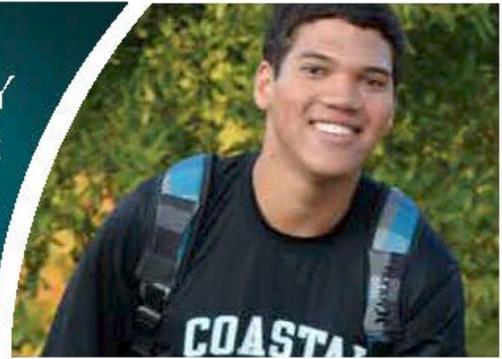


COASTAL CAROLINA UNIVERSITY  
Comprehensive Annual Financial Report

2016



A component unit of the state of South Carolina  
for the fiscal year ended June 30, 2016





# **Comprehensive Annual Financial Report**

*A component unit of the state of South Carolina*

For the year ended June 30, 2016

**Prepared by the  
Office of Financial Services**



**COASTAL CAROLINA UNIVERSITY**  
**FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016  
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\*Financial Statements included in this report for nongovernmental entities will include the words “Net Assets” as opposed to “Net Position.” Nongovernmental entities are not required to implement GASB statements.

# COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## INTRODUCTORY SECTION



Springs Brooks Stadium at Coastal Carolina University





*Office of the President*

December 1, 2016

Dear Coastal Carolina University Community:

Coastal Carolina University has experienced more than three decades of sustained growth. This trend continues, as the Fall 2016 semester reported a total enrollment surpassing 10,400 students. I am proud of the University and enthusiastic about the plans we have for the future. It is my sincere belief that Coastal Carolina University, with the enduring support of the campus community, Horry County and the State of South Carolina, will continue to prosper and thrive.

Coastal Carolina University continues to focus on differentiating itself from the other comprehensive higher education choices in South Carolina and to continue to strengthen our reputation for providing excellent value and outstanding quality in educational programming. Reflective of the growing breadth of the academic program, Coastal Carolina University offers seventy-two (72) baccalaureate areas of study, eighteen (18) master's degree programs, two (2) educational specialist degrees, and one (1) Ph.D. program. Additionally, CCU offers six (6) undergraduate certificates and five (5) graduate certificates.

This past fall, CCU enrolled its most academically prepared, most diverse freshman class. A total of 2,368 freshman were enrolled, a 43 percent growth since 2008. Minority enrollment for freshman increased to 29 percent. CCU's Honors program also saw a 15.7 percent increase in enrollment from the previous year, with 428 students enrolled in the program.

"I'M IN," the Endowment Campaign for Coastal Carolina University was publicly launched during an on-campus gala. The goal of the campaign is to increase CCU's endowment by \$20 million by 2020. In doing so, the University would gain approximately \$800,000 in new funds annually to support student scholarships and academic excellence. The campaign is strategically focused on clearing financial barriers that prevent the best and brightest students from achieving their greatest potential through higher education and on positioning CCU to support the highest quality academic programs. These measures ensure that the University can attract and retain the brightest students and the finest faculty to instruct and train these future leaders. We are very cognizant of the fact that we must increase the size of our endowment if we are to keep pace with an ever-changing educational environment, continue to expand our academic programs and provide greater access to students from a wide range of ethnic and socioeconomic backgrounds.

Following are some of our most significant accomplishments for the 2015-2016 Academic Year:

- Over the past year Coastal received the following distinctions:
  - *U.S. News & World Report*: “Top Public Schools” & “Best Value” & “Best Colleges for Veteran’s”
  - *Victory Media*: “Military-Friendly School” for the sixth consecutive year (top 20% of all schools nationwide as a university committed to educating military veterans.)
  - *Chronicle of Higher Education*: “19<sup>th</sup> Fastest Growing Public Master’s Institution,” based on growth from 2002-2012
  - *Best Values Schools*: Most Beautiful Coastal College Campuses (#12 of the top 30)
  - *TheBestSchools.org*: Best Online Colleges in South Carolina (#7 of 53)
  - *College Choice*: Best Oceanside Colleges and Universities (top 50 in the country)
  - *U.S. News Short List*: 100 percent of May 2015 MBA graduates from CCU’s E. Craig Wall Sr. College of Business Administration were employed within three months of graduation. CCU tied for first place with the University of Southern Florida of 14 programs that have the best job-placement record among its graduates.
  
- Nearly 150 high school graduates were accepted into the Coastal Excellence and Leadership (CEal) program at CCU for the summer session, tripling the program in size in just two years. CEal students are selected because they have demonstrated exceptional academic skills and leadership, but insufficient standardized test scores for college admission. Students attend a summer session for four weeks and reside in University housing. They complete two accelerated academic core courses and are introduced to the rigors of academic study. CEal students are also provided leadership programming and exclusive access to CCU faculty, staff and administration. Students are expected to at least a C in both academic courses and, if successful, matriculate into the freshman class.
  
