

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT
Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina
FOR THE YEAR ENDED JUNE 30, 2002

**PREPARED BY
THE OFFICE OF THE CONTROLLER**

**COLLEGE OF CHARLESTON
COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2002**

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COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



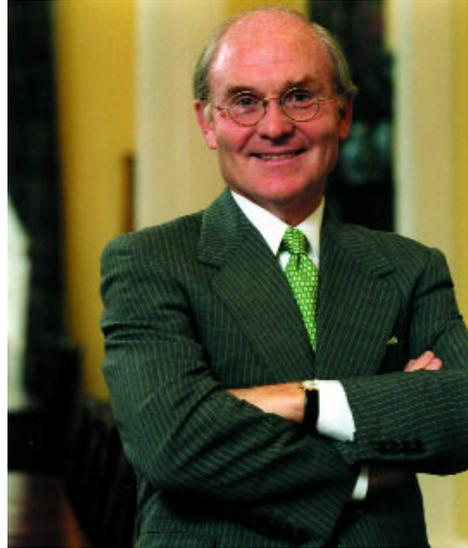
INTRODUCTORY SECTION

Office of the President

Dear College of Charleston Family and Friends,

It's hard to believe that my first year at the College has already come to a close. But the challenges we've faced and the progress we've made have indeed made my first year a memorable one.

The College of Charleston is distinctive in large part because of its strong commitment to student-centered learning. Despite its size, the College's atmosphere is one of a small, first-rate liberal arts and sciences college. We are committed to not only maintaining that intimate feel, but also enhancing it and making the College an educational institution of national distinction.



President's Letter

Consistent with our vision, we have spent this year putting plans into place to position the College as one of the top liberal arts institutions in the country. The cornerstone of this plan is the College's Fourth Century Initiative, a four-year academic enhancement plan founded entirely on student-centered learning. This Initiative is focused on improving core areas critical to our goal of enhancing the student experience and taking us further along the path to excellence.

The Fourth Century Initiative includes nine major goals:

- Reducing average class sizes
- Reducing the student/faculty ratio
- Increasing the quality of student-faculty interaction
- Increasing faculty and student joint research activities
- Reducing undergraduate enrollment
- Enhancing financial aid and employment opportunities for students
- Increasing student quality while keeping more of South Carolina's top students in -state
- Boosting the number of full-time faculty and key student support staff
- Expanding and improving campus facilities

The Fourth Century Initiative facilitates the intellectual and personal development of our students through curricular and co-curricular programs, so that learning experiences outside the classroom are closely connected to the learning that takes place within our academic programs. Our faculty has consistently demonstrated its willingness to devote time and energy to the students. Over the next four years we plan to add 50 full-time professors to our roster faculty. In addition, we will decrease student enrollment by 300 to further improve the faculty/student interaction that is at the heart of our philosophy.

Because we understand how important it is for our students to have the best physical facilities and technology tools, our work on several new buildings and infrastructure is critical. We have selected a master planning firm to work with us regarding future facilities, campus maintenance, and additional programmatic enhancements to the strategic plan.

Immediate impacts of our ongoing facilities improvement program are already evidenced by the August opening of McAlister Hall (a new 532-bed residence hall) and the acquisition of the Kelly House Suites. Two new dining facilities, the Hungry Cougar and the Cornerstone Bistro, also opened this fall and provide additional campus dining options. The Stern Student Center is being renovated and will include a new Food Court and fitness center. It is on track for a January 2003 opening.

Plans to expand and renovate the School of Science and Mathematics building, the School of the Arts, and the School of Business and Economics are currently underway. We have also completed the first phase of the campus-wide wireless network project. This project allows access to e-mail, the Internet, and institutional databases from different venues around campus.

These are just some of the exciting projects that are in various stages of planning and construction. As you know, a historic campus is both a privilege and a responsibility. Because we take that responsibility seriously, we are looking at the best ways to preserve and maintain our historic structures.

Of course, changes of this scope and magnitude require substantial financial resources. Based on the economic environment in which we operate, the Initiative must be funded in large part by tuition and fees. In April 2002, our Board endorsed a new tuition and fee structure to fund the Initiative.

The College of Charleston is the 13th oldest academic institution in the nation, and yet we have embarked on a new course for the future. This course will be marked by exciting changes and opportunities for all. We are confident that as these plans are implemented, the quality of education the College provides will improve significantly, and the College will take its place among a highly select group of universities in the country.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee Higdon", with a long horizontal flourish extending to the right.

Lee Higdon
President

December 9, 2002

Leo I. Higdon, Jr.
President
College of Charleston

We are pleased to present to you the Comprehensive Annual Financial Report for the College of Charleston for the year ended June 30, 2002. The audit report appears in the Financial Section and expresses an unqualified opinion on the College's financial statements.

INTRODUCTION

This Comprehensive Annual Financial Report includes the financial statements for the year ended June 30, 2002 as well as other information useful to those we serve and to whom we are accountable.

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

The financial statements presented this year have a new look due to changes in reporting presentation and measurement. These statements reflect the new reporting standards issued by the Governmental Accounting Standards Board. This Annual Report includes all disclosures necessary for the reader to gain an understanding of the College's financial operations for the year ended June 30, 2002.

The *Introductory Section* includes this transmittal letter, a listing of the members of the Board of Trustees, the Administrative, Business and Finance Officers, and an organizational chart of the institution. In addition, the College has received the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association of the United States and Canada (GFOA) for fiscal year ended June 30, 2001. This introduction will familiarize the reader with the organization, structure and scope of the College's operations.

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

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

ENTITY

Founded in 1770, and chartered in 1785, the College is the oldest institution of higher education in South Carolina and the

thirteenth oldest in the United States. Today this thriving academic institution offers a world-class liberal arts education for over 11,000 undergraduate and graduate students. The College of Charleston and its graduate school are considered to be part of the State of South Carolina primary entity. The funds of the College of Charleston are included in the Comprehensive Annual Financial Report of the State of South Carolina. The College of Charleston is a state-supported, coeducational institution of higher education. The Board of Trustees is the governing body for the College and is responsible for the administration and management of the College.

The College of Charleston is committed to attracting the most promising students both from South Carolina and other states. The average combined SAT scores of entering freshmen for Fall 2001 was 1163, far exceeding the state and national averages, with only one other state institution having a higher average. Out-of-state and international students comprise 35% of the student enrollment with 51 states and US possessions and 72 foreign countries represented.

MAJOR INITIATIVES

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

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

- ◆ **Students**
The initiative will fund merit scholarships, significantly increase need-based grants and minority scholarships, as well as expand the on campus student employment program. These funds, combined with a significant increase in financial aid, will ensure that no qualified student will be unable to attend the College because of financial need. A decrease in student enrollment is also planned.
- ◆ **Faculty**
The heart of the educational experience of a college or university is its faculty. By adding to our excellent roster 50 full-time faculty who share our passion for student-centered learning, we will improve our student/teacher ratio, increase opportunities to work with faculty, and decrease the average class size.
- ◆ **Staff**
While clearly the number and quality of the faculty will have the greatest impact on the student's educational experience, staff support in key areas is also critically important. The College will add new staff positions to areas that have the most immediate impact on the academic and student life services in areas such as tutoring, advising, career services, student affairs, and wellness.
- ◆ **Programs**
Increased emphasis on curricular and co-curricular programs that connect learning experiences outside the classroom with the learning that occurs within academic programs is another key tenant of the initiative. Funds for curriculum development and research will guarantee that our curriculum remains practical and relevant to the times.
- ◆ **Integration of New Technologies**
It has become ever more important that laboratories, classrooms and libraries are equipped to apply the newest and most innovative teaching methodologies. The campus has embarked on a campus wide

wireless network project to ensure that our students have access to the newest and best technologies.

◆ **Facilities**

Construction of facilities (for example, the Addlestone Library, School of the Arts wing, School of Business and Economics building) as well as significantly renovated facilities

(Maybank Hall, Stern Student Center) are integral to the campus re-nourishment that the Fourth Century Initiative will bring.

These efforts will ensure that students who attend the College now and in the future will be provided with the finest in academic facilities, the most accomplished faculty, and the latest in scientific and computer technology. The College

continues to be committed to the present and future of higher education in South Carolina.

REVENUES AND EXPENDITURES

As a state institution, the College receives funding from the State of South Carolina as an annual appropriation. During 2001-2002 state appropriation revenues represented 27% of revenues with student tuition and fees comprising 39% of all revenues. Reductions in state appropriations due to the economic downturn have increased the College's dependence on tuition and fees. Auxiliary Enterprise revenues generated 16% of total revenue. The following tables present information regarding revenues and expenditures for the year ending June 30, 2002:

TABLE 1**REVENUES**

(Amounts expressed in thousands)	Amount	Percentage of Total	Change From 2001	Percent Change From 2001
College and Related Fees* Amounts collected from students as part of registration and attendance at the College including course fees, lab fees and debt service allocations	\$ 47,825	38.4%	\$ 4,054	9.3%
State Appropriations Amounts provided by the Legislature of the State of South Carolina for operations of the College of Charleston	33,027	26.5%	(1,052)	(3.1%)
Federal Grants and Contracts Amounts provided by federal government for research, training and student aid activities	8,530	6.8%	1,380	19.3%
State, Local, Private and Nongovernmental Gifts, Grants and Contracts Amounts provided for research, training and scholarships	10,717	8.6%	1,516	16.5%
Auxiliary Enterprises* Revenue of enterprises and private gifts providing facilities and services to students, faculty and staff	20,743	16.6%	(415)	(2.0%)
Other Sources Amounts from educational activities, revenues generated and allocated to student organizations and other miscellaneous items	3,813	3.1%	1,758	85.5%
Total Operating and Non-Operating Revenues	\$ 124,655	100.0%	\$ 7,241	6.2%

*Net of scholarship discounts, and allowances

TABLE 2**OPERATING EXPENDITURES**

(Amounts expressed in thousands)	Amount	Percent of Total	Change From 2001	Percent Change From 2001
Instruction Includes expenditures related to providing all credit and non-credit courses	\$ 43,997	36.7%	\$ 1,584	3.7%
Research Includes expenditures for activities specifically organized to produce research outcomes	3,867	3.2%	298	8.3%
Academic Support Includes libraries, academic computing, and academic administration in providing support services for instructional and other activities	9,534	8.0%	308	3.3%
Student Services Includes registration services, counseling, student aid administration and other non-instructional services to students	5,752	4.8%	513	9.8%
Institutional Support Includes cost of executive level activities, financial services, advancement services, and other administrative activities	9,506	7.9%	891	10.3%
Operation and Maintenance Includes cost of utilities, building and grounds maintenance and general service activities	12,517	10.4%	208	1.7%
Public Service Includes cost associated with non-instructional activities that benefit individuals external to the College	1,180	1.0%	(12)	(0.1%)
Student Aid and Scholarships Includes costs of scholarships and grants to students	8,457	7.1%	542	6.8%
Auxiliary Enterprises Operations Includes costs of self-supporting entities that provide services to students such as Housing, Food Services and other related activities	21,395	17.8%	2,400	12.6%
Depreciation Expense Write down of capital assets	3,758	3.1%	569	17.8%
Total Operating Expenditures	\$ 119,963	100.0%	\$ 7,233	6.4%

AUXILIARY ENTERPRISES

Auxiliary Enterprise Operations of the College are comprised of the Bookstore, Health Services, Food Service, Athletics, Residence Halls, Parking, Debit Card Services and Vending Machines. Pursuant to the laws of the State of South Carolina, all auxiliary operations are self-supporting. Appropriate administrative overhead is

charged to each operation. In addition, mandatory transfers are made from the Residence Halls, Parking and Food Service operations to service debt for bonds issued as "Housing and Auxiliary Facilities Revenue Refunding Bonds" in October 1992. (See Debt Administration section of this report). For the period ending June 30, 2002, the results of Auxiliary Enterprises operations were as follows:

Activity	Net Revenues*	Expenditures	Transfers for Debt Service
Residence Halls (Net of \$756,034)	\$ 5,961,626	\$ 5,498,731	\$ 1,523,339
Food Service (Net of \$367,153)	3,735,877	3,696,902	98,191
Health Services (Net of \$80,239)	587,861	635,287	-
Other Rentals	53,526	51,744	-
Vending	101,641	108,363	-
Bookstore (Net of \$31,177)	5,218,864	6,218,292	-
Parking Operations	1,203,028	1,011,311	71,089
Debit Card Services	13,204	13,204	-
Athletics (Net of \$434,498)	3,867,679	4,160,945	-
Total	\$ 20,743,306	\$ 21,394,779	\$ 1,692,599

* Net of Scholarship Allowances detailed above.

