

# COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA

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*Sottile Clock lights up in front of the historic Sottile House at the corner of Green and College Way.*

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

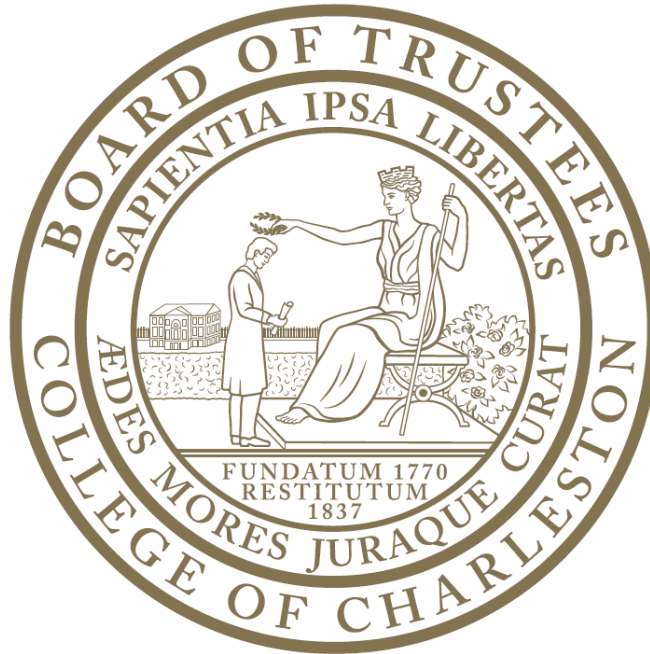
*A Component Unit of the State of South Carolina*

### **FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**PREPARED BY  
THE CONTROLLER'S OFFICE**

# COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

*A Component Unit of the State of South Carolina*

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**COLLEGE OF CHARLESTON**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2023**

PREPARED BY  
 THE CONTROLLER'S OFFICE

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# COLLEGE OF CHARLESTON

## ANNUAL COMPREHENSIVE FINANCIAL REPORT



*A Charleston 40 tour leader speaks to families and students in front of the Rita Liddy Hollings Science Center.*



*Businesses discuss employment opportunities with students at the Career Fair.*

## INTRODUCTORY SECTION



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

September 29, 2023

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, 2023. It documents the fiscal status of the institution and our accountability in managing assets of the College.

During the academic year 2022–23, 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.

The College proved yet again that it is a resilient institution and continued to generate strong numbers in both philanthropy and new student recruitment. In fiscal year 2022–23, the College reached an all-time high in first-year applications, having more than doubled the number of applications since 2019.

Along with everyone in our campus community, I look forward to building on the many successes of the past year as 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 29, 2023

**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, 2023. This report contains the financial statements of the College 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, 2023. 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.

### Independent Audit

Audits are conducted on an annual basis by an independent audit firm. For the fiscal year ended June 30, 2023, Cherry Bekaert LLP conducted the audit. 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 20.2.4.17, 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 2022) detected no findings 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 10,800 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 6 undergraduate certificates, 76 undergraduate degrees, 86 minors, 20 graduate degrees, and 9 graduate certificate programs.

The College of Charleston is committed to attracting the most promising students from South Carolina as well as from other states and nations. Out-of-state and international students comprise 48 percent of the student enrollment with 53 states and U. S. territories and 72 foreign countries represented in fall 2022.

### *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 discreetly 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 2024 rankings. Among Southern Regional Universities, the College ranks as follows:

- No. 9 in Regional Universities
- No. 4 in Best Colleges for Veterans
- No. 7 in Best Undergraduate Teaching
- No. 6 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 first-year retention, graduation rates and the strength of the faculty.

For the 20th 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 highlights the universities it recommends to students and families as the best for undergraduates.

According to The Princeton Review, “College of Charleston provides its 10,000 undergraduates a mid-sized liberal arts experience within the boundaries of one of the south’s most thriving cities. Good academic advising, a strong focus on writing skills and interdisciplinary studies are just some of the school’s many perks.”

Not only does The Princeton Review name the College as one of the best schools in the Southeast, but the school is also recognized in the categories of “The Best College Cities,” “Colleges that Create Futures” and “Green Colleges.” The Princeton Review also quotes a student as saying, “People are always willing to help each other out and general class culture is very positive and uplifting.”

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 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.<sup>6</sup> In addition to a thriving economy, the region is rich in history and a popular tourist destination.

As of July 2023, total employment in the state of South Carolina was 2,370,900 persons, an increase of 46,900 from July 2022. The unemployment rate as of July 2023 was 3.1 percent, down from 3.2 percent in July 2022. The South Carolina industries with the largest number of jobs were Trade, Transportation, and Utilities (442,900), Government (377,300), Professional and Business Services (313,200), Education and Health Services (280,700), and Leisure and Hospitality (275,400).<sup>1</sup> The industries with the largest twelve-month percentage increases were Information (5.2 percent), Education and Health Services (4.8 percent), Financial Activities (4.0 percent), and Leisure and Hospitality (4.0 percent).<sup>2</sup>

Total employment for the Charleston Metropolitan Statistical Area (MSA) was 425,100 persons, and the unemployment rate was 3.0 percent. The Charleston industries with the largest number of jobs were Trade, Transportation, and Utilities (75,600), Professional and Business Services (68,600), Government (67,600), and Leisure and Hospitality (57,700). The industries with the largest twelve-month percentage increases were Information (9.3 percent), Professional and Business Services (7.9 percent), Leisure and Hospitality (7.1 percent), and Education and Health Services (7.0 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 fourteen out of the last sixteen years.<sup>2</sup> The number of monthly job openings ranged from 24,809 in February 2023 to 44,571 in May 2023.<sup>3</sup>

In 2023, readers of Travel + Leisure magazine voted Charleston the number one U.S. city to visit for the eleventh year in a row, as well as naming it among the world's top 25 destinations.<sup>4</sup>

Charleston International Airport (CHS) has seen a full recovery from COVID impacts, with total passengers reaching record highs. The renovated airport, paired with continued new flights, has resulted in elevated levels of flight travel, and passenger volume surpassed five million for the first time ever in 2022. In 2022, the airport served over 5.3 million passengers in its busiest year on record. In 2023, the airport is on pace to break the 2022 record with over 3.5 million passengers served through the first half of the year.<sup>5</sup>

Charleston has been one of the nation's most important seaports since its establishment in 1670. The port offers six marine terminals plus inland port facilities and expertly manages diverse cargo including containerized, breakbulk and rolling stock, and cruise operations. The port ranks as the 8th largest U.S. container port. Charleston is home to the deepest harbor on the U.S. East Coast regularly managing 14,000 +/- TEU vessels drafting up to 52 feet. The port serves more than 150 countries worldwide via 14 ocean carrier container lines. The port also manages more than 2.7 million TEUs annually.<sup>6</sup>

The Charleston region offers local employers a growing pool of 400,000+ 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

<sup>1</sup> US Bureau of Labor Statistics, July 2023, number of persons, seasonally adjusted

<sup>2</sup> US Bureau of Labor Statistics, July 2023, in percent, seasonally adjusted

<sup>3</sup> SC Department of Employment & Workforce, Business Intelligence Department, Community Profile, updated 8/18/23.

<sup>4</sup> Travel + Leisure magazine, July 2023

<sup>5</sup> Charleston County Aviation Authority

<sup>6</sup> Charleston Research Development Alliance, 2023

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 \$4.1 billion in capital investment and over 2,200 new jobs that will be added to the market over the next several years.<sup>6</sup> The Charleston area's population is growing at a rate three times the U.S. average.

### 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 the 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:

- Access Control (Phase 1)
- Capital Renewal Upgrades (Various – HVAC, Envelope, Roof, Elevators, etc.)
- ESCO Energy Savings Contract Projects
- McAlister Residence Hall Renovation
- Patriots Point Baseball Turf
- 2023 Campus Framework Master Plan

The following major projects are currently in the design phase:

- 58 George Renovation for the Student Success Center
- 176 Lockwood Envelope
- Addlestone Library Envelope and Interior Renovation (Phase 2)
- Berry Residence Hall and Honors Center Renovation
- Buist Residence Hall Renovation
- Central Energy and Piping Infrastructure Upgrades
- College Lodge Demolition
- Craig Residence Hall Renovation
- Grice Marine Lab Annex Renovation
- Silcox PE and Health Center Interior Renovation
- Stern Student Center Renovation

The following major projects are currently in the construction phase:

- Access Control (Phase 2)
- Electrical Grid Infrastructure Upgrades
- Mechanical Upgrades \$3M HEERF Funds
- Silcox Gym Envelope and 1<sup>st</sup> Floor Renovation
- Simons Center for the Arts Renovation

## **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, 2022. The College has received the Certificate of Achievement for thirty 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 thank the President and the Board of Trustees of the College for their continued commitment to the fiscal management of the College. Likewise, we thank the members of the College community whose cooperation made the successful close of the fiscal year possible.



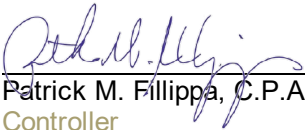
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John F. Loonan  
Executive Vice President of Business Affairs / Chief Financial Officer



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Dawn Willan, C.P.A.  
Vice President of Fiscal Services



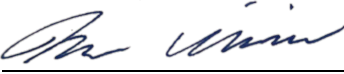
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Patrick M. Fillippa, C.P.A.  
Controller



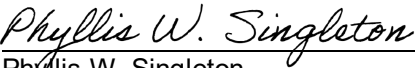
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Kenneth "Rick" Mims, C.P.A.  
Deputy Controller



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Joshua D. Williams, C.P.A.  
Deputy Controller



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Phyllis W. Singleton  
Associate Controller

**COLLEGE OF CHARLESTON**  
**BOARD OF TRUSTEES**  
**2022 - 2023**

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

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

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

**Penelope S. Rosner**  
Seventh District

**Renee Buyck Romberger, Secretary**  
Fourth District

**Brian J. Stern**  
Second District

**R. McLaurin Burch**  
Fifth District

**Steve D. Swanson**  
Member at Large

**Elizabeth Middleton Burke**  
First District

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

**John Hartnett Busch**  
Second District

**Craig C. Thornton**  
Third District

**Henry A. Futch**  
Fifth District

**Ricci Land Welch**  
Sixth District

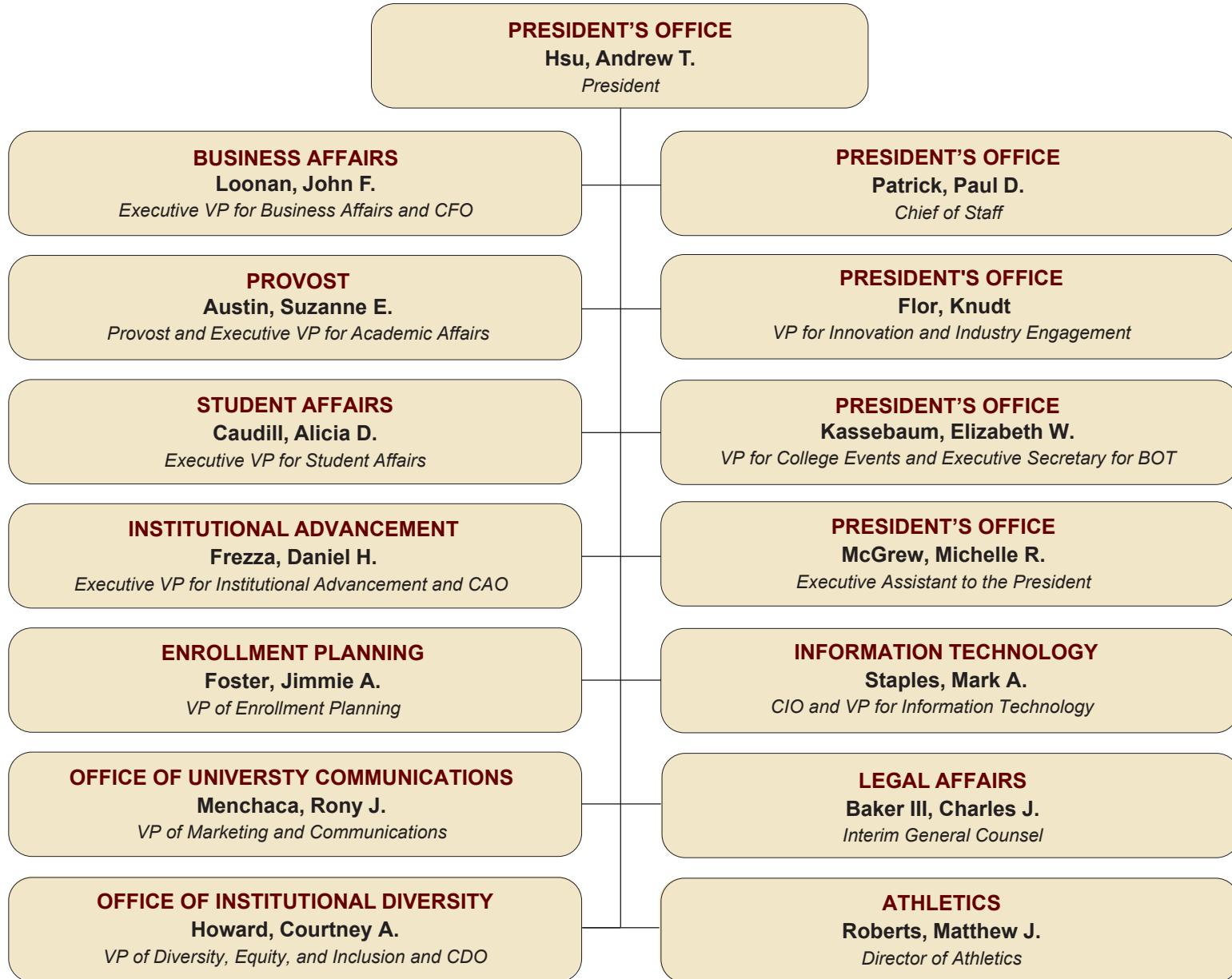
**Andrew A. Gianoukos**  
First District

**Neysa N. Williams**  
First District

**Henrietta U. Golding**  
Seventh District

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

**Shawn M. Holland**  
Third District



**COLLEGE OF CHARLESTON**  
**BUSINESS AND FINANCE OFFICERS**  
**2022-2023**

**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





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, 2022

*Christopher P. Morill*

Executive Director/CEO

# COLLEGE OF CHARLESTON

## ANNUAL COMPREHENSIVE FINANCIAL REPORT



*Students stroll through campus near Sottile House clock.*



*Cougar Mall fountain at night as seen from the portico of Randolph Hall.*

## 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 aggregate non-governmental discretely presented component units of the College of Charleston (the “College”), a component unit of the state of South Carolina, as of and for the year ended June 30, 2023, 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 and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate non-governmental discretely presented component units of the College, as of June 30, 2023, 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 assets and 100% of revenues of the aggregate non-governmental discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates 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 report 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 12 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 93 and 94, 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 95 and 96, 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 September 29, 2023, 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  
September 29, 2023

**COLLEGE OF CHARLESTON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

**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, 2023. 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 \$101.4 million in fiscal year 2023 increased by \$46.1 million or 83.4 percent in comparison to fiscal year 2022.
- Tuition and fee revenue of \$180.1 million for fiscal year 2023 reflects an increase of \$11.0 million, up 6.5 percent in relation to fiscal year 2022. Total revenues also increased by \$8.3 million, or 2.6 percent.
- Sales and services of auxiliary enterprises revenues decreased by \$0.9 million or 1.8 percent.
- Total expenses of \$284.8 million were essentially unchanged from the prior year. Total operating expenses decreased by \$0.7 million.
- State appropriations totaling \$41.3 million in fiscal year 2023 increased by \$6.7 million or 19.3 percent from fiscal year 2022.

**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 2023, the College implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The financial statements focus on the financial condition of the College, the results of its operations, and its cash flows.

The three financial statements, like 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 because 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 primarily 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 right-to-use 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, lease assets related to GASB 87, and subscription assets related to GASB 96, net of accumulated amortization, unspent bond proceeds and deferred loss on debt refunding. The amount is reduced by the outstanding balances of bonds, mortgages, notes, lease, subscription, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. 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.

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 conduct 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 and amortization.

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.

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

For the fiscal year ended June 30, 2023, the College implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a 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. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*, as amended.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources. As part of its implementation of GASB Statement No. 96, the College reviewed its SBITAs and recorded a SBITA asset and liability for its SBITAs.