- The Board of Trustees approved the following new degrees:
  - Master’s Degree programs: Master of Arts in Health Communication, Master of Arts in Music Technology, Master of Education in Instructional Technology, Master of Education (M.Ed.) in Language, Literacy and Culture
  - Bachelor’s Degree programs: Bachelor of Arts in Anthropology and Geography and Bachelor of Arts in Hispanic Studies

There are also two new undergraduate certificate programs, one in Applied Ethics and the other in Sustainability.

- Coastal Carolina University is still reeling in the excitement of its first NCAA title in any sport in school history. Coastal Carolina staved off a furious comeback attempt from Arizona to win Game 3 of the College World Series Finals 4-3. Following a marathon ride through the 2016 NCAA Baseball Tournament, the Chanticleers became the first team since Minnesota in 1956 to win the title in its first College World Series appearance. Additionally, pitcher Andrew Beckwith was named the Most Outstanding Player of the series.
  
- After leading CCU to its first-ever trip to the 2016 College World Series, Chanticleer head coach Gary Gilmore was named to National Collegiate Baseball Writers Association National Coach of the Year.

- The Coastal Carolina Chanticleers' athletic season was not only a big success on the sports fields, but it was also a success in the academic arena, with student athletes taking top honors in many areas. This success was evidenced by this year's baseball program, as the Chanticleers owned the best team GPA among the eight teams participating in the College World Series. The player from each of the eight participating teams with the highest GPA was also recognized. Coastal Carolina's honoree was sophomore Bobby Holmes, who carries a 3.77 GPA in interdisciplinary studies. This success is a testament to the solid leadership of our head coaches as well as the strong commitment from the University's faculty and staff. These accomplishments would also not be possible without the support provided by the academic advisement staff. Coastal Carolina's first priority is the educational development of student athletes and the excellent academic record that the Coastal programs have demonstrates this priority.
  
- Since we as a society should be characterized by solidarity, compassion, empathy and respect for others, Coastal Carolina University intentionally fosters the principal ways by which we can collectively apply our energy, talents, knowledge and other resources for mutual benefit. This can be exhibited by the following:
  - While in Omaha for the 2016 College World Series, the Coastal Carolina baseball team visited the Nebraska Medical Center and its pediatric patients. The Nebraska Medical Center was specifically selected due to its direct connection with Coastal Carolina athletics. Eleven years ago, CCU director of athletics Matt Hogue sent his newborn daughter Caroline to Omaha for a life-saving transplant.
  
  - CCU'S Annual Cultural Celebration is held to involve all areas of campus in celebrating cultural diversity. The festival highlights the history, music, dance, art and food from many countries and cultures and emphasizes the importance of encouraging and respecting cultural diversity.
  
  - A team of Coastal Carolina University scientists received the Swamp Fox "Patriot Award" for exceptional service during a state natural disaster from the South Carolina State Guard for their contribution to flood relief efforts. The team created computation and numerical data and offered advice and assistance to the S.C. Military Department and its emergency management agency during the period of the "1,000 year flood." Their analysis was used to allow the military to predict water flow and move resources to protect families across South Carolina.
  
  - Coastal Carolina University's ChantiCrew volunteers helped move in approximately 4,200 new and returning students. With more than 500 faculty, staff and student volunteers helping out, students and their families moved onto campus, checked in, dropped off belongings, moved into their rooms and got ready for a Family Reception which kicked off CINO (Coastal Is Number One) TIE (Tradition, Integrity, Excellence), also known as Welcome Week.
  
  - The CCU community held the "Out of the Dark Campus Walk," a fundraiser to engage youth and young adults to prevent suicide, the second leading cause of death among people ages 18-24. The Out of the Darkness Walk works to start conversation about suicide and depression, engage the walkers on these important

topics, inform them of resources available at CCU, help heal and uplift those who have lost loved ones or personally suffer from depression or suicidal thoughts and attempts, and to create a safe environment and campus. All funds raised went to the American Foundation for Suicide Prevention.