AGENCY FUNDS

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

FINANCIAL INFORMATION

Internal Control

The management of the College is responsible for the establishment and maintenance of internal control policies and procedures designed to safeguard College

assets. As part of this responsibility, the management ensures that its financial statements are prepared in conformity with generally accepted accounting principles, and that reasonable controls are in place to ensure the following:

- (1) That access to College assets is granted only with appropriate management authorization.
- (2) That transactions are executed in accordance with the general or specific authorization of management.

- (3) That transactions are recorded on a timely basis.
- (4) That transactions are recorded based on criteria applicable to state guidelines, generally accepted accounting principles and criteria as designated by the National Association of College and University Business Officers.

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

Independent Audit

The College of Charleston, as a state agency, receives audit services through the S.C. State Auditor's Office. In recent years the State Auditor has contracted audit services to various independent audit firms. Audits are conducted on an annual basis with the S.C. State Auditor assuming authority and oversight of the audit. The auditor's opinion is unqualified. For the fiscal year 2002 the audit was conducted by Cherry, Bekaert & Holland, L.L.P.

The College was also audited by Cherry, Bekaert, & Holland, L.L.P. to ensure compliance with the requirements of the Single Audit Act of 1984 as provided under Federal Circular A-133 for federal grants and contracts. The most recent audit (Fiscal Year 2002) detected no institutional liabilities related to the College's federal programs.

Further, the College is audited on a periodic

basis by the Division of General Services to ensure compliance with the provisions of the South Carolina Procurement Code.

Budgetary Control

The College prepares, on an annual basis, a budget that provides reasonable estimates of revenues and expenditures. The budgetary process encompasses all operating budgets of the College to include educational and general activities, the operations of auxiliary enterprises, all sponsored program activities, and all capital projects. Its preparation is based on programmatic planning by the College through its executive management, academic offices and department heads. The budgets are then presented to the Board of Trustees for approval.

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

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

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

CASH MANAGEMENT

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

RISK MANAGEMENT

The College participates in a statewide risk management program in which the state assumes substantially all risks for unemployment and workers' compensation benefits and claims of covered employees for health, dental, and group life insurance benefits. In addition, the College pays premiums to the South Carolina Insurance Reserve Fund to cover the risk of loss related to the following assets and activities: building and property (including contents), general tort liability, automobile liability and automobile physical damage (comprehensive and collision). The largest claim the College submitted was after Hurricane Hugo in September 1989. The

buildings were fully insured for replacement claim costs and the College received over \$2,000,000 from the Insurance Reserve Fund for damaged properties. The College also obtains employee fidelity bond insurance coverage under the College of Charleston Foundation policy.

DEBT ADMINISTRATION

At June 30, 2002, the College had two outstanding bond issues as a result of issuing refunding bonds to defease existing bond debt of the institution. The first issue in the amount of \$8,535,000 was issued in August 1992, to defease facilities improvement bonds. The payment related to this debt is provided by an assessment to the student of a plant improvement fee. At June 30, 2002, the outstanding principal balance on these bonds was \$3,135,000. The second issue in the amount of \$20,010,00 was issued in October 1992, to defease existing Residence Halls, Food Service and Parking Bonds. This bond is paid from the revenues of Residence Halls, Food Service and Parking Services. At June 30, 2002 the outstanding principal balance on the bond was \$13,510,000.

On April 25, 2002 the College issued Higher Education Facility Revenue Bonds, Series 2002A, in the amount of \$10,620,000 to purchase the Kelly House dormitory. Residence Hall and Food Service revenues have been pledged to pay for the debt.

The College has developed a comprehensive strategy to provide guidelines relative to acceptable levels of debt and to formulate a mechanism for calculating and monitoring debt. The College has been assigned an A2 (underlying) bond rating by Moody's Investors Services which provides a high degree of flexibility in obtaining funds on a competitive basis.

OTHER INFORMATION

Changes in Financial Statement Presentation

This Comprehensive Annual Financial Report is designed to present a clear and complete picture of the College's financial affairs. This year, the financial statements

have a new look due to a change in reporting format using new concepts required by the Governmental Accounting Standards Board (GASB.) The new reporting requirements will simplify financial reporting and make the financial statements more understandable and useful to people who study and analyze the public sector. The conceptual and reporting format changes include:

- ◆ Use of full accrual accounting for all revenues and expenditures.
- ◆ Depreciation of capital assets over the useful life of the assets.
- ◆ Elimination of “double counting” of scholarships, grants, and contracts used to pay student tuition and fees.
- ◆ Reclassification of expenditures from programs (Instruction, Research, etc.) to type of expense classifications (Compensation and Benefits, Supplies, etc.)
- ◆ Introduction of operating/non-operating classifications for revenues and expenditures.

Since all public higher education institutions have been mandated to make these reporting

changes, it may take several years for preferred or best reporting practices to emerge.

Certificate of Achievement for Excellence in Financial Reporting

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the College of Charleston for its comprehensive annual financial report for the fiscal year ended June 30, 2001. In order to be awarded a Certificate of Achievement, an entity must publish an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Gary M. McCombs
Senior Vice President for Business Affairs

Priscilla D. Burbage
Vice President for Fiscal Services

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

**COLLEGE OF CHARLESTON
BOARD OF TRUSTEES
2001-2002**

Joel H. Smith, Chairman
2nd District

F. Creighton McMaster
5th District

Timothy N. Dangerfield, Vice Chairman
At-Large

Lawrence R. Miller
4th District

J. Vincent Price, Jr., Secretary
5th District

Anne T. Sheppard
3rd District

J. Philip Bell
3rd District

Robert S. Small, Jr.
4th District

Charlotte L. Berry
2nd District

Joseph F. Thompson, Jr.
1st District

Dr. John E. Clark, III
At-Large

Lawrence O. Thompson
Governor's Appointee

Dr. L. Cherry Daniel
1st District

J. David Watson
6th District

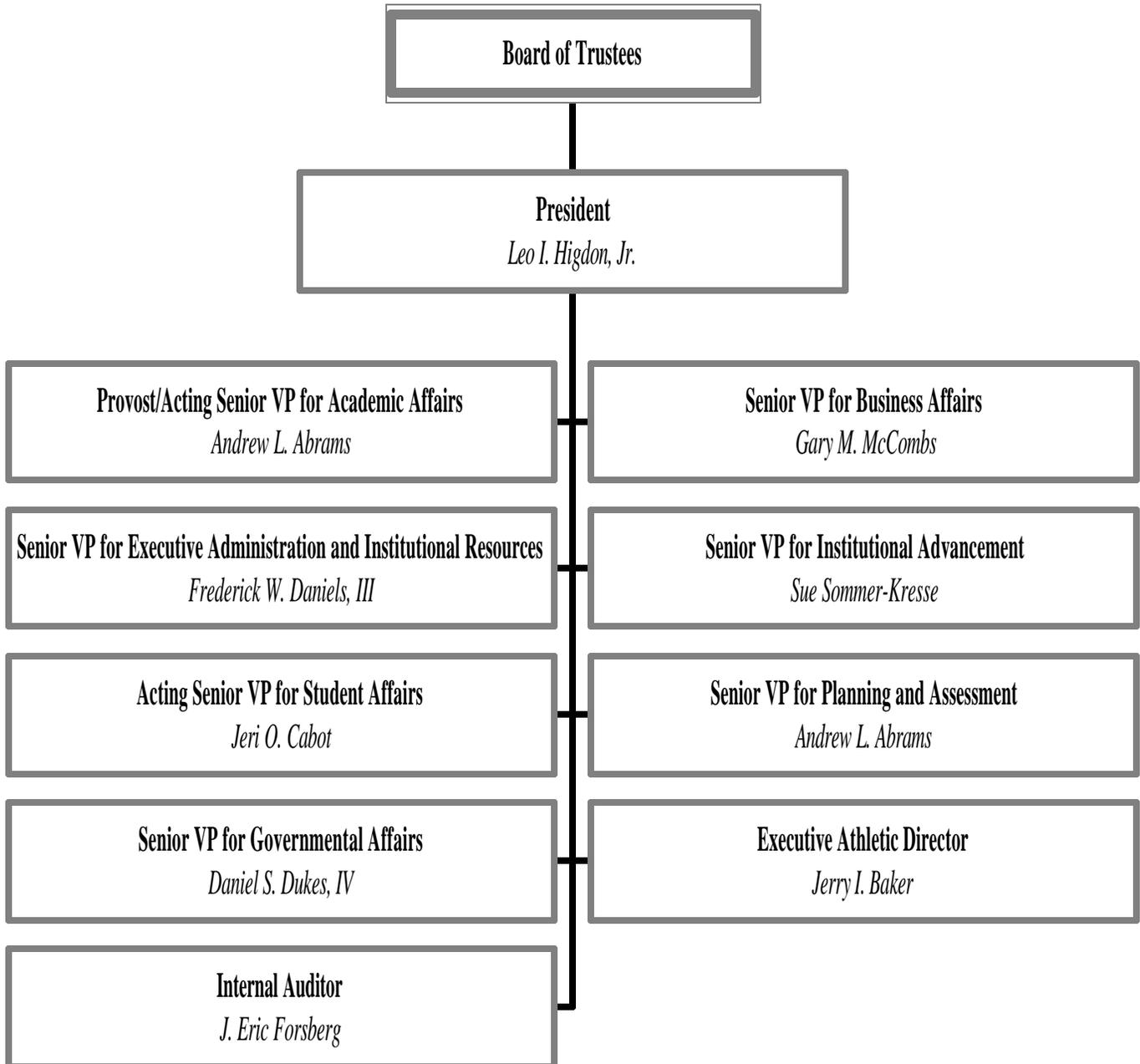
Cheryl Whipper Hamilton
Governor's Designee

Thomas W. Weeks
At-Large

Marie M. Land
6th District

College of Charleston

Organizational Structure



**COLLEGE OF CHARLESTON
BUSINESS AND FINANCE OFFICERS
2001 – 2002**

Gary M. McCombs
Senior Vice President for Business Affairs

Priscilla D. Burbage
Vice President for Fiscal Services

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

Samuel B. Jones
Director of Budgeting and Payroll Services

Anne Brownyard
Director of Business Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

College of Charleston,
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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



William Patrick Pate
President

Jeffrey L. Esser
Executive Director

COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

State of South Carolina



Office of the State Auditor

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

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4180
FAX (803) 343-0723

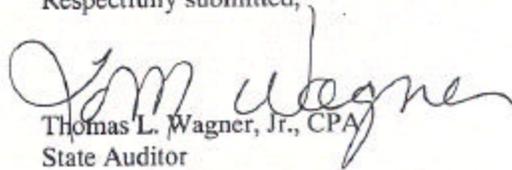
December 12, 2002

The Honorable Jim Hodges, Governor
and
Members of the Board of Trustees
College of Charleston
Charleston, South Carolina

This report on the audit of the financial statements of the College of Charleston for the fiscal year ended June 30, 2002, was issued by Cherry, Bekaert, & Holland, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

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

Respectfully submitted,


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb



Independent Auditors' Report

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

We have audited the accompanying basic financial statements of **The College of Charleston**, (The College) as of June 30, 2002 and for the year then ended as listed in the table of contents. These financial statements are the responsibility of The College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1 to the basic financial statements, the accompanying basic financial statements of The College are intended to present the financial position, results of operations, and cash flows of only that portion of the funds of the State of South Carolina financial reporting entity that is attributable to the transactions of The College, an institution of the State of South Carolina.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of The College as of June 30, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, The College adopted and implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*; Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*.