## 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, 2023, and 2022 follows.

### Condensed Statements of Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<b>Assets</b>				
Current assets	\$ 283,320,937	\$ 298,648,847	\$ (15,327,910)	-5.1%
Capital assets, net of accumulated depreciation and amortization	478,576,428	418,181,323	60,395,105	14.4%
Other noncurrent assets	5,216,961	6,343,570	(1,126,609)	-17.8%
<b>Total Assets</b>	<u>767,114,326</u>	<u>723,173,740</u>	<u>43,940,586</u>	<u>6.1%</u>
<b>Deferred Outflows</b>				
Deferred outflows - pension	24,488,908	2,603,329	21,885,579	840.7%
Deferred outflows - OPEB	48,487,201	58,449,783	(9,962,582)	-17.0%
Deferred loss on debt refundings	262,891	285,648	(22,757)	-8.0%
<b>Total Deferred Outflows</b>	<u>73,239,000</u>	<u>61,338,760</u>	<u>11,900,240</u>	<u>19.4%</u>
<b>Liabilities</b>				
Current liabilities	61,797,806	56,169,841	5,627,965	10.0%
Noncurrent liabilities	583,313,375	636,390,130	(53,076,755)	-8.3%
<b>Total Liabilities</b>	<u>645,111,181</u>	<u>692,559,971</u>	<u>(47,448,790)</u>	<u>-6.9%</u>
<b>Deferred Inflows</b>				
Deferred inflows - pension	9,560,357	9,045,630	514,727	5.7%
Deferred inflows - OPEB	81,807,394	24,728,775	57,078,619	230.8%
Deferred inflows - leases	2,487,353	2,882,247	(394,894)	-13.7%
<b>Total Deferred Inflows</b>	<u>93,855,104</u>	<u>36,656,652</u>	<u>57,198,452</u>	<u>156.0%</u>
<b>Net Position</b>				
Net investment in capital assets	220,908,373	190,960,326	29,948,047	15.7%
Restricted - nonexpendable	1,100,000	1,100,000	-	0.0%
Restricted - expendable	99,961,215	83,894,083	16,067,132	19.2%
Unrestricted	(220,582,547)	(220,658,532)	75,985	0.0%
<b>Total Net Position</b>	<u>\$ 101,387,041</u>	<u>\$ 55,295,877</u>	<u>\$ 46,091,164</u>	<u>83.4%</u>

**Total Net Position** grew to \$101.4 million as of the end of fiscal year 2023, increasing by \$46.1 million.

**Total Assets** of \$767.1 million increased by \$43.9 million or 6.1 percent from last fiscal year to the current fiscal year. The net increase is primarily due to a \$60.4 million increase in capital assets. A summary of asset activity and changes during the year follows:

- Total cash decreased by \$28.6 million or 9.9 percent from the prior year. Unrestricted cash increased by \$2.7 million or 2.9 percent. Current restricted cash decreased by \$31.3 million, mostly due to principal and interest payments on debt and increased spending on capital projects. Noncurrent restricted cash increased by \$58 thousand. For further information, see the Statement of Cash Flows section.
- Accounts and other receivables increased by \$12.2 million or 95.7 percent. Most of this increase was related to timing differences from the prior year for accounts receivable due from the state of South Carolina for scholarships.
- Capital assets, net of depreciation and amortization increased by \$12.6 million, primarily due to an energy savings project for building improvements that were capitalized during the year. Capital assets not being depreciated grew by \$47.8 million. Additional spending on capital projects not completed and new projects started during the year account for all this increase. See the Capital Assets section for additional information.

**Total Deferred Outflows** increased by \$11.9 million, or 19.4 percent. Deferred outflows related to the College's proportionate share of the state's net pension liability increased by \$21.9 million. Deferred outflows related to the College's proportionate share of the state's retiree health benefits decreased by \$10.0 million. See Notes 6 and 7 in the Notes to the Financial Statements for additional information.

**Total Liabilities** of \$645.1 million decreased by 6.9 percent. Current liabilities increased by \$5.6 million. Most current liabilities remained stable from the prior year. The bulk of this change was due to increases in retainage payable (\$1.4 million), lease obligations payable (\$0.9 million), and the current portion of bonds and notes payable (\$2.6 million). Noncurrent liabilities decreased by \$53.1 million or 8.3 percent from the prior year. The noncurrent portion of bonds and notes payable decreased by \$11.9 million. The noncurrent portion of lease obligations payable increased by \$9.7 million due primarily to a new lease for Warren Place apartments. The net pension liability increased by \$14.8 million, mostly due to a difference in projected and actual earnings on pension plan investments. The OPEB liability decreased by \$66.8 million. Most of this change is due to a change in the discount rate used for the calculation. For more detailed information on liabilities, refer to Notes 6, 7, 9, 10, 11 and 12 in the Notes to the Financial Statements.

**Total Deferred Inflows** increased by \$57.2 million, or 156.0 percent. Deferred inflows related to the College's net pension liability increased by \$0.5 million. Deferred inflows related to the OPEB liability increased by \$57.1 million. Deferred inflows for leases in which the College is a lessor decreased by \$0.4 million. See Notes 6, 7, and 9 in the Notes to the Financial Statements for additional information on deferred inflows for pensions, other post-employment benefits, and leases.

**Net Position** – Net investment in capital assets in the amount of \$220.9 million increased by \$29.9 million, or 15.7 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 increase in the balance is the net result of the decrease in bonds payable, increase in capital projects expenditures, and lease and subscription activity during the year.

The expendable component of restricted net position increased by \$16.1 million and includes funds for scholarships, research, Perkins loans, debt service, and state capital projects. Net position related to capital projects increased by \$15.2 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 13 in the Notes to the Financial Statements for additional information regarding these endowments.

The unrestricted net position of (\$220.6) million increased slightly from the prior year's balance of (\$220.7) 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.



*Clyde the Cougar poses in the Cistern Yard with admitted students and their families at Admitted Student Day.*

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

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

	2023	2022	Increase (Decrease)	Percent Change
<b>Revenues</b>				
Tuition and fees*	\$ 180,065,612	\$ 169,036,504	\$ 11,029,108	6.5%
Federal, state, and local grants and contracts	28,732,742	28,521,285	211,457	0.7%
Sales and services of Auxiliary Enterprises*	48,785,779	49,664,323	(878,544)	-1.8%
Other operating revenue	7,827,375	3,848,604	3,978,771	103.4%
Total Operating Revenues	<u>265,411,508</u>	<u>251,070,716</u>	<u>14,340,792</u>	<u>5.7%</u>
State appropriations	41,294,808	34,600,666	6,694,142	19.3%
Federal, state, and local grants and contracts	12,605,514	36,532,932	(23,927,418)	-65.5%
Gifts	6,491,467	5,247,212	1,244,255	23.7%
Auxiliary enterprises investment income	822,005	(776,709)	1,598,714	205.8%
Interest and investment income	3,503,585	(4,111,588)	7,615,173	185.2%
Lease revenue	55,563	34,295	21,268	62.0%
Capital appropriations	704,209	10,865	693,344	6381.4%
Total Nonoperating and Other Revenues	<u>65,477,151</u>	<u>71,537,673</u>	<u>(6,060,522)</u>	<u>-8.5%</u>
Total Revenues	<u>330,888,659</u>	<u>322,608,389</u>	<u>8,280,270</u>	<u>2.6%</u>
<b>Expenses</b>				
Personnel cost	118,181,984	109,059,013	9,122,971	8.4%
Benefits	38,465,629	47,307,742	(8,842,113)	-18.7%
Supplies and services	71,870,817	63,651,800	8,219,017	12.9%
Utilities	7,466,867	7,455,250	11,617	0.2%
Scholarships and fellowships	15,439,741	27,432,908	(11,993,167)	-43.7%
Depreciation and amortization	24,679,136	21,867,113	2,812,023	12.9%
Total Operating Expenses	<u>276,104,174</u>	<u>276,773,826</u>	<u>(669,652)</u>	<u>-0.2%</u>
Interest and amortization expense on capital assets and related debt	8,297,822	8,049,763	248,059	3.1%
Loss on sale or disposal of capital assets	395,499	854	394,645	46211.4%
Total Nonoperating Expenses	<u>8,693,321</u>	<u>8,050,617</u>	<u>642,704</u>	<u>8.0%</u>
Total Expenses	<u>284,797,495</u>	<u>284,824,443</u>	<u>(26,948)</u>	<u>0.0%</u>
<b>Change in Net Position</b>	46,091,164	37,783,946	8,307,218	22.0%
<b>Net Position, Beginning</b>	<u>55,295,877</u>	<u>17,511,931</u>	<u>37,783,946</u>	<u>215.8%</u>
<b>Net Position, Ending</b>	<u>\$ 101,387,041</u>	<u>\$ 55,295,877</u>	<u>\$ 46,091,164</u>	<u>83.4%</u>

\* Net of scholarship discounts and allowances

**Total revenue** increased by 2.6 percent to \$330.9 million. Operating revenues increased by \$14.3 million. A summary of significant operating revenues follows:

- Tuition and fees revenue increased by \$11.0 million. There were increases in out-of-state enrollment from the prior year and tuition for out-of-state students increased by 4.0 percent. There was no change to in-state tuition and fees charged to students. Tuition and fees comprise the largest portion of total revenue.
- Sales and services of auxiliary enterprises revenue decreased by \$0.9 million or 1.8 percent to \$48.8 million. Housing revenue declined by \$1.1 million, primarily due to the temporary closure of McAlister Residence Hall for renovations. Increased revenues from 99 St. Philips apartments and Warren Place apartments offset some of the decrease from McAlister Residence Hall. Charges to students for meal plans increased by an average of 10 percent across all plans from the prior year and resulted in a \$0.8 million increase in food service revenue. Parking revenue decreased by \$0.8 million due to the closing of Wentworth garage for renovations.

- Other operating revenue increased by \$4.0 million due mostly to funds received from a general contractor for a legal settlement related to construction costs.

Nonoperating and other revenue decreased by \$6.1 million. Highlights include:

- State appropriations increased by \$6.7 million.
- Federal, state, and local grants and contracts revenue decreased by \$23.9 million due mostly to a decrease in stimulus funding related to the pandemic.
- Interest and investment income increased by \$7.6 million from 2022. Most of the increase is related to unrealized investment gains allocated to the College by the State of South Carolina.

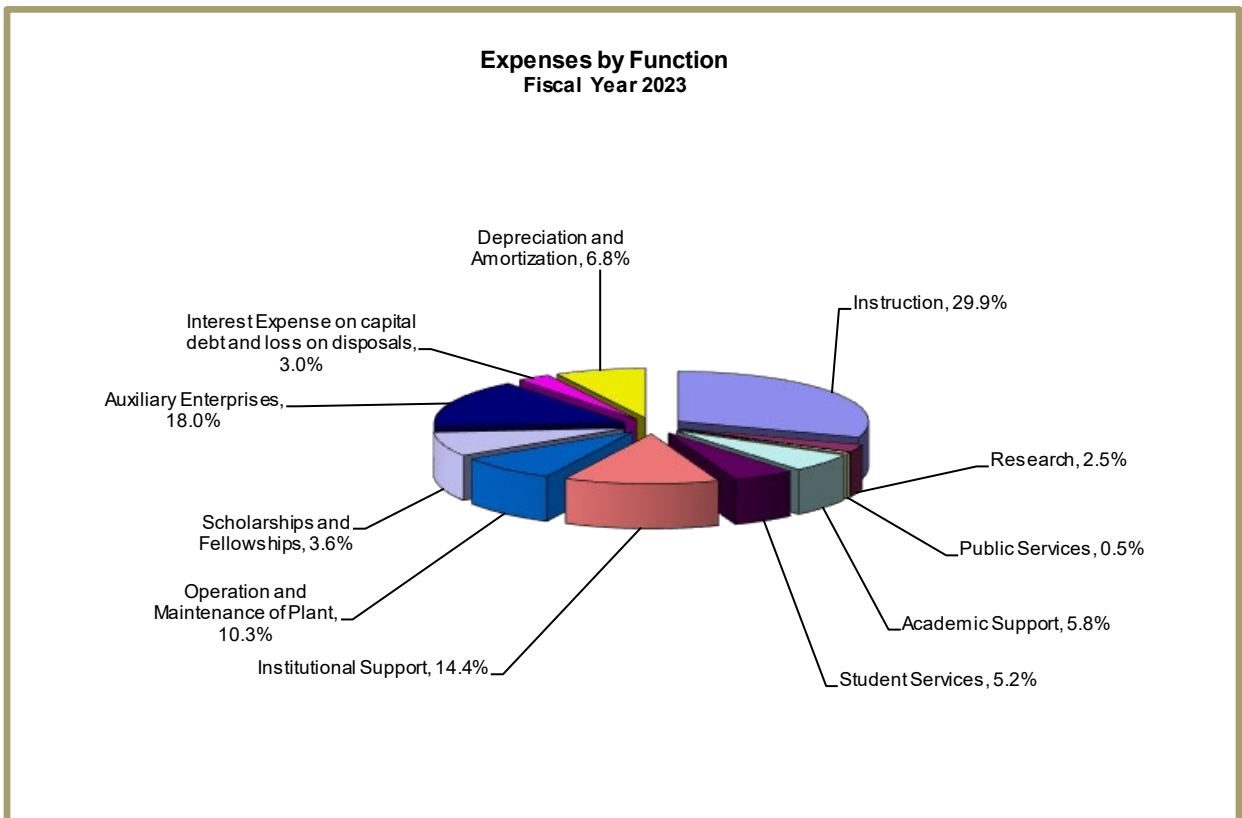
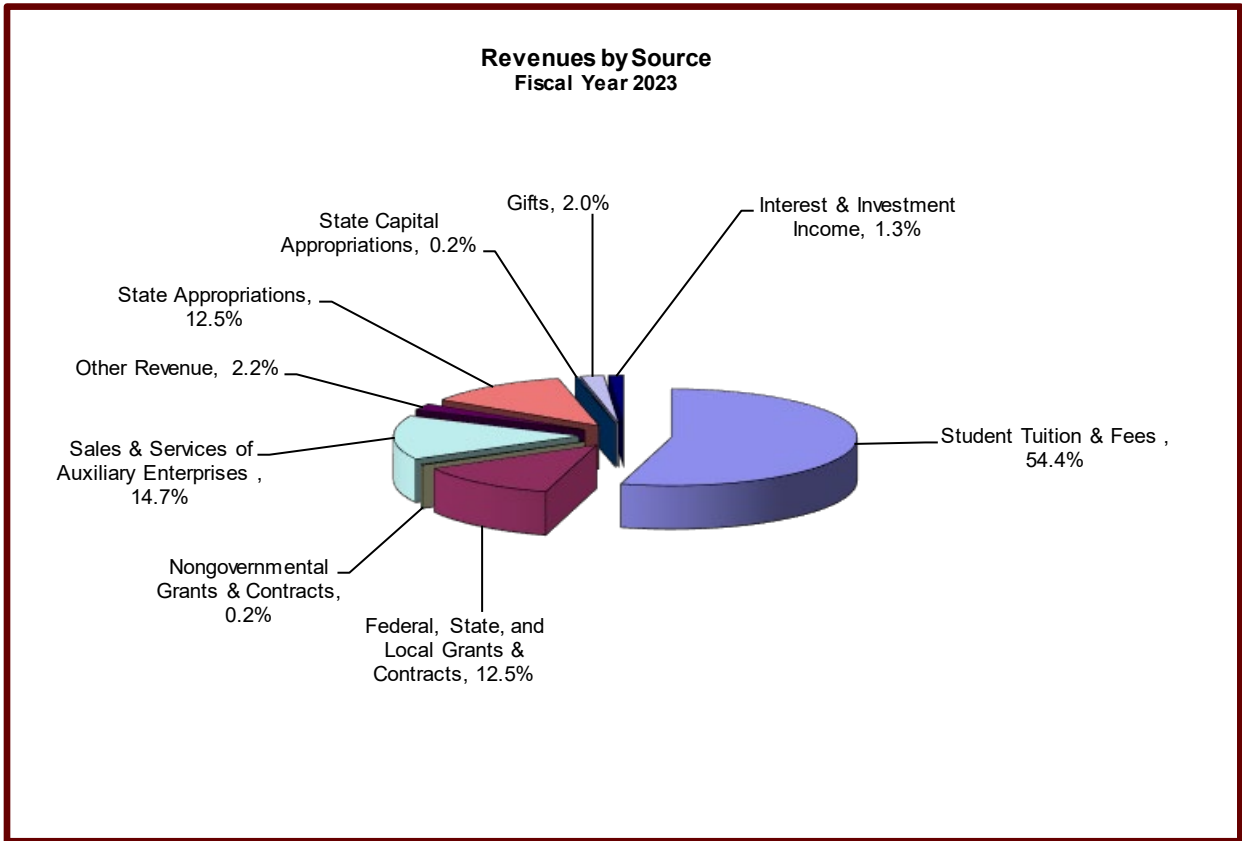
**Total expenses** were virtually unchanged from the prior year. A decrease of \$0.7 million in operating expenses was mostly offset by the increase in nonoperating expenses. Highlights include:

- Personnel costs increased by \$9.1 million from the prior year.
- Benefits expenses decreased by \$8.8 million from the prior year. Actual payments grew by \$3.6 million, and there was a \$12.4 million decrease from expenses related to GASB Statements No. 68 (Pensions) and 75 (OPEB). The decrease was the result of a decrease in the proportionate share rate and an increase in mandatory contribution rates.
- Supplies and services expenses increased by \$8.2 million. Costs related to noncapitalized repairs and renovations increased by \$1.7 million. Janitorial services and maintenance supplies increased by \$1.0 million and computer equipment and other office supplies increased by \$2.4 million. There were also general increases across all areas of the College due to inflation.
- Scholarships and fellowships expenses decreased by \$12.0 million or 43.7 percent from fiscal year 2022. \$10.7 million of this decrease is due to fewer costs for student awards related to the CARES Act due to the pandemic. Academic scholarship abatements expense also decreased by \$1.4 million from the prior year.



