capital leases for the acquisition of copier and computer equipment.

Future commitments for operating leases and capital leases having remaining non-cancelable terms in excess of one year as of June 30, 1999, were as follows:

Year Ending June 30	Operating Leases		Capital Leases
	Real Property	Equipment	Equipment
2000	\$ 1,202,182	\$ 265,698	\$ 102,554
2001	719,126	157,853	82,712
2002	711,265	61,318	-
2003	466,964	37,687	-
2004	427,284	15,130	-
2005 and beyond	7,030,800	-	-
Total Minimum lease payments	\$ 10,557,621	\$ 537,686	\$ 185,266
Less: Interest			\$ (10,703)
Less: Executory costs and excess copies			\$ (40,320)
Principal outstanding/Present value of net minimum payments			\$ 134,243

Operating Leases

The College's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2000 through 2062. Certain operating leases provide for renewal options for periods from 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 1999, the College renegotiated a real property operating lease for fifteen existing locations with the College of Charleston Foundation, a related

party, for offices, dormitories and parking lots from July 1, 1998 through June 30, 1999, for annual rentals of \$260,631. The agreement contains a year to year renewal option with no purchase option or other financial terms. Under this agreement, the College paid the Foundation \$260,631 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 with no changes in the terms or lease period.

In the case of operating leases for real property from commercial vendors, there exist two leases with escalation clauses limited to the cost of living. 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 \$90,000 per year (\$7,500 per month) April 1, 1997 through March 31, 2002 and \$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 unamortized balance at June 30, 1999 is \$482,693. Amortization for fiscal year 1999 was \$7,692. The College provides maintenance to the tax exempt property. The College paid the Patriots Point

Development Authority \$90,000 in rent in fiscal year 1999.

Total operating lease expenditures in fiscal year 1999 were approximately \$1,054,000 for all real property and approximately \$303,900 for other equipment. The College reports these costs in the applicable current funds functional expenditure categories.

Capital Leases

During the current fiscal year, the College entered into a capital lease for computer equipment in the amount of \$153,807. This lease along with a copier lease are payable from unrestricted current funds with terms expiring in 2000-2001. Capital lease expenditures for fiscal year 1999 were \$82,562 of which \$2,328 represented interest and \$20,531 represented executory, maintenance and other costs. The interest rates are 5.6% and 7%. The carrying value of the equipment is \$227,657 under the capital leases at June 30, 1999. The unpaid principal balances of the capital leases are \$134,243 at June 30, 1999.

NOTE 7 – NON-MANDATORY TRANSFERS

Debt service funds become available for transfer because of the maintenance of minimum and maximum balances including reserves for payment of debt service (and facility operating cost) as required by bond indentures and law. Tuition, fees, and revenues pledged for debt service when collected remain in the debt service accounts of the Retirement of Indebtedness fund subgroup until they are transferred by the State Treasurer into a general capital improvement funding account. For revenue bonds issued by the College, a written request for the transfer of funds in excess of required minimum balances is submitted by the College to the State Treasurer. As needed, monies are transferred from the general capital funding account to specific capital projects accounts. For the most part, institutions are authorized to make transfers for specific projects with notification to the State Treasurer. As applicable for pre-1986 bond issues, the College obtained approval from the State Budget and Control Board for the transfers.

The College reports its general capital funding account in the unexpended plant funds subgroup and

the unexpended balance thereof as unrestricted fund balance. In fiscal year 1999, the College transferred \$421,408 for that purpose. During the current year, the College transferred \$2,032,213 within the unexpended plant funds subgroup from the general funding account to finance specific capital projects. Unexpended balances of the specific capital project accounts are reported as restricted fund balances in the unexpended plant funds subgroup.

The College also transferred \$7,991,921 from unrestricted current funds group to the unexpended plant funds. The transfer included \$3,593,015 for specific capital projects and \$4,398,906 for unspecified future projects. The \$3,593,015 represents college fees approved by the State Budget and Control Board for educational and general capital projects. All of the specific projects were approved by the State Budget and Control Board.

NOTE 8 – PENSION PLANS

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.

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 (PERS). Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability cost of living adjustment, death and group-life insurance benefits to eligible employees and retirees.

Under SCRS, employees are eligible for a full service retirement annuity upon reaching age 65 or

completion of 30 years credited service regardless of age. The benefit formula for full benefits, effective July 1, 1989, for the System is 1.82% of an employee's average final compensation multiplied by the number of years of credited service. Early retirement options with reduced benefits are available as early as age 55. Employees are vested for a deferred annuity after 5 years of service and qualify for a survivor's benefit upon completion of 15 years credited service. Disability Annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of 5 years credited source. A group-life insurance benefit equal to an employee's annual rate of compensation is payable upon death of an active employee with a minimum of one year of credited service.

Since July 1, 1988, employees participating in the SCRS have been required to contribute 6.0 percent of all compensation. Effective July 1, 1998, the employer contribution rate became 9.58%, which included a 2.03% surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 1999, 1998 and 1997 were approximately \$2,180,000, \$2,096,000 and \$1,969,000 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 approximately \$43,300 in the current fiscal year at the rate of .15% of compensation.

The amounts paid by the College for pension and group-life insurance are reported as employer contributions expenditures within the applicable current funds functional expenditure categories to which the related salaries are charged.

On January 1, 1999, with the transfer of personnel from the Medical University of South Carolina to the South Carolina Department of Public Safety, the College assumed responsibility for the management of public safety services on the College campus. With this change the College began participating in the State of South Carolina Police Officers Retirement System (PORS).

PORS is a cost-sharing multiple-employer defined benefit public employee retirement system. 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 fireman killed in actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees covered under PORS are eligible for a monthly pension payable at age 55 with a minimum of 5 years service or 25 years credited service regardless of age. A member is vested for a deferred annuity with 5 years service. The benefit formula for full benefits effective July 1, 1989, for the system is 2.14% of the employees average final salary multiplied by the number of years of credited service. Disability annuity benefits and the group-life insurance benefit for PORS members are similar to those for SCRS participants. Accidental death benefits provide a monthly pension of 50% of the member's budgeted compensation at their time of death.

Since July 1, 1988, employees have been required to contribute 6.5% of all compensation. Effective July 1, 1998, the employer contribution rate became 12.33% which, as for the SCRS, included a 2.03% surcharge. The College's actual contributions to the PORS for the year ended June 30, 1999, were approximately \$60,200 and equalled the required contributions at 10.3% excluding the surcharge. The College paid employer group-life insurance contributions of \$1,168 and accidental death insurance contributions of \$1,168 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20% of compensation.

The amounts paid by the College for pension, group-life insurance and accidental death benefits are reported as employer contributions expenditures within the applicable current funds functional expenditure categories to which the related salaries are charged.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of laws of 1976, as amended, prescribes requirements relating to membership, benefits and employee/employer contributions for each pension plan. Employee and employer contribution rates to SCRS and PORS are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates. Annual benefits, payable monthly for life, are based on length of

service and on average final compensation (an annualized average of the employee's highest 12 consecutive quarters of compensation).

The Systems do not make separate measurements of assets and pension liabilities for individual employers. Under Title 9 of the South Carolina Code of Laws, the College's liability under the plans is limited to the amounts of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. Therefore, the College's liability under the pension plans is limited to the contribution requirements for the applicable year from amounts appropriated therefor in the South Carolina Appropriation Act and amounts from other applicable revenue sources. Accordingly, the College recognizes no contingent liability for unfunded costs associated with participation in the plans.

At retirement, employees participating in the SCRS may receive additional service credit (at a rate of 20 days equal one month of service) for up to 90 days for accumulated unused sick leave.

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 four-year higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 7.55% plus the retiree surcharge of 2.03% from the employer in fiscal year 1999.

Certain of the College's employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were approximately \$650,300, excluding the surcharge from the College as employer and approximately \$516,800 from its employees as plan

members. In addition, the College paid approximately \$12,900 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.

NOTE 9 – 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 postemployment 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 or service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for 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 portion 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. Approximately 18,900 State retirees met these eligibility requirements as of June 30, 1998.

The College recorded employer contributions expenditures within the applicable functional expenditure categories for these insurance benefits for active employees in the amount of approximately \$2,241,000 for the year ended June 30, 1999. As discussed in Note 8, the College paid approximately \$760,900 applicable to the 2.03% 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 Systems 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 annually for the SCRS and PORS benefits.

NOTE 10 – 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.

On August 20, 1996, the provisions of Internal Revenue Code Section 457 were amended by adding subsection (g). That subsection provides that new plans will not be considered eligible plans unless all assets and income of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries. Existing plans also had to comply with this requirement by January 1, 1999. South Carolina's plan adopted this change, effective July 24, 1998.

NOTE 11 – INVENTORIES

Inventories held for resale are valued at the lower of cost or market. Inventories held for internal consumption are valued at cost. The following is a summary by inventory category of cost determination method and value at June 30, 1999:

<u>Category</u>	<u>Method</u>	
Bookstore	Moving weighted average	\$ 1,380,467
Central stores	First-in, first-out	<u>213,921</u>
		\$ 1,594,388

NOTE 12 – INTERFUND LIABILITIES AND BORROWINGS

For the most part, the College operates out of one cash account which is recorded in unrestricted current funds. At fiscal year-end, entries are made to properly reflect cash balances by fund group and subgroup and to report interfund liabilities for deficit cash balances in the State's cash management pool accounts by fund. In addition, during the year, certain interfund borrowings occurred. As of year end, the restricted current funds were obligated to the unrestricted current funds in the amount of \$80,374. The \$80,374 represents reimbursable

amounts for federal programs to be received during fiscal 2000, without interest, satisfying the interfund borrowing.

NOTE 13 – STUDENT LOAN RECEIVABLES AND OTHER RECEIVABLES

The College has the following significant and/or unique accounts receivable in its various fund groups and subgroups:

Unrestricted Current Funds:		
Cafeteria and Vending Commissions	\$ 266,414	
Bookstore Book Credit Memos	295,950	
Other Miscellaneous	4,370	
Student Academic Fees Receivable Net	1,763,315	
Student Auxiliary Service Fees Net	<u>204,600</u>	
		\$ 2,534,649
Restricted Current Funds:		
Grants and Contracts		366,751
Loan Funds:		
Perkins Loan Program	\$ 2,051,959	
Baruch Loan Program	<u>500</u>	
		2,052,459
Unexpended Plant Funds:		
State Capital Improvement Bonds (See Note 3)	\$12,878,236	
Grants Receivable (See Notes 4 and 18)	<u>559,565</u>	
		<u>13,437,801</u>
		<u>\$18,391,660</u>

At June 30, 1999, receivables in the unrestricted current funds group are reported net of the applicable provision for doubtful accounts. Allowances in the unrestricted current fund for losses of student fees receivables are established based upon actual losses experienced in prior years and evaluations of the current account portfolios. The allowances for student academic fees receivable and auxiliary

receivables in unrestricted current funds are valued at \$113,711 and \$28,428 respectively. In the loan fund group, losses for student loans receivable are not estimated or recorded in allowances for uncollectible accounts. The amounts are not considered material enough to adversely affect the financial statements. At the time a loan is considered to be uncollectible, it is charged to the principal of the fund from which the loan was made.