As discussed in Note 18, The College determined that certain revenues had been overstated in prior years. The College, as discussed in Note 18, changed its capitalization policy. The effects of these changes have been recorded as an adjustment to net assets at July 1, 2001.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2002 on our consideration of The College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Cherry Berkaet & Holland, L.L.P.

Florence, South Carolina
October 31, 2002

Cherry Berkaet & Holland, L.L.P.
1515 Heritage Lane
Florence, South Carolina 29505
(803) 662-5274

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The College of Charleston is implementing new financial statements for fiscal year 2002 that represent a dramatic change in governmental financial reporting. These changes, established by the Governmental Accounting Standards Board (GASB), are intended to provide better information to the user of the Comprehensive Annual Financial Report (CAFR).

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

Using the Financial Statements

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

Three financial statements are presented: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements are intended to provide a view of the College's financial position similar to that presented by most private sector companies. These statements are provided utilizing the accrual basis of accounting, i.e. all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments made.

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

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

Other significant changes to the financial statements are as follows:

- ◆ Revenues and expenses are now categorized as either operating or non-operating. Previously, a measure of operations was not presented. Significant recurring sources of the College's revenues, including state appropriations, gifts, and investment income (loss) are considered non-operating, as defined by GASB Statement No. 35.
- ◆ The Statement of Net Assets is now separated into current and non-current assets and liabilities. Current assets convert to cash within one year and for the College consist mainly of cash and

receivables. Current liabilities will settle within one year and consist primarily of payables and accrued compensation.

- ◆ Scholarships and fellowships applied to student accounts are shown as a reduction of student fee revenues, while stipends and other payments made directly to students continue to be presented as scholarship and fellowship expenses. Previously, all scholarships and fellowships were presented as expenses.
- ◆ Depreciation was recorded for the first time this year. All capital assets will be reported as well as depreciation expense – the cost of “using up” capital assets – in the statement of activities. (Please note that the State of South Carolina has decided to report only roads and bridges as infrastructure and thus the College will not carry infrastructure assets as a separate line item.)
- ◆ The Statement of Cash Flows was also required for the first time this year. As required by the new GASB statement, the Statement of Cash Flows was produced using the direct method. Under the direct method, net cash is determined by adjusting each item in the income statement from the accrual basis to cash.
- ◆ The reporting of internal service fund transactions was eliminated as a result of the implementation of the new

accounting model. This elimination resulted in a \$1.1M reduction in revenues and expenses during fiscal year 2002. The elimination ensures that only transactions that are external to the College are shown in the statements.

In future years, when audited prior year information is available, a comparative analysis of financial data will be presented.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as of the end of the fiscal year. This data provides information on assets available to continue the operations; amounts due to vendors, investors, lending institutions; and the net assets available for expenditure by the College.

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

**Condensed Statement of Net Assets
For the year ended June 30, 2002**

Assets	
Current Assets	\$ 52,569,579
Capital Assets, Net of Depreciation	95,477,224
Other Non-Current Assets	4,099,409
Total Assets	\$ 152,146,212
 Liabilities	
Current Liabilities	\$ 14,738,378
Non-Current Liabilities	29,697,470
Total Liabilities	\$ 44,435,848
 Net Assets	
Investments in Capital Assets, net of Debt	\$ 68,457,136
Restricted – nonexpendable	101,331
Restricted – expendable	25,231,248
Unrestricted	13,920,649
Total Net Assets	\$ 107,710,364

The College's financial position at June 30, 2002 remained strong, with assets of \$152M and liabilities of \$44.4M. In the current asset category, the College had \$52.6M at June 30 with 75% of these assets held in cash or cash equivalents. Accounts payable and accrued payroll liabilities accounted for 55% of the \$14.7M in current liabilities.

The College's capital assets include land and property in an area of approximately 11 city blocks in the center of downtown Charleston. In 2002, the College issued Higher Education Facility Revenue Bonds Series 2002A in the amount of \$10.6M for the purchase of the Kelly House dormitory. Current capital projects in the restricted expendable category include a new Arena, expansion of the Simons Center for the Arts, a new Business School, and a new Science Center.

The College of Charleston's net asset amount is one way to measure the institution's overall financial position. Over time, the trend in net assets will provide an important indicator of the financial health of

the College but should be considered in conjunction with other non-financial factors. Non-financial factors include the quality of applicants, student retention rates, building conditions, and campus safety.

Statement of Revenues, Expenses, and Changes in Net Assets

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

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of

the College. Operating revenues are classified in five major areas: student tuition and fees; federal, state, and local grants and contracts; auxiliary enterprises; student organization revenues; and other sources.

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

scholarships and fellowships, and depreciation.

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

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

**Statement of Revenues, Expenses, and Changes in Net Assets
for the year ended June 30, 2002**

Operating Revenue	
Tuition and Fees*	\$ 47,824,716
Federal, State, and Local Grants and Contracts	15,971,678
Auxiliary Services*	20,216,548
Other	2,655,250
Total Operating Revenue	<u>\$ 86,668,192</u>
Less Operating Expenses	<u>\$ 119,963,215</u>
Operating Income or (Loss)	(\$ 33,295,023)
Non-Operating Revenue	
State Appropriations	\$ 32,764,142
Other Non-Operating Revenues	3,278,582
Total Non-Operating Revenue	<u>\$ 36,042,724</u>
Income Before Other Revenues and Expense, Gain or Loss	\$ 2,747,701
Total Other Revenue	<u>\$ 800,202</u>
Increase in Net Assets	<u>\$ 3,547,903</u>
Net Assets, Beginning of Year	
Capital Improvement Bond Revenue Adjustment	\$219,829,337
Cumulative Effects of Changes in Accounting Principles	(34,822,627)
Perkins Loan Program Federal Liability	(2,335,967)
Accumulated Depreciation of Assets	(52,026,214)
Changes Due to Revised Definition of Capital Assets	(26,482,968)
Net Assets, Beginning of Year, Restated	<u>\$104,162,461</u>
Net Assets, End of Year	<u><u>\$107,710,364</u></u>

*Net of scholarship discounts and allowances

The Statement of Revenues, Expenses, and Changes in Net Assets reflects an increase in the net assets for the year of \$3.5M.

Highlights of the above statement include the following:

- ◆ From 1995 through fiscal year 2002 the College has been able to keep fee increases in the low single digits, ranging from 3% to 4.1%.
- ◆ The state appropriation of \$32.8M is net of a series of budget cuts totaling 6.7%.
- ◆ Federal, state, and local grant revenue totaled \$16M in 2002 and included \$13.8M of grant and scholarship aid to students.
- ◆ Tuition and fees accounted for 39% and state appropriations were 27% of the total revenue of the College. Auxiliary services generated 16% of total revenue.
- ◆ Changes in accounting principles as required by GASB 35 included the recording of depreciation expense of \$52M and the reclassification of the Perkins loan fund balance of 2.3M to a liability. These items are included as a restatement of the beginning balance of net assets.
- ◆ In conjunction with the GASB changes that include depreciation of assets, the State of South Carolina has established new capitalization guidelines. The College removed capitalized assets on hand that did not meet the limit for new construction, building improvements, and intangible assets of \$100,000. The College also expensed library books that had previously been capitalized. These restatements required an adjustment of \$26.5M.
- ◆ The College also corrected an error involving the application of accounting

principles. Capital improvement bonds had been recognized as revenue when the bonds were authorized versus when revenue was earned. The adjustment required at June 30 was \$34.8M.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the College during the year and is divided into five sections. As of fiscal year end 2002, cash represents 26% of the total asset base of the College. The net change in cash for 2002 was a \$1.7M reduction.

The operating cash flow statement shows the net cash used by the operating activities of the College. Significant operating inflows include tuition and fees (\$48.2M), grants and contracts (\$15.7M), and auxiliary enterprises (\$19.8M). Operating outflows include payments to suppliers (\$35.4M), payments to employees (\$71.4M), and scholarships and fellowships (\$8.5M).

The second section presents cash flows from non-capital financing activities and reflects the cash received and spent for non-capital financing purposes. The state appropriation of \$32.8M is the largest contributor to the total inflow in this section. Another example is non-federal grants and contracts.

Cash used for the acquisition and construction of capital and related items is detailed in the cash from capital and related financing activities section. Proceeds from capital debt provided \$10.4M of inflow in this category. Purchases of capital assets of \$18.7M produced the bulk of the outflow.

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

The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. This

reconciliation is detailed in the financial statements of the College and is not included in this analysis.

Cash Flows
For the Year Ended 30, 2002

Cash Provided (Used) By Operating Activities	\$ (29,319,816)
Non-Capital Financing Activities	36,637,317
Capital and Related Financing Activities	(10,321,413)
Investing Activities	1,273,927
Net Increase (Decrease) in Cash	\$ (1,729,985)
Cash, Beginning of Year	\$ 42,030,262
Cash, End of Year	\$ 40,300,277

Capital Asset and Debt Activity

A critical factor in continuing the quality of the College's academic and research programs and residential life experience is the acquisition, construction, and improvement of its capital assets. The College continues to implement its long-range plan to modernize its complement of older teaching and research facilities, balanced with new construction. Construction of the Addlestone Library and a new residence hall continued in 2002. The Early Childhood Development Center underwent a significant renovation. The College also purchased 84/86 Wentworth Street, planned to be the site of the new School of Education facility.

Capital bonds added in 2002 were Series 2002A Bonds for the purpose of acquiring and equipping an existing 244 bed facility known as the Kelly House. The bonds were issued on April 1, 2002, in the amount of \$10.6M.

Economic Outlook

The management of the College believes that it is well positioned to continue its level of excellence in service to both students and the community. The College's strong financial position is evidenced by its A2 (underlying) bond rating assigned by Moody's Investors Services and provides a high degree of flexibility in obtaining funds on competitive terms. This flexibility allows the College to provide the necessary resources to support this level of service.

The Fourth Century Initiative is a four-year comprehensive academic enhancement program centered on student learning. It has been designed to position the College as a nationally preeminent public liberal arts and sciences university. The initiative was introduced by President Higdon and adopted by the Board of Trustees in April 2002.

The initiative is designed to facilitate intellectual and personal growth through curricular and co-curricular student-centered programs. Included in the initiative's goals

are reductions in class size and student/faculty ratios as well as reduced dependence on adjunct faculty. Another stated purpose of the Fourth Century Initiative is enhanced financial aid opportunities, significantly increased need-based grants, and expanded on-campus student employment program. The initiative includes components to improve the quality of not only the students and faculty, but also the staff and physical facilities.

The four-year implementation plan of the initiative includes the addition of 50 new full time professors to the faculty and 50 new staff support personnel in key areas that significantly impact the student educational experience. Additionally, in order to further enhance the interaction among faculty and students, the College plans to reduce its undergraduate enrollments by 75 students per year for the next four years.

The addition of staff and expanded services will have a dramatic impact on campus facilities. The College is in the midst of a

major facilities improvement program. Funds are included in the Fourth Century Initiative for the acquisition and adaptation of buildings directly tied to the program.

Changes of this scope and magnitude will require substantial resources. To this end, a pricing plan has been developed which takes into account the recent downturn in state appropriations and assumes for planning purposes, the continuance of lower state support. The College will also continue its ongoing efforts toward revenue diversification and cost containment.

The College's Long Range Planning Committee and Master Planning for Facilities efforts are focused on the future, while closely monitoring current changes in the economy. The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to ensure its ability to react to changing economic conditions.

