

FISCAL STATUS REPORT

Fiscal Year 1999-2000

THE CITADEL

THE MILITARY COLLEGE OF SOUTH CAROLINA

MAJ. GEN. JOHN S. GRINALDS, USMC, Ret.

PRESIDENT

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THE MILITARY COLLEGE OF SOUTH CAROLINA

171 MOULTRIE STREET
CHARLESTON, S.C. 29409

VICE PRESIDENT FOR
FINANCE AND BUSINESS AFFAIRS

31 August 2000

Tele.: (843) 953-5002
FAX: (843) 953-4864
E-mail: CURT.HOLLAND@Citadel.edu

MEMORANDUM

To: Col. Leonard C. Fulghum, Jr.
Chairman, The Citadel Board of Visitors

Subject: Fiscal Status Report for FY 1999-2000

I am pleased to present the College's Fiscal Status Report for the year ending 30 June 2000. This report includes the College's unaudited financial statements. The firm of Cherry, Bakaert & Holland, L.L.P., is currently auditing the statements, and I anticipate there will be minimal differences between these unaudited statements and the audited ones. The report includes data from previous years. We have used the audited figures for previous year's data in the various analyses included in this document.

The Fiscal Status Report is divided into two sections: Statistical Data and the unaudited financial statements and accompanying notes. The statistical data should provide a quick reference for the financial status of the College. The financial statements may be difficult to read, but the statements and the footnotes provide a detailed picture of the financial status of the College, and I highly recommend your reviewing those.

I want to point out several items that I would like for you to focus on as you read this Fiscal Status Report. If you only look at a few things, please note these four:

- Citadel Financial Aid funding on Page 16.
- Major expense and revenue sources on Pages 17 & 18.
- Operating ratios on Pages 21 and 22.
- Activity of each auxiliary on Pages 31 & 32.

All the data is important or it would not have been included here; however, other selected key data is:

- Page 12, Cadet Corps size. These are from the fall figures submitted to the Commission on Higher Education each September.
- Page 13 shows the FY 2000 fees that you approved. (FY 2001 fees will be presented in this format next year.)

- Ratios are very important. They provide you useful trend information in the same format that a rating agency might use to look at the College. You will see that Moody's gave us an A2 bond rating to use as a benchmark for many of these ratios. The A2 bond rating was the rating on the College's 1997 bond issue prior to buying insurance for the issue. Each of the ratios deserves your attention. Please note that the operating ratios on Pages 21 & 22 show negative amounts for the fiscal year just ended. I remind you that we used past revenue from the Turner Fund and other unrestricted gifts to cover almost \$1 million of additional expenditures in FY 2000. You have also authorized approximately \$1.6 million more in FY 2001, so you should anticipate seeing negative operating margins again next year. (The funds were used predominately to support athletic grant-in-aid requirements and to fund a major portion of the Advancement Office.)
- Page 26 provides Citadel Trust data.
- Page 29 displays balances in each auxiliary's maintenance reserve account and the amounts due on all outstanding bonded debt.

The Governmental Standards Accounting Board (GASB) is changing the entire financial statement format and requires an introduction letter beginning with the reports issued for FY 2001-2002. These are the most significant changes that have been made in state college financial statements in many years. The biggest change you will see is that the basic financial statements will be in a single column and depreciation will be recognized. The changes are intended to make the governmental statements appear similar to the financial statements for businesses. Our staff is busy working on implementing the changes, and I will keep you updated on the status.

Ms. Susan B. Reynolds, CPA, is the key person in preparing the financial statements and preparing this Fiscal Status Report. In August, she completed the requirements for The Citadel's Masters in Business Administration with a 4.0 grade point. We're very proud of Sue.

Very respectfully,



Curtice E. Holland
Colonel, U.S. Army (Retired)
Vice President for Finance
and Business Affairs

CEH/mwy

THE CITADEL BOARD OF VISITORS

FY 2000-2001

MEMBERS

Colonel Leonard C. Fulghum, Jr.	Chairman
Colonel William E. Jenkinson, III	Vice Chairman
Colonel Julian G. Frasier, III	
Colonel E. Bart Daniel	
Colonel Dennis J. Rhoad	
Colonel Douglas A. Snyder	
Colonel Robert B. Scarborough	
Colonel F. Xavier Starks	
Colonel Dudley Saleeby, Jr.	
Colonel W. Henry Johnson	
Colonel Allison Dean Wright	
Colonel Joseph P. Goodson, USMC, Ret.	Secretary to the Board

EX OFFICIO BOARD MEMBERS

The Hon. James H. Hodges	Governor, State of South Carolina
Maj. Gen. Stanhope Spears	Adjutant General of South Carolina
The Hon. Inez M. Tenenbaum	State Superintendent of Education

EMERITI MEMBERS

Colonel John M. J. Holliday	Chairman Emeritus
Colonel Thomas C. Vandiver	Vice Chairman Emeritus
Colonel James E. Jones, Jr.	Member Emeritus

SENIOR ADMINISTRATIVE STAFF OF THE CITADEL

Maj. Gen. John S. Grinalds, USMC, Ret.	President
Brig. Gen. Harry S. Carter, SCM	V.P. for Academic Affairs and Dean of the College
Brig. Gen. J. Emory Mace, USA, Ret.	Commandant of Cadets
Col. Donald M. Tomasik, USA, Ret.	V.P. for Facilities and Engineering
Col. Charles K. Flint, III, USA, Ret.	V.P. for Institutional Advancement
Col. Curtice E. Holland, USA, Ret.	V.P. for Finance and Business Affairs
Mr. Les Robinson	Director of Athletics
Mrs. Patricia P. McArver	Acting V.P. of Communications
Col. Charles B. Reger, USAF, Ret.	Executive Assistant to the President

FINANCIAL STAFF OF THE CITADEL

Lt. Col. Ralph P. Earhart, CPA	Dir., Financial Services	(843) 953-5025
Ms. Susan B. Reynolds, CPA	Accounting Manager	(843) 953-3176
Col. James N. Openshaw, USAF, Ret.	Budget Officer	(843) 953-7184
Cmdr. Robert L. Howell, USN, Ret.	Treasurer	(843) 953-5254
Lt. Col. William D. Brady, Jr.	Dir., Procurement Services	(843) 953-5109
Col. Joel M. Heiser	Dir., Auxiliary Services	(843) 953-5279

THE HISTORY OF THE CITADEL

The Old Location and the New

The history of The Citadel may be divided into two parts. In the first, extending from 20 December 1842, when the legislature of South Carolina passed an act providing for the establishment of the College, to September 1922, the institution was located on Marion Square. In the second, extending from 1922 to the present, The Citadel has been situated about two miles northwest of its former location on a beautiful campus of about one hundred acres between Hampton Park and the Ashley River.

The Origin of the Name

The Citadel derived its name from the building in which it was first housed. Erected as a state arsenal after the Denmark Vesey slave uprising of 1822, this sturdy old fortress, which still dominates Marion Square, was called The Citadel. It was garrisoned first by Federal and then by State troops until they were replaced in March 1843 by the twenty students who constituted the first Corps of Cadets. These cadets served as guards for the State's arms as they pursued a course of study designed to prepare them to be useful citizens in times of peace as well as war.

With its sister school, The Arsenal, established at the same time in Columbia, the state capital, The Citadel was a part of what came to be known as the South Carolina Military Academy. In 1845, regulations governing the institution subordinated The Arsenal to The Citadel, and thereafter the Arsenal educated only fourth classmen. The Arsenal burned in 1864 and was never reopened.

The first period of the College's existence on Marion Square lasted until 1865. During this period high standards of intellectual accomplishment and military discipline were maintained, and enrollment had increased to 145 cadets by 1 January 1864.

The Reopening after the Civil War

In 1910 the name of the College was changed to The Citadel, the Military College of South Carolina. In 1918, during the administration of Mayor T.T. Hyde, the City Council of Charleston offered the present site to the College--a tract of about eighty acres of high land and a hundred acres of salt marsh. Early in 1919, the state legislature accepted the offer and appropriated money for the erection of the first buildings.

The Greater Citadel

In the fall of 1922, the College began operating at its new location. There were then few buildings on the campus. In the intervening years, many have been added, and enough salt marsh has been reclaimed to give the College a campus of more than one hundred acres. A current map of the campus is available through the Office of Public Safety.

HISTORY OF THE CITADEL (continued)

The Student Body

In 1864 there were 145 cadets in the Corps. When the move to the new campus was made, there were almost 300 cadets. In 1947-48, 2,271 students were enrolled including cadets and veterans. Nearly 3,500 veterans of World War II and the Korean conflict, most of whom were civilian students, attended the College under the G.I. Bill. The Citadel program for veterans ended in 1960 but was resumed in 1967. The veterans' civilian day program was terminated in 1992, and no civilian students attend classes with the Corps of Cadets, which maintains a strength of approximately 1,800 cadets. Through The Citadel's Evening College, undergraduate programs have been offered for citizens of the Lowcountry since 1966, and the graduate programs have been available since 1968. In the 1993-94 academic year, that college was formally designated as the College of Graduate and Professional Studies (CGPS). This college offers three undergraduate degrees through cooperative "2 + 2" programs with Trident Technical College. In addition, five masters and two specialist degree programs are offered, two jointly with the University of Charleston. The Citadel also offers a Summer Program through the College of Graduate and Professional Studies.

