

# COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA

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*Porters Lodge, the entrance to the Cistern Yard, glows warmly at sunset.*

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

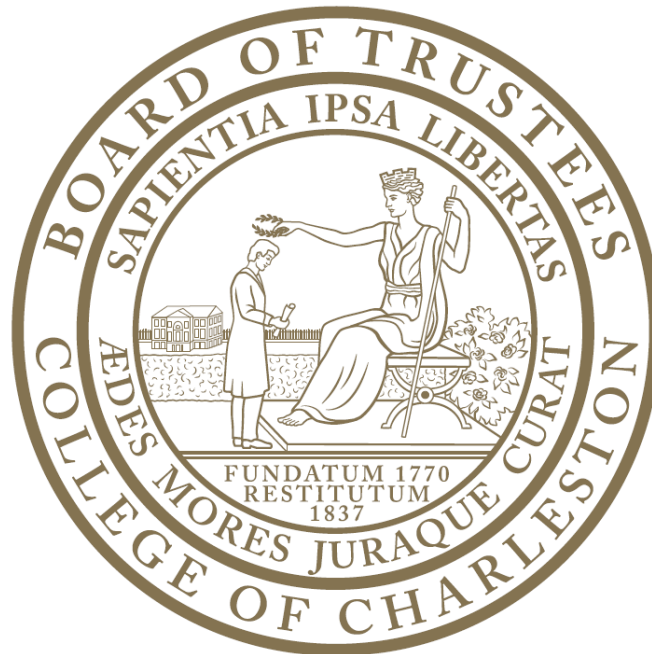
*A Component Unit of the State of South Carolina*

### **FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

PREPARED BY  
THE OFFICE OF THE CONTROLLER

# COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

*A Component Unit of the State of South Carolina*

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**COLLEGE OF CHARLESTON**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2022**

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# COLLEGE OF CHARLESTON

## ANNUAL COMPREHENSIVE FINANCIAL REPORT



*President Andrew Hsu takes a selfie with incoming Class of 2025 students.*

## INTRODUCTORY SECTION



**Andrew T. Hsu, Ph.D.**  
**President**

September 14, 2022

Dear Friends of the College of Charleston:

It is my pleasure to present the Annual Comprehensive Financial Report of the College of Charleston for the fiscal year ending June 30, 2022. It documents the fiscal status of the institution and our accountability in managing assets of the College.

During the academic year 2021–22, the College of Charleston continued its implementation of its 10-year strategic plan, *Tradition and Transformation*. The plan, created and developed by our faculty, staff, students, trustees, alumni and community partners, defines our vision for the future and creates a roadmap to help guide the College over the next decade. It outlines several goals and strategies for achieving greater student success, greater employee success and greater status as a national university in academic distinction, reputation and prestige.

Weathering another year made more complicated by the impact of the lingering COVID-19 pandemic, the College proved yet again that it is a resilient institution, and, for the second year in a row, it set new records in the areas of fundraising and new student recruitment. In fiscal year 2021–22, the College reached all-time highs in philanthropic commitments as well as set new records for submitted and completed applications (which led to the College welcoming in fall 2022 one of its largest classes in recent years).

Along with everyone in our campus community, I look forward to the next year as we shift back into a more normal rhythm, and we continue the exciting work of elevating and lifting the College of Charleston to even greater heights.

Sincerely,

Andrew T. Hsu



## LETTER OF TRANSMITTAL

September 30, 2022

**To President Hsu,  
Members of the Board of Trustees, and  
Citizens of South Carolina**

### **FORMAL TRANSMITTAL REQUIREMENTS**

We proudly present to you the Annual Comprehensive Financial Report (the report) for the College of Charleston (the College) for the year ended June 30, 2022. This report contains the financial statements as well as other information useful to those we serve and to whom we are accountable. The report includes four major sections, Introductory, Financial, Required Supplementary Information, and Statistical, as well as all disclosures necessary for the reader to gain an understanding of the College's financial operations.

#### Legal Requirement

As a lump-sum agency of the State of South Carolina, the College is required to provide a complete set of audited financial statements by October 1 of each year for incorporation into the statewide Annual Comprehensive Financial Report. This report fulfills that requirement for the fiscal year ended June 30, 2022. The College is included in the statewide Annual Comprehensive Financial Report as a component unit in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*.

#### Assumption of Responsibility

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. We believe that, to the best of our knowledge and based upon a strong system of internal control, 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 position, and cash flows.

### Internal Control

The objective of internal controls is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. The cost of a control should not exceed the benefits to be derived. Management of the College is responsible for the establishment and maintenance of internal control policies and procedures designed to safeguard the College's assets. As part of this responsibility, management ensures that its financial statements are prepared in conformity with generally accepted accounting principles (GAAP). In addition, reasonable controls are in place to ensure that: access to the College's assets is granted only with appropriate management authorization; transactions are executed in accordance with the authorization of management; transactions are recorded timely and based on criteria applicable to state guidelines, GAAP, GASB (Governmental Accounting Standards Board), and criteria developed by the National Association of College and University Business Officers; and general ledger accounts are reconciled timely.

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 Executive Vice President for Business Affairs / Chief Financial Officer but has an open and unrestricted reporting relationship with the Audit and Governance Committee of the Board of Trustees. In addition, annual audits are conducted by independent auditors which include testing to ensure the adequacy of internal controls and the College's compliance with applicable laws and regulations.

### Independent Audit

Audits are conducted on an annual basis by an independent audit firm. For the fiscal year ended 2022, the audit was conducted by Cherry Bekaert LLP. The auditor's report appears in the front of the Financial Section and expresses an unmodified opinion on the College's financial statements.

Furthermore, Cherry Bekaert LLP audits the College's federal programs to ensure compliance with the requirements of the Code of Federal Regulations Part 200 (Uniform Grants Guidance), Subpart F-Audit Requirements. Additionally, in accordance with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17, Cherry Bekaert LLP will perform the engagement work of the agreed upon procedures of the College's Department of Athletics. The most recent engagements (fiscal year 2021) detected no institutional liabilities related to the College's federal and athletic programs. Finally, the College is audited on a periodic basis by the State Fiscal Accountability Authority Procurement Services to ensure compliance with the provisions of the South Carolina Procurement Code.

### Reference to Management's Discussion & Analysis (MD&A)

The letter of transmittal complements and should be read in conjunction with MD&A. The discussion focuses on recent activities, accounting changes, and currently known facts.

## **INSTITUTIONAL PROFILE**

### **Basic Information**

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 thereof. Founded in 1770 and chartered in 1785, the College is the oldest educational institution south of Virginia, and the thirteenth oldest in the United States. Today, this thriving academic institution offers a superior liberal arts and sciences education for more than 10,900 undergraduate and graduate students. The College has seven undergraduate schools, an honors college, and The Graduate School of the University of Charleston, South Carolina. These schools offer 3 undergraduate certificates, 74 undergraduate degrees, 81 minors, 19 graduate degrees, and 9 graduate certificate programs.

The College of Charleston is committed to attracting the most promising students from South Carolina as well from other states and nations. Out-of-state and international students comprise 45 percent of the student enrollment with 52 states and U. S. territories and 66 foreign countries represented in fall 2021.

### **Component Units**

The College of Charleston and its graduate school are a component unit of the State of South Carolina. The funds of the College of Charleston are included in the Annual Comprehensive Financial Report of the State of South Carolina.

Governmental Accounting Standards Board (GASB) Codification Section 2100: *Defining the Financial Reporting Entity*, and Section 2600: *Reporting Entity and Component Unit Presentation and Disclosure*, provides criteria for whether certain organizations should be reported as component units based on the nature and significance of their relationship to the related entity. Based on these criteria, the College determined the College of Charleston Foundation and the College of Charleston Cougar Club are component units. Consequently, the financial statements include the accounts of these entities as discretely presented component units.

### **Budget**

The College prepares an annual operating budget that provides reasonable estimates of revenues and expenditures. The annual budgetary process includes an operating budget for educational and general activities, and auxiliary enterprises. Budgets for sponsored programs and capital projects are established and maintained on an individual basis throughout the year. Executive management develops a budget based on consultations with academic leaders and division heads. The resulting comprehensive budget includes mandated spending, inflationary costs, and strategic investments informed by the College's strategic plan. The proposed budget is presented to the Board of Trustees for approval, and budget status updates are provided on a quarterly basis. The responsibility for budgetary control rests at the departmental level with appropriate oversight provided by the executive management of the College. Finally, the College prepares annual budgetary reports that are available to the General Assembly of South Carolina and the public for review.



### Accolades

The College of Charleston has received top marks in the U.S. News & World Report Best Colleges 2023 rankings. Among Southern Regional Universities, the College ranks as follows:

- No. 9 in Regional Universities
- No. 3 in Best Colleges for Veterans
- No. 7 in Best Undergraduate Teaching
- No. 2 in Most Innovative Schools
- No. 4 in Top Public Schools

U.S. News & World Report has published its Best Colleges rankings since 1983. According to its website, the rankings provide a starting point for families searching for the best academic value for their money and enables them to compare the relative quality of institutions based on such widely accepted indicators of excellence as freshman retention, graduation rates and the strength of the faculty.

For the 19th year in a row, The Princeton Review has recognized the College of Charleston as one of the top universities in the country. Since 1992, The Princeton Review has released this annual guide of the best colleges in the United States. The guide showcases the universities it recommends to students and families as the best for undergraduates.

Not only does The Princeton Review name the College as one of the best schools in the Southeast, the school is also recognized in the categories of “The Best College Cities,” “Everyone Plays Intramural Sports” and “Most Active Student Government.” The Princeton Review continues, “This is a small school with large school energy and everyone at College of Charleston is welcoming to new students and freshmen.”

Forbes recognized the College as one of America’s top colleges, noting that the College is “Deeply committed to the liberal arts and sciences, and the atmosphere is civically and globally-minded.” In the Honors College, students take interdisciplinary courses, engage in local community organizations, and participate in research and internship opportunities.

## **INFORMATION USEFUL FOR ASSESSING ECONOMIC CONDITION**

### Local Economy

The Charleston region is comprised of three counties (Berkeley, Charleston, and Dorchester) and 27 cities. The region covers more than 3,100 square miles. With the most productive and efficient seaport in North America, an integrated rail and highway system, and an international airport, Charleston provides seamless connections to the global marketplace. Charleston’s central location, roughly halfway between New York and Miami, offers prime access to the U.S. Southeast. In addition to a thriving economy, the region is rich in history and a popular tourist destination.

As of July 2022, total employment in the state of South Carolina was 2,324,000 persons, an increase of 24,500 from July 2021. The unemployment rate as of July 2022 was 3.2 percent, down from 4.3 percent in July 2021. The industries with the largest number of jobs were Trade, Transportation, and Utilities (436,600), Government (374,900),

Professional and Business Services (301,800), and Leisure and Hospitality (266,000).<sup>1</sup> While Construction (1.1 percent) was the only industry with a twelve-month decrease, the industries with the two largest twelve-month percentage increases were Information (9.1 percent), Leisure and Hospitality (8.1 percent), and Other Services (6.8 percent).<sup>2</sup>

Total employment for the Charleston Metropolitan Statistical Area (MSA) was 399,300 persons, and the unemployment rate was 2.8 percent. The top four industries for the area were Government (69,800), Trade, Transportation, and Utilities (69,300), Professional and Business Services (63,600), and Leisure and Hospitality (55,400). The industries with the three largest twelve-month percentage increases were Leisure and Hospitality (12.1 percent), Information (11.1 percent), and Professional and Business Services (9.5 percent). The general trend of the local labor market usually follows South Carolina and the United States, however, the annual unemployment rate (unadjusted) for the Charleston MSA has been lower than both the state and the country for thirteen out of the last fifteen years.<sup>2</sup> The number of monthly job openings ranged from 19,209 in January 2022 to 30,685 in July 2022.<sup>3</sup>

In 2022, readers of Travel + Leisure magazine voted Charleston the number one U.S. city to visit for the tenth year in a row, as well as naming it among the world's top 25 destinations.

Charleston International Airport (CHS) was coming off a record-breaking year in 2019 (4.9 million passengers). However, the global pandemic cut activity on 2020 by more than half, to 2.0 Million passengers. 2021 saw travel increase to almost pre-COVID levels at 4.2 million passengers. 2022 continues to see increased passenger volumes with 3.0 million passengers through July 2022.<sup>4</sup>

Charleston has been one of the nation's most important seaports since its establishment in 1670. The port of Charleston offers five terminals and expertly handles diverse cargo including containerized, breakbulk and rolling stock, and cruise operations. The port is the most productive port in the nation, with high container crane production and low truck turn times. The port offers competitive dual Class One rail service and a RapidRail drayage program, as well as competitive, multi-carrier access to every major trade lane. Additionally, the port boasts the deepest water in the Southeastern U.S., and the only southeastern port that can efficiently handle post-Panamax vessels up to 9,600 TEUs. The port serves more than 150 countries worldwide, 13 of the 15 top container lines, and handles more than 1.5 million TEUs annually. A new three-berth, 280-acre container terminal is under construction.<sup>5</sup>

The Charleston region offers local employers a growing pool of 380,000+ skilled workers. The region's education and workforce training system continue to build a solid base of technically skilled workers in engineering, information technology and more. Greater Charleston continues to attract corporate investment, with both multinational corporations and fast-growing startups taking advantage of our skilled workforce, world-class infrastructure, and globally competitive business environment. In addition, 15 new and expanding firms in the region announced approximately \$1.5 billion in capital investment and 772 new jobs that will be added to the market over the next several years.<sup>5</sup> The Charleston area's labor force is growing at a rate three times the U.S. average.

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<sup>1</sup> US Bureau of Labor Statistics, July 2022, number of persons, seasonally adjusted

<sup>2</sup> US Bureau of Labor Statistics, July 2022, in percent, seasonally adjusted

<sup>3</sup> SC Department of Employment & Workforce, Business Intelligence Department, Community Profile, updated 8/25/22

<sup>4</sup> Charleston County Aviation Authority

<sup>5</sup> Charleston Research Development Alliance, 2022

### Long-term Financial Planning

The College's annual planning and budgeting cycle enables the College to align funding with the implementation of the College's Strategic Plan, adopted in 2020. This process affords the College the ability to reinforce and manage investment-based budgeting that targets specific strategies, tactics, or objectives directly tied to the mission and vision of the College. The administration believes this process is imperative for the College to maintain its viability and excellent academic reputation. The shifting dynamics of the higher education marketplace mandate that institutions fund only those initiatives expected to return value and enhance the learning environment.

### Relevant Financial Policies

It is noteworthy to mention at least three policies that impact the budgetary process. These policies cover debt, cash, and risk management issues.

The College manages debt on a portfolio basis. Its continuing objective to achieve the lowest cost of capital will be balanced with the goal of limiting exposure to market shifts. The College will manage its credit to maintain the highest acceptable rating which will permit the College to issue debt and finance capital projects at favorable interest rates while meeting its strategic objectives. Overall debt will be limited to a level that will maintain an acceptable credit score with bond rating agencies.

Secondly, 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 can earn interest income on revenues derived from the operations of its residence halls, parking, and food services. 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.

Finally, the College contributes to a statewide risk management program in which the state assumes substantially all risk 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 assets and activities including real and personal property. The College also obtains employee fidelity bond insurance coverage from a commercial insurer.

### Major Initiatives

The Board of Trustees approved a new Strategic Plan, effective May 7, 2020. The goal of this effort was to articulate a shared vision of the College's future and to make that vision a reality through the identification of key strategic priorities and specific outcomes tied to actionable plans.

The College updates and reaffirms its five-year Comprehensive Permanent Improvement Plan annually. The plan outlines all major capital improvements planned to begin within the next five years, including project cost estimates and funding sources.

Projects completed over the past year include:

- McConnell Student Residence Interior Renovation
- 1 Warren Place Apartments Bedroom Additions
- Addlestone Library Envelope and Interior Renovation (Phase 1)
- TD Arena Scoreboard/Video Board Package Addition
- Craig Hall Mechanical Room Renovation
- Patriot's Point Sailing Center Dock Construction
- Housing Fire Safety Upgrades
- Campus Safety and Security Project (Phase 1)

The following major projects are currently in the design phase:

- Multicultural Center Renovation
- Silcox Gym Envelope and 1<sup>st</sup> Floor Renovation
- Electrical Grid Infrastructure Upgrades
- Stern Student Center Renovation / Addition
- Berry Residence Hall Honors Center Renovation
- Buist Residence Hall Renovation
- Craig Residence Hall Renovation
- Central Energy and Piping Infrastructure Upgrades
- Sottile Theater Exterior Repairs and HVAC Upgrades
- 107 Wentworth Residence House Renovation
- 58 George Renovation for the Student Success Center
- Patriots Point Tennis Center Renovation

The following major projects are currently in the construction phase:

- Simons Center for the Arts Renovation
- Campus Safety and Security Project (Phase 2)
- Addlestone Library Envelope and Interior Renovation (Phase 2)
- McAlister Residence Hall Renovation
- Access Control
- Sottile Theater HVAC Upgrades
- Patriots Point Baseball Turf
- ESCO Project
- Mechanical Upgrades

## **AWARDS AND ACKNOWLEDGEMENTS**

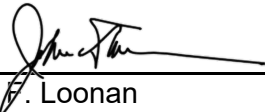
### Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the College of Charleston for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The College has received the Certificate of Achievement for twenty-nine consecutive years. 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. 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.

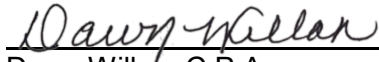
### Acknowledgments

We wish to thank the President and the Board of Trustees 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.



John F. Loonan

Executive Vice President of Business Affairs / Chief Financial Officer



Dawn Willah, C.P.A.

Vice President of Fiscal Services



Patrick M. Filippa, C.P.A.

Controller



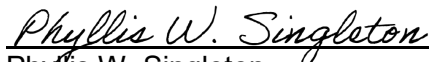
Kenneth "Rick" Mims, C.P.A.

Deputy Controller



Joshua D. Williams, C.P.A.

Deputy Controller



Phyllis W. Singleton

Associate Controller

**COLLEGE OF CHARLESTON**  
**BOARD OF TRUSTEES**  
**2021 - 2022**

**David M. Hay, Chair**  
Member at Large

**Shawn M. Holland**  
Third District

**Demetria Noisette Clemons, Vice Chair**  
Sixth District

**Randy Lowell**  
Member at Large

**Renee Buyck Romberger, Secretary**  
Fourth District

**Toya D. Pound**  
Governor's Designee

**Charles J. Baker, III**  
Alumni Association Representative

**Penelope S. Rosner**  
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First District

**Steve D. Swanson**  
Member at Large

**John Hartnett Busch**  
Second District

**August G. Swarat, II**  
Governor's Designee

**Henry A. Futch**  
Fifth District

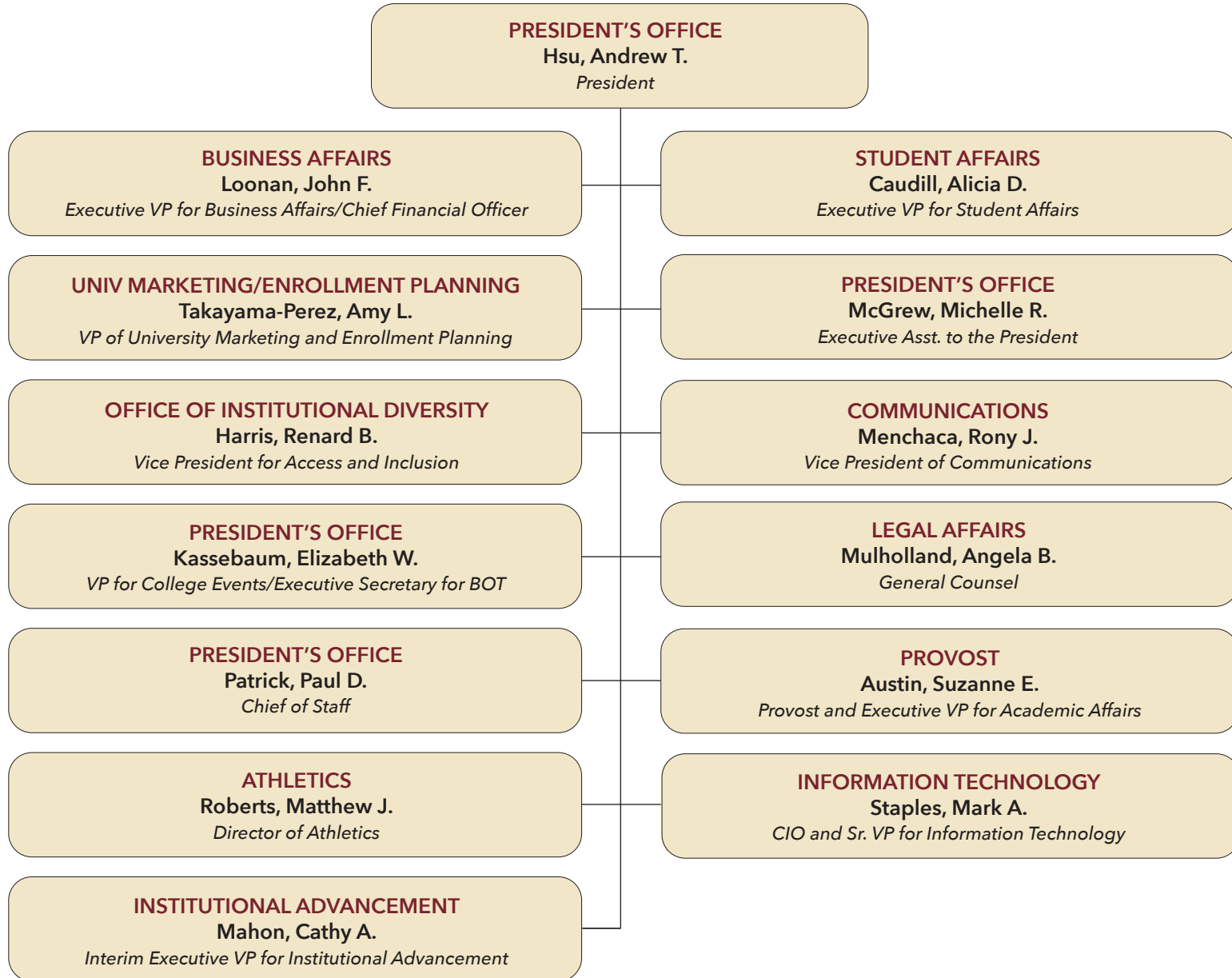
**Craig C. Thornton**  
Third District

**Andrew A. Gianoukos**  
First District

**Ricci Land Welch**  
Sixth District

**Henrietta U. Golding**  
Seventh District

**John B. Wood, Jr.**  
Fourth District



**COLLEGE OF CHARLESTON**  
**BUSINESS AND FINANCE OFFICERS**  
**2021-2022**

**John F. Loonan**

Executive Vice President for Business Affairs/  
Chief Financial Officer

**Dawn Willan, C.P.A.**

Vice President of Fiscal Services

**Patrick M. Fillippa, C.P.A.**

Controller

**Kenneth “Rick” Mims, C.P.A.**

Deputy Controller

**Joshua D. Williams, C.P.A.**

Deputy Controller

**Phyllis W. Singleton**

Associate Controller

**David Katz**

Treasurer

**Everett McInnis**

Associate Vice President for Budgeting and Payroll Services

**J.R. Barnhart, MBA, MAcc, C.P.A**

Internal Auditor





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**College of Charleston  
South Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

# COLLEGE OF CHARLESTON ANNUAL COMPREHENSIVE FINANCIAL REPORT



*President Andrew Hsu speaks to families at Admitted Student Day.*



*Students attend the Welcome Back Cookout held by the Black Student Union in Cistern Yard.*

## FINANCIAL SECTION

## Report of Independent Auditor

To the Members of the Board of Trustees  
College of Charleston  
Charleston, South Carolina

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the business-type activities and the non-governmental discretely presented component units of College of Charleston (the “College”), a component unit of the State of South Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the non-governmental discretely presented component units of the College, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the College of Charleston Foundation and Subsidiaries and the College of Charleston Athletic Fund d/b/a – Cougar Club, which are presented as non-governmental discretely presented component units. The College of Charleston Foundation and Subsidiaries and the College of Charleston Athletic Fund d/b/a – Cougar Club represent 100% of total assets and 100% of total revenues of the non-governmental discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the College of Charleston Foundation and Subsidiaries and the College of Charleston Athletic Fund d/b/a - Cougar Club, are based solely on the reports of the other auditors.

#### Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the College of Charleston Foundation and Subsidiaries and the College of Charleston Athletic Fund d/b/a – Cougar Club were not audited in accordance with *Government Auditing Standards*.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as shown on pages 22 through 33, the Schedule of the College's Proportionate Share of the Net Pension Liability and the Schedule of the College's Pension Contributions, as shown on pages 91 and 92, and the Schedule of the College's Proportionate Share of the Net OPEB Liability and the Schedule of the College's OPEB Contributions, as shown on pages 93 and 94, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Greenville, South Carolina  
October 14, 2022

**COLLEGE OF CHARLESTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

**Introduction**

The College of Charleston's (the College) Management Discussion and Analysis (MD&A) presents an overview of its financial condition and guides the reader through significant financial matters for the fiscal year ended June 30, 2022. Management has prepared the discussion and recommends reading it in conjunction with the accompanying financial statements and notes. The responsibility for the financial statements, notes, and this discussion rests with management.

**Financial and Other Highlights**

- Net position of \$55.3 million in fiscal year 2022 increased by \$37.8 million or 215.8 percent in comparison to fiscal year 2021.
- Tuition and fee revenue of \$169.0 million for fiscal year 2022 reflects an increase of \$19.2 million, up 12.8 percent in relation to fiscal year 2021. Total revenues also increased by \$44.8 million, or 16.1 percent.
- Sales and services of auxiliary enterprises revenues increased by \$15.6 million or 45.7 percent.
- Total expenses of \$284.8 million increased by \$4.5 million, or 1.6 percent from the prior year. Total operating expenses increased by 1.2 percent from the prior year.
- State appropriations totaling \$34.6 million in fiscal year 2022 increased by \$3.8 million or 12.3 percent from fiscal year 2021.

**Using the Annual Financial Report**

The annual financial report encompasses three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These financial statements are prepared according to Governmental Accounting Standards Board (GASB), Statements No. 34 and 35, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments and Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. During fiscal year 2022, the College implemented GASB Statement No. 87, *Leases*. The financial statements focus on the financial condition of the College, the results of its operations, and its cash flows.

The three financial statements, similar to those of the private sector, should assist the reader of the annual report in assessing whether the College's overall financial condition (the Statement of Net Position) has improved or deteriorated as a result of current year's financial activities (the Statement of Revenues, Expenses and Changes in Net Position). In addition, the financial statements will help the reader ascertain whether the College can meet its financial obligations. The Statement of Cash Flows displays information related to both inflows and outflows of cash and further classifies activities by operating, noncapital financing, capital debt and related financing, and investing.

Moreover, it answers the questions as to whether the institution is generating any extra cash that can be used to repay debt or to invest in new services, and whether the institution is generating enough cash to purchase the additional assets required for growth and maintenance. The elimination of internal service fund transactions ensures that only transactions external to the College are shown in the statements. The following discussion elaborates further on the components and relationships of the three statements.

First, the **Statement of Net Position** (the balance sheet) includes current and noncurrent 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, unearned revenues, accrued compensation, and the current portion of bonds and notes payable. This data provides information on assets available to continue the operations, amounts due to vendors, investors, lending institutions, and the net position available for expenditure by the College. All depreciable capital assets are reported net of accumulated depreciation or amortization in the case of leased assets. The College does not report any infrastructure assets as a separate line item. If applicable, the statement also displays deferred outflows and inflows of resources, which are consumptions or acquisitions of net position in one period that are applicable to future periods.

In addition, the Statement of Net Position presents three major components of net position. The first component, net investment in capital assets, consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, as well as leases related to the adoption of GASB 87 and adding any unspent bond proceeds related to future construction. The next component displays the restricted portion of net position, subdivided into expendable and nonexpendable. The expendable portion of restricted net position is available for expenditure but must be spent for purposes as determined by donors and/or external entities based on the defined restrictions. The nonexpendable restricted component is available solely for investment purposes. The final component is the unrestricted portion of net position which may be expended for any lawful purpose of the institution.

Secondly, the **Statement of Revenues, Expenses, and Changes in Net Position** presents the sources of revenue, types of expenses, gains or losses, and changes in net position. Revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the College's revenues, including State appropriations, gifts, and investment income (loss) are considered nonoperating. 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 related fees; federal, state, and local grants and contracts; student organization revenues; sales and services of auxiliary enterprises; and other sources.

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

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 services, utilities, scholarships and fellowships, and depreciation.

Nonoperating revenues are monies received for which goods and services are not provided. State capital appropriations are considered neither operating nor nonoperating revenues and are reported after "Income Before Other Revenues".

Lastly, the **Statement of Cash Flows** presents detailed information about the cash activity of the College during the year and is divided into five sections. The operating section shows the net cash provided by or used for the operating activities of the College. The second section presents cash flows from noncapital financing activities and reflects the cash received and spent for noncapital financing purposes. Cash used for the acquisition and construction of capital and related items is detailed in the cash flows from capital debt and related financing activities section. The section on cash flows from investing activities shows the interest received from investing activities. The fifth section reconciles the change in net cash to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position. This reconciliation is detailed in the financial statements of the College and is not included in this analysis.

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

The College implemented GASB 87, *Leases*, during fiscal year ended June 30, 2022. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying nonfinancial asset. The objective of this statement is to improve the consistency of accounting and reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under pre-GASB 87 guidance, the College distinguished between operating and capital leases. Beginning in fiscal year 2022, there is no longer a distinction between operating and capital leases. All leasing arrangements as defined under GASB 87 will now be treated as financings of the right to use the leased asset or a receivable and deferred inflow for leases in which the College is the lessor.



## Statements of Net Position

The Statement of Net Position is the residual of all other elements presented in the financial statements. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. The change in net position during the fiscal year is an indicator of the change in the overall financial condition of the College. A synopsis of the College's assets and deferred outflows, liabilities and deferred inflows, and net position as of June 30, 2022 and 2021 follows.

<b>Condensed Statement of Net Position</b>				
	<b>2022</b>	<b>2021</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>Assets</b>				
Current assets	\$ 298,648,847	\$ 202,953,801	\$ 95,695,046	47.2%
Capital assets, net of depreciation	403,685,538	381,979,858	21,705,680	5.7%
Other noncurrent assets	20,839,355	4,514,638	16,324,717	361.6%
<b>Total Assets</b>	<b>723,173,740</b>	<b>589,448,297</b>	<b>133,725,443</b>	<b>22.7%</b>
<b>Deferred Outflows</b>				
Deferred loss on debt refundings	285,648	308,405	(22,757)	-7.4%
Deferred outflows - pension	2,603,329	32,445,427	(29,842,098)	-92.0%
Deferred outflows - OPEB	58,449,783	44,521,803	13,927,980	31.3%
<b>Total Deferred Outflows</b>	<b>61,338,760</b>	<b>77,275,635</b>	<b>(15,936,875)</b>	<b>-20.6%</b>
<b>Liabilities</b>				
Current liabilities	56,169,841	36,739,356	19,430,485	52.9%
Noncurrent liabilities	636,390,130	590,689,754	45,700,376	7.7%
<b>Total Liabilities</b>	<b>692,559,971</b>	<b>627,429,110</b>	<b>65,130,861</b>	<b>10.4%</b>
Deferred inflows - pension	9,045,630	2,318,241	6,727,389	290.2%
Deferred inflows - OPEB	24,728,775	18,893,221	5,835,554	30.9%
Deferred inflows - leases	2,882,247	-	2,882,247	100.0%
Deferred inflows - other	-	571,429	(571,429)	-100.0%
<b>Total Deferred Inflows</b>	<b>36,656,652</b>	<b>21,782,891</b>	<b>14,873,761</b>	<b>68.3%</b>
<b>Net Position</b>				
Net investment in capital assets	190,960,326	195,062,857	(4,102,531)	-2.1%
Restricted - expendable	83,894,083	71,509,866	12,384,217	17.3%
Restricted - nonexpendable	1,100,000	1,100,000	-	0.0%
Unrestricted	(220,658,532)	(250,160,792)	29,502,260	11.8%
<b>Total Net Position</b>	<b>\$ 55,295,877</b>	<b>\$ 17,511,931</b>	<b>\$ 37,783,946</b>	<b>215.8%</b>

**Total Net Position** grew to \$55.3 million as of the end of fiscal year 2022, increasing by \$37.8 million.

**Total Assets** of \$723.2 million increased by \$133.7 million or 22.7 percent from last fiscal year to the current fiscal year. The net increase is primarily due to an increase in cash and cash equivalents, which is discussed in the Statement of Cash Flows section. Capital assets, net of depreciation decreased by \$14.6 million due mainly to depreciation. Capital assets not being depreciated grew by \$36.3 million. Additional spending on capital projects not completed and new projects started during the year account for all of this increase. Additional information about changes within assets include:

- Total cash increased by \$95.2 million or 49.7 percent from the prior year. Unrestricted cash increased by \$19.2 million or 25.9 percent. Current restricted cash increased by \$76.0 million, mostly due to funds received from the Series 2021B revenue bonds and funds received from a master lease/purchase agreement. Noncurrent restricted cash increased by \$63 thousand. For further information, see the Statement of Cash Flows section.
- Leased assets in the amount of \$14.5 million were recorded as a result of GASB 87.
- Prepaid expenses decreased by \$2.1 million due to timing differences.

**Total Deferred Outflows** decreased \$15.9 million, or 20.6 percent. Deferred outflows related to the College's proportionate share of the state's net pension liability decreased by \$29.8 million. Deferred outflows related to the College's proportionate share of the state's retiree health benefits increased by \$13.9 million. See notes 6 and 7 for additional information.

**Total Liabilities** of \$692.6 million increased by 10.4 percent. Current liabilities increased by \$19.4 million, mostly due to a \$11.6 million change in accounts payable. The College also recorded \$4.5 million in current leases payable as a result of GASB 87. Noncurrent liabilities grew by \$45.7 million from the prior year. The current and noncurrent portions of bonds and notes payable increased by a total of \$58.5 million. The increase is due to the issuance of \$43.1 million in Series 2021B Revenue Bonds and a note payable in the amount of \$21.5 million. There were also reductions related to amortization on bond premiums and scheduled debt service payments. New noncurrent leases payable in the amount of \$10.3 million were also recorded. The net pension liability decreased by \$40.6 million, mostly due to a difference in projected and actual earnings on pension plan investments. The OPEB liability increased by \$18.6 million. The majority of this change is due to a change in the discount rate used for the calculation. For more detailed information on noncurrent liabilities, refer to Notes 6, 7, 10, and 11 in the Notes to the Financial Statements.

**Total Deferred Inflows** increased by \$14.9 million, or 68.3 percent. Deferred inflows related to the College's net pension liability increased by \$6.7 million. Deferred inflows related to the OPEB liability increased by \$5.8 million. A decrease of \$0.6 million is attributable to a contract with Aramark that is being amortized over a seven-year period through fiscal year 2022. The College also recorded \$2.9 million in additional deferred inflows for leases related to GASB 87 in which the College is a lessor.

**Net Position** - Net investment in capital assets in the amount of \$191.0 million decreased by \$4.1 million, or 2.1 percent. This balance represents capital asset accounts (net of related debt) of the College's real, personal, and intangible property. The College's capital assets include land and property primarily in an area of approximately eleven city blocks in the center of downtown Charleston. The decrease in the balance is the net result of the increase in bonds payable, capital projects expenditures, and lease activity during the year.

The expendable component of restricted net position increased by \$12.4 million and includes funds for scholarships, research, Perkins loans, debt service, and state capital projects. Net position related to capital projects increased by \$13.6 million due to an overall net increase in spending on various projects.

The nonexpendable component of restricted net position represents the College's permanent endowments. The College is the recipient of a permanent endowment of \$0.1 million from the South Carolina Commission on Higher Education. The other endowment in the amount of \$1.0 million is funded through the South Carolina Research Center of Economic Excellence Act of 2002. Please see note 12 of the financial statements for additional information regarding this endowment.

Unrestricted net position of (\$220.7) million increased from the prior year's balance of (\$250.2) million.

In summary, the changes in total net position provide an important indicator of the financial health of the College but should be considered in conjunction with other nonfinancial factors. Nonfinancial factors include, but are not limited to, the quality of applicants, student retention rates, building conditions, and campus safety.



*Students ride a CARTA bus with Clyde the Cougar to raise awareness for the free shuttle service.*

## Statements of Revenues, Expenses, and Changes in Net Position

Condensed Statement of Revenues, Expenses, and Changes in Net Position				
	2022	2021	Increase (Decrease)	Percent Change
<b>Revenues</b>				
Tuition and fees*	\$ 169,036,504	\$ 149,802,825	\$ 19,233,679	12.8%
Federal, state, and local grants and contracts	28,521,285	27,679,077	842,208	3.0%
Sales and services of Auxiliary Enterprises*	49,664,323	34,079,098	15,585,225	45.7%
Other Operating Revenue	3,848,604	2,851,429	997,175	35.0%
Total Operating Revenues	<u>251,070,716</u>	<u>214,412,429</u>	<u>36,658,287</u>	<u>17.1%</u>
State appropriations	34,600,666	30,820,900	3,779,766	12.3%
Federal, state, and local grants and contracts	36,532,932	27,389,275	9,143,657	33.4%
Gifts	5,247,212	4,383,215	863,997	19.7%
Interest and investment income	(4,111,588)	88,000	(4,199,588)	-4772.3%
Auxiliary enterprises investment income	(776,709)	(44,655)	(732,054)	1639.4%
Lease revenue	34,295	-	34,295	100.0%
Capital appropriations	10,865	756,572	(745,707)	-98.6%
Total Nonoperating and Other Revenues	<u>71,537,673</u>	<u>63,393,307</u>	<u>8,144,366</u>	<u>12.8%</u>
Total Revenues	<u>322,608,389</u>	<u>277,805,736</u>	<u>44,802,653</u>	<u>16.1%</u>
<b>Expenses</b>				
Personnel cost	109,059,013	108,024,284	1,034,729	1.0%
Benefits	47,307,742	58,276,767	(10,969,025)	-18.8%
Supplies and services	63,651,800	61,130,685	2,521,115	4.1%
Utilities	7,455,250	6,793,135	662,115	9.7%
Scholarships and fellowships	27,432,908	21,849,525	5,583,383	25.6%
Depreciation and amortization	21,867,113	17,361,130	4,505,983	26.0%
Total Operating Expenses	<u>276,773,826</u>	<u>273,435,526</u>	<u>3,338,300</u>	<u>1.2%</u>
Interest and amortization expense on capital assets and related debt	8,049,763	6,859,464	1,190,299	17.4%
Loss on sale or disposal of capital assets	854	57,060	(56,206)	-98.5%
Total Nonoperating Expenses	<u>8,050,617</u>	<u>6,916,524</u>	<u>1,134,093</u>	<u>16.4%</u>
Total Expenses	<u>284,824,443</u>	<u>280,352,050</u>	<u>4,472,393</u>	<u>1.6%</u>
<b>Change in Net Position</b>	37,783,946	(2,546,314)	40,330,260	-1583.9%
<b>Net Position, Beginning</b>	17,511,931	20,058,245	(2,546,314)	-12.7%
<b>Net Position, Ending</b>	<u>\$ 55,295,877</u>	<u>\$ 17,511,931</u>	<u>\$ 37,783,946</u>	<u>215.8%</u>

\* Net of scholarship discounts and allowances

**Total revenue** increased by 16.1 percent to \$322.6 million. Operating revenues increased by \$36.7 million. A summary of significant operating revenues follows:

- Tuition and fees revenue increased by \$19.2 million. There were significant increases to overall enrollment from the prior year and there was a record high freshman class. For the 2021-2022 academic year, there was no change to in state tuition and fees charged to students. Tuition for out of state students increased by 3.4 percent. Tuition and fees comprise the largest portion of total revenue.
- Federal, state, and local grants and contracts revenue increased slightly by \$0.8 million or 3.0 percent.
- Sales and services of auxiliary enterprises revenues increased by \$15.6 million or 45.7 percent to \$49.7 million. Revenues for all College auxiliary services declined in fiscal year 2021 from fiscal year 2020 because of the pandemic. Due to increased enrollment in fiscal year 2022 even in comparison to pre-pandemic levels, revenues for all auxiliary services grew during the year and are more in line with fiscal years prior to 2020.

Nonoperating and other revenue increased \$8.1 million, which was mostly due to the following:

- State appropriations increased by \$3.8 million.
- Federal, state, and local grants and contracts revenue increased by \$9.1 million. The CARES Act, signed into law on March 27, 2020, provides relief to higher education institutions through numerous provisions. Congress set aside funds through the CARES Act for the Higher Education Emergency Relief Fund (HEERF). As a result, the College recorded \$26.4 million in fiscal year 2022 as nonoperating federal grants and contracts revenue. This was a \$22.0 million increase from the amount recorded in fiscal year 2021. There was a \$12.9 million reduction in federal grants and contracts revenue for funds received under the SC Cares Act Relief Grant Program. Additionally, nonoperating revenues recorded under the Federal Pell Grant program increased by \$0.3 million from the prior year.
- Interest and investment income (loss) decreased by \$4.2 million from 2021. The majority of the decrease is related to unrealized investment losses allocated to the College by the State of South Carolina.

