

# 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, 2009**

# **South Carolina State University Orangeburg, South Carolina**



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Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina  
**For The Year Ended June 30, 2009**

**Prepared By**  
**The Office of the Controller**

South Carolina State University  
 Comprehensive Annual Financial Report  
 For The Year Ended June 30, 2009

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**South Carolina State University  
Comprehensive Annual Financial Report**



**Introductory Section**



# South Carolina State University

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## President's Letter 2009

October 12 , 2009

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



South Carolina State University is proud of its ability to educate students of this state, nation and beyond. We have continued our legacy of excellence in education during the 2008-2009 Fiscal Year. Over the last year, the University, like many other institutions, continued to face challenges as we experienced declining resources from the State. We are all affected by the declining economy; but our focus and goals are to retain our ability to provide education to our students and a good quality learning environment. The series of budget cuts have had a tremendous impact on the overall operation of the University. In spite of this, we continue to maintain academic excellence, provide support for critical student support functions and maintain a safe and secure environment for students and employees. I am pleased to share with you a few of those accomplishments we realized in spite of these tough economic times.

SC State is continuing to improve its facilities and make major strides in completing several major facilities projects. Construction on Lowman Hall is coming along well and occupancy is scheduled for Fall of this year. The Hodge Hall Annex is also progressing well and completion is currently on schedule for Fall 2010. Thanks to a grant from Orangeburg County government, the Swimming Pool at SHM has been repaired and is open for use. Students, faculty, and staff enrolled in summer programs are using the pool. Air conditioning chillers have been installed to replace temporary chillers in our classroom buildings, administrative offices, library and dormitories. Roof repairs were

made to the MLK Auditorium, fine Arts Center and Hodge Hall Science Building.

The University has enjoyed many successes as posed by our students. Particularly our athletic teams have excelled in their respective sport. The Men's and Women's Tennis Teams are the 2009 MEAC Conference Champions. The Cheerleaders are also won the title of the 2009 MEAC Conference Champions. The Bulldog Football team became the 2008 MEAC Champions.

This academic year, SC State University launched its television show, "**A New STATE of Mind**" on April 11, 2009. Initially, the show is airing on Comcast, Channel 2, in Charleston (county), South Carolina (as well as Berkeley, Dorchester, Colleton, and Beaufort counties) at 12:30 p.m. It is anticipated that the show will also also air in Orangeburg, Columbia, and in the Upstate.

Alumni giving to SC State has increased 38% (2009 vs. 2008). Seventy-five percent of unrestricted gifts support need-based student scholarship; ten percent invested in scholarship endowments; and fifteen percent as discretionary support for SC State University.

SC State will continue to build upon its legacy of excellence. We must continue to be Student centered, excellent in academics; efficient and effective in fundraising; diverse; and accountable in managing resources. With your continued support and guidance, we will continue to excel during the 2009-2010 Fiscal Year and beyond.

Sincerely,

George E. Cooper  
President



# South Carolina State University

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ORANGEBURG, SOUTH CAROLINA 29117-0001  
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DIVISION OF FINANCE,  
FACILITIES AND MANAGEMENT  
INFORMATION SYSTEMS

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October 12, 2009

## 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, 2009.

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. The University's MD&A can be found immediately following the report of the independent auditor.

### **Profile of the University**

South Carolina State University (SC State), a senior comprehensive teaching and 1890 land-grant institution, is committed to providing affordable and accessible quality undergraduate and graduate degree programs. SC State is a public university, with a student population of approximately 5,000 located in Orangeburg, SC. Orangeburg is a small rural/agricultural city in the middle of the state that has evolved to include businesses and industries that are national and international in scope. The university currently offers 54 undergraduate degree programs through three academic colleges and nine graduate degree programs (1 doctoral degree and 8 master's degree programs).

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

### **Economic Environment**

SC State is maintaining a stable enrollment. However, the University is experiencing a modest reduction as students and families deal with the economic challenges experienced by the state and nation. Although in the previous year SC State did not increase its tuition and fees, there was a 5 percent increase this year to offset rising costs. This increase was among the lowest compared to SC State's peer institutions. The University remains sensitive to the financial constraints facing many of our students.

The state experienced a major decline in revenue collections during the fiscal year ended June 30, 2009. With budget reductions being imposed for all state colleges and universities, SC State's appropriation reduction amounted to \$9.8 million, which is 31 percent of University's total appropriations. Consequently, substantial measures were taken by the University to reduce expenses during the year. Those measures included a seven day furlough, a reduction in force, a hiring freeze with exceptions made for critical positions, reductions in travel, and a reduction in other operating costs.

Based on revenue projections for the state, it appears that there will be additional reductions in fiscal year 2010. In fact, the Budget and Control Board anticipates an across-the-board reduction of 4.04 percent for all agencies, including SC State University. Due to this situation, the University will continue to keep in place the budget reduction measures imposed in fiscal year 2009, and continue to monitor all spending very closely. When 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 continues to earmark South Carolina Education Lottery funds for institutional technology projects and directly to students for tuition assistance, while funding for general operations has steadily decreased.

With respect to tuition revenue, SC State's resident tuition and fees is in the lower range compared to other in-state peer institutions. For fiscal year 2009, the Board of Trustees approved a 5 percent tuition increase, which is among the lowest

tuition increases compared to SC State's peer institutions. Although the administration and Board of Trustees continue to express concerns over the burden tuition and fee increases are having on families, an increase of 8.4 percent was approved for fiscal year 2010. With a major reduction to the University's state appropriation, coupled with the decline in the state's current and projected revenues, the increase to tuition and fees was necessary to ensure University was able to carry out its mission and provide a quality education. The governing body will continue to monitor the issue of raising tuition while striving to remain competitive with other colleges and universities in the state on an on-going basis.

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

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

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

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

A sample of the economic impact of these activities is provided below. Many of these components are relatively stable from year to year, and these results provide a good indication of predicted future impacts. In particular, the construction component is expected to have a substantially high economic impact in the coming years as the University engages in several large-scale capital projects. These projects, which will include modernizing, expanding, and enhancing the University's facilities, will also provide a significant boost to the local economy.

SC State's economic impact for fiscal year 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 SC State University.
- 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 SC State University.
- A total of 1,558 jobs in the Orangeburg area reflecting jobs at the university, as well as jobs 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 is compiled to allow for the preparation of financial statements in accordance with legal requirements and Generally Accepted Accounting Principles (GAAP).

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

## **Budgetary Controls**

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

## **Debt Management**

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

## **Cash Management**

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

## **Risk Management**

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

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

## **Relevant Financial Policies**

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

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

## **Major Initiatives**

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

### **1. Capital Improvement and Deferred Maintenance**

Major projects were planned and implemented to address the University's brick and mortar needs. The following projects and activities were in various stages of implementation during fiscal year 2009. Infrastructure projects are targeted in the following areas:

#### **A. Classroom Buildings**

1. Construction on Hodge Hall Science Building Annex began in the summer of 2008 and scheduled for completion in the summer of 2010.
2. The Engineering/Computer Science Building architecture and engineering design services are in the final stages with construction scheduled for early 2010. Both of these projects are funded, in part, from a \$32 million Institutional Bond issue.

#### **B. Administrative and Research Buildings**

1. Construction for the restoration of Lowman Hall, one of the oldest buildings on campus and listed on the National Register of Historic places and sites, began in the spring of 2008. Upon completion, which is scheduled for fall 2009, Lowman Hall will house various administrative offices, including the president's office.
2. Phase I of The James E. Clyburn Transportation Research and Conference Center is under construction, with site work completed. The transit center is scheduled to begin construction in spring 2010.

**C. Many deferred maintenance projects were completed during the year to include:**

1. Nance Hall Auditorium - considered one of the major classrooms on campus, received upgrades that include new auditorium seats, repainted walls, and new ceiling tiles.
2. Swimming Pool – there was a complete renovation of the swimming pool and surrounding areas that included resurfacing the swimming pool, installing a new protectal slip resistant floor, new diving boards, new storage facilities, ADA lift, shower and restroom upgrades, and other enhancements.
3. Resident Halls – the University renovated and enhanced five of the eight residential facilities, which included Earle Hall, Mays I, Mitchell Hall, Williams Hall, and Battiste Hall. The enhancements to these facilities included new furniture, new doors/locks, and restroom upgrades.
4. SC State Athletic Zone - began construction of a public toilet facility structure located midway between the Smith, Hammond & Middleton Gymnasium & the Oliver C. Dawson Football Stadium behind Staley Hall.
5. Irrigation - installed irrigation in designated areas that include Smith, Hammond, & Middleton Gymnasium, Staley Hall, Oliver C. Dawson Football Stadium, Rowe and Nix Hall, and the Museum and Planetarium.

**2. Improve quality of academic programs**

Academic quality is a result of a dedicated faculty and the leadership provided by the University's Vice President of Academic Affairs. The faculty continually strives for excellence in teaching, research, and service. The accomplishments of the University's faculty are numerous. For example, there has been an increase in funded research grants and scholarly publications. There's also been an increase in faculty participation in broad international, national, and local professional activities. All programs reviewed by accrediting bodies this year were reaffirmed. The program in Visual Arts received its initial accreditation and a new degree program in Communications was approved. Through a new Faculty Development Academy, faculty are provided ongoing development in teaching, learning and mentoring workshops. As a result, the University's faculty is becoming more innovative by increasingly integrating technology into their teaching process. While developing highly skilled undergraduates is a top priority, the university continues to receive high ranks in the production of doctorates in education administration. Summer initiatives such as The Bridge Program, The Academic Enhancement Academy, and The Nuclear Science Camp provide a bridge between high school and college. Moreover, while all colleges and universities are expected to produce the academic minds and scientific research that advance knowledge and drive economic growth, the SC State ranks 1st in the nation for social mobility (*The Washington Monthly College Third Annual College Ranking 2008*).

**3. Strategically planning for the future**

The development of a strategic plan greatly helps to clarify the University's plans and ensures that key managers within the University are all on one accord. Simply put, strategic planning determines where a University is going, how it will get there, and 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 University 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.

**4. Enhance student life and performance**

Management is committed to the theory and practice of "*helping students learn and grow.*" Evidence supports the claim that students are truly achieving learning and development goals that include intellectual, cognitive, social, civic, political, moral, ethical, and spiritual dimensions.

**OTHER INFORMATION**

**Independent Audit**

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. Under the terms of this contract, Cherry, Bekaert and Holland, LLP (CB&H) will 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, 2009, 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, 2009, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

The Government Finance Officers Association of the United States and Canada, for the fourth year in a row awarded a Certificate of Achievement for Excellence in Financial Reporting to South Carolina State University for its Comprehensive Annual Financial Report for the fiscal years ended June 30, 2008-FY2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments**

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

Sincerely,



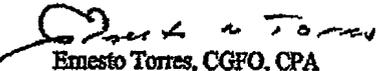
John E. Smalls

Senior Vice President for finance, Facilities and MIS



Joseph M. Pearman, Jr. CPA

Assistant Vice President for Fiscal Affairs



Ernesto Torres, CGFO, CPA

Controller



Rashad Rogers, CGFO  
Accounting Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## South Carolina State University

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



A handwritten signature in black ink, appearing to read "M. L. R.", written in a cursive style.

President

A handwritten signature in black ink, reading "Jeffrey R. Egan", written in a cursive style.