Archives and Museum

The Archives contains manuscript material, photographs, and films pertaining to The Citadel. In 1966, General Mark W. Clark donated his personal military and official papers covering his career in World War II, the Austrian Occupation, the Korean War, and presidency of The Citadel. Other notable collections include the papers of Pulitzer Prize winning historian, Bruce Catton; the Civil War letters of General Ellison Capers, Citadel Class of 1857; and the papers of Vice Admiral Friedrich Ruge, who was Rommel's naval advisor. Authors and scholars from the United States and Europe frequently visit the Archives to research the collections.

The Museum contains exhibits, which trace the history of The Citadel from 1842 to the present and feature the military, academic, social, and athletic aspects of cadet life. The Citadel rings from 1895 to the present are exhibited. Citadel graduates who lost their lives in World War II, Korea, Vietnam, Lebanon, Grenada, and Iraq are memorialized in photograph albums that are on display in the Museum.

GENERAL INFORMATION

The Mission of The Citadel

The Citadel, the Military College of South Carolina, is a state-supported, four-year comprehensive college. Throughout its history, The Citadel's primary purpose has been to educate undergraduates as members of the South Carolina Corps of Cadets and to prepare them for post-graduate positions of leadership through academic programs of recognized excellence supported by the best features of a structured military environment. The cadet lifestyle provides an environment, which supports the growth and development of character, physical fitness, and moral and spiritual principles.

A complementary purpose of The Citadel, realized through the College of Graduate and Professional Studies, is to serve the citizens of the Lowcountry and the state of South Carolina through both undergraduate and graduate degree programs, application and utilization of research, and a broad range of professional development opportunities. The same faculty and academic support services are used in both programs.

The Citadel supports South Carolina's diverse system of higher education, through which each student can reach his or her educational objectives. In accomplishing its mission, The Citadel attempts to attract the best possible students from its respective service areas. The Citadel seeks to enroll students whose motivation, educational achievements, and extra-curricular activities and experiences indicate that they are prepared to pursue challenging college-level work within the context of cadet life. A demonstrated inclination toward leadership through service is a key indicator for success at The Citadel. The Citadel accepts all qualified South Carolina applicants, but recruits nationwide to ensure a diverse student body. For the Corps of Cadets, a coeducational, residential program of approximately 2000, the primary service area is regional, with approximately 50% of each freshman class coming from South Carolina, although the reputation of the school does bring a number of students from all parts of the United States and many foreign countries. The primary service area for the coeducational College of Graduate and Professional Studies is the South Carolina Lowcountry. Through its undergraduate and graduate programs, the College of Graduate and Professional Studies is prepared to serve a degree-seeking population of approximately 2000.

The Citadel provides a quality education through extensive grounding in liberal arts and sciences. Its primary emphasis is on undergraduate education through a wide range of baccalaureate degree programs in the humanities, social and natural sciences, business administration, engineering, and education. These comprehensive academic programs prepare Citadel graduates for a variety of careers in business and other private sector opportunities (approximately 55% of each class), for careers in military and government service (approximately 30% of each class accepts a military commission, with 12-15% choosing military service as a career), and for entry into graduate and professional study (approximately 15% of each class goes immediately into graduate or professional school; many more choose to do so later in their careers). The college's graduate programs offer degrees at the master's and specialist levels. Meeting the needs of the South Carolina Lowcountry in terms of instruction,

GENERAL INFORMATION (continued)

The Mission of The Citadel (continued)

public service, and research, including such initiatives as cooperative programs with other educational institutions, is an important part of The Citadel's mission.

The Citadel strives to produce graduates who have insight into issues, ideas, and values that are of importance to society. It is equally important that Citadel graduates are capable of both critical and creative thinking, have effective communication skills, can apply abstract concepts to concrete situations, and possess the methodological skills needed to gather and analyze information.

The Citadel recognizes that the excellence of its educational programs is dependent upon the quality of its faculty. It also acknowledges and endorses the teacher-scholar ideal: that Citadel faculty will address audiences beyond the immediate confines of the College by sharing their knowledge with other scholars and with the public. Traditionally, such sharing is accomplished through teaching and lecturing, researching, writing, publishing, and public service.

Accreditation

The Citadel is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award Bachelor's, Master's, and Specialist degrees. Civil Engineering and Electrical Engineering Programs are accredited by the Engineering Accreditation Commission Accreditation Board for Engineering and Technology.

Programs for the preparation of secondary teachers at the bachelor's level, for the preparation of secondary and special education teachers at the master's level, for the preparation of guidance counselors at the master's and specialist degree levels, and for the preparation of school superintendents at the specialist degree level are accredited by the National Council for Accreditation of Teacher Education. The head of the Department of Education serves as the Director of Teacher Education.

Programs in Business Administration, both graduate and undergraduate, are accredited by the American Assembly of Collegiate Schools of Business.

The B.S. Chemistry Program is accredited by the American Chemical Society.

SECTION I

GENERAL INFORMATION

AND

CITADEL STATISTICS

CORPS OF CADETS

GEOGRAPHICAL DISTRIBUTION

Alabama	18	Mississippi	4
Arizona	4	Missouri	9
Arkansas	8	Nebraska	1
California	32	Nevada	2
Colorado	5	New Hampshire	3
Connecticut	11	New Jersey	38
Delaware	3	New Mexico	2
District of Columbia	1	New York	37
Florida	121	North Carolina	115
Georgia	126	Ohio	34
Hawaii	2	Oklahoma	7
Idaho	2	Oregon	3
Illinois	23	Pennsylvania	21
Indiana	9	Rhode Island	3
Iowa	5	South Carolina	813
Kansas	4	Tennessee	25
Kentucky	13	Texas	51
Louisiana	3	Unknown	1
Maine	5	Virginia	65
Maryland	32	Washington	6
Massachusetts	11	West Virginia	1
Michigan	8	Wisconsin	6
Minnesota	4	Wyoming	1
Total U.S. Cadets			1,698
		Total Foreign Cadets	<u>73</u>
Grand Total			<u><u>1,771</u></u>

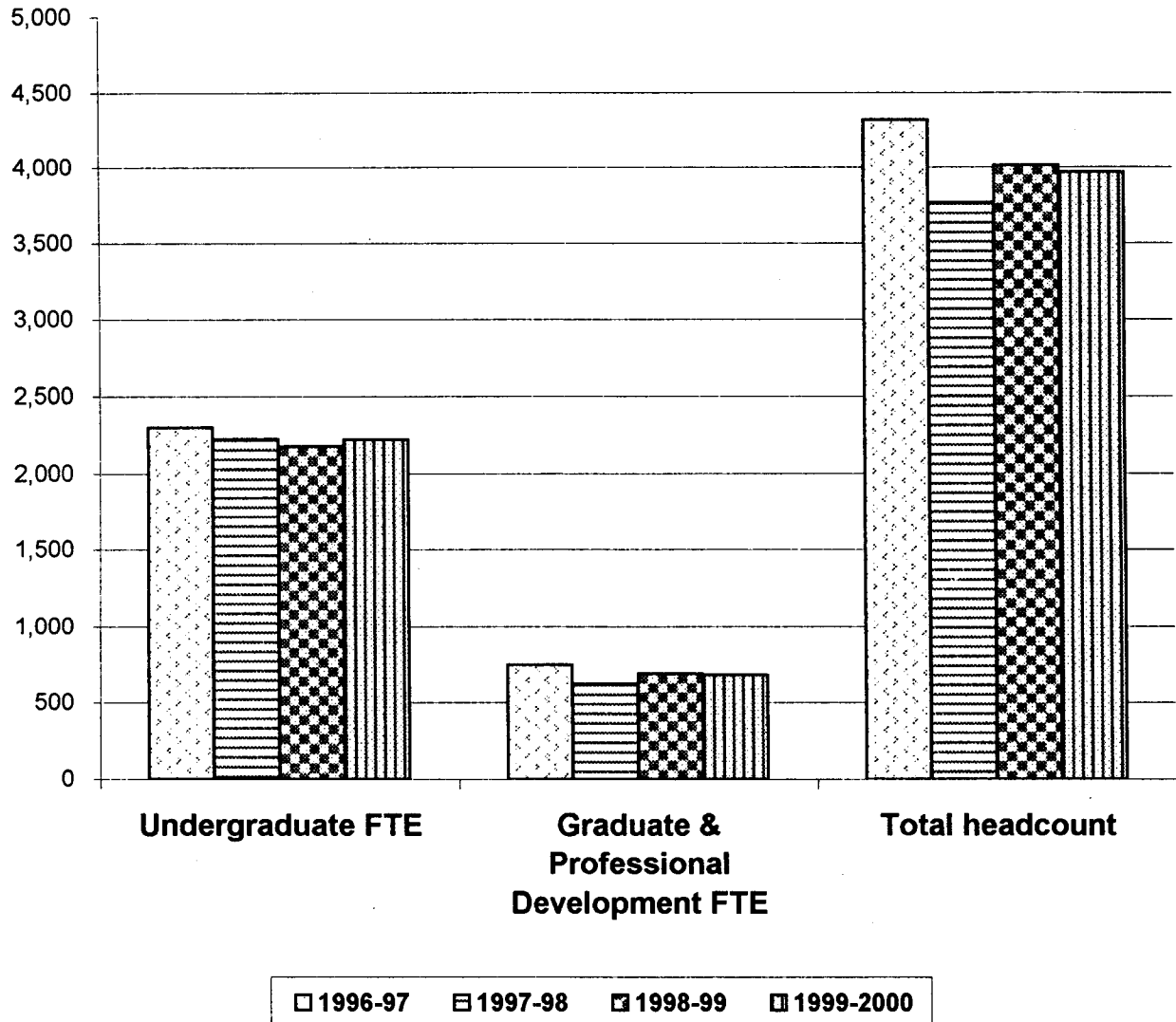
SOUTH CAROLINA CADETS BY COUNTY

Abbeville	3	Greenwood	12
Aiken	17	Hampton	5
Allendale	1	Horry	18
Anderson	20	Jasper	2
Bamberg	6	Kershaw	17
Barnwell	1	Lancaster	4
Beaufort	15	Laurens	3
Berkeley	49	Lee	1
Calhoun	2	Lexington	84
Charleston	115	Marion	1
Cherokee	4	Marlboro	4
Chester	4	Newberry	3
Chesterfield	4	Oconee	13
Clarendon	7	Orangeburg	18
Colleton	10	Pickens	8
Darlington	15	Richland	70
Dorchester	30	Spartanburg	20
Edgefield	5	Sumter	27
Fairfield	10	Union	1
Florence	33	Williamsburg	6
Georgetown	19	York	46
Greenville	80		