*Employers from the Charleston area converge at the Career Fair held at the Gaillard Center.*

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, 2023. A synopsis of the Statement of Cash Flows follows.

<b>Condensed Statements of Cash Flows</b>				
	<b>2023</b>	<b>2022</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Net cash provided by (used for) operating activities	\$ (2,848,835)	\$ 6,127,724	\$ (8,976,559)	-146.5%
Net cash provided by noncapital financing activities	59,128,480	75,932,119	(16,803,639)	-22.1%
Net cash provided by (used for) capital debt and related financing activities	(85,559,409)	14,060,249	(99,619,658)	-708.5%
Net cash provided by (used for) investing activities	725,177	(871,584)	1,596,761	183.2%
<b>Net change in cash and cash equivalents</b>	<b>(28,554,587)</b>	<b>95,248,508</b>	<b>(123,803,095)</b>	<b>-130.0%</b>
<b>Cash and cash equivalents, Beginning of Year</b>	<b>287,003,502</b>	<b>191,754,994</b>	<b>95,248,508</b>	<b>49.7%</b>
<b>Cash and cash equivalents, End of Year</b>	<b><u>\$ 258,448,915</u></b>	<b><u>\$ 287,003,502</u></b>	<b><u>\$(28,554,587)</u></b>	<b><u>-9.9%</u></b>

Total cash decreased by \$28.6 million or 9.9 percent from the prior year. A summary of significant changes by section follows:

Cash used for operating activities was \$2.8 million, a decrease of \$9.0 million from fiscal year 2022. While proceeds from tuition and fees increased by \$12.9 million, this increase was offset by additional spending on payments to employees for salaries and benefits (\$12.4 million) and payments to suppliers (\$13.5 million). Inflows from grants and contracts and inflows from auxiliary services were also down from the prior year, by \$2.6 million and \$2.2 million, respectively.

Cash provided by noncapital financing activities decreased by \$16.8 million. This is primarily due to funds received in fiscal year 2022 under the Higher Education Emergency Relief Fund (HEERF) that were not received in the current year. Cash received from State Appropriations increased by \$6.7 million.

The Capital Debt and Related Financing section shows \$85.6 million in cash spent during the year, a change of \$99.6 million from fiscal year 2022. Most of the year-to-year change is due to \$66.7 million in bond and note proceeds that were included in the fiscal year 2022 cash flow statement that are not included in the current year amount. The College also spent \$64.3 million on capital assets purchases in the current year, up from \$28.3 million in the prior year.

As of June 30, 2023, cash and cash equivalents made up 33.7 percent of the total assets of the College.

## Capital Assets

A synopsis of the net capital assets for the fiscal years ended 2023 and 2022 further illustrates significant changes between accounting periods.

	Capital Assets		Increase (Decrease)	Percent Change
	2023	2022		
Land	\$ 48,054,141	\$ 48,054,141	\$ -	0.0%
Construction in progress	88,127,255	40,331,265	47,795,990	118.5%
Land improvements	4,968,429	4,968,429	-	0.0%
Buildings	368,221,834	368,221,834	-	0.0%
Building improvements	204,409,299	188,734,540	15,674,759	8.3%
Machinery, equipment, and other	32,213,133	33,376,546	(1,163,413)	-3.5%
Information technology equipment and software	7,432,504	7,432,504	-	0.0%
Motor vehicles	876,244	458,023	418,221	91.3%
Right-to-use land	5,379,745	5,241,867	137,878	2.6%
Right-to-use buildings	31,613,283	16,909,562	14,703,721	87.0%
Right-to-use machinery and equipment	523,856	513,428	10,428	2.0%
Right-to-use subscription-based information technology	4,508,811	-	4,508,811	100.0%
Accumulated depreciation and amortization	(317,752,106)	(296,060,816)	(21,691,290)	-7.3%
<b>Capital Assets, net</b>	<b>\$ 478,576,428</b>	<b>\$ 418,181,323</b>	<b>\$ 60,395,105</b>	<b>14.4%</b>

Construction in progress increased by \$47.8 million during the fiscal year, as the College continued work on several construction projects. There were additional expenditures of \$22.1 million for the Simmons Center renovation and \$24.0 million for the McAlister Hall renovation. New projects include improvements to the baseball field and tennis center at Patriot's Point and renovations to the Stern Center. The College also continued work on a multi-year energy savings project that will include improvements to roughly 150 campus buildings. Completed renovations totaling \$15.7 million were related to the energy savings project (\$12.6 million), TD Arena (\$1.1 million) and McConnell Residence Hall (\$2.0 million). Right-to-use buildings increased by \$14.7 million, and the College recorded \$4.5 million for subscription-based information technology arrangements due to the implementation of GASB 96. Depreciation and amortization expense totaled \$24.7 million during the year. 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 2023 fiscal year with a general fund surplus of \$2.0 billion. The General fund revenues collected during the year exceeded the beginning of year estimates by \$1.8 billion.

The three largest sources of annual general fund revenue are Individual Income taxes, Sales and Use taxes, and Corporate Income taxes. In fiscal year 2022-23, Individual Income tax collections outperformed the beginning-of-year estimated amount for this source by more than \$110 million. Sales and Use tax collections outperformed estimates by nearly \$808 million. Corporate Income tax collections outperformed estimates by more than \$701 million.<sup>1</sup>

<sup>1</sup> South Carolina Office of the Comptroller General, Year-End Financial Summary, August 14, 2023.



In July 2023, Fitch Ratings noted that U.S. colleges and universities will face more operating pressure in the coming year once the supportive impact of Federal pandemic stimulus rolls off. With 2022 representing the last fiscal year of meaningful stimulus funding, core credit factors will be challenged across the higher education sector by macro headwinds in labor and wage pressure, mixed enrollment, and limited revenue growth prospects.<sup>2</sup>

On June 12, 2023, the College of Charleston Board of Trustees approved an out-of-state tuition increase of 3.0 percent; in-state tuition was not increased. Student housing fees increased by an average of 8.0 percent across all housing options.

### **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.



*Randolph Hall is seen glowing at sunset.*

<sup>2</sup> Fitchratings.com, More Pressure Likely for U.S. Higher Education as Federal Aid Runs Out, July 13, 2023.

**COLLEGE OF CHARLESTON**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 96,245,071
Cash and cash equivalents, restricted	161,308,587
Accounts receivable, net	12,341,813
Grants and contracts receivable	5,848,549
Component unit receivable	2,232,250
Interest income receivable	370,533
Prepaid items	4,700,581
Inventories	271,208
Other assets	2,345
<b>Total Current Assets</b>	<b>\$ 283,320,937</b>
<b>Noncurrent Assets</b>	
Cash and cash equivalents, restricted	\$ 895,257
Component unit receivable, restricted	1,533,919
Student loans receivable	141,139
Prepaid items	96,660
Leases receivable	2,549,986
Capital assets not being depreciated	136,181,396
Capital assets, net of accumulated depreciation and amortization	342,395,032
<b>Total Noncurrent Assets</b>	<b>\$ 483,793,389</b>
<b>TOTAL ASSETS</b>	<b>\$ 767,114,326</b>

**DEFERRED OUTFLOW OF RESOURCES**

Deferred outflows - pension	\$ 24,488,908
Deferred outflows - OPEB	48,487,201
Deferred loss on debt refundings	262,891
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 73,239,000</b>

**LIABILITIES**

<b>Current Liabilities</b>	
Accounts payable and accrued expenses	\$ 15,590,798
Accrued payroll and related liabilities	10,789,280
Retainage payable	2,400,852
Unearned revenues	7,080,251
Deposits held for others	962,967
Student deposits	1,769,103
Compensated absences payable	3,213,472
Accrued interest payable	2,227,502
Bonds and notes payable	11,853,355
Lease obligations payable	5,385,179
Subscriptions payable	467,419
Other liabilities	57,628
<b>Total Current Liabilities</b>	<b>\$ 61,797,806</b>
<b>Noncurrent Liabilities</b>	
Compensated absences payable	\$ 2,943,221
Bonds and notes payable	226,061,498
Lease obligations payable	19,946,787
Subscriptions payable	712,093
Federal capital contribution	1,021,255
Net pension liability	173,728,545
Net OPEB liability	158,899,976
<b>Total Noncurrent Liabilities</b>	<b>\$ 583,313,375</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 645,111,181</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows - pension	\$ 9,560,357
Deferred inflows - OPEB	81,807,394
Deferred inflows - leases	2,487,353
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 93,855,104</b>

**NET POSITION**

<b>Net investment in capital assets</b>	\$ 220,908,373
<b>Restricted for:</b>	
Nonexpendable	
Endowed professorship	100,000
Endowment other	1,000,000
Expendable	
Scholarships and fellowships	239,011
Research	112,102
Loans	12,182
Capital projects	92,562,744
Debt service	7,035,176
<b>Unrestricted</b>	<b>(220,582,547)</b>
<b>TOTAL NET POSITION</b>	<b>\$ 101,387,041</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, 2023**

<b>Operating Revenues</b>	
Tuition and related fees (\$12,661,158 pledged for debt service; net of scholarship discounts and allowances of \$47,053,033)	\$ 180,065,612
Federal grants and contracts	7,064,601
State grants and contracts	21,269,103
Local grants and contracts	399,038
Nongovernmental grants and contracts	704,225
Educational activities revenues	326,837
Student organizations generated revenues	1,730,286
Sales and services of auxiliary enterprises	
Revenues not pledged for debt service	
Athletics (net of scholarship discounts and allowances of \$2,869,654)	13,313,661
Health services (net of scholarship discounts and allowances of \$331,114)	1,444,202
Rental, vending, bookstore, and debit card	950,760
Revenues pledged for debt service	
Housing (net of scholarship discounts and allowances of \$4,966,709)	19,545,172
Food service (net of scholarship discounts and allowances of \$2,869,654)	11,737,685
Parking	1,794,299
Other sources	5,066,027
<b>Total Operating Revenues</b>	<b>\$ 265,411,508</b>
<b>Operating Expenses</b>	
Personnel costs	\$ 118,181,984
Benefits	38,465,629
Supplies and services	71,870,817
Utilities	7,466,867
Scholarships and fellowships	15,439,741
Depreciation and amortization	24,679,136
<b>Total Operating Expenses</b>	<b>\$ 276,104,174</b>
<b>Operating Loss</b>	<b>\$ (10,692,666)</b>
<b>Nonoperating Revenues (Expenses)</b>	
State appropriations	\$ 41,294,808
Federal grants and contracts	12,473,906
Gifts	6,491,467
Auxiliary enterprises interest and investment income	822,005
Interest and investment income	3,503,585
Interest and amortization expense on capital assets and related debt	(8,297,822)
State grants and contracts	131,608
Lease revenue	55,563
Gain (loss) on sale or disposal of capital assets	(395,499)
<b>Total Net Nonoperating Revenues (Expenses)</b>	<b>\$ 56,079,621</b>
<b>Income (Loss) Before Other Revenues</b>	<b>\$ 45,386,955</b>
<b>Other Revenues</b>	
Capital appropriations	\$ 704,209
<b>Total Other Revenues</b>	<b>\$ 704,209</b>
<b>Change In Net Position</b>	<b>\$ 46,091,164</b>
<b>Net Position, Beginning of Year</b>	<b>55,295,877</b>
<b>Net Position, End of Year</b>	<b>\$ 101,387,041</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Cash Flows From Operating Activities**

Tuition and fees	\$	181,788,187
Grants and contracts		26,421,742
Sales and services of education and other activities		2,057,123
Sales and services of auxiliary enterprises		48,061,919
Other operating expenses		(3,248,961)
Payments to employees for salaries and benefits		(161,666,472)
Payments to suppliers		(73,491,688)
Payments for utilities		(7,466,867)
Payments to students for scholarships and fellowships		(15,439,741)
Collection of loans from students - Perkins loan program receipts		237,870
Repayment of excess cash to Perkins program		(110,896)
Deposits held for others		8,949
Student direct lending receipts		47,621,702
Student direct lending disbursements		(47,621,702)
<b>Net Cash Used for Operating Activities</b>	<b>\$</b>	<b>(2,848,835)</b>

**Cash Flows From Noncapital Financing Activities**

State appropriations	\$	41,294,808
Gifts and grants for other than capital purposes		17,833,672
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>\$</b>	<b>59,128,480</b>

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

Proceeds from state capital appropriations	\$	704,209
Purchases of capital assets		(64,253,034)
Proceeds from sales of capital assets		50,580
Principal paid on capital debt		(8,410,000)
Interest and investment gains on capital and related financing activity		3,503,585
Lease obligations		(8,138,614)
Subscription obligations		(1,109,238)
Interest paid on capital related debt		(7,906,897)
<b>Net Cash Used for Capital Debt And Related Financing Activities</b>	<b>\$</b>	<b>(85,559,409)</b>

**Cash Flows From Investing Activities**

Interest and investments	\$	725,177
<b>Net Cash Provided by Investing Activities</b>	<b>\$</b>	<b>725,177</b>

Net change in cash and cash equivalents	\$	(28,554,587)
Cash and Cash Equivalents - Beginning of the Year		287,003,502
<b>Cash and Cash Equivalents - End of the Year</b>	<b>\$</b>	<b>258,448,915</b>

**Reconciliation of operating loss to net cash used for operating activities**

Operating loss	\$	(10,692,666)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation and amortization		24,679,136
Amortization of net pension and OPEB liabilities		(6,318,398)

**Changes in assets and liabilities:**

Deposits held for others		8,949
Accounts, grants and contracts, and component unit receivables, net		(11,486,769)
Inventories		(5,314)
Student loans receivable		237,870
Prepaid items		140,501
Accounts payable and accrued expenses		(1,015,448)
Compensated absences payable and related liabilities		448,033
Unearned revenues		776,015
Student deposits		379,256
<b>Net Cash Used for Operating Activities</b>	<b>\$</b>	<b>(2,848,835)</b>

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

Current assets		
Cash and cash equivalents	\$	96,245,071
Cash and cash equivalents, restricted		161,308,587
Noncurrent assets		
Cash and cash equivalents, restricted		895,257
<b>Total Cash and Cash Equivalents</b>	<b>\$</b>	<b>258,448,915</b>

**Non Cash Transactions**

Increase in component unit receivable	\$	26,638
Loss on sale of capital assets	\$	446,823
Addition of subscription based information technology arrangements, net of accumulated amortization	\$	3,288,446
Addition of subscriptions payable	\$	820,305

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON FOUNDATION AND SUBSIDIARIES**  
**NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

**ASSETS**

Cash and cash equivalents	\$	1,623,610
Unconditional promises to give, net		6,553,694
Other assets		1,728,095
Investments		150,332,757
Property and equipment, net		5,166,081
Collections		10,182,673
Operating lease right-of-use assets		1,057,496
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>176,644,406</b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued liabilities	\$	438,900
Annuities payable		66,040
Line of credit		1,001,978
Marine Genomics grant obligation (College of Charleston)		1,533,919
Operating lease liabilities		1,074,418
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>4,115,255</b>

**NET ASSETS**

Without donor restrictions:		
Board designated quasi endowment	\$	8,673,306
Undesignated		9,206,810
<b>Total Net Assets Without Donor Restrictions</b>	<b>\$</b>	<b>17,880,116</b>
With donor restrictions:		
Purpose restrictions	\$	74,262,193
Time-restricted for future periods		133,792
Perpetual in nature		80,253,050
<b>Total Net Assets With Donor Restrictions</b>	<b>\$</b>	<b>154,649,035</b>
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b>172,529,151</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>176,644,406</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON FOUNDATION AND SUBSIDIARIES**  
**NONGOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains, (Losses), and Other Support</b>			
<b>Revenue and Gains</b>			
Contributions of cash and other financial assets	\$ 533,575	\$ 11,671,136	\$ 12,204,711
Contributions of nonfinancial assets	-	396,200	396,200
Rental income	695,491	-	695,491
Interest and dividend income, net	86,520	1,403	87,923
Realized and unrealized gain (loss) on investments, net	1,978,699	9,322,017	11,300,716
Special events, net	-	9,646	9,646
Other income, net	7,156	439,287	446,443
Gain (loss) on disposal of property and equipment	(43,853)	(1,434)	(45,287)
Recoveries (losses) on promises to give	28,835	(1,402,663)	(1,373,828)
Changes in value of split interest agreements	-	(1,671)	(1,671)
<b>Total Revenue and Gains</b>	<b>\$ 3,286,423</b>	<b>\$ 20,433,921</b>	<b>\$ 23,720,344</b>
Net assets released from restrictions and administrative fees	\$ 12,449,009	\$ (12,449,009)	\$ -
<b>Total Revenue, Gains and Other Support, Net</b>	<b>\$ 15,735,432</b>	<b>\$ 7,984,912</b>	<b>\$ 23,720,344</b>
<b>Program Expenses</b>			
Student aid and recognition	\$ 4,573,289	\$ -	\$ 4,573,289
Programs of education, research, and student and faculty enrichment	7,412,857	-	7,412,857
<b>Total Program Expenses</b>	<b>\$ 11,986,146</b>	<b>\$ -</b>	<b>\$ 11,986,146</b>
<b>Supporting Services</b>			
General and administrative	\$ 876,190	\$ -	\$ 876,190
Fundraising	1,761,567	-	1,761,567
<b>Total Supporting Services</b>	<b>\$ 2,637,757</b>	<b>\$ -</b>	<b>\$ 2,637,757</b>
<b>Total Expenses</b>	<b>\$ 14,623,903</b>	<b>\$ -</b>	<b>\$ 14,623,903</b>
<b>Change in Net Assets</b>	<b>\$ 1,111,529</b>	<b>\$ 7,984,912</b>	<b>\$ 9,096,441</b>
<b>Net Assets, Beginning of Year</b>	<b>16,768,587</b>	<b>146,664,123</b>	<b>163,432,710</b>
<b>Net Assets, End of Year</b>	<b>\$ 17,880,116</b>	<b>\$ 154,649,035</b>	<b>\$ 172,529,151</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, 2023**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	2,465,041
Current portion of unconditional promises to give, net		263,000
<b>Total Current Assets</b>	<b>\$</b>	<b>2,728,041</b>