Executive Director

South Carolina State University  
Board of Trustees  
2008-2009



Governor Mark Sanford



Lumus Byrd  
Chairman, Third District



Jonathan N. Pinson  
Vice Chairman



Martha S. Smith  
Gubernatorial Appointee



Karl V. Green  
First District



Reggie Gallant  
Second District



Dr. John H. Corbitt  
Fourth District



Linda K. Edwards Duncan  
Fifth District



Maurice Washington  
Sixth District



Robert M. Nance  
Seat 7 At-Large



Matthew Richardson  
Seat 8 At-Large



Earl A. Bridges, Jr.  
Seat 9 At-Large

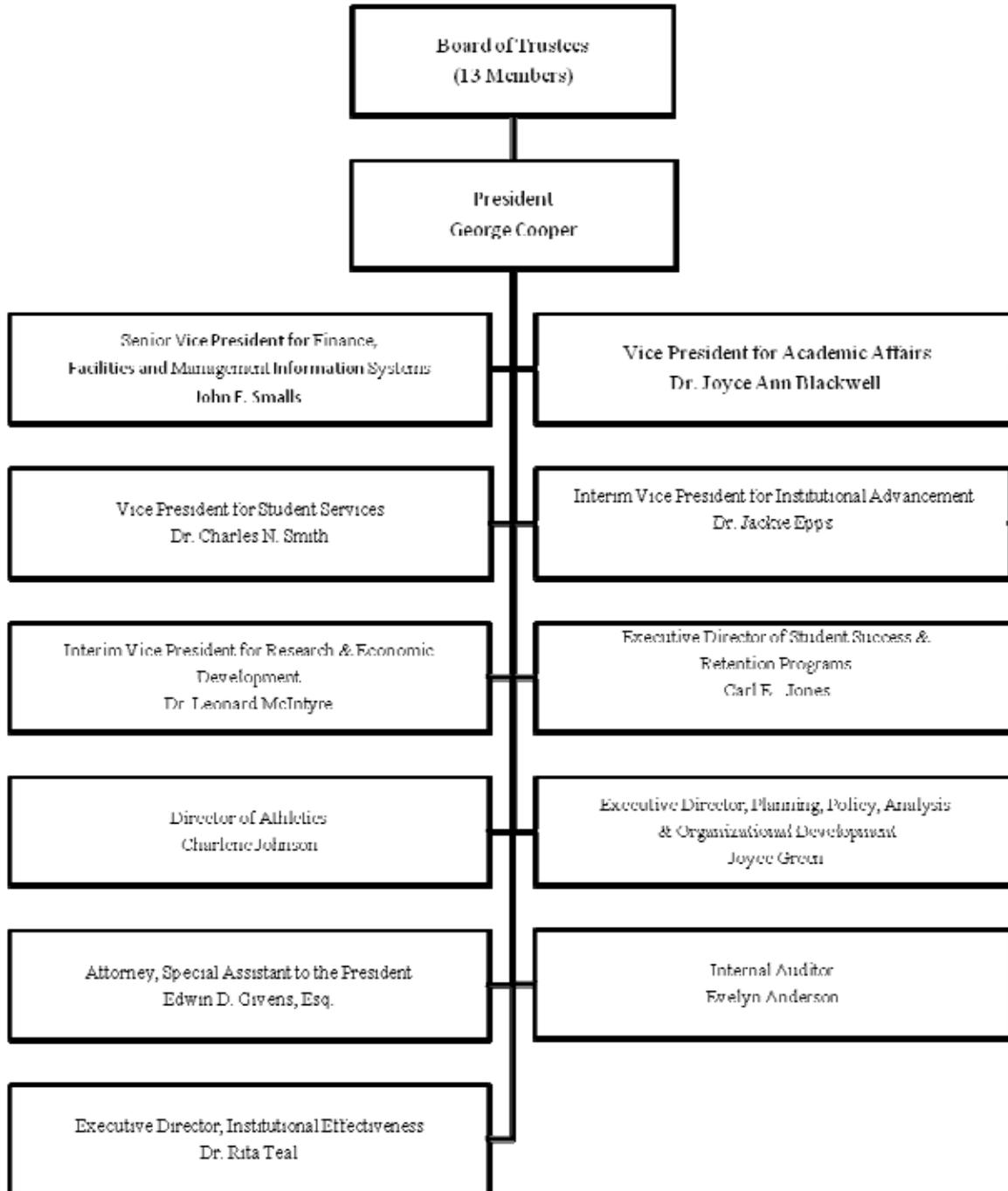


Dr. Walter Tobin  
Seat 11 At-Large



Lancelot D. Wright  
Seat 12 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 Finance, Facilities and MIS

**Ernesto M. Torres, CGFO, CPA**

Controller

**Rashad Rogers, CGFO**

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, 2009 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. (the "Foundation") a component unit of the University. The Foundation's financial statements reflect 4% of total assets as of June 30, 2009 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 opinion, insofar as they relate to the amounts included for this component unit, is 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 the Foundation 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 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, 2009, 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 financial position of the business-type activity and the discretely presented component unit of the University as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2009 on our consideration of the University's internal control over financial reporting and 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 15 through 19 is not a required part of the basic financial statements but is supplementary information required by 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 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 introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Cherry Bekaert & Holland, C.C.P.A.*

Charlotte, North Carolina  
October 12, 2009

# SOUTH CAROLINA STATE UNIVERSITY

## Management's Discussion and Analysis

### Year Ended June 30, 2009

#### Introduction

We are pleased to submit the annual Financial Statements for South Carolina State University (The University) for the fiscal year ended June 30, 2009. The following discussion and analysis have 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, 2009. Audited financial statements for fiscal year 2008 are not presented with this report; condensed operations and financial position will be presented in this section in order to illustrate pertinent increases and decreases. Please read this section in conjunction with the financial statements and the accompanying notes to the financial statements. The financial presentation for the University has been prepared to meet the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, 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*. The University has incorporated one non-governmental component unit, South Carolina State University's Foundation. Two of the Foundation's statements: (1) Statement of Financial Position and (2) Statement of Activities are presented separately in the University's report. Management's discussion and analysis addresses the activity of the University and does not include financial activity of the Foundation. Information presented in the Financial Statements is designed to aid a wide variety of readers in assessing the effectiveness of the University's management in using its resources to meet its primary mission of instruction, research, and public service, and to provide a comprehensive picture of the University's financial activities and soundness.

#### Using this Annual Report

This annual report consists of the following financial statements: Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows. These financial statements illustrate 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). These statements, therefore, are intended to provide a view of the University's financial position similar to that presented by most private sector companies. The financial statements are presented using the accrual basis of accounting. The accrual basis of accounting takes into consideration all of the University's revenue and expenses regardless of when cash is received or payments are made. Significant revenues of the University such as state appropriations, gifts, 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 primarily of cash and receivables. The current portion of the assets will be converted to cash within one year to be used to pay the current portion of the liabilities. Current liabilities consist principally of accounts payables and accrued compensation. These liabilities will be settled within one year. 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 into three major categories. The first category, Invested in Capital Assets, Net of Related 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, 2008 and June 30, 2009.

**Condensed Statement of Net Assets**

	<u>2009</u>	<u>2008</u>	<u>Increase</u> <u>Decrease</u>	<u>Percent</u> <u>Change</u>
<b>Assets:</b>				
Current Assets	\$ 8,081,760	\$ 11,493,107	\$ (3,411,347)	-29.68%
Non-current Assets	42,426,481	47,128,436	(4,701,955)	-9.98%
Capital Assets, Net	104,077,514	87,276,965	16,800,549	19.25%
<b>Total Assets</b>	<b><u>\$ 154,585,755</u></b>	<b><u>\$ 145,898,508</u></b>	<b><u>\$ 8,687,247</u></b>	<b><u>5.95%</u></b>
<b>Liabilities:</b>				
Current Liabilities	\$ 18,459,350	\$ 12,498,624	\$ 5,960,726	47.69%
Non-current Liabilities	79,861,725	79,662,794	198,931	0.25%
<b>Total Liabilities</b>	<b><u>\$ 98,321,075</u></b>	<b><u>\$ 92,161,418</u></b>	<b><u>\$ 6,159,657</u></b>	<b><u>6.68%</u></b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	\$ 55,525,954	\$ 46,665,057	\$ 8,860,897	18.99%
Restricted-Nonexpendable	914,098	980,621	(66,523)	-6.78%
Restricted—Expendable	5,567,191	5,642,474	(75,283)	-1.33%
Unrestricted (deficit)	(5,742,563)	448,938	(6,191,501)	-1379.14%
<b>Total Net Assets</b>	<b><u>\$ 56,264,680</u></b>	<b><u>\$ 53,737,090</u></b>	<b><u>\$ 2,527,590</u></b>	<b><u>4.70%</u></b>

The vast majority of current assets (99%) are composed of student and grant accounts receivables, net of allowance for doubtful accounts. Current liabilities consist primarily of accounts payable, accrued payroll, deferred unearned student revenues, and bonds and notes payables (85%).

The decrease in current assets is almost wholly attributable to the decrease in cash and cash equivalents. There was a decrease of \$3.4 million from the prior year. The University found itself having to exhaust unrestricted cash to operate amidst the appropriation cuts mandated by the South Carolina Legislature. The net decrease was also impacted by increases in receivables of approximately \$1.4 million. Non-current assets decreased by 10%. The reduction is wholly attributable to restricted cash and cash equivalents for construction projects on the campus. This decrease is reflected in the increase in capital assets. Capital assets increased by \$16.8 million. The University capitalized renovations contributed to the University in the bookstore and the dining hall amounting to approximately \$3 million. The University also increased construction in progress by \$15.3 million for two major construction projects (Lowman Hall and Hodge Hall extension). See Note 5 for detail information of capital asset changes. Current liabilities increased by \$5.9 million from the prior year. The increase includes retainage payable for the Hodge Hall Extension project that did not exist in the prior year, and other construction related project costs at June 30. The decrease of \$6.2 million in unrestricted net assets is the impact of the reduction in cash and cash equivalents and increase in liabilities as discussed above. Overall, total assets and total liabilities remained consistent with only a 6%-7% increase from the prior year. Net assets are a good indicator of the University's financial position and are useful as a 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, all things being equal. This statement will reflect the utilization of long-lived or capital assets in the form of depreciation expense. Depreciation expense amortizes the cost of a capital asset over its expected useful life.

Generally speaking, operating revenues are earned 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 implementation of the University's mission. Non-operating revenues are revenues received for which there is not a reciprocal agreement – no goods and services are provided.

**Condensed Statement of Revenues, Expenses and Changes in Net Assets**

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>Operating Revenues</b>				
Student tuition and fees (net of allowance)	\$ 34,502,140	\$ 31,714,139	\$ 2,788,001	8.79%
Grants and contracts	43,051,739	39,084,526	3,967,213	10.15%
Sales and services (net of allowance)	14,612,427	15,544,075	(931,648)	-5.99%
Other operating revenues	1,109,063	949,265	159,798	16.83%
<b>Total Operating Revenues</b>	<b>\$ 93,275,369</b>	<b>\$ 87,292,005</b>	<b>\$ 5,983,364</b>	<b>6.85%</b>
<b>Operating Expenses</b>				
Salaries and wages and related fringe benefits	61,265,702	61,553,524	(287,822)	-0.47%
Services, supplies, and others	36,401,916	42,249,528	(5,847,612)	-13.84%
Utilities	3,505,396	3,626,492	(121,096)	-3.34%
Scholarships	15,409,287	11,818,481	3,590,806	30.38%
Depreciation	4,315,767	3,084,837	1,230,930	39.90%
<b>Total Operating Expenditures</b>	<b>\$ 120,898,068</b>	<b>\$ 122,332,862</b>	<b>\$ (1,434,794)</b>	<b>-1.17%</b>
<b>Operating Loss</b>	<b>\$ (27,622,699)</b>	<b>\$ (35,040,857)</b>	<b>\$ 7,418,158</b>	<b>-21.17%</b>
<b>Non-Operating Revenues (Expenses)</b>				
State appropriations	21,848,609	31,677,606	(9,828,997)	-31.03%
Federal grants	806,860	834,292	(27,432)	-3.29%
Interest and other investment income (loss)	(880,572)	(1,580,775)	700,203	-44.29%
Other non-operating income	-	623,905	(623,905)	-100.00%
Loss on disposal of assets and other non-operating	(30,302)	(715,386)	685,084	-95.76%
<b>Non-Operating Revenues (Expenses)</b>	<b>\$ 21,744,595</b>	<b>\$ 30,839,642</b>	<b>\$ (9,095,046)</b>	<b>-29.49%</b>
Income before other revenues, expenses, gains or losses	(5,878,104)	(4,201,215)	(1,676,889)	39.91%
Capital grants and gifts and Capital Improvement Bonds	8,405,694	2,827,265	5,578,429	197.31%
<b>Increase in Net Assets</b>	<b>\$ 2,527,590</b>	<b>\$ (1,373,950)</b>	<b>\$ 3,901,540</b>	<b>-283.97%</b>
Net Assets at Beginning of Year	\$ 53,737,090	\$ 55,111,040	\$ (1,373,950)	-2.49%
<b>Net Assets at End of Year</b>	<b>\$ 56,264,680</b>	<b>\$ 53,737,090</b>	<b>\$ 2,527,590</b>	<b>4.70%</b>

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. Overall operating revenues increased by \$5.98 million or 6.85%. This increase is mainly attributable increased federal and state grants (\$3.8 million) and student tuition and fees of \$2.7 million. The University implemented a Board approved 5% tuition and fee increase in fiscal year 2009. The increase was offset by a reduction in sales and services of auxiliaries of \$1.5 million.

There was a decrease of \$1.4 million in operating expenses from fiscal year 2008 to fiscal year 2009. This is due to the University responding to mandated appropriation reductions. Supplies and other services reduced \$5.8 million; however this reduction was offset by an increase in scholarships of \$3.6 million or 30.38%.

Non-operating revenues (expenses) decreased by \$9.1 million or 29.49%. This decrease is mainly attributable to mandated state appropriation reductions of \$9.8 million or 31%. There was no other major fluctuation in non-operating revenues (expenses) from the prior year.

The University's "Operating Loss" of \$27.6 million is mostly attributable to the fact that State Appropriations (\$21.8 million) and certain Federal grants (\$806,000) were determined not to be operating revenues for colleges and universities according to GASB 35. These two revenue lines appear under "Non-operating Revenues." The operating loss was further impacted by an increase of \$3.6 million in scholarships that the University was committed to provide to students prior to applying the mandated state appropriation budget reductions. The increase in operating revenues of \$5.9 million over the decrease in operating expenditures of \$1.4 million for fiscal year 2008 decreased the operating loss from 2008 by \$7.4 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 section details operating cash flows and shows the net cash used by the operating activities of the institution. The second section details 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 details cash flows from capital and related financing activities. This section reflects cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and 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, 2009 of \$104 million. This amount is presented net of accumulated depreciation and includes land, plant (facilities), equipment, and construction in progress.