Total South Carolina Cadets

813

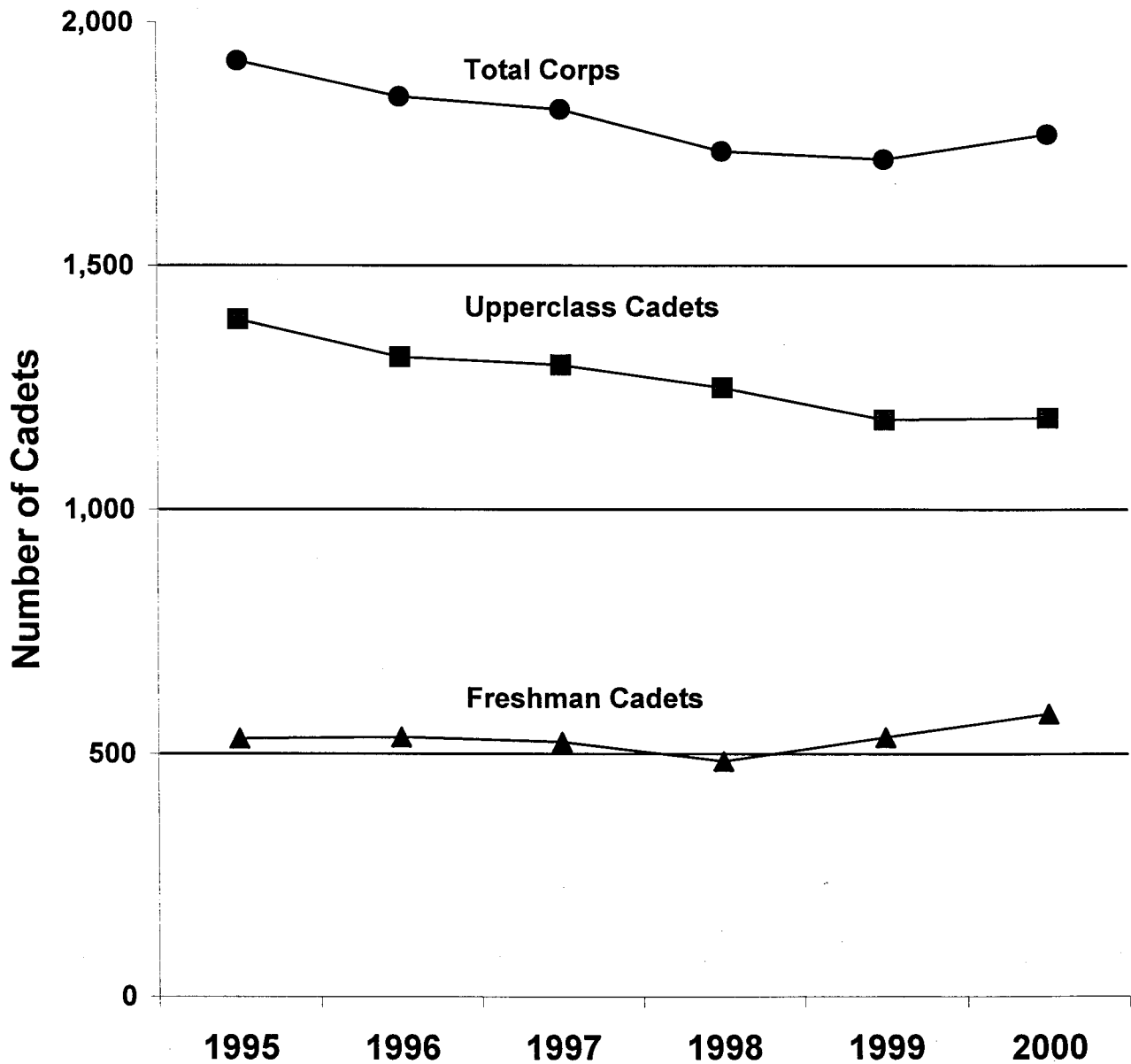
THE CITADEL STUDENT BODY



	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>
Undergraduate FTE	2,298	2,223	2,179	2,219
Graduate & Professional Development FTE	748	620	687	680
Total headcount	4,319	3,766	4,015	3,968

Source: State Statistical Abstract

CITADEL CADET CORP SIZE



2000 CITADEL STUDENT FEES

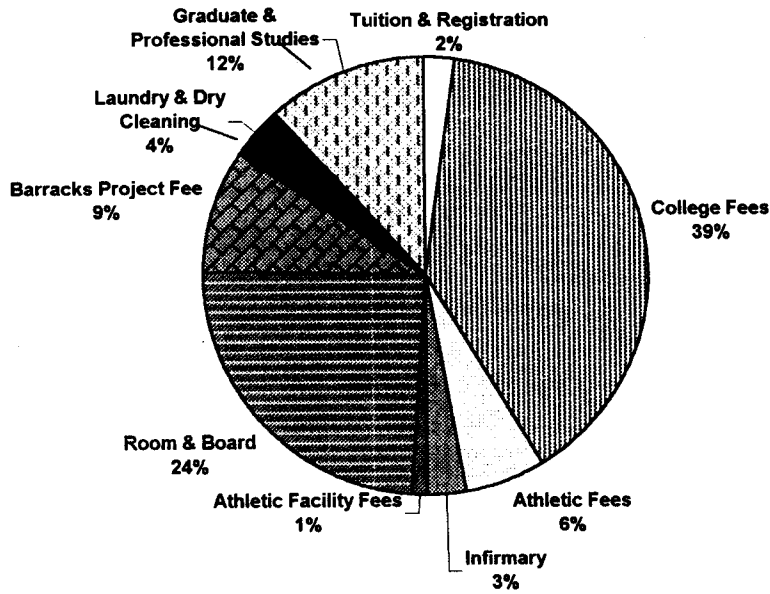
	<u>In-State</u>	<u>Out-of-State</u>
<u>Tuition and Fees</u>		
Registration	\$ 25	\$ 25
Tuition	125	385
College fees	2,388	7,724
Athletic operation fees	736	736
Athletic facility fee	122	122
Subtotal	3,396	8,992
<u>Auxiliary Activity Fees</u>		
Room (Room \$950, Debt Service \$1,240)	2,190	2,190
Board (20 meals/week)	2,150	2,150
Infirmary	376	376
Subtotal	4,716	4,716
Total of "comparable" fees	\$ 8,112	\$ 13,708
<u>Fees unique to The Citadel</u>		
Laundry & dry cleaning	\$ 486	\$ 486
<u>Deposits</u>		
Freshman	\$ 4,300	
Sophomore	\$ 1,310	
Junior	\$ 1,310	
Senior	\$ 1,310	

GRAND TOTAL ALL COSTS

<u>Class</u>	<u>In-State</u>	<u>Out-of-State</u>
Freshman	\$ 12,898	\$ 18,494
Sophomore	\$ 9,908	\$ 15,504
Junior	\$ 9,908	\$ 15,504
Senior	\$ 9,908	\$ 15,504

