

South Carolina State University

Orangeburg, South Carolina



Comprehensive Annual Financial Report

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

For The Year Ended June 30, 2005

South Carolina State University
Orangeburg, South Carolina



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For The Year Ended June 30, 2005

Prepared By
The Office of the Controller

South Carolina State University

Comprehensive Annual Financial Report

For The Year Ended June 30, 2005

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South Carolina State University Comprehensive Annual Financial Report



Introductory Section



OFFICE OF
THE PRESIDENT

South Carolina State University

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300 COLLEGE STREET NORTHEAST
ORANGEBURG, SOUTH CAROLINA 29117-0001
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President's Letter 2005



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

South Carolina State University remains steadfast in its development of highly competent graduates who achieve successful careers in our global society. During fiscal year 2004-2005, the University celebrated many significant milestones and historic accomplishments. We established five major institutional priorities. These priorities include: (1) addressing capital improvement and deferred maintenance needs, (2) strengthening financial management, (3) enhancing academic programs, (4) enhancing student life and performance and (5) strategic planning for the future. In the aforementioned areas, the University is and will be successful as a result of the hard work of our administration, faculty, staff, students and constituents who have continued to show unwavering support. As we, in the spirit of Prophet Nehemiah, continue our great work as builders of a better community, nation, and global society, I am pleased to share with you highlights of the accomplishments we have had this past academic/fiscal year.

Specific to our capital improvement and deferred maintenance needs, fiscal year 2004-2005 was a banner year for South Carolina State University. One of our most significant accomplishments was securing a \$39.5 million loan to construct the largest single student housing project in the history of the University, a thirteen building apartment-style residence community. This project, (approximately 750 new beds) will address the health and safety issues we currently face, assist in attracting students, and improve the current infrastructure of the campus.

Existing student facilities were also improved. The University invested over \$1 million upgrading our current residence halls. In addition, the University made major renovations and upgrades to student dining facilities totaling \$2.8 million. The dining facility in the Student Union Building ("The Pitt") has been upgraded to a modernized food court. Washington Dining Hall, the main cafeteria on campus, underwent major retrofitting, evolving from a general cafeteria to a choice buffet giving our students a variety of healthy food choices.

Collectively, the student housing construction and the renovation of dining hall facilities have helped contribute to a trend of increased enrollment. We had the largest number of first-time enrolled students in the school's history, over 1,206 for 2004-05.

Physical growth and development of the University will be governed by the Master Plan which was approved by the Board of Trustees. The Master Plan requires additional property which will be achieved primarily through the acquisition of property contiguous to the University's footprint. Currently \$1.5 million has been earmarked for land acquisitions.

In an effort to better serve an increasing number of students (an enrollment of 8,000 students by 2014 is the goal), the University has enhanced its technology system by implementing an upgraded management system (Banner), which provides the staff with the financial and student data needed to manage its current enrollment and projected growth. By automating and streamlining services, faculty and staff will be able to provide better services to our student customers.

As student enrollment increases, it will become even more imperative that we attract and retain a highly qualified faculty and staff. To meet that objective, the University allocated \$2.6 million to make salaries more competitive. On average, faculty salaries increased by 8.7%, while staff salaries increased by 11.5% bringing staff salaries to 95% of market.

South Carolina State University takes very seriously its entity as a business and its fiscal integrity. After hiring a very capable Senior Vice President for Finance, Facilities & MIS, the university compiled a highly competent team of financial personnel to ensure industry excellence is maintained. Evidence of this is noted in the significant reduction of audit findings from previous years.

With regards to financial management, the University outsourced Grounds Maintenance, Food Services, the Bookstore and Facilities Management. These outsourced contracts resulted in improved efficiency and effectiveness, as well as increased the University's net revenues.

In the area of federal operating grants and contracts, external funds in FY 04-05 increased to \$25.5 million from \$18.3 in FY 03-04 or by \$7.2 million representing a 39% increase in external funding. Revenue from grants and contracts contribute significantly to the solvency of the University, representing nearly 30% of the annual budget.

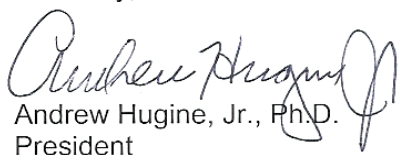
SCSU's alumni continue to provide exceptional support to the University. Alumni giving raised the bar with respect to financial contributions. The University received a record amount through alumni giving, with financial contributions exceeding the \$1.2 million mark. This speaks volumes to the individuals who graduate from this institution, and represents a valued vote of confidence.

Finally, the University continues to offer and add programs in keeping with its mission and future societal needs. We began a new Master of Business Administration with concentrations in Agribusiness and Entrepreneurship. This program is unique in that the two offered concentrations are the only ones of its kind offered in the state of South Carolina. We received the initial Accreditation of the Computer Science Program by the Computing Accreditation Commission of the Accreditation Board for Engineering and Technology (CAC/ABET), bringing the percentage of the accredited program at the University to 93%. Accreditation speaks to the quality of the programs we offer.

As a result of our excellent degree programs, we continue to be a national leader in producing graduates in a number of fields of study. According to **Black Issues in Higher Education** (June 2, 2005) SCSU ranked 10th in the production of African American baccalaureates in mathematics and statistics, 11th in biological and biomedical sciences, and 29th in all disciplines combined.

As we build upon our legacy of excellence, by producing leaders and contributors who render valued services in improving the quality of life and economic conditions of citizens of our community, state and nation, I am extremely privileged to serve as the ninth President of South Carolina State University. May we continue the great mission upon which we have embarked by sustaining and advancing our vision for the University!

Sincerely,


Andrew Hugine, Jr., Ph.D.
President



South Carolina State University

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ORANGEBURG, SOUTH CAROLINA 29117-0001
(803) 536-8998

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SENIOR VICE PRESIDENT
OF
FINANCE, FACILITIES AND MANAGEMENT
INFORMATION SYSTEMS

November 30, 2005

LETTER OF TRANSMITTAL **To the President and** **Members of the Board of Trustees:**

Management is pleased to present to you the Comprehensive Annual Financial Report of South Carolina State University for the fiscal year ended June 30, 2005.

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

INTRODUCTION

Profile of the University

South Carolina State University (SCSU), a senior comprehensive teaching and 1890 land-grant institution, is committed to providing affordable and accessible quality undergraduate and graduate degree programs. This public university, with a student population between 4,000 and 5,000, is located in Orangeburg, SC, an area that has a traditional rural, agricultural economy that has expanded to include businesses and industries that are national and international in scope.

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

The University, committed to excellence in education, currently offers 54 degree programs through three academic colleges (43 undergraduate, 10 masters and 1 doctoral degree program).

Economic Environment

SCSU anticipates an enrollment increase of approximately 5% in fiscal year 2006. We anticipate the growth of enrollment will continue, spurred primarily by the construction of a new apartment-style residential community (thirteen buildings). Management implemented an approved 5% increase in tuition and fees along with a 5% increase in room and board for fiscal year 2006. The revenue derived from these increases were used to offset

inflation, assist in addressing deferred maintenance issues on campus, and to increase faculty salaries in order to attract and retain highly qualified faculty to the university.

Although the state's economic indicators suggest improvement in the state's economy, it is questionable as to whether this improvement will result in any significant increase in operating revenue for higher education. Correspondingly, we do not expect any significant reductions in State Appropriation for fiscal year 2006, but are using funds cautiously in order to maximize reserves which may be needed to absorb any such reductions.

As revenue streams improve for the State, we anticipate that the majority of the state's education budget will be designated for K-12 and human services programs. The legislature has earmarked South Carolina Education Lottery funds for tuition assistance directly to students, and to institutional technology projects, but has steadily decreased funding for general operations. The fiscal year 2006 state budget appropriated to the University for General Operations represents only 82 % of the amount appropriated for fiscal year 2001.

With respects to tuition revenue, SCSU's in-state tuition is in the median range for the state. However, the governing body must decide whether or not to raise resident tuition while still striving to remain competitive with other colleges and universities in South Carolina.

The University is situated in a rural county, and as a result, the operations of the institution have a substantial economic impact on the surrounding communities. To document this fact, management obtained the services of an economic research organization to conduct an impact analysis of South Carolina State University in Orangeburg, South Carolina. According to the researchers, SCSU's economic impact study was based on the following premise:

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

Consequently, the research focused on the economic impacts of the following specific activities associated with SCSU:

1. The regular, ongoing operations of the university itself – including the cost of faculty, staff, and other non-labor expenditures.
2. University construction projects, specifically for fiscal year 2005, and also for several recent years, as well as planned projects for the future.
3. SCSU student expenditures in the local economy, excluding payments directly to the university.
4. Visitor spending at the 2004 SCSU Homecoming football game.

A sample of the economic impact of these activities for fiscal year 2004-05 are given here. Many of these components are relatively stable from year to year, and these results provide a good indication of predicted future impacts. Moreover, the construction component in particular can be expected to have a substantially higher economic impact in coming years as the university engages in several large-scale capital projects, which in addition to modernizing, expanding and enhancing the university's facilities, will also provide a significant boost to the local economy.

SCSU's economic impact for fiscal year 2004-2005 included:

- A total addition to the local economy of \$152.5 million. This represents the level of sales at local businesses that can be attributed to the presence of SCSU.
- A total impact on local household income of \$69.5 million. This represents the portion of Orangeburg area household income that can be traced to the activities of SCSU.

- A total of 1,558 jobs in the Orangeburg area. These include jobs at the university, as well as jobs spread throughout every sector of the local economy.
- Total local sales tax collections of \$500,000 annually – representing a substantial portion of total local sales taxes collected in Orangeburg County.

FINANCIAL INFORMATION

Internal Controls

Management maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Legislature. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met.

An internal control structure has been implemented to accomplish two primary objectives: (1) ensure that the university's assets are protected from loss, theft, or misuse, and (2) ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with legal requirements and Generally Accepted Accounting Principles (GAAP).

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

Budgetary Controls

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

Debt Management

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

Cash Management

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

Risk Management

SCSU participates in the state of South Carolina's state-wide risk management program. The State's program assumes substantially all risks for unemployment and workers' compensation benefits and claims of covered employees for health, dental, and group-life insurance benefits. The university pays premiums to the state's Insurance Reserve Fund to cover the risk of loss related to Building and Property (including contents), General Tort Liability, Medical Professional Liability, Blanket Accident Trip Coverage, Automobile Liability, and Automobile physical damage.

Relevant Financial Policies

In addition to being guided by its own strategic plan, the University is a part of state government in South Carolina, and as such, follows state law and policies regarding procurement, construction, human resource practices, contract and grant funding, and other operating practices. A budget is submitted annually to the Governor's Office, which is built on a robust internal budget process. The University uses a bottom up process first requesting identified needs from department heads, deans, and chairs. These requests are forwarded to cabinet members. A budget committee is formed to include the President and presentations are made by each cabinet member. A budget is agreed upon, presented to, and approved by the Board of Trustees.

Major Initiatives

Five major initiatives have been identified that will ensure the viability of the institution. The financial management team is proud to support the following project and activities.

1. Strengthen Financial Management

Strengthened financial management has resulted in very tangible and positive outcomes for the university. Management is pleased that:

- A. The 2005 audit report was completed on time. For the first time in recent years, the university's annual report was able to be included in the state of South Carolina's Comprehensive Annual Financial Report (CAFR).
- B. A \$2 million dollar contingency fund was established.
- C. The fiscal year ended with a positive surplus.

2. Capital Improvement and Deferred Maintenance

Major projects are planned and being implemented to address the university's brick and mortar needs. The following projects and activities will be in various stages of implementation during FY 2005-06. Infrastructure projects are targeted in the following areas:

A. Student Housing

A \$39.5-million dollar student housing project has commenced phase I of the university student housing plans. This initial project is a 13-building (approximately 750 beds) apartment-style residential community.

B. Classroom Buildings

- 1. Plans for Hodge Hall Science Building and Expansion are being reviewed.
- 2. Turner Hall repairs and upgrades are being implemented.

C. Dining Facilities

- 1. Renovations to the Pitt have been completed.
- 2. Renovations to Washington Dining Hall are now being enjoyed by students, faculty and staff.

D. Bookstore

Operations and management have been outsourced to Follett Higher Education Group, who has committed \$230,000 to renovate and upgrade the bookstore.