The University's financial statements indicate \$76.3 million in notes and bonds payable. The University's bonded indebtedness consisted of: State Institution bonds of \$33.8 million, stadium improvement revenue bonds of \$865,000, student residential life building revenue notes of \$38.1 million, and State Treasurer's Office Master Loan Program of \$3 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 \$21.7 million in construction in progress as of June 30, 2009. Specific components of the construction in progress are: Hodge Hall Extension construction (\$8.3 million), Architecture and Engineering and construction of the James E. Clyburn Transportation Center (\$4.1 million), renovation of Lowman Hall (\$5.8 million), Library Expansion (\$227,000), Camp Daniel (\$561,000), Architecture and Engineering and construction of the Engineering and computer Science facility (\$764,000), Phase IV master lease program for various equipment (\$1.6 million), and renovation of the swimming pool in SHM gymnasium (\$211,000). New capital equipment and machinery, with an individual cost of \$5,000 per item, was increased during the fiscal year by \$5.7 million offset by write offs amounting to \$4.2 for disposal of equipment. See Note 5 for further detail of the capital assets.

### **Economic Outlook**

South Carolina State University experienced a dramatic decline in state appropriations, (as well as to all public institutions in South Carolina and throughout the country) during the past two years. State funds are allocated through the South Carolina General Assembly appropriations process. Decisions made by the administration in response to this decline were deliberate and strategic to ensure the continued quality of the education students receive at the institution while also not compromising the academic integrity of the program offerings. The reductions include but are not limited to employee furloughs, hiring freeze, except for essential positions, reduction in force; and reductions in all other operating expenses. The administration met continually to review all programs in light of the state allocation reductions and decisions were made that were in the best interest of the students. When reviewing personnel decisions, faculty was exempted from any reductions-in force. The University received \$3.2 million annually for two years from the American Recovery and Reinvestment Act of 2009. These funds will be used to offset some of the reductions and address other critical needs of the university over the next two years.

The University has implemented moderate increases in tuitions and fees during this period to help offset the reduction in state appropriations. The university has also strengthened and heightened its recruitment and fundraising efforts to assist in addressing the financial needs. Based on current trends in the national and state financial climate, SC State is expected to continue to experience moderate increases in tuition and fees over the next several years. These increases will be necessary to offset the continued decline or stagnation of state appropriations, while making every effort to ensure growth in the quality of educational standards for the students. In addition, every effort will be made to ensure that SC State is competitive with other quality institutions in terms of facilities, equipment and overall campus living environment.

FTEs have and will continue to play a major role in the financial stability of the university. The university has a strategic enrollment goal of 6,000 students by the year 2014. This will require a continual increase in enrollment annually. Again, the increase in FTEs will aid in ensuring sufficient financial resources to support the current and anticipated programs of the university.

The following table illustrates numerically the impact of the reductions:

**State Appropriations:**

- Decrease in state appropriation in FY 2008-\$2.5 million
- Additional decrease in state appropriation in FY 2009 \$5.2 million

**More Information**

This financial report is designed to provide a general overview of the University's finances and to demonstrate the University's accountability for the funds it receives. Any questions regarding this report or requests for information may be addressed to Joseph M. Pearman, Jr., CPA; 300 College Street, NE PO Box 7007; Orangeburg, South Carolina 29117-0001.

**SOUTH CAROLINA STATE UNIVERSITY**  
**STATEMENT OF NET ASSETS**  
June 30, 2009

**ASSETS**

Current Assets:

Accounts receivable (net of allowance for bad debts \$1,476,954) .....	\$	2,437,492
Federal grants receivable .....		3,890,041
State grants receivable .....		315,728
Other receivables .....		1,411,930
Prepaid items .....		26,569
<b>Total current assets .....</b>		<b>8,081,760</b>

Noncurrent Assets:

Restricted cash and cash equivalents .....		37,525,659
Student loans receivables (net of allowance for bad debts \$437,031) .....		4,298,166
Investments .....		99,557
Capital assets, net of accumulated depreciation .....		104,077,514
Note issue costs (net of amortization \$227,998) .....		503,099
<b>Total noncurrent assets .....</b>		<b>146,503,995</b>
<b>Total Assets .....</b>	<b>\$</b>	<b>154,585,755</b>

**LIABILITIES**

Current Liabilities:

Accounts payable and accrued expenses .....	\$	7,950,547
Accrued payroll and related liabilities .....		1,870,025
Deferred and unearned student revenue .....		3,376,493
Student deposits .....		182,978
Compensated absences payable .....		1,204,135
Accrued interest payable .....		1,043,320
Capital lease payable .....		392,338
Funds held for others .....		177,247
Notes and bonds payable .....		2,262,267
<b>Total current liabilities .....</b>		<b>18,459,350</b>

Noncurrent Liabilities:

Compensated absences payable .....		3,060,237
Notes and bonds payable .....		74,040,804
Capital lease payable .....		816,005
Federal loan fund contributions .....		1,944,679
<b>Total noncurrent liabilities .....</b>		<b>79,861,725</b>
<b>Total Liabilities .....</b>	<b>\$</b>	<b>98,321,075</b>

**NET ASSETS:**

Invested in capital assets, net of related debt .....	\$	55,525,954
Restricted for:		
Nonexpendable:		
Endowed professorships .....		914,098
Expendable:		
Student loans .....		2,604,239
Debt service and capital projects .....		2,962,952
Unrestricted (deficit).....		(5,742,563)
<b>Total Net Assets .....</b>	<b>\$</b>	<b>56,264,680</b>

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, 2009

**REVENUES**

Operating Revenues:	
Student tuition and fees (net of scholarship allowances of \$9,296,662) .....	\$ 31,422,524
Student tuition and fees pledged for revenue Bonds .....	3,079,616
Federal grants and contracts .....	31,702,347
State grants and contracts .....	11,119,773
Non-governmental grants and contracts .....	229,619
Sales and services of educational departments .....	2,546,833
Sales and services of auxilliary enterprises (net of scholarship allowances of \$3,909,073) .....	9,050,606
Sales and services of auxilliary enterprises - pledged for revenue bonds .....	3,014,988
Other operating revenues .....	1,109,063
Total operating revenues .....	<u>93,275,369</u>

**EXPENSES**

Operating Expenses:	
Salaries and wages .....	48,432,248
Fringe benefits .....	12,833,454
Services, supplies, and others .....	36,401,916
Utilities .....	3,505,396
Scholarship .....	15,409,287
Depreciation and amortization .....	4,315,767
Total operating expenses .....	<u>120,898,068</u>
Operating loss .....	<u>(27,622,699)</u>

**NONOPERATING REVENUES (EXPENSES)**

State appropriations .....	21,848,609
Federal grants .....	806,860
Interest and other investment income .....	2,552,619
Interest expense .....	(3,433,191)
Loss on disposal of assets .....	(30,302)
Net non-operating revenues (expenses) .....	<u>21,744,595</u>
Loss before other revenues expenses gains or losses .....	(5,878,104)
Capital grants and gifts .....	3,445,975
State capital improvement bond proceeds .....	4,959,719
Increase in net assets .....	<u>2,527,590</u>

**NET ASSETS**

Net assets - Beginning of Year .....	53,737,090
Net assets - End of Year .....	<u>\$ 56,264,680</u>

See Accompanying Notes to Financial Statements

**SOUTH CAROLINA STATE UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2009

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees .....	\$ 33,144,080
Federal grants and contracts .....	30,953,228
State Grants and contracts .....	10,724,748
Other Grants and contracts .....	(148,249)
Sales and services of education and other activities .....	2,546,833
Sales and services of auxiliary and enterprises .....	12,645,045
Other operating revenues .....	1,109,063
Payments to employees for salaries and benefits .....	(60,792,766)
Payments to suppliers .....	(30,440,880)
Payments for utilities .....	(3,505,396)
Payments to students for scholarships and fellowships .....	(15,409,286)
Inflows from Federal Family Education loans .....	39,743,321
Outflows from Federal Family Education loans .....	(39,716,834)
Loans issued to students .....	(428,819)
Collection of loans to students .....	143,894
Others .....	117,104
Net Cash Provided (Used) By Operating Activities .....	<u>(19,314,914)</u>

**CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES**

State appropriations .....	21,848,609
Federal Grants and contracts .....	806,860
Net Cash Provided (Used) by Non-Capital Financing Activities .....	<u>22,655,469</u>

**CASH FLOWS FROM CAPITAL DEBT AND RELATED FINANCING ACTIVITIES**

Proceeds from federal/donated capital projects .....	1,301,364
Purchases of capital assets .....	(18,052,474)
Proceeds from note .....	2,572,000
State Capital Bond Proceeds .....	4,959,719
Principal paid on capital debt and issuance costs .....	(2,019,403)
Principal paid on capital lease payable .....	(382,252)
Interest paid on capital related debt .....	(3,665,697)
Net Cash Provided (Used) by Capital Debt and Related Financing Activities .....	<u>(15,286,743)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments .....	2,514,805
Sale of investments .....	2,676
Net Cash Provided (Used) by Investing Activities .....	<u>2,517,481</u>

Net change in cash .....	(9,428,707)
Cash and cash equivalents - Beginning of the Year .....	46,954,366
<b>Cash and Cash Equivalents - End of the Year .....</b>	<b><u>\$ 37,525,659</u></b>

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:**

Operating income (loss) .....	\$ (27,622,699)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense .....	4,258,018
Loan Amortization expense .....	57,749
Changes in assets and liabilities:	
Accounts receivable, net .....	(1,158,238)
Grants and other receivables .....	(721,272)
Student loan receivable - net .....	(284,925)
Prepaid expenses .....	288,834
Accounts payable and accrued expenses .....	5,848,611
Compensated absences payable .....	296,528
Deferred revenue .....	(421,111)
Student deposits .....	(15,071)
Other .....	158,662
<b>Net Cash Provided (Used) by Operating Activities .....</b>	<b><u>\$ (19,314,914)</u></b>

**NON-CASH TRANSACTIONS**

Increase in fair value of investments .....	842,722
Assets acquired through donation .....	2,924,742

**RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES:**

Non-current Assets:	
Restricted cash and equivalents .....	37,525,659
<b>Total Cash and Cash Equivalents .....</b>	<b><u>\$ 37,525,659</u></b>

See Accompanying Notes to Financial Statements

**SOUTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2008**

**ASSETS**

Cash and cash equivalents - Note 7	\$ 991,602
Investments - Note 3	839,580
Accounts receivable	16,189
Unconditional promises to give - Note 2	182,247
Interest receivable	33,019
Cash value of life insurance	3,187
Investments restricted for long term purposes - Notes 3 & 6	75,126
Endowment investments - Note 3	3,224,000
Endowment unconditional promises to give - Note 2	326,474
Art collections - Note 4	224,015
Land - Note 4	<u>23,700</u>
 Total assets	 <u><u>\$ 5,939,139</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable - Note 5	\$ 40,156
Payroll taxes payable	144
Due to South Carolina State University - Note 5	<u>26,977</u>
 Total liabilities	 <u>67,277</u>
Net assets:	
Unrestricted	(750,602)
Temporarily restricted	3,048,290
Permanently restricted	<u>3,574,174</u>
 Total net assets	 <u>5,871,862</u>
 Total liabilities and net assets	 <u><u>\$ 5,939,139</u></u>

**SOUTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Public Support, Revenues, and Reclassifications</b>				
Contributions	\$ 19,081	\$ 1,530,908	\$ 54,184	\$ 1,604,173
Investment income	(283)	(84,334)	-	(84,617)
Unrealized gains (losses)	(973,643)	-	-	(973,643)
Bad debt losses			(152,733)	(152,733)
Net assets released from restrictions:				
Satisfaction of purpose restrictions	966,663	(1,074,393)	107,730	-
Total public support, revenues, and reclassifications	<u>11,818</u>	<u>372,181</u>	<u>9,181</u>	<u>393,180</u>
<b>Expenses</b>				
Programs:				
Scholarships	284,585	-	-	284,585
Educational programs and development	641,241	-	-	641,241
Total programs	<u>925,826</u>	<u>-</u>	<u>-</u>	<u>925,826</u>
Administration	183,247	-	-	183,247
Fund-raising	21,416	-	-	21,416
Total expenses	<u>1,130,489</u>	<u>-</u>	<u>-</u>	<u>1,130,489</u>
Change in net assets	(1,118,671)	372,181	9,181	(737,309)
Net assets at beginning of year	<u>368,069</u>	<u>2,676,109</u>	<u>3,564,993</u>	<u>6,609,171</u>
Net assets at end of year	<u>\$ (750,602)</u>	<u>\$ 3,048,290</u>	<u>\$ 3,574,174</u>	<u>\$ 5,871,862</u>

The Accompanying Notes are an Integral Part of this Statement.

**SOUTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (737,309)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized (gains) losses on investments	973,643
Realized (gains) losses on investments	239,605
Donated investments and life insurance	(10,020)
Net change in cash value of life insurance	5,250
(Increase) decrease in accounts receivable	34,369
(Increase) decrease in interest receivable	(9,516)
(Increase) decrease in unconditional promises to give	392,110
Increase (decrease) in accounts payable	17,242
Increase (decrease) in payroll taxes payable	(1,705)
Contributions restricted for long-term purposes	<u>(236,570)</u>

**NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES** 667,099

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of investments	1,852,981
Purchases of investments	<u>(2,598,911)</u>

**NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES** (745,930)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net increase (decrease) in due to SCSU	(26,464)
Collections of permanently restricted contributions	<u>236,570</u>

**NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES** 210,106

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 131,275

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** 860,327

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 991,602

**SOUTH CAROLINA STATE UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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, 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.'s 116 and 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 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's investment in securities and donated negotiable assets are stated at market value. Investment income is reported net of investment fees and service charges.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### 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.

### 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.

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

### Deferred Revenues

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

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### **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 and Expenses**

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

*Operating revenues and expenses:* Operating revenues generally result from exchange transactions to provide goods or services related to the University's principal on-going operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. Operating expenses include all expenses transactions incurred other than those related to investing capital or non-capital financing activities.

*Non-operating revenues and expenses:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue, or restricted by the grantor to be used exclusively for capital purposes. Non-operating expenses include interest paid on capital asset related debt, losses on disposal of capital assets, and refunds to grantor.

### **Sales and Services of Educational Departments and Other Activities**

Revenues from sales and services of educational departments and other activities generally consist of amounts received from 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, Brooks Health Center, 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures and affect disclosure of contingent assets and liabilities 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. These amounts are not authorized for expenditure.

## 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:

### Statement of Net Assets

	South Carolina State Univ.	South Carolina State Univ. Foundation, Inc.
Cash and cash equivalents (current)	\$ -	\$ 991,602
Restricted cash and cash equivalents:	-	-
Loan funds	260,914	-
Debt service	2,962,952	-
Cash for capital project	33,487,251	-
Endowment	814,542	-
Restricted cash and cash equivalents	<u>37,525,659</u>	<u>-</u>
Investments:		
Investments	99,557	839,580
Endowment Investments	-	3,224,000
Restricted Investments	-	75,126
Investments	<u>99,557</u>	<u>4,138,706</u>
<b>Total</b>	<u>\$ 37,625,216</u>	<u>\$ 5,130,308</u>

### 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 it. For deposits held by the State Treasurer, State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

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

### 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 entities name, or collateralized with securities held by the pledging financial institution's Trust Department or Agent in the entity's name.

At June 30, 2009, The University had investments and maturities as shown below:

Investment Type	Fair Value	Maturity
Common Stock	\$ 3,657	
Series 1984 Agricultural College Stock	95,900	2035
	<u>\$ 99,557</u>	

## NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

### 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 percent 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. The University does not have a formal policy for handling investment custodial risk.

### Investments-Non Governmental Discretely Presented Component Units

*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 total.

At December 31, 2008, South Carolina State University Foundation, Inc.'s investments are as follows:

Investments carried at fair value	Cost	Fair Value
Equity Funds and individual securities	\$ 2,163,538	\$ 1,684,614
Fixed income funds and individual debt securities	2,497,976	2,454,092
Total investments carried at fair value	<u>\$ 4,661,514</u>	<u>\$ 4,138,706</u>

## NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2009, are summarized as follows:

Tuition and fees	\$ 2,683,401
Less allowance for doubtful accounts	(1,267,526)
Auxiliary enterprises	1,231,045
Less allowance for doubtful accounts	<u>(209,428)</u>
Net accounts receivable	<u>\$ 2,437,492</u>

The amounts shown above are reported at gross with all discounts and allowances disclosed.

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, 2009, the allowance for uncollectible student accounts is valued at \$1,476,954.

#### NOTE 4 - LOANS RECEIVABLE

Loans receivable at June 30, 2009 consist of the following:

Perkins Loan Program	\$ 2,044,042
African American Loan Fund	1,177,862
Education Improvement Act	1,513,293
Less allowance for doubtful accounts	(437,031)
Net Loans Receivable	<u>\$ 4,298,166</u>

#### NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 is summarized as follows:

	Beginning Balance July 1, 2008	Increases	Decreases	Ending Balance June 30, 2009
Capital assets not being depreciated:				
Land	\$ 2,573,180	\$ -	\$ -	\$ 2,573,180
Construction in-progress	6,406,806	15,330,264	-	21,737,070
Total capital assets not being depreciated	<u>8,979,986</u>	<u>15,330,264</u>	<u>-</u>	<u>24,310,250</u>
Other capital assets:				
Land Improvements	2,207,145	-	-	2,207,145
Buildings and improvements	111,659,721	2,610,460	-	114,270,181
Machinery, equipment, and other	10,016,893	3,135,970	(3,769,985)	9,382,878
Vehicles	1,840,924	12,175	(485,999)	1,367,100
Total other capital assets at historical cost	<u>125,724,683</u>	<u>5,758,605</u>	<u>(4,255,984)</u>	<u>127,227,304</u>
Less accumulated depreciation for:				
Land Improvements	(52,181)	(86,618)	-	(138,799)
Buildings	(40,402,012)	(2,716,587)	-	(43,118,599)
Machinery, equipment, and other	(5,973,722)	(1,265,014)	3,739,683	(3,499,053)
Vehicles	(999,789)	(189,799)	485,999	(703,589)
Total accumulated depreciation	<u>(47,427,704)</u>	<u>(4,258,018)</u>	<u>4,225,682</u>	<u>(47,460,040)</u>
Other capital assets, net of accumulated depreciation	<u>78,296,979</u>	<u>1,500,587</u>	<u>(30,302)</u>	<u>79,767,264</u>
Capital assets, net of accumulated depreciation	<u>\$ 87,276,965</u>	<u>\$ 16,830,851</u>	<u>\$ (30,302)</u>	<u>\$ 104,077,514</u>

## 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, 2006, employees participating in the SCRS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2008, the employer contribution rate became 12.74 percent which included a 3.50 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 ended June 30, 2009, 2008, and 2007, were approximately \$3,068,283, \$2,893,062 and \$2,283,135, respectively, and equaled the required contributions of 9.24 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately \$49,810 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, 2008, the employer contribution rate became 14.15 percent which, as for the SCRS, included the 3.50 percent surcharge. The University's actual contributions to the PORS for the years ended June 30, 2009, 2008 and 2007 were approximately \$80,407, \$81,093, and \$76,023, respectively, and equaled the required contributions of 10.65 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately \$1,510 and accidental death insurance contributions of approximately \$1,510 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, 9.24 percent plus the retiree surcharge of 3.5 percent from the employer in fiscal year 2009.

Certain employees of the University have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were approximately \$778,537 (excluding the surcharge) from the University as employer and approximately \$547,672 from its employees as plan members. 7.74 percent of the total contributions was remitted to the Retirement Division of the State Budget and Control Board. The balance was remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Also, the University paid employer group-life insurance contributions of approximately \$12,639 in the current fiscal year at the rate of .15 percent of compensation.

## **NOTE 6 - PENSION PLAN - CONTINUED**

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

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

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

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

## **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, 2009.

The University recorded compensation and benefit expenses for these insurance benefits for active employees in the amount of approximately \$3,187,057 for the year ended June 30, 2009. As discussed in Note 6, the University paid approximately \$1,483,553 applicable to the 3.5 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.

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

The University had outstanding commitments under construction contracts of approximately \$12,532,232 on projects that will be capitalized, and \$398,029 which will not be capitalized at June 30, 2009. The University anticipates funding these projects out of current resources, private gifts, student fees, State capital improvement bond proceeds, and debt 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 \$5,833,277 of un-drawn 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 and 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, 2009 the maximum liability was \$2,962,952. As of June 30, 2009 total charges of \$125,485 have been made against the Escrow Account pursuant to the default of another borrower in the HBCU Capital Finance Program.

## NOTE 9 - LEASE OBLIGATIONS

The University acquired copying equipment under capital lease which commenced on June 8, 2007. The economic substance of the lease is that the University is financing the acquisition of the assets through the lease and, accordingly, it is recorded in the University's assets and liabilities.

Future minimum payments required under capital lease together with their aggregate present values as of June 30, 2009 are as follows:

Amortization of assets held under capital lease is included with depreciation expense. Equipment purchased through capital lease financing during the year ended June 30, 2008 was \$1,963,020. No new capital leases were entered into for fiscal year 2009. At June 30, 2009, the leased equipment is carried at a cost of \$1,963,020 with accumulated depreciation of \$785,212.

Total rental payments under operating leases were approximately \$190,614 for fiscal year 2009.

Year Ending June 30, 2009	Capital Leases
2010	\$ 420,086
2011	420,086
2012	420,086
Total Minimum Lease Payments	1,260,258
Less: Interest	51,915
Principal Outstanding	<u>\$ 1,208,343</u>
Current	\$ 392,338
Noncurrent	816,005
	<u>\$ 1,208,343</u>

## NOTE 10 – BONDS AND NOTES PAYABLE

Bonds and Notes Payable consisted of the following at June 30, 2009:

	Interest Rates	Maturity Dates	Balance
Stadium Improvement Revenue Bonds, Series 1993A	5.15- 5.5%	2006-2013	\$ 865,000
State Institution Bonds, Series 2003G Bonds Series 2006D	3.0 - 5.0%	2006-2023	3,175,000
	4.00-5.0%	2007-2027	<u>30,660,000</u>
Total Bonds Payable			<u>34,700,000</u>
Note Payable Part 1 Commerce Capital	3.679%	2005-2012	1,327,817
Note Payable Part 2 Commerce Capital	5.830%	2005-2035	36,813,552
Note Payable Bank of America Note 1	3.888%	2007-2017	576,553
Note Payable Bank of America Note 2	3.888%	2007-2017	371,580
Note Payable Bank of America Note 3	3.613%	2009-2018	866,569
Note Payable Bank of America Note 4	5.079%	2009-2019	<u>1,647,000</u>
Total Notes Payable			<u>41,603,071</u>
Total Bonds and Notes Payable			<u>76,303,071</u>
Current			<u>2,262,267</u>
Non-Current			<u>\$ 74,040,804</u>

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.

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 stadium improvement revenue bonds are subject to redemption prior to their maturity, at the option of the University, on or after January 1, 2006, 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.

Scheduled amounts including interest required to complete payment of the stadium improvement revenue bonds as of June 30, 2009 are as follows:

Year Ending June 30	Principal	Interest	Totals
2010	\$ 200,000	\$ 46,855	\$ 246,855
2011	210,000	36,255	246,255
2012	220,000	24,915	244,915
2013	235,000	12,925	247,925
Totals	<u>\$ 865,000</u>	<u>\$ 120,950</u>	<u>\$ 985,950</u>

## NOTE 10 - BONDS AND NOTES PAYABLE CONTINUED

The State of South Carolina (the 'State'), on behalf of the University, issued \$32,875,000 of General Obligation State Institution Bonds, Series 2006D in November 2006. The proceeds of the Bonds will be used for various capital improvements to the University's facilities. The Bonds mature serially each October beginning in 2007 with final maturity in 2026. Bonds maturing on or after October 2017 may be redeemed by the State in any order determined by the State after that date, at par plus accrued interest. Interest is payable each April and October 1, beginning in 2007 at rates from 4.00% to 5.00%. The Bonds are secured by the full faith, credit and taxing power of the State and the tuition fee revenues of the University.

The State Institution Bonds Series, 2003G are also secured by the full faith, credit and taxing power of the State and the tuition fee revenues. The Bonds mature serially and after June 1, 2014 are subject to redemption in whole or if in part on June 1, 2013 and all subsequent payment dates in inverse chronological order of maturity, at the option of the State of South Carolina, at the following redemption prices: June 1, 2013 and December 1, 2013 at 101 percent; June 1, 2014 and thereafter at par. Interest is payable semi-annually at rates from 3.00% to 5.00%.

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 90 percent of sums received from tuition and fees for the preceding fiscal year. Tuition fee revenue for June 30, 2008 was \$2,767,974, which results in a legal debt limit of \$2,491,177. The University's maximum annual debt service requirement of \$2,723,762 will occur during the fiscal year ending June 30, 2010. The tuition fee revenue for June 30, 2009 was \$3,079,616 which results in a legal debt limit of \$2,771,654. The University will adjust tuition fees in subsequent years to cover the debt requirement.

Scheduled amounts including interest required to complete payment of the State Institution bonds as of June 30, 2009 are as follows:

### Series 2003G AND 2006D

	Principal	Interest	Total
2010	\$ 1,305,000	\$ 1,418,762	\$ 2,723,762
2011	1,355,000	1,364,450	2,719,450
2012	1,405,000	1,309,668	2,714,668
2013	1,460,000	1,254,269	2,714,269
2014	1,515,000	1,193,419	2,708,419
2015-2019	8,570,000	4,854,144	13,424,144
2020-2024	10,605,000	2,797,449	13,402,449
2025-2027	7,620,000	495,553	8,115,553
Totals	<u>\$ 33,835,000</u>	<u>\$ 14,687,714</u>	<u>\$ 48,522,714</u>

The University reported principal retirements and interest expense related to the bonds payable for the year ended June 30, 2009 as follows:

Bond And Note	Principal	Interest
Student and Faculty Housing Revenue Note	\$ 411,434	\$ 52,314
Student and Faculty Housing Revenue Note	-	1,887,424
Stadium Improvement Revenue Bonds	190,000	43,125
State Institution Bonds	155,000	118,919
State Institution Bonds	1,105,000	1,228,524
Equipment Acquisition Note 1	60,473	24,764
Equipment Acquisition Note 2	39,065	15,750
Equipment Acquisition Note 3	58,431	24,537
Capital Lease	382,252	37,834
	<u>\$ 2,401,655</u>	<u>\$ 3,433,191</u>

In fiscal year 2006, 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 \$2,480,000 and to provide funds for construction of a 750 bed student housing facility. The funds for this loan will be provided from the proceeds of two tax-exempt bonds issues made by the lender. 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.