COLLEGE OF CHARLESTON
STATEMENT OF NET ASSETS
JUNE 30,2002

Assets	
Current Assets	
Cash and cash equivalents	\$ 39,253,891
Accounts receivable	3,290,275
Less allowances for bad debts	(360,000)
Grants and contracts receivable	1,000,151
Private gifts receivable	6,734,315
Interest income receivable	240,283
Prepaid items	555,899
Inventories	1,836,072
Student loans receivable	18,693
Total Current Assets	\$ 52,569,579
Non-Current Assets	
Restricted cash and cash equivalent (Perkins, endowment & debt reserve)	\$ 1,046,386
Student loans receivable	2,356,186
Prepaid Items	451,925
Land	21,583,639
Land improvements	3,930,238
Buildings	78,625,568
Building improvements	29,330,207
Equipment	6,865,646
Computer software	235,146
Accumulated depreciation and amortization	(55,094,560)
Construction in progress	10,001,340
Bond discount/other	244,912
Total Non-Current Assets	\$ 99,576,633
Total Assets	\$ 152,146,212
Liabilities And Fund Balances	
Current Liabilities	
Accounts payable and accrued expenses	\$ 4,615,860
Accrued payroll and related liabilities	3,473,898
Retainage payable	173,862
Deferred and unearned student revenues	1,850,562
Student deposits	1,354,346
Compensated absences payable	919,960
Deposits held for others	265,748
Accrued interest payable	414,142
Bonds payable	1,670,000
Total Current Liabilities	\$ 14,738,378
Non-Current Liabilities	
Compensated absences payable	1,728,524
Bonds payable	25,595,000
Federal capital contribution	2,373,946
Total Non-Current Liabilities	\$ 29,697,470
Total Liabilities	\$ 44,435,848
Net Assets	
Invested in capital assets, net of related debt	\$ 68,457,136
Restricted for:	
Nonexpendable	
Endowed professorship	101,331
Expendable	
Scholarships and fellowships	243,025
Research	264,541
Loans	99,767
Capital projects	23,813,561
Debt service	810,354
Unrestricted	13,920,649
Total Net Assets	\$ 107,710,364

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002**

Operating Revenues

Tuition and related fees (\$729,273 pledged for debt service; net of scholarship allowance of \$6,685,860)	\$ 47,824,716
Federal grants and contracts	8,529,967
State grants and contracts	7,209,995
Local grants and contracts	14,817
Non governmental grants and contracts-restricted	216,899
Educational activities revenues	1,004,641
Student organizations generated revenues	538,933
Sales and services of auxiliary enterprises	
Revenues not pledged for debt service	
Athletics (net of scholarship allowance of \$434,498)	3,567,679
Health services (net of scholarship allowance of \$80,239)	587,861
Bookstore (net of scholarship allowance of \$31,177)	5,218,864
Rental, vending, and debit card	168,371
Revenues pledged for debt service	
Housing (net of scholarship allowance of \$756,034)	5,837,589
Food service (net of scholarship allowance of \$367,153)	3,658,099
Parking	1,178,085
Other sources	1,111,676

Total Operating Revenues	\$ 86,668,192
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Operating Expenses

Personnel cost	\$ 58,434,495
Benefits	13,319,711
Services, supplies and others	32,994,822
Utilities	2,998,981
Scholarship and fellowship	8,456,595
Depreciation and amortization	3,758,611

Total Operating Expenses	\$ 119,963,215
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Operating Income (Loss)	\$ (33,295,023)
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Non-Operating Revenues

State appropriations	\$ 32,764,142
Gifts	1,670,584
Auxiliary enterprises interest income	226,758
Interest/investment income	1,100,468
Interest on capital assets and related debt	(1,144,184)
Other	57,713
State grants and contracts	1,141,556
Non governmental grants and contracts	225,687

Total Net Non-Operating Revenues	\$ 36,042,724
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Income Before Other Revenues And Expense Gain Or Loss	\$ 2,747,701
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Other Revenues

Capital appropriations	262,410
Capital gifts	537,792

Total Other Revenue	\$ 800,202
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Increase In Net Assets	\$ 3,547,903
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Net Assets, beginning of year (as originally reported)	\$ 219,829,337
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Capital improvement bond revenue adjustment	(34,822,627)
Restatement adjustments for changes in accounting principles	
Perkins loan program federal liability	(2,335,067)
Accumulated depreciation of capital assets	(52,026,214)
Changes due to revised definition of capital assets	(26,482,968)

Net Assets, beginning of year (as restated)	104,162,461
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Net Assets, End Of Year	\$ 107,710,364
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See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002**

Cash Flow From Operating Activities

Tuition and fees	\$	48,189,626
Federal grants and contracts		8,270,010
State grants and contracts		7,167,832
Non governmental grants and contracts		216,899
Sales and services of education and other activities		1,449,686
Auxiliary enterprises		19,778,410
Local/Private grants and contracts		14,817
Other operating revenues		1,111,676
Payments to suppliers		(35,404,533)
Payments to employees		(71,409,297)
Scholarships and fellowships		(8,456,595)
Collection of loans		210,077
New loans to students		(458,424)
Net Cash From Operations	\$	(29,319,816)

Cash Flows From Non-Capital Financing Activities

State appropriations	\$	32,764,142
Direct lending receipts		27,912,636
Direct lending disbursements		(27,912,636)
Gifts		2,255,726
State/Non governmental grants & contracts		1,367,243
Other		250,206
Net Cash From Non-Capital Financing	\$	36,637,317

Cash Flows From Capital And Related Financing Activities

Capital gifts	\$	133,910
Capital appropriations		262,410
Proceeds from capital debt		10,414,563
Purchases of capital assets		(18,690,101)
Principal paid on capital debt and installment		(1,410,000)
Interest paid on capital debt and installment		(1,032,195)
Net Cash From Capital Debt And Related Financing	\$	(10,321,413)

Cash Flows From Investing Activities

Interest on investments	\$	1,273,927
Net Cash From Investing Activities	\$	1,273,927

Net Change In Cash	\$	(1,729,985)
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Cash - Beginning of the Year	\$	42,030,262
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Cash - End of the Year	\$	40,300,277
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Reconciliation

Operating expenses over revenue	\$	(33,295,023)
Depreciation expense		3,758,611
Changes in assets and liabilities:		
Receivables		(820,027)
Inventory		285,583
Prepaid expenses		(162,324)
Accrued payroll liabilities		128,279
Payables		236,222
Deferred revenues		541,701
Deposits		38,879
Compensated absences		216,630
Collection of loans		210,077
New loans to students		(458,424)
Net Cash From Operating Activities	\$	(29,319,816)

See Accompanying Notes to Financial Statements

Notes to the Financial Statements June 30, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

Reporting Entity

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

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

Financial Statements

The financial statement presentation for the College has been changed to meet the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in

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

Basis of Accounting

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

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

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

Inventories

Inventories are carried at the lower of cost or market determined by moving weighted average and first-in, first-out basis.

Capital Assets

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

Depreciation is computed using the straight-line method over the estimated useful life of

the asset, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Deferred Revenues and Deposits

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

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

Compensated Absences

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

Perkins Loans Receivable and Related Liability

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

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

Net Assets

The College's net assets are classified as follows:

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

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

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

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

The College 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 unrestricted resources then to restricted resources.

Income Taxes

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

Classification of Revenues

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local grants and contracts, (4) receipts for scholarships where the provider has identified the student recipients, and (5) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College.

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

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students

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

Sales and Services of Educational and Other Activities

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

Auxiliary Enterprises and Internal Service Activities

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

Use of Estimates in Accounting

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

Changes in Accounting and Restatement of Beginning Net Asset Balances

As a result of the adoption of GASB Statement No. 34, the College was also required to make certain changes in accounting principles. These changes are discussed in detail in Note 18.

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

All deposits and investments of the College are under the control of the State Treasurer, who, by law, has sole authority for investing state funds. The following schedule reconciles deposits and investments with the footnotes to the statement of net assets amounts:

Statement of Net Assets

Cash and Cash Equivalents (current)	\$39,253,891
Cash and Cash Equivalents (non-current)	943,237
Perkins Loan Funds	103,149
	<u>\$ 40,300,277</u>

Footnotes

Cash on hand	\$ 7,860
Deposits held by State Treasurer	33,213,920
Other Deposits	7,078,497
	<u>\$ 40,300,277</u>

Deposits Held by State Treasurer

State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 2002, all State Treasurer bank balances were fully insured or collateralized with securities held by the state or by its agents in the state's name.

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

Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

Restricted cash deposits include \$ 841,231 held for debt service reserve funds as required by the bond indentures, and restricted endowment fund of \$102,006.

Other Deposits

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2002, are summarized as follows:

Perkins Loan Receivable	\$ 2,356,186
Student Accounts	1,676,820
Less Allowance for Doubtful Accounts	(360,000)
Federal Grants and Contracts	813,856
State Grants and Contracts	157,285
Nongovernmental Grants and Contracts	29,010
Related Parties	6,734,315
Interest Income	240,283
Other	199,106
Auxiliary Enterprise	1,433,042
Net Accounts Receivable	<u>\$ 13,279,903</u>

Allowances for losses on student accounts receivable are established based upon actual losses experienced in prior years and/or evaluations of the current account portfolio. At June 30, 2002, the allowance for uncollectible student accounts is valued at \$360,000.

NOTE 4 – LOANS RECEIVABLE

Student loans made through the federal Perkins Loan Program comprise

substantially all of the loans receivable as of June 30, 2002. The Perkins Loan Program provides various repayment options; students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise. These loans are classified as non-current receivables. As the College determines that loans are uncollectible, the loans are written off and assigned to the US Department of Education.

NOTE 5 - CAPITAL ASSETS

	Restated Beginning Balance July 1, 2001	Increases	Decreases	Ending Balance June 30, 2002
Capital assets not being depreciated:				
Land	\$ 19,476,081	\$ 2,107,558	-	\$ 21,583,639
Construction in progress	3,118,247	6,883,093	-	10,001,340
Total capital assets not being depreciated	\$ 22,594,328	\$ 8,990,651	-	\$ 31,584,979
Other capital assets:				
Land improvements	\$ 3,930,238	-	-	\$ 3,930,238
Buildings	68,797,680	9,827,888	-	8,625,568
Buildings improvements	29,330,207	-	-	9,330,207
Machinery, equipment, and other	6,959,066	596,845	\$ 690,265	6,865,646
Computer software	235,146			235,146
Total other capital assets at historical cost	\$ 109,252,337	\$ 10,424,733	\$ 690,265	\$ 118,986,805
Less accumulated depreciation for:				
Land improvements	\$ 2,757,257	\$ 65,166	-	\$ 2,822,423
Buildings	32,790,606	2,004,939	-	34,795,545
Buildings improvements	12,642,525	1,059,914	-	13,702,439
Machinery, equipment, and other	3,812,310	581,564	\$ 690,265	3,703,609
Computer software	23,516	47,028	-	70,544
Total accumulated depreciation	\$ 52,026,214	\$ 3,758,611	\$ 690,265	\$ 55,094,560
Other capital assets, net	\$ 57,226,123	\$ 6,666,122	-	\$ 63,892,245
Capital assets, net	\$ 79,820,451	\$ 15,656,773	-	\$ 95,477,224

NOTE 6 – PENSION PLAN (S)

The Retirement Division of the State Budget and Control Board maintains four independent defined benefits 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.

South Carolina Retirement System

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

Since July 1, 1988, employees participating in the SCRS have been required to contribute 6.0 percent of all compensation. Effective July 1, 2001, the employer contribution rate became 10.4 percent, which included a 2.85 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2002, 2001, and 2000, were \$2,739,539, \$2,561,328, and \$2,320,000, respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for each year. Also, the College paid employer group life insurance contributions of \$53,292 in the current fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of

public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the system as a condition of employment. This plan provides annuity benefits as well as disability and group life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2001, the employer contribution rate became 13.15 percent, which, as for the SCRS, included the 2.85 percent surcharge. The College's actual contributions to the PORS for the years ending June 30 2002, 2001, and 2000, were \$152,352, \$143,454, and \$129,659 respectively, and equaled the required contribution of 10.3 percent (excluding the surcharge) for each year. Also, the College paid employer group life insurance contributions of \$2,958 and accidental death insurance contributions of \$2,958 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program

Certain state employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan.