E. Ground Maintenance

A five-year contract will be awarded a professional vendor to ensure that the university's grounds are maintained to landscape industry standards.

F. Facilities Maintenance

Sodexo Campus Services has agreed to work with the university and ensure that the campus community is clean and environmentally safe. As an outsourced company, Sodexo provides effective management of human, financial, and physical resources.

3. Improve quality of academic programs

Academic quality is a result of a dedicated faculty and the leadership provided by the university's vice president of academic affairs. The faculty continually strives for excellence as noted by their peers throughout national publications. The accomplishments of the faculty are numerous. For example, in addition to having 93% of eligible programs accredited, the university continues to rank high in the production of doctorates in Education Administration (3rd), tenth in mathematics and

statistics, and eleventh in biological and biomedical sciences programs (Black Issues in Higher Education, June 2, 2005).

Moreover, whereas colleges and universities are expected to be engines of **“social mobility”**, and produce the academic minds and scientific research that advance knowledge and drive economic growth, the university ranks 4th (The Washington Monthly College Guide, September, 2005).

4. Strategically planning for the future.

The development of a strategic plan greatly helps to clarify the organization's plans and ensure that key managers within the organization are all on the same page, and reading the same script. Simply put, strategic planning determines where an organization is going, how it will get there, and explains how it will know if it got there or not.

Financial management supports the university's Strategic Plan that defines and articulates the following:

- A. The university's goals and objectives.
- B. The purpose of the organization and the realistic goals and objectives consistent with the institution's mission, and the time frame within the university's capacity for implementation.
- C. The priority in which the university's resources should be focused.
- D. A base from which progress can be measured and a mechanism for informed change when needed.

5. Enhance student life and performance.

Management is committed to the theory and practice of **“helping students learn and grow.”**

Evidence supports the claim that students are truly achieving academic and development goals that includes intellectual, cognitive, social, civic, political, moral, ethical, and spiritual dimensions.

Examples of positive student life and performances are:

- A. SCSU's Honors Program students won two 1st place awards in academic competition at the National Association of African American Honors Programs Conference (November, 2005).
- B. The 2005 Marching 101 Band has been recognized for being synonymous with masterful musicianship and excellent performance (September 16, 2005).
- C. The Honda Campus All-Star team finished in the Final Four and earned \$12,500 during Honda's Annual Academic competition.
- D. SCSU's gospel choir was named the 2005 National Collegiate Gospel Choir of the Year (April, 2005).
- E. Eight student-athletes were named Arthur Ashe, Jr. Sports Scholars by Black Issues in Higher Education (April, 2005).
- D. SCSU's women's and men's tennis teams compiled perfect 10-0 conference records in 2005, capturing the Mid-Eastern Athletic Conference championships and participated in the prestigious NCAA Tennis Championships.

OTHER INFORMATION

Independent Audit

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. We have contracted with Cherry, Bekaert and Holland (CB&H) to perform an audit of the University's financial statements and the University's federal financial assistance programs through fiscal year 2009.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2005, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation.

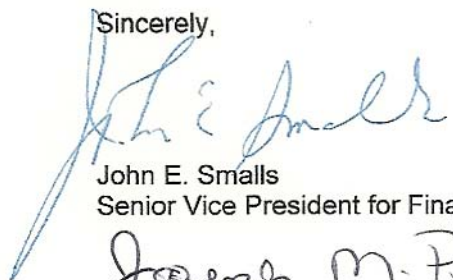
The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the University's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to an independent audit, SCSU is audited on a periodic basis by the Division of General Services to ensure compliance with provisions of the South Carolina Procurement Code.

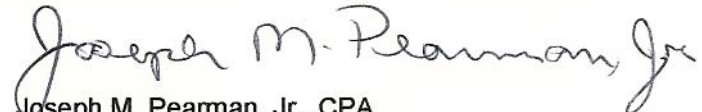
Acknowledgments

Management thanks the president, the university and members of the board of trustees for their continued support and dedication to excellence and integrity in fiscal affairs of the University. We would also like to extend our appreciation to the all of our colleagues across campus whose dedication and hard work resulted in successful closure of the fiscal year.

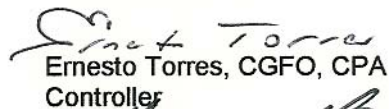
Sincerely,



John E. Smalls
Senior Vice President for Finance, Facilities & MIS



Joseph M. Pearman, Jr., CPA
Assistant Vice President for Fiscal Affairs



Ernesto Torres, CGFO, CPA
Controller



William Ellis
Accounting Manager

**South Carolina State University
Board of Trustees
2004-2005**



Maurice G. Washington
Chairman, Sixth District



Brantley E. Evans
Vice Chairman, At-large



Neville O. Lorick
Secretary, At-Large



Col. (Retired) John T. Bowden, Jr.
At-Large



Jonathon Pinson
At-Large



Dr. John H. Corbitt
At-Large



Reggie Gallant
Second District

**South Carolina State University
Board of Trustees
2004-2005**



Karl V. Green
First District



Linda K. Edwards Duncan
Fifth District



Glenn E. Jones
At-Large



Charles C. Lewis, Sr.
Third District



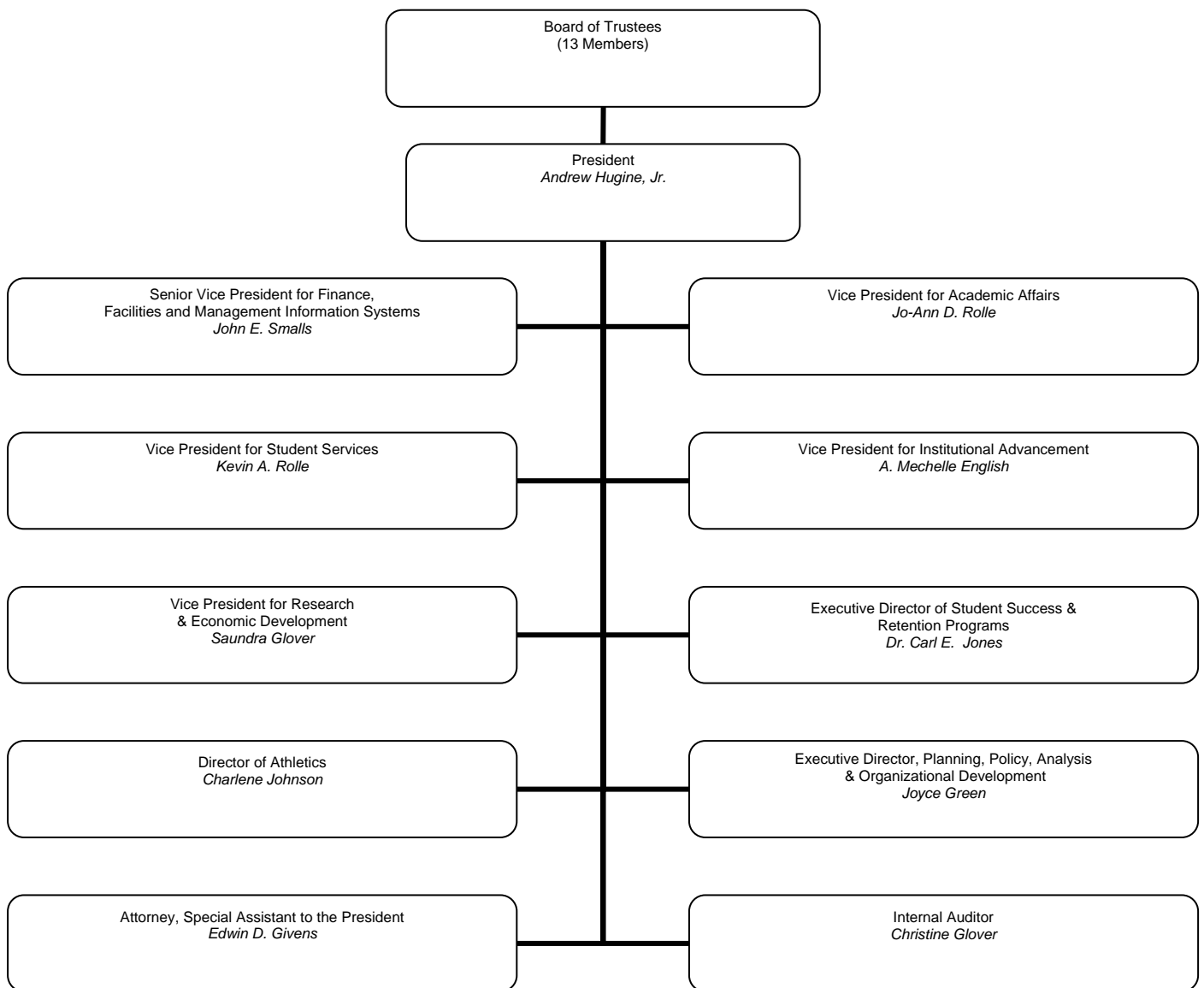
Martha S. Smith
Governor's Designee



Attorney Charles H. Williams, II
At-Large

South Carolina State University

Organizational Structure



South Carolina State University
Business and Finance Officers

John E. Smalls
Senior Vice President for Finance, Facilities and MIS

Joseph M. Pearman, CPA
Assistant Vice President for Fiscal Affairs

Ernesto M. Torres, CGFO, CPA
Controller

William Ellis
Accounting Manager

South Carolina State University Comprehensive Annual Financial Report



Financial Section



Independent Auditors' Report

Members of the Board of Trustees
South Carolina State University
Orangeburg, South Carolina

We have audited the accompanying financial statements of the business type activity and the discretely presented component unit of **South Carolina State University**, (The University) as of and for the year ended June 30, 2005 which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of The University's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of South Carolina State University Foundation, Inc. a component unit of The University. South Carolina State University Foundation, Inc.'s financial statements reflect 4% of total assets as of June 30, 2005 and 2% of total revenues for the year then ended. These statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for this component unit, are based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of South Carolina State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. 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 and the report of the other auditors provide a reasonable basis for our opinions.

As discussed in Note 1 to the basic financial statements, the accompanying financial statements of The University are intended to present the financial position, the changes in its financial position, and cash flows of only that portion of the business type activities of the State of South Carolina financial reporting entity that is attributable to the transactions of The University. They do not purport to and do not, present fairly the financial position of the State of South Carolina, as of June 30, 2005, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activity and the discretely presented component unit of South Carolina State University as of June 30, 2005, and the respective changes in financial position and cash flows for

the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2005 on our consideration of The University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 19 through 22 are not a required part of the basic financial statements but are supplementary information required accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The information presented in the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied to the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Chung Beaufort + Holland, LLP". The signature is written in a cursive, flowing style.

Beaufort, South Carolina
October 7, 2005

(except for Notes 8 and 10, as to which, the date is November 2, 2005)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2005

Introduction

We are pleased to submit the annual Financial Statements for South Carolina State University (SCSU) for the fiscal year ended June 30, 2005. The following discussion and analysis has been prepared by the management of South Carolina State University to provide an overview of the financial activities of the University for the fiscal year ended June 30, 2005. Please read it in conjunction with the financial statements and the accompanying notes to the financial statements. The financial presentation for the University has been prepared to meet the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statement's and Management's Discussion and analysis for Public Colleges and Universities*. During fiscal year 2004 the University implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An amendment of GASB 14*, and for the second year has incorporated one non-governmental component unit, the South Carolina State University Foundation, Inc. There are two South Carolina State University Foundation, Inc. statements presented separately in the University's report. These statements are the (1) Statement of Financial Position and the (2) Statement of Activities. The management discussion and analysis addresses the activity of the University and does not include financial activity of the Foundation. Information presented in the Financial Statements is designed to aid a wide variety of readers in assessing the effectiveness of the University's management in using its resources to meet its primary mission of instruction, research, and public service and to provide a comprehensive picture of the University's financial activities and soundness.