## NOTE 10 - BONDS AND NOTES PAYABLE CONTINUED

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 \$1,431,416 beginning in 2009 and ending in 2035. Repayments of principal and interest of the two parts is based on the amortization of the two underlying tax-exempt bonds issued by the lender. Accordingly the schedules of future maturities disclosed below estimate the payments of principal and interest necessary to provide for the retirement of the underlying tax-exempt bonds as they come due. 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 of 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 to 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, 2009.

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 as well as debt service coverage with net operating revenues. The University failed to meet these covenants during the year ended June 30, 2009. However, the lender has granted a waiver for some of these violations but not others. Management is in process of obtaining a waiver of the other violations.

Scheduled amounts including interest required to complete payment of housing note as of June 30, 2009.

Part 1		Principal	Interest	Totals
	2010	\$ 426,668	\$ 44,862	\$ 471,530
	2011	442,373	29,157	471,530
	2012	458,776	12,755	471,531
	Totals	<u>\$ 1,327,817</u>	<u>\$ 86,774</u>	<u>\$ 1,414,591</u>
Part 2		Principal	Interest	Totals
	2010	\$ -	\$ 1,974,851	\$ 1,974,851
	2011	-	1,980,276	1,980,276
	2012	-	1,985,702	1,985,702
	2013	106,202	2,756,630	2,862,832
	2014	450,973	2,411,859	2,862,832
	2015-2019	5,416,206	8,897,955	14,314,161
	2020-2024	7,087,070	7,227,091	14,314,161
	2025-2029	9,160,729	5,153,431	14,314,160
	2030-2034	11,837,603	2,484,558	14,322,161
	2035	2,754,769	108,141	2,862,910
	Totals	<u>\$ 36,813,552</u>	<u>\$ 34,980,494</u>	<u>\$ 71,794,046</u>

## NOTE 10 – BONDS AND NOTES PAYABLE – CONTINUED

The University issued two notes payable in 2007 in order to acquire certain equipment. The first note requires annual payments of \$85,237 beginning in March 2008 with the last payment due in March 2017. The payments include interest imputed at 3.8875%, as stated in the contract. The funds from the note have been deposited into an acquisition fund pending delivery and installation of the equipment. The cost and fair value of the equipment is expected to be \$695,236. The second note requires annual payments of \$54,816 beginning in May 2008 with the last payment due in May 2017. The payments included interest imputed at 3.8875%, as stated in the contract. The funds from the lease have been deposited into an acquisition fund pending delivery and installation of the equipment. The cost and fair value of the equipment is expected to be \$448,268. The acquisition funds are included in restricted cash.

During fiscal year 2009, the University issued two additional notes payable in order to acquire certain equipment. The note in the amount of \$925,000 was issued on September 25, 2008 which requires an annual payment of \$110,624 beginning in December 2008 with the last payment due September 2018. The payment includes interest imputed at 3.6125% as stated in the contract. The other note in the amount of \$1,647,000 was issued on June 24, 2009 which requires an annual payment of \$211,074 beginning in September, 2009 with the last payment due in June 2019. The payment includes interest imputed at 5.079% as stated in the contract.

Note 1		Principal	Interest	Totals
	2010	\$ 73,177	\$ 12,060	\$ 85,237
	2011	62,823	22,414	85,237
	2012	65,266	19,971	85,237
	2013	67,803	17,434	85,237
	2014	70,439	14,798	85,237
	2015-2017	237,045	18,665	255,711
	Totals	<u>\$ 576,553</u>	<u>\$ 105,342</u>	<u>\$ 681,896</u>

Note 2		Principal	Interest	Totals
	2010	\$ 47,154	\$ 7,661	\$ 54,815
	2011	40,564	14,252	54,816
	2012	42,120	12,696	54,816
	2013	43,735	11,081	54,816
	2014	45,412	9,403	54,815
	2015-2017	152,595	11,852	164,447
	Totals	<u>\$ 371,580</u>	<u>\$ 66,945</u>	<u>\$ 438,525</u>

Note 3		Principal	Interest	Totals
	2010	\$ 80,400	\$ 30,224	\$ 110,624
	2011	83,344	27,280	110,624
	2012	86,396	24,228	110,624
	2013	89,560	21,064	110,624
	2014	92,839	17,785	110,624
	2015-2019	434,030	36,124	470,153
	Totals	<u>\$ 866,569</u>	<u>\$ 156,705</u>	<u>\$ 1,023,273</u>

Note 4		Principal	Interest	Totals
	2010	\$ 129,868	\$ 81,206	\$ 211,074
	2011	136,590	74,483	211,073
	2012	143,662	67,413	211,075
	2013	151,099	59,976	211,075
	2014	158,920	52,153	211,073
	2015-2019	926,861	128,509	1,055,370
	Totals	<u>\$ 1,647,000</u>	<u>\$ 463,740</u>	<u>\$ 2,110,740</u>

## NOTE 11- LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009 was as follows:

	June 30, 2008	Additions	Reductions	June 30, 2009	Due within One year
Accrued compensated absences and related benefits	\$ 3,967,844	\$ 1,777,845	\$ 1,481,317	\$ 4,264,372	\$ 1,204,135
Revenue bonds payable	1,055,000	-	190,000	865,000	200,000
State institutional bond payable	35,095,000	-	1,260,000	33,835,000	1,305,000
Notes payable	39,600,474	2,572,000	569,403	41,603,071	757,267
Capital lease	1,590,595	-	382,252	1,208,343	392,338
	<u>\$ 81,308,913</u>	<u>\$ 4,349,845</u>	<u>\$ 3,882,972</u>	<u>\$ 81,775,786</u>	<u>\$ 3,858,740</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, the South Carolina State Alumni Association and the University's Real Estate Foundation. 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 \$26,977 due from the Foundation for reimbursement of various personnel and other costs.

Various financial activities occurred between the University and the Foundation. A summary of transactions for the year ended June 30, 2009 follows:

Scholarships were awarded by the University and funded by the Foundation. \$57,396

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. \$136,673

The Foundation and the S.T.A.T.E. Club purchased football tickets from the University that is recorded as ticket sales.

\$89,862

The Foundation donated the Pro Star Video Display Electronic Scoreboard for the football stadium.

\$314,282

## 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 (IRP), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities: Theft, damage to, or destruction of assets; Real property, its contents, and other equipment; Motor vehicles and watercraft; Torts; Business interruptions; Natural disaster; and Medical malpractice claims against covered employees. The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

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

## NOTE 15 - STATE APPROPRIATIONS AND CONTRACTS

The following are the appropriations as enacted by the General Assembly and reported in the financial statements for the year ended June 30, 2009:

### Current years appropriations for South Carolina State University:

Original appropriations per Annual Appropriation Act	\$ 16,451,095
Felton Lab	535,534
Transportation Center Match	870,977

### State Appropriations:

State Health & Employer	207,531
From State Dept of Education for Felton Lab	135,178

### Supplemental Appropriations:

CHE-Nursing Initiative Program	2,502
S.C. Bridge Program	250,000

### Total H24 State Appropriations for South Carolina State University

\$ 18,452,817

### PSA FY-07-08 Appropriations:

Original Appropriations Act	3,019,395
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### PSA Supplemental:

PSA Pay Plan Allocation-Health Insurance	6,369
Supplemental P21-1890 Funds	370,028

### Total P21 Appropriations FY2008-2009

\$ 3,395,792

### Total non-capital appropriations recorded as current

\$ 21,848,609

### Received from CHE:

HOPE Scholarships	\$ 207,200
Life Scholarships	2,224,694
Palmetto Scholarships	20,550
Teaching Fellows	45,600
Need Based Grants	1,845,041
Access & Equity	89,606
Excellence Enhancement	587,500
Minority Teacher Recruitment	366,589
African American Teacher Loans	118,548
Lottery Funds	3,126,364
SCAMP	243,211
SCHOOL OF Business	312,504
S. C. National Guard CAP	232,570
JEC TRANSPORTATION CENTER	312,504

### Received from other agencies:

Department of Education	747,063
Midland Center	155,909
Department of Transportation	19,690
Other	464,630

### Total

\$ 11,119,773

## NOTE 16 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2009 are summarized as follows:

	<b>Compensation and Employee Benefits</b>	<b>Service and supplies</b>	<b>Utilities</b>	<b>Scholarships and Fellowships</b>	<b>Depreciation</b>	<b>Grand Total</b>
Instruction	\$ 26,378,890	\$ 5,595,565	\$ -	\$ -	\$ -	\$ 31,974,455
Research	5,089,483	3,251,647	-	-	-	8,341,130
Public Service	3,204,955	1,415,668	-	-	-	4,620,623
Academic Support	4,920,534	3,398,155	-	-	-	8,318,689
Student Services	8,268,625	3,925,499	-	-	-	12,194,124
Operations and Maintenance	1,283,860	1,649,494	2,027,198	-	-	4,960,552
Institutional Support	10,303,153	4,137,512	-	-	-	14,440,665
Scholarships	-	-	-	15,409,287	-	15,409,287
Auxiliaries Enterprises	1,816,202	13,028,376	1,478,198	-	-	16,322,776
Depreciation and Amortization	-	-	-	-	4,315,767	4,315,767
<b>Total Operating Expenses</b>	<b>\$ 61,265,702</b>	<b>\$ 36,401,916</b>	<b>\$ 3,505,396</b>	<b>\$ 15,409,287</b>	<b>\$ 4,315,767</b>	<b>\$ 120,898,068</b>

## NOTE 17 - STATEMENT OF ACTIVITIES

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

	<b>FY 2009</b>	<b>FY 2008</b>	<b>Increase / Decrease</b>
Charges for services	\$ 92,166,306	\$ 86,342,740	\$ 5,823,566
Operating grants, contributions and investment income	4,468,542	4,601,280	(132,738)
Capital operating grants and contributions	3,445,975	1,471,028	1,974,947
Less expenses	(124,361,561)	(126,822,841)	2,461,280
Net program revenue (expenses)	(24,280,738)	(34,407,793)	10,127,055
Transfers:			
State appropriations	21,848,609	31,677,606	(9,828,997)
Capital improvement bond proceeds	4,959,719	1,356,237	3,603,482
Total transfers:	26,808,328	33,033,843	(6,225,515)
Change in net assets	2,527,590	(1,373,950)	3,901,540
Net assets-beginning	53,737,090	55,111,040	(1,373,950)
<b>Net assets-ending</b>	<b>\$ 56,264,680</b>	<b>\$ 53,737,090</b>	<b>\$ 2,527,590</b>

## **NOTE 18 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

### **a. Plan Description**

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

### **b. Funding Policies**

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.5% and 3.42% of annual covered payroll for 2009 and 2008, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. “Agency” paid approximately \$1,453,433 and \$1,092,083 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2009 and 2007, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2009.