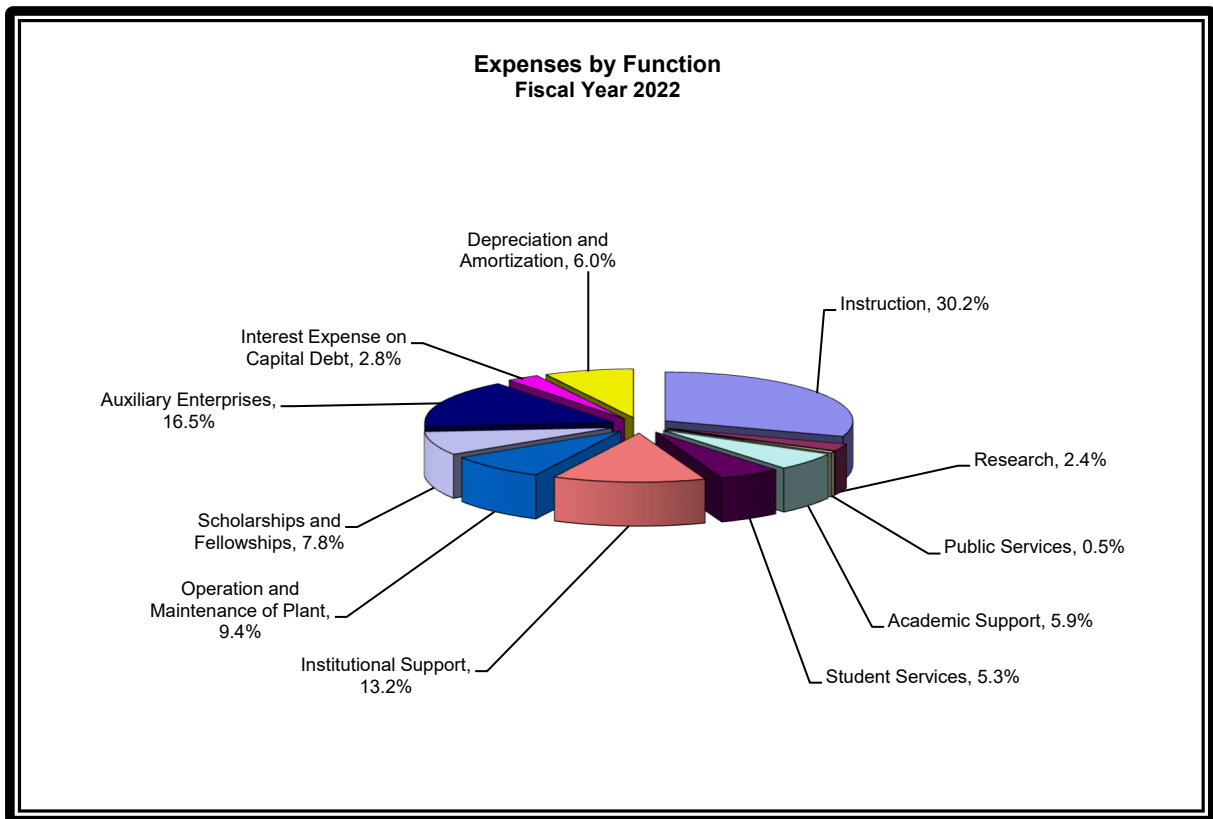
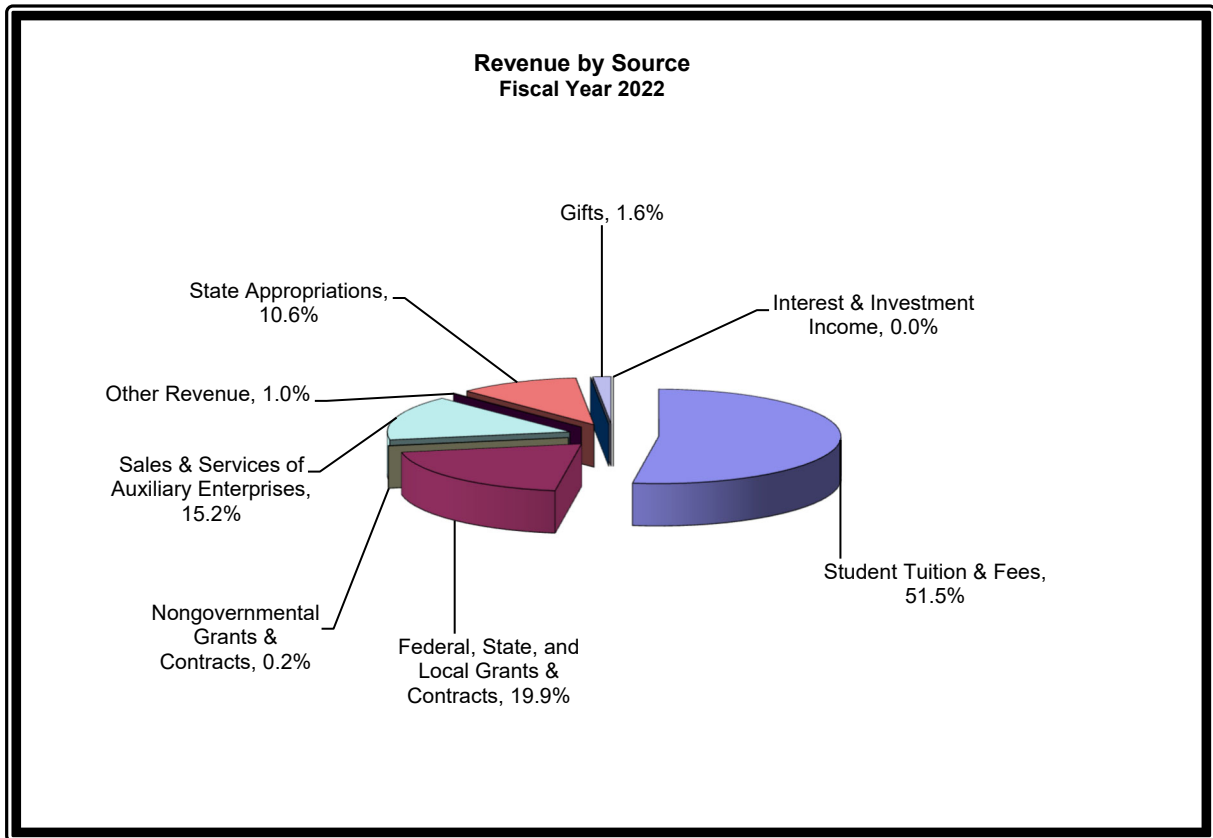
**Total expenses** increased by \$4.5 million compared to the prior year. Operating expenses increased by \$3.3 million and nonoperating expenses increased by \$1.1 million. Highlights include:

- Personnel costs increased by \$1.0 million from the prior year.
- Benefits expense decreased by \$11.0 million from the prior year. Actual payments grew by \$1.4 million and there was a \$12.4 million decrease from expenses related to GASB Statements 68 (Pensions) and 75 (OPEB).
- Supplies and services increased by \$2.5 million. There was a \$5.0 million decrease from fiscal year 2020 to fiscal year 2021 due to issues surrounding COVID-19. Current year supplies and services expenses are more in line with years prior to the pandemic.
- Scholarships and fellowships expense increased by \$5.6 million or 25.6 percent from fiscal year 2021 due to an increase in academic scholarship abatements and student awards related to the CARES Act.



*College of Charleston Basketball player Dimitrius Underwood drives toward the UNC defense at TD Arena.*

The following charts depict the revenues by source and expenses by function.



## Statements of Cash Flows

The Statement of Cash Flows also provides information about the College's financial health by reporting the cash receipts and cash payments of the College during the year ended June 30, 2022. A synopsis of the Statement of Cash Flows follows.

<b>Condensed Statement of Cash Flows</b>				
	<b>2022</b>	<b>2021</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Net cash provided by (used for) operating activities	\$ 6,127,724	\$ (19,186,305)	\$ 25,314,029	131.9%
Net cash provided by noncapital financing activities	75,932,119	62,644,638	13,287,481	21.2%
Net cash provided by (used for) capital debt and related financing activities	14,060,249	(16,768,502)	30,828,751	183.8%
Net cash provided by (used for) investing activities	(871,584)	17,391	(888,975)	-5111.7%
<b>Net change in cash and cash equivalents</b>	<b>95,248,508</b>	<b>26,707,222</b>	<b>68,541,286</b>	<b>256.6%</b>
<b>Cash and cash equivalents, Beginning of Year</b>	<b>191,754,994</b>	<b>165,047,772</b>	<b>26,707,222</b>	<b>16.2%</b>
<b>Cash and cash equivalents, End of Year</b>	<b>\$ 287,003,502</b>	<b>\$ 191,754,994</b>	<b>\$ 95,248,508</b>	<b>49.7%</b>

Total cash increased by \$95.2 million or 49.7 percent from the prior year. There were year-to-year increases in cash flows from operating activities, cash flows from noncapital financing activities, and cash flows from capital debt and related financing activities.

Cash from operating activities grew by \$25.3 million during the year, a 131.9 percent increase from fiscal year 2021. Additional proceeds from tuition and fees (\$18.3 million) and auxiliary services (\$16.9 million) account for most of this change. An increase of \$5.6 million in payments to students for scholarships and fellowships offset some of these additional inflows. Payments to suppliers also increased by \$4.8 million from the previous year.

Cash related to noncapital financing activities increased by \$13.3 million. This is primarily due to funds received under the Higher Education Emergency Relief Fund (HEERF), which was addressed in the Statement of Revenues, Expenses, and Changes in Net Position section. Cash received from State Appropriations also increased by \$3.8 million.

The Capital Debt and Related Financing section shows \$21.5 million received from a note payable in July 2021. The College also received \$45.3 million in bond proceeds from series 2021B revenue bonds that were issued in September 2021. These increases are offset by \$28.3 million in capital asset costs as well as \$16.5 million in debt service payments.

As of June 30, 2022, cash and cash equivalents made up 39.7 percent of the total assets of the College.

## **Capital Assets**

A synopsis of the net capital assets for the fiscal years ended 2022 and 2021 further illustrates the significant changes between the accounting periods.

	Capital Assets		Increase (Decrease)	Percent Change
	2022	2021		
Land	\$ 48,054,141	\$ 48,054,141	\$ -	0.0%
Construction in progress	40,331,265	4,047,226	36,284,039	896.5%
Land improvements	4,968,429	4,968,429	-	0.0%
Buildings	368,221,834	368,221,834	-	0.0%
Building improvements	188,734,540	187,651,626	1,082,914	0.6%
Machinery, equipment, and other	33,376,546	32,893,040	483,506	1.5%
Information technology equipment and software	7,432,504	7,941,698	(509,194)	-6.4%
Motor vehicles	458,023	461,658	(3,635)	-0.8%
Accumulated depreciation	(287,891,744)	(272,259,794)	(15,631,950)	5.7%
<b>Total Capital Assets - Net</b>	<b>\$ 403,685,538</b>	<b>\$ 381,979,858</b>	<b>\$ 21,705,680</b>	<b>5.7%</b>
Right-to-use land	\$ 5,241,867	\$ -	\$ 5,241,867	100.0%
Right-to-use buildings	16,909,562	-	16,909,562	100.0%
Right-to-use machinery and equipment	513,428	-	513,428	100.0%
Accumulated amortization	(8,169,072)	-	(8,169,072)	100.0%
<b>Total Leased Assets - Net</b>	<b>\$ 14,495,785</b>	<b>\$ -</b>	<b>\$ 14,495,785</b>	<b>100.0%</b>

Construction in progress increased by \$36.3 million during the fiscal year, as the College started several construction projects. New projects include renovations to McConnell, Warren Street, Wentworth, and McAlister residence halls. The College also began a multi-year energy savings project that will include improvements to roughly 150 campus buildings. Completed renovations totaling \$1.1 million were completed at Berry Residence Hall, the Simons Center for the Arts, and the Silcox Center. Depreciation and amortization expense totaled \$21.9 million during the year, and there was a \$1.5 million reduction in accumulated depreciation due to asset disposals. For more detailed information on capital asset activity, refer to Note 5 in the Notes to the Financial Statements.

## **Economic Outlook**

The state of South Carolina finished the 2022 fiscal year with a general fund surplus of \$5.4 billion. The General fund revenues collected during the year exceeded the beginning of year estimates by \$3.7 billion.

The three largest sources of annual General Fund revenue are Individual Income taxes, Sales and Use taxes, and Corporate Income taxes. These three tax sources usually provide about 90 percent of the General Fund's annual revenue. In fiscal year 2021-22, Individual Income Tax collections outperformed the beginning-of-year estimated amount for this source by nearly \$1.8 billion. Sales and Use Tax collections outperformed estimates by nearly \$1 billion. Corporate Income Tax collections outperformed estimates by more than \$0.6 billion.<sup>1</sup>

<sup>1</sup> South Carolina Office of the Comptroller General, year-end press release, August 17, 2022.



In July 2022, Fitch Ratings raised concerns over how inflation will affect college and university budgets over the next few years. Inflationary pressures are reflected in tuition increases, lower capital outlays, less debt issuance and reduced endowment spending power, which will have longer term repercussions for operations and could also negatively affect enrollment. Schools will need to continue managing expenses or supplement revenues to preserve their budgetary flexibility.<sup>2</sup>

On June 14, 2022, the College of Charleston Board of Trustees approved an out-of-state tuition increase of 4.0 percent; in-state tuition was not increased. Student housing fees were unchanged and food service fees increased by an average of 10 percent across all meal plans.

### **More Information**

This financial report is designed to provide a general overview of the College's finances. Any questions or requests for information may be addressed to: Dawn Willan, Vice President for Fiscal Services, College of Charleston.



*Faculty and staff serve food to students at the annual end-of-the-year event, Moonlight Breakfast, at Liberty Cafe.*

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<sup>2</sup> Fitch Wire credit market commentary page, Higher Education Tuition Hikes Insufficient to Offset Inflation Pressures, July 14, 2022.

**COLLEGE OF CHARLESTON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 93,520,796
Cash and cash equivalents, restricted	192,645,239
Accounts receivable, net	2,773,293
Grants and contracts receivable	2,859,962
Component unit receivable	2,065,917
Interest income receivable	273,705
Prepaid items	4,241,541
Inventories	265,894
Other assets	2,500
<b>Total Current Assets</b>	<b>\$ 298,648,847</b>
<b>Noncurrent Assets</b>	
Cash and cash equivalents, restricted	\$ 837,467
Component unit receivable, restricted	1,507,281
Student loans receivable	379,009
Prepaid items	696,201
Leases receivable	2,923,612
Leased assets, net of accumulated amortization	14,495,785
Capital assets not being depreciated	88,385,406
Capital assets, net of accumulated depreciation	315,300,132
<b>Total Noncurrent Assets</b>	<b>\$ 424,524,893</b>
<b>TOTAL ASSETS</b>	<b>\$ 723,173,740</b>

**DEFERRED OUTFLOW OF RESOURCES**

Deferred outflows - pension	\$ 2,603,329
Deferred outflows - OPEB	58,449,783
Deferred loss on debt refundings	285,648
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 61,338,760</b>

**LIABILITIES**

<b>Current Liabilities</b>	
Accounts payable and accrued expenses	\$ 17,411,562
Accrued payroll and related liabilities	9,937,774
Retainage payable	1,017,253
Unearned revenues	6,304,236
Deposits held for others	954,018
Student deposits	1,389,847
Compensated absences payable	3,237,459
Accrued interest payable	2,150,473
Bonds and notes payable	9,231,662
Leases payable	4,477,929
Other liabilities	57,628
<b>Total Current Liabilities</b>	<b>\$ 56,169,841</b>
<b>Noncurrent Liabilities</b>	
Compensated absences payable	\$ 2,471,201
Bonds and notes payable	237,914,853
Leases payable	10,254,657
Federal capital contribution	1,132,151
Net pension liability	158,899,768
Net OPEB liability	225,717,500
<b>Total Noncurrent Liabilities</b>	<b>\$ 636,390,130</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 692,559,971</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows - pension	\$ 9,045,630
Deferred inflows - OPEB	24,728,775
Deferred inflows - leases	2,882,247
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 36,656,652</b>

**NET POSITION**

<b>Net investment in capital assets</b>	\$ 190,960,326
<b>Restricted for:</b>	
Nonexpendable	
Endowed professorship	100,000
Endowment other	1,000,000
Expendable	
Scholarships and fellowships	232,628
Research	106,124
Loans	93,394
Capital projects	77,352,923
Debt service	6,109,014
<b>Unrestricted</b>	<b>(220,658,532)</b>
<b>TOTAL NET POSITION</b>	<b>\$ 55,295,877</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Operating Revenues**

Tuition and related fees (\$12,652,486 pledged for debt service; net of scholarship discounts and allowances of \$46,122,436)	\$	169,036,504
Federal grants and contracts		6,378,315
State grants and contracts		21,929,522
Local grants and contracts		213,448
Nongovernmental grants and contracts		717,203
Educational activities revenues		428,956
Student organizations generated revenues		1,729,147
Sales and services of auxiliary enterprises		
Revenues not pledged for debt service		
Athletics (net of scholarship discounts and allowances of \$2,882,652)		13,127,481
Health services (net of scholarship discounts and allowances of \$345,918)		1,386,097
Rental, vending, bookstore, and debit card		1,004,436
Revenues pledged for debt service		
Housing (net of scholarship discounts and allowances of \$5,419,386)		20,660,581
Food service (net of scholarship discounts and allowances of \$2,882,652)		10,936,308
Parking		2,549,420
Other sources		973,298
<b>Total Operating Revenues</b>	<b>\$</b>	<b>251,070,716</b>

**Operating Expenses**

Personnel costs	\$	109,059,013
Benefits		47,307,742
Supplies and services		63,651,800
Utilities		7,455,250
Scholarships and fellowships		27,432,908
Depreciation and amortization		21,867,113
<b>Total Operating Expenses</b>	<b>\$</b>	<b>276,773,826</b>

**Operating Loss** **\$ (25,703,110)**

**Nonoperating Revenues (Expenses)**

State appropriations	\$	34,600,666
Federal grants and contracts		36,478,582
Gifts		5,247,212
Auxiliary enterprises interest and investment income		(776,709)
Interest and investment income		(4,111,588)
Interest and amortization expense on capital assets and related debt		(8,049,763)
State grants and contracts		53,008
Local grants and contracts		1,342
Lease revenue		34,295
Loss on sale or disposal of capital assets		(854)
<b>Total Net Nonoperating Revenues</b>	<b>\$</b>	<b>63,476,191</b>

**Income Before Other Revenues** **\$ 37,773,081**

**Other Revenues**

Capital appropriations	\$	10,865
<b>Total Other Revenues</b>	<b>\$</b>	<b>10,865</b>

**Change In Net Position** **\$ 37,783,946**

**Net Position, Beginning of Year** **17,511,931**

**Net Position, End of Year** **\$ 55,295,877**

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Cash Flows From Operating Activities**

Tuition and fees	\$	168,876,889
Grants and contracts		29,039,073
Sales and services of education and other activities		2,158,103
Sales and services of auxiliary enterprises		50,262,158
Other operating revenues		(562,739)
Payments to employees for salaries and benefits		(149,295,780)
Payments to suppliers		(59,982,039)
Payments for utilities		(7,455,250)
Payments to students for scholarships and fellowships		(27,432,908)
Collection of loans from students - Perkins loan program receipts		157,518
Repayment of excess cash to Perkins program		(114,623)
Deposits held for others		481,322
Student direct lending receipts		47,796,999
Student direct lending disbursements		(47,800,999)
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b>6,127,724</b>

**Cash Flows From Noncapital Financing Activities**

State appropriations	\$	34,600,666
Gifts and grants for other than capital purposes		41,331,453
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>\$</b>	<b>75,932,119</b>

**Cash Flows From Capital Debt And Related Financing Activities**

Proceeds from state capital appropriations	\$	10,865
Proceeds from capital grants and gifts		62,202
Purchases of capital assets		(28,283,885)
Proceeds from sales of capital assets		44,954
Principal paid on capital debt		(8,055,000)
Proceeds from bond issues		45,259,524
Proceeds from note payable		21,458,202
Interest and investment losses on capital and related financing activity		(4,111,588)
Leases		(3,895,973)
Interest paid on capital related debt		(8,429,052)
<b>Net Cash Provided by Capital Debt And Related Financing Activities</b>	<b>\$</b>	<b>14,060,249</b>

**Cash Flows From Investing Activities**

Interest and investment losses	\$	(871,584)
<b>Net Cash Used for Investing Activities</b>	<b>\$</b>	<b>(871,584)</b>

Net change in cash and cash equivalents	\$	95,248,508
Cash and Cash Equivalents - Beginning of the Year		191,754,994
<b>Cash and Cash Equivalents - End of the Year</b>	<b>\$</b>	<b>287,003,502</b>

**Reconciliation of operating loss to net cash provided by operating activities**

Operating loss	\$	(25,703,110)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation		21,867,113
Amortization of net pension and OPEB liabilities		6,517,148
Deferred inflows-other		(571,429)

**Changes in assets and liabilities:**

Deposits held for others		481,322
Accounts, grants and contracts, and component unit receivables, net		(1,165,961)
Inventories		16,763
Student loans receivable		157,518
Prepaid items		2,119,095
Accounts payable and accrued expenses		2,614,035
Compensated absences payable and related liabilities		(69,499)
Unearned revenues		103,726
Student deposits		(238,997)
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b>6,127,724</b>

**Reconciliation of Cash and Cash Equivalent Balances:**

Current assets		
Cash and cash equivalents	\$	93,520,796
Cash and cash equivalents, restricted		192,645,239
Noncurrent assets		
Cash and cash equivalents, restricted		837,467
<b>Total Cash and Cash Equivalents</b>	<b>\$</b>	<b>287,003,502</b>

**Non Cash Transactions**

Decrease in component unit receivable	\$	(151,152)
Loss on sale of capital assets	\$	45,808
Addition of leases receivable	\$	2,923,612
Addition of leased assets, net of accumulated amortization	\$	17,173,903
Addition of leases payable	\$	17,187,143

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON FOUNDATION AND SUBSIDIARIES**  
**NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

**ASSETS**

Cash and cash equivalents	\$	1,022,147
Unconditional promises to give, net		5,653,910
Other assets		1,795,137
Investments		141,899,386
Property and equipment, net		5,318,099
Collections		9,786,473
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>165,475,152</b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued liabilities	\$	477,527
Annuities payable		57,634
Marine Genomics grant obligation (College of Charleston)		1,507,281
<b>TOTAL LIABILITIES</b>		<b>2,042,442</b>

**NET ASSETS**

Without donor restrictions:		
Board designated quasi endowment		8,587,131
Undesignated		8,181,456
<b>Total Without Donor Restrictions</b>		<b>16,768,587</b>
With donor restrictions:		
Purpose restrictions		68,247,749
Time-restricted for future periods		118,151
Perpetual in nature		78,298,223
<b>Total With Donor Restrictions</b>		<b>146,664,123</b>
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b>163,432,710</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>165,475,152</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON FOUNDATION AND SUBSIDIARIES**  
**NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Gains, (Losses), and Other Support</b>			
<b>Revenue and Gains</b>			
Contributions of cash and other financial assets	\$ 518,116	\$ 10,816,810	\$ 11,334,926
Contributions of nonfinancial assets	-	423,100	423,100
Rental income	695,491	-	695,491
Interest and dividend income, net	2,178	3,351	5,529
Realized and unrealized losses on investments, net	(3,745,522)	(4,850,626)	(8,596,148)
Other income, net	7,986	426,557	434,543
Gain on disposal of property and equipment	29,150	-	29,150
Losses on promises to give	(35,262)	(1,926,712)	(1,961,974)
Changes in value of split interest agreements	-	(23,951)	(23,951)
<b>Total Revenue and Gains</b>	<b>(2,527,863)</b>	<b>4,868,529</b>	<b>2,340,666</b>
Net assets released from restrictions and administrative fees	9,701,188	(9,701,188)	-
<b>Total Revenue, Gains and Other Support</b>	<b>7,173,325</b>	<b>(4,832,659)</b>	<b>2,340,666</b>
<b>Expenses</b>			
<b>Program</b>			
Student aid and recognition	4,171,088	-	4,171,088
Programs of education, research, and student and faculty enrichment	5,415,540	-	5,415,540
<b>Total Program Expenses</b>	<b>9,586,628</b>	<b>-</b>	<b>9,586,628</b>
<b>Supporting Services</b>			
General and administrative	903,103	-	903,103
Fundraising	1,633,330	-	1,633,330
<b>Total Supporting Services</b>	<b>2,536,433</b>	<b>-</b>	<b>2,536,433</b>
<b>Total Expenses</b>	<b>12,123,061</b>	<b>-</b>	<b>12,123,061</b>
<b>Change in Net Assets</b>	<b>(4,949,736)</b>	<b>(4,832,659)</b>	<b>(9,782,395)</b>
<b>Net Assets, Beginning of Year</b>	<b>21,718,323</b>	<b>151,496,782</b>	<b>173,215,105</b>
<b>Net Assets, End of Year</b>	<b>\$ 16,768,587</b>	<b>\$ 146,664,123</b>	<b>\$ 163,432,710</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON ATHLETIC FUND d/b/a - COUGAR CLUB**  
**NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	2,294,212
Accounts receivable		101,566

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**Total Current Assets** **2,395,778**

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**Noncurrent Assets**

Property and equipment, net of accumulated depreciation		687,269
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**TOTAL ASSETS** **\$ 3,083,047**

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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$	311,028
Due to related parties		38,669
Deferred revenue		970,232

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**Total Current Liabilities** **1,319,929**

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**TOTAL LIABILITIES**

**1,319,929**

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**NET ASSETS (DEFICIT)**

Without donor restrictions	(403,575)
Without donor restrictions - board designated	350,981
With donor restrictions	1,815,712

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**TOTAL NET ASSETS (DEFICIT)** **1,763,118**

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**TOTAL LIABILITIES AND NET ASSETS**

**\$ 3,083,047**

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See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON ATHLETIC FUND d/b/a - COUGAR CLUB**  
**NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Support</b>			
Contributions and memberships	\$ 1,116,715	\$ 1,612,556	\$ 2,729,271
In-kind contributions	-	48,000	48,000
Contributions - related party	105,000	-	105,000
Special events	237,735	-	237,735
Less: Direct benefit to donor	(111,672)	-	(111,672)
Interest income	1,336	-	1,336
Other income	18,902	-	18,902
Net assets released from restrictions	1,387,810	(1,387,810)	-
<b>Total Revenue and Support</b>	<b>2,755,826</b>	<b>272,746</b>	<b>3,028,572</b>
<b>Expenses</b>			
Program Services	2,491,397	-	2,491,397
Management and general	169,998	-	169,998
Fundraising	97,406	-	97,406
<b>Total Program Expenses</b>	<b>2,758,801</b>	<b>-</b>	<b>2,758,801</b>
<b>Change in Net Assets</b>	<b>(2,975)</b>	<b>272,746</b>	<b>269,771</b>
<b>Beginning Net Assets (Deficit)</b>	<b>(49,619)</b>	<b>1,542,966</b>	<b>1,493,347</b>
<b>Net Assets (Deficit), End of Year</b>	<b>\$ (52,594)</b>	<b>\$ 1,815,712</b>	<b>\$ 1,763,118</b>

See Accompanying Notes to Financial Statements



# COLLEGE OF CHARLESTON

## ANNUAL COMPREHENSIVE FINANCIAL REPORT



*First-year students walk through Porters Lodge as part of the Convocation Day tradition.*

## NOTES TO THE FINANCIAL STATEMENTS

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Financial Reporting Entity**

The College of Charleston (the College) 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. The College is committed to attracting the most promising students from South Carolina, other states in the nation, and from around the world. The College is a component unit of the State of South Carolina (the State) and its financial statements are included in the Annual Comprehensive Financial Report (ACFR) of the State.