Using this Annual Report

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

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the University as of the end of the fiscal year. This statement is a point-of-time financial statement that provides the reader with a fiscal snapshot of South Carolina State University. The Statement of Net Assets consists of assets (current and non-current), liabilities (current and non-current) and net assets (assets minus liabilities). Current assets consist principally of cash and receivables. The current portion of the assets will be converted to cash within one year to be used to pay for the current portion of the liabilities. Current liabilities consist principally of accounts payables and accrued compensation. These liabilities will be settled within one year. Non-current assets consist primarily of capital assets, net of accumulated depreciation. Non-current assets will not be converted to cash within one year. Non-current liabilities consist primarily of notes and bonds payables, net of the current portion and accrued compensation, net of the current portion. Non-current liabilities will not be settled within one year. Net assets are divided in three major categories. The first category, Invested in Capital Assets, Net of Debt, provides the University's equity in property, plant, and equipment owned by the University. The next category is restricted net assets, which is further divided into two categories, nonexpendable and expendable. The corpus of the nonexpendable restricted resources is for investment purposes only and therefore not available for expenditure. The expendable restricted net assets are available for expenditure by the University but are restricted for specific purposes based on defined restrictions by donors and/or external entities. The third category of net assets is unrestricted net assets. These assets may be expended for any lawful purpose of the University.

The "Condensed Statement of Net Assets" as shown below, presents a comparison of assets, liabilities, and net assets between June 30, 2004 and June 30, 2005. The June 30, 2004 amounts have been restated by prior period adjustments that resulted in an increase of net assets of \$231,410 (for further details see Note 20 in the Notes to Financial Statements).

Condensed Statement of Net Assets

	<u>2005</u>	<u>2004</u>	<u>Increase Decrease</u>	<u>Percent Change</u>
Assets:				
Current Assets	\$ 16,208,032	\$ 15,280,222	\$ 927,810	6.07%
Non-current Assets	12,989,474	7,789,562	5,199,912	66.75%
Capital Assets, Net	48,775,261	46,064,767	2,710,494	5.88%
Total Assets	\$ 77,972,767	\$ 69,134,551	\$ 8,838,216	12.78%
Liabilities:				
Current Liabilities	\$ 10,640,213	\$ 8,692,568	\$ 1,947,645	22.41%
Non-current Liabilities	13,260,098	10,747,218	2,512,880	23.38%
Total Liabilities	\$ 23,900,311	\$ 19,439,786	\$ 4,460,525	22.95%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 38,718,156	\$ 41,615,004	\$ (2,896,848)	-6.96%
Restricted-Nonexpendable	783,647	439,834	343,813	78.17%
Restricted—Expendable	10,010,830	2,595,517	7,415,313	285.70%
Unrestricted	4,559,823	4,963,728	(403,905)	-8.14%
Total Net Assets	\$ 54,072,456	\$ 49,614,083	\$ 4,458,373	8.99%

The University's financial position remains strong at June 30, 2005 with current assets exceeding current liabilities by 152%. The vast majority of current assets (92%) are composed of cash and cash equivalents and accounts receivable, net of allowance for doubtful accounts. Current liabilities consist primarily of account payable, accrued payroll and compensated absences, and deferred unearned student revenues (92%).

The increase in total assets includes an increase in accounts receivable of \$5.7 million at June 30, 2005. The increase mainly consists of Inter-Departmental Transfers due from other State agencies (\$3.0 million). The remaining increase is related to grant and student receivables. The capital assets increase is mainly due to the 1890 Building being placed in service during the year ended June 30, 2005. There was also a \$500,000 addition of land purchased in fiscal year 2005 along with the addition of \$500,000 of vehicles. The increase of current liabilities is mainly attributable to payments due the food services and facilities outsourcing Company at year end. These operations were housed internally in fiscal year 2004. The increase in the non-current liabilities is wholly attributable to the portion of notes payable for the architecture and engineering costs for the issuance of the student residential life facility note. Invested in Capital Assets, Net of Related Debt shows a decrease of \$2.9 million. This decrease is primarily the result of depreciation expense and limited capital expenditures in fiscal year 2005. Restricted-expendable assets also included an increase of approximately \$2.0 million of grant receivables.

Net assets are a good indicator of the University's financial position and will become a more useful trend measurement tool of financial strength once additional historical data is obtained.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets is a presentation of the revenues earned and expenses incurred during the fiscal year. Revenues and expenses are reported as either operating or non-operating. The financial reporting model selected by public institutions classifies state appropriations and

gifts as non-operating revenues. Since the University is a public institution and depends upon state aid and gifts, the University's statement will result in an operating deficit. This statement will reflect the utilization of long-lived or capital assets in the form of depreciation expense. Depreciation expense amortizes the cost of a capital asset over its expected useful life.

Generally speaking, operating revenues are earned or received for providing goods and services to the various customers or students and constituencies of the University. Operating expenses are those expenses paid or incurred to acquire or produce the goods and services provided. Operating revenues and expenses are a result of carrying out the mission of the University. Non-operating revenues are received for which there is not a reciprocal agreement – no goods and services are provided. There was \$231,410 in prior period adjustments that restated 2004 net assets.

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues	\$ 71,473,571	\$ 56,889,262	\$ 14,584,309	25.64%
Operating Expenses	<u>95,442,035</u>	<u>80,722,415</u>	<u>14,719,620</u>	18.23%
Operating Loss	<u>\$ (23,968,464)</u>	<u>\$ (23,833,153)</u>	<u>\$ (135,311)</u>	0.57%
Non-Operating Revenues (Expenses)	<u>\$ 28,478,228</u>	<u>\$ 26,936,945</u>	<u>\$ 1,541,283</u>	5.72%
Increase in Net Assets Before Rev., Exp., Losses	4,509,764	3,103,792	1,405,972	45.30%
CIB, Capital Gifts, & Loss on Disposal of Assets	115,782	1,600,167	(1,484,385)	-92.76%
Indirect Costs remitted to State General Fund	<u>(167,173)</u>	<u>(190,088)</u>	<u>22,915</u>	-12.05%
Increase (Decrease) in Net Assets	<u>\$ 4,458,373</u>	<u>\$ 4,513,871</u>	<u>\$ (55,498)</u>	-1.23%
Net Assets at Beginning of Year,				
As Previously Reported	\$ 49,382,673	\$ 46,733,701	\$ 2,648,972	5.67%
Prior Period Adjustments	<u>231,410</u>	<u>(1,864,899)</u>	<u>2,096,309</u>	-112.41%
Net Assets at Beginning of Year-Restated	<u>49,614,083</u>	<u>44,868,802</u>	<u>4,745,281</u>	10.58%
Net Assets at End of Year	<u>\$ 54,072,456</u>	<u>\$ 49,382,673</u>	<u>\$ 4,689,783</u>	9.50%

Operating revenues for Student Tuition and Fees and the Auxiliary Enterprises have been shown net of Scholarship Allowances. This is a calculation and reporting requirement as a result of the implementation of GASB 34/35. A scholarship allowance is defined as the difference between the stated charge for goods and services provided by the institution and the amount that is billed to the student and/or third parties making payments on behalf of the student. Operating revenues increased in fiscal year 2005 by \$14 million. The main contributors of this increase were student tuition and fees, sales and services of auxiliary enterprises and grant and contract revenue. More specifically, (1) there was a Board approved increase of 11% in tuition and fees from the previous year and, (2) the Board also imposed an increase in the housing fee of 39% and an increase in the meal plan of 25% from the previous fiscal year.

Operating expenses increased in fiscal year 2005 in comparison to fiscal year 2004 by \$14 million or 18%. The increase is mainly attributable to the following three items: (1) A \$ 6.2 million increase in State and Federal grants expenditures directly related to an increase in grant revenue, (2) An approximate increase of \$3 million related to deferred physical plant maintenance expenditures and, (3) A \$3 million increase in salaries, wages, and related fringe benefits.

The University's "Operating Loss" of \$24 million is due mainly to the fact that State Appropriations (\$23.1 million) and certain State grants (\$4.4 million) are not operating revenues for colleges and universities according to GASB 35. These two revenue lines appear under "Non-operating Revenues." The increase in operating expenditures over the increase in operating revenues for fiscal year 2005 increased the operating loss from 2004 by \$.1 million.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows purchases, proceeds and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss on the Statement of Revenues, Expenses and Changes in Net Assets.

Capital Asset and Debt Administration

The University's "Statement of Net Assets" reflects total Capital Assets, net of accumulated depreciation, as of June 30, 2005 of \$48.8 million. This amount is presented net of accumulated depreciation and includes land, plant (facilities), equipment, and construction in progress. Significant to the facilities total is that of the 49 buildings listed in the financial records, 70% of these buildings are more than 30 years old. Eleven of the forty-nine facilities are students' residential facilities. In June 2005, the University closed on a major loan amounting to \$39.5 million with the United States Department of Education. This loan will be used to construct an apartment style student housing facility and pay all of the existing outstanding housing revenue bonds (for further information on the bond defeasance see Note 16). This significant investment will assist with increasing student satisfaction, enrollment increases as well as address the current student housing shortage that exist at the University.

The University's financial statements indicate \$10.7 million in notes and bonds payable. The University's bonded indebtedness consisted of: State Institution bonds of \$3.75 million, stadium improvement revenue bonds of \$1.57 million, and student residential life building revenue notes of \$5.4 million. Revenue bonds for stadium improvement and student housing notes are paid with pledged net revenues. For additional information on Debt Administration, see Notes 9, 10 and 11 in the notes to the financial statements.

The University had \$6.5 million in construction in progress as of June 30, 2005. The vast majority of the construction in progress is related to the renovation of Hodge Hall (\$3.3 million) and the architecture and engineering for the student residential life building (\$2.0 million). In fiscal year 2005 the University placed in service the completed 1890 project. New capital equipment and machinery, with an individual cost of \$5,000 per item, was increased during the fiscal year by \$310,000 offset by write offs amounting to \$140,000 for disposals of equipment. See Note 5 for further detail of the capital assets.

Economic Outlook

The University anticipates an enrollment increase of approximately 5% in fiscal year 2006. We anticipate the growth of enrollment to continue mainly spurred by the construction of a new residential life facility. The University implemented an increase in tuition and fees of 5% for fiscal year 2006 along with an increase in its room and board cost of 5%. The revenue derived from the increases will be used to offset inflation, assist in the facilities deferred maintenance issue on the campus, and increase faculty salaries which can be used to attract the best and brightest talent to the University.

Although the state economic outlook appears to be on the upswing it is questionable as to whether this upswing will result in any significant increase in operating revenue for higher education. Likewise, we do not expect any significant reductions in State Appropriation for fiscal year 2006 but are being cautious with spending to maximize reserves to absorb any such reductions. As revenue streams improve for the State we anticipate the majority of the funding will be used for K-12 and human services programs.

SOUTH CAROLINA STATE UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2005

ASSETS

Current Assets

Cash And Cash Equivalents	\$ 2,139,400
Accounts Receivable (Net Of Allowance For Bad Debts \$ 1,861,304)	4,717,134
Federal Grants Receivable	7,961,513
State Grants Receivable	113,438
Other Receivables	455,645
Prepaid Items	307,623
Inventories	513,279
Total Current Assets	<u>16,208,032</u>

Non-Current Assets

Restricted Cash And Cash Equivalents	8,600,066
Student Loans Receivable (Net Of Allowance For Bad Debts \$ 434,307)	3,433,548
Private Receivables	165,125
Investments	104,316
Land	2,071,008
Buildings and Improvements	75,040,219
Machinery, Equipment, Other, and Vehicles	9,135,238
Accumulated Depreciation	(44,029,391)
Construction In Progress	6,558,187
Note Issue Costs	686,419
Total Non-Current Assets	<u>61,764,735</u>

Total Assets

77,972,767

LIABILITIES

Current Liabilities

Accounts Payable And Accrued Expenses	3,904,509
Accrued Payroll & Related Liabilities	1,492,915
Deferred And Unearned Student Revenue	2,929,915
Student Deposits	263,969
Compensated Absences Payable	1,464,684
Deposits Held For Others	50,704
Accrued Interest Payable	69,951
Notes And Bonds Payable	463,566
Total Current Liabilities	<u>10,640,213</u>

Non-Current Liabilities

Compensated Absences Payable	1,093,616
Notes And Bonds Payable	10,279,958
Federal Loan Fund Contributions	1,886,524
Total Non-Current Liabilities	<u>13,260,098</u>

Total Liabilities

23,900,311

NET ASSETS

Invested In Capital Assets, Net Of Related Debt	38,718,156
Restricted For:	
Nonexpendable:	
Endowed Professorships	783,647
Expendable:	
Grants And Contracts	66,903
Student Loans	2,181,204
Debt Service And Capital Projects	7,762,723
Unrestricted	4,559,823
Total Net Assets	<u>\$ 54,072,456</u>