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

# South Carolina State University Comprehensive Annual Financial Report



## Statistical Section

# Statistical Section

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

<b>CONTENTS</b>	<b>Page</b>
<b>Revenue Capacity Data</b> These schedules help the reader determine the main source of the University's generated revenue from student tuition and fees.	<b>45</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.	<b>45-48</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.	<b>49-56</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the Environment within which the University's and the State's financial activities take place	<b>57-59</b>

## South Carolina State University Schedule of Revenues By Source

	For the Year Ended June 30,							
	(amounts expressed in thousands)							
	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>								
<b>Operating Revenues:</b>								
Student Tuition and Fees (net of scholarship allowance)	\$ 34,502	\$ 31,714	\$ 28,602	\$ 24,965	\$ 24,380	\$ 19,793	\$ 17,052	\$ 15,347
Federal Grants and Contracts	31,702	29,779	14,408	26,590	25,535	22,440	21,886	20,541
State Grants and Contracts	11,119	9,212	8,129	5,329	7,141	3,980	3,236	2,598
Local Grants and Contracts	-	-	-	-	-	-	-	1
Non-Government Grants and Contracts	230	94	48	362	154	95	45	27
Sales and Services of Educational and Other Activities	2,547	2,436	1,779	398	485	456	323	352
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	12,066	10,615	9,120	9,680	10,758	8,492	4,046	6,994
Other Operating Revenue	1,109	3,442	5,520	3,664	3,021	1,864	1,661	1,059
<b>Total Operating Revenue</b>	<b>93,275</b>	<b>87,292</b>	<b>67,606</b>	<b>70,988</b>	<b>71,474</b>	<b>57,120</b>	<b>48,249</b>	<b>46,919</b>
<b>Non-Operating Revenues:</b>								
State Appropriations	21,849	31,678	27,248	27,216	23,170	22,576	24,642	27,562
Gifts, Grants and Contracts	807	834	14,173	4,318	5,365	453	375	291
Interest Income	2,552	2,194	1,263	341	262	76	539	260
Other Non-Operating Revenue	8,406	3,451	2,500	119	233	5,679	5,556	1,141
<b>Total Non-Operating Revenue</b>	<b>33,614</b>	<b>38,157</b>	<b>45,184</b>	<b>31,994</b>	<b>29,030</b>	<b>28,784</b>	<b>31,112</b>	<b>29,254</b>
<b>Total Revenues</b>	<b>\$ 126,889</b>	<b>\$ 125,449</b>	<b>\$ 112,790</b>	<b>\$ 102,982</b>	<b>\$ 100,504</b>	<b>\$ 85,904</b>	<b>\$ 79,361</b>	<b>\$ 76,173</b>

### Schedule of Revenue by Source %

	For the Year Ended June 30,							
	(percent of total revenue)							
	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>								
<b>Operating Revenues:</b>								
Student Tuition and Fees (net of scholarship allowance)	27.19%	25.28%	25.36%	24.26%	24.26%	23.04%	21.49%	20.15%
Federal Grants and Contracts	24.98%	23.74%	12.77%	25.41%	25.41%	26.12%	27.58%	26.97%
State Grants and Contracts	8.76%	7.34%	7.21%	7.11%	7.11%	4.63%	4.08%	3.41%
Local Grants and Contracts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Government Grants and Contracts	0.18%	0.07%	0.04%	0.15%	0.15%	0.11%	0.06%	0.04%
Sales and Services of Educational and Other Activities	2.01%	1.94%	1.58%	0.48%	0.48%	0.53%	0.41%	0.46%
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	9.51%	8.46%	8.09%	10.70%	10.70%	9.89%	5.10%	9.18%
Other Operating Revenue	0.87%	2.74%	4.89%	3.01%	3.01%	2.17%	2.09%	1.39%
<b>Total Operating Revenue</b>	<b>73.51%</b>	<b>69.58%</b>	<b>59.94%</b>	<b>71.12%</b>	<b>71.12%</b>	<b>66.49%</b>	<b>60.80%</b>	<b>61.60%</b>
<b>Non-Operating Revenues:</b>								
State Appropriations	17.22%	25.25%	24.16%	23.05%	23.05%	26.28%	31.05%	36.18%
Gifts, Grants and Contracts	0.64%	0.66%	12.57%	5.34%	5.34%	0.53%	0.47%	0.38%
Interest Income	2.01%	1.75%	1.12%	0.26%	0.26%	0.09%	0.68%	0.34%
Other Non-Operating Revenue	6.62%	2.75%	2.22%	0.23%	0.23%	6.61%	7.00%	1.50%
<b>Total Non-Operating Revenue</b>	<b>26.49%</b>	<b>30.42%</b>	<b>40.06%</b>	<b>28.88%</b>	<b>28.88%</b>	<b>33.51%</b>	<b>39.20%</b>	<b>38.40%</b>
<b>Total Revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: The Audited Financial Statement of SC State University For The Years Ended June 30, 2009 - 2002.

**South Carolina State University**  
**Schedule of Expenses by Use**

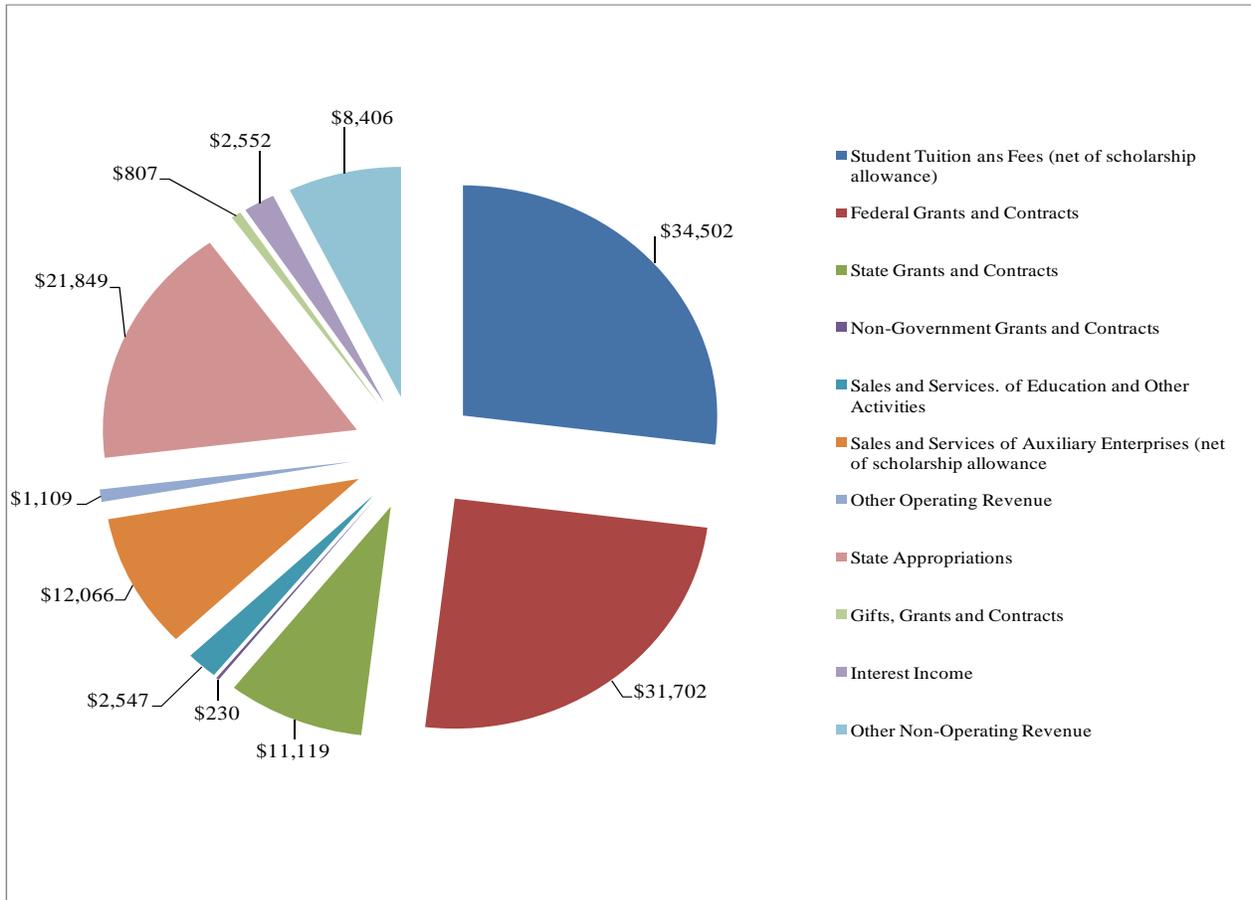
	<b>For the Year Ended June 30,</b>							
	<b>(amounts expressed in thousands)</b>							
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Expenses:</b>								
<b>Operating Expenses:</b>								
Compensation and Employee Benefits	\$ 61,266	\$ 61,554	\$ 54,804	\$ 52,514	\$ 48,571	\$ 44,877	\$ 46,243	\$ 48,627
Service and Supplies	36,402	42,250	39,481	32,965	33,447	22,469	16,332	18,892
Utilities	3,505	3,626	3,893	3,943	3,026	2,308	2,370	1,844
Depreciation and Amortization	4,316	3,085	2,516	1,748	1,920	1,795	1,801	1,902
Scholarships and Fellowship	15,409	11,818	10,929	9,252	8,478	8,967	9,182	7,768
<b>Total Operating Expenses</b>	<b>\$ 120,898</b>	<b>\$ 122,333</b>	<b>\$ 111,623</b>	<b>\$ 100,422</b>	<b>\$ 95,442</b>	<b>\$ 80,416</b>	<b>\$ 75,928</b>	<b>\$ 79,033</b>
<b>Non_Operating Expenses:</b>								
Interest and Other	\$ 3,463	\$ 4,490	2,160	530	604	436	333	334
<b>Total Non-Operating Expenses</b>	<b>3,463</b>	<b>4,490</b>	<b>2,160</b>	<b>530</b>	<b>604</b>	<b>436</b>	<b>333</b>	<b>334</b>
<b>Total Expenses</b>	<b>\$ 124,361</b>	<b>\$ 126,823</b>	<b>\$ 113,783</b>	<b>\$ 100,952</b>	<b>\$ 96,046</b>	<b>\$ 80,852</b>	<b>\$ 76,261</b>	<b>\$ 79,367</b>

**Schedule of Expenses by Use %**

	<b>For the Year Ended June 30,</b>							
	<b>(percent of total expenses)</b>							
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Expenses:</b>								
<b>Operating Expenses:</b>								
Compensation and Employee Benefits	49.26%	48.54%	48.17%	52.02%	50.57%	55.51%	60.64%	61.27%
Service and Supplies	29.27%	33.31%	34.70%	32.65%	34.82%	27.79%	21.42%	23.80%
Utilities	2.82%	2.86%	3.42%	3.91%	3.15%	2.85%	3.11%	2.32%
Depreciation	3.47%	2.43%	2.21%	1.73%	2.00%	2.22%	2.36%	2.40%
Scholarships and Fellowship	12.39%	9.32%	9.61%	9.16%	8.83%	11.09%	12.04%	9.79%
<b>Total Operating Expenses</b>	<b>97.22%</b>	<b>96.46%</b>	<b>98.10%</b>	<b>99.47%</b>	<b>99.37%</b>	<b>99.46%</b>	<b>99.56%</b>	<b>99.58%</b>
<b>Non_Operating Expenses:</b>								
Interest and Capital Asset Related Debt	2.78%	3.54%	1.90%	0.53%	0.63%	0.54%	0.44%	0.42%
<b>Total Non-Operating Expenses</b>	<b>2.78%</b>	<b>3.54%</b>	<b>1.90%</b>	<b>0.53%</b>	<b>0.63%</b>	<b>0.54%</b>	<b>0.44%</b>	<b>0.42%</b>
<b>Total Expenses</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

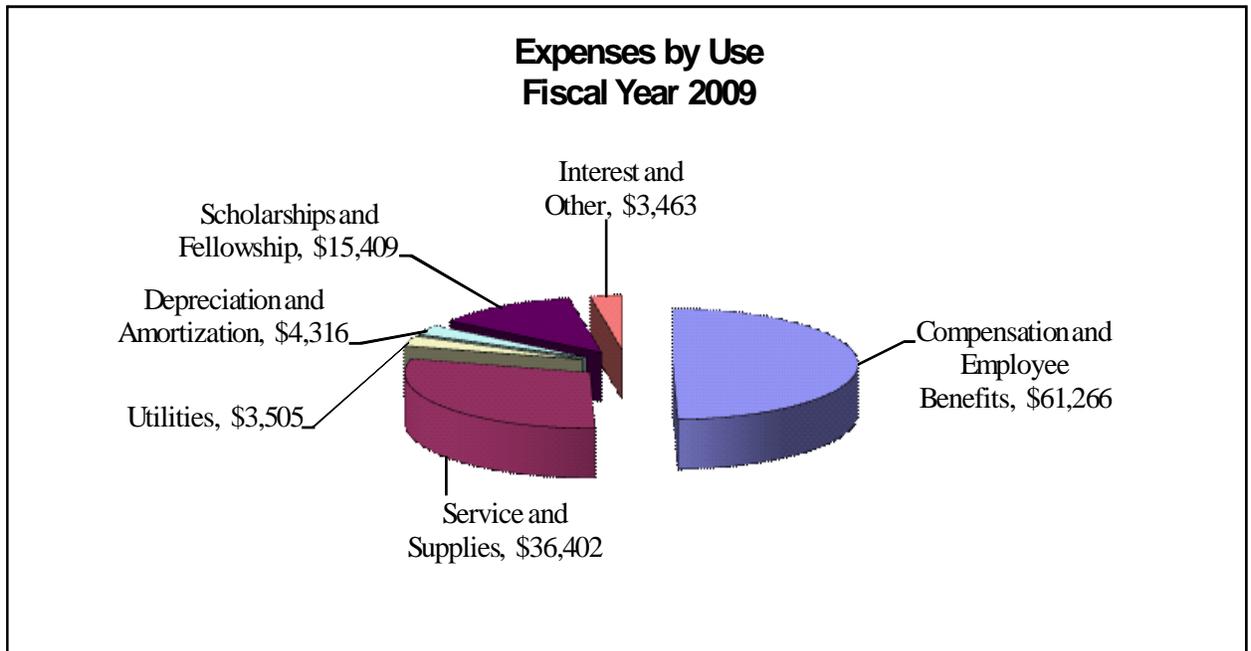
Source: South Carolina State University Financial Statement  
Statistical Update 2009 Revenue

## Revenue by Source Fiscal Year 2009



Amounts expressed in thousands

## Expenses by Use Fiscal Year 2009



Source: The Audited Financial Statements of South Carolina State University for the year ending June 30, 2009.