The accompanying basic financial statements present the statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows of the College. The financial statements include all individual schools and departments. The financial statements also include all funds and accounts of the College and all component units.

As defined by Generally Accepted Accounting Principles (GAAP) established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of the College, as the primary government, and the accounts of its nongovernmental discretely presented component units, the College of Charleston Foundation and Subsidiaries (the Foundation) and the College of Charleston Athletic Fund d/b/a – Cougar Club (the Cougar Club).

The Foundation is a separately chartered corporation formed primarily to provide financial assistance and scholarships to the College. The Foundation reports under the Financial Accounting Standards Board (FASB) and its fiscal year runs concurrently with that of the College.

The Cougar Club is a separately chartered corporation organized exclusively to provide financial assistance and scholarships to the College's Athletic Department. The Cougar Club reports under FASB, and its fiscal year runs concurrently with that of the College.

### **Financial Statement Presentation**

The financial statement presentation for the College meets the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities-an amendment of GASB Statement No. 34* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The financial statement presentation provides a comprehensive, entity-

wide perspective of the College's Net Position, Revenues, Expenses, and Changes in Net Position and Cash Flows.

In addition, and as per GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment to GASB Statement No. 14* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, its component units are discretely presented in the report.

### **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 reflect 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.

### **Cash and Cash Equivalents**

The amounts shown in the financial statements in the College funds as "cash and cash equivalents" represent petty cash, cash on deposit in banks, cash on deposit with the State Treasurer, cash invested in various instruments by the State Treasurer as part of the State's internal cash management pool, as well as cash invested in various short-term investments by the State Treasurer, and held in separate agency accounts.

Most State agencies including the College participate in the State's internal cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina, and certain of its political subdivisions, certificates of deposit and certain corporate bonds.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on the account are credited to the General Fund of the State. The College records its deposits in the general deposit account at cost. It records and reports its special deposit account at fair value.

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

## **Investments**

The College accounts for its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. 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 Position.

## **Accounts and Grants Receivable**

Accounts Receivable consist primarily of tuition and fee charges to students 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. Student loans receivable consist of amounts due from the Federal Perkins Loan Program.

## **Inventories and Prepaid Items**

The College reports inventories using the consumption approach for which goods are recorded as assets at the time of purchase and recognition of the expenditures is deferred until the goods are consumed. Inventories are carried at cost. The cost of inventory is reported on a first in, first out basis. Items accounted for as inventories include maintenance, janitorial, housing, and office supplies. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

## **Capital Assets**

Capital assets are recorded at cost at the date of acquisition. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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 space for new uses or extend the useful life of an existing building are capitalized.

The College capitalizes moveable personal property with a unit value of \$5,000 or more and a useful life more than one year; additionally, the College capitalizes depreciable land improvements, buildings and building improvements; and intangible assets costing \$100,000 or more. Routine repairs and maintenance, and library materials, except individual items costing \$5,000 or more, 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, building improvements and land improvements; and 3 to 25 years for machinery, equipment, and vehicles; and 3 years for intangible assets. For assets capitalized prior to fiscal year 2012, a full year of depreciation was taken during the year the asset was placed in service, and no

depreciation was taken in the year of disposition. Beginning in fiscal year 2012, capital assets are depreciated based on the number of months the asset is in service during the fiscal year. The change in depreciation method was required by the State of South Carolina.

### **Unearned Revenues and Deposits**

Unearned 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. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

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

### **Rebatable Arbitrage**

Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income more than interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued.

Governmental units that issue no more than \$5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax-exempt indebtedness includes bonds, certain capital leases, and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. The liability and expense incurred are recorded at year end to accrued accounts payable in the Statement of Net Position, and as an expense in the Statement of Revenues, Expenses, and Changes in Net Position.

The College is not aware of any rebatable arbitrage liabilities as of June 30, 2022.

### **Noncurrent Liabilities**

Noncurrent liabilities include (1) principal amounts of bonds payable; (2) estimated amounts for accrued compensated absences; (3) net pension and other postemployment benefits (OPEB) liabilities, and (4) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS), and additions to/deductions

from SCRS' and PORS' fiduciary net position, have been determined on the same basis as they are reported by SCRS or PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A plan's Net Pension Liability (NPL) is determined by reducing its total pension liability by its fiduciary net position. Total pension liability is defined by the GASB as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the requirements of GASB 67 *Financial Reporting for Pension Plans-An Amendment of GASB Statement No. 25*. Total pension liability may be impacted annually by the cost of service accrued by participants, interest accrued on the liability, the impact of benefit and assumption changes, the cost of benefit payments, and the difference between expected and actual plan experience. The most significant impact on a plan's fiduciary net position relates to the rate of return on its investments. Consequently, significant fluctuations in the fair value of investments substantially affect the fiduciary net position component of the NPL calculation, and as a result, cause a direct change in the NPL.

The financial reporting changes required by GASB 68 *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27* are likely to result in increased volatility in an employer's reported proportionate share of the NPL from one year to the next. Regardless of the NPL reported on the employer's financial statements, the employer is responsible only for making the contributions required by state law during any given year. Employers cannot pay down or pay off their proportionate share of the NPL because SCRS and PORS are multiple employer, cost-sharing defined benefit plans.

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions after the measurement date of the net pension liability are reported as deferred outflows of resources.



*New students explore programs at the Majors and Minors Fair in Cistern Yard.*

## **Postemployment Benefits Other Than Pensions**

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value. The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position.

Changes in net OPEB liability not included in OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions after the measurement date of the net OPEB liability are reported as deferred outflows of resources.

## **Compensated Absences**

Generally, all permanent full-time State employees and certain part-time employees scheduled to work at least one half of the agency's workweek are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and 45 days annual vacation leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave. The College calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through cash payments at termination.

The net change in the liability is recorded in the current year in the applicable functional expense categories. The liability and expenses are recorded at year-end as compensated absences payable in the Statement of Net Position, and as a component of personnel cost and benefits expense in the Statement of Revenues, Expenses, and Changes in Net Position.

## **Perkins Loans Receivable and Related Liability**

The loans receivable on the Statement of Net Position 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 the Perkins liability is the amount of cumulative federal contributions which would require repayment to the federal government if the College ceases to participate in the program. Under federal law, the authority to make new Perkins loans ended on September 30, 2017, with final disbursements permitted through June 30, 2018.

## **Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

### **Net Position**

The College's net position is classified as follows:

***Net investment in capital assets:*** This category 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 net investment in capital assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.

***Restricted net position – nonexpendable:*** Nonexpendable restricted net position consists of endowment and similar type funds 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.

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

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

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





*International students gather for a group photo in front of the Office of Admissions.*

## **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.

The Internal Revenue Service has determined that the Foundation and the Cougar Club qualify as exempt organizations under Internal Revenue Code Section 501(c)(3) and as such are exempt from taxation on related income.

## **Classification of Revenues and Expenses**

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

***Operating revenues and expenses:*** Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) federal, state, and local grants and contracts for services that finance programs the College would not otherwise undertake; (4) receipts for scholarships where the provider has identified the student recipients; and (5) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College. Operating expenses include all expense transactions incurred other than those related to investing, capital, or noncapital financing activities.

***Nonoperating revenues and expenses:*** Nonoperating 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. Nonoperating expenses include interest and amortization expense on capital asset-related debt and losses on the sale or disposal of capital assets.

### **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 Position. 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, are recorded as nonoperating revenues in the College's financial statements. To the extent that revenues 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 public.

### **Auxiliary Enterprises and Internal Service Activities**

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

### **Use of Estimates in Accounting**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, revenues, and expenditures/expenses, and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

### **Lease Receivable**

The College has recorded a lease receivable as a result of implementing GASB Statement No. 87, *Leases*. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured as the lease receivable balance adjusted for prepayments received or incentives paid. The lease receivable is amortized and lease revenue is recognized on a straight-line basis over the life of the related lease.

## **Right-to-Use Lease Asset and Lease Liability**

The College has recorded right-to-use lease assets and liabilities as a result of implementing GASB Statement No. 87, *Leases*. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

## **Changes in Financial Accounting and Reporting**

For the fiscal year ended June 30, 2022, the College implemented GASB Statement No. 87, *Leases*. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governmental entities. It increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. As part of its implementation of GASB Statement No. 87, the College reviewed its lessor and lessee operating lease agreements and recorded a lease receivable and a deferred inflow for its lessor lease agreements and a lease asset and lease payable for its lessee lease agreements.

## **New Accounting Pronouncements**

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The College is currently evaluating the impact that this Statement will have on its financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting for Changes and Error Corrections-An Amendment to GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement requires note disclosures. This Statement prescribes the accounting and

financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The College is currently evaluating the impact that this Statement will have on its financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The College is currently evaluating the impact that this Statement will have on its financial statements.

Other accounting standards that have been issued or proposed by the GASB or other standards-setting bodies are not expected to have a material impact on the College's financial position, changes in net position, or cash flows.



*Students walk through Cougar Mall on the way to their next class at the College of Charleston.*

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

Most deposits and investments of the College are under the control of the State Treasurer, who, by law, has sole authority for investing State funds. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer’s deposits and investments is disclosed in the ACFR of the State of South Carolina.

The following schedule as of June 30, 2022, reconciles deposits and investments in the notes to the Statement of Net Position amounts:

Schedule of Deposits and Investments as of June 30, 2022	
<b><u>Statement of Net Position</u></b>	
Current assets	
Cash and cash equivalents	\$ 93,520,796
Cash and cash equivalents, restricted	192,645,239
Noncurrent assets	
Cash and cash equivalents, restricted	837,467
	<b>\$ 287,003,502</b>
 <b><u>Deposits and Investments</u></b>	
Cash on hand	\$ 5,017
Deposits held by State Treasurer	286,861,856
Deposits held by banks	136,629
	<b>\$ 287,003,502</b>

### **Deposits Held by State Treasurer**

#### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the deposits of the College may not be returned. For deposits held by the State Treasurer, State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 2022, 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, credit risk, interest rate risk, and concentration risk of the State Treasurer’s investments is disclosed in the Annual Comprehensive Financial Report of the State of South Carolina.

With respect to the College’s other deposits at year-end, all of these deposits are either insured or collateralized with securities held by the entity or by its agent in the entity’s name or collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name.

The College owns \$129,747 of other deposits which are held in a separate checking account used for Perkins Loans collections. Federal Depository Insurance Corporation (FDIC) covers the deposit accounts up to the FDIC limit of \$250,000.

### **Restricted Cash Deposits**

Current restricted cash deposits of \$192,645,239 consist of \$174,660,104 for capital project accounts and \$8,361,643 for debt service accounts, and \$9,623,492 for other accounts. Noncurrent restricted cash deposits include amounts for endowment funds, student loan funds, and unrealized appreciation associated with amounts held by the State Treasurer.

## **NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2022, are summarized as follows:

Student accounts	\$ 1,556,050
Other	731,152
Auxiliary enterprises	731,091
Total accounts receivable	<u>3,018,293</u>
Allowance for bad debts	<u>(245,000)</u>
Federal grants and contracts	2,559,348
State grants and contracts	144,440
Nongovernmental grants and contracts	155,549
Local grants and contracts	625
Total grants and contracts receivable	<u>2,859,962</u>
Component unit	3,573,198
Interest income	273,705
Leases Receivable	2,923,612
Student loans	379,009
Total other receivables	<u>7,149,524</u>
<b>Net Accounts Receivable</b>	<b><u>\$ 12,782,779</u></b>

Allowances for losses on student accounts receivable are established based upon actual losses incurred in prior years and/or evaluations of the current account portfolio. At June 30, 2022, the allowance for bad debts on student accounts is estimated at \$235,000 and \$10,000 for non-student accounts.

## NOTE 4 – LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program comprise all the loan's receivable as of June 30, 2022. The Perkins Loan Program provides various repayment options. Students have up to 10 years to repay the loans. That repayment period can be extended through forbearances or deferments, if qualified. These loans are classified as noncurrent receivables. If the College determines that loans are uncollectible, the loans are written off and assigned to the U.S. Department of Education.

## NOTE 5 – CAPITAL ASSETS

	Beginning Balance 6/30/2021	Increases	Decreases	Ending Balance 6/30/2022
Capital assets not being depreciated:				
Land	\$ 48,054,141	\$ -	\$ -	\$ 48,054,141
Construction in progress	4,047,226	37,366,952	(1,082,913)	40,331,265
Total capital assets not being depreciated	<u>52,101,367</u>	<u>37,366,952</u>	<u>(1,082,913)</u>	<u>88,385,406</u>
Depreciable capital assets:				
Land improvements	4,968,429	-	-	4,968,429
Buildings	368,221,834	-	-	368,221,834
Building improvements	187,651,626	1,082,914	-	188,734,540
Machinery, equipment, and other	32,893,040	1,441,707	(958,201)	33,376,546
Information technology equipment and software	7,941,698	-	(509,194)	7,432,504
Motor vehicles	461,658	32,121	(35,756)	458,023
Total depreciable capital assets	<u>602,138,285</u>	<u>2,556,742</u>	<u>(1,503,151)</u>	<u>603,191,876</u>
Less accumulated depreciation:				
Land improvements	4,337,857	51,910	-	4,389,767
Buildings	171,922,710	8,480,150	-	180,402,860
Building improvements	64,159,068	6,617,038	-	70,776,106
Machinery, equipment, and other	23,554,726	1,911,472	(912,393)	24,553,805
Information technology equipment and software	7,941,698	-	(509,194)	7,432,504
Motor vehicles	343,735	28,723	(35,756)	336,702
Total accumulated depreciation	<u>272,259,794</u>	<u>17,089,293</u>	<u>(1,457,343)</u>	<u>287,891,744</u>
Depreciable capital assets, net	329,878,491	(14,532,551)	(45,808)	315,300,132
<b>Capital assets, net</b>	<b><u>\$ 381,979,858</u></b>	<b><u>\$ 22,834,401</u></b>	<b><u>\$ (1,128,721)</u></b>	<b><u>\$ 403,685,538</u></b>
Leased assets:				
Right-to-use land	\$ -	\$ 5,241,867	\$ -	\$ 5,241,867
Right-to-use buildings	-	16,909,562	-	16,909,562
Right-to-use machinery and equipment	-	513,428	-	513,428
Total leased assets	<u>-</u>	<u>22,664,857</u>	<u>-</u>	<u>22,664,857</u>
Less accumulated amortization:				
Right-to-use land	-	603,074	-	603,074
Right-to-use buildings	-	7,374,525	-	7,374,525
Right-to-use machinery and equipment	-	191,473	-	191,473
Total accumulated amortization	<u>-</u>	<u>8,169,072</u>	<u>-</u>	<u>8,169,072</u>
<b>Leased assets, net</b>	<b><u>\$ -</u></b>	<b><u>\$ 14,495,785</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,495,785</u></b>

During fiscal year 2022, depreciation and amortization expense was \$21,867,113. In addition, the College disposed of assets with a net book value of \$45,808. The loss derived from the sale of assets totaled \$854.

## **NOTE 6 – PENSION PLANS**

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the annual comprehensive financial report of the state.

### **Plan Descriptions**

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state



agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

### **Membership**

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A summary of the requirements under each system is presented below.

- **SCRS** – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- **State ORP** – As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.
- **PORS** – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of

membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

## **Benefits**

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A summary of the benefit terms for each system is presented below.

- **SCRS** – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- **PORS** – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

## **Contributions**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.



*Student volunteers participate in a Habitat for Humanity build as part of Alternative Break, a program that takes place during spring break.*

Required **employee** contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2022<sup>1</sup></u>	<u>Fiscal Year 2021<sup>1</sup></u>
<b>SCRS</b>		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
<b>State ORP</b>		
Employee	9.00%	9.00%
<b>PORS</b>		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Required **employer** contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2022<sup>1</sup></u>	<u>Fiscal Year 2021<sup>1</sup></u>
<b>SCRS</b>		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>State ORP</b>		
Employer Contribution <sup>2</sup>	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>PORS</b>		
Employer Class Two	18.84%	17.84%
Employer Class Three	18.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

### **Actuarial Assumptions and Methods**

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In Fiscal Year 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25 percent to 7.00 percent, as provided by Section 9-16-335 in South Carolina State Code.

<sup>2</sup> Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP service provider to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return <sup>3</sup>	7.0%	7.0%
Projected salary increases	3.0% to 11.0% (varies by service) <sup>3</sup>	3.5% to 10.5% (varies by service) <sup>3</sup>
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80 percent of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2021, TPL are as follows.

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

<sup>3</sup> Includes inflation at 2.25%

## **Net Pension Plan Liability**

The NPL is calculated separately for each system and represents that system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS and PORS are presented below.

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%
PORS	8,684,586,488	6,111,672,064	2,572,914,424	70.4%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2022, the College reported liabilities of \$155,785,943 and \$3,113,825 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2021. The College's proportionate shares of the net pension liabilities were based on a projection of the College's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the College's proportionate shares of the SCRS and PORS plans were 0.72 percent and 0.12 percent, respectively, which was a decrease of 0.04 percent and 0.01 percent from its proportionate shares as of June 30, 2020, which were 0.76 percent and 0.13 percent, respectively.

## **Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of

return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity <sup>4</sup>	46.00%	6.87%	3.16%
Bonds	26.00%	0.27%	0.07%
Private Equity <sup>4,5</sup>	9.00%	9.68%	0.87%
Private Debt <sup>5</sup>	7.00%	5.47%	0.39%
<b>Real Assets</b>	<b>12.00%</b>		
Real Estate <sup>5</sup>	9.00%	6.01%	0.54%
Infrastructure <sup>5</sup>	3.00%	5.08%	0.15%
Total Expected Return <sup>6</sup>	<u><u>100.00%</u></u>		<u>5.18%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u><b>7.43%</b></u>

## Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

<sup>4</sup> The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

<sup>5</sup> Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

<sup>6</sup> Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.



## **Sensitivity Analysis**

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
<b>SCRS</b>	\$204,060,190	\$155,785,943	\$115,660,060
<b>PORS</b>	4,517,762	3,113,825	1,963,786

## **Pension Expense**

For the year ended June 30, 2022, the College recognized pension expense for the SCRS and PORS plans of \$9,929,226 and \$189,476, respectively.

## **Deferred Inflows of Resources and Deferred Outflows of Resources**

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to its pension liabilities from the following sources for each of the respective plans:

	<b>SCRS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,653,634	\$ 210,254
Changes in assumptions	8,527,211	-
Net difference between projected and actual earnings on pension plan investments	(22,629,961)	-
Change in proportion and difference between employer contributions and proportionate share of plan contributions	1,240,543	8,633,816
College contributions after the measurement date	12,867,850	-
<b>Total</b>	<b>\$ 2,659,277</b>	<b>\$ 8,844,070</b>

	<u>PORS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 105,930	\$ 9,698
Changes in assumptions	222,093	-
Net difference between projected and actual earnings on pension plan investments	(698,105)	-
Change in proportion and difference between employer contributions and proportionate share of plan contributions	16,730	191,862
College contributions after the measurement date	<u>297,404</u>	<u>-</u>
<b>Total</b>	<b><u>\$ (55,948)</u></b>	<b><u>\$ 201,560</u></b>
<b>Total SCRS and PORS</b>	<b><u>\$ 2,603,329</u></b>	<b><u>\$ 9,045,630</u></b>

The \$12,867,850 and \$297,404 reported as deferred outflows of resources related to pensions resulting from College contributions paid subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2022 will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2023 of the systems.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension obligation will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

Future amortization:

	<u>SCRS</u>
Year ending June 30:	
2023	\$ (2,735,127)
2024	(3,475,526)
2025	(4,374,151)
2026	<u>(8,467,839)</u>
	<b><u>\$ (19,052,643)</u></b>
	<u>PORS</u>
Year ending June 30:	
2023	\$ (103,561)
2024	(82,423)
2025	(114,812)
2026	<u>(254,115)</u>
	<b><u>\$ (554,911)</u></b>

## **Additional Financial and Actuarial Information**

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the accounting valuation report as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.