NOTE 14 – CONSTRUCTION COSTS AND COMMITMENTS

The College has obtained the necessary funding for the acquisition, construction, renovation and equipping of certain facilities which will be capitalized in the applicable plant asset categories upon completion. Management estimates that the College has sufficient resources available and/or future resources identified to satisfactorily complete the construction of such projects which are expected

to be completed in varying phases over the next five years at a total estimated cost of approximately \$46,650,000. Of the total cost, approximately \$21,821,000 was unexpended through June 30, 1999. The College capitalized projects costing \$13,250,243 in the applicable plant asset categories during the fiscal year 1999. The amount expended for fiscal year 1999 does not include any capitalized interest on construction debt. Of the unexpended balance at June 30, 1999, the College had remaining commitment balances of approximately \$4,002,000 with the certain property owners, engineering firms, construction contractors and vendors related to these projects. Most of this commitment is applicable to the College's major construction projects for the Avery Research Center (\$1,000,000), Outdoor Athletic Center (\$2,000,000) and New Library (\$867,000).

Major capital projects at June 30, 1999, which constitute construction in progress, are listed below:

<u>Project Title</u>	<u>Estimated Cost</u>	<u>Amount Expended</u>
Sears Building Renovation	\$ 1,583,140	\$ 1,068,210
Student Stern Center Water Intrusion	1,500,000	82,676
Compliance Alterations	162,414	73,459
New Library	13,625,000	461,283
Outdoor Athletic Center	3,500,000	660,678
Sailing Center	495,000	166,446
Total	\$ 20,865,554	\$ 2,512,752

The College anticipates funding these projects out of current resources, future bond issues, private gifts, student fees and donations.

At June 30, 1999, the College had approved and budgeted funds for other capital projects which are not to be capitalized when completed at an estimated cost of \$1,700,000. These projects are for replacements, repairs and/or renovations to existing facilities. Of the total cost, approximately \$429,000 was unexpended at June 30, 1999. The College anticipates funding these projects from available funds.

NOTE 15 – 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. Certain monies are deposited or invested with or managed by financial institutions with the approval of the State Treasurer's Office.

The following schedule reconciles deposits within the footnotes to the balance sheet amounts:

<u>Balance Sheet</u>	<u>Footnotes</u>
Cash and Cash Equivalents	Cash on Hand
\$34,535,839	\$ 21,400
	Deposits Held by State
	Treasurer
	34,488,124
	Other Deposits
	26,315

Totals	\$34,535,839	\$34,535,839
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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.

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.

Cash and cash equivalents reported on the balance sheet at June 30, 1999, include \$15,710 in unrealized appreciation.

As disclosed in Note 5, Retirement of Indebtedness Funds include \$757,043 (including unrealized appreciation of \$836 in restricted cash held by State Treasurer to cover the debt service reserve fund as required by the bond indenture.

Other Deposits

The College's other deposits at year-end were entirely covered by federal depository insurance or by collateral held by the College's custodial bank in the College's name. The \$26,315 consist of \$13,383 of cash collections by the College's billing agent for the Perkins Loan Program, \$2,932 in a revolving student Baruch Loan account and \$10,000 in a return check clearing account.. These accounts have been approved by the State Treasurer.

NOTE 16 – ENDOWMENT FUND

The Endowment Fund is held by the State Treasurer of South Carolina as cash and cash

equivalents for the College. Interest earnings are available to the College and recorded in the restricted current funds.

NOTE 17 – PLEDGE OF GIFTS

Pledges of gifts are received and managed by the College of Charleston Foundation herein reported as a related party in Note 18.

NOTE 18 – 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 program. They include the College of Charleston Foundation and the Cougar Club. The financial statements of the College of Charleston Foundation are audited by independent auditors retained by the organization. The activities of these 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 reviews its relationship with the entities described in this note. The College excluded these entities from the reporting entity because it is not financially accountable for them. As part of its affiliated organizations project, the GASB is currently studying other circumstances under which organizations that do not meet financial reporting accountability criteria would be included in the financial reporting entity. Depending on the outcome of that project and other future GASB pronouncements, some or all of these organizations may become component units of the College and/or part of the financial reporting entity.

The College of Charleston Foundation is a separately chartered entity which exists exclusively to benefit the College. Transactions between the College and the Foundation during the year ended June 30, 1999 were as follows:

Unrestricted current fund – private gifts, grants and contracts for auxiliaries:	
Awarded for general support of athletic activities	\$ 10,000
Restricted current fund – private gifts and grants:	
Scholarships awarded by the College and reimbursed by the Foundation	\$ 878,349

Unrestricted current fund – educational and general expenditures:

Expenditures incurred for rents by the College to the Foundation for the rental of certain real property (excludes approximately \$2,000 for premiums for insurance coverage on leased properties owned by the foundation).

\$ 260,631

Unexpended Plant Fund – grants receivable:

Grant proceeds received from the Ford Foundation, SC Energy Office , and other private sources for Avery Normal Institute held by the Foundation for the College. (See Notes 4 and 13).

\$ 559,565

Purchase by College of 90 Wentworth Street and 11-13 Coming Street from the Foundation (The excess market value over the amount paid to the Foundation of \$191,500 is recorded in the Investment in Plant as a Private gift). This property was previously leased by the College from the Foundation.

\$ 582,213

Agency Funds – Deposits held for others:

Deposit for Foundation held by College of Charleston

\$ 33,293

See Note 6 for details on lease transactions with the Foundation

The financial statements of the Foundation as of December 31, 1998, and for the year then ended were examined by independent auditors. The assets, liabilities and operating activities of

the Foundation as of December 31, 1998, and for the year then ended, presented on the next page are from the Independent Auditor's Report, and are not included in the accompanying financial statements of the College.

Statement of Financial Position
As of December 31, 1998

Assets

Cash and short term investments
Promises to Give
Investments
Accounts and notes receivable
Prepaid Expenses

In thousands

\$ 1,168
2,489
26,260
471
34

Inventory	27
Property and equipment	8,459
Other assets	217
Total Assets	<u>\$ 39,125</u>

Liabilities and Net Assets

Liabilities:

Deferred revenues	\$ 4
Accrued expenses	183
Notes payable	315
Annuity payable	262
Tuition Benefits Payable	195
Total Liabilities	<u>959</u>

Fund Balances:

Unrestricted	90
Temporarily Restricted	22,867
Permanently Restricted	15,209
Total Net Assets	<u>38,166</u>
Total Liabilities and Net Assets	<u>\$ 39,125</u>

Statement of Activities Year Ended December 31, 1998

Revenue, Gains and Other Support:

Contributions - cash and non-cash	\$ 5,887
Investment and other income	1,278
Grants and contracts	190
Changes in value of split interest agreement	(7)
Net realized and unrealized gains	2,564
Total revenues, gains and other support	<u>9,912</u>

Expenses and Losses:

Program expenses	4,270
Supporting expenses	604
Total expenses and losses	<u>4,874</u>

Changes in Net Assets 5,039

Net Assets, Beginning of Year 33,127

Net Assets, End of Year \$ 38,166

The Foundation incurred \$837,130 in expenditures that were paid by, and reimbursed to, the College during the fiscal year.

The Cougar Club is another organization related to the College whose activities are 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. In conjunction with GASB statement

No. 14, the College reviews its relationship with the Cougar Club. The College excluded this organization from the reporting entity because it is not financially accountable for it. The College received \$185,000 from the Cougar Club in fiscal year 1999, primarily for athletic scholarships which are reported as part of private gifts and contracts for auxiliaries in the unrestricted current fund and \$70,000 for basketball ticket sales which is reported as sales and services of Auxiliary Enterprises in unrestricted current funds. The last published

financial statement provided by the Cougar Club was included in Note 18 of the College's financial statements for the year ended June 30, 1996.

NOTE 19 – TRANSACTIONS WITH STATE ENTITIES

The College has significant transactions with the State of South Carolina and various State agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee and investment services from the State Treasurer; legal services from the Attorney General; and, records storage from the Department of Archives and History. At June 30, 1999, the College had outstanding accounts payable to State agencies for goods and services including the Division of Information Management -\$67,575 for telephone services, and \$12,333 for telephone wiring; the South Carolina Retirement System-\$450,855 for employee/employer share of retirement; and various other agencies-\$56,317 for miscellaneous goods and services. These payables, with minor exceptions, are recorded in the unrestricted current funds.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

The College had financial transactions with various State agencies during the fiscal year. Significant payments were made to divisions of the State Budget and Control Board for pension and insurance plans employee and employer contributions, vehicle rental, surplus property disposal fee, insurance coverage, office supplies, telephone, and interagency mail. Significant payments were also made for unemployment and worker's compensation coverage for employees to the Employment Security Commission and State Accident Fund. The amounts of 1999 expenditures applicable to these related party transactions are not readily available.

The College purchased various goods and services from other State agencies during fiscal year 1999. The primary purchases include the Citadel-\$303,192 for printing services; the Division of General Services-\$18,732 for office and educational supplies; the Medical University of South Carolina-\$36,605 for

printing and \$1,193,258 for public safety services; the South Carolina Department of Corrections-\$28,709 for furniture; the State Office of Insurance Services- \$541,967 for insurance; the Patriot's Point Development Authority-\$90,000 for lease of land on which the College will build a sports complex; the South Carolina Educational Television Network-\$56,000 for film production services; and, the South Carolina Department of Natural Resources-\$68,411 for chilled water services. Generally these amounts are recorded as expenditures in the current funds groups. The College provided no services to other state agencies during the year.

The College did pass certain federal grant funds to other state agencies as subrecipient grantees in the amount of \$115,819 to the University of South Carolina, South Carolina State University, Clemson University and the Citadel.