**Noncurrent Assets**

Unconditional promises to give, net of current portion	\$	249,544
Property and equipment, net		992,468
<b>Total Noncurrent Assets</b>	<b>\$</b>	<b>1,242,012</b>

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>3,970,053</b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$	18,657
Due to related parties		26,501
Deferred revenue		1,401,849
<b>Total Current Liabilities</b>	<b>\$</b>	<b>1,447,007</b>

<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>1,447,007</b>
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**NET ASSETS**

Without donor restrictions:

Board designated	\$	755,440
Undesignated		141,702
<b>Total Net Assets Without Donor Restrictions</b>	<b>\$</b>	<b>897,142</b>

With donor restrictions:

Purpose restrictions	\$	512,544
Time-restricted for future periods		1,113,360
<b>Total Net Assets With Donor Restrictions</b>	<b>\$</b>	<b>1,625,904</b>

<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b>2,523,046</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>3,970,053</b>
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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, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Memberships	\$ 1,215,884	\$ -	\$ 1,215,884
Contributions			
Cash and other financial assets	1,656,568	68,339	1,724,907
Nonfinancial assets	-	475,000	475,000
Special events	171,739	-	171,739
Less: Direct benefit to donor	(106,465)	-	(106,465)
Other income	16,485	-	16,485
Interest income	10,157	-	10,157
Net assets released from restrictions	604,528	(604,528)	-
<b>Total Revenue and Support</b>	<b>\$ 3,568,896</b>	<b>\$ (61,189)</b>	<b>\$ 3,507,707</b>
<b>Program Expenses</b>			
Program Services	\$ 3,073,700	\$ -	\$ 3,073,700
Management and general	208,063	-	208,063
Fundraising	113,338	-	113,338
<b>Total Program Expenses</b>	<b>\$ 3,395,101</b>	<b>\$ -</b>	<b>\$ 3,395,101</b>
<b>Change in Net Assets</b>	<b>\$ 173,795</b>	<b>\$ (61,189)</b>	<b>\$ 112,606</b>
Net Assets, Beginning of Year, As Originally Stated	\$ (52,594)	\$ 1,815,712	\$ 1,763,118
Prior period restatement	775,941	(128,619)	647,322
<b>Net Assets, Beginning of Year, Restated</b>	<b>\$ 723,347</b>	<b>\$ 1,687,093</b>	<b>\$ 2,410,440</b>
<b>Net Assets, End of Year</b>	<b>\$ 897,142</b>	<b>\$ 1,625,904</b>	<b>\$ 2,523,046</b>

See Accompanying Notes to Financial Statements

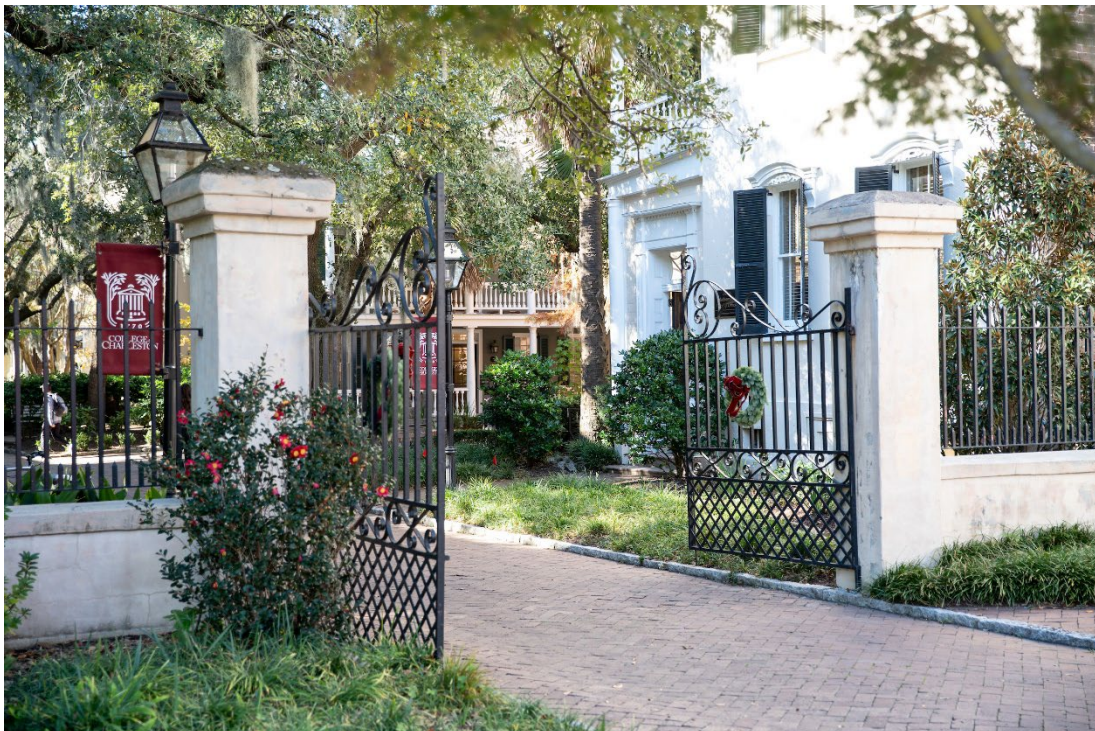


# COLLEGE OF CHARLESTON

## ANNUAL COMPREHENSIVE FINANCIAL REPORT



*Historic 9 Glebe Street at sunset.*



*Holiday wreaths adorn open wrought iron gates at the entrance to the Green Way near St. Philip Street.*

## 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. On an 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 in 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 the 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 receivables 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 of 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 and amortization are 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 and amortization was taken during the year the asset was

placed in service, and no depreciation and amortization was taken in the year of disposition. Beginning in fiscal year 2012, capital assets are depreciated and amortized based on the number of months the asset is in service during the fiscal year. The change in depreciation and amortization 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, 2023.

### **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; (4) lease and SBITA liabilities, and (5) 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 they are 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 expenses 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.

## **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, benefits and administrative expenses are recognized when they are 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 than 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 are due to the College under the Perkins Loan Program. This program is funded primarily by the federal government with the College providing a required match. The amount reported as Perkins' liability is the amount of cumulative federal contributions 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 assets that applies to future periods and Deferred inflows of resources represent an acquisition of net assets that applies to future periods.

## **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 positions are available.

## **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 expenses 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 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 cards, 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 lease 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 lease assets are amortized on a straight-line basis over the life of the related lease.

## **Right-to-Use Subscription-Based Information Technology Arrangements Asset and Liability**

The College has recorded right-to-use subscription-based information technology arrangements (SBITA) assets and liabilities as a result of implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The SBITA assets are amortized over the subscription term.

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

For the fiscal year ended June 30, 2023, the College implemented GASB statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a 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. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases, as amended.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources. As part of its implementation of GASB Statement No. 96, the College reviewed its SBITAs and recorded a SBITA asset and liability for its SBITAs.

### **New Accounting Pronouncements**

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.

## **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, 2023, reconciles deposits and investments in the notes to the Statement of Net Position amounts:

### **Schedule of Deposits and Investments as of June 30, 2023**

#### **Statement of Net Position**

Current assets	
Cash and cash equivalents	\$ 96,245,071
Cash and cash equivalents, restricted	161,308,587
Noncurrent assets	
Cash and cash equivalents, restricted	895,257
	<b><u>\$ 258,448,915</u></b>

#### **Deposits and Investments**

Cash on hand	\$ 5,017
Deposits held by State Treasurer	258,399,794
Deposits held by banks	44,104
	<b><u>\$ 258,448,915</u></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, 2023, 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 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 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 \$37,149 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 \$161,308,587 consist of \$152,744,620 for capital project accounts and \$8,561,302 for debt service accounts, and \$2,665 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.



*International students pose for a group photo in front of Randolph Hall.*

### NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2023, are summarized as follows:

Student accounts	\$ 1,618,084
Other	10,143,116
Auxiliary enterprises	<u>825,613</u>
<b>Total accounts receivable</b>	<b><u>12,586,813</u></b>
<b>Allowance for bad debts</b>	<b><u>(245,000)</u></b>
Federal grants and contracts	5,434,088
State grants and contracts	225,809
Nongovernmental grants and contracts	188,027
Local grants and contracts	<u>625</u>
<b>Total grants and contracts receivable</b>	<b><u>5,848,549</u></b>
Component unit	3,766,169
Interest income	370,533
Leases receivable	2,549,986
Student loans	<u>141,139</u>
<b>Total other receivables</b>	<b><u>6,827,827</u></b>
<b>Net Accounts Receivable</b>	<b><u>\$ 25,018,189</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, 2023, 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 loans receivable as of June 30, 2023. 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 6/30/22	Increases	Decreases	Ending Balance 6/30/23
Capital assets not being depreciated:				
Land	\$ 48,054,141	\$ -	\$ -	\$ 48,054,141
Construction in progress	40,331,265	63,607,589	(15,811,599)	88,127,255
Total capital assets not being depreciated	<u>88,385,406</u>	<u>63,607,589</u>	<u>(15,811,599)</u>	<u>136,181,396</u>
Depreciable capital assets:				
Land improvements	4,968,429	-	-	4,968,429
Buildings	368,221,834	-	-	368,221,834
Building improvements	188,734,540	15,674,759	-	204,409,299
Machinery, equipment, and other	33,376,546	1,663,504	(2,826,917)	32,213,133
Information technology equipment and software	7,432,504	-	-	7,432,504
Motor vehicles	458,023	437,832	(19,611)	876,244
Right-to-use land	5,241,867	137,878	-	5,379,745
Right-to-use buildings	16,909,562	14,703,721	-	31,613,283
Right-to-use machinery and equipment	513,428	31,939	(21,511)	523,856
Right-to-use subscription-based information technology	-	4,508,811	-	4,508,811
Total depreciable capital assets	<u>625,856,733</u>	<u>37,158,444</u>	<u>(2,868,039)</u>	<u>660,147,138</u>
Less accumulated depreciation and amortization:				
Land improvements	4,389,767	51,910	-	4,441,677
Buildings	180,402,860	8,467,413	-	188,870,273
Build improvements	70,776,106	6,961,260	-	77,737,366
Machinery, equipment, and other	24,553,805	1,687,530	(2,396,329)	23,845,006
Information technology equipment and software	7,432,504	-	-	7,432,504
Motor vehicles	336,702	59,604	(3,376)	392,930
Right-to-use land	603,074	329,007	-	932,081
Right-to-use buildings	7,374,525	4,262,923	-	11,637,448
Right-to-use machinery and equipment	191,473	64,525	(13,238)	242,760
Right-to-use subscription-based information technology	-	2,220,061	-	2,220,061
Total accumulated depreciation and amortization	<u>296,060,816</u>	<u>24,104,233</u>	<u>(2,412,943)</u>	<u>317,752,106</u>
Depreciable capital assets, net	<u>329,795,917</u>	<u>13,054,211</u>	<u>(455,096)</u>	<u>342,395,032</u>
<b>Capital assets, net</b>	<u><b>\$ 418,181,323</b></u>	<u><b>\$ 76,661,800</b></u>	<u><b>\$ (16,266,695)</b></u>	<u><b>\$ 478,576,428</b></u>

During fiscal year 2023, depreciation and amortization expense was \$24,679,136. In addition, the College disposed of capital assets with a net book value of \$455,096. The loss derived from the sale of capital assets totaled \$395,499.

## **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 retirement systems and benefit 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 they are 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 a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for 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 and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.



- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly. 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 first-term individuals elected to the South Carolina General Assembly. 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, newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly have the option to participate in the State ORP. Contributions to the State ORP are at the same rate 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. The Retirement Funding and Administration Act of 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. 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. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.



*A student walks to their next class on the beautiful Green Way.*

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

	<u>Fiscal Year 2023<sup>1</sup></u>	<u>Fiscal Year 2022<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%

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

	<u>Fiscal Year 2023<sup>1</sup></u>	<u>Fiscal Year 2022<sup>1</sup></u>
<b>SCRS</b>		
Employer Class Two	17.41%	16.41%
Employer Class Three	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>State ORP</b>		
Employer Contribution <sup>2</sup>	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>PORS</b>		
Employer Class Two	19.84%	18.84%
Employer Class Three	19.84%	18.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

<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.

## **Actuarial Assumptions and Methods**

Actuarial valuations of the ongoing 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, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return <sup>3</sup>	7.00%	7.00%
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

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

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% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2022, 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%

## **Net Pension Plan Liability**

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented below.

<b><u>System</u></b>	<b><u>Total Pension Liability</u></b>	<b><u>Plan Fiduciary Net Position</u></b>	<b><u>Employers' Net Pension Liability (Asset)</u></b>	<b><u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u></b>
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%
PORS	8,937,686,946	5,938,707,767	2,998,979,179	66.4%

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, 2023, the College reported liabilities of \$170,638,785 and \$3,089,760 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2022. 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, 2022, the College's proportionate shares of the SCRS and PORS plans were 0.70 percent and 0.10 percent, respectively, which was a decrease of 0.02 percent and 0.02 percent from its proportionate shares as of June 30, 2021, which were 0.72 percent and 0.12 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 2022 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 on the following page. 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.

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.00%	6.79%	3.12%
Bonds	26.00%	-0.35%	-0.09%
Private Equity <sup>4</sup>	9.00%	8.75%	0.79%
Private Debt <sup>4</sup>	7.00%	6.00%	0.42%
Real Assets	<b>12.00%</b>		
Real Estate <sup>4</sup>	9.00%	4.12%	0.37%
Infrastructure <sup>4</sup>	3.00%	5.88%	0.18%
<b>Total Expected Return<sup>5</sup></b>	<u>100.00%</u>		<u>4.79%</u>
<b>Expected Inflation</b>			<u>2.25%</u>
<b>Total Return</b>			<u>7.04%</u>

<sup>4</sup> RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

<sup>5</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 15% of total

## **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.

## **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.

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

<u>System</u>	<u>1.0% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.0% Increase (8.00%)</u>
SCRS	\$ 218,779,976	\$ 170,638,785	\$ 130,615,637
PORS	4,308,484	3,089,760	2,092,119

### Pension Expense

For the year ended June 30, 2023, the College recognized pension expense for the SCRS and PORS plans of \$11,428,802 and \$98,972, respectively.

### Deferred Outflows and Inflows of Resources

At June 30, 2023, 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:



*Students learn about program offerings at the Majors and Minors Fair.*



	<b>SCRS</b>	
	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Differences between expected and actual experience	\$ 1,482,532	\$ 743,638
Changes in assumptions	5,472,787	-
Net difference between projected and actual earnings on pension plan investments	263,159	-
Change in proportion & difference between employer contributions & proportionate share of plan contributions	30,278	8,253,604
College contributions subsequent to the measurement date	16,681,834	-
<b>Total</b>	<b><u>\$ 23,930,590</u></b>	<b><u>\$ 8,997,242</u></b>

	<b>PORS</b>	
	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Differences between expected and actual experience	\$ 51,840	\$ 61,079
Changes in assumptions	128,663	-
Net difference between projected and actual earnings on pension plan investments	9,330	-
Change in proportion & difference between employer contributions & proportionate share of plan contributions	9,042	502,036
College contributions subsequent to the measurement date	359,443	-
<b>Total</b>	<b><u>\$ 558,318</u></b>	<b><u>\$ 563,115</u></b>
<b>Total SCRS and PORS</b>	<b><u>\$ 24,488,908</u></b>	<b><u>\$ 9,560,357</u></b>

The \$16,681,834 and \$359,443 reported as deferred outflows of resources related to pensions resulting from college contributions paid after the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2023, will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2024, 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:

	<b>SCRS</b>
Year ending June 30:	
2024	\$ (271,163)
2025	(1,135,232)
2026	(4,792,241)
2027	4,450,150
	<b><u>\$ (1,748,486)</u></b>

	<b>PORS</b>
Year ending June 30	
2024	\$ (113,245)
2025	(141,730)
2026	(229,364)
2027	120,098
	<b><u>\$ (364,241)</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, 2022, and the accounting valuation report as of June 30, 2022. 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.

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

The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July first of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFFA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits.