*Student gardeners meet weekly at the Kitchen Garden at 26 Coming Street on the College of Charleston campus.*

## **NOTE 7 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

### **Plan Descriptions**

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

## **Benefits**

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public-school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100 percent employer funding and 15-24 years of service for 50 percent employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public-school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

## **Contributions and Funding Policies**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2021 was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended South Carolina OPEB Trusts June 30, 2021. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2021 totaled \$585,482,183. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of \$2,619,984.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the annual comprehensive financial report of the state.

### **Net OPEB Liability and Expense**

The following table represents the components of the net OPEB liability as of June 30, 2021:

<b>OPEB Trust</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>	<b>Plan Fiduciary Net Position as a % of Total OPEB Liability</b>
SCRHITF	\$22,506,597,989	\$1,683,416,992	\$20,823,180,997	7.48%
SCLTDITF	44,378,931	41,201,247	3,177,684	92.84%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the

requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

At June 30, 2022, the College reported liabilities of \$225,695,587 and \$21,913 for its proportionate shares of the SCRHITF and SCLTDITF net OPEB liabilities as of June 30, 2021. For the year ended June 30, 2022, the College recognized OPEB expense for SCRHITF and SCLTDITF of \$17,003,997 and \$58,909, respectively. The College's proportionate shares of the collective net OPEB liabilities and collective OPEB expense were determined using the employer's payroll-related contributions over the measurement period. At June 30, 2021, the College's proportionate shares of the SCRHITF and SCLTDITF liabilities and expenses were 1.08 percent and 0.69 percent, respectively, which was a decrease of 0.07 percent and 0.03 percent, respectively, from its proportionate shares as of June 30, 2020, which were 1.15 percent and 0.72 percent, respectively.

### **Deferred Inflows of Resources and Outflows of Resources**

As discussed in paragraph 86 of GASB Statement No. 75, differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period.

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to its OPEB liabilities from the following sources for each of the respective trusts:

	<b>SCRHITF</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 4,567,370	\$ 5,784,934
Changes in Assumptions	45,884,985	5,434,452
Net difference between projected and actual investment	(61,029)	-
Change in proportionate share and differences between employer contributions and proportionate share of plan contributions	1,625,456	13,489,196
College contributions after the measurement date	<u>6,371,291</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 58,388,073</u></b>	<b><u>\$ 24,708,582</u></b>
	<b>SCLTDITF</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 16,160
Changes in Assumptions	18,092	878
Net difference between projected and actual investment earnings	(6,720)	-
Change in proportionate share and difference between employer contributions and proportionate share of plan contributions	-	3,155
College contributions after the measurement date	<u>50,338</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 61,710</u></b>	<b><u>\$ 20,193</u></b>
<b>Total SCRHITF and SCLTDITF</b>	<b><u>\$ 58,449,783</u></b>	<b><u>\$ 24,728,775</u></b>

College contributions made after the measurement date of the net OPEB liability but before the end of the College's reporting period will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB obligation will be recognized in OPEB expense as follows for the SCRHITF and SCLTDITF trusts, respectively:

	<u>SCRHITF</u>
Year ending June 30:	
2023	\$ 3,931,822
2024	3,831,889
2025	5,565,993
2026	6,483,943
2027	5,325,805
Thereafter	2,168,748
	<u>\$ 27,308,200</u>
	<u>SCLTDITF</u>
Year ending June 30:	
2023	\$ (2,744)
2024	(4,680)
2025	(2,566)
2026	1,549
2027	(425)
Thereafter	45
	<u>\$ (8,821)</u>

### **Actuarial Assumptions and Methods**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Individual Entry – Age Normal
Inflation:	2.25 percent
Investment Rate of Return:	2.75 percent, net of OPEB Plan investment expense, including inflation
Single Discount Rate:	1.92 percent as of June 30, 2021



Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80 percent of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Health Care Trend Rate:	Initial trend starting at 6.00 percent and gradually decreasing to an ultimate trend rate of 4.00 percent over a period of 15 years
Retiree Participation:	79 percent for retirees who are eligible for funded premiums 59 percent participation for retirees who are eligible for Partial Funded Premiums 20 percent participation for retirees who are eligible for Non-Funded Premiums
Notes:	The discount rate changed from 2.45 percent as of June 30, 2020 to 1.92 percent as of June 30, 2021; demographic and salary increases assumptions were updated to reflect the 2020 SCRS experience study and the health care trend rates were reset to better reflect the plan's anticipated experience.

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Individual Entry – Age Normal
Inflation:	2.25 percent
Investment Rate of Return:	3.00 percent, net of Plan investment expense; including inflation
Single Discount Rate:	2.48 percent as of June 30, 2021
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Disability Incidence:	The disability incidence rates used in the valuation are 165 percent of the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60 percent were assumed to recover after the first year and 93 percent were assumed to recover after the first two years

Offsets:	45 percent are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses:	Third party administrative expenses were included in the benefit projections.
Notes:	The discount rate changed from 2.83 percent as of June 30, 2020 to 2.48 percent as of June 30, 2021. Additionally, the salary, termination, and retirement rates assumptions were updated to reflect the 2020 experience study for the South Carolina Retirement Systems' pension valuations, and the disability incidence, disability recovery, and administration fee and offset assumptions were updated to better reflect the plan's anticipated experience.

### **Single Discount Rate**

The Single Discount Rate of 1.92 percent was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 2.48 percent was used to measure the total OPEB liability for the SCLTDITF. This single Discount Rate was based on an expected rate of return on plan investments of 3.00 percent and a municipal bond rate of 1.92 percent. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain at \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

### **Long-Term Expected Rate of Return**

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

**South Carolina Retiree Health Insurance Trust Fund**

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Allocation-Weighted Long-Term Expected Real Rate of Return</u>
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash equivalents	20.00%	0.35%	0.07%
<b>Total</b>	<u>100.00%</u>		<u>0.55%</u>
<b>Expected Inflation</b>			<u>2.25%</u>
<b>Total Return</b>			<u>2.80%</u>
<b>Investment Return Assumption</b>			<u>2.75%</u>

**South Carolina Long-Term Disability Insurance Trust Fund**

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Allocation-Weighted Long-Term Expected Real Rate of Return</u>
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	20.00%	0.35%	0.07%
<b>Total</b>	<u>100.00%</u>		<u>0.83%</u>
<b>Expected Inflation</b>			<u>2.25%</u>
<b>Total Return</b>			<u>3.08%</u>
<b>Investment Return Assumption</b>			<u>3.00%</u>

**Sensitivity Analysis**

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 1.92 percent, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>0.92%</b>	<b>1.92%</b>	<b>2.92%</b>
SCRHITF Net OPEB Liability	<u>\$272,019,006</u>	<u>\$225,695,587</u>	<u>\$189,175,277</u>

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
SCRHITF Net OPEB Liability	<u>\$181,068,604</u>	<u>\$225,695,587</u>	<u>\$285,159,560</u>

The following table presents the College’s proportionate share of the SCLTDITF’s net OPEB liability calculated using a Single Discount Rate of 2.48 percent, as well as what the plan’s net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>1.48%</b>	<b>2.48%</b>	<b>3.48%</b>
SCLTDITF Net OPEB Liability	\$31,877	\$21,913	\$11,869

The SCLTDITF’s net OPEB liability is not affected by changes in the healthcare cost trend rates due to the method used to calculate benefit payments. Therefore, the sensitivity to changes in the healthcare cost trend rates have not been calculated.

**Additional Financial and Actuarial Information**

Detailed information regarding the fiduciary net position of the trust funds administered by PEBA, Insurance Benefits is available in the Trust Funds audited financial statements for the fiscal year ended June 30, 2021 (including the unmodified audit opinion on the financial statements and required supplementary information). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2021.

**NOTE 8 – LITIGATION, CONTINGENCIES, PROJECT COMMITMENTS, AND SUBSEQUENT EVENTS**

**Litigation**

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.

**Contingencies**

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, would not materially affect the College’s financial position.

**Project Commitments**

The College had outstanding project commitments under contracts of approximately \$73,634,000 at June 30, 2022. Of this total, approximately \$71,304,000 is attributable to capital projects. The College has current resources on hand from bond issues, private gifts, and student fees to cover these commitments. The State has issued Research University Infrastructure bonds to advance economic development and create a

knowledge-based economy, thereby increasing job opportunities, or to facilitate and increase externally funded research at the research universities, including land acquisition, acquisition or construction of buildings, equipment, furnishings, site preparation, road, highway improvements, and water and sewer infrastructure. The College has no proceeds available to draw on June 30, 2022.

### **Subsequent Events**

The College evaluated subsequent events through September 30, 2022, which is the date the financial statements were issued. The College concluded that no subsequent events have occurred that would require disclosure.

## **NOTE 9 – LEASE OBLIGATIONS**

The College (as a lessor) leases land and a parking garage to St. Phillip Parking Garage, LLC. The term of this lease is 99 years, unless terminated or extended.

The College (as a lessee) has obtained land, buildings, and vehicles through long-term leases. The terms and conditions for the leases vary. Some leases have fixed payments and other leases have variable payments. The College's leasing arrangements at June 30, 2022 are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Receivable (Liability) June 30, 2022	Current Portion	Lease Terms <sup>(1)</sup>	Interest Rate Ranges
Lessor:					
Land	1	\$ 2,923,612	\$ -	99	5%
<b>Total</b>	<b>1</b>	<b>\$ 2,923,612</b>	<b>\$ -</b>		
Lessee:					
Right-to-Use Land	5	\$ 4,744,238	\$ 253,566	5 - 65	5%
Right-to-Use Buildings	16	9,652,671	4,135,312	1 - 10	5%
Right-to-Use Vehicles	23	335,677	89,051	5 - 10	5%
<b>Total</b>	<b>44</b>	<b>\$ 14,732,586</b>	<b>\$ 4,477,929</b>		

(1) Terms are in years.

**A. Lease Receivable** - During the year the College did not recognize any variable payment amounts.

**B. Lease Liability** - Measurement of the lease liability excluded the increase or decrease in payments after the initial measurement of the lease liability that depend on changes in an index or rate (such as the Consumer Price Index). During the fiscal year, the College recognized expenses of \$180,556 for these changes in variable payments not previously included in the measurement of the lease liability.

Future principal and interest lease receipts for leases receivable as of June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 146,181	\$ 146,181
2024	-	146,581	146,581
2025	-	146,181	146,181
2026	-	146,181	146,181
2027	-	146,181	146,181
2028-2032	-	731,704	731,704
2033-2037	-	731,304	731,304
2038-2042	-	731,304	731,304
2043-2047	-	731,304	731,304
2048-2052	-	731,704	731,704
2053-2057	-	731,304	731,304
2058-2062	-	731,304	731,304
2063-2067	-	731,304	731,304
2068-2072	-	731,704	731,704
2073-2077	-	731,304	731,304
2078-2082	-	731,304	731,304
2083-2087	238,243	703,663	941,906
2088-2092	438,868	616,797	1,055,665
2093-2097	563,131	491,002	1,054,133
2098-2102	841,918	314,885	1,156,803
2103-2107	841,452	81,919	923,371
<b>Total</b>	<b>\$ 2,923,612</b>	<b>\$ 10,985,115</b>	<b>\$ 13,908,727</b>

Future principal and interest lease payments for leases payable as of June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,477,929	\$ 582,862	\$ 5,060,791
2024	2,296,940	450,409	2,747,349
2025	2,333,320	333,671	2,666,991
2026	1,467,305	228,415	1,695,720
2027	113,190	205,083	318,273
2028-2032	536,657	947,978	1,484,635
2033-2037	683,812	796,024	1,479,836
2038-2042	435,435	647,463	1,082,898
2043-2047	432,033	550,907	982,940
2048-2052	551,228	430,243	981,471
2053-2057	703,912	275,676	979,588
2058-2062	700,825	81,149	781,974
<b>Total</b>	<b>\$ 14,732,586</b>	<b>\$ 5,529,880</b>	<b>\$ 20,262,466</b>

The College had \$2,672,368 in outstanding leases payable with the Foundation as of June 30, 2022.

## NOTE 10 – BONDS AND NOTES PAYABLE

Bonds consisted of the following on June 30, 2022:

	<u>Original Balance</u>	<u>Fixed Interest Rates</u>	<u>Maturity Dates</u>	<u>Outstanding Balance</u>	<u>Debt Retired FY 2022</u>
<b>Revenue Bonds</b>					
Higher Education Facilities Revenue Bonds					
Bond, Series 2012A	\$ 25,630,000	2.00-4.00%	2032	\$ 14,575,000	\$ 1,220,000
Bond, Series 2013A	12,510,000	3.00-4.00%	2033	5,955,000	450,000
Bond, Series 2017A	42,705,000	3.00-5.00%	2037	35,325,000	1,625,000
Academic/Administrative Facilities Revenue Bonds					
Bond, Series 2013B	24,835,000	2.00-5.00%	2034	18,210,000	1,205,000
Bond, Series 2014A	54,255,000	3.00-5.00%	2044	47,240,000	1,315,000
Bond, Series 2017B	31,345,000	3.00-5.00%	2037	25,925,000	1,195,000
Bond, Series 2021A	24,075,000	2.00-5.00%	2037	23,030,000	1,045,000
Bond, Series 2021B	43,190,000	2.00-5.00%	2051	<u>43,190,000</u>	<u>-</u>
<b>Total Revenue Bonds</b>				213,450,000	8,055,000
Notes Payable				21,458,202	-
Unamortized Bond Premiums				<u>12,238,313</u>	
<b>Total Bonds and Notes Payable</b>				<b>\$ 247,146,515</b>	<b>\$ 8,055,000</b>

Bonds issued by the College include certain restrictive covenants. Auxiliary Revenue Bonds are payable solely from and secured by a pledge of revenues of the College's residence halls, food service, and parking, and from additional funds from the capital improvement fee imposed by the Board of Trustees.

Bond premiums/(discounts) are capitalized and amortized over the life of the bonds. Deferred losses on refunding are capitalized and amortized over the remaining life of the old or new debt, whichever is shorter. The amount amortized for bond premiums was \$793,870 and the amount amortized for deferred losses on refunding was \$22,757.

Total interest and amortization expense on bonds and notes payable incurred for fiscal year 2022 was \$7,891,577.

In September 2021, The College issued Series 2021B bonds in the amount of \$43,190,000. The proceeds from the new bonds are being used to renovate the Albert Simons Center for the Arts.

In July 2021, the College entered into an equipment master lease/purchase agreement (the Agreement) with a financial institution for \$21,458,202. The equipment will be used to maximize energy savings on the College's campus through technology upgrades, equipment replacement, and updates/upgrades to the existing energy management system and building control systems. The Agreement calls for annual escalating lease payments beginning June 1, 2022 through December 1, 2036, bearing interest at 1.67 percent. Interest payments of approximately \$300,000 are due in the first two years of the Agreement, with payments of principal and interest ranging from approximately \$1,317,000 in June 2024 to approximately \$1,835,000 in June 2036, and final payment of approximately \$1,133,000 million due in December 2036.

Amounts including interest required to complete payment of the Revenue Bonds as of June 30, 2022 are as follows:

<b>Revenue Bonds</b>			
<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 8,410,000	\$ 7,716,194	\$ 16,126,194
2024	9,715,000	7,342,694	17,057,694
2025	10,160,000	6,892,544	17,052,544
2026	10,600,000	6,448,344	17,048,344
2027	11,065,000	5,970,244	17,035,244
2028-2032	62,310,000	22,843,331	85,153,331
2033-2037	56,055,000	12,207,675	68,262,675
2038-2042	21,555,000	5,564,012	27,119,012
2043-2047	15,335,000	2,079,319	17,414,319
2048-2051	8,245,000	521,750	8,766,750
<b>Total Revenue Bonds</b>	<b>\$ 213,450,000</b>	<b>\$ 77,586,107</b>	<b>\$ 291,036,107</b>

Amounts including interest required to complete payment of the master lease/purchase agreement (the Agreement) as of June 30, 2022 are as follows:

<b>Notes Payable</b>			
<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ -	\$ 361,108	\$ 361,108
2024	1,316,693	361,108	1,677,801
2025	1,356,526	338,950	1,695,476
2026	1,388,842	316,122	1,704,964
2027	1,429,310	292,750	1,722,060
2028-2032	7,784,486	1,088,815	8,873,301
2033-2037	8,182,345	386,376	8,568,721
<b>Total Notes Payable</b>	<b>\$ 21,458,202</b>	<b>\$ 3,145,229</b>	<b>\$ 24,603,431</b>

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, 2022, no bonds outstanding were considered defeased. Management believes the College was in compliance with all applicable bond covenants as of June 30, 2022.



## NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022 was as follows:

	<u>6/30/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2022</u>	<u>Due Within One Year</u>
<b>Bonds Payable</b>					
Revenue Bonds	\$ 178,315,000	\$ 43,190,000	\$ 8,055,000	\$ 213,450,000	\$ 8,410,000
Unamortized Premiums/ (Discounts)	10,364,111	2,668,072	793,870	12,238,313	821,662
<b>Total Revenue Bonds</b>	<u>188,679,111</u>	<u>45,858,072</u>	<u>8,848,870</u>	<u>225,688,313</u>	<u>9,231,662</u>
<b>Notes Payable</b>					
Notes Payable	-	21,458,202	-	21,458,202	-
<b>Total Bonds/Notes Payable</b>	<u>188,679,111</u>	<u>67,316,274</u>	<u>8,848,870</u>	<u>247,146,515</u>	<u>9,231,662</u>
<b>Leases Payable</b>					
Leases Payable	-	17,187,143	2,454,557	14,732,586	4,477,929
<b>Total Leases Payable</b>	<u>-</u>	<u>17,187,143</u>	<u>2,454,557</u>	<u>14,732,586</u>	<u>4,477,929</u>
<b>Other Liabilities</b>					
Net Pension Liability	199,497,642	10,120,733	50,718,607	158,899,768	-
Net OPEB Liability	207,079,539	25,105,855	6,467,894	225,717,500	-
Federal Capital Contribution	1,246,774	-	114,623	1,132,151	-
Accrued Compensated Absences	5,778,159	2,812,064	2,881,563	5,708,660	3,237,459
<b>Total Other Liabilities</b>	<u>413,602,114</u>	<u>38,038,652</u>	<u>60,182,687</u>	<u>391,458,079</u>	<u>3,237,459</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 602,281,225</u>	<u>\$ 122,542,069</u>	<u>\$ 71,486,114</u>	<u>\$ 653,337,180</u>	<u>\$ 16,947,050</u>

## NOTE 12 – DONOR RESTRICTED ENDOWMENTS

The College is the recipient of two restricted endowments. One is an endowed professorship from the Commission of Higher Education in the amount of \$100,000 with a stipulation that only earnings can be used to fund endowed chairs at the College. For the year ended June 30, 2022, interest income of \$3,117 was available to be spent, which is restricted for specific purposes.

The other endowment funded through the South Carolina Research Centers of Economic Excellence Act of 2002 in the amount of \$1,000,000 was received during fiscal year 2005 through a Memorandum of Understanding between the College and the Medical University of South Carolina (MUSC). As of June 30, 2022, cumulative net appreciation on these funds was \$507,281, and the total endowed balance of \$1,507,281 is included in noncurrent component unit receivable, restricted on the Statement of Net Position.

The College has joined with MUSC to raise nonstate matching funds of \$2,000,000 for collaborative research, the Research Center in Applied Marine Genomics. Through an agreement between the College and the Foundation, and permissible under South Carolina Code of Laws Section 59-101-410(b), the College loaned the funds to the Foundation for the specific purpose of maximizing the College's investment yield. The collaborative research project is intended to be a permanent program; however, in the event the program is discontinued, the Foundation must return the funds, plus any earnings less any authorized program spending and customary administrative fees.

## **NOTE 13 – COMPONENT UNITS**

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 Foundation and the Cougar Club. Independent auditors retained by the organizations audit the financial statements of these entities.

The financial report of the Foundation may be obtained by writing to the Financial Services Office of the Foundation, 66 George Street Charleston, South Carolina, 29424. The financial report of the Cougar Club may be obtained by writing to the Financial Director, Cougar Club, 66 George Street, Charleston, South Carolina, 29424.

Effective fiscal year June 30, 2004, and because of the GASB Statement No. 39 implementation guidelines, the College began recognizing the Foundation and the Cougar Club as component units and displaying a discrete presentation format of their financial statements. Both entities report under guidelines established by the FASB.

### **College of Charleston Foundation**

The Foundation is a nonprofit organization established in 1970 to promote programs of education, research, student development, and faculty development for the exclusive benefit of the College. Major sources of income consist primarily of donor contributions and investment income. The Foundation provides support to the College for two primary purposes:

#### **Student aid and recognition**

The Foundation provides student aid and recognition to students of the College primarily through scholarships, grants, and award programs.

#### **Programs of education, research, and student and faculty enrichment**

The Foundation provides funding to the College to promote programs of education, research, student enrichment, and faculty development.

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value based upon quoted market prices. Investments in limited partnerships are stated at fair values based upon financial information provided by external investment managers. Because limited partnership interests are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for the investments existed. Investments donated to the Foundation are initially recorded at fair value on the date of the gift. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the consolidated statements of activities.

Investment income is recorded net of investment expenses. Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of disposal. Unrealized gains or losses are calculated by comparing cost to market values at the statement of financial position date.

The Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Investment income and expenses, including unrealized gains and losses from securities in the master investment accounts, are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the fair value of the master investment accounts, adjusted for additions to or deductions from those accounts.

The Foundation's endowment consists of approximately 600 individual funds established for a variety of purposes including funds established by donors to provide annual funding for specific activities and general operations, and certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions and the Foundation's interpretation of relevant law.

The Foundation places its cash and cash equivalents on deposit with commercial banks. The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 for each interest-bearing account. At times, the Foundation may maintain bank account balances more than the FDIC insured limit. The Foundation has not experienced losses in such deposit accounts and believes it is not exposed to any significant credit risk in this regard.

The Foundation is also subject to concentration of credit risk related to its unconditional promises to give. Contributions and unconditional promises to give consist of gift amounts from individuals and businesses, many of which are in the State of South Carolina. At June 30, 2022, promises to give from two donors accounted for approximately 34 percent of the total unconditional promises to give balance.