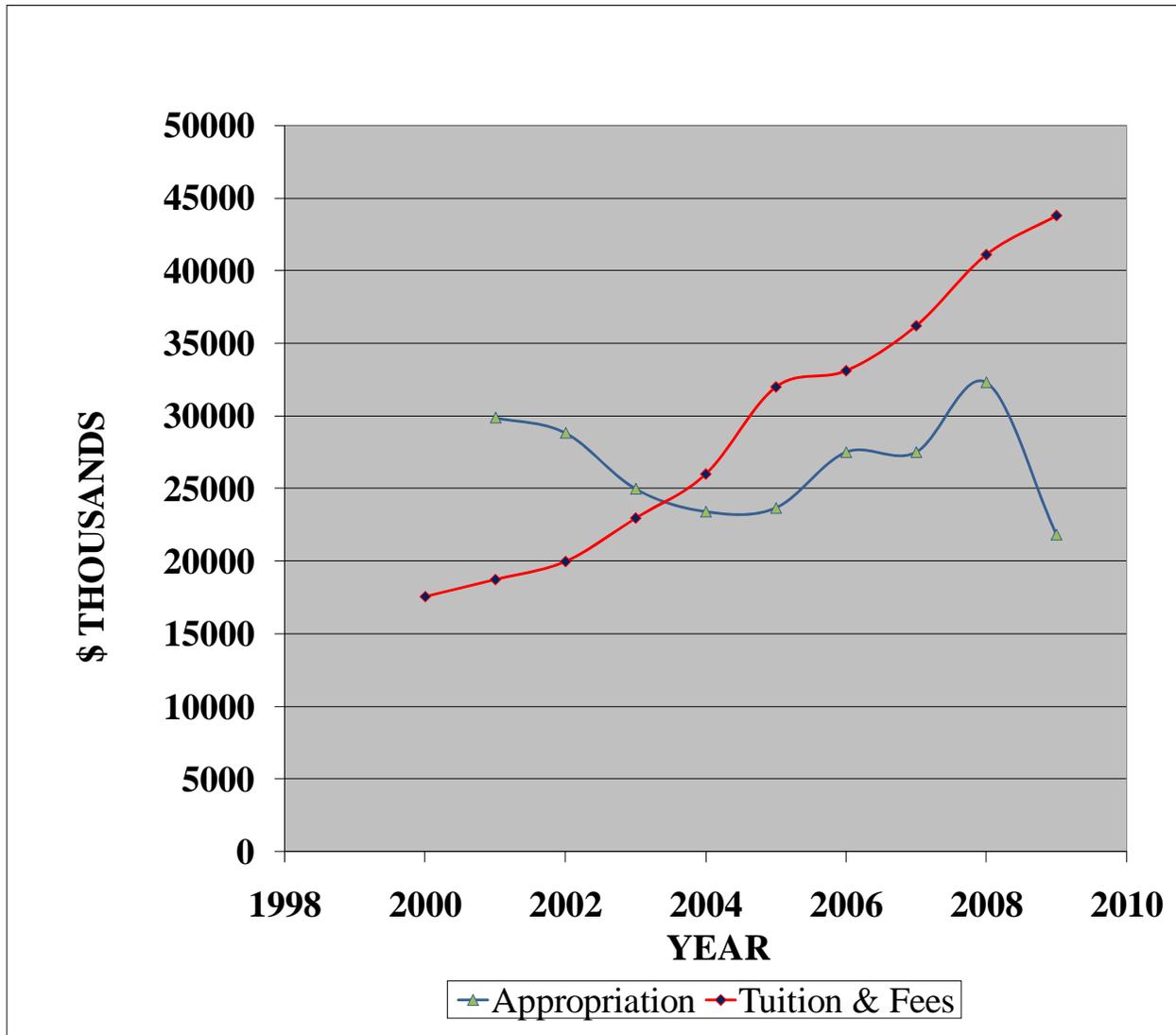
## South Carolina State University

### Schedule Of Net Assets And Changes In Net Assets

For the Year Ended June 30,  
(amounts expressed in thousands)

	2009	2008	2007	2006	2005	2004	2003	2002
Total revenues (from schedule of revenues by source)	\$ 126,889	\$ 125,449	\$ 112,790	\$ 102,982	\$ 100,504	\$ 85,904	\$ 79,361	\$ 76,173
Total expenses (from schedule of expenses by use and function)	<u>124,361</u>	<u>126,928</u>	<u>113,781</u>	<u>100,952</u>	<u>96,046</u>	<u>81,159</u>	<u>76,469</u>	<u>81,065</u>
Total changes in net assets	2,528	(1,479)	(991)	2,030	4,458	4,745	2,892	(4,892)
Net assets, beginning	<u>53,737</u>	<u>55,111</u>	<u>56,102</u>	<u>54,072</u>	<u>49,614</u>	<u>44,869</u>	<u>41,977</u>	<u>46,869</u>
Net assets, ending	\$ 56,265	\$ 53,632	\$ 55,111	\$ 56,102	\$ 54,072	\$ 49,614	\$ 44,869	\$ 41,977
Invested in capital assets, net of related debt	\$ 58,489	\$ 49,632	\$ 50,580	\$ 47,888	\$ 46,481	\$ 41,384	\$ 40,383	\$ 40,750
Restricted-expendable	2,604	2,676	2,572	2,128	2,248	2,595	2,896	1,957
Restricted-nonexpendable	914	980	901	868	783	440	437	438
Unrestricted	<u>(5,742)</u>	<u>344</u>	<u>1,058</u>	<u>5,218</u>	<u>4,560</u>	<u>5,195</u>	<u>1,153</u>	<u>(1,168)</u>
<b>Total</b>	\$ 56,265	\$ 53,632	\$ 55,111	\$ 56,102	\$ 54,072	\$ 49,614	\$ 44,869	\$ 41,977

# South Carolina State University State Appropriations and Gross Tuition Fees 1998-2009



Source: The Audited Financial Statements of South Carolina State University for the years ended June 30, 1998 through 2009.

## UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES

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

<b>Institution NonResident</b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>	<b><u>2001</u></b>	<b><u>2000</u></b>
<b>The Citadel</b>	\$21,031	\$19,291	\$17,487	\$15,918	\$14,518	\$13,410	\$11,538	\$10,402	\$9,426	\$8,993
<b>Coastal Carolina University</b>	\$18,090	\$16,590	\$16,190	\$15,100	\$14,150	\$12,870	\$11,760	\$10,680	\$9,810	\$9,280
<b>College of Charleston</b>	\$20,418	\$18,732	\$16,800	\$15,342	\$14,140	\$13,032	\$10,974	\$8,540	\$7,910	\$7,210
<b>Francis Marion University</b>	\$15,028	\$13,841	\$12,839	\$11,833	\$10,945	\$10,029	\$8,530	\$7,410	\$7,060	\$6,610
<b>Lander University</b>	\$15,840	\$14,616	\$13,538	\$13,608	\$12,034	\$11,050	\$9,648	\$8,520	\$7,776	\$6,660
<b>SC State University</b>	\$15,298	\$14,362	\$14,322	\$13,288	\$12,978	\$10,850	\$8,820	\$7,902	\$7,262	\$6,702
<b>USC Aiken</b>	\$14,896	\$13,922	\$13,250	\$12,270	\$11,264	\$10,224	\$9,084	\$8,264	\$8,084	\$7,844
<b>USC Beaufort</b>	\$14,576	\$13,912	\$12,756	\$12,130	\$11,060	\$10,112	\$7,328	\$5,730	\$5,452	\$5,198
<b>USC Upstate</b>	\$16,684	\$15,752	\$14,656	\$13,474	\$12,304	\$11,086	\$9,640	\$8,760	\$8,416	\$7,886
<b>Winthrop University</b>	\$20,710	\$19,034	\$17,564	\$16,150	\$14,410	\$122,580	\$10,310	\$8,756	\$7,680	\$7,434

### Undergraduate Tuition and Fees: NonResident 2009

## UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES

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

<b>Institution Resident</b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>	<b><u>2001</u></b>	<b><u>2000</u></b>
<b>The Citadel</b>	\$8,428	\$7,735	\$7,168	\$6,522	\$5,900	\$4,999	\$4,067	\$3,727	\$3,404	\$3,396
<b>Coastal Carolina University</b>	\$8,650	\$7,600	\$7,500	\$6,860	\$6,100	\$5,190	\$4,350	\$3,770	\$3,500	\$3,340
<b>College of Charleston</b>	\$8,400	\$7,778	\$7,234	\$6,668	\$6,202	\$5,770	\$4,858	\$3,780	\$3,630	\$3,520
<b>Francis Marion University</b>	\$7,632	\$7,038	\$6,512	\$5,984	\$5,540	\$5,082	\$4,340	\$3,790	\$3,600	\$3,350
<b>Lander University</b>	\$8,380	\$7,728	\$7,162	\$6,668	\$5,866	\$5,400	\$4,704	\$4,152	\$3,888	\$3,700
<b>SC State University</b>	\$7,806	\$7,318	\$7,278	\$6,480	\$6,170	\$5,570	\$4,898	\$4,240	\$3,724	\$3,410
<b>USC Aiken</b>	\$7,532	\$7,006	\$6,670	\$6,128	\$5,622	\$5,084	\$4,374	\$3,738	\$3,558	\$3,318
<b>USC Beaufort</b>	\$7,000	\$6,250	\$5,724	\$5,214	\$4,670	\$4,208	\$3,080	\$2,410	\$2,200	\$2,100
<b>USC Upstate</b>	\$8,342	\$7,760	\$7,218	\$6,636	\$6,060	\$5,460	\$4,748	\$4,058	\$3,624	\$3,360
<b>Winthrop University</b>	\$11,160	\$10,210	\$9,500	\$8,756	\$7,816	\$6,652	\$5,600	\$4,868	\$4,262	\$4,126

### Undergraduate Tuition and Fees: Resident 2009

Source: South Carolina Commission on Higher Education

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

(amounts in thousands)

**Revenue, Stadium, Housing, Notes and Bonds**

Last Nine Fiscal Years <sup>1</sup>

<b>Fiscal Year Ended June 30,</b>	<b>Defined Net Revenue Available for Debt Service</b>	<b>Total Revenue Available for Debt Service</b>	<b>Debt Service Principal</b>	<b>Payment Interest</b>	<b>Requirements Total</b>	<b>Coverage Total</b>
2009	\$ 3,015	\$ 3,015	\$ 759	\$ 2,048	\$ 2,807	1.07
2008	2,638	2,638	396	2,097	2,493	1.06
2007	1,785	1,785	562	821	1,383	1.29
2006	569	569	334	173	507	1.12
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	0.8
2001	976	976	355	347	702	1.39

**State Institutional Bonds**

Last Six Fiscal Years <sup>2</sup>

2009	\$ 3,080	\$ 3,080	\$ 1,260	\$ 1,459	\$ 2,719	1.13
2008	2,768	2,768	1,210	1,520	2,730	1.01
2007	2,446	2,446	140	1,076	1,216	2.01
2006	1,044	1,044	137	130	267	3.91
2005	879	879	130	144	274	3.21
2004	729	729	120	149	269	2.71

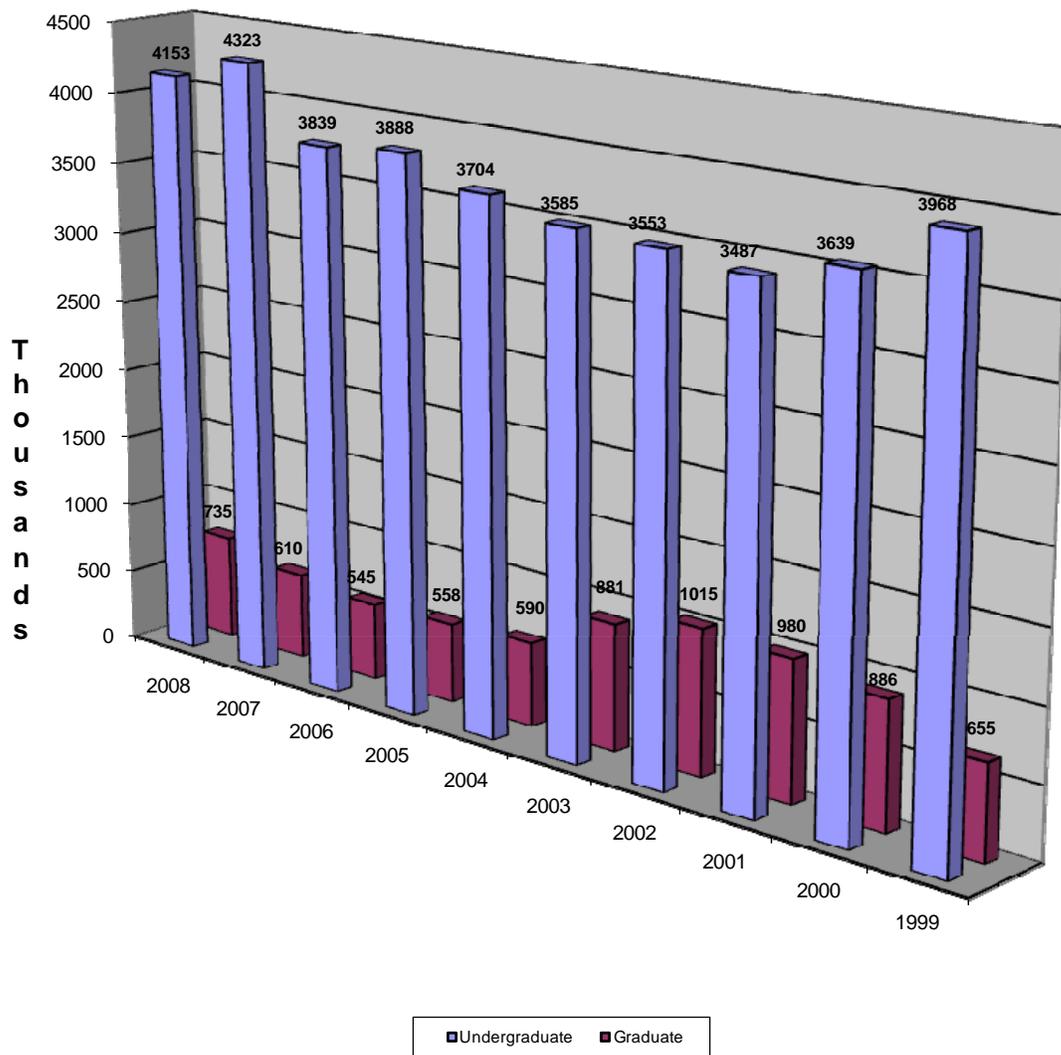
Notes

<sup>1</sup> Only nine years data are currently available and will continually be added