See Accompanying Notes to Financial Statements

SOUTH CAROLINA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2005

OPERATING REVENUES:

Student tuition and fees (net of scholarship allowance of \$6,621,070)	\$ 24,379,741
Federal grants and contracts	25,535,284
State grants and contracts	7,140,986
Non-governmental grants and contracts	153,960
Sales and services of educational departments and other activities	485,289
Sales and services of auxiliary enterprises (net of scholarship allowance of \$3,389,148)	10,757,769
Other operating revenues pledged for revenue bonds	2,638,305
Other operating revenues	382,237
Total operating revenues	<u>71,473,571</u>

OPERATING EXPENSES:

Salaries and wages	38,795,673
Fringe benefits	9,775,145
Services, supplies, and others	33,446,949
Utilities	3,025,738
Scholarship	8,478,312
Depreciation	1,920,218
Total Operating Expenses	<u>95,442,035</u>
Operating (Loss)	<u>(23,968,464)</u>

NONOPERATING REVENUES (EXPENSES)

State appropriations	23,170,304
State grants	4,450,316
Interest and other investment income	262,362
Interest and other fees on capital assets and related debt	(410,961)
Other non-operating	91,269
Net Non-operating Revenue	<u>27,563,290</u>

Income before other revenues, expenses, gains or losses 3,594,826

Capital Improvement bonds	141,235
Federal Capital grants	914,938
Remittances to the State	(167,173)
Loss on disposal of assets	(25,453)
Increase in net assets	<u>\$ 4,458,373</u>

Net Assets - Beginning of Year, As Restated	49,614,083
Net Assets - End of Year	<u><u>\$ 54,072,456</u></u>

See Accompanying Notes to Financial Statements

SOUTH CAROLINA STATE UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2005

Cash Flow From Operating Activities

Tuition and fees	\$ 19,853,311
Federal Grants and contracts	24,903,290
State Grants and contracts	7,455,228
Other Grants and contracts	153,960
Sales and services of education and other activities	485,289
Sales and services of auxiliary and enterprises	10,757,769
Other operating revenues	2,988,248
Payments to employees for salaries and benefits	(49,019,367)
Payments to suppliers	(30,897,425)
Payments for utilities	(3,025,738)
Payments to students for scholarships and fellowships	(8,478,312)
Loans issued to students	(618,445)
Collection of loans to students	475,231
Funds held for others	(82,854)
Other	412,599

Net Cash Used By Operating Activities (24,637,216)

Cash Flows From Non-Capital Financing Activities

State appropriations	23,170,304
State Grants and contracts	4,450,316
Non-operating revenue	91,269
Indirect cost transfer remitted to the State	(167,173)

Net Cash Provided by Non-Capital Financing Activities 27,544,716

Cash Flows From Capital Debt and Related Financing Activities

Proceeds from capital improvement bonds	141,235
Purchases of capital assets	(4,753,160)
Proceeds from note	5,423,524
Principal paid on capital debt and issuance costs	(3,927,592)
Interest paid on capital related debt	(410,961)

Net Cash Used by Capital Debt and Related Financing Activities (3,526,954)

Cash Flows From Investing Activities

Interest on investments	262,362
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Net Cash Provided by Investing Activities 262,362

Net change in cash	(357,092)
Cash and cash equivalents - Beginning of the Year	11,096,558

Cash and Cash Equivalents - End of the Year \$ 10,739,466

Reconciliation of Operating Loss to Cash Used By Operating Activities

Operating loss	\$ (23,968,464)
Adjustments to reconcile operating loss to cash used by operating activities	
Depreciation expense	1,920,218

Changes in assets and liabilities:

Accounts receivable, net	(3,210,158)
Allowance for doubtful accounts	412,599
Grants receivable	(2,374,411)
Inventories	137,435
Student loan receivable	(108,214)
Prepaid expenses	42,211
Accounts payable and accrued expenses	2,256,930
Accrued compensated absences and related liabilities	(448,551)
Deferred revenue	786,043
Student and other deposits	(82,854)

Cash Used by Operating Activities \$ (24,637,216)

Reconciliation of Cash and Cash Equivalent Balances:

Current Assets:	
Cash and cash equivalents	\$ 2,139,400
Non-current Assets:	
Restricted cash and equivalents	8,600,066

Total Cash and Cash Equivalents \$ 10,739,466

See Accompanying Notes to Financial Statements

SOUTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.
COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
June 30, 2005

ASSETS

Cash and cash equivalents	\$ 830,631
Investments - at market	692,192
Accounts receivable	73,972
Unconditional promises to give	65,514
Interest receivable	8,435
Due from South Carolina State University	76,620
Cash value of life insurance	11,720
Investments restricted for long term purposes	68,032
Endowment Investments - at market	1,742,886
Art collections	224,015
Land	23,700
	<hr/>
Total assets	<u><u>\$ 3,817,717</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 18,849
Payroll taxes payable	1,804
Due to South Carolina State University	283,026
	<hr/>
Total liabilities	<u>303,679</u>
Net assets:	
Unrestricted:	
Operating	215,394
Invested in land	23,700
	<hr/>
Total unrestricted	239,094
Temporarily restricted	1,532,058
Permanently restricted	1,742,886
	<hr/>
Total net assets	<u>3,514,038</u>
Total liabilities and net assets	<u><u>\$ 3,817,717</u></u>

See Accompanying Notes to Financial Statements

SOUTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.
COMPONENT UNIT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support, Revenues, and Reclassifications				
Contributions	\$ 53,948	\$ 1,236,966	\$ 399,086	\$ 1,690,000
Investment income	25,659	100,963	-	126,622
Unrealized gains	35,129	-	-	35,129
University Club catering sales	6,269	-	-	6,269
Net assets released from restrictions:				
Released by donors	-	48,005	(48,005)	-
Satisfaction of purpose restrictions	1,126,240	(1,126,240)	-	-
Total public support, revenues, and reclassifications	<u>1,247,245</u>	<u>259,694</u>	<u>351,081</u>	<u>1,858,020</u>
Expenses and Losses				
Programs:				
Scholarships	176,000	-	-	176,000
Educational programs and development	689,945	-	-	689,945
University Club catering	13,165	-	-	13,165
Total programs	879,110	-	-	879,110
Administration	266,216	-	-	266,216
Fund-raising	95,345	-	-	95,345
Total expenses and losses	<u>1,240,671</u>	<u>-</u>	<u>-</u>	<u>1,240,671</u>
Change in net assets	6,574	259,694	351,081	617,349
Net assets at beginning of year	<u>232,520</u>	<u>1,272,364</u>	<u>1,391,805</u>	<u>2,896,689</u>
Net assets at end of year	<u>\$ 239,094</u>	<u>\$ 1,532,058</u>	<u>\$ 1,742,886</u>	<u>\$ 3,514,038</u>

The Accompanying Notes are an Integral Part of this Statement.

SOUTH CAROLINA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

Reporting Entity

The financial reporting entity, as defined by *Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity*, consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. *GASB Statement No. 39, Determining Whether Certain Organizations are Component Units*, was issued in May, 2002 and provides additional guidance concerning the inclusion of related party financial information as a part of the reporting entity. The accompanying financial statements present only that portion of the funds of the State of South Carolina that is attributable to the transactions of the University and its component unit.

South Carolina State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. Copies of the separately issued financial statements of the Foundation can be obtained by sending a request to South Carolina University Foundation, Post Office Box 7157, Orangeburg, South Carolina 29501.

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

Basis of Accounting

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

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

The Foundation is a private nonprofit organization that reports under FASB, including *FASB Statement No. 117, Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

entity for these differences. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

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

Investments

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

The Foundation investment securities and donated negotiable assets are stated at market value. Investment income is reported net of investment fees and service charges. Eighty percent of performance gains which includes interest, dividends, and realized gains and losses are allocated to all accounts over \$5,000 with the remaining 20% allocated to unrestricted net assets.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise sales and services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts and for reimbursements of other expenses. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories: Inventories are valued at the lower of cost or market on a first-in first-out basis and consist primarily of books and items for sale in the campus bookstore.

Capital Assets

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

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

Deferred Revenues

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

Compensated Absences and Related Benefits

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences and related benefits in the

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

statement of net assets, and as components of compensation and benefit expenses in the statement of revenues, expenses, and changes in net assets.

Perkins Loans Receivable and Related Liability

Some of the loans receivable on the statement of net assets are due to the University under the Perkins loan program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as Perkins liability is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program that would have to be repaid to the federal government if the University ceases to participate in the program. The University recognizes as revenue and expenses only the portion attributable to its matching contribution.

Net Assets

The University's net assets are classified as follows:

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

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

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

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources may be used at the discretion of the governing board to meet current expenses. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The University policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources then to unrestricted resources.

Income Taxes

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

The Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code and is exempt from taxes under Section 501(c) (3).

Classification of Revenues:

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

Operating revenues: Operating revenues generally result from exchange transactions to provide goods or services related to the University's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake.

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

Sales and Services of Educational Departments and Other Activities

Revenues from sales and services of educational departments and other activities generally consist of amounts received from 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 University receives such revenues primarily from community groups using campus facilities for summer camps and other activities.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues are primarily generated by the bookstore, dining services, and housing. Transactions between the University and its auxiliary enterprise activities and its internal service department have been eliminated.

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.

Donor Restricted Assets

The University policy for the treatment of net appreciation (depreciation) on investments of donor restricted endowments increases or decreases the principal. If a donor has not provided specific instructions, State law allows the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) of the investments of the endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

NOTE 2 — DEPOSITS AND INVESTMENTS

All deposits and investments of the University are under the control of the State Treasurer who, by law, has sole authority of investing State funds. The following schedule reconciles deposits and investments within the notes to the statement of net assets:

	<u>Statement of Net Assets</u>	
	<u>South Carolina State Univ.</u>	<u>South Carolina State Univ. Foundation, Inc</u>
Cash and cash equivalents (current)	\$2,139,400	\$830,631
Restricted cash and cash equivalents:		
Loan funds	607,762	
Cash for capital project	7,386,277	
Endowment	606,027	
Investments	104,316	2,503,110
Total	\$10,843,782	\$3,333,741

NOTE 2 — DEPOSITS AND INVESTMENTS - CONTINUED

Deposits

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, The University's deposits may not be returned to the University. For deposits held by the State Treasurer, State law requires full collateralization of all State Treasurer bank balances. The University also requires full collateralization of all bank balances not managed by the State Treasurer. State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 2005, all State Treasurer bank balances were fully insured or collateralized with securities held by the State or by its agents in the State's name.

With respect to investments in the State's internal cash management pool which is unrated, 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.

Other Deposits

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

At June 30, 2005, The University had investments and maturities as shown below:

Investment Type	Fair Value	Maturity
Common Stock	8,416	
Series 1984 Agricultural College Stock	95,900	2035
	<u>\$104,316</u>	

Investments Held by State Treasurer

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

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

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

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

NOTE 2 — DEPOSITS AND INVESTMENTS - CONTINUED

Investments-Non Governmental Discretely Presented Component Units

The South Carolina State University Foundation, Inc.

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

At June 30, 2005, South Carolina State University Foundation, Inc.'s investments are as follows:

Investments carried at fair value	<u>Cost</u>	<u>Fair Value</u>
Equity Funds and individual securities	\$1,506,987	\$1,810,557
Fixed income funds and individual debt securities	690,150	692,553
Total investments carried at fair value	<u>\$2,197,137</u>	<u>\$2,503,110</u>

NOTE 3 — ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2005, are summarized as follows:

Tuition and fees	\$5,443,934
Less allowance for doubtful accounts	(1,360,802)
Auxiliary enterprises	1,134,504
Less allowance for doubtful accounts	<u>(500,502)</u>
Net accounts receivable	<u><u>\$4,717,134</u></u>

Allowances for doubtful accounts for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2005, the allowance for uncollectible student accounts is valued at \$1,861,304.