GRADUATE & EVENING PROGRAM

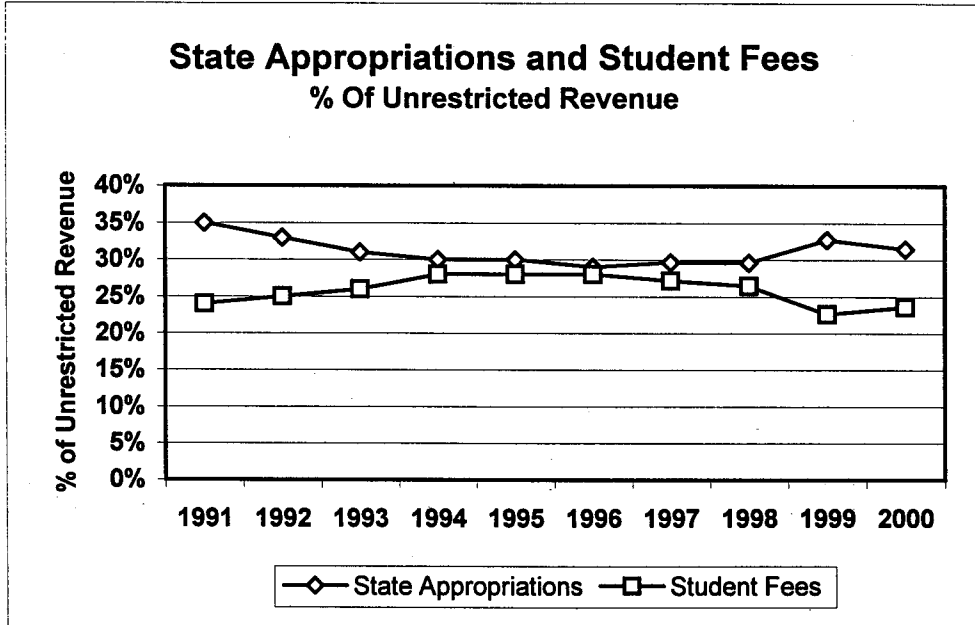
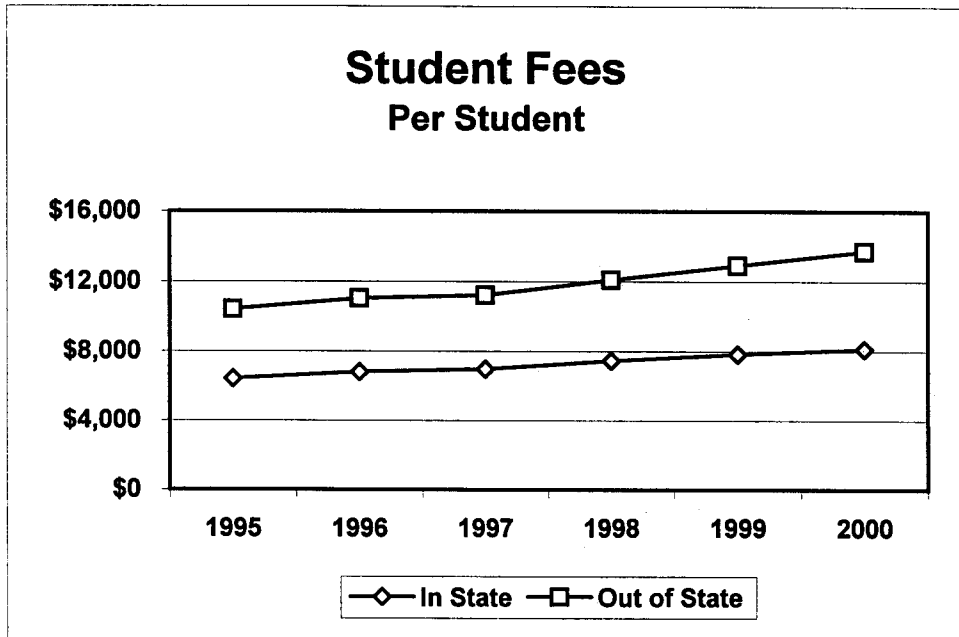
<u>Cost per credit hour</u>	<u>In-State</u>	<u>Out-of-State</u>
Graduate	\$ 137	\$ 267
Undergraduate	\$ 132	\$ 261



2000 CITADEL STUDENT FEES

TOTAL STUDENT FEES	1999	2000
Tuition & Registration	\$ 487,860	\$ 499,457
College Fees	8,237,444	9,031,557
Athletic Fees	1,164,653	1,309,346
Athletic Facility Fee	103,401	215,409
Infirmery	637,636	686,188
Plant Improvement Fee	107,299	-
Room & Board	5,093,018	5,548,817
Barracks Project Fee	2,075,027	2,136,691
Laundry & Dry Cleaning	826,000	865,283
Graduate & Professional Studies	2,680,672	2,703,144
Total Fees	\$ 21,413,010	\$ 22,995,892

Fee and Appropriation Revenue

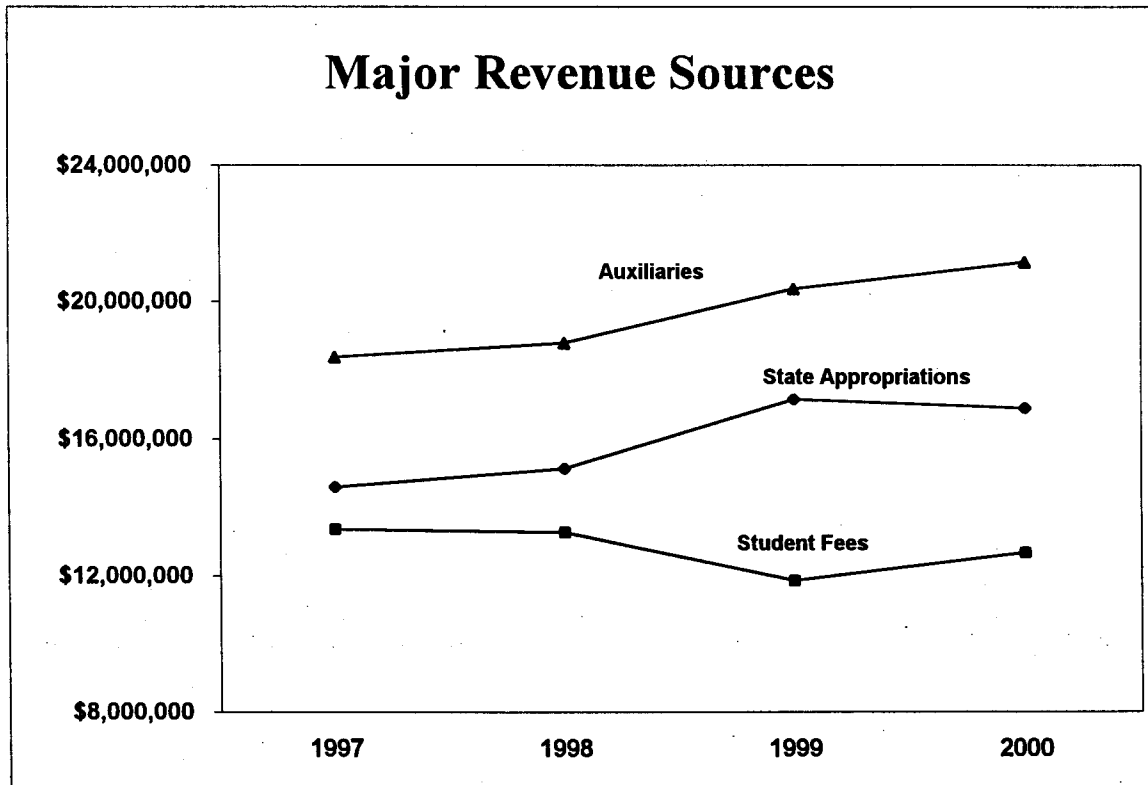


CITADEL FINANCIAL AID

<u>FEDERAL PROGRAMS</u>	1997-98		1998-99		1999-2000	
	<u># Students</u>	<u>Dollars</u>	<u># Students</u>	<u>Dollars</u>	<u># Students</u>	<u>Dollars</u>
College Work Study	41	\$ 36,586	51	\$ 33,075	58	\$ 36,008
Federal Direct Parent Loans	444	2,745,374	439	2,716,631	481	3,154,615
Pell Grants	294	520,978	320	611,986	398	786,196
Perkins Loans	36	75,275	41	85,586	44	97,586
Federal Direct Student Loans	1,766	5,210,233	2,278	5,495,709	1,692	5,426,219
Supplemental Educational Opportunity Grants	94	65,466	94	68,297	97	74,376
Total - Federal Programs	2,675	\$ 8,653,912	3,223	\$ 9,011,284	2,770	\$ 9,575,000
 <u>INSTITUTIONAL PROGRAMS</u>						
Citadel Development Foundation Grants	53	\$ 68,366	79	\$ 83,803	43	\$ 43,420
Citadel Development Foundation Loans	33	124,172	37	123,665	25	102,237
Scholarships	1,104	2,058,067	1,355	3,262,052	1,176	3,414,973
Stackhouse Loans	18	65,739	17	53,441	18	74,079
Total - Institutional Programs	1,208	\$ 2,316,344	1,488	\$ 3,522,961	1,262	\$ 3,634,709
 GRAND TOTAL - Federal and Institutional Programs	 3,883	 \$ 10,970,256	 4,711	 \$ 12,534,245	 4,032	 \$ 13,209,709
 <u>ATHLETIC GRANTS-IN-AID</u>						
Brigadier Foundation & others	230	\$ 1,043,951	244	\$ 1,170,822	192	\$ 1,249,330
 Note: Athletic fee abatements are not included in the grant-in-aid dollars. The 1999-2000 amount of fee abatements is \$520,216						
 <u>ROTC SCHOLARSHIPS</u>						
Army	60	\$ 353,258	71	\$ 555,493	75	\$ 584,085
Navy/Marines	96	686,612	91	686,612	79	633,911
Air Force	57	199,006	64	227,202	70	313,725
Total	213	\$ 1,238,876	226	\$ 1,469,307	224	\$ 1,531,721
 <u>INSTITUTIONAL SUPPORT FOR ROTC SCHOLARSHIPS</u>						
Institutional Grants	48	\$ 122,445	57	\$ 175,328	45	\$ 253,365