As a subrecipient, the College receives federal funds from other state agencies primarily from the University of South Carolina in the amount of \$53,737, the South Carolina Department of Health and Human Services in the amount of \$2,000, the South Carolina Sea Grant Consortium in the amount of \$150,895, the South Carolina Department of Education in the amount of \$74,447, the State Historical Records Advisory Board in the amount of \$4,000, South Carolina Commission on Higher Education in the amount of \$65,452, the South Carolina Department of Social Services in the amount of \$25,547 and the Department of Health and Environmental Control in the amount of \$61,891. At June 30, 1999, the College recorded \$366,751 as Federal Grants Receivable in the restricted current fund as federal funds passed through from these State agencies.

NOTE 20 – CONTINGENCIES AND LITIGATION

During the year ending June 30, 1999, there were two lawsuits pending against the College of Charleston. One lawsuit involved a vendor who is suing the College based on a claim that the College failed to pay interest on payments to the vendor for payments made that exceeded thirty working days. The other lawsuit is by a former student who alleges due process violation arising out of a grade assignment. The plaintiff lost and has appealed. There were no administrative grievances pending as of June 30, 1999. All prior grievances were resolved in favor of the College. In the opinion of management and

counsel, the risk of material loss in excess of insurance coverage for the lawsuits or these grievances is remote, the outcome of the grievances and claims is expected to have no material adverse effect on the financial position of the College. Therefore an estimated liability has not been recorded.

The College has examined its potential for environmental remediation liabilities and has determined that its operations have not involved any potential liability. The College utilizes an approved hazardous waste plan for its operations.

The various federal programs administered by the College for fiscal year 1999 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts which

may be due federal grants, if any, have not been determined but the College believes that any such amounts in the aggregate would not have a material adverse effect on the financial statements. Therefore an estimate has not been recorded.

NOTE 21 – RISK MANAGEMENT

Insurance Coverage

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. There were no significant reductions in insurance coverage from coverage in the year. Settled claims have not exceeded this coverage in any of the past three years. The College pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur 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.

State management believes it is more economical to manage certain risks internally and sets 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 self-insured plan except dependent and optional life premiums 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 or loss and pays claims incurred for covered losses related to the following 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 professional liability claims against covered employees for health services and athletic trainers.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, automobile liability and medical professional liability insurance. The IRF purchases insurance for ocean marine coverage. Also, the IRF purchases reinsurance for catastrophic property and medical professional liability insurance. Reinsurance permits partial recovery of losses from reinsurers, but the IRF remains primarily liable. The IRF's rates are determined actuarially.

State agencies and other entities are the primary participants in the State's Health and Disability Insurance Fund and the IRF.

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

The College has recorded insurance premium expenditures in the applicable functional

expenditure categories of the College's unrestricted current funds. These expenditures do not include estimates for probable premium adjustments resulting from actual loss experience for all coverages by the insurers for the fiscal year because the College's actual history indicates the amount is immaterial. The College is insured for such coverage under a retrospectively rated policy and premiums are accrued based on the ultimate cost of the experience to date of a group of entities.

The College has not transferred the portion of the risk related to insurance policy deductibles, unreported claims, underinsurance, or co-insurance for any coverages to a State or commercial insurer. The College has not reported an estimated claims loss expenditure, or a related liability at June 30, 1999, based on the requirements of GASB Statement No. 10 and No. 30 which state that a liability for claims must be reported if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 1999, and the amount of the loss is reasonably estimable. Liabilities would include an amount for incurred but not reported (IBNR) losses when it is probable a claim will be asserted. Claims liabilities when recorded are based

on estimates of the ultimate cost of settling known but not paid claims and IBNR claims at June 30 including the effects of inflation and other societal and economic factors and using past experience adjusted for current trends and other factors that would modify past experience.

In management's opinion, claims losses in excess of insurance coverage are unlikely and, if incurred, would be insignificant to the College's financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded at year-end. Therefore, no loss accrual has been recorded.

NOTE 22 – FUND BALANCES

The College records accrued compensated absences for leave benefits as they are earned by employees based on the requirements of GASB Statement No. 16 Accounting for Compensated Absences. The State establishes leave policy, but it does not fund the related liability for the College's employees funded from

State General Fund appropriations until employees are paid for the leave. Also, the College does not accumulate assets to fund the liability to be paid to employees funded from other revenue sources.

The difference between the State's funding policy and the required accounting treatment affected the components of fund balance of unrestricted current funds at June 30, 1999 as follows:

Educational and General	\$ 4,333,946
Less, Portion Attributable to Compensated Absences and Related Benefits	<u>(2,120,389)</u>
Total Fund Balances, net	<u>\$ 2,213,557</u>
Auxiliary Enterprises	\$ 5,572,502
Less, Portion Attributable to Compensated Absences and Related Benefits	<u>(237,856)</u>
Total Fund Balances, net	<u>\$ 5,334,646</u>
Total Unrestricted Current Fund Balance	<u><u>\$ 7,548,203</u></u>

The fund balance of the restricted current funds at June 30, 1999 is as follows:

Grants and Contracts	<u><u>\$ 168,156</u></u>
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The fund balances of the loan funds at June 30, 1999 are as follows:

U.S. Government grants refundable	\$ 2,376,774
Donor Restricted	<u>7,310</u>
	<u>\$ 2,384,084</u>

The fund balance in the endowment fund at June 30, 1999 is as follows:

Restricted	<u>\$ 101,009</u>
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The fund balances of the plant funds at June 30, 1999 are as follows:

Unexpended plant fund:	
Restricted	\$ 8,178,578
Unrestricted – designated	<u>24,465,502</u>
	<u>\$ 32,644,080</u>
Retirement of Indebtedness fund:	
Restricted	<u>\$ 757,043</u>

NOTE 23 – INVESTMENT IN PLANT

Property and equipment at June 30, 1999, consists of:

Land and Improvements	\$ 21,893,596
Buildings and Improvements	100,905,900
Equipment	6,415,166
Library Materials	<u>16,154,621</u>
Total	<u>\$145,369,283</u>

NOTE 24 – PRIOR PERIOD ADJUSTMENTS

Effective July 1, 1997, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools. This statement requires that most investments of governmental entities be stated at fair value rather than at cost. For internal investment pools, this Statement requires the equity position

of each fund that sponsors the pool to be reported as assets in those funds. As a participant in the State's internal cash management pool, the University has been allocated unrealized gains to reflect its pro rata share of the pool.

Management used incorrect fair value amounts as of June 30, 1997 and 1998 and has restated its fund balances as of July 1, 1998 to reflect the correct amounts. The changes to the fund balances are as follows:

	Beginning Fund Balances as of July 1, 1998		
	<u>As Previously Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Unrestricted Current Funds	\$ 8,136,145	\$ (89,513)	\$ 8,046,632
Loan Funds	2,349,552	(429)	2,349,123
Endowment Fund	102,363	(315)	102,048
Unexpended Plant Funds	37,188,047	(253,963)	36,934,084
Retirement of Indebtedness Plant Funds	897,020	(24,803)	872,217

Statement No. 31 allows interest and investment income and both realized and unrealized gains to be reported on a single financial statement line. These items are reported as "Auxiliary enterprises interest/investment income" in the Statement of Current Funds Revenues, Expenditures and Other Changes for the unrestricted current funds and "interest/investment income -restricted" in the

Statement of Changes in Fund Balances for the other funds.

Accordingly, \$442,156 in unrealized appreciation was previously reported in the Statement of Changes in Fund Balances for the year ended June 30, 1998. The restated unrealized appreciation is \$97,216 for the year ended June 30, 1998.

**College of Charleston
Comprehensive Annual Financial Report**

Supplemental Section

COLLEGE OF CHARLESTON
REQUIRED SUPPLEMENTARY INFORMATION-UNAUDITED
JUNE 30, 1999

YEAR 2000 ISSUE

The year 2000 ("Y2K") issue arises because most computer software programs allocate two digits to the Year date field on the assumption that the first two digits will be 19. Without programming, such programs will interpret, for example, the year 2000 as the year 1900. Also, some programs may be unable to recognize that the year 2000 is a leap year.

The year 2000 issue may effect electronic equipment containing computer chips that have date recognition features – such as environmental systems, elevators, and vehicles – as well as computer software programs. In addition, the year 2000 issue affects not only computer applications and equipment under the College's direct control but also the systems of other entities with which the College transacts business. Some of the College's systems/equipment affected by the year 2000 issue are critical to the continued and uninterrupted operations of the College.

Because of the unprecedented nature of the Y2K issue, its effects and the success of related remediation efforts will not fully determinable until the year 2000 and thereafter. Management cannot assure that the College is or will be Y2K ready, the College's remediation efforts will be successful in whole or in part, or that parties with whom the College does business will be Y2K ready.

The College has internally conducted various assessments of Y2K issues. A project plan for remediation of mission critical systems, including timelines, has been developed, costs determined and resources allocated. The College's Y2K plan includes multiple review steps to achieve compliance in all critical areas. Testing of all remediated systems is part of the remediation project plan. The College has projected that the Y2K compliance will cost an estimated \$80,000 and will be funded from State funds. No additional funding is budgeted for fiscal 2000. The College's management view is that Y2K funding is appropriate for the balance of the initiative.

At June 30, 1999, the College had completed the awareness, assessment, and remediation stages and was internally performing or had completed the validation/testing work for mission critical systems and equipment relating to the following: student information, Financial Assistance, Alumni, General Ledger, Payroll, Foundation, Housing, Human Resources, Purchasing, Student accounts receivable, and ID card system.