NOTE 4 — LOANS RECEIVABLE

Loans receivable at June 30, 2005 consist of the following:

Perkins Loan Program	\$1,728,378
Student Emergency Loan Fund	8,355
African American Loan Fund	1,134,794
Education Improvement Act	961,328
Other	35,000
Less allowance for doubtful accounts	<u>(434,307)</u>
Net Loans Receivable	<u><u>\$3,433,548</u></u>

NOTE 5 — CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005 is summarized as follows:

	Beginning Balance July 1, 2004	Increases	Decreases	Ending Balance June 30, 2005
Capital assets not being depreciated:				
Land and improvements	\$1,568,558	\$502,450	\$ -	\$2,071,008
Construction in-progress	9,850,795	3,359,444	(6,652,052)	6,558,187
Total capital assets not being depreciated	11,419,353	3,861,894	(6,652,052)	8,629,195
Other capital assets:				
Buildings and improvements	68,388,167	6,652,052	-	75,040,219
Machinery, equipment, and other	7,567,625	310,768	(139,622)	7,738,771
Vehicles	1,058,972	485,494	(147,999)	1,396,467
Total other capital assets at historical cost	77,014,764	7,448,314	(287,621)	84,175,457
Less accumulated depreciation for:				
Buildings and improvements	(35,944,855)	(1,312,307)	-	(37,257,162)
Machinery, equipment, and other	(5,707,797)	(476,041)	128,757	(6,055,081)
Vehicles	(716,698)	(131,870)	131,420	(717,148)
Total accumulated depreciation	(42,369,350)	(1,920,218)	260,177	(44,029,391)
Other capital assets, net of accumulated depreciation	34,645,414	5,528,096	(27,444)	40,146,066
Capital assets, net of accumulated depreciation	\$46,064,767	\$9,389,990	\$ (6,679,496)	\$48,775,261

NOTE 6 — PENSION PLAN

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

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

The majority of employees of the University are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees. Since July 1, 1988, employees participating in the SCRS have been required to contribute 6.0 percent of all compensation. Effective July 1, 2004, the employer contribution rate became 10.80 percent which included a 3.25

NOTE 6 — PENSION PLAN - CONTINUED

percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2005, 2004, and 2003, were approximately \$3,058,000, \$2,047,000 and \$2,118,000, respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately \$49,000 in the current fiscal year at the rate of .15 percent of compensation.

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

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2004, the employer contribution rate became 13.55 percent which, as for the SCRS, included the 3.25 percent surcharge. The University's actual contributions to the PORS for the years ending June 30, 2005, 2004 and 2003 were approximately \$81,000, \$51,000 and \$55,000, respectively, and equaled the required contributions of 10.3 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately \$1,200 and accidental death insurance contributions of approximately \$1,200 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies. ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 7.55 percent plus the retiree surcharge of 3.25 percent from the employer in fiscal year 2005. Certain of the University's employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were approximately \$265,000 (excluding the surcharge) from the University as employer and approximately \$274,886 from its employees as plan members. 5.8 percent of the total contributions were remitted to the Retirement Division of the State Budget and Control Board. The balance was remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Also, the University paid employer group-life insurance contributions of approximately \$6,872 in the current fiscal year at the rate of .15 percent of compensation.

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

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

NOTE 6 — PENSION PLAN - CONTINUED

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

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

NOTE 7 — POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

These benefits are provided through annual appropriations by the General Assembly to the University for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the University 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 21,400 retirees met these requirements as of June 30, 2005.

The University recorded compensation and benefit expenses for these insurance benefits for active employees in the amount of approximately \$2,585,000 for the year ended June 30, 2005. As discussed in Note 6, the University paid approximately \$1,088,770 applicable to the 3.25 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to University retirees is not available. By State law, the University 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 8— CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

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

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

NOTE 8— CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS - CONTINUED

The University had outstanding commitments under construction contracts of approximately \$1,257,531 on projects that will be capitalized and \$1,024,974 which will not be capitalized at June 30, 2005. The University anticipates funding these projects out of current resources, private gifts, student fees and State capital improvement bond proceeds. The State has issued capital improvement bonds to fund improvements and expansion of state facilities. The University is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenditures have been incurred. The University has \$9,231,278 of undrawn State capital improvement bonds.

The University is contingently liable, under the Capital Project Loan Agreement described in Note 10, for a portion of certain notes payable of other Historically Black Colleges or Universities (HBCU) under the HBCU Capital Financing Program. The liability is limited to five percent of the cumulative advances under the Capital Project Loan Agreement. The contingent liability is secured by the South Carolina State University Escrow Account, also described in Note 10. At June 30, 2005 the maximum liability was \$271,176. Subsequent to June 30, 2005, a charge of \$13,125 was made against the Escrow Account pursuant to the default of another borrower in the HBCU Capital Finance Program.

NOTE 9 — LEASE OBLIGATIONS

Future commitments for operating leases with remaining terms more than one year as of June 30, 2005 are as follows:

Year ended June 30,	Operating Leases
2006	\$929,243
2007	895,684
2008	887,550
2009	739,626
Total Minimum Lease Payments	<u><u>\$3,452,103</u></u>

Operating Leases

The University's noncancelable operating leases are primarily for the use of copier and computer equipment which expires in fiscal years 2005 through 2009. All leases are with external parties. In the normal course of business, operating leases are generally renewed or replaced by other leases and are generally payable on a monthly basis. In addition, the University pays an additional charge per copy for excess usage on certain copiers and has certain copier leases on which it pays based solely on usage. Total rental payments under operating leases were approximately \$1,159,228 for fiscal year 2005. Approximately \$ 37,817 of the \$ 1,159,228 was for contingent rental.

NOTE 10 — BONDS PAYABLE & NOTES PAYABLE

Bonds payable consisted of the following at June 30, 2005:

	Interest Rates	Maturity Dates	Balance
Stadium Improvement Revenue Bonds, Series 1993A	4.55- 5.5%	2006-2013	\$1,570,000
State Institution Bonds, Series 2003G	3.0 - 5.0%	2006-2023	3,750,000
Total Bonds Payable			5,320,000
Notes Payable	3.679%	2005-2012	2,686,076
Notes Payable	4.503%	2005-2035	2,737,448
Total Notes Payable			5,423,524
Total Bonds & Notes Payable			10,743,524
Current			463,566
Non-Current			\$10,279,958

Revenue received for dormitory and married student housing and any loan subsidies is restricted, up to the amount of annual debt requirements, for the payment of principal and interest on Student and Faculty Housing Revenue Bonds. All stadium revenue, which includes admission fees, is restricted, up to the amount of annual debt requirements, for the payment of principal and interest on stadium improvement revenue bonds.

During a prior year, the University borrowed \$4,000,000 through State Institution Bonds. State Institution Bonds are general obligation bonds of the State backed by the full faith, credit and taxing power of the State. Tuition and matriculation fees paid to the University are pledged for the payment of principal and interest on these bonds.

For the Stadium Improvement Revenue Bonds, the University must maintain its admission fees at an amount necessary to maintain certain specified funding requirements.

The University is required to establish debt reserve funds for the purpose of repaying the student and faculty housing revenue bonds and Stadium Improvement Revenue Bonds. In lieu of cash and investments on deposit, the University has purchased a surety bond for each of the revenue bond issues, which will satisfy the debt service requirements upon notice that there are insufficient funds to do so. Repayment of the principal and interest is guaranteed by the Municipal Bond Investors Assurance Corporation pursuant to its insurance policies through final maturity for each of these bonds. The student and faculty revenue bonds were defeased in June 2005.

The Stadium Improvement Revenue Bonds are subject to redemption prior to their maturity, at the option of the University, on or after January 1, 2005, in whole at any time or in part on any January 1 or July 1, upon thirty (30) days notice, at par. The Student and Faculty Housing Revenue Bonds are subject to redemption prior to their maturity, at the option of the University, in whole at any time or in part on any June 1 or December 1, upon thirty (30) days notice, at par. As of fiscal year-end, none of these bonds have been called for redemption.

All of these bonds are payable in semiannual installments plus interest.

NOTE 10 — BONDS PAYABLE & NOTES PAYABLE - CONTINUED

Scheduled amounts including interest required to complete payment of the Stadium Improvement Revenue Bonds as of June 30, 2005 are as follows:

Year Ending June 30	Principal	Interest	Totals
2006	\$165,000	\$81,640	\$246,640
2007	170,000	73,885	243,885
2008	180,000	65,640	245,640
2009	190,000	56,640	246,640
2010	200,000	46,855	246,855
2011—2013	665,000	74,095	739,095
Totals	<u>\$1,570,000</u>	<u>\$398,755</u>	<u>\$1,968,755</u>

The State Institution Bonds maturing on and after June 1, 2014 are subject to redemption in whole or if in part on June 1, 2013 and all subsequent payment dates in inverse chronological order of maturity, at the option of the State of South Carolina, at the following redemption prices: June 1, 2013 and December 1, 2013 at 101 percent; June 1, 2014 and thereafter at par. S.C. Code of Laws section 59-107-90 states that the maximum amount of annual debt service on State Institution Bonds for each institution shall not exceed ninety percent of sums received from tuition and fees for the preceding fiscal year. Tuition fee revenue for June 30, 2004 was \$ 729,353, which results in a legal debt service limit of \$656,418. The University's maximum annual debt service requirement of \$ 303,000 will occur during the fiscal year ending June 30, 2016.

Scheduled amounts including interest required to complete payment of the State Institutional Bonds as of June 30, 2005 are as follows:

Year Ending June 30	Principal	Interest	Total
2006	\$130,000	\$137,306	\$267,306
2007	140,000	130,806	270,806
2008	150,000	123,806	273,806
2009	155,000	119,306	274,306
2010	160,000	114,656	274,656
2011—2015	940,000	494,583	1,434,583
2016—2020	1,200,000	316,956	1,516,956
2021—2024	875,000	72,144	947,144
Totals	<u>\$3,750,000</u>	<u>\$1,509,563</u>	<u>\$5,259,563</u>

The University reported principal retirements and interest expense related to the bonds payable for the year ended June 30, 2005 as follows:

Bond Type	Principal	Interest
Student and Faculty Housing Revenue	\$2,755,000	\$178,463
Stadium Improvement Revenue	155,000	88,692
State Institution	130,000	143,806
	<u>\$3,040,000</u>	<u>\$410,961</u>

In June, the University entered into the Capital Project Loan Agreement (the "Agreement") with Commerce Capital Access Program Corporation (the "Lender") under the HBCU Capital Financing Program. The purpose of the agreement is to provide funds to refund the 1991 Student and Faculty Housing Revenue Bonds amounting to

NOTE 10 — BONDS PAYABLE & NOTES PAYABLE - CONTINUED

\$2,480,000 and to provide funds for construction of a 750 bed student housing facility. The total amount of the loan, \$39,499,549 will be provided in two parts. The first part, amounting to \$2,686,076, was provided to refund the revenue bonds and make deposits into required reserve and escrow accounts. This part will be repaid in semi-annual installments of \$235,765 beginning in 2006 and ending in 2012. The second part, amounting to \$36,813,473 will be advanced as construction of the 750 bed student housing facility progresses. This part will be repaid in semi-annual installments of approximately \$518,300 beginning in 2011 and ending in 2035. The loan under the Agreement is secured by the revenues from the housing facility.

The Agreement requires the establishment of the South Carolina State University Escrow Account (the "Escrow Account"), into which, a deposit, amounting to five percent of each advance under the Agreement, inclusive of deposit, will be made from each advance under the Agreement. The University has assigned all of its rights and interests to the Escrow Account to the Trustee for the Lender. The use of the Escrow Funds are governed, in part, by a trust indenture which provides for claims against the Escrow Account for a share of defaulted loans of other borrowers participating in the HBCU Capital Financing Program (see Note 8.) The Agreement also requires the establishment on the South Carolina State University Debt Service Account. Monthly deposits into this account are required to be sufficient to accumulate the total principal and interest payment due under the Agreement 60 days prior to the semi-annual due date of each payment. The loan also requires a Replacement Reserve be established at the time the housing facility is placed in service. Gross revenues from the housing facility are to be held in a separate account by the Treasurer of the State of South Carolina and used only to pay expenses of the housing facility and make the required deposits into the Debt Service Account and Replacement Reserve account, as well as replenish any deficiency in the Escrow Account. The balances of these accounts are included in restricted assets at June 30, 2005.

There was a total issuance cost incurred in the amount of \$686,419. The University will amortize \$43,878 of issuance costs over seven years, the life of the Note Part 1. The remaining issuance cost will be amortized over 30 years, the life of the Note Part 2.