### **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 ensure 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% employer funding and 15-24 years of service for 50% 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, 2022, 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 premium's 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 June 30, 2022. 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 2022 totaled \$615,405,810. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of \$1,094,627.

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, benefits and administrative expenses are recognized when they are 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 comprehensive annual financial report of the state.

### **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.



*President Hsu and others serve Moonlight Breakfast to students during finals.*

Additional information as of the latest actuarial valuation for SCRHITF:

<b>Valuation Date:</b>	June 30, 2021
<b>Actuarial Cost Method:</b>	Individual Entry – Age Normal
<b>Inflation:</b>	2.25 percent
<b>Investment Rate of Return:</b>	2.75 percent, net of OPEB Plan investment expense, including inflation
<b>Single Discount Rate:</b>	3.69 percent as of June 30, 2022
<b>Demographic Assumptions:</b>	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
<b>Mortality:</b>	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80 percent of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
<b>Health Care Trend Rate:</b>	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.
<b>Aging Factors:</b>	Based on plan specific experience
<b>Retiree Participation:</b>	A. 79 percent for retirees who are eligible for funded premiums B. 59 percent participation for retirees who are eligible for Partial Funded Premiums C. 20 percent participation for retirees who are eligible for Non-Funded Premiums
<b>Notes:</b>	The discount rate changed from 1.92 percent as of June 30, 2021 to 3.69 percent as of June 30, 2022.

Additional information as of the latest actuarial valuation for SCLTDITF:

<b>Valuation Date:</b>	June 30, 2021
<b>Actuarial Cost Method:</b>	Individual Entry – Age Normal
<b>Inflation:</b>	2.25 percent
<b>Investment Rate of Return:</b>	3.00 percent, net of Plan investment expense; including inflation
<b>Single Discount Rate:</b>	3.41 percent as of June 30, 2022
<b>Salary, Termination, and Retirement Rates:</b>	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
<b>Disability Incidence:</b>	The disability incidence rates used in the valuation are 165 percent of the rates developed for the South Carolina Retirement Systems pension plans.
<b>Disability Recovery:</b>	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.
<b>Offsets:</b>	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
<b>Expenses:</b>	Third party administrative expenses were included in the benefit projections.
<b>Notes:</b>	The discount rate changed from 2.48 percent as of June 30, 2021 to 3.41 percent as of June 30, 2022.

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

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2022:

<u>OPEB Trust</u>	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>	<u>Plan Fiduciary Net Position as a % of Total OPEB Liability</u>
SCRHITF	\$ 16,835,502,593	\$ 1,623,661,403	\$ 15,211,841,190	9.64%
SCLTDITF	46,410,320	34,824,847	11,585,473	75.04%

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, 2023, the College reported liabilities of \$158,822,727 and \$77,249 for its proportionate shares of the SCRHITF and SCLTDITF net OPEB liabilities, respectively, as of June 30, 2022. For the year ended June 30, 2023, the College recognized OPEB expense for SCRHITF and SCLTDITF of \$6,359,985 and \$63,833, 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, 2022, the College's proportionate shares of the SCRHITF and SCLTDITF liabilities and expenses were 1.04 percent and 0.67 percent, respectively, which was a decrease of 0.04 percent and 0.02 percent, respectively, from its proportionate shares as of June 30, 2021, which were 1.08 percent and 0.69 percent, respectively.

### **Single Discount Rate**

The Single Discount Rate of 3.69 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 3.41 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 3.69 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 2034. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2034, 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%	0.95%	0.76%
Cash equivalents	20.00%	0.35%	0.07%
<b>Total</b>	<u>100.00%</u>		0.83%
<b>Expected Inflation</b>			<u>2.25%</u>
<b>Total Return</b>			<u>3.08%</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>		0.83%
<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 3.69 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</b>	<b>1% Increase</b>
	<b>2.69%</b>	<b>Rate</b>	<b>3.69%</b>
	<b>2.69%</b>	<b>3.69%</b>	<b>4.69%</b>
SCRHITF Net OPEB Liability	\$ 187,771,415	\$ 158,822,727	\$ 135,558,517

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</b>	<b>1% Increase</b>
	<b>1% Decrease</b>	<b>Healthcare Cost</b>	<b>1% Increase</b>
	<b>1% Decrease</b>	<b>Trend Rate</b>	<b>1% Increase</b>
SCRHITF Net OPEB Liability	\$ 130,616,168	\$ 158,822,727	\$ 191,755,420

The following table presents the SCLTDITF’s net OPEB liability calculated using a Single Discount Rate of 3.41 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</b>	<b>1% Increase</b>
	<b>2.41%</b>	<b>Rate</b>	<b>3.41%</b>
	<b>2.41%</b>	<b>3.41%</b>	<b>4.41%</b>
SCLTDITF Net OPEB Liability	\$ 89,521	\$ 77,249	\$ 65,380

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.

**Deferred Outflows and Inflows 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.



*Easels dot the Cistern Yard as students in a painting class work on their canvasses.*

At June 30, 2023, 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:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 3,408,937	\$ 13,964,985
Changes in assumptions	35,810,431	51,052,883
Net difference between projected and actual earnings on pension plan investments	1,248,809	-
Change in proportion & difference between employer contributions & proportionate share of plan contributions	1,232,168	16,761,250
College contributions subsequent to the measurement date	6,676,382	-
<b>Total</b>	<b><u>\$ 48,376,727</u></b>	<b><u>\$ 81,779,118</u></b>
	<b>SCLTDITF</b>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 20,473	\$ 13,742
Changes in assumptions	15,451	10,986
Net difference between projected and actual earnings on pension plan investments	25,517	-
Change in proportion & difference between employer contributions & proportionate share of plan contributions	-	3,548
College contributions subsequent to the measurement date	49,033	-
<b>Total</b>	<b><u>\$ 110,474</u></b>	<b><u>\$ 28,276</u></b>
<b>Total SCRHITF and SCLTDITF</b>	<b><u>\$ 48,487,201</u></b>	<b><u>\$ 81,807,394</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:

	<b>SCRHITF</b>	
Year ending June 30:		
2024	\$	(6,806,866)
2025		(5,136,419)
2026		(4,236,940)
2027		(5,361,198)
2028		(8,707,278)
Thereafter		(9,830,072)
	<b>\$</b>	<b>(40,078,773)</b>

	<b>SCLTDITF</b>	
Year ending June 30		
2024	\$	3,920
2025		5,964
2026		9,944
2027		8,035
2028		741
Thereafter		4,561
	<b>\$</b>	<b>33,165</b>

### **Additional Financial and Actuarial Information**

Information contained in these Notes to the Schedules of OPEB Amounts by Employer (the Schedules) were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2022, and the accounting and financial reporting actuarial valuations as of June 30, 2022. 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 OPEB Trust Funds audited financial statements.

## **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 from the grantor agency for expenditures disallowed under the 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 \$33,945,000 at June 30, 2023. Of this total, approximately \$26,169,000 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, 2023.

## **Subsequent Events**

The College evaluated subsequent events through September 30, 2023, which is the date the financial statements were issued. The College concluded that no subsequent events have occurred that would require disclosure.



*School of Business students' study in the atrium of the Beatty Center.*

## 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, 2023, are summarized below (excluding short-term leases):

<u>Classification</u>	<u>Number of Lease Contracts</u>	<u>Lease Receivable (Liability) June 30, 2023</u>	<u>Current Portion</u>	<u>Lease Terms <sup>(1)</sup></u>	<u>Interest Rate Ranges</u>
Lessor:					
Land	<u>1</u>	<u>\$ 2,549,986</u>	<u>\$ -</u>	99	5%
<b>Total lessor</b>	<b><u>1</u></b>	<b><u>\$ 2,549,986</u></b>	<b><u>\$ -</u></b>		
Lessee:					
Right-to-use land	5	\$ (4,647,783)	\$ (113,335)	5 - 65	5%
Right-to-use buildings	18	(20,387,295)	(5,175,527)	1 - 10	5%
Right-to-use machinery and equipment	<u>22</u>	<u>(296,888)</u>	<u>(96,317)</u>	5 - 10	5%
<b>Total lessee</b>	<b><u>45</u></b>	<b><u>\$(25,331,966)</u></b>	<b><u>\$(5,385,179)</u></b>		

(1) Terms are in years.

- **Lease Receivable** – During the year the College did not recognize any variable payment amounts.
- **Lease Liability** – Measurement of the lease liability excludes 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 \$68,220 for these changes in variable payments not previously included in the measurement of the lease liability.

Future principal and interest lease payments for leases payable as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,385,179	\$ 852,163	\$ 6,237,342
2025	5,172,445	953,605	6,126,050
2026	4,441,806	698,188	5,139,994
2027	3,227,076	512,757	3,739,833
2028	2,997,067	353,435	3,350,502
2029-2033	576,120	985,125	1,561,245
2034-2038	727,563	823,953	1,551,516
2039-2043	369,462	682,054	1,051,516
2044-2048	473,900	577,616	1,051,516
2049-2053	608,683	442,832	1,051,515
2054-2058	781,260	270,255	1,051,515
2059-2063	571,405	59,504	630,909
<b>Total</b>	<b>\$ 25,331,966</b>	<b>\$ 7,211,487</b>	<b>\$ 32,543,453</b>

The College had \$2,523,283 in outstanding leases payable with the Foundation as of June 30, 2023.

## **NOTE 10 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA) OBLIGATIONS**

The College enters into SBITA contracts for the right-to-use information technology software and cloud computing arrangement (network) assets from external parties. The SBITAs expire at various dates, and some have renewal options. Right-to-use subscription liabilities and the related right-to-use subscription assets are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate stated per the SBITA contract, or the College's estimated incremental borrowing rate if there is no stated contractual interest rate.

The College's SBITAs at June 30, 2023, are summarized below (excluding short-term SBITAs):

<u>SBITA</u>	<u>Number of SBITA Contracts</u>	<u>Subscription (SBITA) Liabilities June 30, 2023</u>	<u>Current Portion</u>	<u>SBITA Terms <sup>(1)</sup></u>	<u>Interest Rate Ranges</u>
Right-to-use subscription liabilities	18	\$ (1,179,512)	\$ (467,419)	1 - 4	8.25%
<b>Total lessee</b>	<b>18</b>	<b>\$ (1,179,512)</b>	<b>\$ (467,419)</b>		

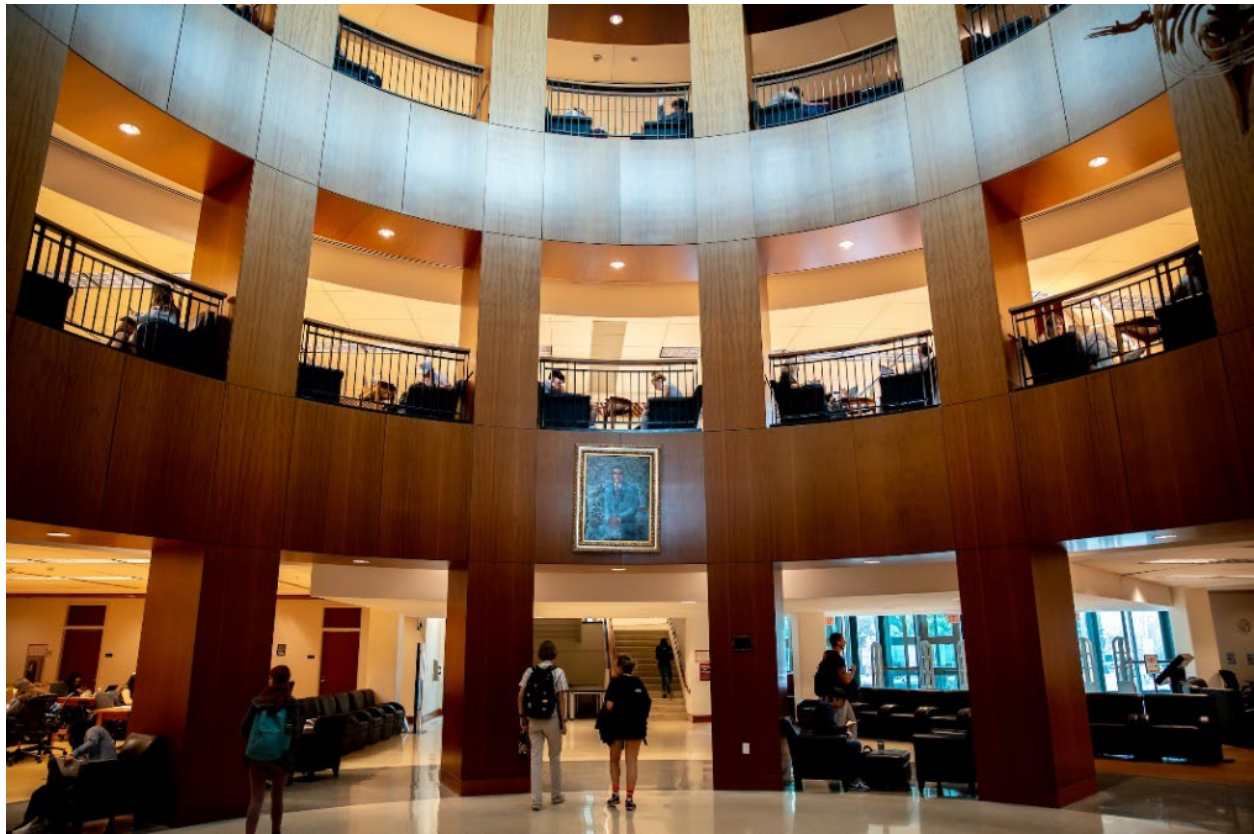
(1) Terms are in years.



Measurement of the subscription liability excluded the following variable payment amounts: 1) the increase or decrease in payments after the initial measurement of the subscription liability that depend on changes in an index or rate (such as the Consumer Price Index) and 2) payments based on future performance or usage of the underlying assets. During the fiscal year, the College did not recognize any variable payment amounts.

Future principal and interest lease payments for SBITA obligations as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 467,419	\$ 101,181	\$ 568,600
2025	280,345	61,245	341,590
2026	251,131	37,031	288,162
2027	180,617	15,488	196,105
<b>Total</b>	<b>\$ 1,179,512</b>	<b>\$ 214,945</b>	<b>\$ 1,394,457</b>



*Addlestone Library buzzes with activity during Reading Day.*

## NOTE 11 – BONDS AND NOTES PAYABLE

Bonds and notes payable consisted of the following on June 30, 2023:

	<u>Original Balance</u>	<u>Fixed Interest Rate</u>	<u>Maturity Dates</u>	<u>Outstanding Balance</u>	<u>Debt Retired Fiscal year 2023</u>
<b>Revenue Bonds</b>					
Higher Education Facilities Revenue Bonds					
Bond, Series 2012A	\$ 25,630,000	2.00% - 4.00%	2032	\$ 13,320,000	\$ 1,255,000
Bond, Series 2013A	12,510,000	3.00% - 4.00%	2033	5,490,000	465,000
Bond, Series 2017A	42,705,000	3.00% - 5.00%	2037	33,625,000	1,700,000
Academic/Administrative Facilities Revenue Bonds					
Bond, Series 2013B	24,835,000	2.00% - 5.00%	2034	16,950,000	1,260,000
Bond, Series 2014A	54,255,000	3.00% - 5.00%	2044	45,860,000	1,380,000
Bond, Series 2017B	31,345,000	3.00% - 5.00%	2037	24,675,000	1,250,000
Bond, Series 2021A	24,075,000	2.00% - 5.00%	2037	21,930,000	1,100,000
Bond, Series 2021B	43,190,000	2.00% - 5.00%	2051	43,190,000	-
<b>Total Revenue Bonds</b>				<u>205,040,000</u>	<u>8,410,000</u>
<b>Notes Payable</b>				21,458,202	-
Unamortized Bond Premium				<u>11,416,651</u>	
<b>Total Bonds and Notes payable</b>				<u>\$ 237,914,853</u>	<u>\$ 8,410,000</u>

Bonds issued by the College include certain restrictive covenants. Auxiliary Revenue Bonds are payable solely from and secured by a pledge of revenue from the College's residence halls, food service, and parking, and additional funds from the capital improvement fee imposed by the Board of Trustees. Management believes the College was in compliance with all applicable bond covenants as of June 30, 2023.

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 \$821,662 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 2023 was \$7,185,021.

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.