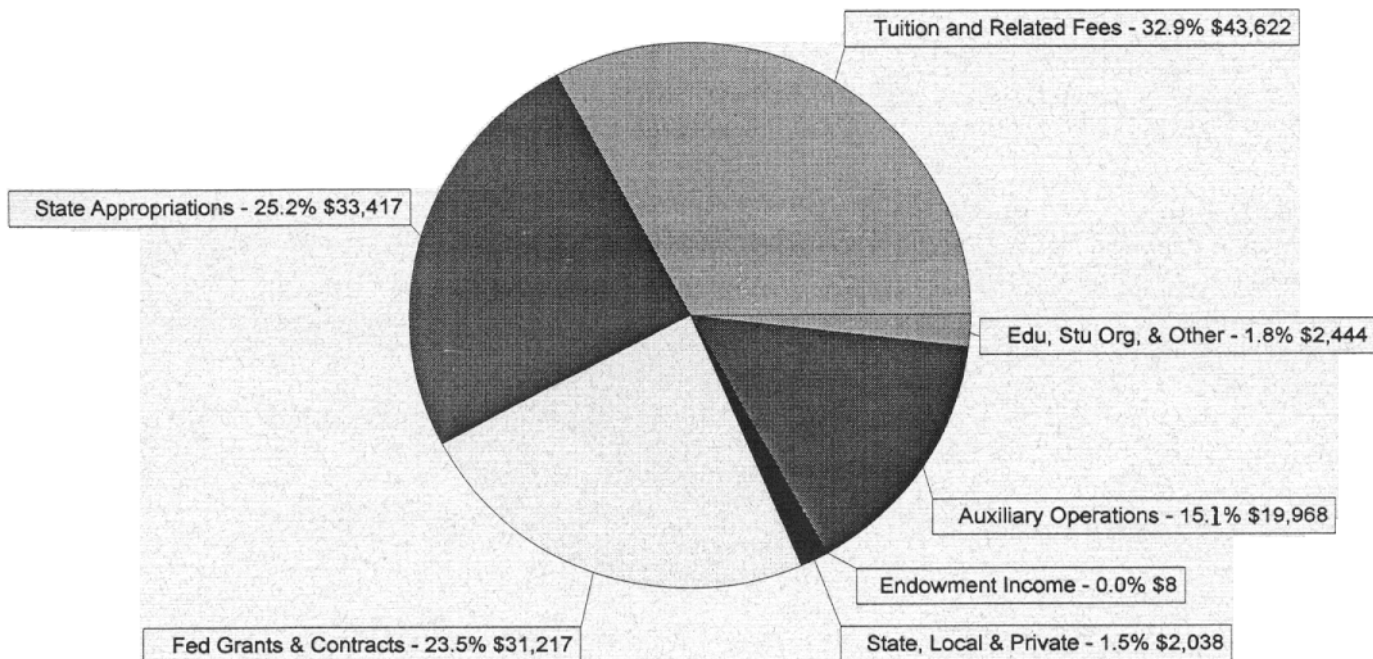
The College is making contingency plans for the possible failure of computer systems and embedded devices and also for the possible interruptions to the College's business.

**College of Charleston
Comprehensive Annual Financial Report**

Statistical Section

College of Charleston

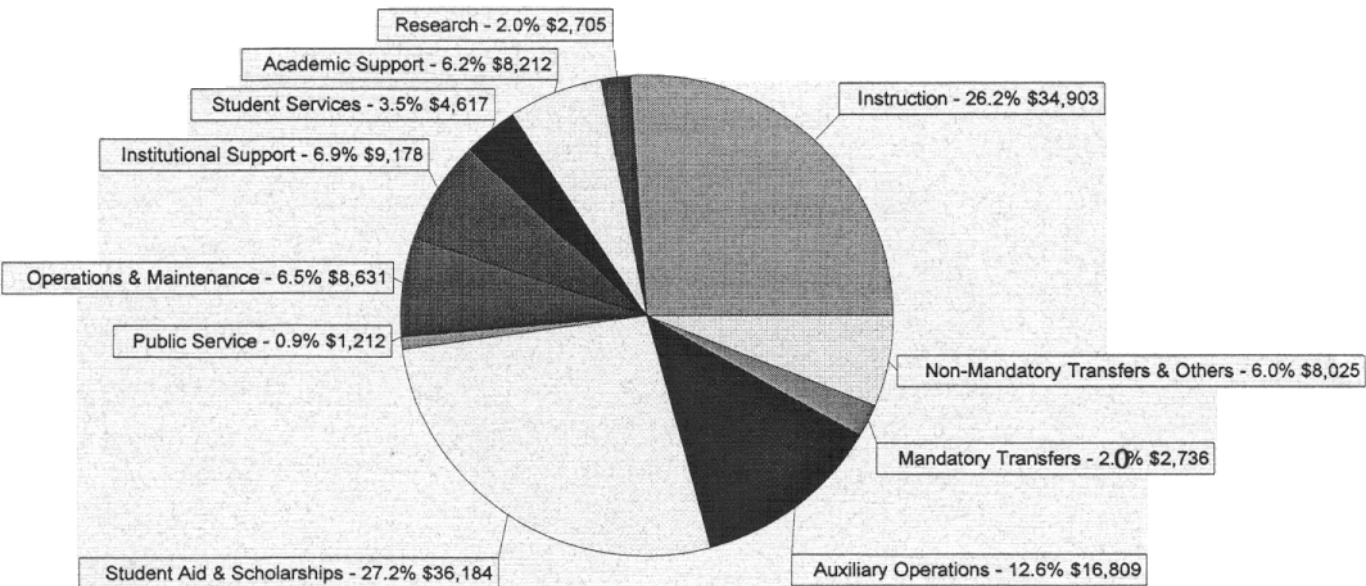
Current Fund Revenues Fiscal Year Ending June 30, 1999