The Agreement contains various performance covenants and limits the incurrence of new debt by the University. Certain of the covenants require the submission of financial and enrollment information within specified time periods. Subsequent to June 30, the University violated certain covenants related to providing financial and enrollment information. The Lender has waived these covenants through January 31, 2006.

Scheduled amounts including interest required to complete payment of housing note as of June 30, 2005.

Part 1

	Principal	Interest	Totals
2006	\$168,566	\$67,199	\$235,765
2007	382,360	89,170	471,530
2008	395,899	75,631	471,530
2009	411,434	60,096	471,530
2010	426,668	44,862	471,530
2011—2012	901,149	41,912	943,061
Totals	<u>\$2,686,076</u>	<u>\$378,870</u>	<u>\$3,064,946</u>

NOTE 10 — BONDS PAYABLE & NOTES PAYABLE - CONTINUED

Part 2

	Principal	Interest	Totals
2006	\$ -	\$ -	\$ -
2007	-	-	-
2008	-	133,923	133,923
2009	-	132,467	132,467
2010	-	132,467	132,467
2011 - 2015	23,590	864,451	888,041
2016 - 2020	470,768	565,924	1,036,692
2021 - 2025	588,438	448,254	1,036,692
2026 - 2030	735,789	300,902	1,036,691
2031 - 2035	918,863	117,829	1,036,692
Totals	<u>\$2,737,448</u>	<u>\$2,696,217</u>	<u>\$5,433,665</u>

NOTE 11 — LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2005 was as follows:

	June 30, 2004	Additions	Reductions	June 30, 2005	Due within One year
Accrued compensated absences and related benefits	\$2,753,434	\$1,342,333	\$1,537,467	\$2,558,300	\$1,464,684
Revenue Bonds payable	4,480,000	-	2,910,000	1,570,000	165,000
State Institution Bond payable	3,880,000	-	130,000	3,750,000	130,000
Notes payable	-	5,423,524	-	5,423,524	168,566
Capital leases payable	201,173	-	201,173	-	-
Totals	<u>\$11,314,607</u>	<u>\$6,765,857</u>	<u>\$4,778,640</u>	<u>\$13,301,824</u>	<u>\$1,928,250</u>

Additional information regarding bonds payable is included in Note 10.

NOTE 12 — RELATED PARTIES

Certain separately chartered legal entities whose activities are related to those of the University exist primarily to provide financial assistance and other support to the University and its educational program. They include the S.T.A.T.E. Club and the South Carolina State Alumni Association. Financial statements are not available for these entities. The activities of these entities are not included in the University's financial statements.

NOTE 13 — COMPONENT UNIT

The University's financial statements include \$206,406 due from the Foundation for reimbursement of various personnel and other costs. The amount of \$41,281 is included in the current assets and \$165,125 is non-current assets.

Various financial activities occurred between the University and the Foundation. A summary of transactions for the year ended June 30, 2005 follows:

Scholarships were awarded by the University and funded by the Foundation. \$ 190,261

NOTE 13 — COMPONENT UNIT - CONTINUED

Stipends were paid by the University and funded by the Foundation. The University recorded these amounts as gift revenue and stipend expense.

\$ 9,802

Scholarships were awarded by the Foundation directly to students. These amounts were not recorded in the University's financial statements.

\$ 3,953

Reimbursements for University employee time and other costs were paid by the University on behalf of the Foundation and reimbursed by the Foundation. The University recorded these reimbursements as a reduction of the applicable operating expenses.

\$ 73,575

The Foundation purchased various food services and items from the University which were recorded as sales and services of auxiliary enterprises

\$ 18,618

The Foundation made various payments on behalf of the University that were not recorded in its financial statements.

\$ 301,974

The Foundation purchased football tickets from the University that is recorded as ticket sales.

\$ 28,585

NOTE 14 — RISK MANAGEMENT

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

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

Unemployment compensation benefits

Worker's compensation benefits for job-related illnesses or injuries

Health and dental insurance benefit

Long-term disability and group-life insurance benefits

Employees can elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the state's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

Theft, damage to, or destruction of assets

Real property, its contents, and other equipment

Motor vehicles and watercraft

Torts

Business interruptions

Natural disasters

Medical malpractice claims against covered employees

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

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

NOTE 15 — STATE APPROPRIATIONS AND TRANSACTIONS WITH STATE ENTITIES

The following are the appropriations as enacted by the General Assembly and reported in the financial statements for the year ended June 30, 2005.

Current years appropriations:

Original appropriations per Annual Appropriations Act	\$21,543,206
Supplemental appropriations for State Health & Employer	640,169
Supplemental appropriations for Business School Pay Plan	
Accreditation and Transportation Center (Proviso 5A.14)	821,270
From State Department of Education for Felton	
Lab School	165,659

Total non-capital appropriations recorded as current year revenue	<u>\$23,170,304</u>
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CAPITAL IMPROVEMENT BONDS PROCEEDS

Current year receipts	<u>\$141,235</u>
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Total capital improvement bonds proceeds recorded as current year revenue	<u>\$141,235</u>
---	------------------

The University received substantial funding from the Commission on Higher Education (CHE) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and non-operating revenues, depending upon the requirement of deliverables with a current or potential future economic value. The University also receives state funds from various other public service projects. Following is a summary of amounts received from state agencies for scholarships, sponsored research and public service projects for the fiscal year ended June 30, 2005.

Received from CHE:	
Hope Scholarships	\$408,100
Life Scholarships	2,205,866
Palmetto Scholarships	13,400
Teaching Fellows	93,637
Need Based Grants	574,479
Access and Equity	118,362
Excellence Enhancement	470,000
Minority Recruitment	242,288
African American Teacher Loans	149,485
Lottery	6,320,237
Received from Other State Agencies:	
Department of Education	598,562
Department of Transportation	70,128
Clemson University	46,680
Various	280,078
Total	<u>\$11,591,302</u>

NOTE 16 — BOND DEFEASANCE

On June 27, 2005 the University was approved to issue a note by the United States Department of Education for the construction of student housing in the amount of \$39,500,000. The first part issued was in the amount of \$2,686,076 to pay-off the old housing revenue bond of \$2,480,000. As a result of the bond defeasance the University recognized an economic gain of \$269,957. This is a result of a reduction in interest rates from 6.15% - 6.7% to 3.68%.

NOTE 17 — SUBSEQUENT EVENTS

On July 1, 2005 the University contracted, for seven years, with Follett Higher Education Group to outsource its bookstore operations. As part of this agreement, Follett agreed to purchase approximately \$410,000 of the bookstore inventory on hand. As part of the agreement, Follett will perform renovations to the existing bookstore facility up to \$230,000. Follett also agreed to pay quarterly commissions to the University. The amount of the commission varies based on the quarterly profits. For the year ending June 30, 2005 the bookstore reported gross revenue of \$2,136,766 and expenditures of \$2,349,832.

During August 2005 the University entered into an agreement for \$36.8 million to construct a 13 building (approximately 750 bed) apartment-style residential community.

NOTE 18 — OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2005 are summarized as follows:

	Compensation and Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$21,390,615	\$4,552,014	-	-	-	\$25,942,629
Research	3,595,140	3,336,920	-	-	-	6,932,060
Public Service	3,026,559	4,514,538	-	-	-	7,541,097
Academic Support	5,372,559	2,114,288	-	-	-	7,486,847
Student Services	6,160,488	2,417,392	-	-	-	8,577,880
Operation and Maintenance of Plant	2,576,987	8,002,217	3,025,738	-	-	13,604,942
Institutional Support	5,982,507	4,401,860	-	-	-	10,384,367
Scholarships and Fellowships (net of discounts and allowances)	-	-	-	8,478,312	-	8,478,312
Auxiliary Enterprises	465,963	4,107,720	-	-	-	4,573,683
Depreciation and Amortization	-	-	-	-	1,920,218	1,920,218
Total Operating Expenses	\$48,570,818	\$33,446,949	\$3,025,738	\$8,478,312	\$1,920,218	\$95,442,035

NOTE 19 — STATEMENT OF ACTIVITIES

The following information is provided for incorporation in the state of South Carolina comprehensive annual financial report.

	FY 2005	2004	Increase / Decrease
Charges for services	\$71,473,571	\$56,889,262	\$14,584,309
Operating grants, contributions and investment income	4,803,947	4,796,870	7,077
Capital Operating grants and contributions	914,938	34,443	880,495
Less expenses	(96,045,622)	(81,348,899)	(14,696,723)
Net program revenue (expenses)	(\$18,853,166)	(\$19,628,324)	\$775,158
Transfers:			
State appropriations	\$23,170,304	\$22,576,471	\$593,833
Capital improvement bond proceeds	141,235	1,565,724	(1,424,489)
Total transfers:	\$23,311,539	\$24,142,195	(\$830,656)
Change in net assets	4,458,373	4,513,871	(55,498)
Net assets-beginning (as restated)	49,614,083	44,868,802	4,745,281
Net assets-ending	\$54,072,456	\$49,382,673	\$4,689,783

Note 20- Prior Period Adjustments

Net assets, July 1, 2004, as previously reported	\$49,382,673
Corrections of errors:	
Adjust grants and contracts	84,540
Reclassify student government account	146,870
Net assets, July 1, 2004, as restated	<u><u>\$49,614,083</u></u>

South Carolina State University Comprehensive Annual Financial Report



Statistical Section

South Carolina State University
Schedule of Revenues by Source

For the Year Ended June 30,					
(amounts expressed in thousands)					
	2005	2004	2003	2002	2001
Revenues					
Operating Revenues:					
Student Tuition and Fees (net of scholarship allowance)	\$ 24,380	\$ 19,793	\$ 17,052	\$ 15,347	\$ 14,171
Federal Grants and Contracts	25,535	22,440	21,886	20,541	20,682
State Grants and Contracts	7,141	3,980	3,236	2,598	1,092
Local Grants and Contracts				1	
Non-Government Grants and Contracts	154	95	45	27	
Sales and Services of Educational and Other Activities	485	456	323	352	1,290
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	10,758	8,261	5,911	6,994	6038
Other Operating Revenue	3,021	1,864	1,661	1,059	662
Total Operating Revenue	71,474	56,889	50,114	46,919	43,935
Non-Operating Revenues:					
State Appropriations	23,170	22,576	24,642	27,562	29,465
Gifts, Grants and Contracts	5,365	453	375	291	364
Interest Income	262	76	539	260	99
Other Non-Operating Revenue	233	5,679	5,556	1,141	
Total Non-Operating Revenue	29,030	28,784	31,112	29,254	29,928
Total Revenues	\$ 100,504	\$ 85,673	\$ 81,226	\$ 76,173	\$ 73,863

Schedule of Revenues by Source

For the Year Ended June 30,					
(percent of total revenue)					
	2005	2004	2003	2002	2001
Revenues					
Operating Revenues:					
Student Tuition and Fees (net of scholarship allowance)	24.26%	23.10%	20.99%	20.15%	19.19%
Federal Grants and Contracts	25.41%	26.19%	26.94%	26.97%	28.00%
State Grants and Contracts	7.11%	4.65%	3.98%	3.41%	1.48%
Local Grants and Contracts	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Government Grants and Contracts	0.15%	0.11%	0.06%	0.04%	0.00%
Sales and Services of Educational and Other Activities	0.48%	0.53%	0.40%	0.46%	1.75%
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	10.70%	9.64%	7.28%	9.18%	0.00%
Other Operating Revenue	3.01%	2.18%	2.04%	1.39%	0.90%
Total Operating Revenue	71.12%	66.40%	61.70%	61.60%	51.31%
Non-Operating Revenues:					
State Appropriations	23.05%	26.35%	30.34%	36.18%	39.89%
Gifts	5.34%	0.53%	0.46%	0.38%	0.49%
Interest Income	0.26%	0.09%	0.66%	0.34%	0.13%
Other Non-Operating Revenue	0.23%	6.63%	6.84%	1.50%	0.00%
Total Non-Operating Revenue	28.88%	33.60%	38.30%	38.40%	40.52%
Total Revenues	100.00%	100.00%	100.00%	100.00%	91.83%

Source: The Audited Financial Statements of South Carolina State University for the years ended June 30, 2005, 2004, 2003, and 2002, 2001