<sup>2</sup> State Institutional Bonds were issued in FY2003 and 2007

Source: South Carolina State University Financial Statement

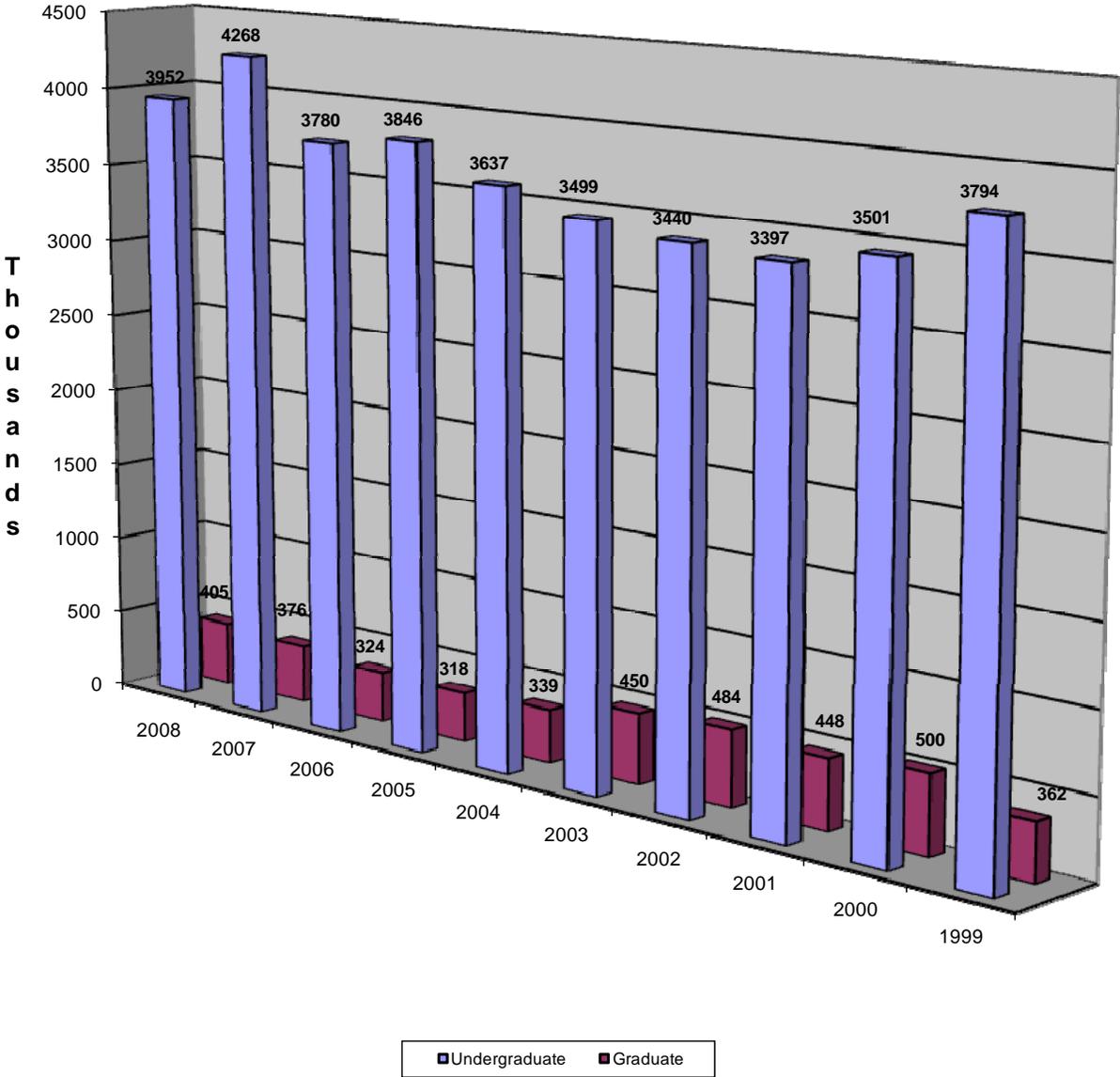
# South Carolina State University Student Headcount for the Last Ten Years



Source: South Carolina State University Office of Institutional Research

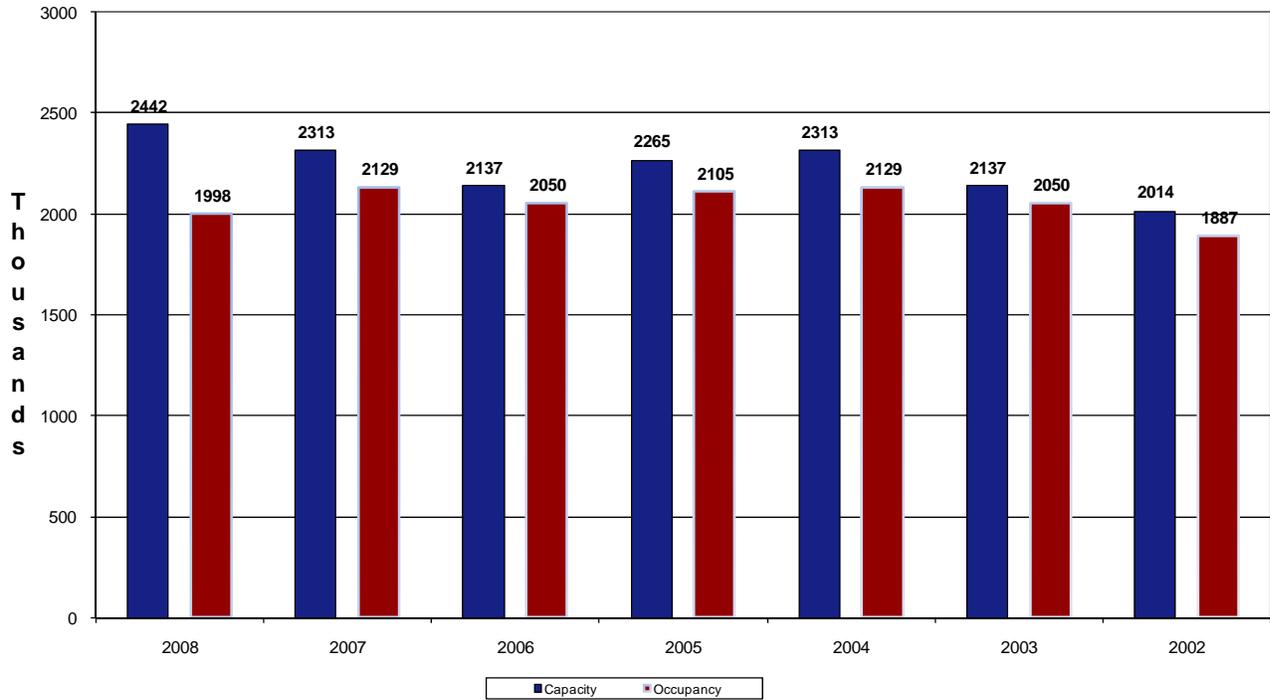
# South Carolina State University

## Student Full-time Equivalent 1999-2008



Source: South Carolina State University Office of Institutional Research

# South Carolina State University Fall Residence Hall Occupancy/Capacity 2002-2008



Source: South Carolina State University Office of Institutional Research

**South Carolina State University  
Full-time Teaching Faculty, Rank and Administrative Support Staff  
For the Last Nine Years**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Professors</b>	39	39	31	36	51	42	50	49	56
<b>Associate Professors</b>	62	64	61	47	48	45	57	55	53
<b>Assistant Professors</b>	91	86	86	83	83	73	83	84	73
<b>Instructor</b>	32	26	25	24	24	26	26	25	29
<b>Lecturer</b>	0	0	0	0	3	0	2	0	0
<b>No Academic Rank</b>	0	0	0	14	2	0	0	0	0
<b>Administrative Support</b>	600	617	607	583	550	616	604	*	*
<b>Total</b>	<b>815</b>	<b>832</b>	<b>810</b>	<b>787</b>	<b>761</b>	<b>802</b>	<b>822</b>	<b>213</b>	<b>211</b>

\*Data Not Available

Prepared by IR August 2009

Data Sources: SCSU Office of Institutional Research Fact Book 2008-2009 and CHEMIS  
Comparison of Full-Time Instructional Faculty by Rank and Administrative Support Staff

# South Carolina State University

## Academic Subject Areas and Degrees Offered

### Fall 2009

#### UNDERGRADUATE

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

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

**BA-Bachelor of Arts**

**BS-Bachelor of Science**

**BSW-Bachelor of Social Work**

**CERT-Certificate**

**EDD-Doctor of Education**

**EDS-Specialist**

**PB-Post Bachelors**

**MA-Master of Arts**

**MAT-Master of Arts in Teaching**

**MBA-Master of Business Administration**

**MED-Master of Education**

**MS-Master of Science**

**PMCERT-Post Masters Certificate**

## DEMOGRAPHIC STATISTICS

State of South Carolina  
Last Ten Calendar Years

Year	Population as of June 30 (a)	Per Capita Income (b)	Average Annual Unemployment Rate (c)
2008	4,479,800	\$ 35,419	12.1%
2007	4,407,709	31,013	5.9%
2006	4,321,249	29,515	6.5%
2005	4,246,933	28,285	6.7%
2004	4,194,694	27,090	6.8%
2003	4,142,356	25,880	6.7%
2002	4,102,122	25,370	5.9%
2001	4,060,728	24,988	5.2%
2000	4,023,565	24,424	3.6%
1999	3,974,682	23,075	4.1%

(a) Source U.S. Census Bureau

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

(c) Source U.S. Department of Labor

# State of South Carolina

## Ten Largest Employers

Latest Completed Calendar Year and Seven Years Prior<sup>a</sup>

(Listed alphabetically)

2008	2001
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Blue Cross/Blue Shield of South Carolina
Greenville County School District	Greenville County School District
Greenville Hospital System	Michelin Tire Corporation
Michelin Tire Corporation	Springs Industries, Inc.
Palmetto Health Alliance, Inc.	University of South Carolina
U.S. Department of Defense	U.S. Department of Defense
U.S. Postal Service	U.S. Postal Service
University of South Carolina	Wal-Mart Associates, Inc.
Wal-Mart Associates, Inc.	Westinghouse Savannah River

<sup>a</sup> The ten largest employers prior to calendar year 2001 are unavailable.

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

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Source: South Carolina Employment Security Commission

# STATE OF SOUTH CAROLINA

## Employment by Industry

Latest Completed Calendar Year and Nine Years Prior

Sources	1998		2008	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Contract construction	109,300	6.1%	117,000	6.3%
Manufacturing:				
Durable goods	162,200	9.1%	135,300	7.3%
Nondurable goods	179,000	10.0%	126,600	6.8%
Transportation, communication, and public utilities	84,800	4.8%	89,100	4.8%
Wholesale and retail trade:				
Wholesale	58,800	3.3%	67,100	3.6%
Retail	231,300	13.0%	229,300	12.3%
Finance, insurance and real estate	82,800	4.6%	97,900	5.3%
Services and mining	565,600	31.7%	669,700	36.0%
Government:				
Federal	30,500	1.7%	28,500	1.5%
State and local	278,800	15.7%	299,800	16.1%
Total wage and salary employment	<b>1,783,100</b>	<b>100%</b>	<b>1,860,300</b>	<b>100%</b>

Note: Current data was not available at time of publication

**South Carolina State University**  
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**Orangeburg, South Carolina 29117**  
**800-260-5956 or 803-536-7000**  
**[www.scsu.edu](http://www.scsu.edu)**