Dollars In Thousands

College of Charleston

Current Fund Expenditures And Transfers Fiscal Year Ending June 30, 1999

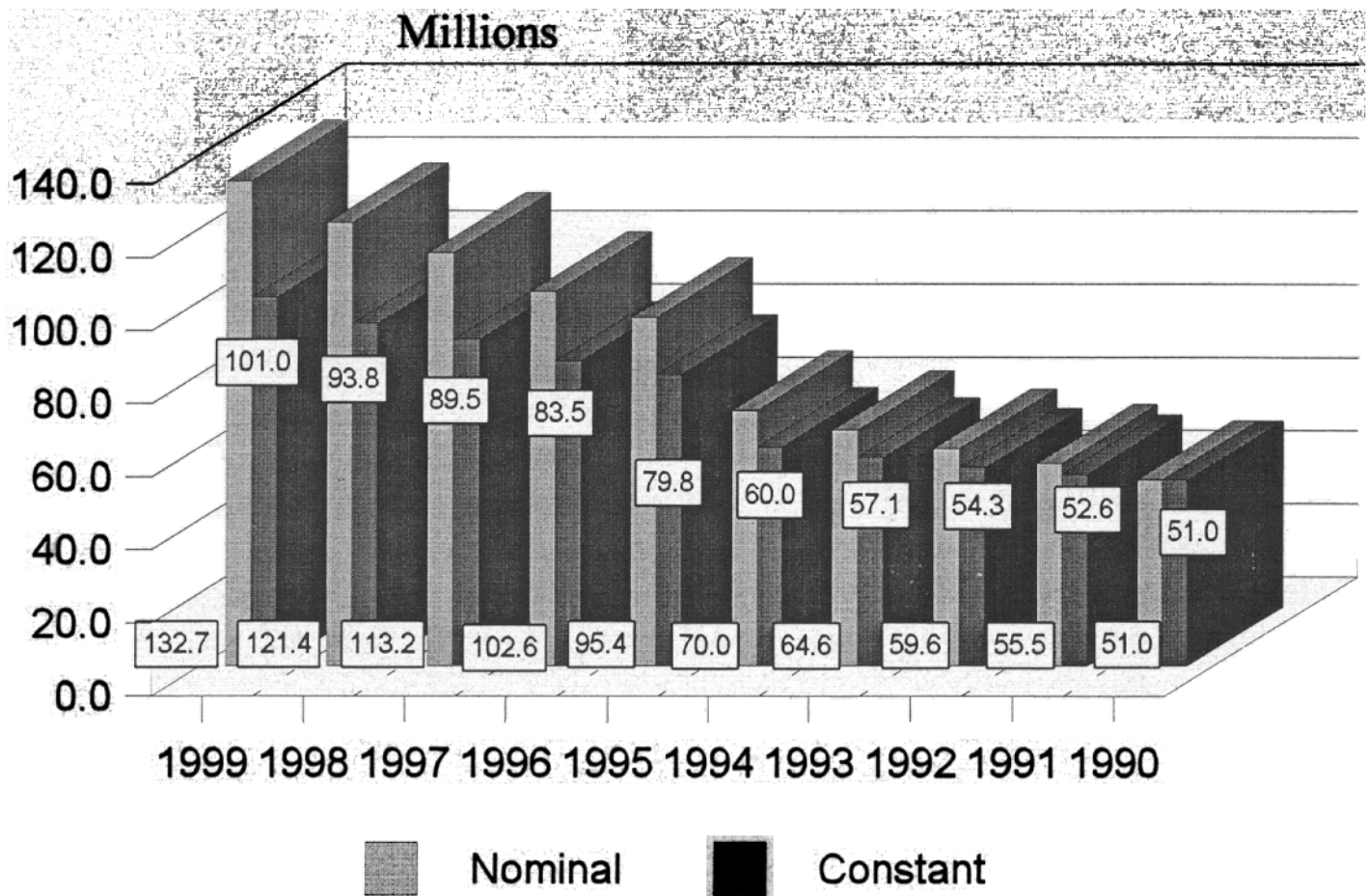


Dollars In Thousands

College of Charleston

Current Fund Revenues

40 Years Comparison - Nominal versus Constant Dollars

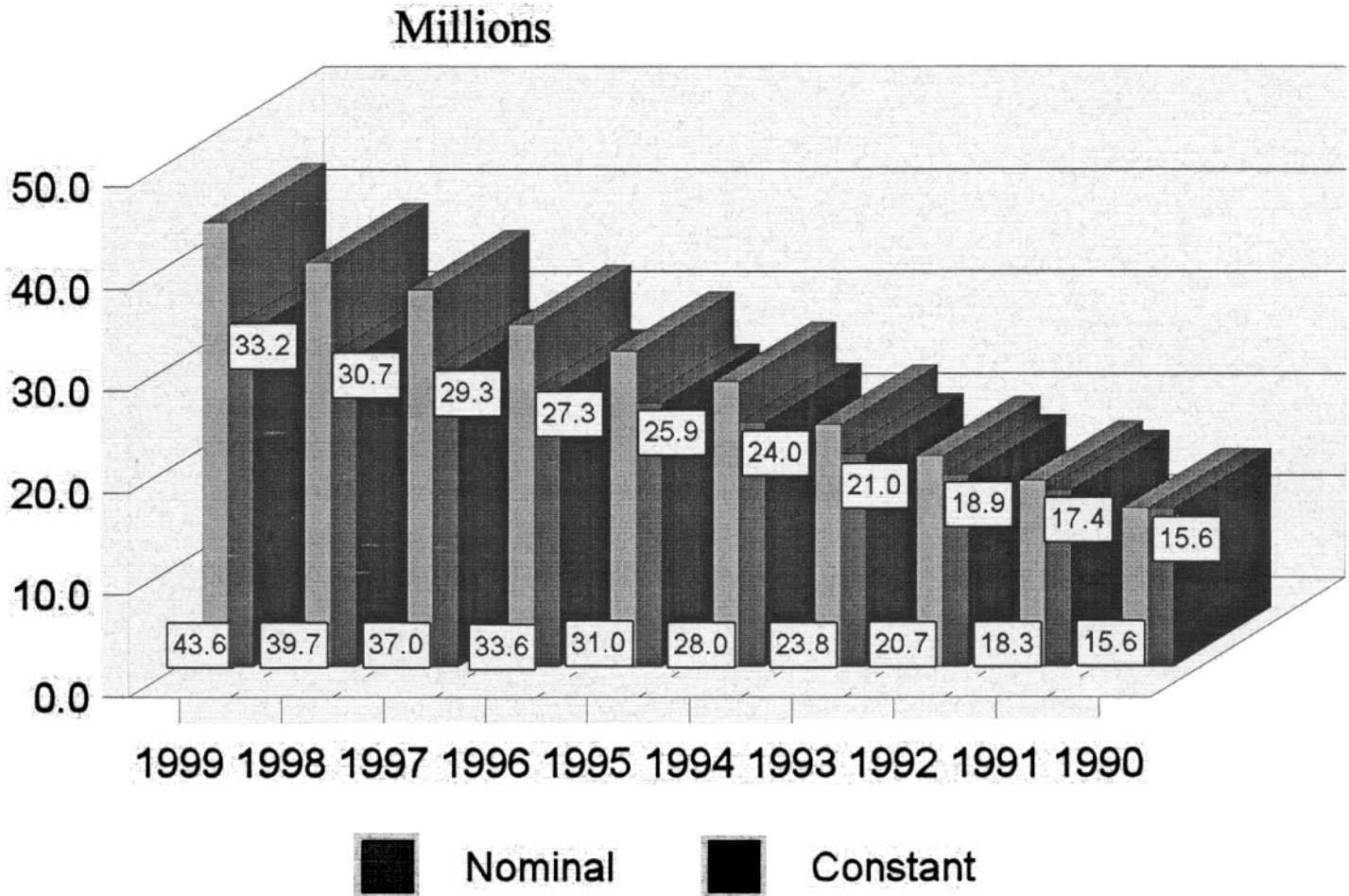


Notes: Nominal dollars reflect recorded amounts for the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power shown by the consumer price index for all urban consumers. (CPI-U) (FY 1990)

Source: The above information was compiled using the Audited Financial Statements of the College of Charleston for the years ended June 30, 1990 through 1999.

College of Charleston

Tuition and Related Fees



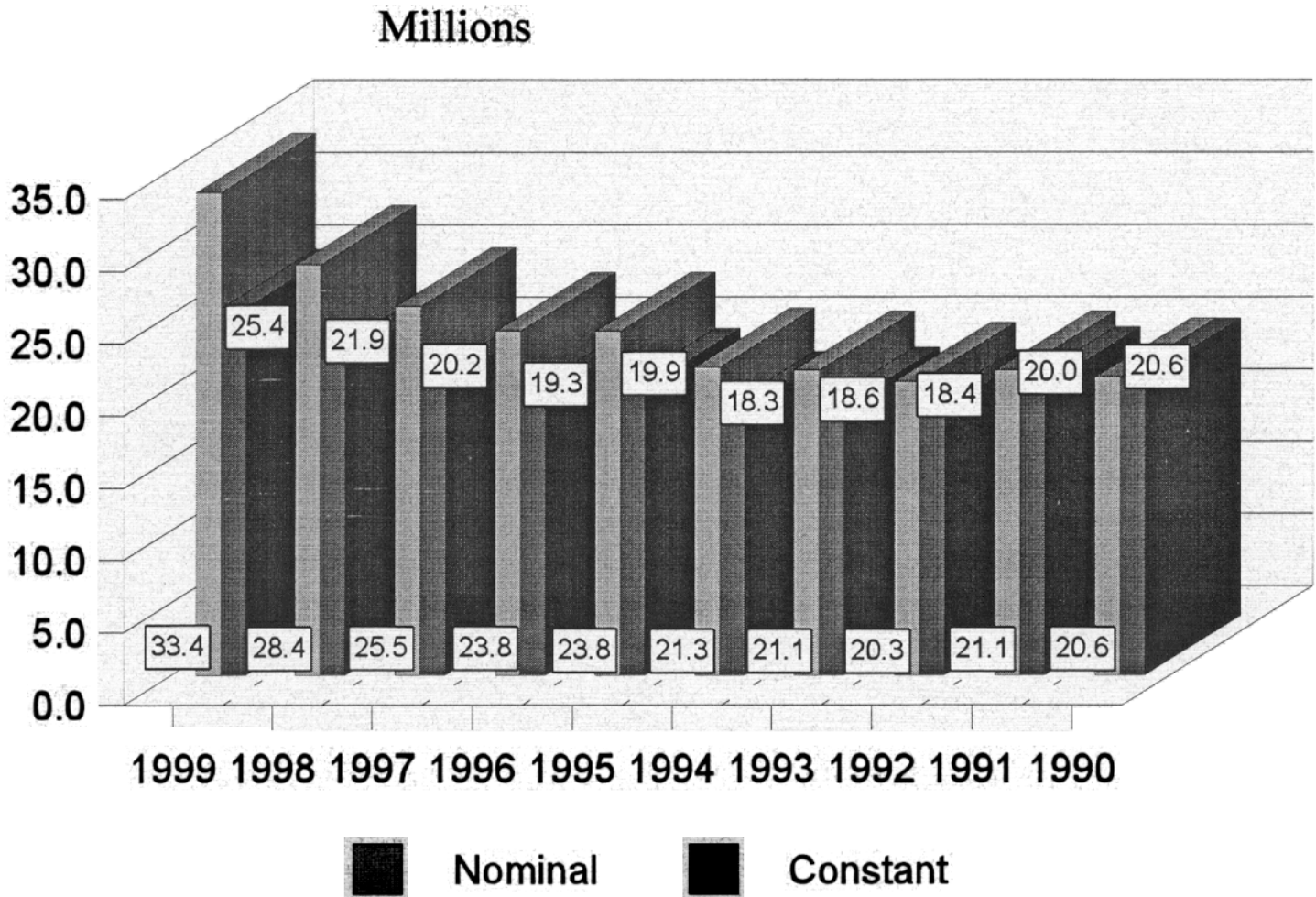
Notes: Nominal dollars reflect recorded amounts for the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power shown by the consumer price index for all urban consumers. (CPI-U) (FY 1990)

Source: The above information was compiled using the Audited Financial Statements of the College of Charleston for the years ended June 30, 1990 through 1999.

College of Charleston

State Appropriations

10 Years Comparison - Nominal versus Constant Dollars



Notes: Nominal dollars reflect recorded amounts for the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power shown by the consumer price index for all urban consumers. (CPI-U) (FY 1990)

Source: The above information was compiled using the Audited Financial Statements of the College of Charleston for the years ended June 30, 1990 through 1999.

[illegible]

(amounts expressed in thousands)

[illegible]

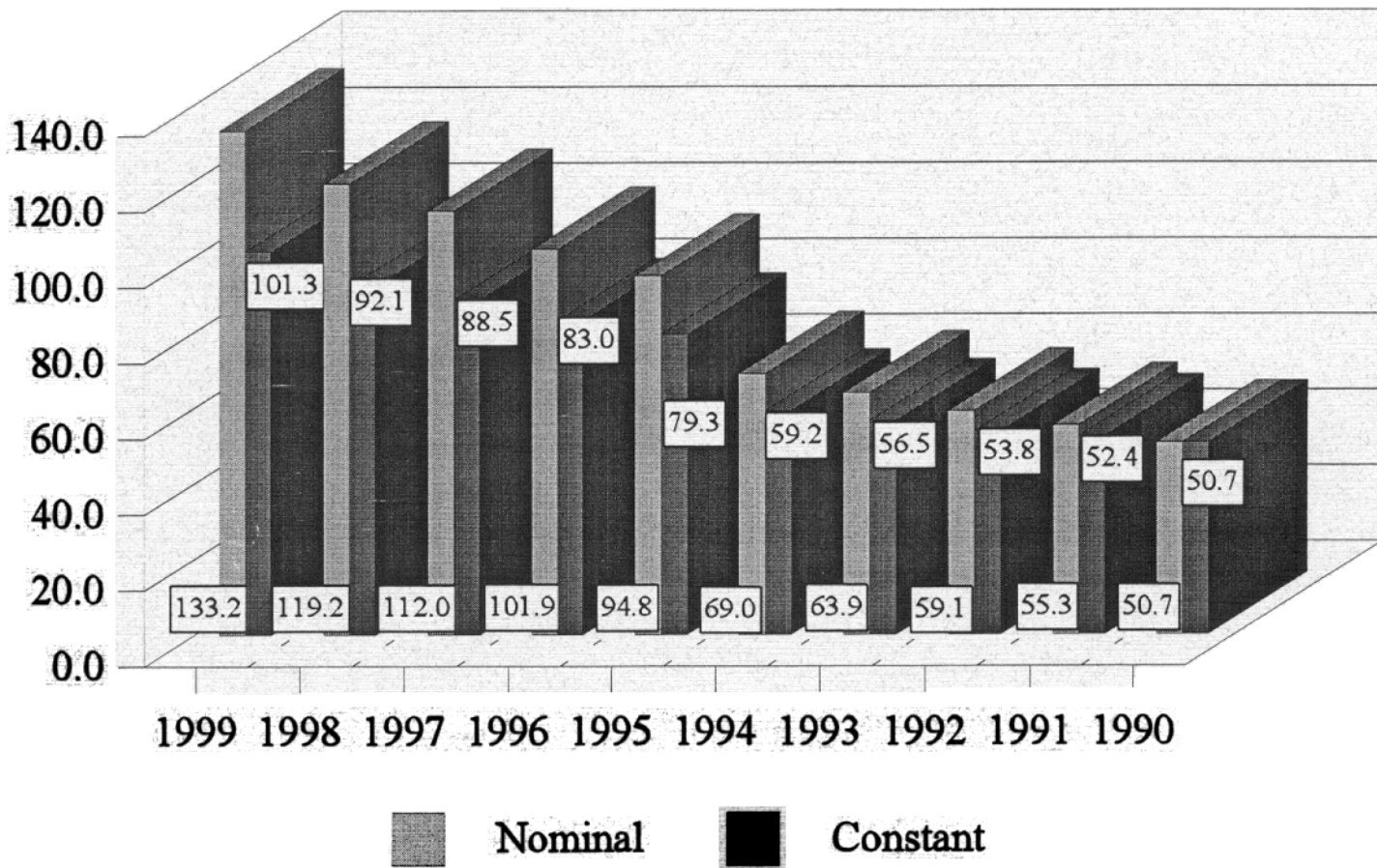
(amounts expressed in thousands)