South Carolina State University
Schedule of Expenses by Use

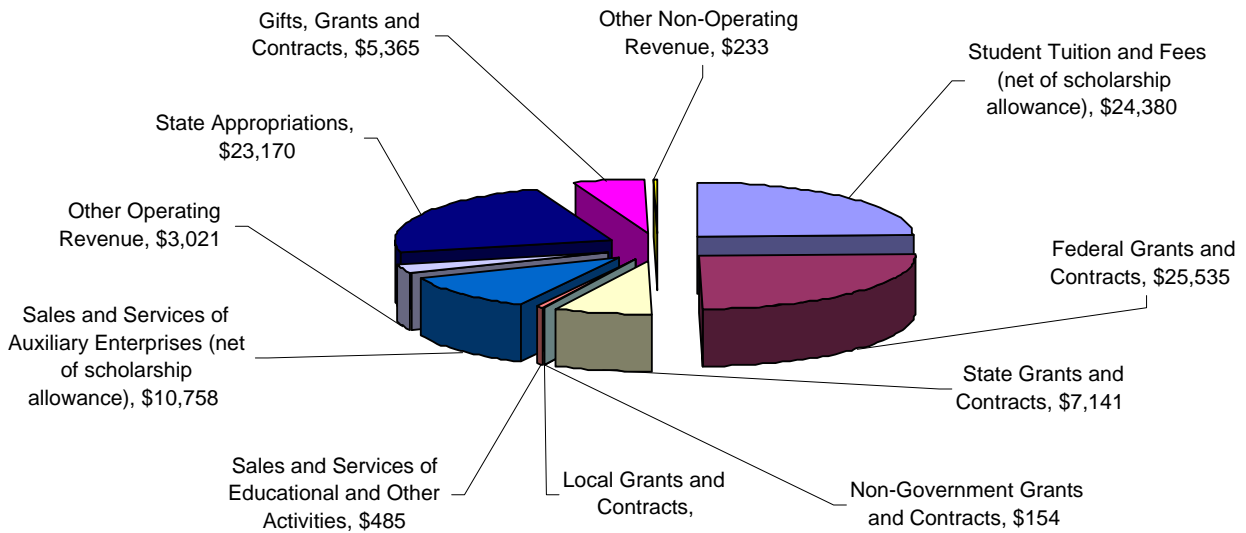
	For the Year Ended June 30,			
	(amounts expressed in thousands)			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenses:				
Operating Expenses:				
Compensation and Employee Benefits	\$ 48,571	\$ 44,877	\$ 46,243	\$ 48,627
Service and Supplies	33,447	22,469	16,332	18,892
Utilities	3,026	2,308	2,370	1,844
Depreciation	1,920	1,795	1,801	1,902
Scholarships and Fellowship	8,478	8,967	9,182	7,768
Bad Debts, Loan Cancel and Others		307	208	1,698
Total Operating Expenses	95,442	80,723	76,136	80,731
Non-Operating Expenses:				
Interest and Other	604	436	333	334
Total Non-Operating Expenses	604	436	333	334
Total Expenses	\$ 96,046	\$ 81,159	\$ 76,469	\$ 81,065

Schedule of Expenses by Use

	For the Year Ended June 30,			
	(percent of total expenses)			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Expenses:				
Operating Expenses:				
Compensation and Employee Benefits	50.6%	55.3%	60.5%	60.0%
Service and Supplies	34.8%	27.7%	21.4%	23.3%
Utilities	3.2%	2.8%	3.1%	2.3%
Depreciation	2.0%	2.2%	2.4%	2.3%
Scholarships and Fellowship	8.8%	11.0%	12.0%	9.6%
Bad Debts, Loan Cancel and Others	0.0%	0.4%	0.3%	2.1%
Total Operating Expenses	99.4%	99.5%	99.6%	99.6%
Non-Operating Expenses:				
Interest and Capital Asset Related Debt	0.6%	0.5%	0.4%	0.4%
Total Non-Operating Expenses	0.6%	0.5%	0.4%	0.4%
Total Expenses	100.0%	100.0%	100.0%	100.0%

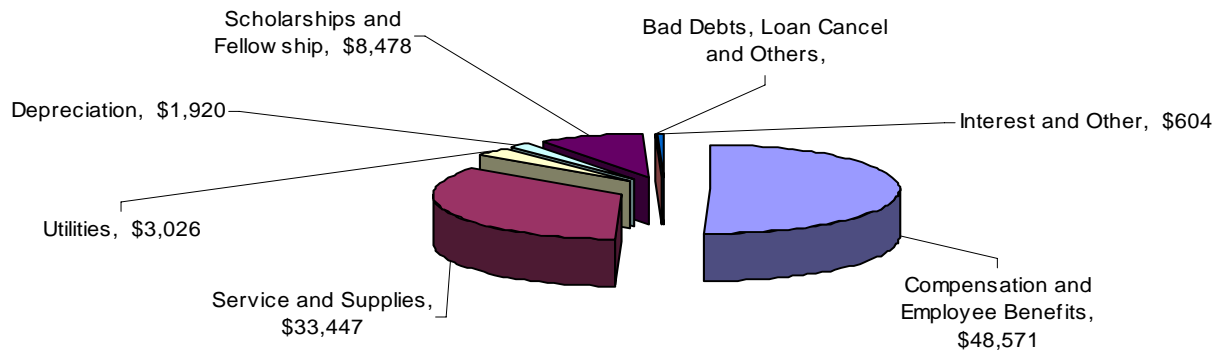
Source: The Audited Financial Statements of South Carolina State University for the years ended June 30, 2005, 2004, 2003 and 2002

Revenue by Source Fiscal Year 2005



Amounts expressed in thousands

Expenses By Use Fiscal Year 2005



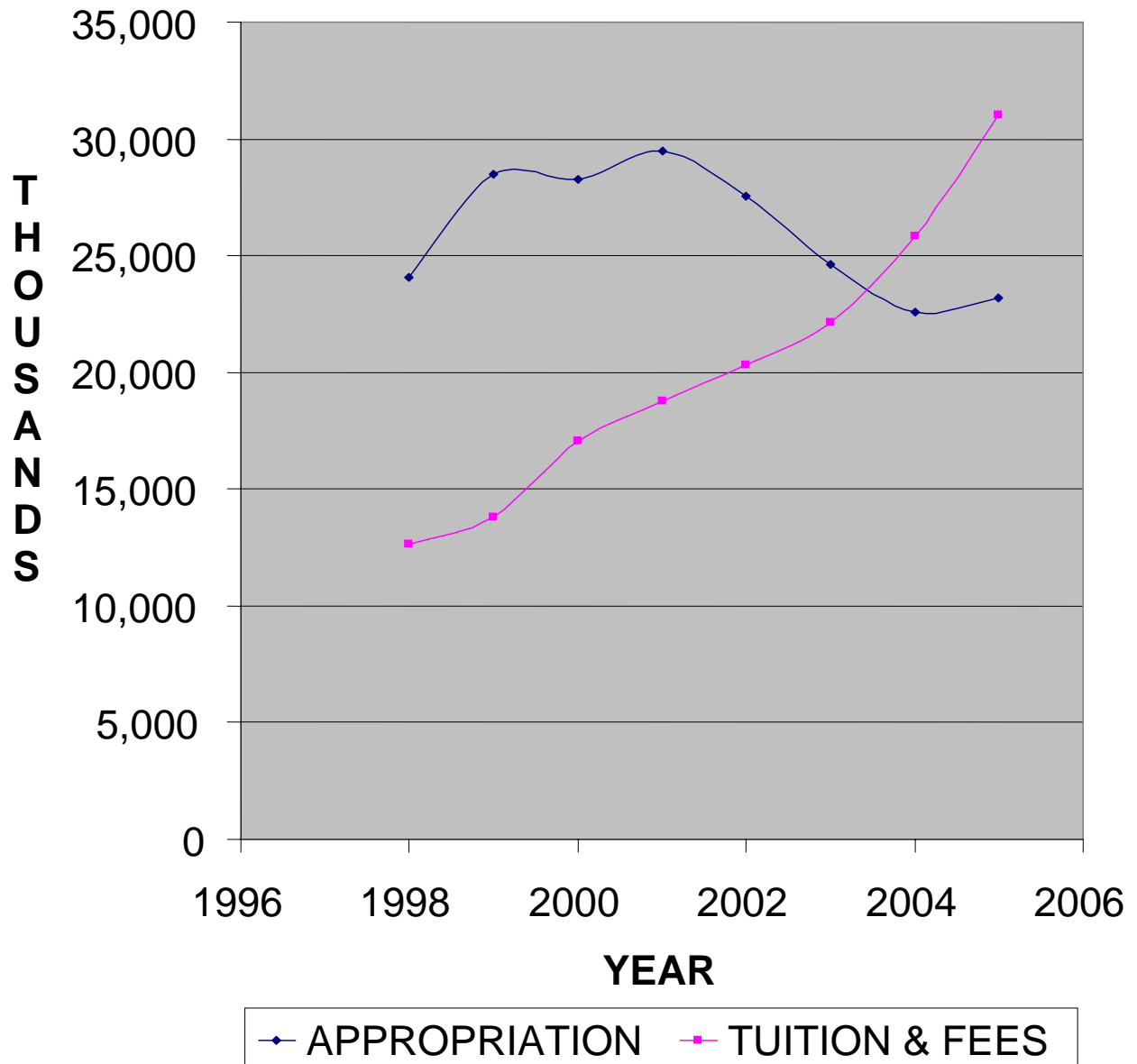
Amounts expressed in thousands

Source: The Audited Financial Statements of South Carolina State University for the years ended June 30, 2005, 2004, 2003, and 2002, 2001

SOUTH CAROLINA STATE UNIVERSITY

State Appropriations and Gross Tuition and Fees

1998-2005



Source: The Audited Financial Statements of South Carolina State University for the years ended June 30, 1998 through 2005

SOUTH CAROLINA STATE UNIVERSITY **SCHEDULE OF BOND COVERAGE**

(amounts in thousands)

Revenue, Stadium, and Housing Bonds

Last Five Fiscal Years ¹

Fiscal Year Ended June 30,	Defined Net Revenue Available for Debt Service	Total Revenue Available for Debt Service	Debt Service Principal	Payment Interest	Requirements Total	Coverage Total
2005	\$1,888	\$1,888	\$430	\$267	\$697	2.71
2004	1,780	1,780	415	284	699	2.55
2003	1,505	1,505	385	306	691	2.18
2002	556	556	370	325	695	0.80
2001	976	976	355	347	702	1.39