### **Investments – Nongovernmental Discretely Presented Component Units**

The Foundation investments as of June 30, 2022, were as follows:

<b>Investments Carried at Fair Value</b>	<b>Cost</b>	<b>Fair value</b>
Cash and cash equivalents	\$ 3,691,163	\$ 3,691,163
Debt and equity securities	340,189	356,289
Multi-strategy limited partnerships	105,727,568	137,851,934
<b>Total</b>	<b><u>\$ 109,758,920</u></b>	<b><u>\$ 141,899,386</u></b>

The following schedule details transactions between the College and the Foundation during the year ended June 30, 2022:

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**Transactions between the College and the Foundation for Fiscal Year 2022**

The College paid the Foundation for the rental of certain real property. The amount is reported as part of operating expenses.	
In addition, see Note 9 regarding lease transactions with the Foundation.	\$ 695,491
The Foundation reimbursed the College for scholarships awarded.	
The amount is reported as a part of gifts under nonoperating revenue.	\$ 3,777,712
The Foundation reimbursed the College for certain expenditures that were paid for by the College.	\$ 3,189,265

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*A student poses for a photo with Clyde the Cougar at the Sustainable Cities Expo in Cistern Yard.*

## **College of Charleston Athletic Fund d/b/a - Cougar Club**

The Cougar Club is a nonprofit organization that provides support to the College's athletic department through scholarships and revenue generated by fundraising and membership activities. The College received \$1,640,736 in scholarships and other support from the Cougar Club for the year ended June 30, 2022.

The College has receivables totaling \$3,573,198 with the component units. The details of the component unit receivables follow.

<b>Component Units Receivable as of June 30, 2022</b>	
The Foundation	
Capital projects and operating expenses receivable	\$ 1,208,630
Marine Genomics endowment receivable	<u>1,507,281</u>
Total Foundation receivable	<u>2,715,911</u>
The Cougar Club	
Operating expenses receivable	<u>857,287</u>
Total Cougar Club receivable	<u>857,287</u>
<b>Total Component Units Receivable</b>	<b><u>\$ 3,573,198</u></b>

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 was issued in order to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for nonprofit organizations. The main provisions of ASU 2020-07 require an organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The Cougar Club adopted this standard on July 1, 2021, using the modified retrospective approach.

## **NOTE 14 – RISK MANAGEMENT**

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

**Managed Risks Assumed by the State**

1. Claims of State employees for unemployment compensation benefits (SC Department of Employment and Workforce),
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. (Employee Insurance Program), and
4. Claims of covered public employees for long term disability and group life insurance benefits. (Employee Insurance Program).

Employees elect health coverage with the State's self-insured plan administered through the PEBA. All the other types of coverage listed above are through the applicable State's self-insured plan or PEBA.

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:

**Risks of Loss Covered by Insurance**

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

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in certain areas. The IRF rates are determined actuarially. The College obtains coverage through commercial insurers for fidelity bond insurance to cover employees for losses arising from theft or misappropriation, for cyber liability, Directors and Officers Liability, and various other limited coverages.

## Emergency Preparedness and Management Plan

To ensure that the College is prepared to respond to emergency and crisis situations, the President has formed a standing Emergency Management Team (EMT), and this team has developed an Emergency Preparedness and Management Plan (Plan) for the College. The Plan outlines an emergency response and recovery policy which provides a consistent, coordinated approach for assessing and responding to crises and emergency situations. The Plan also defines and describes actions to be taken by the College community to mitigate, prepare for, respond to, and recover from various human-induced and/or natural emergencies that may affect lives, property, and the institution.

## NOTE 15 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2022 are summarized as follows:

	Personnel Costs and Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Total
Instruction	\$ 82,686,156	\$ 3,183,512	\$ -	\$ -	\$ -	\$ 85,869,668
Research	3,099,529	3,655,538	-	-	-	6,755,067
Public Service	1,014,570	415,068	-	-	-	1,429,638
Academic Support	12,361,039	4,378,640	-	-	-	16,739,679
Student Services	11,937,618	3,209,670	-	-	-	15,147,288
Institutional Support	24,291,578	13,185,375	-	-	-	37,476,953
Operation and Maintenance of Plant	8,932,677	10,872,374	4,249,143	-	-	24,054,194
Scholarships and Fellowships (net of discounts and allowances)	-	239,005	-	22,061,113	-	22,300,118
Auxiliary Enterprises	12,043,588	24,512,618	3,206,107	5,371,795	-	45,134,108
Depreciation and Amortization	-	-	-	-	21,867,113	21,867,113
<b>Total Operating Expenses</b>	<b>\$ 156,366,755</b>	<b>\$ 63,651,800</b>	<b>\$ 7,455,250</b>	<b>\$ 27,432,908</b>	<b>\$ 21,867,113</b>	<b>\$ 276,773,826</b>

## 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 15 of the 2021-2022 Appropriation Act.

The following schedule 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, 2022.

<b>State Appropriations</b>	
<b>Noncapital Appropriations</b>	
Original appropriations per annual Appropriations Act	\$ 32,677,983
Employee Pay Plan Funds	1,130,696
Academic Endowment Incentive	6,888
Lowcountry Graduate Center	785,099
<b>Total State noncapital appropriations recorded as current year revenue</b>	<b><u>\$ 34,600,666</u></b>
<b>Capital Appropriations</b>	
From Capital Reserve Fund	\$ 10,865
<b>Total State capital appropriations recorded as current year revenue</b>	<b><u>\$ 10,865</u></b>

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 the CHE are accounted for as both operating and nonoperating revenues, depending upon the requirement of deliverables with a current or potential future economic value. The College also receives state funds from various other public service projects. Following is a summary of amounts received from state agencies for scholarships, sponsored research, and public service projects for the fiscal year ended June 30, 2022.

**Other Amounts Received from State Agencies**

	<u>Operating Revenue</u>
Received from CHE:	
Hope Scholarships	\$ 898,441
LIFE Scholarships	11,716,082
Palmetto Scholarships	4,042,842
Need Based Grants	3,575,398
SC National Guard Program	59,063
Various other CHE amounts	92,896
Received from Winthrop University	400,128
Received from Various State Agencies	1,144,672
<b>Total</b>	<b><u>\$ 21,929,522</u></b>

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee and investment services from the State Treasurer; legal services from the Attorney General; and grant services from the Office of the Governor. Other services received at no cost from the various offices of the State Department of Administration include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State budget, review and approval of certain budget amendments, procurement services, and other centralized functions.



## NOTE 17 – SUMMARY FINANCIAL INFORMATION

Summarized financial activity for the year ended June 30, 2022 was as follows:

	2022	2021	Increase/ (Decrease)
Charges for services	\$ 251,070,716	\$ 214,412,429	\$ 36,658,287
Nonoperating grants and contributions	36,925,288	31,758,775	5,166,513
Less: Program expenses	(284,823,589)	(280,294,990)	(4,528,599)
<b>Net program expenses</b>	<b>\$ 3,172,415</b>	<b>\$ (34,123,786)</b>	<b>\$ 37,296,201</b>
Transfers:			
State appropriations	\$ 34,600,666	\$ 30,820,900	\$ 3,779,766
State capital appropriations	10,865	756,572	(745,707)
<b>Total transfers</b>	<b>\$ 34,611,531</b>	<b>\$ 31,577,472</b>	<b>\$ 3,034,059</b>
Change in net position	\$ 37,783,946	\$ (2,546,314)	\$ 40,330,260
<b>Net position – Beginning</b>	<b>17,511,931</b>	<b>20,058,245</b>	<b>(2,546,314)</b>
<b>Net position – Ending</b>	<b>\$ 55,295,877</b>	<b>\$ 17,511,931</b>	<b>\$ 37,783,946</b>



*Students celebrate basketball season at the College of Charleston's annual Block Party in the Cistern Yard.*

# COLLEGE OF CHARLESTON ANNUAL COMPREHENSIVE FINANCIAL REPORT



*A student anxiously awaits their turn walking across the Cistern at spring Commencement.*



*Graduates pose for a photo on the balcony of Randolph Hall during spring Commencement.*

## REQUIRED SUPPLEMENTARY INFORMATION

**COLLEGE OF CHARLESTON**  
**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEARS ENDED JUNE 30,**

	<b>SCRS</b>								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.72%	0.76%	0.77%	0.75%	0.74%	0.76%	0.77%	0.75%	0.75%
College's proportionate share of the net pension liability	<u>\$ 155,785,943</u>	<u>\$ 195,223,802</u>	<u>\$ 176,324,659</u>	<u>\$ 168,069,526</u>	<u>\$ 166,290,549</u>	<u>\$ 162,045,025</u>	<u>\$ 145,433,196</u>	<u>\$ 129,272,338</u>	<u>\$ 134,676,602</u>
College's covered payroll for the measurement period	<u>\$ 99,303,325</u>	<u>\$ 103,772,179</u>	<u>\$ 100,915,553</u>	<u>\$ 97,948,936</u>	<u>\$ 97,777,837</u>	<u>\$ 96,875,236</u>	<u>\$ 95,239,404</u>	<u>\$ 90,548,229</u>	<u>\$ 85,152,558</u>
College's proportionate share of the net pension liability as a percentage of its covered payroll	156.88%	188.13%	174.72%	171.59%	170.07%	167.27%	152.70%	142.77%	158.16%
Plan fiduciary net position as a percentage of the total pension liability	60.75%	50.70%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

	<b>PORS</b>								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.12%	0.13%	0.13%	0.13%	0.14%	0.16%	0.18%	0.16%	0.16%
College's proportionate share of the net pension liability	<u>\$ 3,113,825</u>	<u>\$ 4,273,840</u>	<u>\$ 3,659,100</u>	<u>\$ 3,621,759</u>	<u>\$ 3,771,471</u>	<u>\$ 3,959,082</u>	<u>\$ 3,848,162</u>	<u>\$ 3,157,810</u>	<u>\$ 3,419,327</u>
College's covered payroll for the measurement period	<u>\$ 1,819,814</u>	<u>\$ 1,946,879</u>	<u>\$ 1,853,985</u>	<u>\$ 1,752,590</u>	<u>\$ 1,897,447</u>	<u>\$ 1,989,891</u>	<u>\$ 2,188,201</u>	<u>\$ 2,028,611</u>	<u>\$ 1,854,929</u>
College's proportionate share of the net pension liability as a percentage of its covered payroll	171.11%	219.52%	197.36%	206.65%	198.77%	198.96%	175.86%	155.66%	184.34%
Plan fiduciary net position as a percentage of the total pension liability	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

*\*This schedule is intended to present information for 10 years. Years for which information is available will be presented here until a full 10-year trend is compiled.*

**COLLEGE OF CHARLESTON  
SCHEDULE OF THE COLLEGE'S PENSION CONTRIBUTIONS  
FOR THE TEN YEARS ENDED JUNE 30,**

	<b>SCRS</b>									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 12,867,850	\$ 11,700,269	\$ 13,261,706	\$ 11,874,257	\$ 10,534,806	\$ 8,611,733	\$ 8,125,432	\$ 7,837,056	\$ 7,219,711	\$ 6,795,402
Contributions in relation to the contractually required contribution	12,867,850	11,700,269	13,261,706	11,874,257	10,534,806	8,611,733	8,125,432	7,837,056	7,219,711	6,795,402
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 100,872,225	\$ 99,303,325	\$ 103,772,179	\$ 100,915,553	\$ 97,948,936	\$ 97,777,837	\$ 96,875,236	\$ 95,239,404	\$ 90,548,229	\$ 85,152,558
Contributions as a percentage of covered payroll	12.76%	11.78%	12.78%	11.77%	10.76%	8.81%	8.39%	8.23%	7.97%	7.98%

	<b>PORS</b>									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 297,404	\$ 311,476	\$ 355,111	\$ 319,627	\$ 284,620	\$ 270,197	\$ 273,412	\$ 293,437	\$ 260,473	\$ 228,157
Contributions in relation to the contractually required contribution	297,404	311,476	355,111	319,627	284,620	270,197	273,412	293,437	260,473	228,157
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 1,630,502	\$ 1,819,814	\$ 1,946,879	\$ 1,853,985	\$ 1,752,590	\$ 1,897,447	\$ 1,989,891	\$ 2,188,201	\$ 2,028,611	\$ 1,854,929
Contributions as a percentage of covered payroll	18.24%	17.12%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%	12.30%

**COLLEGE OF CHARLESTON  
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
FOR THE YEARS ENDED JUNE 30,**

	<b>SCRHITF</b>					
	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability	1.08%	1.15%	1.18%	1.16%	1.18%	1.18%
College's proportionate share of the net OPEB liability	<u>\$ 225,695,587</u>	<u>\$ 207,077,349</u>	<u>\$ 177,707,098</u>	<u>\$ 163,890,467</u>	<u>\$ 160,088,993</u>	<u>\$ 171,007,498</u>
College's covered-employee payroll for the measurement period	<u>\$ 84,488,401</u>	<u>\$ 89,798,037</u>	<u>\$ 84,770,981</u>	<u>\$ 82,358,598</u>	<u>\$ 82,351,801</u>	<u>\$ 82,059,970</u>
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll**	267.13%	230.60%	209.63%	199.00%	194.40%	208.39%
Plan fiduciary net position as a percentage of the total OPEB liability	7.48%	8.39%	8.44%	7.91%	7.60%	7.07%

	<b>SCLTDITF</b>					
	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability	0.69%	0.72%	0.74%	0.73%	0.75%	0.75%
College's proportionate share of the net OPEB liability	<u>\$ 21,913</u>	<u>\$ 2,190</u>	<u>\$ 14,555</u>	<u>\$ 22,432</u>	<u>\$ 13,537</u>	<u>\$ 5,183</u>
Plan fiduciary net position as a percentage of the total OPEB liability	92.84%	99.29%	95.17%	92.20%	95.29%	98.15%

*\*This schedule is intended to present information for 10 years. Years for which information is available will be presented here until a full 10-year trend is compiled.*

*\*\*Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan. Contributions to the OPEB plan are not based on a measure of pay.*

**COLLEGE OF CHARLESTON  
SCHEDULE OF THE COLLEGE'S OPEB CONTRIBUTIONS  
FOR THE TEN YEARS ENDED JUNE 30,**

	<b>SCRHITF</b>									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 6,371,291	\$ 6,204,881	\$ 5,890,260	\$ 6,199,406	\$ 5,356,324	\$ 4,864,791	\$ 5,269,511	\$ 4,871,380	\$ 4,554,881	\$ 3,958,176
Contributions in relation to the contractually required contribution	6,371,291	6,204,881	5,890,260	6,199,406	5,356,324	4,864,791	5,269,511	4,871,380	4,554,881	3,958,176
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll**	\$ 94,337,714	\$ 84,488,401	\$ 89,798,037	\$ 84,770,981	\$ 82,358,598	\$ 82,351,801	\$ 82,059,970	\$ 77,834,601	\$ 74,936,503	\$ 70,003,191
Contributions as a percentage of covered-employee payroll**	6.75%	7.34%	6.56%	7.31%	6.50%	5.91%	6.42%	6.26%	6.08%	5.65%

	<b>SCLTDITF</b>									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 50,338	\$ 51,958	\$ 45,450	\$ 54,647	\$ 53,404	\$ 54,048	\$ 52,985	\$ 50,976	\$ 50,789	\$ 49,272
Contributions in relation to the contractually required contribution	50,338	51,958	45,450	54,647	53,404	54,048	52,985	50,976	50,789	49,272
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*\*Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan. Contributions to the OPEB plan are not based on a measure of pay.*

**COLLEGE OF CHARLESTON**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**



*President Andrew Hsu addresses the audience at spring Commencement.*

**STATISTICAL SECTION**

**COLLEGE OF CHARLESTON**  
**STATISTICAL SECTION**  
**FISCAL YEAR ENDED JUNE 30, 2022**

This section of the College of Charleston’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information conveys about the College’s overall financial health.

<b>CONTENTS</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the College’s financial performance has changed over time.	97-101
<b>Revenue Capacity</b> This schedule contains information to help the reader assess the factors affecting the College’s ability to generate tuition income.	102
<b>Debt Capacity</b> This schedule presents information to help the reader assess the affordability of the College’s current levels of outstanding debt and its ability to issue additional debt in the future.	103
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the College’s financial activities take place and to help make comparisons over time and with other colleges.	104-109
<b>Operating Information</b> These schedules contain information about the College’s operations and resources to help the reader understand how the College’s financial information relates to the services it provides.	108-113

**Sources:** Unless otherwise noted, the information in these schedules is derived from the College of Charleston Annual Comprehensive Financial Reports for the relevant fiscal years.



**SCHEDULE OF OPERATING AND NONOPERATING REVENUES BY SOURCE**

	For the Fiscal Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total revenues)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Operating Revenues:</b>																				
Tuition and related fees (net of scholarship allowance)	\$ 169,037	\$ 149,803	\$ 152,606	\$ 150,548	\$ 145,609	\$ 146,297	\$ 143,541	\$ 141,682	\$ 139,892	\$ 133,936	52.40%	54.07%	53.81%	53.55%	54.01%	53.65%	54.53%	54.74%	55.49%	55.19%
Federal grants and contracts	6,378	5,933	4,760	6,350	6,304	7,929	9,075	8,390	8,151	9,278	1.98%	2.14%	1.68%	2.26%	2.34%	2.91%	3.45%	3.24%	3.23%	3.82%
State grants and contracts	21,930	21,701	21,641	22,536	21,391	20,665	20,115	19,681	18,810	18,671	6.80%	7.83%	7.63%	8.02%	7.93%	7.58%	7.64%	7.60%	7.46%	7.69%
Local grants and contracts	213	45	197	239	208	183	221	327	241	176	0.07%	0.02%	0.07%	0.09%	0.08%	0.07%	0.08%	0.13%	0.10%	0.07%
Nongovernmental grants and contracts	717	572	735	686	599	681	1,126	1,292	1,334	541	0.22%	0.21%	0.26%	0.24%	0.22%	0.25%	0.43%	0.50%	0.53%	0.22%
Sales and services of educational and other activities	2,158	1,951	2,019	2,159	2,047	2,038	2,052	2,052	1,940	1,949	0.67%	0.70%	0.71%	0.77%	0.76%	0.75%	0.78%	0.79%	0.77%	0.80%
Sales and services of auxiliary enterprises (net of scholarship allowance)	49,664	34,079	42,846	51,249	50,068	52,123	48,189	47,276	45,072	43,532	15.40%	12.30%	15.11%	18.23%	18.57%	19.11%	18.31%	18.27%	17.88%	17.94%
Other sources	973	328	860	805	1,056	689	487	549	860	474	0.30%	0.12%	0.29%	0.29%	0.39%	0.23%	0.19%	0.21%	0.34%	0.20%
<b>Total Operating Revenues</b>	<b>251,070</b>	<b>214,412</b>	<b>225,664</b>	<b>234,572</b>	<b>227,282</b>	<b>230,605</b>	<b>224,806</b>	<b>221,249</b>	<b>216,300</b>	<b>208,557</b>	<b>77.84%</b>	<b>77.39%</b>	<b>79.56%</b>	<b>83.45%</b>	<b>84.30%</b>	<b>84.55%</b>	<b>85.41%</b>	<b>85.48%</b>	<b>85.80%</b>	<b>85.93%</b>
<b>Nonoperating Revenues:</b>																				
State appropriations	34,601	30,821	30,965	27,156	25,664	26,209	22,597	21,843	20,881	19,810	10.73%	11.12%	10.92%	9.66%	9.52%	9.61%	8.58%	8.44%	8.28%	8.16%
Federal grants and contracts	36,479	27,009	17,879	11,765	11,760	10,902	10,691	10,583	10,560	10,298	11.31%	9.75%	6.30%	4.19%	4.36%	4.00%	4.06%	4.09%	4.19%	4.24%
Gifts	5,247	4,383	4,874	4,014	4,094	4,054	3,957	3,772	3,498	3,230	1.63%	1.58%	1.72%	1.43%	1.52%	1.49%	1.50%	1.46%	1.39%	1.33%
Interest and investment income	(4,112)	88	3,364	3,030	614	724	992	1,130	678	417	-1.27%	0.03%	1.19%	1.08%	0.23%	0.27%	0.38%	0.44%	0.27%	0.17%
Other nonoperating revenue	(688)	336	875	579	181	218	195	231	165	391	-0.24%	0.13%	0.31%	0.19%	0.07%	0.08%	0.07%	0.09%	0.07%	0.17%
<b>Total Nonoperating Revenues</b>	<b>\$ 71,527</b>	<b>\$ 62,637</b>	<b>\$ 57,957</b>	<b>\$ 46,544</b>	<b>\$ 42,313</b>	<b>\$ 42,107</b>	<b>\$ 38,432</b>	<b>\$ 37,559</b>	<b>\$ 35,782</b>	<b>\$ 34,146</b>	<b>22.16%</b>	<b>22.61%</b>	<b>20.44%</b>	<b>16.55%</b>	<b>15.70%</b>	<b>15.45%</b>	<b>14.59%</b>	<b>14.52%</b>	<b>14.20%</b>	<b>14.07%</b>
<b>Total Operating and Nonoperating Revenues</b>	<b>\$ 322,597</b>	<b>\$ 277,049</b>	<b>\$ 283,621</b>	<b>\$ 281,116</b>	<b>\$ 269,595</b>	<b>\$ 272,712</b>	<b>\$ 263,238</b>	<b>\$ 258,808</b>	<b>\$ 252,082</b>	<b>\$ 242,703</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: College of Charleston Annual Comprehensive Financial Reports.