(Amounts expressed in thousands)											
IN CONSTANT DOLLARS			1,999	1,998	1,997	1,996	1,995				
Instruction			\$ 26,552	\$ 25,391	\$ 24,309	\$ 23,113	\$ 22,115				
Research			2,058	2,119	2,030	2,121	1,861				
Academic Support			6,247	5,750	5,049	4,945	4,922				
Student Services			3,512	3,242	3,024	3,072	2,850				
Institutional Support			6,982	6,500	5,914	6,194	5,957				
Operation and Maintenance of Plant			6,566	6,460	6,092	5,812	5,977				
Public Service			922	729	745	728	674				
Student Aid/Scholarships			27,527	24,292	23,309	19,919	17,852				
Auxiliary Operations			12,787	12,716	12,176	11,895	11,189				
Mandatory Transfers			2,081	2,092	2,168	3,090	3,148				
Non-Mandatory Transfers			6,105	2,759	3,642	2,044	2,780				
Total Expenditures and Transfers			\$ 101,339	\$ 92,050	\$ 88,458	\$ 82,933	\$ 79,325				

[illegible]

	For the Year Ended June 30,							
	(amounts expressed in thousands)							
	1994		1993		1992		1991	1990
	\$ 24,270		\$ 22,287		\$ 20,249		\$ 18,067	\$ 16,278
	1,267		1,099		666		631	605
	5,670		4,811		4,576		4,875	3,938
	3,273		3,057		2,860		2,634	2,392
	7,131		6,364		5,950		5,888	6,492
	6,470		6,424		5,649		6,055	5,179
	596		724		606		484	-
	3,801		3,928		3,445		2,471	2,595
	11,944		11,220		11,184		9,847	8,679
	3,699		3,690		3,484		3,897	2,994
	876		305		429		416	1,558
	\$ 68,997		\$ 63,909		\$ 59,098		\$ 55,265	\$ 50,710
	For the Year Ended June 30,							
	(amounts expressed in thousands)							
	1994		1993		1992		1991	1990
	\$ 20,827		\$ 19,698		\$ 18,435		\$ 17,141	\$ 16,278
	1,087		971		606		599	605
	4,866		4,252		4,166		4,625	3,938
	2,809		2,702		2,604		2,499	2,392
	6,119		5,625		5,417		5,586	6,492
	5,552		5,678		5,143		5,745	5,179
	511		640		552		459	-
	3,262		3,471		3,136		2,644	2,595
	10,250		9,916		10,182		9,342	8,679
	3,174		3,261		3,172		3,697	2,994
	752		270		391		395	1,558
	\$ 59,209		\$ 56,484		\$ 53,804		\$ 52,432	\$ 50,710

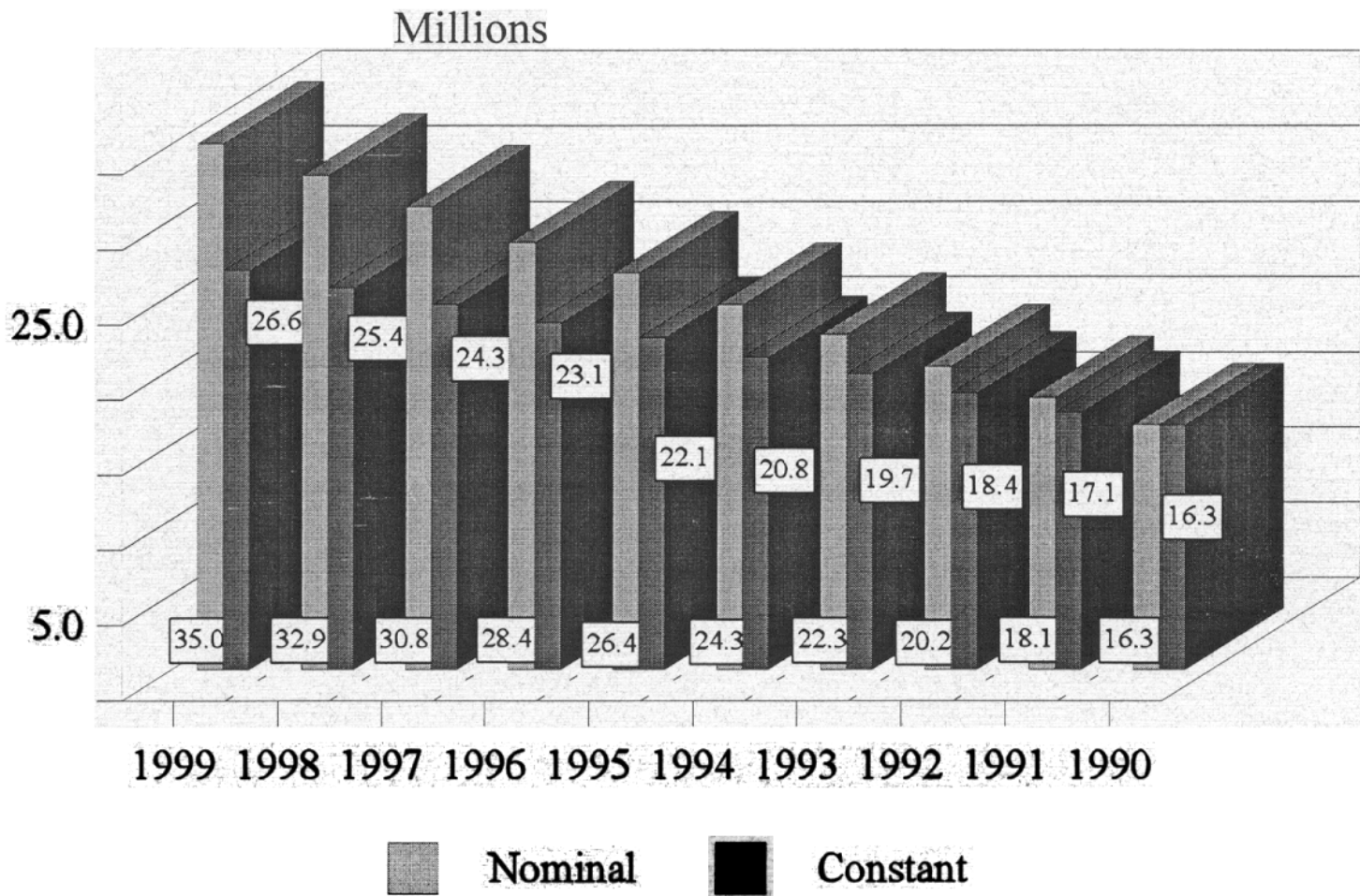
Millions



Notes: Nominal dollars reflect recorded amounts for the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power shown by the consumer price index for all urban consumers. (CPI-U) (FY 1990)

Source: The above information was compiled using the Audited Financial Statements of the College of Charleston for the years ended June 30, 1990 through 1999.

College of Charleston



Notes: Nominal dollars reflect recorded amounts for the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power shown by the consumer price index for all urban consumers. (CPI-U) (FY 1990)

Source: The above information was compiled using the Audited Financial Statements of the College of Charleston for the years ended June 30, 1990 through 1999.

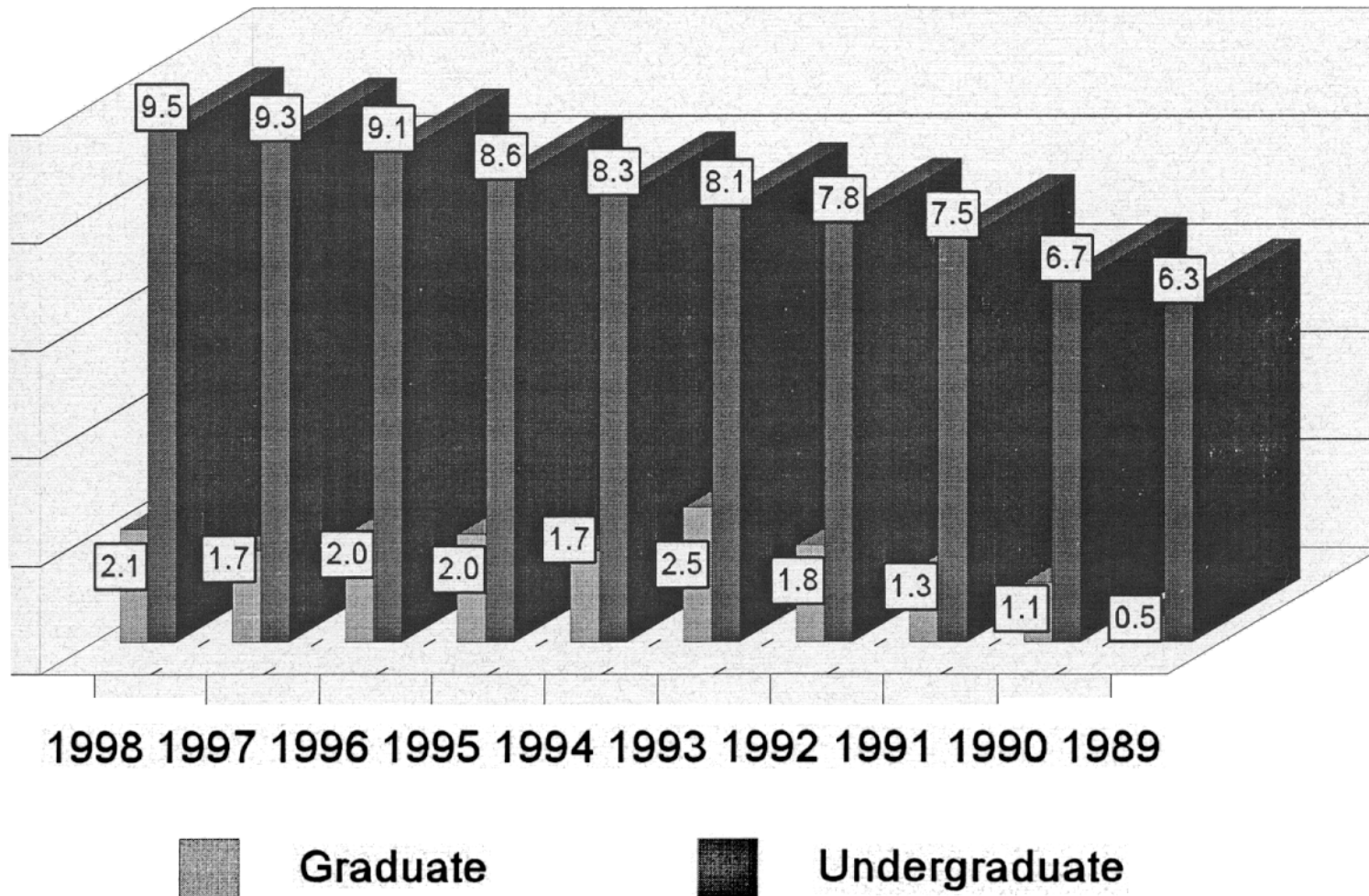
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COLLEGE OF CHARLESTON								
PERCENTAGE OF UNRESTRICTED CURRENT FUNDS								
EXPENDTURES REQUIRED FOR DEBT SERVICE								
Last Ten Fiscal Years								
(amounts in thousands)								
						Unrestricted Current		
Fiscal Year			Debt Service			Fund Expenditrues and		
Ended June 30,			Requirements			Mandatory Transfers		Percent
1999			2,586			87,702		3.0%
1998			2,611			82,755		3.2%
1997			2,631			76,190		3.5%
1996			2,655			72,912		3.6%
1995			2,677			68,333		3.9%
1994			2,623			63,500		4.1%
1993			2,777			58,574		4.7%
1992			2,858			54,816		5.2%
1991			1,671			52,050		3.2%
1990			1,733			46,642		3.7%
NOTE:	Debt Service Requirements are those amounts which matured in each fiscal year for all bonded debt.							
	Current Funds Expenditures include only Unrestricted Funds Expenditures and Mandatory Transfers.							
SOURCE:	Above information was compiled using audited financial statements of the College of Charleston for the years							
	ending June 30, 1990 through June 30, 1999.							