THE CITADEL UNRESTRICTED CURRENT FUND REVENUE

	1997	%	1998	%	1999	%	2000	%
Revenues								
State appropriations	\$ 14,580,858	29.6%	\$ 15,118,103	29.6%	\$ 17,144,363	32.7%	\$ 16,890,542	31.5%
Student fees	13,353,536	27.2%	13,258,971	25.9%	11,838,420	22.6%	12,658,030	23.6%
Government grants & contracts	15,034	0.0%	8,761	0.0%	331,057	0.6%	46,821	0.1%
Private gifts, grants & contracts	1,352,035	2.7%	1,856,014	3.6%	392,157	0.7%	651,953	1.2%
Auxiliary Enterprises	18,377,279	37.4%	18,778,443	36.7%	20,352,909	38.9%	21,140,140	39.4%
Other Sources	1,501,043	3.1%	2,110,258	4.1%	2,318,276	4.4%	2,284,499	4.3%
	\$ 49,179,785	100.0%	\$ 51,130,550	100.0%	\$ 52,377,182	100.0%	\$ 53,671,985	100.0%



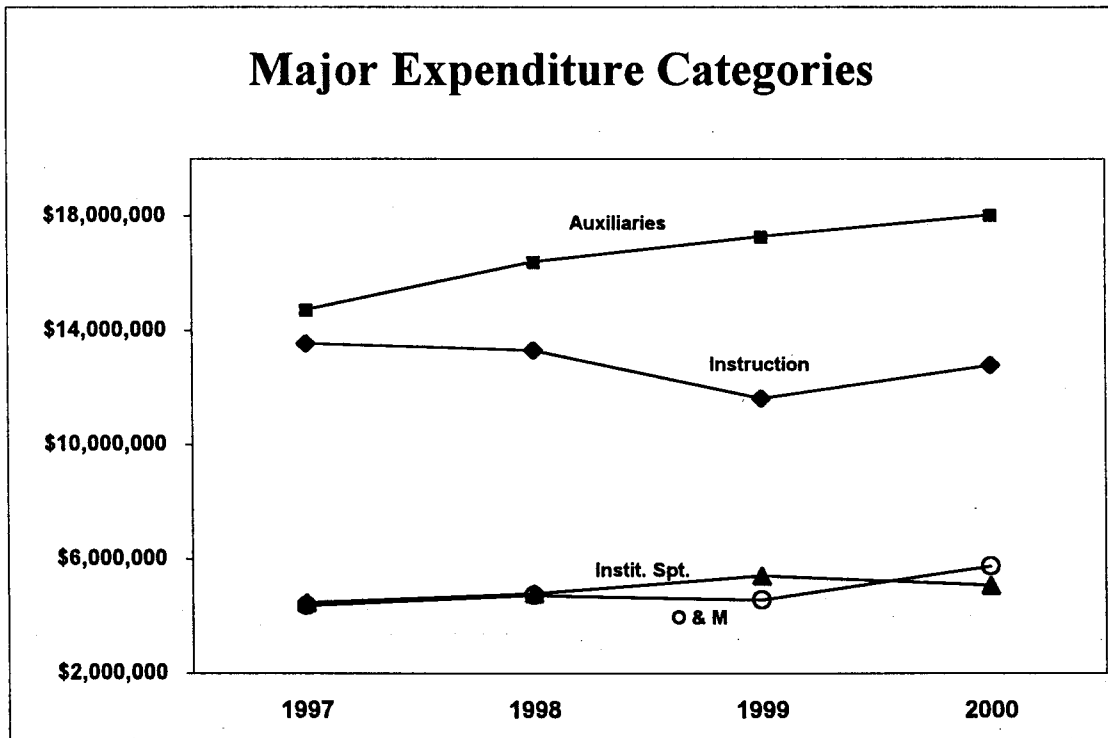
Fiscal year 2000 data is unaudited. Prior year data is taken from the college's audited financial statements.

Note: The apparent decrease in student fees for 1999 is due to a change in fee structure for professional development courses.

THE CITADEL

UNRESTRICTED CURRENT FUND EXPENDITURES

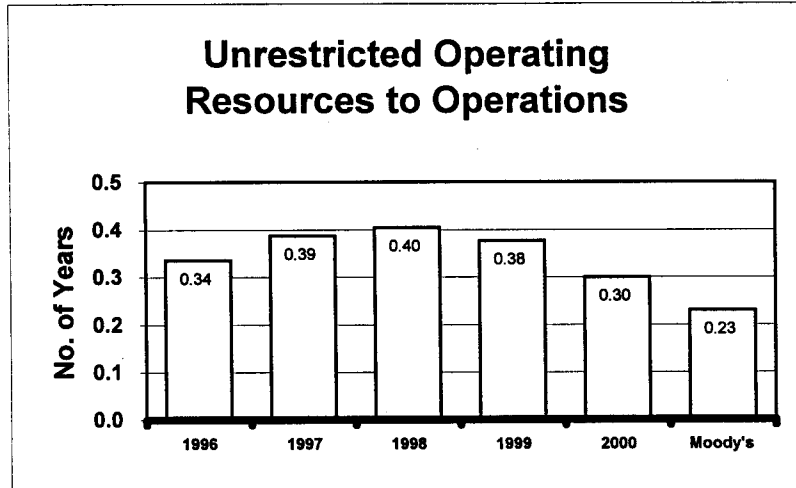
	1997	%	1998	%	1999	%	2000	%
Expenditures								
Instruction	\$ 13,534,583	30.4%	\$ 13,292,820	27.9%	\$ 11,607,614	23.7%	\$ 12,784,549	24.5%
Research	1,695	0.0%	1,556	0.0%	1,521	0.0%	1,490	0.0%
Public service	473,997	1.1%	517,208	1.1%	675,876	1.4%	820,797	1.6%
Academic support	2,927,172	6.6%	3,050,431	6.4%	3,584,061	7.3%	3,792,976	7.3%
Student services	2,989,748	6.7%	3,905,392	8.2%	4,584,737	9.4%	4,586,643	8.8%
Institutional support	4,453,681	10.0%	4,767,749	10.0%	5,405,152	11.0%	5,058,876	9.7%
Operations & maintenance of plant	4,344,803	9.8%	4,714,543	9.9%	4,554,913	9.3%	5,732,193	11.0%
Scholarships	1,025,478	2.3%	1,033,180	2.2%	1,269,020	2.6%	1,395,420	2.7%
Auxiliary Enterprises	14,727,189	33.1%	16,382,954	34.4%	17,264,713	35.3%	18,034,769	34.5%
	\$ 44,478,346	100.0%	\$ 47,665,833	100.0%	\$ 48,947,607	100.0%	\$ 52,207,713	100.0%



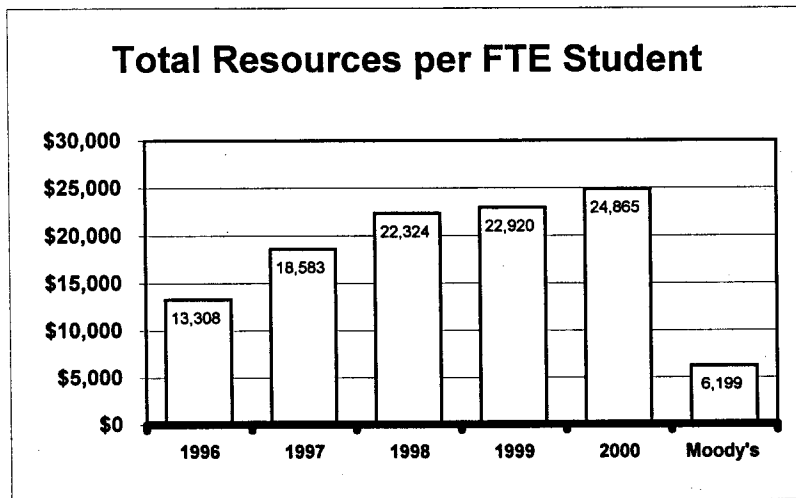
Fiscal year 2000 data is unaudited. Prior year data is taken from the college's audited financial statements.

Note: The apparent decrease in instruction expenditures for 1999 is due to a change in fee structure for professional development courses and the elimination of a fee waiver.

Balance Sheet Ratios



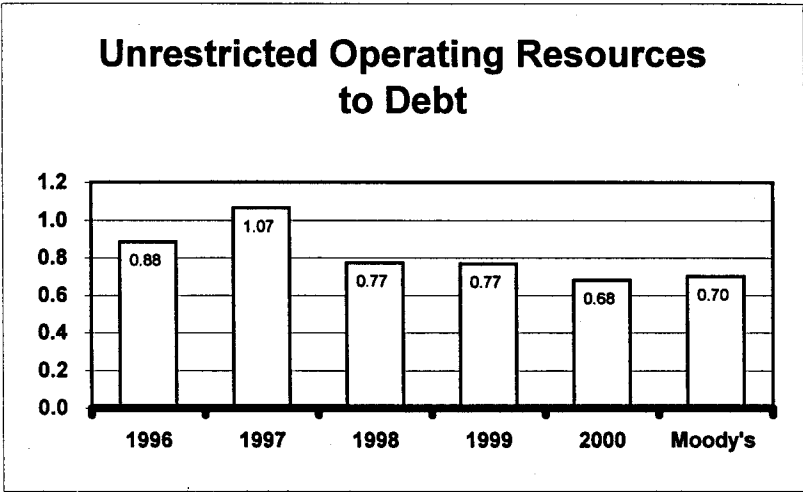
This ratio measures the financial strength of the college by comparing unrestricted expendable assets to unrestricted current fund expenditures, less scholarship expenses. The ratio indicates how long the college could function using its expendable reserves without relying on additional operating income. While The Citadel's ratio has been declining since 1998, it still compares favorably with Moody's "A2" median for 1998.