**SCHEDULE OF OPERATING AND NONOPERATING EXPENSES BY FUNCTION**

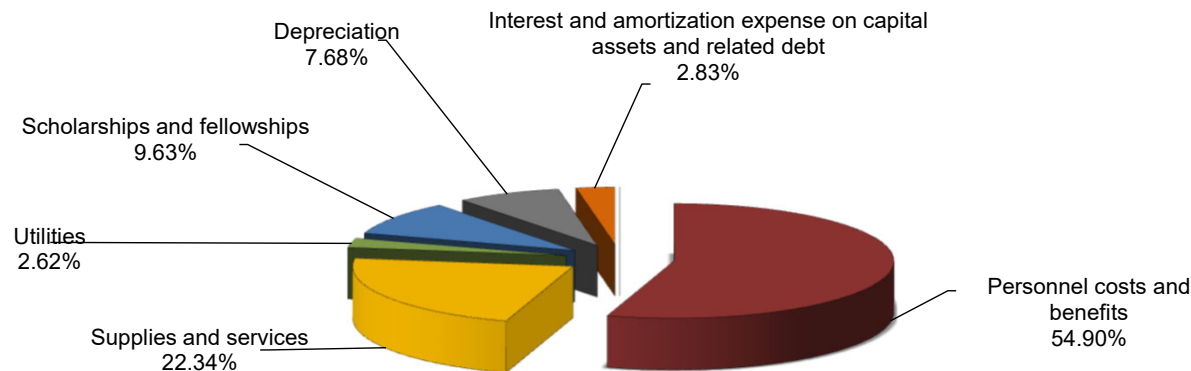
	For the Fiscal Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total expenses)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Operating Expenses:</b>																				
Instruction	\$ 85,870	\$ 89,086	\$ 92,041	\$ 89,467	\$ 87,933	\$ 85,556	\$ 82,831	\$ 79,060	\$ 74,723	\$ 70,055	30.15%	31.78%	32.23%	31.82%	32.88%	32.48%	32.37%	31.06%	30.20%	29.92%
Research	6,755	5,620	5,349	6,795	6,325	7,938	8,744	8,503	7,860	8,515	2.37%	2.00%	1.87%	2.42%	2.37%	3.01%	3.42%	3.34%	3.18%	3.64%
Public service	1,430	1,389	1,531	1,617	1,745	1,632	1,852	1,684	1,661	1,400	0.50%	0.50%	0.54%	0.58%	0.65%	0.62%	0.72%	0.66%	0.67%	0.60%
Academic support	16,740	17,536	17,504	16,978	15,684	15,190	15,575	15,093	14,972	13,591	5.88%	6.25%	6.13%	6.04%	5.87%	5.77%	6.09%	5.93%	6.05%	5.80%
Student services	15,147	15,320	16,459	15,603	15,230	13,845	13,543	13,546	12,911	12,116	5.32%	5.46%	5.76%	5.55%	5.70%	5.26%	5.29%	5.32%	5.22%	5.17%
Institutional support	37,477	38,050	33,809	31,654	31,793	31,334	29,306	30,423	28,768	28,492	13.16%	13.57%	11.84%	11.26%	11.89%	11.90%	11.45%	11.95%	11.63%	12.17%
Operation and maintenance of plant	24,054	32,280	34,001	34,652	29,649	26,792	28,440	31,236	32,897	25,919	8.45%	11.51%	11.91%	12.32%	11.09%	10.17%	11.12%	12.27%	13.29%	11.07%
Scholarships and fellowships (net of discounts and allowances)	22,300	16,930	15,111	10,567	10,858	10,746	11,016	10,086	10,233	10,799	7.83%	6.04%	5.29%	3.76%	4.06%	4.08%	4.31%	3.96%	4.14%	4.61%
Auxiliary enterprises	45,134	39,864	44,962	48,929	46,396	44,286	41,965	42,068	42,169	41,018	15.85%	14.22%	15.74%	17.40%	17.35%	16.81%	16.40%	16.52%	17.04%	17.51%
Depreciation	21,867	17,361	17,622	17,328	15,778	15,658	14,924	14,611	13,555	12,858	7.68%	6.19%	6.17%	6.16%	5.90%	5.94%	5.83%	5.74%	5.47%	5.49%
<b>Total Operating Expenses</b>	<b>276,774</b>	<b>273,436</b>	<b>278,389</b>	<b>273,590</b>	<b>261,391</b>	<b>252,977</b>	<b>248,196</b>	<b>246,310</b>	<b>239,749</b>	<b>224,763</b>	<b>97.19%</b>	<b>97.52%</b>	<b>97.48%</b>	<b>97.31%</b>	<b>97.76%</b>	<b>96.04%</b>	<b>97.00%</b>	<b>96.75%</b>	<b>96.89%</b>	<b>95.98%</b>
<b>Nonoperating Expenses:</b>																				
Interest and amortization expense on capital assets and related debt	8,050	6,859	7,147	7,507	5,883	10,423	7,663	8,150	7,532	9,367	2.83%	2.46%	2.51%	2.66%	2.20%	3.96%	3.00%	3.20%	3.04%	4.00%
Loss on sale or disposal of capital assets	1	57	34	108	135	-	4	115	162	43	0.00%	0.02%	0.01%	0.03%	0.04%	0.00%	0.00%	0.05%	0.07%	0.02%
<b>Total Nonoperating Expenses</b>	<b>8,051</b>	<b>6,916</b>	<b>7,181</b>	<b>7,615</b>	<b>6,018</b>	<b>10,423</b>	<b>7,667</b>	<b>8,265</b>	<b>7,694</b>	<b>9,410</b>	<b>2.83%</b>	<b>2.48%</b>	<b>2.52%</b>	<b>2.69%</b>	<b>2.24%</b>	<b>3.96%</b>	<b>3.00%</b>	<b>3.25%</b>	<b>3.11%</b>	<b>4.02%</b>
<b>Total Operating and Nonoperating Expenses</b>	<b>\$ 284,825</b>	<b>\$ 280,352</b>	<b>\$ 285,570</b>	<b>\$ 281,205</b>	<b>\$ 267,409</b>	<b>\$ 263,400</b>	<b>\$ 255,863</b>	<b>\$ 254,575</b>	<b>\$ 247,443</b>	<b>\$ 234,173</b>	<b>100.02%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: College of Charleston Annual Comprehensive Financial Reports.

**SCHEDULE OF OPERATING AND NONOPERATING EXPENSES BY USE**

	For the Fiscal Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total expenses)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Operating Expenses:</b>																				
Personnel costs and benefits	\$ 156,367	\$ 166,301	\$ 167,037	\$ 157,364	\$ 154,588	\$ 148,112	\$ 146,156	\$ 141,587	\$ 134,171	\$ 126,016	54.90%	59.32%	58.49%	55.98%	57.81%	56.24%	57.12%	55.61%	54.22%	53.81%
Supplies and services	63,652	61,131	66,095	75,549	66,156	64,546	62,609	66,247	68,659	61,625	22.34%	21.81%	23.14%	26.87%	24.75%	24.50%	24.47%	26.02%	27.75%	26.32%
Utilities	7,455	6,793	7,269	7,572	9,068	8,802	8,678	8,774	8,273	8,807	2.62%	2.42%	2.55%	2.69%	3.39%	3.34%	3.39%	3.45%	3.34%	3.76%
Scholarships and fellowships	27,433	21,850	20,366	15,777	15,801	15,859	15,829	15,091	15,091	15,457	9.63%	7.79%	7.13%	5.61%	5.91%	6.02%	6.19%	5.93%	6.10%	6.60%
Depreciation	21,867	17,361	17,622	17,328	15,778	15,658	14,924	14,611	13,555	12,858	7.68%	6.19%	6.17%	6.16%	5.90%	5.94%	5.83%	5.74%	5.48%	5.49%
<b>Total Operating Expenses</b>	<b>\$ 276,774</b>	<b>\$ 273,436</b>	<b>\$ 278,389</b>	<b>\$ 273,590</b>	<b>\$ 261,391</b>	<b>\$ 252,977</b>	<b>\$ 248,196</b>	<b>\$ 246,310</b>	<b>\$ 239,749</b>	<b>\$ 224,763</b>	<b>97.17%</b>	<b>97.53%</b>	<b>97.48%</b>	<b>97.31%</b>	<b>97.76%</b>	<b>96.04%</b>	<b>97.00%</b>	<b>96.75%</b>	<b>96.89%</b>	<b>95.98%</b>
<b>Nonoperating Expenses:</b>																				
Interest and amortization expense on capital assets and related debt	\$ 8,050	\$ 6,859	\$ 7,147	\$ 7,507	\$ 5,822	\$ 10,423	\$ 7,663	\$ 8,104	\$ 7,532	\$ 9,367	2.83%	2.45%	2.51%	2.66%	2.18%	3.96%	3.00%	3.18%	3.04%	4.00%
Investment loss	-	-	-	-	61	-	-	46	-	-	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%	0.02%	0.00%	0.00%
Loss on sale or disposal of capital assets	1	57	34	108	135	-	4	115	162	43	0.00%	0.02%	0.01%	0.03%	0.04%	0.00%	0.00%	0.05%	0.07%	0.02%
<b>Total Nonoperating Expenses</b>	<b>\$ 8,051</b>	<b>\$ 6,916</b>	<b>\$ 7,181</b>	<b>\$ 7,615</b>	<b>\$ 6,018</b>	<b>\$ 10,423</b>	<b>\$ 7,667</b>	<b>\$ 8,265</b>	<b>\$ 7,694</b>	<b>\$ 9,410</b>	<b>2.83%</b>	<b>2.47%</b>	<b>2.52%</b>	<b>2.69%</b>	<b>2.24%</b>	<b>3.96%</b>	<b>3.00%</b>	<b>3.25%</b>	<b>3.11%</b>	<b>4.02%</b>
<b>Expenses</b>	<b>\$ 284,825</b>	<b>\$ 280,352</b>	<b>\$ 285,570</b>	<b>\$ 281,205</b>	<b>\$ 267,409</b>	<b>\$ 263,400</b>	<b>\$ 255,863</b>	<b>\$ 254,575</b>	<b>\$ 247,443</b>	<b>\$ 234,173</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Expenses by Use - Fiscal year 2022**



Source: College of Charleston Annual Comprehensive Financial Reports.

**SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION**

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total revenues (from schedule of revenues by source)	\$ 322,597	\$ 277,049	\$ 283,621	\$ 281,116	\$ 269,595	\$ 272,712	\$ 263,238	\$ 258,808	\$ 252,082	\$ 242,703
Total expenses (from schedule of expenses by use and function)	<u>(284,824)</u>	<u>(280,352)</u>	<u>(285,570)</u>	<u>(281,205)</u>	<u>(267,409)</u>	<u>(263,400)</u>	<u>(255,863)</u>	<u>(254,575)</u>	<u>(247,443)</u>	<u>(234,173)</u>
Net income before other revenues, expenses, gains or losses	37,773	(3,303)	(1,949)	(89)	2,186	9,312	7,375	4,233	4,639	8,530
Capital improvement bond proceeds	-	-	-	-	-	-	-	-	-	-
Capital gifts	-	-	-	-	1,500	658	178	125	1,500	982
Capital appropriations	11	757	774	607	555	643	864	3,609	3,766	3,753
Prior period adjustment	-	-	-	-	(166,094)	-	-	(130,610)	-	-
Net Position, beginning	17,512	20,058	21,233	20,715	182,568	171,955	163,538	286,181	276,276	263,011
<b>Net Position, ending</b>	<b><u>\$ 55,296</u></b>	<b><u>\$ 17,512</u></b>	<b><u>\$ 20,058</u></b>	<b><u>\$ 21,233</u></b>	<b><u>\$ 20,715</u></b>	<b><u>\$ 182,568</u></b>	<b><u>\$ 171,955</u></b>	<b><u>\$ 163,538</u></b>	<b><u>\$ 286,181</u></b>	<b><u>\$ 276,276</u></b>
Net investment in capital assets	\$ 190,960	\$ 195,063	\$ 198,753	\$ 199,807	\$ 200,554	\$ 195,634	\$ 197,774	\$ 192,937	\$ 176,597	\$ 164,856
Restricted - expendable	83,894	71,510	73,090	68,826	66,866	67,156	72,255	69,293	62,993	53,289
Restricted - nonexpendable	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,124	1,203	1,163
Unrestricted	<u>(220,658)</u>	<u>(250,161)</u>	<u>(252,885)</u>	<u>(248,500)</u>	<u>(247,805)</u>	<u>(81,322)</u>	<u>(99,174)</u>	<u>(99,816)</u>	45,388	56,968
<b>Total Net Position</b>	<b><u>\$ 55,296</u></b>	<b><u>\$ 17,512</u></b>	<b><u>\$ 20,058</u></b>	<b><u>\$ 21,233</u></b>	<b><u>\$ 20,715</u></b>	<b><u>\$ 182,568</u></b>	<b><u>\$ 171,955</u></b>	<b><u>\$ 163,538</u></b>	<b><u>\$ 286,181</u></b>	<b><u>\$ 276,276</u></b>

Source: College of Charleston Annual Comprehensive Financial Reports.

## SCHEDULE OF RATIOS OF OUTSTANDING DEBT

For the Fiscal Year Ended June 30,  
(dollars expressed in thousands except for outstanding debt per student)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue bonds	\$ 247,147	\$ 188,679	\$ 195,357	\$ 203,365	\$ 211,082	\$ 219,169	\$ 221,687	\$ 227,953	\$ 178,741	\$ 184,572
State institution bonds	-	-	-	-	2,501	2,931	3,346	3,736	4,105	4,461
Notes payable	-	-	184	366	544	-	-	-	-	-
Bond anticipation note	-	-	-	-	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
<b>Total Outstanding Debt</b>	<b>\$ 247,147</b>	<b>\$ 188,679</b>	<b>\$ 195,541</b>	<b>\$ 203,731</b>	<b>\$ 214,127</b>	<b>\$ 222,100</b>	<b>\$ 225,033</b>	<b>\$ 231,689</b>	<b>\$ 182,846</b>	<b>\$ 189,033</b>
<b>Full time equivalent students (fiscal year)</b>	9,986	9,402	9,575	9,855	9,824	10,257	10,365	10,354	10,538	10,558
<b>Outstanding debt per student</b>	\$ 24,749	\$ 20,068	\$ 20,422	\$ 20,673	\$ 21,796	\$ 21,654	\$ 21,711	\$ 22,377	\$ 17,351	\$ 17,904

Note: Outstanding debt per student calculated using full time equivalent enrollment data for each of the last ten years.

Source:

College of Charleston Annual Comprehensive Financial Reports.  
College of Charleston Office of Institutional Research.

**TUITION AND FEES**  
Last Ten Academic Years

Academic Year Beginning in Fall	Undergraduate (1)		Undergraduate (2)	
	Resident	Nonresident	Resident	Nonresident
2021	\$ 12,518	\$ 33,978	\$ 522	\$ 1,416
2020	12,518	32,848	522	1,369
2019	12,518	32,848	522	1,369
2018	12,418	31,600	517	1,317
2017	11,998	30,386	500	1,266
2016	11,386	29,544	474	1,231
2015	11,000	28,544	458	1,189
2014	10,558	27,548	440	1,148
2013	10,230	26,694	426	1,112
2012	9,918	25,304	413	1,054

	Graduate (1)		Graduate (2)	
	Resident	Nonresident	Resident	Nonresident
2021	\$ 13,770	\$ 37,376	\$ 574	\$ 1,557
2020	13,770	36,132	574	1,506
2019	13,770	36,132	574	1,506
2018	13,660	34,760	569	1,448
2017	13,198	33,424	550	1,393
2016	12,524	32,498	522	1,354
2015	12,100	31,398	504	1,308
2014	11,614	30,304	484	1,263
2013	11,254	29,364	469	1,224
2012	10,910	27,834	455	1,160

Notes: (1) Full-time fees are assessed for 12 or more credit hours each semester.  
(2) Part-time fees are assessed per credit hour up to 12 hours in a semester.

Source: College of Charleston Office of Institutional Research.

**SCHEDULE OF BOND COVERAGE**

**Last Ten Fiscal Years**

(amounts expressed in thousands)

Fiscal Year Ended June 30,	Defined Net Revenue Available for Debt Service	Total Revenue Available for Debt Service	Debt Service Payment Requirements			Coverage Ratio
			Principal	Interest	Total	
<b>Revenue Bonds</b>						
2022	\$ 41,139	\$ 46,916	\$ 8,055	\$ 7,262	\$ 15,317	3.06
2021	29,564	37,601	6,715	7,205	13,920	2.70
2020	21,455	29,661	7,545	7,640	15,185	1.95
2019	26,725	34,594	7,255	7,925	15,180	2.28
2018	24,547	31,796	7,625	8,216	15,841	2.01
2017	27,718	34,448	7,450	8,994	16,444	2.09
2016	25,276	32,013	6,225	9,196	15,421	2.08
2015	24,329	30,577	6,020	7,197	13,217	2.31
2014	17,688	27,419	5,825	7,293	13,118	2.09
2013	17,819	27,552	6,085	8,074	14,159	1.95
<b>State Institutional Bonds</b>						
2022	A \$ -	\$ -	\$ -	\$ -	\$ -	-
2021	-	-	-	-	-	-
2020	-	-	-	-	-	-
2019	652	652	450	100	550	1.19
2018	655	655	430	115	545	1.20
2017	684	684	415	130	545	1.26
2016	683	683	390	143	533	1.28
2015	685	685	370	156	526	1.30
2014	693	693	355	169	524	1.32
2013	697	697	340	179	519	1.34

A - State Institutional Bonds were retired in fiscal year 2019.

Source: College of Charleston Controller's Office.

## ADMISSIONS, ENROLLMENT, AND DEGREE STATISTICS

Last Ten Years - Fall

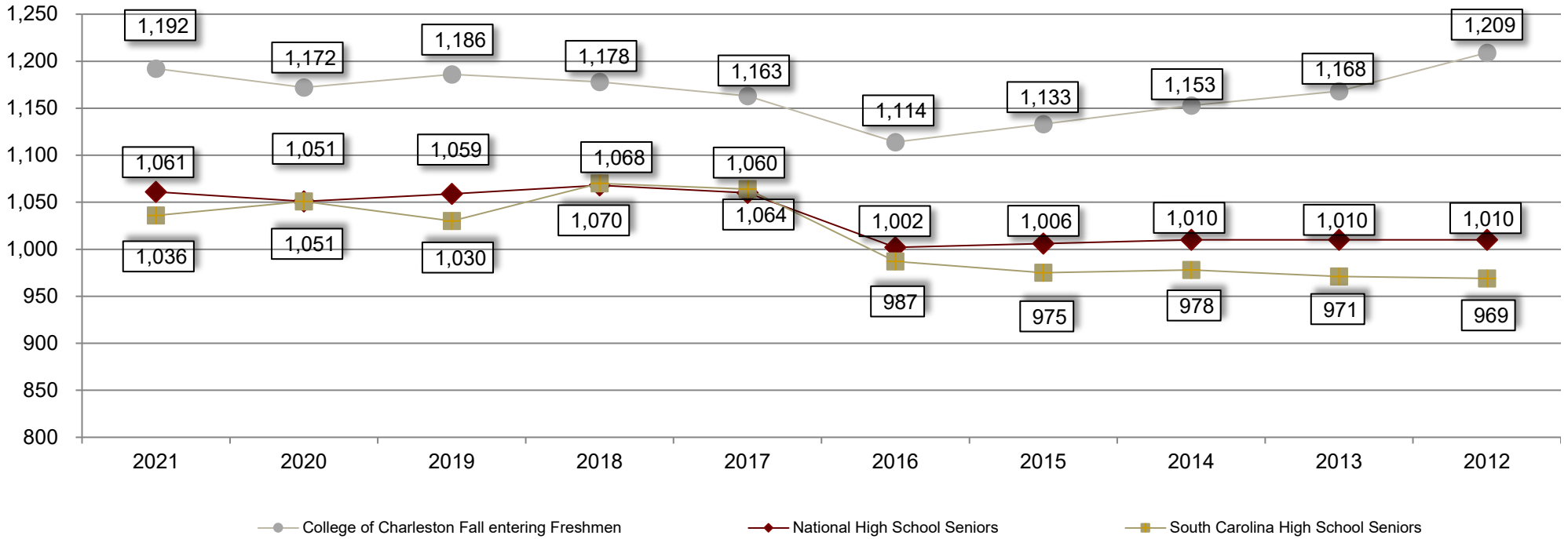
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Admissions - Freshman</b>										
Applications	20,484	15,214	11,783	11,675	11,900	10,828	11,722	11,179	11,533	11,510
Applications accepted	15,590	11,307	9,230	9,254	9,574	9,110	9,043	8,722	8,331	8,098
Accepted as a percentage of applications	76.1%	74.3%	78.3%	79.3%	80.5%	84.1%	77.1%	78.0%	72.2%	70.4%
Students enrolled	2,473	2,052	2,051	2,199	1,840	2,349	2,237	2,166	2,116	2,138
Enrolled as a percentage of accepted	15.9%	18.1%	22.2%	23.8%	19.2%	25.8%	24.7%	24.8%	25.4%	26.4%
SAT scores - total*	1,192	1,172	1,186	1,178	1,163	1,114	1,133	1,153	1,168	1,209
Verbal*	611	599	605	600	596	561	573	581	589	606
Math*	581	573	581	578	567	553	560	571	579	603
South Carolina average SAT score - total	1,036	1,027	1,030	1,070	1,064	987	975	978	971	969
U.S. average SAT score - total	1,061	1,051	1,059	1,068	1,060	1,002	1,006	1,010	1,010	1,010
<b>Enrollment</b>										
Undergraduate and graduate FTE	9,986	9,402	9,575	9,855	9,824	10,257	10,365	10,354	10,538	10,558
Undergraduate and graduate headcount	10,941	10,384	10,545	10,783	10,863	11,294	11,531	11,456	11,619	11,723
Percentage of Men	32.6%	33.5%	34.8%	34.8%	35.7%	35.6%	35.5%	36.0%	36.4%	36.0%
Percentage of Women	67.4%	66.5%	65.2%	65.2%	64.3%	64.4%	64.5%	64.0%	63.6%	64.0%
Percentage of African American	6.5%	7.4%	7.7%	7.9%	8.1%	8.1%	7.8%	7.2%	6.4%	6.2%
Percentage of White	78.7%	77.3%	77.4%	77.3%	77.3%	78.7%	79.6%	80.5%	81.8%	82.6%
Percentage of Other	14.8%	15.3%	15.0%	14.8%	14.6%	13.2%	12.6%	12.3%	11.8%	11.2%
<b>Degrees Earned</b>										
Undergraduate	2,143	2,357	2,399	2,380	2,304	2,613	2,507	2,375	2,402	2,333
Graduate	274	192	238	246	270	244	254	283	246	237

Source: College of Charleston Office of Institutional Research.

\* The College Board made scoring changes to the SAT in March 2016. Per IPEDS reporting requirements, averages reported for the Fall 2016 and earlier classes are based on an older SAT scale. The averages reported beginning Fall 2017 are based on the new scale. Comparisons of SAT data between earlier years and Fall 2017 are not valid.