The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts, which are issued to, and become the property of, the participants. The state assumes no liability for this plan

other than for payment of contributions to designated insurance companies.

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

Under state law, contributions to the ORP are required at the same rate as for the SCRS, 7.55 percent plus the retiree surcharge of 2.85 percent from the employer in fiscal year 2002.

Certain of the College's employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were \$1,015,109 (excluding the surcharge) from the College as employer and \$806,709 from its employees as plan members. In addition, the College paid \$20,168 for group life insurance coverage for these employees. All amounts were remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Deferred Compensation Plans

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

employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive

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

NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

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

at date of retirement when the employee is eligible for retirement benefits.

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

The College recorded compensation and benefit expenses for these insurance benefits for active employees in the amount of \$3,864,983 for the year ended June 30, 2002. As discussed in Note 6, the College paid \$1,003,912 applicable to the 2.85 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

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

In addition, the State General Assembly periodically directs the Retirement System

to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is

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

NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

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

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

The College had outstanding commitments under construction contracts of approximately \$19,806,461 at June 30, 2002. Of this total, \$10,001,340 is attributable to capital projects and the balance of \$9,805,121 is for non-capital repairs and maintenance. The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and state capital improvement bond proceeds. The state has issued capital improvement bonds to fund improvements and expansion of state facilities. The College is not obligated to repay these funds to the state. Authorized funds can be requested as needed once state authorities have given approval to begin specific projects and project expenditures have been incurred. The College has \$17,803,027 of authorized state capital improvement bond proceeds available to draw at June 30, 2002.

NOTE 9 – LEASE OBLIGATIONS

Future commitments for operating leases having remaining non-cancelable terms in excess of one year as of June 30, 2002, were as follows:

Year ended June 30	External Party Operating Leases	
	Equipment	Real Property
2003	\$ 133,346	\$ 1,853,179
2004	68,186	916,378
2005	7,781	776,116
2006	-	672,886
2007	-	530,073
2008-12	-	632,550
2013-17	-	600,000
2018-22	-	600,000
2023-27	-	600,000
2028-32	-	600,000
2033-37	-	600,000
2038-42	-	600,000
2043-47	-	600,000
2048-52	-	600,000
2053-57	-	600,000
2058-62	-	570,000
Total minimum lease payments	\$ 209,313	\$ 11,351,182

Operating Leases

The College's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2002 through 2062. Certain operating leases provide for renewal options for periods of one to three years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis. In addition, the College has copier leases on a per copy basis. All operating leases of the College are with external parties.

In 2002, the College renewed real property operating leases with the College of Charleston Foundation, a related party, for sixteen different locations for offices, dormitories, and parking, for annual rentals of \$614,355. The agreements contain

renewal options. Under these agreements, the College paid the Foundation \$614,355 in the current year. These leases provide that the College assumes responsibility for the maintenance of the property. There are no escalation clauses in the leases nor is the College liable for property taxes. During the subsequent fiscal year, the College renewed all existing leases with the Foundation. The terms of the lease agreements are subject to annual changes. In the case of operating leases for real property from commercial vendors, there exist several leases with escalation clauses limited to the cost of living. The leased properties consist of classrooms, parking lots, and a warehouse. Additionally, the College pays the commercial vendor property taxes. The College performs routine maintenance on these properties. These costs are not included in the schedule of lease commitments.

Additionally, the College leases a sports complex field from the Patriots Point Development Authority, a state agency, with annual rents of \$90,000 per year (\$7,500 per month), April 1, 1997 through March 31, 2002, and \$10,000 per month, April 1, 2002 through March 31, 2062, with annual increases equal to the Consumer Price Index beginning April 1, 2003. A one-time payment of \$500,000 was paid in fiscal year 1998 with a corresponding charge to prepaid expenditures. It is being amortized ratably over the 65 year lease term utilizing the straight line method of calculation. The lease agreements make no provisions beyond the 65 year period. The un-amortized balance at June 30, 2002 is

\$459,617. Amortization of the prepaid rent balance for fiscal year 2002 was \$7,692 and is reported in operating expenses. The College provides maintenance to the tax-exempt property. The College paid the Patriots Point Development Authority \$97,500 in rent in fiscal year 2002. Total operating lease expenditures for fiscal year 2002 were \$1,986,525, of which \$362,907 is for per copy charge on copy machines. The College reports all of these operating lease costs in the operating expense.

NOTE 10 – BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2002:

Interest Maturity June 30, 2002

	Interest Rates	Maturity Dates	Balance	Debt Retired FY 2002
Revenue Bonds				
Housing and Auxiliary Facilities Revenue Refunding Bond, Series 1992 A	5.10-6.125%	2013	\$ 13,510,000	\$ 865,000
Facilities and Improvement Revenue Refunding Bond, Series 1992	5.0-5.5%	2007	3,135,000	545,000
Higher Education Facilities Revenue Bond, Series 2002 A	3.0-5.25%	2032	10,620,000	-
Total Revenue Bonds Payable			<u>\$27,265,000</u>	<u>\$ 1,410,000</u>

The College receives loan interest subsidies from the U.S. Department of Housing and Urban Development designated for the payment of interest on the Student and Faculty Housing Auxiliary Revenue Bonds. During the fiscal year ending June 30,2002, the College received a subsidy for this purpose in the amount of \$13,462.

Bonds issued by the College include certain restrictive covenants. Plant Improvement Refunding Bonds are limited obligations of the College payable solely from, and secured by a pledge of a special student fee for plant improvements. Auxiliary Revenue

Bonds are payable solely from and secured by a pledge of revenues of the College's residence halls, food services, and parking, and from additional funds from the academic "College" fee imposed by the Board of Trustees.

The College purchased a bond insurance policy payable to the bond trustee for the Auxiliary Refunding Bonds, Series 1992, and the Higher Education Facilities Revenue Bonds, Series 2002A. The insurance guarantees payment of principal and interest until all debt has been retired.

All of the bonds are payable in semiannual installments plus interest. Amounts including interest required to complete

payment of the auxiliary revenue bonds as of June 30, 2002, are as follows:

Housing and Auxiliary Refunding Bond Series 1992 and Higher Education Facility Revenue Bond Series 2002A

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30			
2003	\$ 1,090,000	\$ 1,295,068	\$ 2,385,068
2004	1,145,000	1,237,781	2,382,781
2005	1,205,000	1,175,961	2,380,961
2006	1,270,000	1,108,259	2,378,259
2007	1,340,000	1,035,801	2,375,801
2008-12	2,360,000	4,555,269	6,915,269
2013-17	8,630,000	2,260,950	10,890,950
2018-22	1,795,000	1,662,187	3,457,187
2023-27	415,000	1,296,052	1,711,052
2027-32	4,880,000	763,538	5,643,538
	<u>\$24,130,000</u>	<u>\$ 16,390,866</u>	<u>\$ 40,520,866</u>

Amounts including interest required to complete payment of the Plant Improvement Bonds as of June 30, 2002, are as follows:

Plant Improvement Refunding Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2003	\$ 580,000	\$ 168,225	\$ 748,225
2004	615,000	138,065	753,065
2005	600,000	105,470	705,470
2006	630,000	73,070	703,070
2007	710,000	39,050	749,050
	<u>\$ 3,135,000</u>	<u>\$ 523,880</u>	<u>\$ 3,658,880</u>

In prior years the College defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the College's financial statements. At June 30, 2002,

\$2,811,000 of bonds outstanding are considered defeased. The College was in compliance with all applicable bond covenants as of June 30, 2002.

On April 1, 2002, the College issued Higher Education Facility Revenue Bonds, Series 2002A, in the amount of \$10,620,000.00.

The proceeds were used to purchase the Kelly House dormitory at interest rate ranges from 3.0-5.25% for 30 years. Related bond issue cost of \$253,357.00 will be amortized over the life of the bonds.

NOTE 11 – LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2002 was as follows:

	July 1, 2001	Additions	Reductions	June 30, 2002	Due Within One Year
Bonds Payable Revenue Bonds	\$ 18,055,000	\$ 10,620,000	\$ 1,410,000	\$ 27,265,000	\$ 1,670,000
Total Bonds Payable	18,055,000	10,620,000	1,410,000	27,265,000	1,670,000
Other Liabilities					
Accrued Compensated Absences	2,431,854	1,150,504	933,874	2,648,484	919,960
Total Other Liabilities	2,431,854	1,150,504	933,874	2,648,484	919,960
Total Long-Term Liabilities	\$ 20,486,854	\$ 11,770,504	\$ 2,343,874	\$ 29,913,484	\$ 2,589,960

NOTE 12 – DONOR RESTRICTED ENDOWMENTS

The College received a restricted endowment from the Commission of Higher Education in the amount of \$100,000 with a stipulation that only earnings could be used to fund endowed chairs at the College. At June 30, 2002, net appreciation of \$2,006 was available to be spent, of which \$2,006 is restricted to specific purposes.

NOTE 13 – RELATED PARTIES

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational programs. They include the College of Charleston Foundation and the Cougar Club. Independent auditors retained by the organizations audit the financial statements of these entities. The activities of these two organizations are not included in the College's financial statements. However, the College's

statements include transactions between the College and these related parties.

In conjunction with its implementation of GASB statement No. 14, management reviewed its relationships with the Foundation described in this note. The University excluded these entities from the reporting entity because it is not financially accountable for them. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, issued in May 2002, provides additional guidance that must be evaluated. In conjunction with the implementation of this statement the reporting requirements for the Foundation and the Cougar Club will be reassessed. This statement is effective for the financial statement periods beginning after June 15, 2003.

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

Transactions between the College and the Foundation during the year ended June 30, 2002, were as follows:

Foundation for the rental of certain real property (excludes approximately \$2,000 for premiums for insurance coverage on leased properties owned by the Foundation). The amount is reported as part of operating expense.	\$ 614,355
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Scholarships awarded by the College and reimbursed by the Foundation. The amount is reported as part of gifts under non-operating revenue.	\$ 1,355,062
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Capital Gifts	\$ 537,792
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See Note 9 regarding lease transactions with the Foundation. Also, the Foundation reimbursed the College \$1,174,725 for certain expenditures that were paid by the College for the benefit of the Foundation.

Related party receivables as of June 30, 2002, is as follows:

Due from Foundation	\$ 6,734,315
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Independent auditors examined the financial statements of the Foundation as of December 31, 2001, and for the year then ended. The assets, liabilities and operating activities of the Foundation as of December

31, 2001, and for the year then ended, are excerpts from the Foundation's audited financial statements and are not included in the accompanying financial statements of the College.

College of Charleston Foundation
Statement of Financial Position
As of December 31, 2001

<u>Assets</u>	<u>In Thousands</u>
Cash and cash equivalents	\$ 2,412
Accounts receivable	31
Accrued interest receivable	161
Prepaid expenses	11
Inventories	20
Unconditional promise to give, net	4,193
Investments	34,613
Notes receivable	-
Contributions receivable from remainder trusts	245
Cash value of life insurance	14
Property, equipment, net	9,064
Total Assets	<u><u>\$ 50,764</u></u>
<u>Liabilities</u>	
Accounts payable and accrued expenses	\$ 852
Annuities payable	418
Deferred revenues – rental income	122
Notes payable	272
Total Liabilities	<u><u>\$ 1,624</u></u>
<u>Net Assets</u>	
Unrestricted	\$ 2,469
Temporarily restricted	26,937
Permanently restricted	19,734
Total Net Assets	<u><u>\$ 49,140</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 50,764</u></u>

**College of Charleston Foundation
Statement of Activities
Year Ended December 31, 2001**

Revenue, Gains and Other Support:	In Thousands
Contributions – cash and non-cash	\$ 6,667
Net interest and dividend income	985
Rental income	616
Net realized and unrealized gains on long term investments	(1,397)
Other income	63
Gains (Loss) on sale of equipment	(12)
Changes in value of split interest agreement	(122)
Total revenue, gains, and other support	\$ 6,800
Expenses and Losses:	
Program	\$ 3,151
Supporting	954
Total expenses and losses	\$ 4,105
Changes in Net Assets	\$ 2,695
Net Assets, Beginning of Year	46,445
Net Assets, End of Year	\$ 49,140

The Cougar Club is a separately chartered corporation organized exclusively to solicit and provide funds to the athletic department in the form of scholarships and general revenues from season ticket sales and fund raising activities. Season basketball tickets are only available through Cougar Club membership. The College received \$300,000 from the Cougar Club in fiscal year 2002, primarily for athletic scholarships, which are reported as part of private gifts for auxiliaries in the operating fund and \$159,231 for basketball ticket

sales, which is reported as sales, and services of Auxiliary Enterprises in operating funds.