The amounts including interest required to complete payment of the Revenue Bonds as of June 30, 2023, are as follows:

<b>Revenue Bonds</b>			
<b>Year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	11,520,000	5,515,300	17,035,300
2029-2033	62,900,000	20,516,556	83,416,556
2034-2038	47,980,000	10,407,488	58,387,488
2039-2043	22,270,000	4,847,388	27,117,388
2044-2048	12,570,000	1,613,731	14,183,731
2049-2051	6,260,000	315,625	6,575,625
<b>Total Revenue Bonds</b>	<b>\$ 205,040,000</b>	<b>\$ 69,869,914</b>	<b>\$ 274,909,914</b>

Amounts including interest required to complete payment of the master lease/purchase agreement (the Agreement) as of June 30, 2023, are as follows:

<b>Notes Payable</b>			
<b>Year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,470,646	268,696	1,739,342
2029-2033	8,004,744	957,815	8,962,559
2034-2038	6,491,441	248,679	6,740,120
<b>Total Notes Payable</b>	<b>\$ 21,458,202</b>	<b>\$ 2,784,120</b>	<b>\$ 24,242,322</b>



*Students present their research projects to guests at the annual College of Charleston EXPO.*

## NOTE 12 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

	6/30/2022	Additions	Reductions	6/30/2023	Due Within One Year
<b>Bonds payable</b>					
Revenue bonds	\$ 213,450,000	\$ -	\$ 8,410,000	\$ 205,040,000	\$ 9,715,000
Unamortized premiums (discounts)	12,238,313	-	821,662	11,416,651	821,662
<b>Total revenue bonds</b>	<u>225,688,313</u>	<u>-</u>	<u>9,231,662</u>	<u>216,456,651</u>	<u>10,536,662</u>
<b>Notes payable</b>					
Notes payable	21,458,202	-	-	21,458,202	1,316,693
<b>Total bonds and notes payable</b>	<u>247,146,515</u>	<u>-</u>	<u>9,231,662</u>	<u>237,914,853</u>	<u>11,853,355</u>
<b>Lease obligations</b>					
Lease obligations	14,732,586	15,446,737	4,847,357	25,331,966	5,385,179
<b>Total lease obligations</b>	<u>14,732,586</u>	<u>15,446,737</u>	<u>4,847,357</u>	<u>25,331,966</u>	<u>5,385,179</u>
<b>Subscription obligations</b>					
Subscription obligations	-	2,040,670	861,158	1,179,512	467,419
<b>Total subscription obligations</b>	<u>-</u>	<u>2,040,670</u>	<u>861,158</u>	<u>1,179,512</u>	<u>467,419</u>
<b>Other liabilities</b>					
Net pension liability	158,899,768	29,022,603	14,193,826	173,728,545	-
Net OPEB liability	225,717,500	7,267,377	74,084,901	158,899,976	-
Federal capital contribution	1,132,151	-	110,896	1,021,255	-
Accrued compensated absences	5,708,660	3,685,492	3,237,459	6,156,693	3,213,472
<b>Total other liabilities</b>	<u>391,458,079</u>	<u>39,975,472</u>	<u>91,627,082</u>	<u>339,806,469</u>	<u>3,213,472</u>
<b>Total long-term liabilities</b>	<u>\$ 653,337,180</u>	<u>\$ 57,462,879</u>	<u>\$ 106,567,259</u>	<u>\$ 604,232,800</u>	<u>\$ 20,919,425</u>

## NOTE 13 – 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, 2023, interest income of \$2,665 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, 2023, cumulative net appreciation on these funds was \$533,919, and the total endowed balance of \$1,533,919 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 14 – 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 at 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 consolidated 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 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 in excess of 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, 2023, promises to give from four donors accounted for approximately 71 percent of the total unconditional promises to give balance.

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.

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

The Foundation investments as of June 30, 2023, were as follows:

<b>Investments Carried at Fair Value</b>	<b>Cost</b>	<b>Fair value</b>
Cash and cash equivalents	\$ 125,287	\$ 125,287
Debt and equity securities	344,058	418,770
Multi-strategy limited partnerships	113,131,091	149,788,700
<b>Total</b>	<b>\$ 113,600,436</b>	<b>\$ 150,332,757</b>

The following schedule details transactions between the College and the Foundation during the year ended June 30, 2023:

**Transactions between the College and the Foundation for Fiscal Year 2023**

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.	\$	4,168,157
The Foundation reimbursed the College for certain expenditures that were paid for by the College.	\$	3,045,002

**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 \$1,191,322 in scholarships and other support from the Cougar Club for the year ended June 30, 2023.

The College has receivables totaling \$3,766,169 with component units. The details of the component unit receivables follow.

**Component Unit Receivables as of June 30, 2023**

The Foundation		
Capital projects and operating expenses receivable	\$	2,205,749
Marine Genomics endowment receivable		1,533,919
Total Foundation receivable	<u>\$</u>	<u>3,739,668</u>
The Cougar Club		
Operating expenses receivable	\$	26,501
Total Cougar Club receivable	<u>\$</u>	<u>26,501</u>
<b>Total Component Unit Receivables</b>	<b><u>\$</u></b>	<b><u>3,766,169</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 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 15 – 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:**

- Claims of State employees for unemployment compensation benefits (SC Department of Employment and Workforce),
- Claims of covered employees for workers compensation benefits for job related illnesses or injuries (State Accident Fund),
- Claims of covered public employees for health and dental insurance benefits. (Employee Insurance Program), and
- 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:**

- Theft of, damage to, or destruction of assets,
- Natural disasters,
- Real property, its contents, and other equipment,
- Motor vehicles,
- Watercraft, artwork, and equipment (inland marine),
- Torts,
- Business interruptions,
- Data processing; and
- 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 16 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2023, are summarized as follows:

	Personnel Costs and Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Total
Instruction	\$ 80,964,002	\$ 4,237,605	\$ -	\$ -	\$ -	\$ 85,201,607
Research	2,805,857	4,169,170	-	-	-	6,975,027
Public service	966,329	498,725	-	-	-	1,465,054
Academic support	11,629,919	4,734,006	-	-	-	16,363,925
Student services	11,552,596	3,270,737	-	-	-	14,823,333
Institutional support	27,761,299	13,329,516	-	-	-	41,090,815
Operation and maintenance of plant	8,684,284	11,125,508	4,310,713	-	-	24,120,505
Scholarships and fellowships *	-	61,931	-	10,139,895	-	10,201,826
Auxiliary enterprises	12,283,327	30,443,619	3,156,154	5,299,846	-	51,182,946
Depreciation and amortization	-	-	-	-	24,679,136	24,679,136
<b>Total Operating Expenses</b>	<b><u>\$ 156,647,613</u></b>	<b><u>\$ 71,870,817</u></b>	<b><u>\$ 7,466,867</u></b>	<b><u>\$ 15,439,741</u></b>	<b><u>\$ 24,679,136</u></b>	<b><u>\$276,104,174</u></b>

\* - Net of discounts and allowances

### NOTE 17 – 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 2022-2023 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, 2023.

### State Appropriations

#### Noncapital Appropriations

Original appropriations per annual Appropriations Act	\$ 37,916,992
Employee Pay Plan Funds	2,587,273
Academic Endowment Incentive	5,444
Lowcountry Graduate Center	<u>785,099</u>

**Total State noncapital appropriations recorded as current year revenue** **\$ 41,294,808**

#### Capital Appropriations

From SC Education Lottery Fund	<u>\$ 704,209</u>
--------------------------------	-------------------

**Total State capital appropriations recorded as current year revenue** **\$ 704,209**

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. The 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, 2023.

### Other Amounts Received from State Agencies

	Operating Revenue
Received from CHE:	
Hope Scholarships	\$ 766,804
LIFE Scholarships	10,657,517
Palmetto Scholarships	3,851,366
Need Based Grants	4,266,642
SC National Guard Program	65,312
Various other CHE amounts	120,000
Received from Winthrop University	391,225
Received from Various State Agencies	<u>1,150,237</u>
<b>Total</b>	<b><u>\$ 21,269,103</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 18 – SUMMARY FINANCIAL INFORMATION

Summarized financial activity for the year ended June 30, 2023, was as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
Charges for services	\$ 265,411,508	\$ 251,070,716	\$ 14,340,792
Nonoperating grants and contributions	23,082,635	36,925,288	(13,842,653)
Less: Program expenses	<u>(284,401,996)</u>	<u>(284,823,589)</u>	421,593
<b>Net program expenses</b>	<u>4,092,147</u>	<u>3,172,415</u>	<u>919,732</u>
Transfers:			
State appropriations	41,294,808	34,600,666	6,694,142
State capital appropriations	<u>704,209</u>	<u>10,865</u>	<u>693,344</u>
<b>Total transfers</b>	<u>41,999,017</u>	<u>34,611,531</u>	<u>7,387,486</u>
Change in net position	46,091,164	37,783,946	8,307,218
<b>Net position - Beginning</b>	<u>55,295,877</u>	<u>17,511,931</u>	<u>37,783,946</u>
<b>Net position - Ending</b>	<u><b>\$ 101,387,041</b></u>	<u><b>\$ 55,295,877</b></u>	<u><b>\$ 46,091,164</b></u>



*Addlestone Library fills with students studying for finals.*

# COLLEGE OF CHARLESTON

## ANNUAL COMPREHENSIVE FINANCIAL REPORT



*A study group sits outside of Towell Library while enjoying Cougar Night Lights.*

## 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>									
	<u>2023</u>	<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>
College's proportion of the net pension liability	0.70%	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>\$ 170,638,785</u>	<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>\$ 100,872,225</u>	<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	169.16%	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	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%
	<b>PORS</b>									
	<u>2023</u>	<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>
College's proportion of the net pension liability	0.10%	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>\$ 3,089,760</u>	<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>\$ 1,630,502</u>	<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	189.50%	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	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

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

	<b>SCRS</b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 16,681,834	\$ 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
Contributions in relation to the contractually required contribution	16,681,834	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 105,778,593	\$ 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
Contributions as a percentage of covered payroll	15.77%	12.76%	11.78%	12.78%	11.77%	10.76%	8.81%	8.39%	8.23%	7.97%

	<b>PORS</b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 359,443	\$ 297,404	\$ 311,476	\$ 355,111	\$ 319,627	\$ 284,620	\$ 270,197	\$ 273,412	\$ 293,437	\$ 260,473
Contributions in relation to the contractually required contribution	359,443	297,404	311,476	355,111	319,627	284,620	270,197	273,412	293,437	260,473
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 1,674,825	\$ 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
Contributions as a percentage of covered payroll	21.46%	18.24%	17.12%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

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

	<b>SCRHITF</b>						
	2023	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability	1.04%	1.08%	1.15%	1.18%	1.16%	1.18%	1.18%
College's proportionate share of the net OPEB liability	\$ 158,822,727	\$ 225,695,587	\$ 207,077,349	\$ 177,707,098	\$ 163,890,467	\$ 160,088,993	\$ 171,007,498
College's covered-employee payroll for the measurement period	\$ 94,337,714	\$ 84,488,401	\$ 89,798,037	\$ 84,770,981	\$ 82,358,598	\$ 82,351,801	\$ 82,059,970
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll**	168.36%	267.13%	230.60%	209.63%	199.00%	194.40%	208.39%
Plan fiduciary net position as a percentage of the total OPEB liability	9.64%	7.48%	8.39%	8.44%	7.91%	7.60%	7.07%
	<b>SCLTDITF</b>						
	2023	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability	0.67%	0.69%	0.72%	0.74%	0.73%	0.75%	0.75%
College's proportionate share of the net OPEB liability	\$ 77,249	\$ 21,913	\$ 2,190	\$ 14,555	\$ 22,432	\$ 13,537	\$ 5,183
Plan fiduciary net position as a percentage of the total OPEB liability	75.04%	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>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,676,382	\$ 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
Contributions in relation to the contractually required contribution	6,676,382	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered-employee payroll**	\$ 102,160,013	\$ 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
Contributions as a percentage of covered-employee payroll**	6.54%	6.75%	7.34%	6.56%	7.31%	6.50%	5.91%	6.42%	6.26%	6.08%

	<b>SCLTDITF</b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 49,033	\$ 50,338	\$ 51,958	\$ 45,450	\$ 54,647	\$ 53,404	\$ 54,048	\$ 52,985	\$ 50,976	\$ 50,789
Contributions in relation to the contractually required contribution	49,033	50,338	51,958	45,450	54,647	53,404	54,048	52,985	50,976	50,789
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**



*Spanish moss dangles from hemlock trees showing fall colors in Cougar Mall.*

**STATISTICAL SECTION**

**COLLEGE OF CHARLESTON**  
**STATISTICAL SECTION**  
**FISCAL YEAR ENDED JUNE 30, 2023**

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.	99-103
<b>Revenue Capacity</b> This schedule contains information to help the reader assess the factors affecting the College’s ability to generate tuition income.	104
<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.	105
<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.	106-111
<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.	112-115

**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)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Operating Revenues:</b>																				
Tuition and related fees																				
(net of scholarship allowance)	\$ 180,066	\$ 169,037	\$ 149,803	\$ 152,606	\$ 150,548	\$ 145,609	\$ 146,297	\$ 143,541	\$ 141,682	\$ 139,892	54.53%	52.40%	54.07%	53.81%	53.55%	54.01%	53.65%	54.53%	54.74%	55.49%
Federal grants and contracts	7,065	6,378	5,933	4,760	6,350	6,304	7,929	9,075	8,390	8,151	2.14%	1.98%	2.14%	1.68%	2.26%	2.34%	2.91%	3.45%	3.24%	3.23%
State grants and contracts	21,269	21,930	21,701	21,641	22,536	21,391	20,665	20,115	19,681	18,810	6.44%	6.80%	7.83%	7.63%	8.02%	7.93%	7.58%	7.64%	7.60%	7.46%
Local grants and contracts	399	213	45	197	239	208	183	221	327	241	0.12%	0.07%	0.02%	0.07%	0.09%	0.08%	0.07%	0.08%	0.13%	0.10%
Nongovernmental grants and contracts	704	717	572	735	686	599	681	1,126	1,292	1,334	0.21%	0.22%	0.21%	0.26%	0.24%	0.22%	0.25%	0.43%	0.50%	0.53%
Sales and services of educational and other activities	2,057	2,158	1,951	2,019	2,159	2,047	2,038	2,052	2,052	1,940	0.62%	0.67%	0.70%	0.71%	0.77%	0.76%	0.75%	0.78%	0.79%	0.77%
Sales and services of auxiliary enterprises (net of scholarship allowance)	48,786	49,664	34,079	42,846	51,249	50,068	52,123	48,189	47,276	45,072	14.78%	15.40%	12.30%	15.11%	18.23%	18.57%	19.11%	18.31%	18.27%	17.88%
Other sources	5,066	973	328	860	805	1,056	689	487	549	860	1.53%	0.30%	0.12%	0.29%	0.29%	0.39%	0.23%	0.19%	0.21%	0.34%
<b>Total Operating Revenues</b>	<b>\$ 265,412</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>80.37%</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>Nonoperating Revenues:</b>																				
State appropriations	\$ 41,295	\$ 34,601	\$ 30,821	\$ 30,965	\$ 27,156	\$ 25,664	\$ 26,209	\$ 22,597	\$ 21,843	\$ 20,881	12.51%	10.73%	11.12%	10.92%	9.66%	9.52%	9.61%	8.58%	8.44%	8.28%
Federal grants and contracts	12,474	36,479	27,009	17,879	11,765	11,760	10,902	10,691	10,583	10,560	3.78%	11.31%	9.75%	6.30%	4.19%	4.36%	4.00%	4.06%	4.09%	4.19%
Gifts	6,491	5,247	4,383	4,874	4,014	4,094	3,957	3,772	3,772	3,498	1.97%	1.63%	1.58%	1.72%	1.43%	1.52%	1.49%	1.50%	1.46%	1.39%
Interest and investment income	4,326	(4,112)	88	3,364	3,030	614	724	992	1,130	678	1.31%	-1.27%	0.03%	1.19%	1.08%	0.23%	0.27%	0.38%	0.44%	0.27%
Other nonoperating revenue	187	(688)	336	875	579	181	218	195	231	165	0.06%	-0.24%	0.13%	0.31%	0.19%	0.07%	0.08%	0.07%	0.09%	0.07%
<b>Total Nonoperating Revenues</b>	<b>\$ 64,773</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>19.63%</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>Total Revenues</b>	<b>\$ 330,185</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>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**