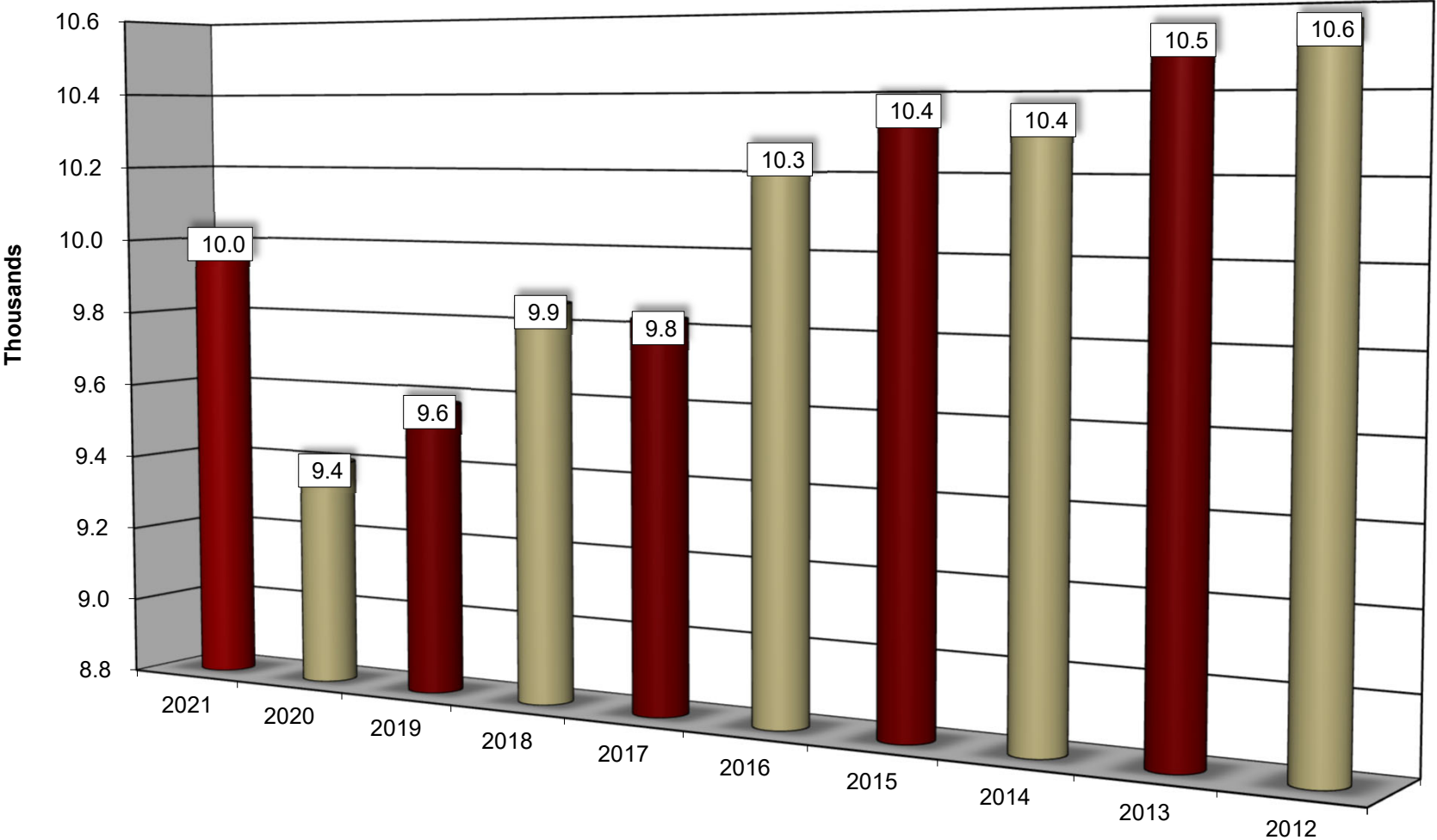


**College of Charleston  
Average Combined SAT Scores  
Last Ten Years - Fall**



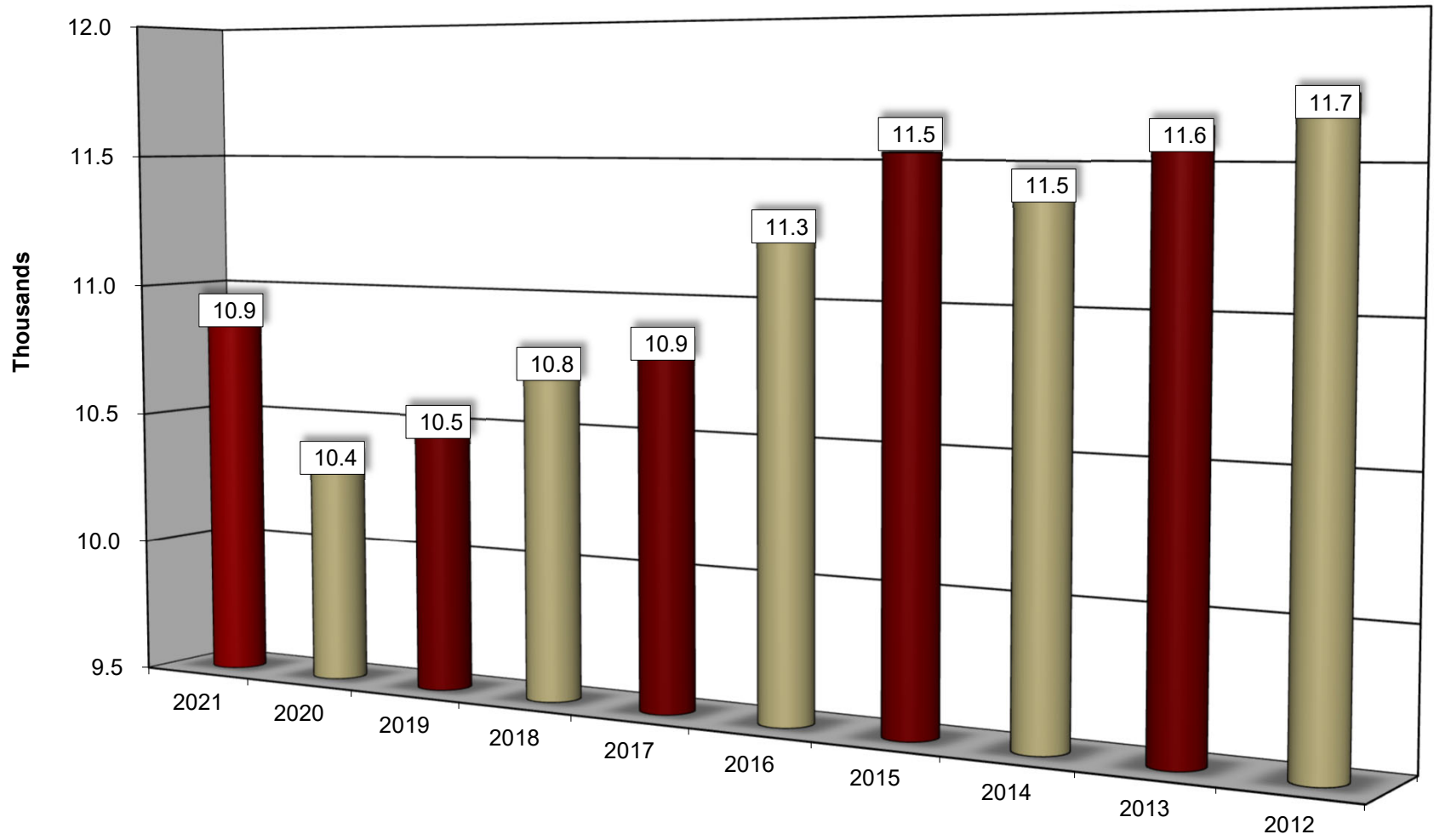
Source: College of Charleston Office of Institutional Research.

**College of Charleston  
Student Full Time Equivalents  
Last Ten Years - Fall**



Source: College of Charleston Office of Institutional Research.

**College of Charleston  
Student Head Count  
Last Ten Years - Fall**



Source: College of Charleston Office of Institutional Research.

**DEMOGRAPHIC STATISTICS**  
**State of South Carolina**

<b>Year</b>	<b>Personal Income (in thousands) as of June 30 (a)</b>	<b>Population as of July 1 (a)</b>	<b>Per Capita Income (a)</b>	<b>Average Annual Unemployment Rate (b)</b>
2021	\$ 270,299,200	5,190,705	\$ 52,074	4.0%
2020	247,867,336	5,218,040	47,502	6.2%
2019	233,308,826	5,148,714	45,314	2.8%
2018	217,275,251	5,084,127	42,736	3.4%
2017	203,087,627	5,024,369	40,421	4.3%
2016	198,762,651	4,987,575	39,852	4.8%
2015	186,285,746	4,869,991	38,041	6.0%
2014	178,485,001	4,832,482	36,934	6.6%
2013	169,282,713	4,774,839	35,453	7.6%
2012	161,863,730	4,723,723	34,266	9.1%

Source:

(a) U.S. Bureau of Economic Analysis

(b) U.S. Department of Labor

## TEN LARGEST EMPLOYERS

### State of South Carolina

Latest Completed Calendar Year and Ten Years Prior  
(Listed alphabetically)

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#### 2021

BMW Manufacturing Corp.  
Department of Defense  
Food Lion LLC  
Medical Univ of SC Hospital Authority  
Michelin North America, Inc.  
Publix Super Markets, Inc.  
School District of Greenville County  
Spartanburg Regional Medical Center  
Upstate Affiliate Organization  
Wal-Mart Associates, Inc.

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#### 2011

Bi-Lo, Inc.  
Blue Cross/Blue Shield of South Carolina  
Greenville Hospital System  
Michelin North America, Inc.  
Palmetto Health Alliance, Inc.  
School District of Greenville County  
U.S. Department of Defense  
U.S. Postal Service  
University of South Carolina  
Wal-Mart Associates, Inc.

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

Source: South Carolina Department of Employment and Workforce.

## FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Instructional Faculty</b>										
Part time	300	298	353	355	356	364	367	368	338	373
Full time	509	511	526	534	522	531	548	542	535	519
Percentage tenured	68%	68%	67%	65%	66%	65%	63%	63%	64%	63%
<b>Staff and administrators with faculty rank</b>										
Full time	881	940	1,013	993	983	994	1,014	1,024	1,009	971
Full time permanent	823	879	916	876	864	856	897	899	902	868
Full time temporary*	58	61	97	117	119	138	117	125	107	103
<b>Other employees</b>										
Part time temporary	120	109	166	160	183	168	198	214	220	220
Graduate assistants	175	154	156	171	169	173	165	175	141	109
<b>Total employees</b>										
Part time	595	561	675	686	708	705	730	757	699	702
Full time*	1,390	1,451	1,539	1,527	1,505	1,525	1,562	1,566	1,544	1,490
<b>FTE Students per full time</b>										
Instructional Faculty	19.6	18.4	18.2	18.5	18.8	19.3	18.9	19.1	19.7	20.3
Staff member	11.3	10.0	9.5	9.9	10.0	10.3	10.2	10.1	10.4	10.9
<b>Average annual faculty salary</b>	\$ 82,401	\$ 79,440	\$ 79,414	\$ 76,664	\$ 77,350	\$ 77,145	\$ 74,564	\$ 73,641	\$ 69,719	\$ 68,807

Source: College of Charleston Office of Institutional Research - IPEDS Human Resources Survey.

## SCHEDULE OF CAPITAL ASSET INFORMATION

Fall	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Academic buildings										
Net assignable square feet (in thousands)	827	803	803	751	751	728	734	757	765	758
Administrative and support buildings										
Net assignable square feet (in thousands)	318	275	275	281	281	286	245	189	173	171
Laboratories										
Net assignable square feet (in thousands)	229	203	203	190	190	175	178	176	189	176
Auxiliary and independent operations buildings										
Net assignable square feet (in thousands)	1,218	1,126	1,126	994	994	994	962	980	1,001	1,029
Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (in thousands)	2,306	1,965	1,681	1,626	1,521	1,495	1,355	1,178	1,087	1,071
Volumes per student	211	189	159	151	140	132	118	103	94	91
Student Housing:										
Residence Halls	7 (H)	8	8	8	8	8	7	7	8	8
Apartments	4 (I)	3	3	3	4 (B)	3	3	3	3	3
Other housing options	23 (E)	23 (E)	23 (E)	22 (C)	24	24	27	27	26	30
Units available	3,097	3,311 (F)	2,286 (F)	3,375	3,424	3,409	3,404	3,374	3,230	3,284
Units in use	2,949	3,274	2,067	3,247	3,358	3,261	3,325	3,218	3,287	3,183
Percent occupancy	95.2%	98.9%	90.4%	96.2%	98.1%	95.7%	97.7%	95.4%	101.8%	96.9%
Dining facilities:										
Locations	10 (G)	10 (G)	10 (G)	11	11	11	11 (A)	10	8	8
Average daily customers	5,982	5,164	2,146	7,283	7,875	6,913	7,221	6,627	6,227	6,165
Parking facilities:										
Parking spaces available	1,436	1,701	1,691	1,691 (D)	1,792	1,719	1,806	1,974	2,174	2,224
Parking permits issued to students	476	577	422	615	693	702	723	666	835	991
Parking permits issued to faculty/staff	960	990	811	1,105	1,047	972	981	1,030	980	966

(A) One additional dining facility opened January 2016, averaging 172 daily customers in Fiscal Year 2016.

(B) Includes use of 29 rooms at NoMo for 2018-2019.

(C) 90 Wentworth and 107 Wentworth offline for renovation.

(D) 80 spaces in City's harbor front lot no longer available.

(E) 107 Wentworth offline.

(F) De-densified buildings due to COVID-19; Buist not assigned - used for isolation; 81 quarantine beds among other buildings.

(G) Stern offline - kitchen to be used to prepare Q&I (Quarantine and Isolation) meals for delivery and grab-and-go meals for convenience locations.

(H): McAlister offline for renovation

(I): Includes use of 99 St. Philip

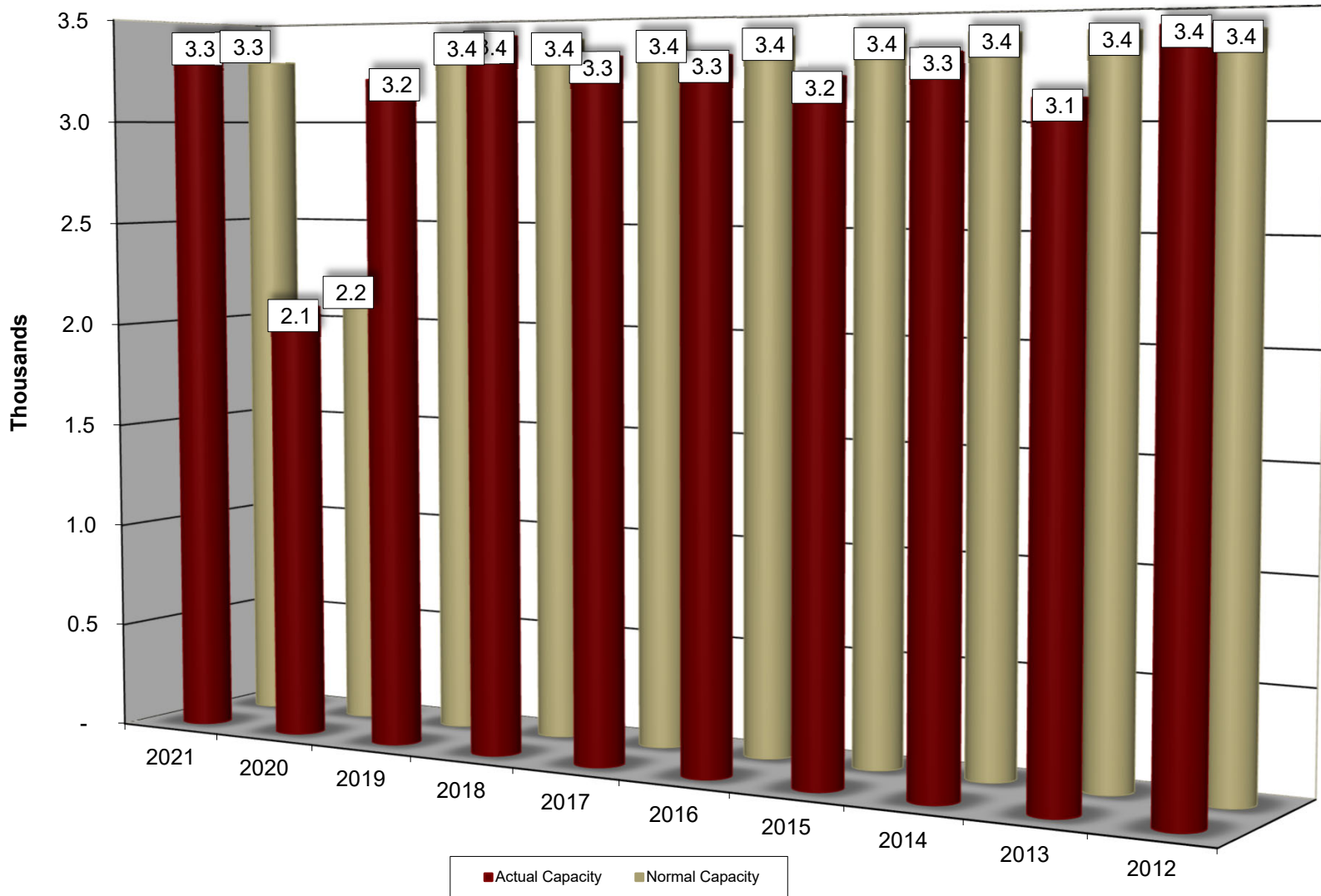
### Sources:

Building square footage: College of Charleston Division of Business Affairs.

Libraries: College of Charleston Library.

Student Housing, Dining and Parking facilities: College of Charleston Campus Services.

**College of Charleston  
Residence Hall Occupancy  
Fall**



Source: College of Charleston Office of Institutional Research.

Note: Occupancy and Normal Capacity were restricted during Fall 2020 due to COVID-19. If not for COVID-19, normal Capacity would have been 3.4.



**ACADEMIC SUBJECT AREAS AND DEGREES OFFERED**

Fall 2022

UNDERGRADUATE				GRADUATE	
Accounting	A.B., B.S.	Hospitality and Tourism Management	A.B., B.S.	Accountancy	M.S.
African American Studies	A.B., B.A.	Integrated Studies	B.I.S.	Arts and Cultural Management	CER
Anthropology	A.B., B.S.	International Business	A.B., B.S.	Business Administration	M.B.A.
Archaeology	A.B., B.A.	International Studies	A.B., B.A.	Child Life	M.S.
Art History	A.B., B.A.	Jewish Studies	A.B., B.A.	Communication	M.A.
Arts Management	A.B., B.A.	Latin American and Caribbean Studies	A.B., B.A.	Community Planning, Policy, and Design	M.A.
Astronomy	A.B., B.A.	Management	A.B., B.S.	Computer and Information Sciences	M.S.
Astrophysics	A.B., B.S.	Marine Biology	A.B., B.S.	Creative Writing	M.F.A.
Biochemistry	A.B., B.S.	Marketing	A.B., B.S.	Cybersecurity	CER
Biology	A.B., B.A., B.S.	Mathematics	A.B., B.S.	Data Science and Analytics	M.S.
Business Administration	A.B., B.S.	Meteorology	A.B., B.A.	Early Childhood Education	M.A.T.
Chemistry	A.B., B.A., B.S.	Middle Level Education	A.B., B.S.	Elementary Education	M.A.T.
Classics	A.B., B.A.	Music	A.B., B.A.	English	M.A.
Commercial Real Estate Finance	A.B., B.S.	Philosophy	A.B., B.A.	English to Speakers of Other Languages, Initial	CER
Communication	A.B., B.A.	Physical Education	A.B., B.S.	Environmental and Sustainability Studies	M.S.
Computer Information Systems	A.B., B.S.	Physics	A.B., B.A., B.S.	Gifted and Talented Education	CER
Computer Science	A.B., B.A., B.S.	Political Science	A.B., B.A.	History	M.A.
Computing in the Arts	A.B., B.A.	Professional Studies	B.P.S.	Languages	M.Ed.
Cultural Sustainability	UCER	Project Management	UCER	Marine Biology	M.S.
Dance	A.B., B.A.	Psychology	A.B., B.A., B.S.	Mathematical Sciences	M.S.
Data Science	A.B., B.S.	Public Health	A.B., B.A., B.S.	Operations Research	CER
Early Childhood Education	A.B., B.S.	Religious Studies	A.B., B.A.	Performing Arts	M.A.T.
Economics	A.B., B.S.	Secondary Education	A.B., B.S.	Public Administration	M.P.A.
Electrical Engineering	A.B., B.S.	Sociology	A.B., B.S.	Science and Mathematics Education	M.Ed.
Elementary Education	A.B., B.S.	Software Engineering	A.B., B.S.	Software Engineering	CER
English	A.B., B.A.	Spanish	A.B., B.A.	Special Education	CER
Environmental Geosciences	A.B., B.S.	Special Education, Multicategorical	A.B., B.S.	Statistics	CER
Exercise Science	A.B., B.S.	Statistics	A.B., B.S.	Teaching, Learning and Advocacy	M.Ed.
Finance	A.B., B.S.	Studio Art	A.B., B.A.	Urban and Regional Planning	CER
Foreign Language Education	A.B., B.S.	Supply Chain Management	A.B., B.S.		
French & Francophone Studies	A.B., B.A.	Sustainability and 21st Century Business Solutions	UCER		
Geology	A.B., B.A., B.S.	Systems Engineering	A.B., B.S.		
German Studies	A.B., B.A.	Theatre	A.B., B.A.		
Historic Preservation & Community Planning	A.B., B.A.	Urban Studies	A.B., B.A.		
History	A.B., B.A.	Women's and Gender Studies	A.B., B.A.		

A.B. - Artium Baccalaureatus (classical studies)

B.A. - Bachelor of Arts

B.I.S. Bachelor of Integrated Studies

B.P.S. - Bachelor of Professional Studies

B.S. - Bachelor of Science

CER - Post-Baccalaureate Certificate

M.A. - Master of Arts

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

M.B.A. - Master of Business Administration

M.Ed. - Master of Education

M.F.A. - Master of Fine Arts

M.P.A. - Master of Public Administration

M.S. - Master of Science

UCER - Undergraduate Certificate

Source: College of Charleston Office of Institutional Research.

**COLLEGE OF CHARLESTON**  
ANNUAL COMPREHENSIVE FINANCIAL REPORT



*Happy graduates pose for a photo during spring Commencement.*