The financial statements of the Cougar Club, as of June 30, 2001, and for the year then ended, were examined by independent auditors. The assets, liabilities and operating activities of the Cougar Club as of June 30, 2001, and the year then ended, are excerpts from the Cougar's Club audited financial statements and are not included in the accompanying financial statements of the College.

Cougar Club
Statement of Financial Position
As of June 30, 2001

<u>Assets</u>	<u>In Thousands</u>
Cash	\$ 325
Accounts receivable	6
Investments	147
Equipment (Net of accumulated depreciation)	32
Total Assets	<u><u>\$ 510</u></u>
<u>Liabilities</u>	\$ 7
Accounts payable	4
Loan payable	147
Incentive compensation contract	\$ 158
Total Liabilities	
<u>Net Assets</u>	
Unrestricted	\$ 169
Temporarily restricted	183
Total Net Assets	<u><u>\$ 352</u></u>
Total Liabilities and Net Assets	<u><u>\$ 510</u></u>

Cougar Club
Statement of Activities
Year ended June 30, 2001

<u>Revenue and Other Support</u>	<u>In Thousands</u>
Donations/Memberships	\$ 391
Special events	56
Investment Return	32
Season ticket sales	131
Miscellaneous income	1
Total Revenue and Other Support	<u><u>\$ 611</u></u>
<u>Expenses</u>	
Program	\$ 559
Supporting	121
Total Expenses	<u><u>\$ 680</u></u>
Changes in Net Assets	\$ (69)
Net Assets, Beginning of Year	\$ 421
Net Assets, End of Year	<u><u>\$ 352</u></u>

NOTE 14 – RISK MANAGEMENT

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

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

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

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

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

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

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

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

NOTE 15 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2002 are summarized as follows:

	Compensation and Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 39,648,051	\$ 4,349,432				\$ 43,997,483
Research	2,065,192	1,801,702				3,866,894
Public Service	485,289	694,897				1,180,186
Academic Support	6,243,723	3,290,821				9,534,544
Student Services	4,331,885	1,420,135				5,752,020
Operation and Maintenance of Plant	6,678,644	3,890,039	1,947,918			12,516,601
Institutional Support	7,225,424	2,280,078				9,505,502
Scholarships and Fellowships (net of discounts and allowances)				8,456,595		8,456,595
Auxiliary Enterprises	5,075,998	15,267,718	1,051,063			21,394,779
Depreciation					3,758,611	3,758,611
Total Operating Expense	\$71,754,206	\$ 32,994,882	\$2,998,981	\$ 8,456,595	\$ 3,758,611	\$ 119,963,215

NOTE 16 – STATE APPROPRIATIONS AND TRANSACTIONS WITH STATE ENTITIES

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

The original appropriation is the College's base budget amount presented in the General Funds column of Section 5E of the 2001-2002 Appropriation Act. The following is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2002:

Non-Capital State Appropriations	
Current year's appropriations:	
Original appropriations per Annual Appropriations Act	\$ 33,591,867
Mid-year appropriation reductions	(2,226,723)
Employee Base Pay Increases and Related Employee Benefits (Proviso 63C.9)	955,028
From Commission on Higher Education:	
Academic Endowment	307,406
Performance Funding	136,564
Total non-capital appropriations recorded as current year revenue	<u>\$ 32,764,142</u>

The College received substantial funding from the Commission on Higher Education (CHE) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and non-operating revenues, depending upon the requirement of deliverables with a current or potential

future economic value. The College also receives state funds from various other state agencies for sponsored research and public service projects. Following is a summary of amounts received from state agencies for scholarships, sponsored research and public service projects for the fiscal year ended June 30, 2002:

Other Amounts

Received from CHE:	
LIFE Scholarships	\$ 5,073,895
Palmetto Scholarships	1,383,447
Need-Based Grants	1,023,452
Access and Equity	41,926
Various other CHE amounts	122,196
Received from Dept. of Education	138,104
Received from various state agencies	198,291
	<u>\$ 7,981,311</u>

NOTE 17 – STATEMENT OF ACTIVITIES

The following information is provided for

incorporation in the State of Carolina Comprehensive Annual Financial Report:

Charges for services	\$ 72,023,740
Operating grants and contributions	19,009,505
Capital grants and contributions	595,505
Less expenses	(121,107,399)
Net program revenue	<u>\$ (29,478,649)</u>
Transfers:	
State appropriation	\$ 32,764,142
Capital appropriation	262,410
Total Transfers	<u>\$ 33,026,552</u>
Changes in net assets	3,547,903
Net assets – beginning as restated	104,162,461
Net assets – ending	<u>\$107,710,364</u>

NOTE 18 – ACCOUNTING CHANGES AND PRIOR PERIOD ADJUSTMENTS

All state agencies and institutions were required to adopt a capitalization limit of \$5,000 for movable personal property and \$100,000 for depreciable land

improvements, buildings and improvements and intangible assets, as of July 1, 2001. As a result of the change in asset capitalization policy, the College removed capitalized assets on hand at July 1, 2001 which did not meet the new capitalization levels.

As a result of the adoption of GASB Statements No. 34 and 35, as discussed in Note 1, the College was also required to make certain changes in accounting principles, specifically (1) adoption of depreciation on capital assets, and (2) recording of certain summer semester revenues between fiscal years rather than the fiscal year in which the semester was predominantly conducted. The College changed the classification of the Perkins Loan fund balance as a liability to the federal government.

The College corrected an error involving the application of accounting principles. In previous years, revenues from state capital improvement bonds were recognized when

the bonds were authorized by the legislature. Because the College is entitled to seek reimbursement for construction costs only to the extent of expenses incurred for the approved capital projects, certain capital improvement bond proceeds revenue previously recognized had not been earned at June 30, 2001. The College also changed the accounting of Federal Direct Lending to eliminate duplicate accounting for revenue and expenses.

The College has restated its beginning net assets as of July 1, 2001, for the above accounting changes and error correction, which are disclosed in the following schedule:

Net Assets, July 1, 2001, as Previously Reported	\$ 219,829,337
Restatement Adjustments:	
Liability to Federal Government for Perkins Loan Program	(2,335,067)
Accumulated Depreciation of Capital Assets	(52,026,214)
Capital Improvement Bond Proceeds Revenue	(34,822,627)
Changes in Capitalization Levels	(26,482,968)
Net Assets July 1, 2001, as Restated	<u>\$ 104,162,461</u>

NOTE 19 – SUBSEQUENT EVENTS

On July 1, 2001 the College outsourced the bookstore to Follett Higher Educational Group, and as part of the agreement, Follett purchased a substantial amount of the inventory.

On July 9, 2002 the College issued \$12,840,000 of Higher Education Facilities Revenue Bond Series 2002B to defease the auxiliary revenue bonds outstanding.

On August 14, 2002 the College issued \$21,930,000 of Higher Education Facilities Revenue Bond Series 2002C to purchase the new St. Philip Street Residence Hall.

In addition, the College intends to issue Higher Education Facilities Revenue Bond Series 2002D. The proceeds of this bond will provide funding needed to construct the St. Philip Street Parking Garage.

**COLLEGE OF CHARLESTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



STATISTICAL SECTION

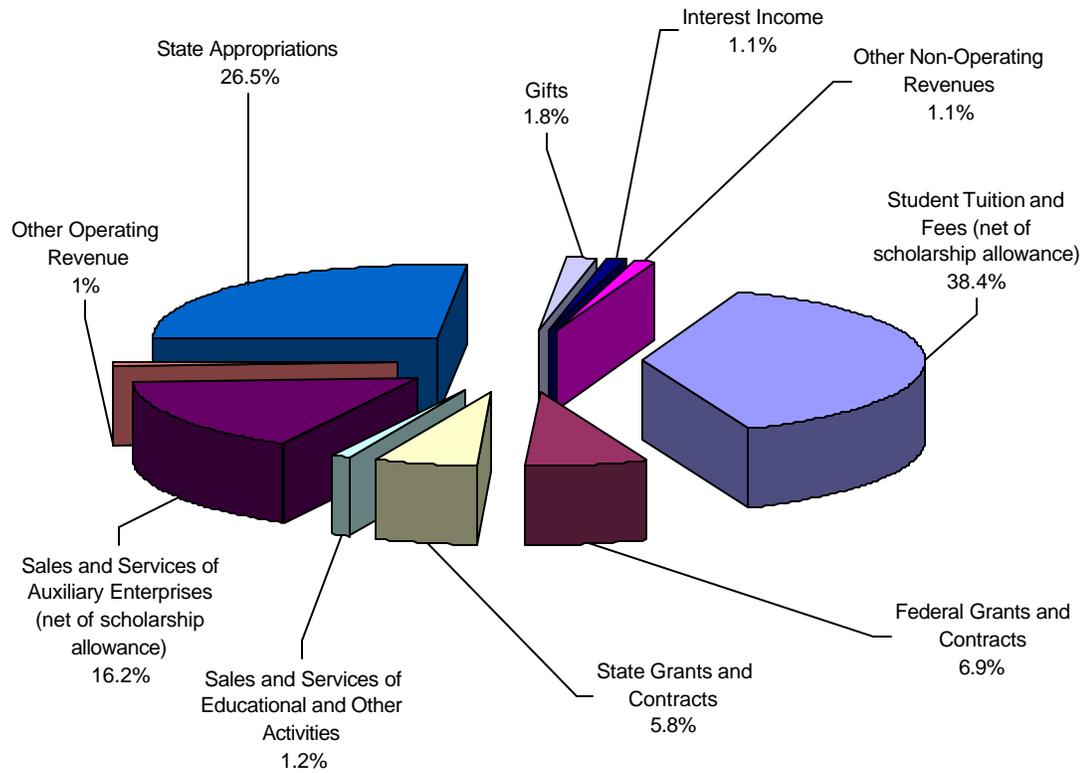
Schedule Of Revenues By Source

	For the Year Ended June 30,			
	(amounts expressed in thousands)		(percent of total revenue)	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues				
Operating Revenues:				
Student Tuition and Fees (net of scholarship allowance)	47,825	43,771	38.4%	37.4%
Federal Grants and Contracts	8,530	7,183	6.8%	6.1%
State Grants and Contracts	7,210	8,623	5.8%	7.4%
Local Grants and Contracts	15	4	0.0%	0.0%
Nongovernmental Grants and Contracts	217	418	0.2%	0.4%
Sales and Services of Educational and Other Activities	1,544	1,167	1.2%	1.0%
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	20,216	19,424	16.2%	16.6%
Other Operating Revenue	1,111	1,325	0.9%	1.1%
Total Operating Revenues	<u>86,668</u>	<u>81,915</u>	<u>69.5%</u>	<u>70.0%</u>
Non Operating Revenues:				
State Appropriations	33,027	33,339	26.5%	28.5%
Gifts	2,208	1,483	1.8%	1.3%
Interest Income	1,327	353	1.1%	0.3%
Other Non Operating Revenues	1,425	(22)	1.1%	0.0%
Total Non Operating Revenues	<u>37,987</u>	<u>35,153</u>	<u>30.5%</u>	<u>30.0%</u>
Total Revenues	<u><u>124,655</u></u>	<u><u>117,068</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>