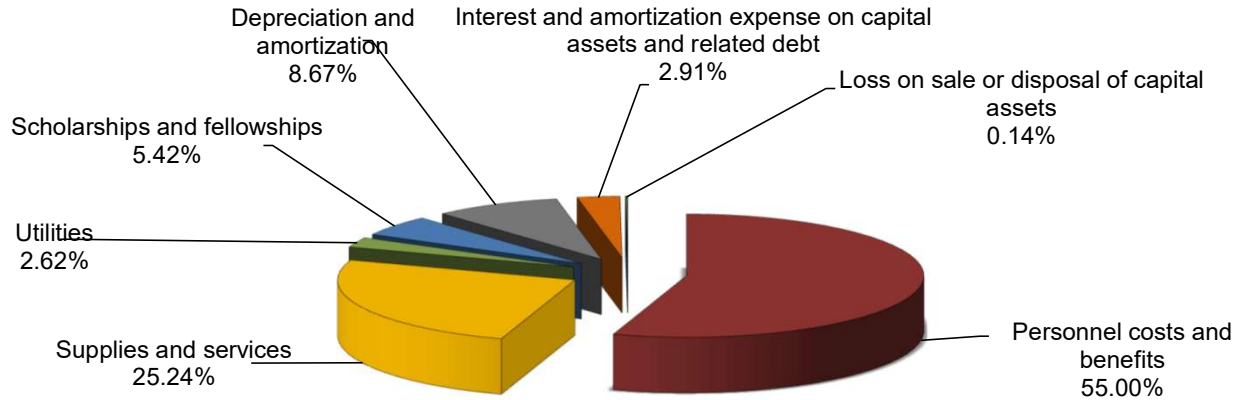
	For the Fiscal Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total expenses)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Operating Expenses:</b>																				
Instruction	\$ 85,202	\$ 85,870	\$ 89,086	\$ 92,041	\$ 89,467	\$ 87,933	\$ 85,556	\$ 82,831	\$ 79,060	\$ 74,723	29.92%	30.14%	31.78%	32.23%	31.82%	32.88%	32.48%	32.37%	31.06%	30.20%
Research	6,975	6,755	5,620	5,349	6,795	6,325	7,938	8,744	8,503	7,860	2.45%	2.37%	2.00%	1.87%	2.42%	2.37%	3.01%	3.42%	3.34%	3.18%
Public service	1,465	1,430	1,389	1,531	1,617	1,745	1,632	1,852	1,684	1,661	0.51%	0.50%	0.50%	0.54%	0.58%	0.65%	0.62%	0.72%	0.66%	0.67%
Academic support	16,364	16,740	17,536	17,504	16,978	15,684	15,190	15,575	15,093	14,972	5.75%	5.88%	6.25%	6.13%	6.04%	5.87%	5.77%	6.09%	5.93%	6.05%
Student services	14,823	15,147	15,320	16,459	15,603	15,230	13,845	13,543	13,546	12,911	5.20%	5.32%	5.46%	5.76%	5.55%	5.70%	5.26%	5.29%	5.32%	5.22%
Institutional support	41,091	37,477	38,050	33,809	31,654	31,793	31,334	29,306	30,423	28,768	14.43%	13.16%	13.57%	11.84%	11.26%	11.89%	11.90%	11.45%	11.95%	11.63%
Operation and maintenance of plant	24,120	24,054	32,280	34,001	34,652	29,649	26,792	28,440	31,236	32,897	8.47%	8.45%	11.51%	11.91%	12.32%	11.09%	10.17%	11.12%	12.27%	13.29%
Scholarships and fellowships (net of discounts and allowances)	10,202	22,300	16,930	15,111	10,567	10,858	10,746	11,016	10,086	10,233	3.58%	7.83%	6.04%	5.29%	3.76%	4.06%	4.08%	4.31%	3.96%	4.14%
Auxiliary enterprises	51,183	45,134	39,864	44,962	48,929	46,396	44,286	41,965	42,068	42,169	17.97%	15.84%	14.22%	15.74%	17.40%	17.35%	16.81%	16.40%	16.52%	17.04%
Depreciation and amortization	24,679	21,867	17,361	17,622	17,328	15,778	15,658	14,924	14,611	13,555	8.67%	7.68%	6.19%	6.17%	6.16%	5.90%	5.94%	5.83%	5.74%	5.47%
<b>Total Operating Expenses</b>	<b>\$ 276,104</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>96.95%</b>	<b>97.17%</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>Nonoperating Expenses:</b>																				
Interest and amortization expense on capital assets and related debt	\$ 8,298	\$ 8,050	\$ 6,859	\$ 7,147	\$ 7,507	\$ 5,883	\$ 10,423	\$ 7,663	\$ 8,150	\$ 7,532	2.91%	2.83%	2.46%	2.51%	2.66%	2.20%	3.96%	3.00%	3.20%	3.04%
Loss on sale or disposal of capital assets	396	1	57	34	108	135	-	4	115	162	0.14%	0.00%	0.02%	0.01%	0.03%	0.04%	0.00%	0.00%	0.05%	0.07%
<b>Total Nonoperating Expenses</b>	<b>\$ 8,694</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>3.05%</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>Total Expenses</b>	<b>\$ 284,798</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>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 USE**

	For the Fiscal Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total expenses)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Operating Expenses:</b>																				
Personnel costs and benefits	\$ 156,647	\$ 156,367	\$ 166,301	\$ 167,037	\$ 157,364	\$ 154,588	\$ 148,112	\$ 146,156	\$ 141,587	\$ 134,171	55.00%	54.90%	59.32%	58.49%	55.98%	57.81%	56.24%	57.12%	55.61%	54.22%
Supplies and services	71,871	63,651	61,131	66,095	75,549	66,156	64,546	62,609	66,247	68,659	25.24%	22.34%	21.81%	23.14%	26.87%	24.75%	24.50%	24.47%	26.02%	27.75%
Utilities	7,467	7,455	6,793	7,269	7,572	9,068	8,802	8,678	8,774	8,273	2.62%	2.62%	2.42%	2.55%	2.69%	3.39%	3.34%	3.39%	3.45%	3.34%
Scholarships and fellowships	15,440	27,433	21,850	20,366	15,777	15,801	15,859	15,829	15,091	15,091	5.42%	9.63%	7.79%	7.13%	5.61%	5.91%	6.02%	6.19%	5.93%	6.10%
Depreciation and amortization	24,679	21,867	17,361	17,622	17,328	15,778	15,658	14,924	14,611	13,555	8.67%	7.68%	6.19%	6.17%	6.16%	5.90%	5.94%	5.83%	5.74%	5.48%
<b>Total Operating Expenses</b>	<b>\$ 276,104</b>	<b>\$ 276,773</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>96.95%</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>Nonoperating Expenses:</b>																				
Interest and amortization expense on capital assets and related debt	\$ 8,298	\$ 8,050	\$ 6,859	\$ 7,147	\$ 7,507	\$ 5,822	\$ 10,423	\$ 7,663	\$ 8,104	\$ 7,532	2.91%	2.83%	2.45%	2.51%	2.66%	2.18%	3.96%	3.00%	3.18%	3.04%
Investment loss	-	-	-	-	-	61	-	-	46	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%	0.02%	0.00%
Loss on sale or disposal of capital assets	396	1	57	34	108	135	-	4	115	162	0.14%	0.00%	0.02%	0.01%	0.03%	0.04%	0.00%	0.00%	0.05%	0.07%
<b>Total Nonoperating Expenses</b>	<b>\$ 8,694</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>3.05%</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>Total Expenses</b>	<b>\$ 284,798</b>	<b>\$ 284,824</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>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 2023**



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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total revenues (from schedule of revenues by source)	\$ 330,185	\$ 322,597	\$ 277,049	\$ 283,621	\$ 281,116	\$ 269,595	\$ 272,712	\$ 263,238	\$ 258,808	\$ 252,082
Total expenses (from schedule of expenses by use and function)	(284,798)	(284,824)	(280,352)	(285,570)	(281,205)	(267,409)	(263,400)	(255,863)	(254,575)	(247,443)
Income (Loss) before other revenues	\$ 45,387	\$ 37,773	\$ (3,303)	\$ (1,949)	\$ (89)	\$ 2,186	\$ 9,312	\$ 7,375	\$ 4,233	\$ 4,639
Capital improvement bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital gifts	-	-	-	-	-	1,500	658	178	125	1,500
Capital appropriations	704	11	757	774	607	555	643	864	3,609	3,766
Total changes in Net position	\$ 46,091	\$ 37,784	\$ (2,546)	\$ (1,175)	\$ 518	\$ 4,241	\$ 10,613	\$ 8,417	\$ 7,967	\$ 9,905
Prior period adjustment	-	-	-	-	-	(166,094)	-	-	(130,610)	-
Net Position, beginning	55,296	17,512	20,058	21,233	20,715	182,568	171,955	163,538	286,181	276,276
<b>Net Position, ending</b>	<b>\$ 101,387</b>	<b>\$ 55,296</b>	<b>\$ 17,512</b>	<b>\$ 20,058</b>	<b>\$ 21,233</b>	<b>\$ 20,715</b>	<b>\$ 182,568</b>	<b>\$ 171,955</b>	<b>\$ 163,538</b>	<b>\$ 286,181</b>
Net investment in capital assets	\$ 220,908	\$ 190,960	\$ 195,063	\$ 198,753	\$ 199,807	\$ 200,554	\$ 195,634	\$ 197,774	\$ 192,937	\$ 176,597
Restricted - nonexpendable	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,124	1,203
Restricted - expendable	99,961	83,894	71,510	73,090	68,826	66,866	67,156	72,255	69,293	62,993
Unrestricted	(220,582)	(220,658)	(250,161)	(252,885)	(248,500)	(247,805)	(81,322)	(99,174)	(99,816)	45,388
<b>Total Net Position</b>	<b>\$ 101,387</b>	<b>\$ 55,296</b>	<b>\$ 17,512</b>	<b>\$ 20,058</b>	<b>\$ 21,233</b>	<b>\$ 20,715</b>	<b>\$ 182,568</b>	<b>\$ 171,955</b>	<b>\$ 163,538</b>	<b>\$ 286,181</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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenue bonds	\$ 216,457	\$ 225,689	\$ 188,679	\$ 195,357	\$ 203,365	\$ 211,082	\$ 219,169	\$ 221,687	\$ 227,953	\$ 178,741
State institution bonds	-	-	-	-	-	2,501	2,931	3,346	3,736	4,105
Notes payable	21,458	21,458	-	184	366	544	-	-	-	-
Lease obligations	25,332	14,733	-	-	-	-	-	-	-	-
Subscription obligations	1,179	-	-	-	-	-	-	-	-	-
<b>Total Outstanding Debt</b>	<b>\$ 264,426</b>	<b>\$ 261,880</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>Full time equivalent students (fiscal year)</b>	9,862	9,986	9,402	9,575	9,855	9,824	10,257	10,365	10,354	10,538
<b>Outstanding debt per student</b>	\$ 26,813	\$ 26,225	\$ 20,068	\$ 20,422	\$ 20,673	\$ 21,796	\$ 21,654	\$ 21,711	\$ 22,377	\$ 17,351

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
2022	\$ 12,518	\$ 35,338	\$ 522	\$ 1,473
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

	Graduate (1)		Graduate (2)	
	Resident	Nonresident	Resident	Nonresident
2022	\$ 13,770	\$ 38,872	\$ 574	\$ 1,620
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

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>						
2023	\$ 27,040	\$ 32,821	\$ 8,410	\$ 7,716	\$ 16,126	2.04
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
<b>State Institutional Bonds</b>						
2023	A \$ -	\$ -	\$ -	\$ -	\$ -	-
2022	-	-	-	-	-	-
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

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

Source: College of Charleston Controller's Office.

## ADMISSIONS, ENROLLMENT, AND DEGREE STATISTICS

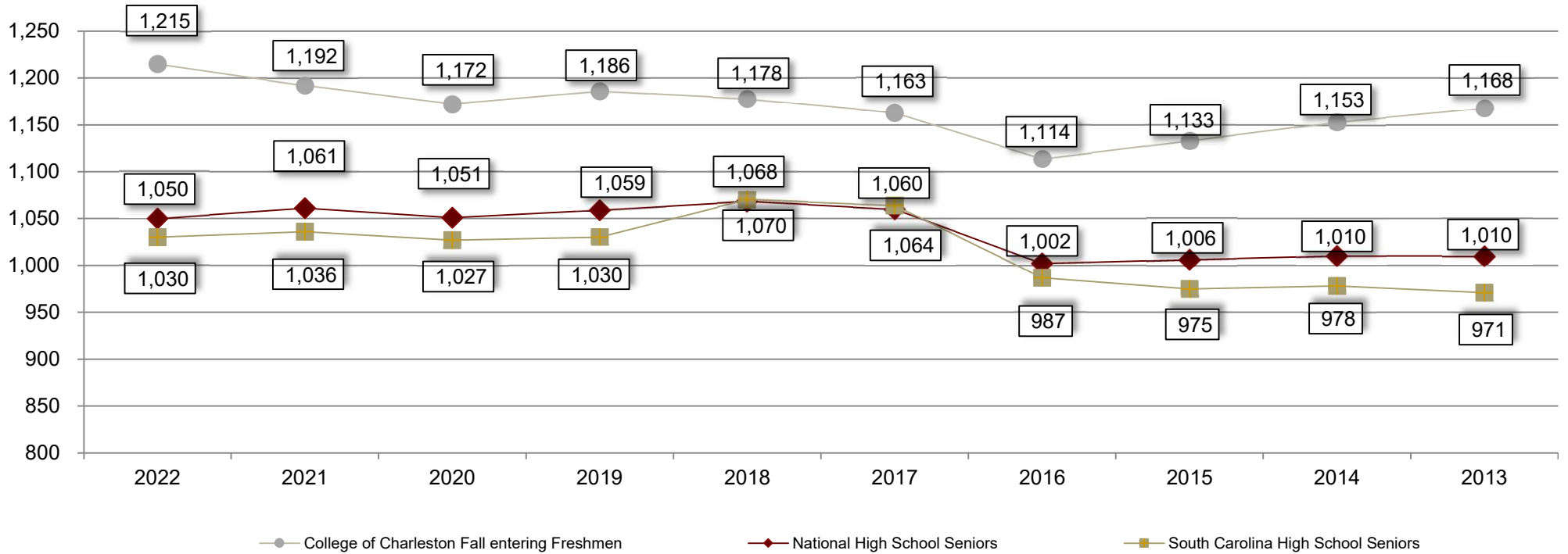
Last Ten Years - Fall

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Admissions - Freshman</b>										
Applications	22,020	20,484	15,214	11,783	11,675	11,900	10,828	11,722	11,179	11,533
Applications accepted	16,666	15,590	11,307	9,230	9,254	9,574	9,110	9,043	8,722	8,331
Accepted as a percentage of applications	75.7%	76.1%	74.3%	78.3%	79.3%	80.5%	84.1%	77.1%	78.0%	72.2%
Students enrolled	2,210	2,473	2,052	2,051	2,199	1,840	2,349	2,237	2,166	2,116
Enrolled as a percentage of accepted	13.3%	15.9%	18.1%	22.2%	23.8%	19.2%	25.8%	24.7%	24.8%	25.4%
SAT scores - total*	1,215	1,192	1,172	1,186	1,178	1,163	1,114	1,133	1,153	1,168
Verbal*	621	611	599	605	600	596	561	573	581	589
Math*	594	581	573	581	578	567	553	560	571	579
South Carolina average SAT score - total	1,030	1,036	1,027	1,030	1,070	1,064	987	975	978	971
U.S. average SAT score - total	1,050	1,061	1,051	1,059	1,068	1,060	1,002	1,006	1,010	1,010
<b>Enrollment</b>										
Undergraduate and graduate FTE	9,862	9,986	9,402	9,575	9,855	9,824	10,257	10,365	10,354	10,538
Undergraduate and graduate headcount	10,885	10,941	10,384	10,545	10,783	10,863	11,294	11,531	11,456	11,619
Percentage of Men	32.1%	32.6%	33.5%	34.8%	34.8%	35.7%	35.6%	35.5%	36.0%	36.4%
Percentage of Women	67.9%	67.4%	66.5%	65.2%	65.2%	64.3%	64.4%	64.5%	64.0%	63.6%
Percentage of African American	6.0%	6.5%	7.4%	7.7%	7.9%	8.1%	8.1%	7.8%	7.2%	6.4%
Percentage of White	78.4%	78.7%	77.3%	77.4%	77.3%	77.3%	78.7%	79.6%	80.5%	81.8%
Percentage of Other	15.5%	14.8%	15.3%	15.0%	14.8%	14.6%	13.2%	12.6%	12.3%	11.8%
<b>Degrees Earned</b>										
Undergraduate	2,143	2,143	2,357	2,399	2,380	2,304	2,613	2,507	2,375	2,402
Graduate	267	274	192	238	246	270	244	254	283	246

Source: College of Charleston Office of Institutional Research.