College of Charleston

Fall Student Population Head Count For The Last 10 Fiscal Years

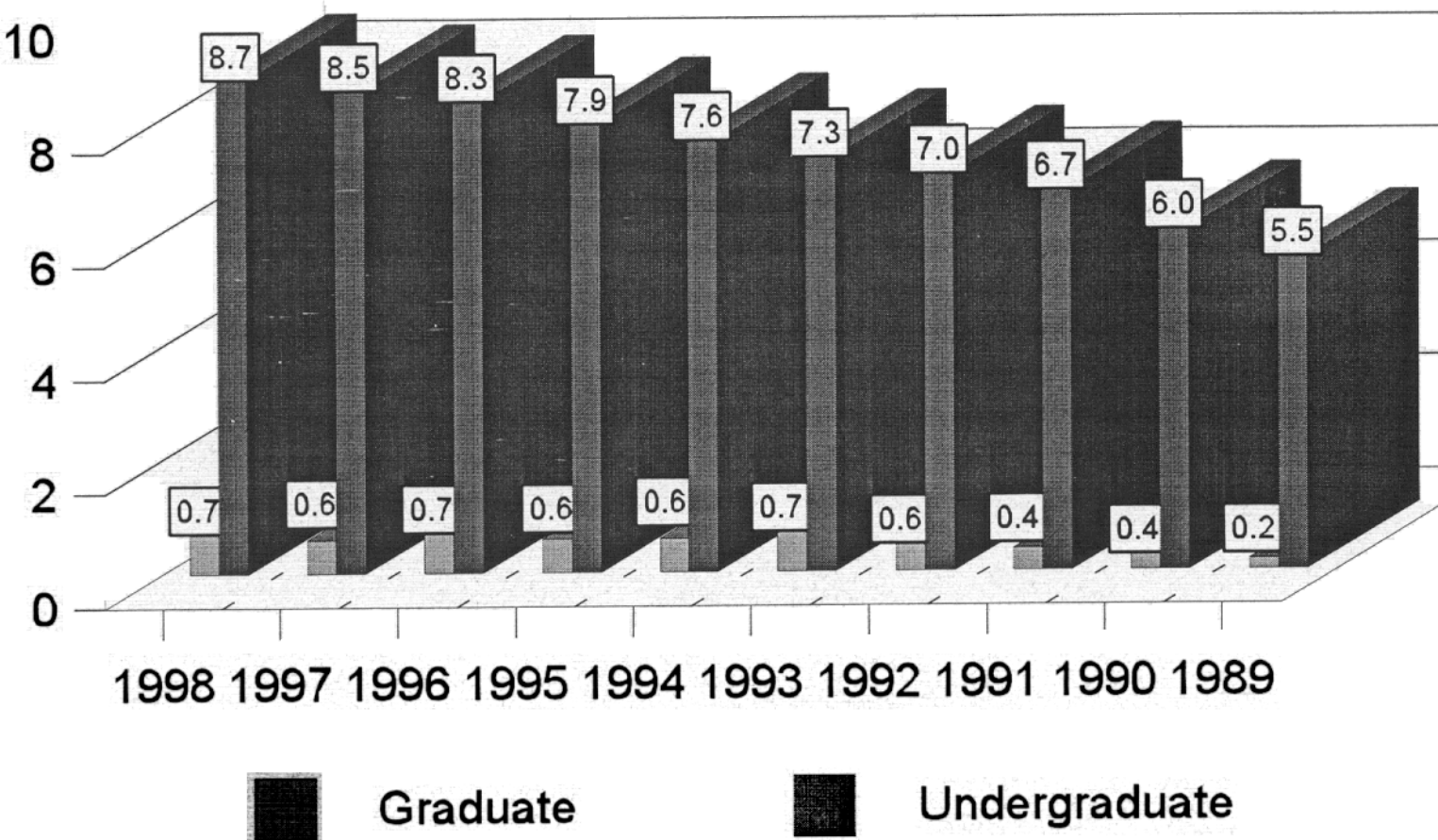
Thousands



College of Charleston

Fall Student Population Full Time Equivalent For The Last 10 Fiscal Years

Thousands



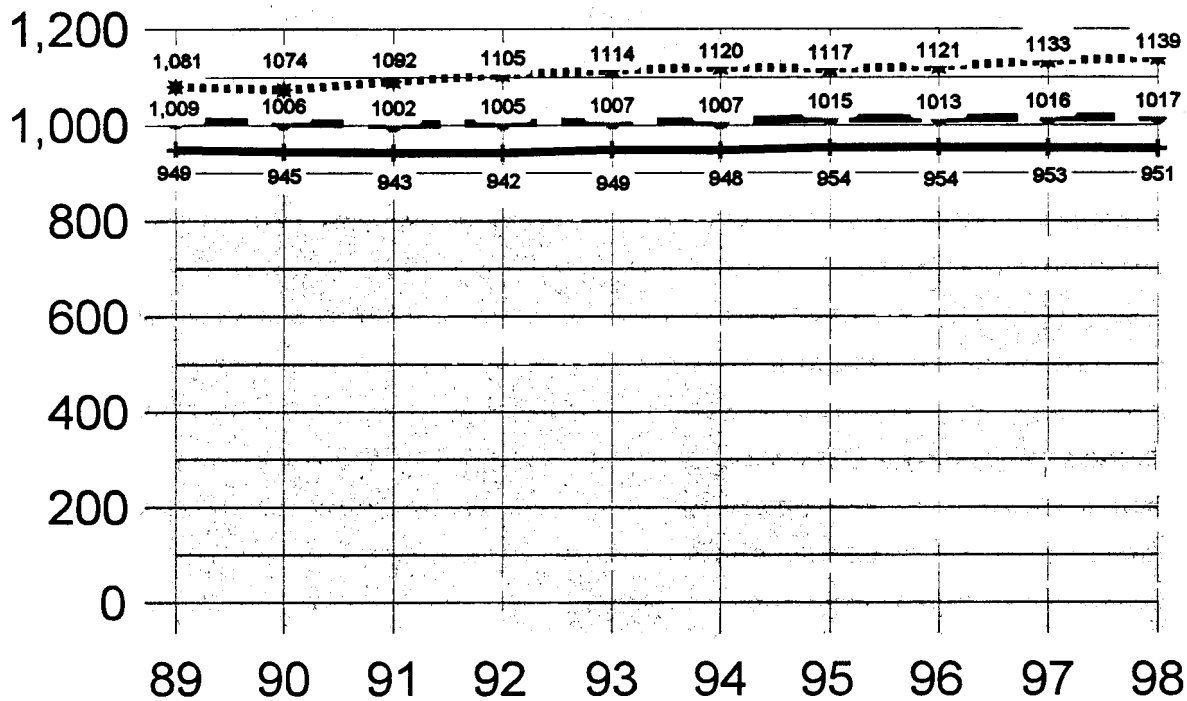
Graduate

Undergraduate

Source: College of Charleston Office of Institutional Research and Planning

College of Charleston

Average Combined SAT Scores For The Last 10 Fiscal Years



— — NATIONAL HIGH SCHOOL
SC HIGH SCHOOL
..... COLLEGE OF CHARLESTON

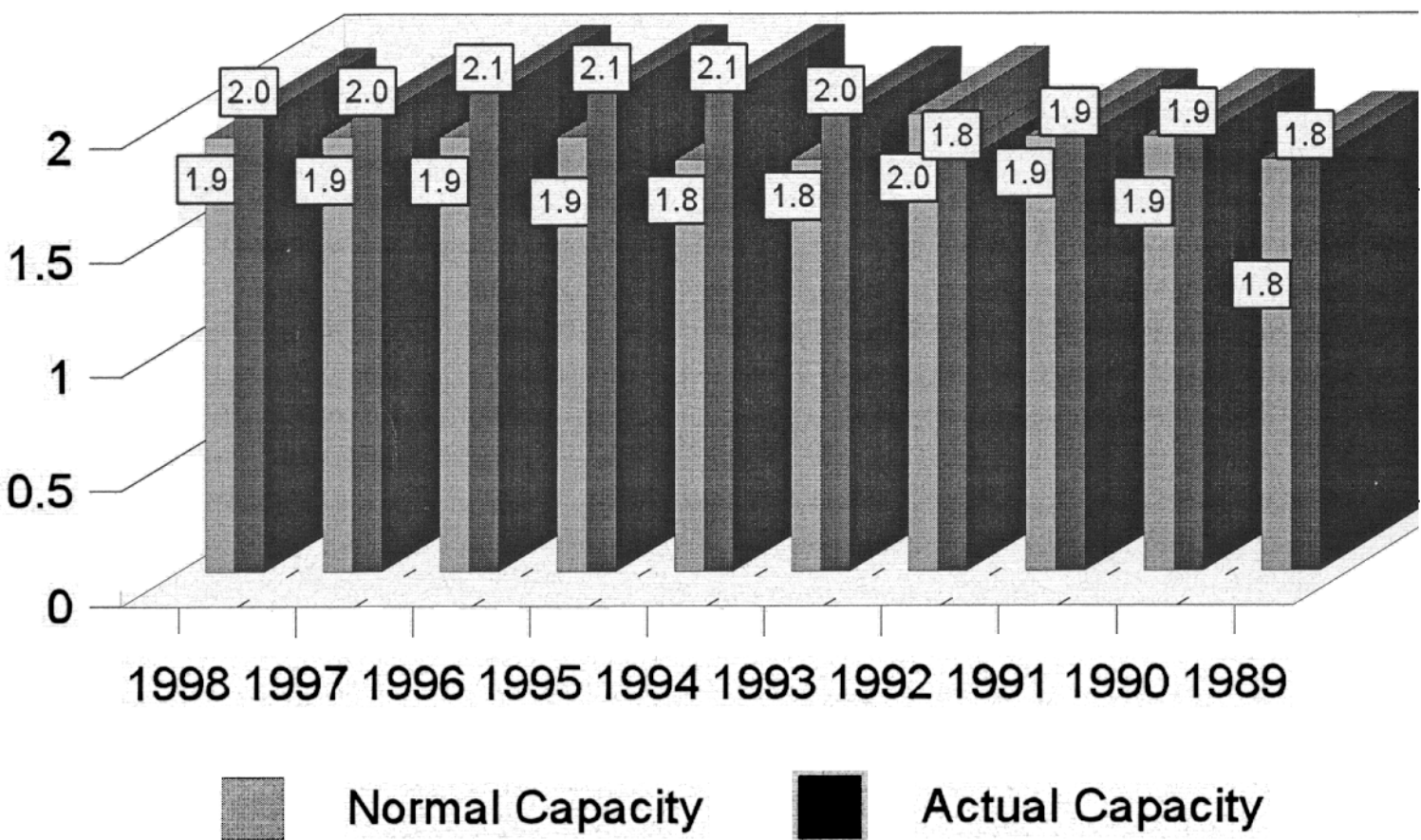
Source: College of Charleston Office of Admissions

Beginning Fall 1996, scores reported are the average of the reported recentered SAT scores. All scores prior to Fall 1996 are based on a conversion from non-recentered to recentered mean score for that year. This converted mean is an estimated mean provided by ACT.

College of Charleston

Fall Residence Hall Occupancy For The Last 10 Fiscal Years

Thousands



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

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COLLEGE OF CHARLESTON													
STUDENT AND FACULTY FULL TIME EQUIVALENTS													
Fall 1998													
			UNDERGRADUATE						GRADUATE				
						Student/						Student/	
			FTE		IFTE	Faculty		FTE		IFTE		Faculty	
AREA			Students		Facutly	Ratio		Faculty		Faculty		Ratio	
Biological Science			584.00		36.66	15.93		21.50		4.61		4.66	
Business and Management			691.06		25.73	26.86		18.75		1.25		15.00	
Computer Science			226.13		13.25	17.07		-		-		-	
Education			624.41		33.33	18.73		476.84		29.76		16.02	
Engineering			11.80		0.83	14.22		-		-		-	
Student Teaching			51.20		3.52	14.55		16.50		1.22		13.52	
Fine Arts			808.13		52.72	15.33		-		-		-	
Foreign Languages			1,004.74		62.18	16.16		-		-		-	
English			882.00		53.40	16.52		11.75		0.96		12.24	
Environmental Studies			6.40		0.50	12.80		34.00		5.28		6.44	
Philosophy and Religion			306.20		11.35	26.98		-		-		-	
Library			5.73		0.24	23.88		-		-		-	
Mathematics			752.13		26.35	28.54		9.75		1.13		8.63	
Physical Science			677.80		46.72	14.51		0.33		0.17		1.94	
Psychology			442.60		19.45	22.76		-		-		-	
Public Administration			-		-	-		21.83		2.05		10.65	
Social Sciences			1,310.20		54.37	24.10		9.42		1.78		5.29	
Remedial Instruction			2.60		0.25	10.40		-		-		-	
Inderdisciplinary			266.74		17.31	15.41		-		-		-	
Totals			8,653.87		458.16	18.89		620.34		48.04		12.91	
College Totals			9,274.21		506.20	18.32							
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												
	number of student credit hours generated by graduates generated by Graduate Courses divided by 12.												
	Instructional Full Time Equivalents (IFTE) 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												

STUDENT AND FACULTY FULL TIME EQUIVALENTS			
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[illegible]

			UNDERGRADUATE					GRADUATE			
						Student/					Student/
			FTE		IFTE	Faculty		FTE		IFTE	Faculty
AREA			Students		Facutly	Ratio		Faculty		Faculty	Ratio

Biological Science			584.00		36.66		15.93		21.50		4.61		4.66
Business and Management			691.06		25.73		26.86		18.75		1.25		15.00
Computer Science			226.13		13.25		17.07		-		-		
Education			624.41		33.33		18.73		476.84		29.76		16.02
Engineering			11.80		0.83		14.22		-		-		-
Student Teaching			51.20		3.52		14.55		16.50		1.22		13.52
Fine Arts			808.13		52.72		15.33		-		-		-
Foreign Languages			1,004.74		62.18		16.16		-		-		-
English			882.00		53.40		16.52		11.75		0.96		12.24
Environmental Studies			6.40		0.50		12.80		34.00		5.28		6.44
Philosophy and Religion			306.20		11.35		26.98		-		-		-
Library			5.73		0.24		23.88		-		-		-
Mathematics			752.13		26.35		28.54		9.75		1.13		8.63
Physical Science			677.80		46.72		14.51		0.33		0.17		1.94
Psychology			442.60		19.45		22.76		-		-		-
Public Administration			-		-		-		21.83		2.05		10.65
Social Sciences			1,310.20		54.37		24.10		9.42		1.78		5.29
Remedial Instruction			2.60		0.25		10.40		-		-		-
Inderdisciplinary			266.74		17.31		15.41		-		-		

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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