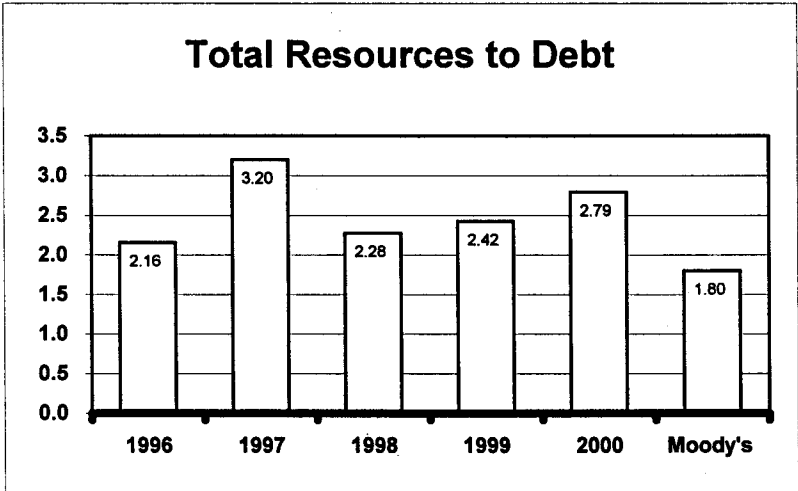
This ratio indicates the total current fund, endowment, and plant fund balances per FTE student. The Citadel's ratio shows an upward trend and compares quite favorably with Moody's "A2" 1998 median.

Note: Moody's "A2" refers to Moody's "A2" bond rating. Moody's rates nearly 190 public colleges based on their underlying credit quality. "A2" is the rating The Citadel received in 1997 for its Revenue Bond Issue (before bond insurance). Using Moody's "A2" median allows us to compare The Citadel to other similar colleges and universities.

Capital Ratios

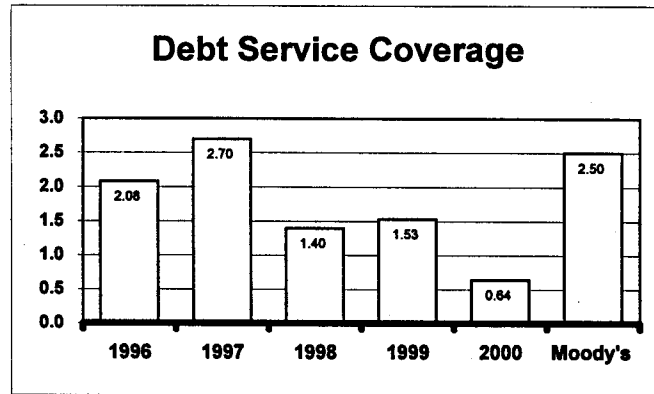


This ratio measures unrestricted fund balances (current funds, quasi-endowment, and plant funds) divided by total debt outstanding, indicating resources available to cover debt at each year end. The Citadel's coverage has been reduced since Revenue Bonds were issued in 1997, but it remains in close proximity to the Moody's "A2" median for 1998.

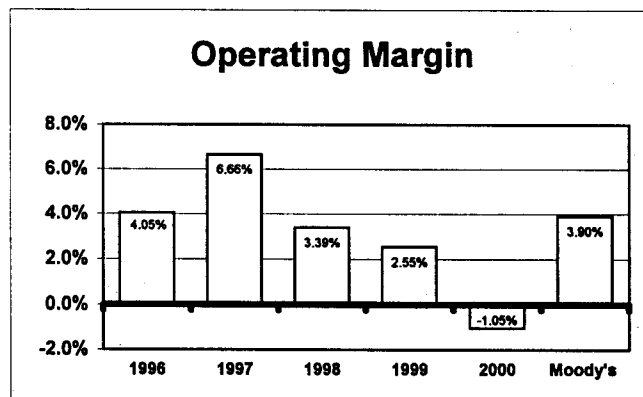


This ratio is a broader measure of debt coverage. Total resources include current fund balances, endowment and plant fund balances. The Citadel's ratio of total resources to debt compares favorably to the Moody's "A2" median for 1998.

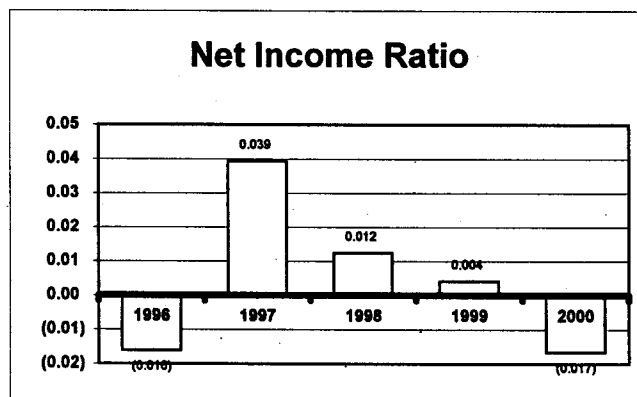
Operating Ratios



This ratio measures the actual margin of protection provided to investors by annual operations. Compared to Moody's "A2" 1998 median, The Citadel's debt service coverage has been somewhat weak since Revenue Bonds were issued in 1997.

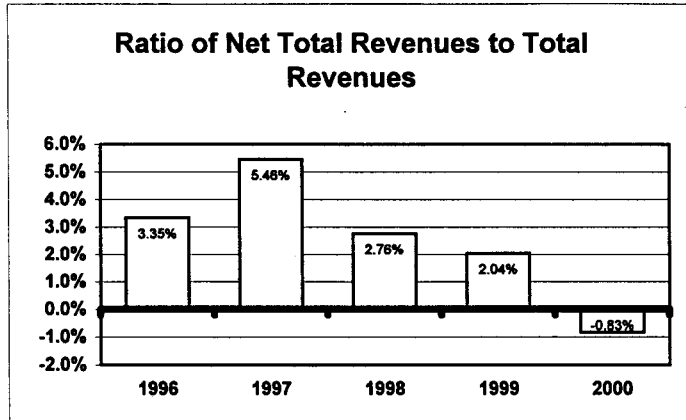


This ratio compares the operating surplus/(deficit) to aggregate annual operating revenue. Compared to Moody's "A2" median for 1998, The Citadel's operating margin has been declining since 1997. In FY 2000, Citadel operations resulted in a deficit.

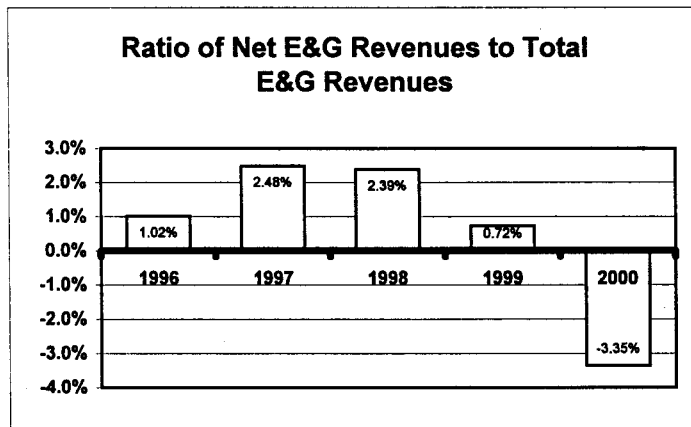


This ratio is calculated by dividing the changes in unrestricted net assets by total unrestricted income. A positive percentage indicates a surplus, while a negative percentage indicates a deficit. Since a deficit is rarely planned, it is cause for concern.

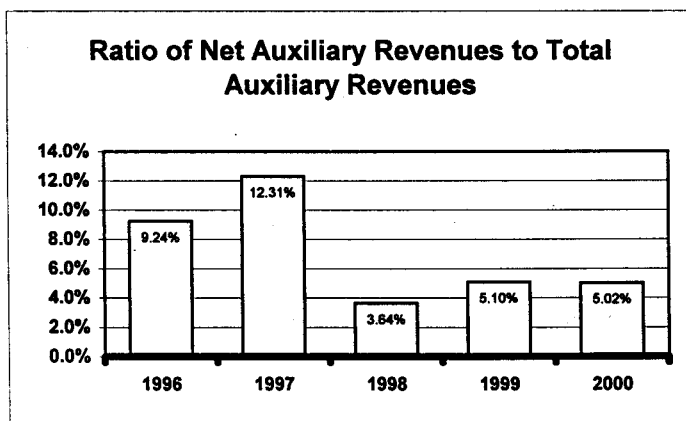
Net Operating Ratios



This ratio shows the percentage of current fund revenues that remain after all current fund expenditures and mandatory transfers are applied. Current operations for The Citadel resulted in a net operating loss for FY 2000.