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

Revenues By Source

Fiscal Year 2002



Schedule Of Expenses By Use

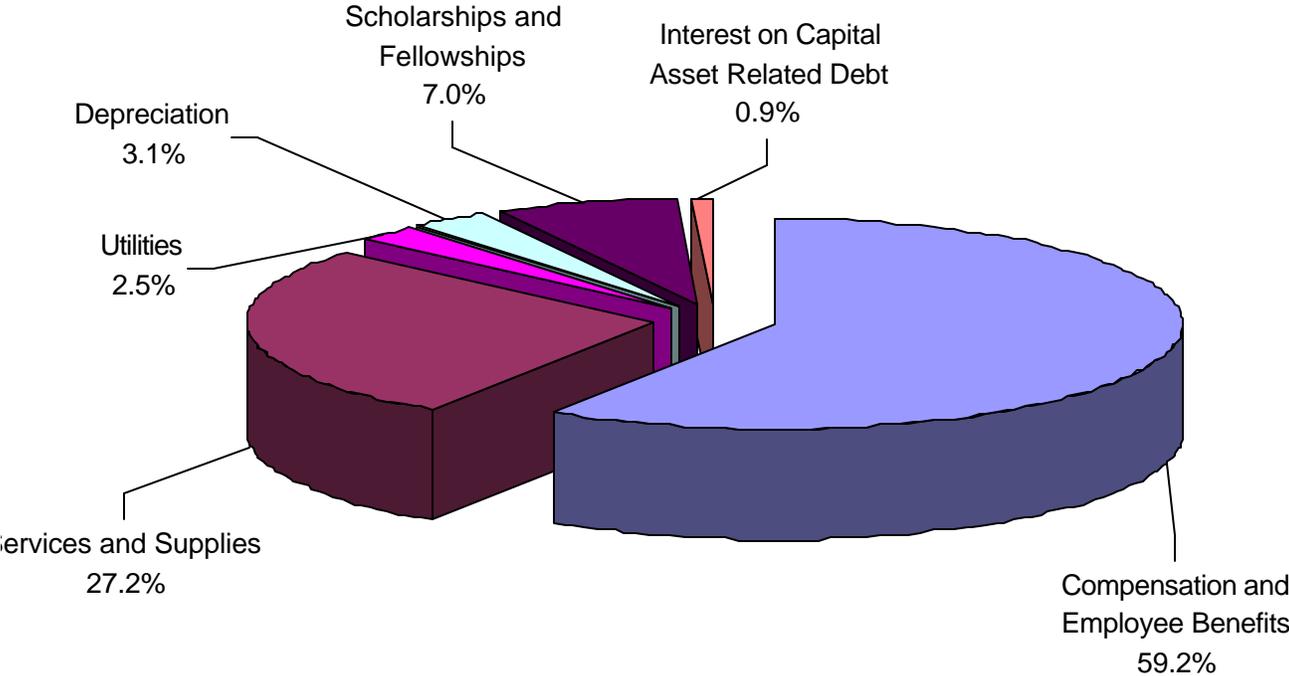
	For the Year Ended June 30,			
	(amounts expressed in thousands)		(percent of total expenses)	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Expenses:				
Operating Expenses:				
Compensation and Employee Benefits	71,754	68,716	59.3%	61.9%
Services and Supplies	32,995	27,404	27.2%	24.7%
Utilities	2,999	3,428	2.5%	3.1%
Depreciation	3,758	3,188	3.1%	2.9%
Scholarships and Fellowships	8,457	7,292	7.0%	6.6%
Total Operation Expenses	<u>119,963</u>	<u>110,028</u>	<u>99.1%</u>	<u>99.0%</u>
Non Operating Expenses:				
Interest on Capital Asset Related Debt	1,144	1,076	0.9%	1.0%
Total Non Operating Expenses	<u>1,144</u>	<u>1,076</u>	<u>0.9%</u>	<u>1.0%</u>
Total Expenses	<u>121,107</u>	<u>111,104</u>	<u>100.0%</u>	<u>100.0%</u>

Schedule Of Expenses By Function

	For the Year Ended June 30,			
	(amounts expressed in thousands)		(percent of total expenses)	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Expenses:				
Instruction	43,997	42,413	36.3%	36.4%
Research	3,867	3,569	3.2%	3.1%
Public Services	1,180	1,192	1.0%	1.0%
Academic Support	9,535	9,226	7.9%	7.9%
Student Services	5,752	5,239	4.8%	4.5%
Institutional Support	9,506	8,615	7.9%	7.4%
Operation and Maintenance of Plant	12,517	12,309	10.3%	10.6%
Scholarships and Fellowships	8,456	7,915	7.0%	6.8%
Auxiliary Enterprises	21,395	21,723	17.7%	18.7%
Interest on Capital Debt	1,144	1,076	0.9%	0.9%
Depreciation	3,758	3,188	3.1%	2.7%
Total Expenses	<u>121,107</u>	<u>116,465</u>	<u>100.0%</u>	<u>100.0%</u>