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	number of student credit hours generated by graduates generated by Graduate Courses divided by 12.									
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	Instructional Full Time Equivalents (IFTE) 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.
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COLLEGE OF CHARLESTON								
ACADEMIC SUBJECT AREAS AND DEGREES OFFERED								
Fall 1998								
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.
Art Management			A.B., B.A.		Mathematics			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.
Communications			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.
Economics			A.B., B.S.		Spanish			A.B., B.A.
Elementary Education			A.B., B.S.		Special Education			A.B., B.S.
English			A.B., B.A.		Studio Arts			A.B., B.A.
French			A.B., B.A.		Theatre			A.B., B.A.
Geology			A.B., B.A., B.S.		Urban Studies			A.B., B.A.
German			A.B., B.A.		Bachelor of Science - Denistry Emphasis			B.S.D.
Historic Renovation and Community Planng			A.B., B.A.		Bachelor of Science - Medicine Emphasis			B.S.M.
GRADUATE								
Accounting			M.S.		History			M.A.
Bilingual Legal Interpreting			M.A.		Marine Biology			M.S.
Early Childhood			M.ED., M.A.T.		Mathematics			M.S.
Elementary Education			M.ED., M.A.T.		Public Administration			M.P.A.
English			M.A.		Science and Math for Teachers			M.ED.
Environmental Studies			M.S.		Special Education			M.ED., M.A.T.
A.B. - Artium Baccalaureatus (Classical Studies)					M.A.T. - Master of Arts in Teaching			
B.A. - Bachelor of Arts					M.Ed. - Master of Education			
B.S. - Bachelor of Science					M.P.A. - Master of Public Administration			
M.A. - Master of Arts					M.S. - Master of Science			
Source:	College of Charleston Office of Institutional Research and Planning							

COLLEGE OF CHARLESTON

STATEMENT OF BONDED AND OTHER INDEBTEDNESS

PERIOD ENDING JUNE 30, 1999

Date of													
Issue													
		Facilities and Improvement Refunding Bonds											
		Series			Rate								
08/12/92		Series 1992 Facilities											
		Improvement Refunding											
		Bonds			4.8-5.5%			\$ 8,535,000		\$ 3,885,000		\$ 4,650,000	
		Housing and Auxiliary Facilities Refunding Bond											
10/01/92		Series 1992 Housing and Auxiliary											
		Revenue Refunding Bonds			4.8 - 6.125%			\$ 20,010,000		\$ 4,025,000		\$ 15,985,000	
Total Bonded Indebtedness								\$ 28,545,000		\$ 7,910,000		\$ 20,635,000	

COLLEGE OF CHARLESTON									
HOUSING AND AUXILIARY FACILITIES REVENUE REFUNDING									
BONDS, SERIES 1992									
June 30, 1999									
This issue is for refunding of Student and Faculty Housing Revenue Bonds, Series A-E and Foundation Dormitory Bond, also for refunding Cafeteria Renovation Bond Series 1991, and Parking Bonds Series 1985. Dated October 1, 1992 at various interest rates ranging from 4.8% - 6.125%,									
			Interest			Principal	Sinking Fund	Total Amount	
Year	Rate		October 1	April 1		October 1,	October 1	Debt Service	
1999-2000	4.90%		465,423	446,190		785,000		1,696,613	
2000-01	5.10%		446,190	425,153		825,000		1,696,343	
2001-02	5.25%		425,153	402,446		865,000		1,692,599	
2002-03	5.50%		402,446	377,422		910,000		1,689,868	
2003-04	5.60%		377,422	350,541		960,000		1,687,963	
2004-05	5.70%		350,541	321,614		1,015,000		1,687,155	
2005-06	5.80%		321,614	290,438		1,075,000		1,687,052	
2006-07	5.90%		290,438	256,957		1,135,000		1,682,395	
2007-08	6.00%		256,957	220,806		1,205,000		1,682,763	
2008-09	6.125%		220,806	220,807			1,275,000	1,716,613	
2009-10	6.125%		220,807	220,806			1,355,000	1,796,613	
2010-11	6.125%		220,806	220,807			1,435,000	1,876,613	
2011-12	6.125%		220,807	220,806			1,525,000	1,966,613	
2112-13	6.125%		220,806				1,620,000	1,840,806	
2112-13						7,210,000	(7,210,000)	0	
TOTALS			\$ 4,440,216	\$ 3,974,793		\$ 15,985,000	\$ 0	\$ 24,400,009	

FACILITIES IMPROVEMENT REFUNDING BONDS SERIES 1992[illegible]

Sears Building. Dated August 12, 1992, at various interest rates ranging from 4.8% to 5.5%.

[illegible]