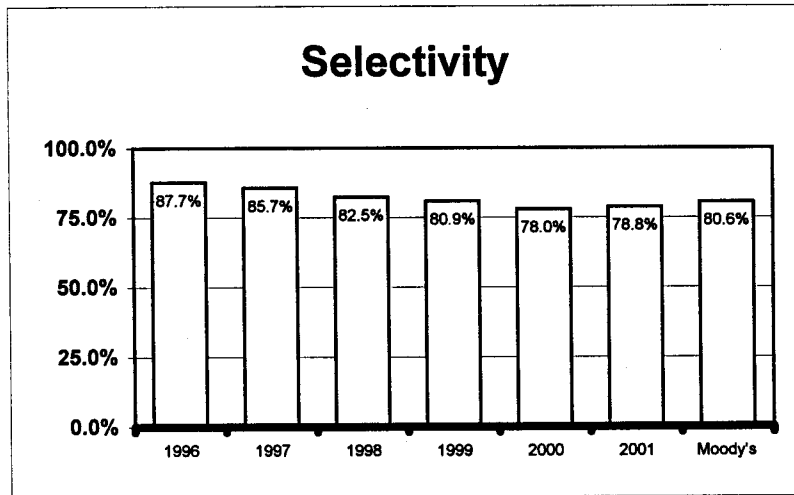


This ratio shows the percentage of operating revenues generated from E&G activities that remain after E&G expenditures and mandatory transfers are applied. This ratio shows a significant net operating loss for E&G activities for FY 2000.

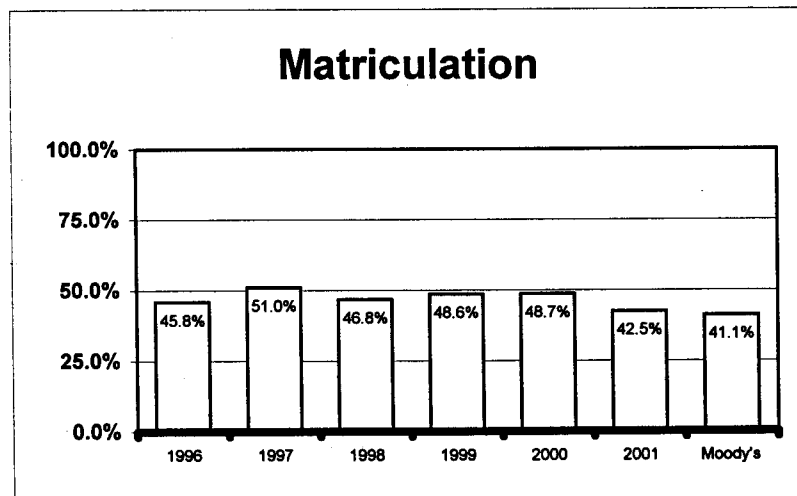


This ratio shows the percentage of Auxiliary revenues that remain after all Auxiliary expenditures and mandatory transfers are applied. These ratios indicate that Auxiliary activities have operated successfully for the last five years.

Student Demand Ratios



This ratio measures the percentage of students who have applied to The Citadel and have been accepted. The selectivity ratio has remained relatively stable over the last 5 years and compares favorably to Moody's "A2" median for 1998.



This ratio measures the percentage of accepted students who matriculate at The Citadel. Matriculation rates have remained stable over the last 6 years and compare favorably with Moody's "A2" median for 1998.

RATIO DEFINITIONS

Balance Sheet Ratios

Unrestricted Operating Resources to Operations

Unrestricted current fund balance, plus unrestricted quasi-endowment fund balance (market value), plus unrestricted plant fund balances, divided by total unrestricted current fund expenditures and mandatory transfers, less total scholarship and fellowship expense.

Total Resources per FTE Student

Endowment fund balances (market value), plus total plant fund balances (excluding net investment in plant), divided by total number of full-time equivalent students.

Capital Ratios

Unrestricted Operating Resources to Debt

Unrestricted current fund balance, plus unrestricted quasi-endowment fund balance (market value), plus unrestricted plant fund balances, divided by total debt outstanding.

Total Resources to Debt

Endowment fund balances (market value), plus total current fund balances, plus total plant fund balances (excludes net investment in plant), divided by total debt outstanding.

Operating Ratios

Debt Service Coverage

Operating surplus (deficit), plus mandatory transfers for debt service, divided by total annual debt service.

Operating Margin

Total current fund revenue, less total current fund expenditures and mandatory transfers, divided by total current fund revenue, less total scholarship and fellowship expenditures.

Net Income Ratio

Current year unrestricted current fund net assets, less prior year unrestricted current fund net assets, divided by total unrestricted current fund income.

RATIO DEFINITIONS (Continued)

Net Operating Ratios

Ratio of Net Total Revenues to Total Revenues

Total current fund revenues (unrestricted and restricted) less all current fund expenditures and mandatory transfers, divided by total current fund revenues (unrestricted and restricted).

Ratio of Net E&G Revenues to Total E&G Revenues

Total E&G revenues (unrestricted and restricted) less all E&G expenditures and mandatory transfers, divided by total E&G revenues (unrestricted and restricted).

Ratio of Net Auxiliary Revenues to Total Auxiliary Revenues

Total auxiliary revenues less all auxiliary expenditures and mandatory transfers, divided by total auxiliary revenues.

Student Demand Ratios

Selectivity

Number of acceptances divided by number of applications.

Matriculation

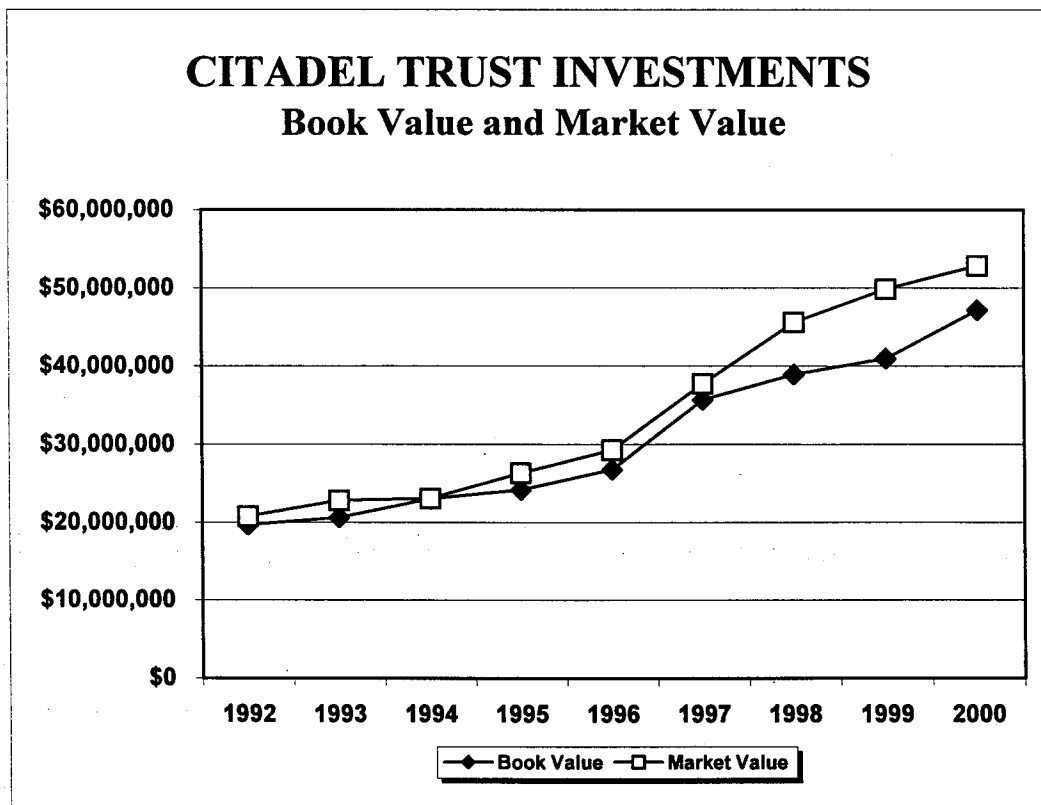
Number of admissions divided by number of acceptances.

THE CITADEL TRUST, INCORPORATED

INVESTMENT SUMMARY

JUNE 30, 2000

<u>INVESTMENT MANAGER</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
Alliance	\$ 3,063,925	\$ 4,389,552
Carolina First	701,230	1,337,184
Euro-Pacific Growth Fund	3,675,283	4,637,166
First Union National Bank	12,515,489	12,296,727
Invesco Balanced Fund	5	5
Bank of America	7,502,327	7,350,638
Small Cap World Fund	1,790,900	2,115,921
The Common Fund	1,134,961	2,401,231
Wachovia	3,727,328	4,191,770
Laurel	8,098,399	9,034,226
Lazard	2,013,820	2,085,028
Other	2,916,127	3,008,604
	<u>\$ 47,139,794</u>	<u>\$ 52,848,052</u>



PROCUREMENT STATISTICS

Competitive Purchases

Quotes/Bids Under SC Procurement Code

<i>Type</i>	<i>Completed</i>	<i>Dollars Awarded</i>	<i>Award Average</i>
<i>Quotes (under \$25,000)</i>	41	\$445,970	\$10,877
<i>Open Market</i>	13	530,049	40,773
<i>Term Contract</i>	19	345,556	18,187
<i>Request for Proposals</i>	<u>2</u>	<u>28,470</u>	<u>14,235</u>
<i>Totals</i>	<u>75</u>	<u>\$1,350,045</u>	<u>\$18,000</u>

Exempt Bids (Resale/Athletics)

<i>Type</i>	<i>Completed</i>	<i>Dollars Awarded</i>	<i>Award Average</i>
<i>Quotes (under \$25,000)</i>	8	\$131,664	\$16,458
<i>Open Market</i>	<u>2</u>	<u>64,391</u>	<u>32,195</u>
<i>Totals</i>	<u>10</u>	<u>\$196,055</u>	<u>\$19,605</u>

Purchase Order Stratification

<i>Dollar Range</i>	<i>Dollars</i>	<i>% of Dollars</i>	<i>Actions</i>	<i>% of Actions</i>
<i>0 - 1,499</i>	\$1,073,400	5.6%	3,100	77.3%
<i>1,500 - 4,999</i>	1,453,700	7.6%	542	13.5%
<i>5,000 - 9,999</i>	1,195,700	6.2%	174	4.3%
<i>10,000 - 24,000</i>	1,585,500	8.3%	106	2.6%
<i>25,000 - 99,999</i>	3,036,000	15.8%	66	1.7%
<i>100,000 - and above</i>	<u>10,826,400</u>	<u>56.5%</u>	<u>21</u>	<u>.6%</u>
<i>Totals</i>	<u>\$19,170,700</u>	<u>100.0%</u>	<u>4,009</u>	<u>100.0%</u>

Note: The above data are purchase order transactions only and do not reflect internal transactions. The dollar ranges are aligned per the competitive levels of the SC Procurement Code and The Citadel's Procurement Certification. The Citadel is certified to process purchases up to \$100,000.