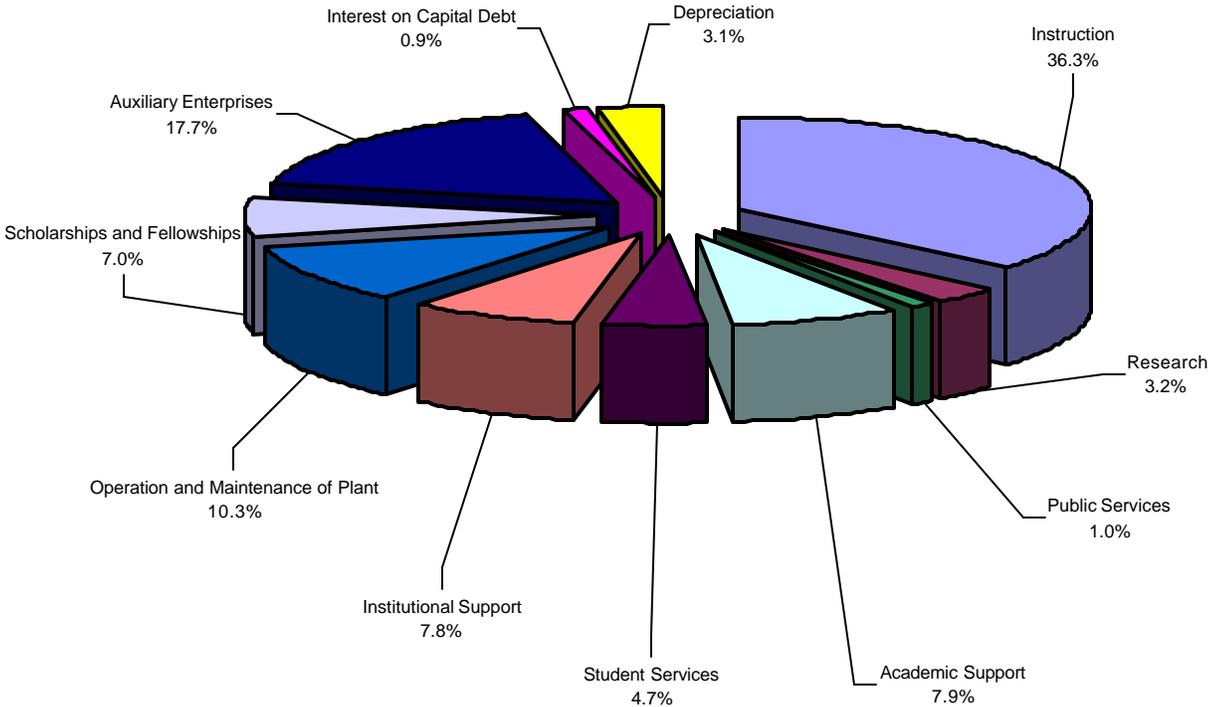
Expenses By Use

Fiscal Year 2002



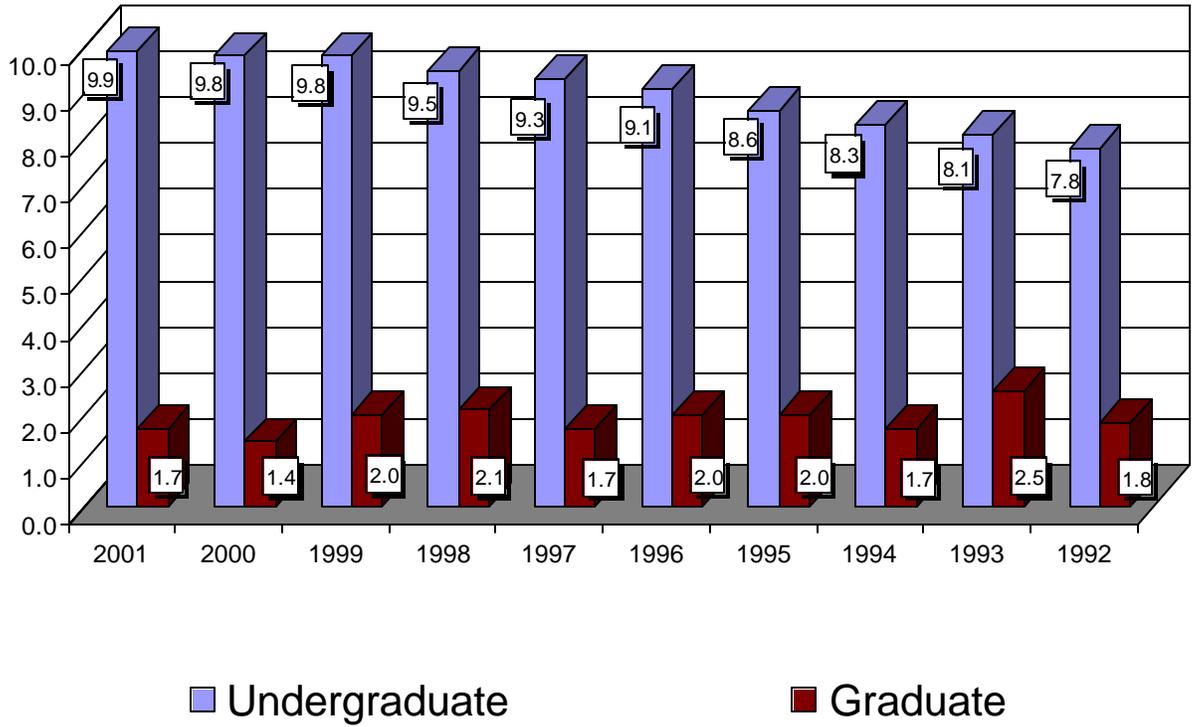
Expenses By Function

Fiscal Year 2002

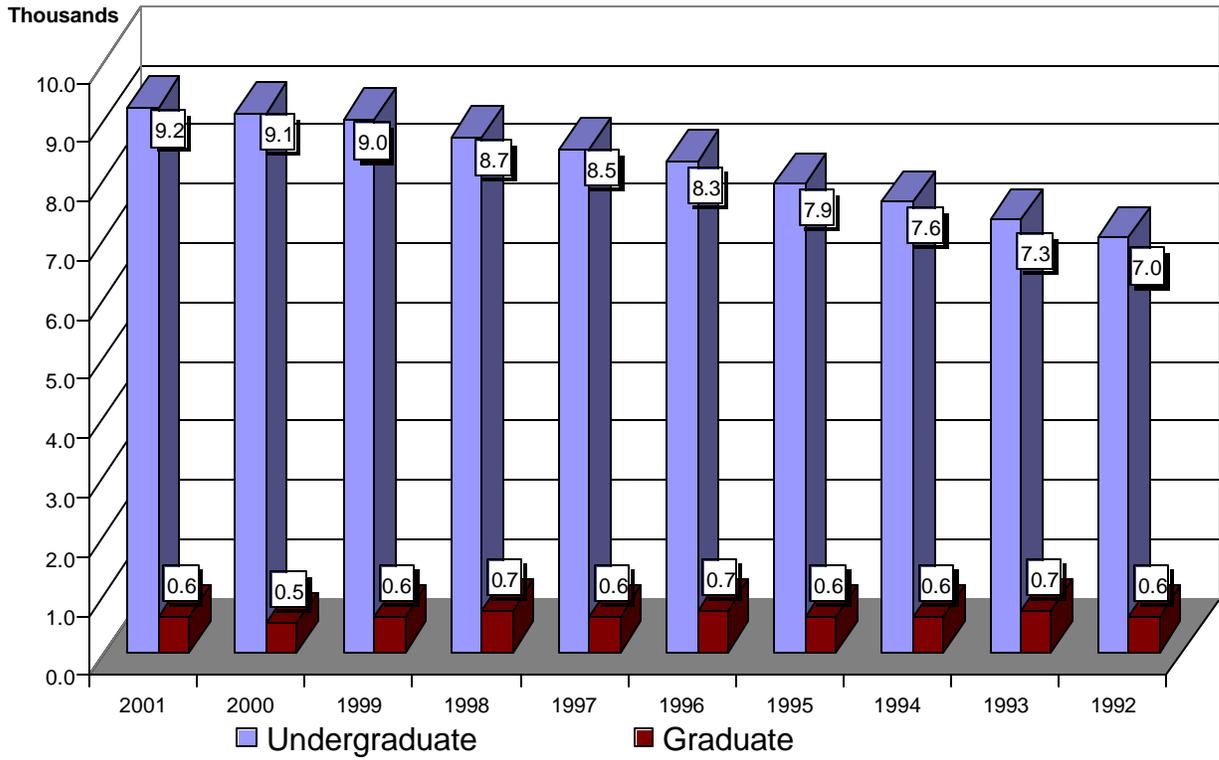


College of Charleston Student Head Count For The Last 10 Years

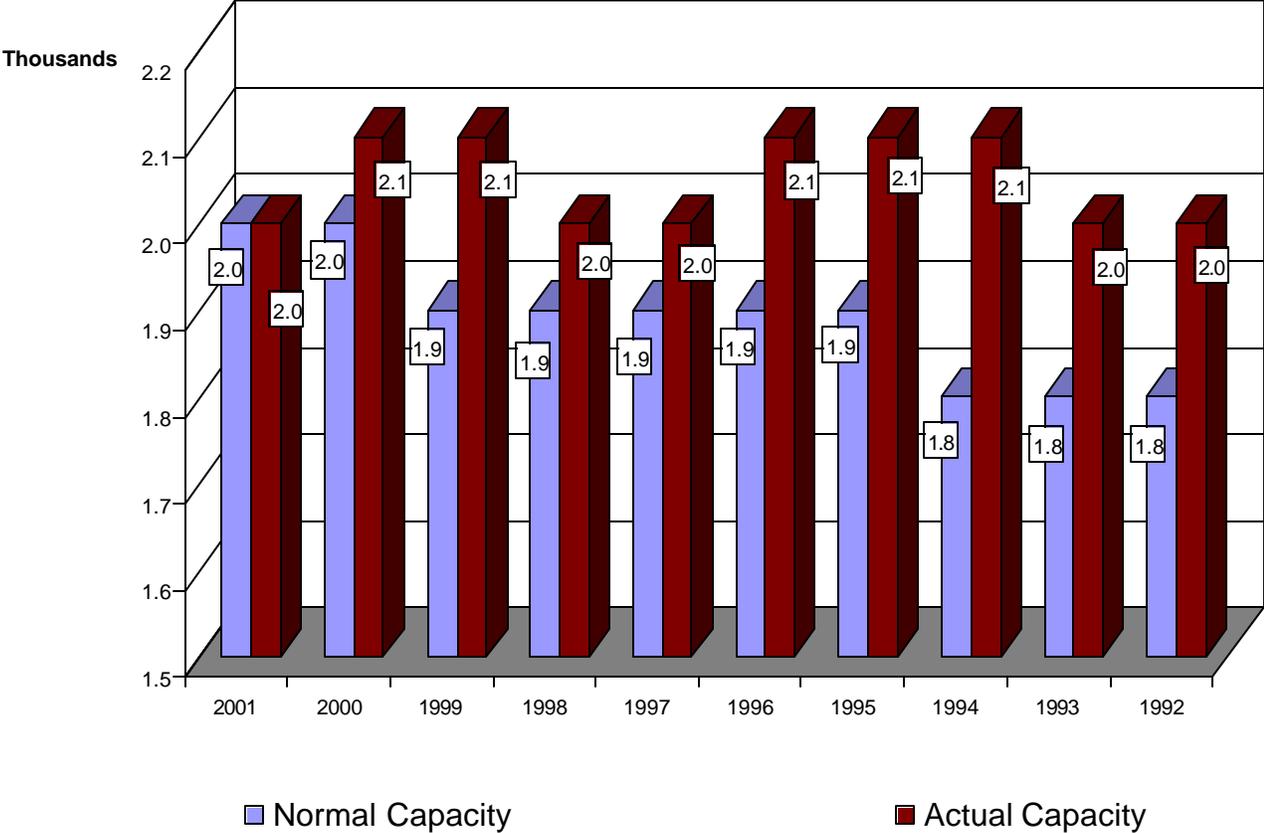
Thousands



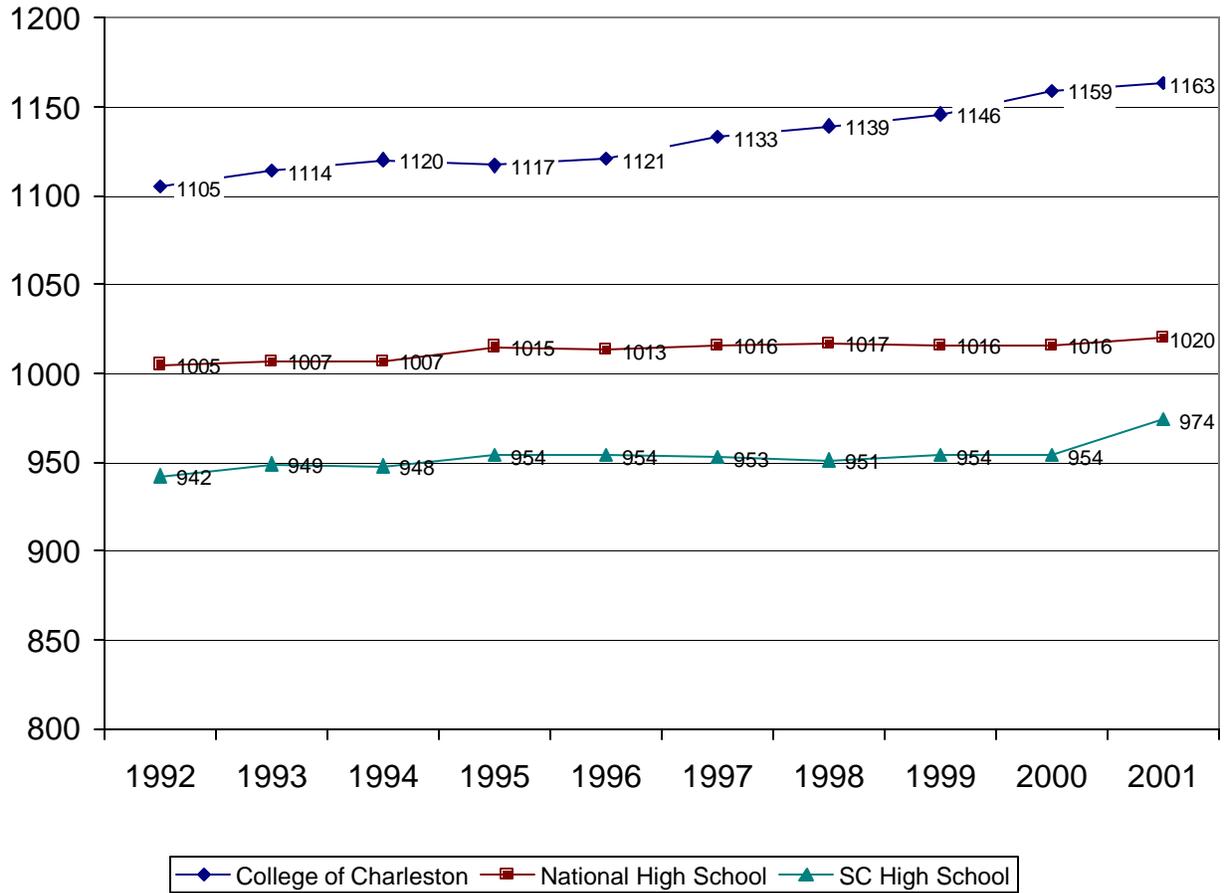
College of Charleston Student Full Time Equivalent For The Last 10 Years



College Of Charleston Fall Residence Hall Occupancy For The Last 10 Years



College of Charleston Average Combined SAT Scores For The Last 10 Years



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

Year Ended June 30,	Professor s	Associate Professors	Assistant Professors	Instructors	Total	Percent with Terminal	
						Degrees (1)	Tenure (2)
2001	105	136	157	64	462	82%	60%
2000	107	137	151	61	456	85%	61%
1999	108	126	149	56	439	83%	63%
1998	100	111	143	66	420	82%	64%
1997	101	101	143	54	399	82%	65%
1996	96	93	147	52	388	82%	61%
1995	89	91	144	38	362	85%	64%
1994	80	94	146	35	355	86%	63%
1993	69	102	135	33	339	86%	65%
1992	60	106	121	26	313	86%	64%

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

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

Source: College of Charleston Office of Institutional Research and Planning

COLLEGE OF CHARLESTON
STUDENT AND FACULTY FULL TIME EQUIVALENTS
 FALL 2001

AREA	UNDERGRADUATE			GRADUATE		
	FTE Students	IFTE Faculty	Student/ Faculty Ratio	FTE Students	IFTE Faculty	Student/ Faculty Ratio
Biological Science	546.20	37.46	14.58	26.42	4.39	6.02
Business and Management	947.54	38.13	24.85	16.50	1.00	16.50
Computer Science	211.00	12.40	17.02	15.50	1.25	12.40
Education	638.20	36.93	17.28	381.34	25.56	14.92
Engineering	8.33	0.83	10.04			
Student Teaching	50.40	3.47	14.52	16.50	1.22	13.52
Fine Arts	840.14	54.55	15.40			
Foreign Languages	1,083.46	69.30	15.63	5.67	1.16	4.89
English	974.60	60.33	16.15	9.67	0.90	10.74
Environmental Studies	5.60	0.50	11.20	51.42	3.94	13.05
Philosophy and Religion	296.80	11.28	26.31			
Library	4.27	0.59	7.24			
Mathematics	769.73	29.89	25.75	9.75	0.93	10.48
Physical Science	679.66	46.42	14.64			
Psychology	475.67	21.91	21.71			
Public Administration				15.75	1.38	11.41
Science and Math for Teachers				7.00	1.70	4.12
Social Sciences	1,309.13	57.13	22.91	14.08	1.57	8.97
Inderdisciplinary	325.93	21.89	14.89			
Totals	9166.66	503.01	18.22	569.60	45.00	12.66
College Totals	9736.26	548.01	17.77			

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

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

Source: College of Charleston Office of Institutional Research and Planning

COLLEGE OF CHARLESTON

ACADEMIC SUBJECT AREAS AND DEGREES OFFERED

FALL 2001

UNDERGRADUATE

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

GRADUATE

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

A.B. - Artium Baccalaureatus (Classical Studies)

B.A. - Bachelor of Arts

B.S. - Bachelor of Science

M.A. - Master of Arts

M.A.T. - Master of Arts in Teaching

M.ED. - Master of Education

M.P.A. - Master of Public Administration

M.S. - Master of Science

Source: College of Charleston Office of Institutional Research and Planning