State Institutional Bonds

Last Two Fiscal Years ²

2005	\$879	\$879	\$130	\$144	\$274	3.21
2004	729	729	120	149	269	2.71

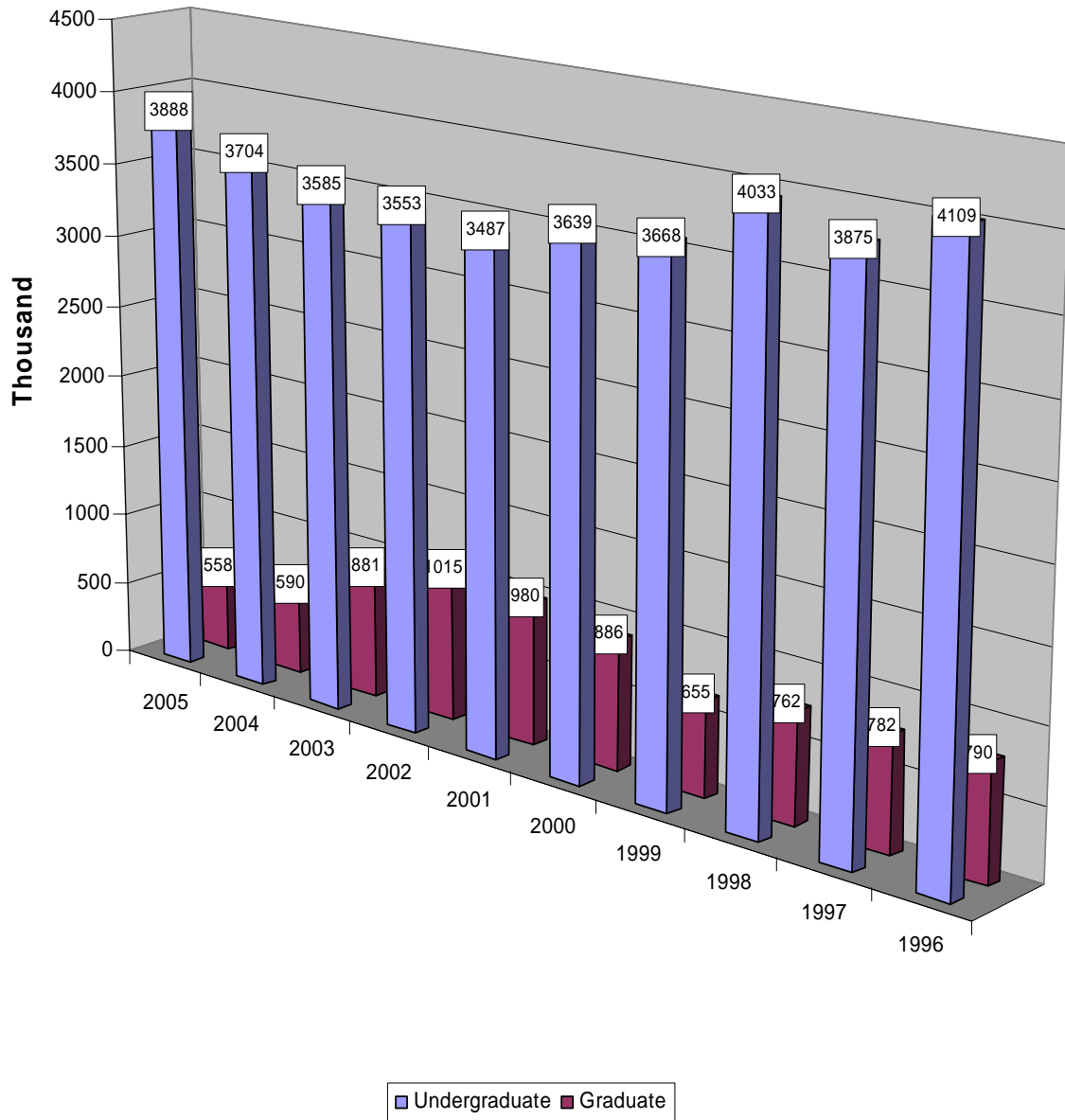
Notes

¹ Only five years data are currently available and will continually be added

² State Institutional Bonds were issued in FY2003

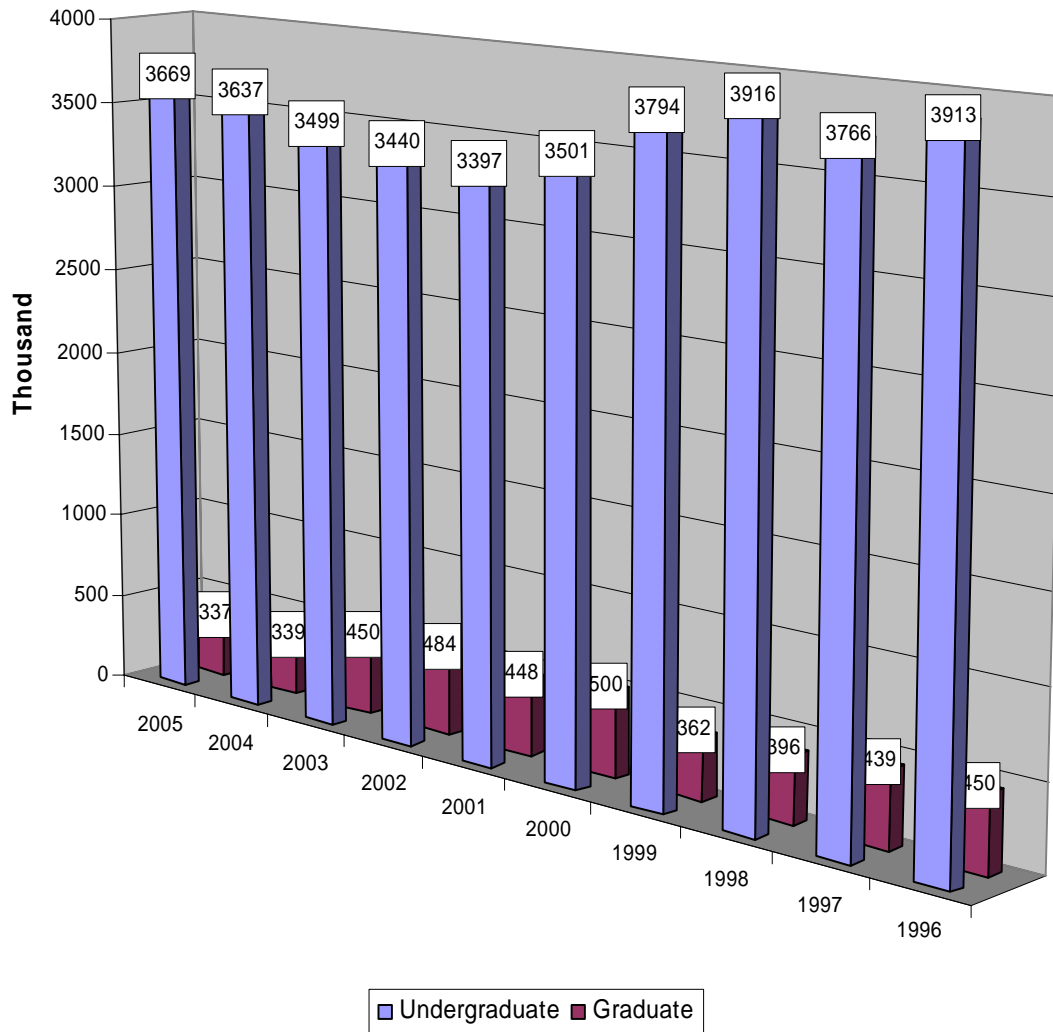
Source: South Carolina State University Financial Statement

South Carolina State University Student Head Count For the Last Ten Years



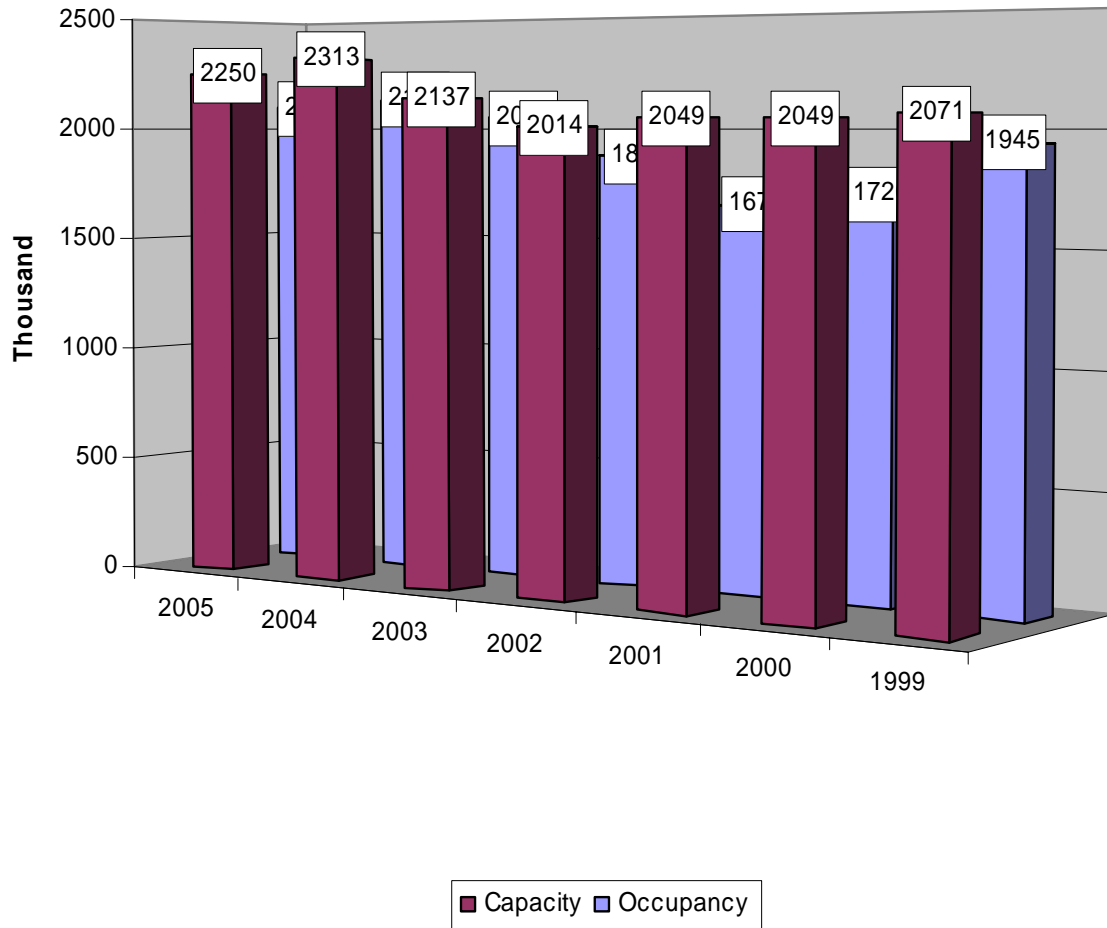
Source: South Carolina State University Office of Institutional Research

South Carolina State University Student Full Time Equivalent For the Last Ten Years



Source: South Carolina State University Office of Institutional Research

South Carolina State University Fall Residence Hall Occupancy/Capacity For the Last Seven Years



Source: South Carolina State University Office of Institutional Research

South Carolina State University
Full-Time Teaching Faculty
Rank and Tenure

For the Last Seven Years

<u>Year Ended</u> <u>June 30,</u>	<u>Professors</u>	<u>Associate</u> <u>Professors</u>	<u>Assistant</u> <u>Professors</u>	<u>Lecturer</u> <u>&</u> <u>Instructor</u>	<u>Total</u>	<u>Percent</u> <u>with</u> <u>Tenure</u>
2005	51	48	83	29	211	61%
2004	42	45	73	26	186	45%
2003	50	57	83	26	216	44%
2002	49	55	84	25	213	34%
2001	56	53	73	29	211	66%
2000	57	55	76	27	215	51%
1999	55	52	81	29	217	51%

Source: South Carolina State University Office of Institutional Research

South Carolina State University

Academic Subject Areas and Degrees Offered

Fall 2005

UNDERGRADUATE

Accounting, BS	Industrial Education Technology, BS
Agribusiness, BS	Management, BS
Art Education, K-12, BS	Marketing, BS
Biology, BS	Mathematics, BS
Business Education, BS	Mechanical Engineering Technology, BS
Chemistry, BS	Music Education, BS
Civil Engineering Technology, BS	Music Industry, BA
Computer Science, BS	Music Performance, BA
Criminal Justice, BS	Nuclear Engineering, BS
Dramatic Arts, BA	Nursing, BSN
Early Childhood Education, BS	Nutritional Sciences, BS
Economics/Business Economics, BS	Physical Education Teaching, BS
Electrical Engineering Technology, BS	Physics, BS
Elementary Education, BS	Political Science & Government, BA
English, Professional, BA	Psychology, General, BS
Family and Consumer Sciences Education, BS	Social Work, BSW
Family and Consumer Sciences Business, BS	Sociology, BA
French, BA/BS	Spanish, BA/BS
Health and Physical Education, BS	Special Education, BS
Health Education, K-12, BS	Speech Pathology and Audiology, BA
History, BA	Studio Arts, BA
Industrial Education, BS	

GRADUATE

Agribusiness, MS	Rehabilitation Counseling, MA
Counselor Education, MEd	Secondary Education, MEd, MAT
Early Childhood Education, MAT	Special Education, MEd
Elementary Education, MAT, MEd	Speech Pathology and Audiology, MA
Individual and Family Development, MS	Transportation, MS
Nutritional Sciences, MS	Education Administration, EDD

BA-Bachelor of Arts	MAT-Master of Arts in Teaching
BS-Bachelor of Science	MEd -Master of Education
BSW-Bachelor of Social Work	MS-Master of Science
BSN-Bachelor of Science in Nursing	EDD-Doctor of Education

Source: South Carolina State University Office of the Vice President for Academic Affairs