(Dollars rounded to nearest \$100)

PROCUREMENT STATISTICS

Purchasing Card Purchases (Under \$1,500)

	<i>FY 98-99</i>	<i>FY 99-00</i>
<i>Transactions</i>	6,184	9,377
<i>Dollars</i>	\$1,311,140	\$1,963,178
<i>Average</i>	\$212	\$209

Sole Source Procurements

	<i>FY 98-99</i>	<i>FY 99-00</i>
<i>Transactions</i>	77	64
<i>Dollars</i>	\$1,058,523	\$1,079,600

Emergency Procurements

	<i>FY 98-99</i>	<i>FY 99-00</i>
<i>Transactions</i>	9	13
<i>Dollars</i>	\$297,206	\$57,387

Disposal Sales

	<i>FY 98-99</i>	<i>FY 99-00</i>
<i>Disposal Sales</i>	\$3,023	\$2,955
<i>Internal Sales</i>	<u>6,219</u>	<u>5,699</u>
<i>Totals</i>	<u>\$9,242</u>	<u>\$8,654</u>

Minority Business Enterprises (MBE) Progress

	<i>FY 98-99</i>	<i>FY 99-00</i>
<i>Goal</i>	\$176,008	\$187,728
<i>MBE Purchases</i>	184,863	590,560
<i>% of Goal</i>	105%	314%

(Dollars rounded to nearest \$100)

MAINTENANCE RESERVE ACCOUNT ANALYSIS

As of June 30, 2000

	<u>Balance</u> <u>6/30/99</u>	<u>Fees & Misc.</u> <u>Revenue</u>	<u>Expended</u>	<u>Transfers</u> <u>In (Out)</u>	<u>Balance</u> <u>6/30/2000</u>
Barracks	\$ 109,228	7,916	(24,985)	226,718	\$ 318,877
Telephone	7,039	460			7,499
Cadet Store	93,504	5,657	(52,031)		47,130
Computer	-				-
Dining Hall	344,393	23,590	(5,656)	186,513	548,840
Faculty Quarters	36,463	2,523		41,324	80,310
Gift Shop	84,454	4,893	(37,461)		51,886
Infirmary	13,870	1,448	(30,368)	101,559	86,509
Laundry	44,439	4,725	(86,182)	173,309	136,291
Tailor Shop	26,404	1,724			28,128
Print Shop	27,610	460	(22,127)		5,943
Rehabilitation Reserve	-				-
	<u>\$ 787,404</u>	<u>53,396</u>	<u>(258,810)</u>	<u>729,423</u>	<u>\$ 1,311,413</u>

REPAYMENT SCHEDULE FOR BONDS OUTSTANDING

As of June 30, 2000

Year Due	Institution Bonds		Total	Revenue Bonds		Total	All Bonds Total
	Principal	Interest		Principal	Interest		
2001	135,000	68,080	203,080	955,000	1,094,638	2,049,638	2,455,798
2002	145,000	59,608	204,608	990,000	1,048,081	2,038,081	2,447,297
2003	155,000	50,380	205,380	1,040,000	999,819	2,039,819	2,450,579
2004	165,000	40,419	205,419	1,080,000	949,119	2,029,119	2,439,957
2005	175,000	29,663	204,663	1,145,000	896,469	2,041,469	2,450,795
2006	185,000	18,281	203,281	1,210,000	840,650	2,050,650	2,457,212
2007	200,000	6,250	206,250	1,085,000	781,663	1,866,663	2,279,163
2008	-	-	-	1,135,000	728,769	1,863,769	1,863,769
2009	-	-	-	1,195,000	673,438	1,868,438	1,868,438
2010	-	-	-	1,255,000	613,688	1,868,688	1,868,688
2011	-	-	-	1,315,000	550,938	1,865,938	1,865,938
2012	-	-	-	1,380,000	483,544	1,863,544	1,863,544
2013	-	-	-	1,455,000	412,819	1,867,819	1,867,819
2014	-	-	-	1,530,000	338,250	1,868,250	1,868,250
2015	-	-	-	1,605,000	259,838	1,864,838	1,864,838
2016	-	-	-	1,690,000	177,581	1,867,581	1,867,581
2017	-	-	-	1,775,000	90,969	1,865,969	1,865,969
	<u>\$ 1,160,000</u>	<u>\$ 272,681</u>	<u>\$ 1,432,681</u>	<u>\$ 21,840,000</u>	<u>\$ 10,940,269</u>	<u>\$ 32,780,269</u>	<u>\$ 35,645,631</u>

CAPITAL PROJECTS

The following list provides information as of 30 June 2000 regarding on-going capital projects which have been approved by the appropriate State agency. The information includes the year of the last funding revision approval. The percentage of completion is computed using the total expended to date through 30 June 2000 over the approved SPIRS budget at 30 June.

<u>Project Title</u>	<u>Fiscal Year Funding Approved</u>	<u>Funding Source</u>	<u>Estimated Cost</u>	<u>% Complete</u>
Padgett-Thomas Barracks	1999	CIB	\$ 8,000,000	17.97%
Thompson Hall Replacement	1997	CIB	6,282,000	26.40%
Stadium End Zone Building	1999	G	2,540,000	4.08%
			<u>\$ 16,822,000</u>	

Summary of Capital Projects by Funding Source

Funding Source:

CIB	Capital Improvement Bonds	14,282,000
G	Gifts	2,540,000
		<u>\$ 16,822,000</u>

Capital Improvement Bond Proceeds

The state participates in funding major renovations on campus by providing capital improvement bond money. This bond money does not cost The Citadel anything; it is paid by the state. No analysis of major capital projects can be done without recognizing this significant state support. Below is a list of major projects funded with capital improvement bond proceeds.

<u>Project Title</u>	<u>Year Funds Authorized</u>	<u>Amount</u>
Central Energy Facility	1988	1,500,000
Bond Hall	1988	6,186,000
Utilities Project	1992	7,691,404
Thompson Hall	1997	6,282,000
Padgett-Thomas Barracks	1999	8,000,000

THE CITADEL
STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
FOR AUXILIARY ACTIVITIES
For the Year Ended June 30, 2000

	<u>Athletics</u>	<u>Barracks</u>	<u>Cadet Store</u>	<u>Gift Shop</u>	<u>Dining Hall</u>
Auxiliary activity fees	\$ 1,299,924	\$ 3,955,490	\$ -	\$ -	\$ 3,730,018
Sales and services	1,256,497	1,784	3,216,172	2,325,960	36,787
Other sources	26,727	129,355	5,162	6,380	23,548
Total revenues	2,583,148	4,086,629	3,221,334	2,332,340	3,790,353
Expenditures	(3,429,447)	(1,641,721)	(2,745,941)	(2,011,057)	(3,381,126)
Excess revenues over (under) expenditures	(846,299)	2,444,908	475,393	321,283	409,227
Transfers in	878,513	215,000	-	-	586
Transfers out	-	(2,791,988)	(537,688)	(272,916)	(170,000)
Net increase (decrease) for the year	32,214	(132,080)	(62,295)	48,367	239,813
Fund balance at beginning of year	(191,226)	626,488	1,189,556	351,348	355,491
Fund balance at end of year	\$ (159,012)	\$ 494,408	\$ 1,127,261	\$ 399,715	\$ 595,304

Note: Fund balances include inventories for activities such as the Cadet Store, Gift Shop, and Tailor Shop.

Faculty Quarters	Infirmary	Laundry/ Dry Clean	Print Shop	Tailor Shop	Telephone	Total
\$ -	\$ 686,188	\$ 865,283	\$ -	\$ -	\$ 61,702	\$ 10,598,605
534,883	58,707	80,724	990,411	989,354	606,393	10,097,672
3,126	3,902	6,119	1,943	3,169	1,563	210,994
538,009	748,797	952,126	992,354	992,523	669,658	20,907,271
(485,746)	(727,921)	(980,573)	(984,219)	(923,214)	(666,064)	(17,977,029)
52,263	20,876	(28,447)	8,135	69,309	3,594	2,930,242
24,851	-	-	-	-	-	1,118,950
(69,000)	(65,000)	-	(4,139)	(44,695)	(2,079)	(3,957,505)
8,114	(44,124)	(28,447)	3,996	24,614	1,515	91,687
79,761	139,744	193,572	29,662	159,537	7,143	2,941,076
\$ 87,875	\$ 95,620	\$ 165,125	\$ 33,658	\$ 184,151	\$ 8,658	\$ 3,032,763