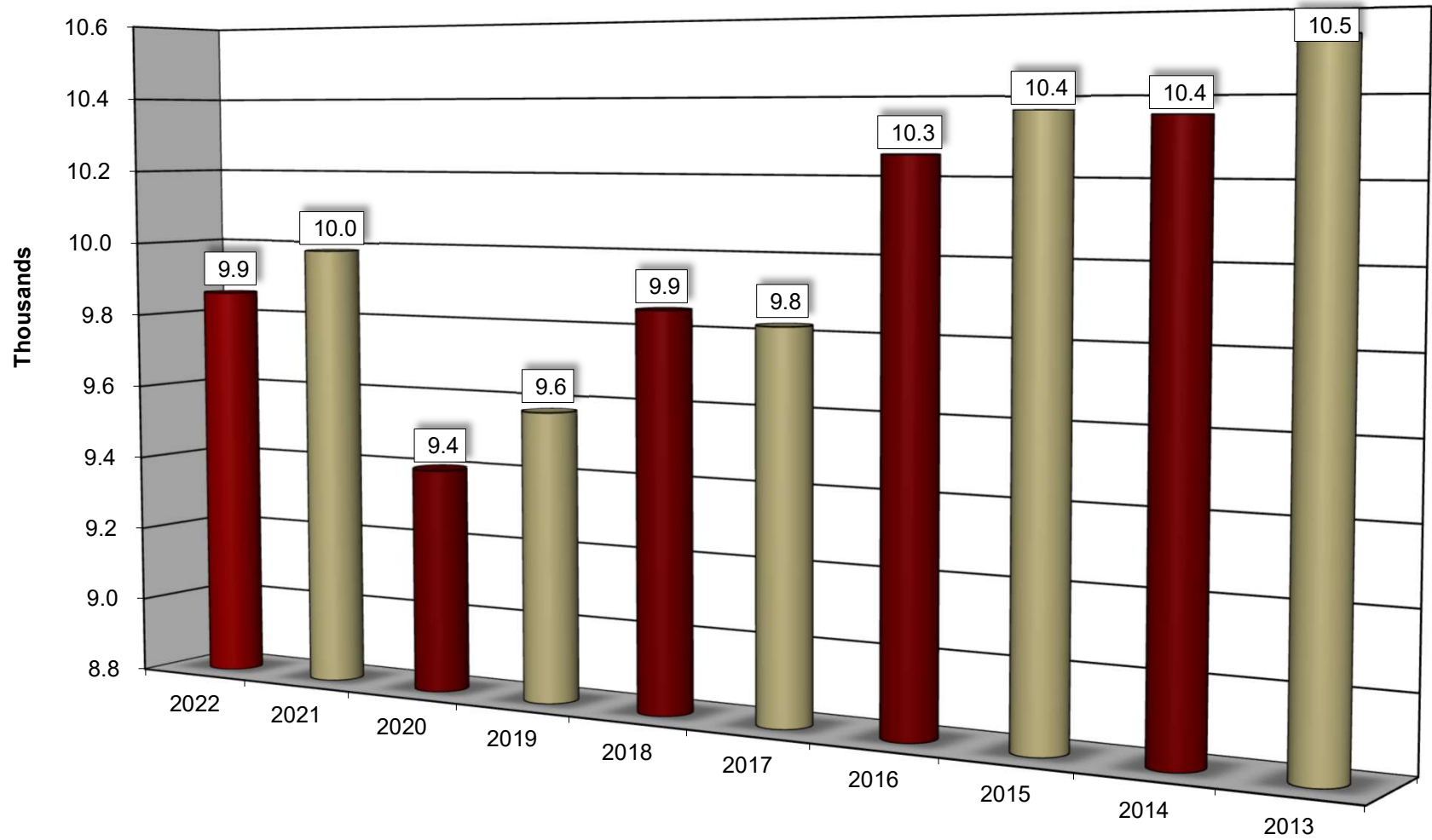
\* The College Board made scoring changes to the SAT in March 2016. Per IPEDS reporting requirements, averages reported for the Fall 2016 and earlier classes are based on an older SAT scale. The averages reported beginning Fall 2017 are based on the new scale. Comparisons of SAT data between earlier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

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



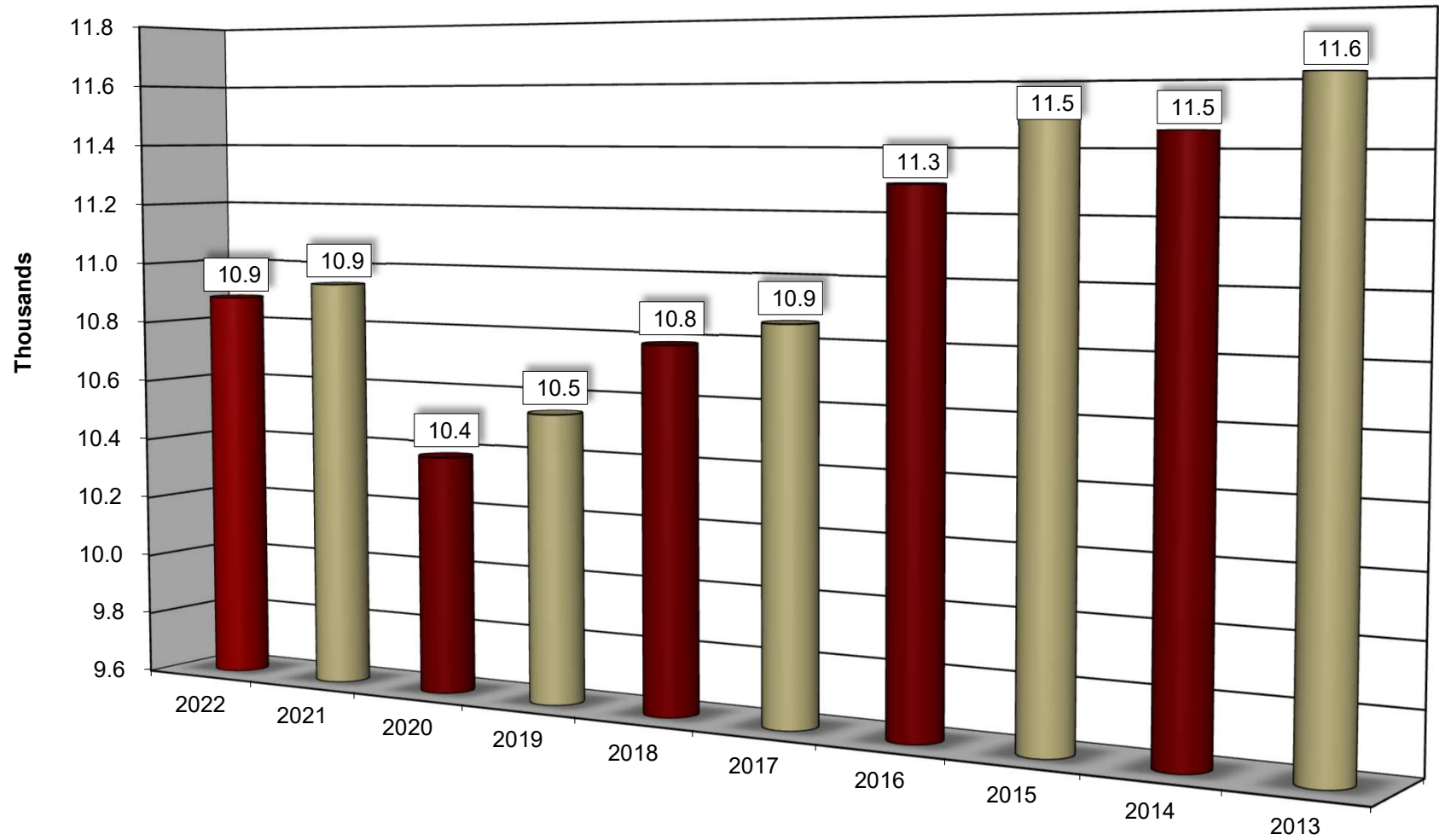
Source: College of Charleston Office of Institutional Research.

**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>
2022	\$ 281,668,100	5,282,634	\$ 53,320	3.3%
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%

Source:

(a) U.S. Bureau of Economic Analysis

(b) U.S. Bureau of Labor Statistics

## TEN LARGEST EMPLOYERS

### State of South Carolina

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

**2022**

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

**2012**

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Bi-Lo, Inc.  
Blue Cross/Blue Shield of South Carolina  
Greenville County School District  
Greenville Hospital System  
Michelin North America, Inc.  
Palmetto Health Alliance, Inc.  
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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Instructional Faculty</b>										
Part time	333	300	298	353	355	356	364	367	368	338
Full time	505	509	511	526	534	522	531	548	542	535
Percentage tenured	68%	68%	68%	67%	65%	66%	65%	63%	63%	64%
<b>Staff and administrators with faculty rank</b>										
Full time	831	881	940	1,013	993	983	994	1,014	1,024	1,009
Full time permanent	806	823	879	916	876	864	856	897	899	902
Full time temporary	25	58	61	97	117	119	138	117	125	107
<b>Other employees</b>										
Part time temporary	168	120	109	166	160	183	168	198	214	220
Graduate assistants	155	175	154	156	171	169	173	165	175	141
<b>Total employees</b>										
Part time	656	595	561	675	686	708	705	730	757	699
Full time	1,336	1,390	1,451	1,539	1,527	1,505	1,525	1,562	1,566	1,544
<b>FTE Students per full time</b>										
Instructional Faculty	19.5	19.6	18.4	18.2	18.5	18.8	19.3	18.9	19.1	19.7
Staff member	11.9	11.3	10.0	9.5	9.9	10.0	10.3	10.2	10.1	10.4
<b>Average annual faculty salary</b>	\$ 85,420	\$ 82,401	\$ 79,440	\$ 79,414	\$ 76,664	\$ 77,350	\$ 77,145	\$ 74,564	\$ 73,641	\$ 69,719

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



## SCHEDULE OF CAPITAL ASSET INFORMATION

Fall	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Academic buildings										
Net assignable square feet (in thousands)	832	827	803	803	751	751	728	734	757	765
Administrative and support buildings										
Net assignable square feet (in thousands)	328	318	275	275	281	281	286	245	189	173
Laboratories										
Net assignable square feet (in thousands)	234	229	203	203	190	190	175	178	176	189
Auxiliary and independent operations buildings										
Net assignable square feet (in thousands)	1,289	1,218	1,126	1,126	994	994	994	962	980	1,001
Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (in thousands)	2,365	2,306	1,965	1,681	1,626	1,521	1,495	1,355	1,178	1,087
Volumes per student	217	211	189	159	151	140	132	118	103	94
Student Housing:										
Residence Halls	7 (J)	7 (H)	8	8	8	8	8	7	7	8
Apartments	4 (I)	4 (I)	3	3	3	4 (B)	3	3	3	3
Other housing options	24 (K)	23 (E)	23 (E)	23 (E)	22 (C)	24	24	27	27	26
Units available	3,749	3,097	3,311 (F)	2,286 (F)	3,375	3,424	3,409	3,404	3,374	3,230
Units in use	3,700	2,949	3,274	2,067	3,247	3,358	3,261	3,325	3,218	3,287
Percent occupancy	98.7%	95.2%	98.9%	90.4%	96.2%	98.1%	95.7%	97.7%	95.4%	101.8%
Dining facilities:										
Locations	10 (G)	10 (G)	10 (G)	10 (G)	11	11	11	11 (A)	10	8
Average daily customers	7,060	5,982	5,164	2,146	7,283	7,875	6,913	7,221	6,627	6,227
Parking facilities:										
Parking spaces available	1,469	1,436	1,701	1,691	1,691 (D)	1,792	1,719	1,806	1,974	2,174
Parking permits issued to students	534	476	577	422	615	693	702	723	666	835
Parking permits issued to faculty/staff	980	960	990	811	1,105	1,047	972	981	1,030	980

(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 as Catering kitchen.

(H) McAlister offline for renovation

(I) Includes use of 99 St. Philip

(J) College Lodge offline for renovation

(K) Includes use of Res Inn Ripley Point

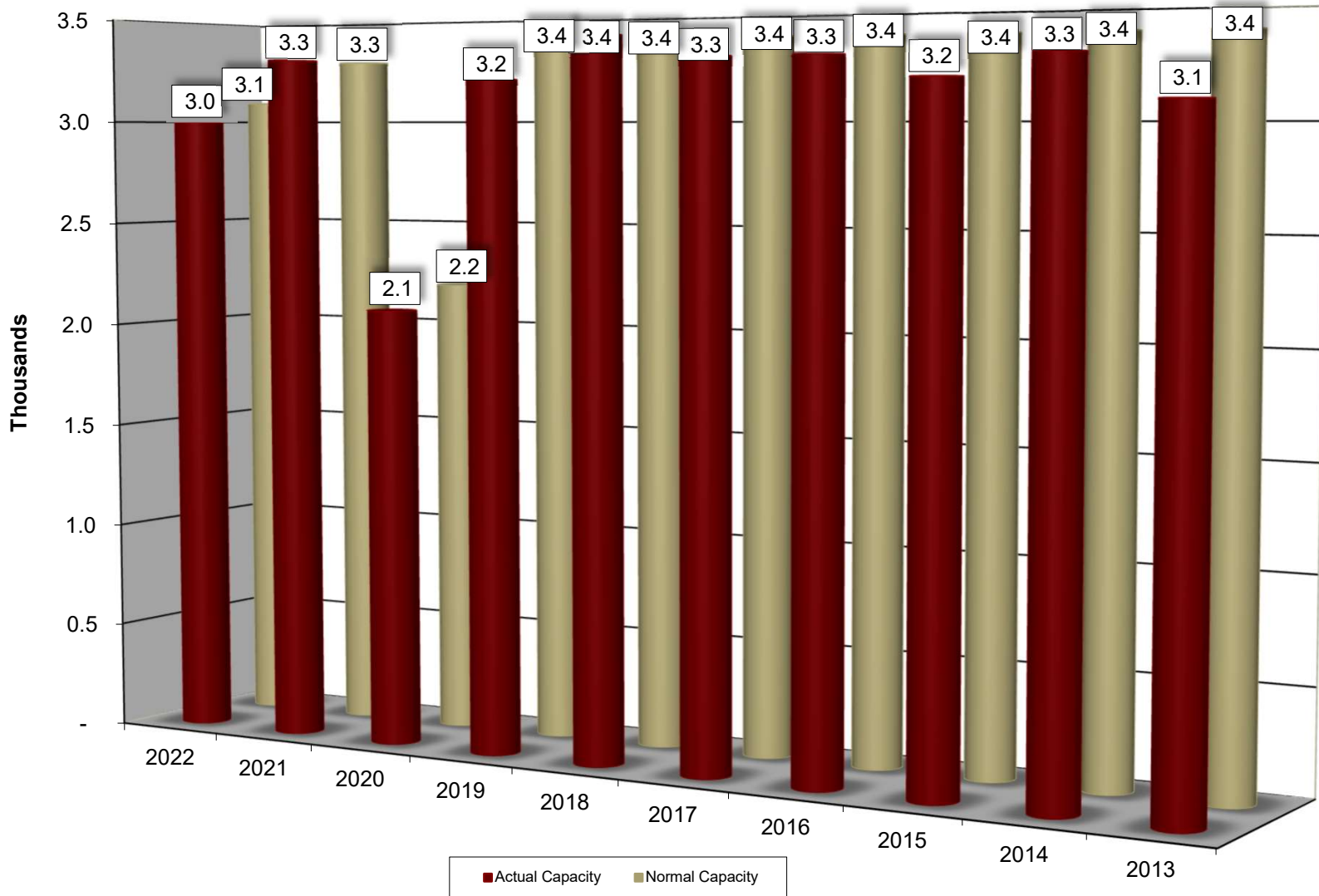
### Sources:

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 2023

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.	Computer and Information Sciences	M.S.
Astronomy	A.B., B.A.	Management	A.B., B.S.	Creative Writing	M.F.A.
Astrophysics	A.B., B.S.	Marine Biology	A.B., B.S.	Cybersecurity	CER
Biochemistry	A.B., B.A., B.S.	Marketing	A.B., B.S.	Data Science and Analytics	M.S.
Biology	A.B., B.A., B.S.	Mathematics	A.B., B.S.	Early Childhood Education	M.A.T.
Business Administration	A.B., B.S.	Meteorology	A.B., B.A.	Elementary Education	M.A.T.
Chemistry	A.B., B.A., B.S.	Middle Level Education	A.B., B.S.	English	M.A.
Classics	A.B., B.A.	Music	A.B., B.A.	English to Speakers of Other Languages, Initial	CER
Commercial Real Estate Finance	A.B., B.S.	Musical Theatre	UCER	Environmental and Sustainability Studies	M.S.
Communication	A.B., B.A.	Philosophy	A.B., B.A.	Gifted and Talented Education	CER
Computer Information Systems	A.B., B.S.	Physics	A.B., B.A., B.S.	History	M.A.
Computer Science	A.B., B.A., B.S.	Political Science	A.B., B.A.	Languages	M.Ed.
Computing in the Arts	A.B., B.A.	Professional Studies	B.P.S.	Marine Biology	M.S.
Cultural Sustainability	UCER	Project Management	UCER	Mathematical Sciences	M.S.
Dance	A.B., B.A.	Psychology	A.B., B.A., B.S.	Mathematics with Computation	PhD
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 and Sustainability Studies	A.B., B.A., B.S.	Special Education, Multicategorical	A.B., B.S.	Statistics	CER
Environmental Geosciences	A.B., B.S.	Statistics	A.B., B.S.	Teaching, Learning and Advocacy	M.Ed.
Exercise Science	A.B., B.S.	Studio Art	A.B., B.A.	Teaching Multilingual Learners	M.A.T.
Finance	A.B., B.S.	Supply Chain Management	A.B., B.S.	Urban and Regional Planning	CER
Foreign Language Education	A.B., B.S.	Sustainability and 21st Century Business Solutions	UCER		
French & Francophone Studies	A.B., B.A.	Systems Engineering	A.B., B.S.		
Geology	A.B., B.A., B.S.	Theatre	A.B., B.A.		
German Studies	A.B., B.A.	Urban Studies	A.B., B.A.		
Historic Preservation & Community Planning	A.B., B.A.	Women's and Gender Studies	A.B., B.A.		
History	A.B., B.A.				

A.B. - Artium Baccalaureatus (classical studies)	M.B.A. - Master of Business Administration
B.A. - Bachelor of Arts	M.Ed. - Master of Education
B.I.S. Bachelor of Integrated Studies	M.F.A. - Master of Fine Arts
B.P.S. - Bachelor of Professional Studies	M.P.A. - Master of Public Administration
B.S. - Bachelor of Science	M.S. - Master of Science
CER - Post-Baccalaureate Certificate	PhD - Doctor of Philosophy
M.A. - Master of Arts	UCER - Undergraduate Certificate
M.A.T. - Master of Arts in Teaching	

Source: College of Charleston Office of Institutional Research.

**COLLEGE OF CHARLESTON**  
ANNUAL COMPREHENSIVE FINANCIAL REPORT



*New graduates pass through Porters Lodge at Spring Commencement.*