- A team of Coastal Carolina University education and science professors will lead an initiative to train middle school teachers in Marion County to teach robotics as part of the county's math and science curriculum. The purpose of the 18-month project is to integrate technology into the curriculum of a high-needs category school district, advancing the state mandate to provide more instruction in science, technology, engineering and math (STEM). The ultimate aim of the program is to equip teachers to train middle school students to think critically and become engaged in practical problem solving.
- For the ninth consecutive year, the University received an unqualified opinion from external auditors Cline Brandt Kochenower & Co., P.A. for the annual financial statements from the fiscal year ending June 30, 2016. According to the audit findings, there were no significant deficiencies, material weaknesses or instances of non-compliance material to the financial statement.
- Coastal Carolina University continues its commitment to sustainability as evidenced by the following:
  - CCU has been recognized as a Bronze Bicycle Friendly University by the League of American Bicyclists. CCU joins a cutting edge group of U.S. colleges and universities that are transforming their campuses and the communities around them. CCU encourages bicycling as a sustainable option for transportation.
  - Coastal hosted an inaugural Zero Waste football at Brooks Stadium. The event resulted in an 83 percent diversion rate, with 1170 lbs. of recyclables and 2,250 lbs. of compostables. The Zero Waste football game effort was the second phase of the campus-wide transition to future zero waste event opportunities.
  - CCU began a food waste composting program at two of its dining halls. The goal of the composting program is to not only reduce CCU's trash bill, but to capture 70 percent of the compostable material from the two dining halls, which is estimated to total more than 35,000 lbs. of material per month.
  - Coastal Carolina University ranked No. 2 in the state, out of the 61 institutions of higher learning in South Carolina, for its recycling tonnage.
- CCU and the Dalton and Linda Floyd Family Mentoring Program hosted TEAL Youth Day: Talking Education and Learning. Approximately 155 students from 10 elementary and five middle schools from Horry County attended. The event provided public school students participating in the mentoring program with the opportunity to visit a college campus to see where their mentors go to school. Mentors visit children at their school each week. Not only does this event make the college experience more "real" to these students, but it encourages them to consider higher education in their own future.

- Coastal Carolina University currently has \$39.8 million committed to Academic Capital Projects. Coastal remains committed to expansion to meet the needs of our students and campus community. Continuing the ambitious building schedule that has characterized our campus since 2008, major capital projects include:
  - University Place Dining Facility
  - Academic Classroom Building II
  - Singleton Building renovation
  - Smith Science Center renovation
  - New Student Housing Complex Phase II
  - Wall Building renovation

Projects totaling \$63.5 million that came to fruition this past year include:

- Science Annex II
- New Student Housing Complex Phase I

Coastal Carolina University will continue to make every effort to provide an exceptional education at a reasonable cost, and while doing so, will continue to positively impact the economic, social and cultural environment of Horry and Georgetown Counties. We recognize that the support of the campus community, and that of both local and state government, is essential for the University to sustain and improve its position as a prime choice for higher education in South Carolina.

Regardless of the economic climate and the challenges ahead, Coastal Carolina University is a vibrant place where tradition, integrity and excellence guide our progress. We are committed to our students, especially South Carolina residents, who have selected this University. We are confident that our graduates will continue to go on to positively impact the world.

In evidence thereof, I am pleased to submit Coastal Carolina University's Comprehensive Annual Financial Report for 2016.

Sincerely,

David A. DeCenzo, Ph.D.  
President

/smb





*Office for Finance & Administration*

## **LETTER OF TRANSMITTAL**

November 17, 2016

To the President and Members of the Board of Trustees:

We are pleased to present to you the Comprehensive Annual Financial Report of Coastal Carolina University for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of Coastal Carolina University. Consequently, management accepts full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the University has established a comprehensive internal control framework that is designed both to protect the University's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the University's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the University's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that this financial report is complete and reliable in all material respects to the best of our knowledge and belief.

The University's financial statements have been audited by Cline Brandt Kochenower & Co., P.A., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the University's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to

complement the MD&A and should be read in conjunction with it. The University's MD&A can be found immediately following the report of the independent auditor.

## **Profile of the University**

Coastal Carolina University was founded in 1954 by a group of Horry County citizens who lent their vision and support to bringing higher education to the local area. Initially a two-year college, the new school was supported by private funds and was operated under the auspices of the College of Charleston. A referendum in 1958 resulted in a county property tax millage being made available for the support of the college, and Coastal Carolina University entered into an agreement in 1959 with the University of South Carolina to become a campus of their University System. In 1963, with the support of the Coastal Educational Foundation, Inc., and the Horry County Higher Education Commission, the college moved to its current location upon completion of the Edward M. Singleton Administration Building.

Coastal Carolina College became a four-year institution in 1974, awarding baccalaureate degrees in several areas. During the 1980s, Coastal Carolina College experienced dramatic growth with enrollment doubling in size from approximately 2,000 to 4,000 students.

In 1991, the Coastal Educational Foundation, Inc., and the Horry County Higher Education Commission voted to seek legislative approval to establish an independent Coastal Carolina University. The University of South Carolina president and board of trustees agreed to the proposed independence for Coastal Carolina University. During the 1993 session, the South Carolina legislature established Coastal Carolina University as an independent state-supported institution effective July 1, 1993. The University, for the first time, acquired its own board of trustees which met July 1, 1993, and named Ronald R. Ingle as the University's first president.

Dr. David A. DeCenzo became the second president of Coastal Carolina University on May 7, 2007.

The University currently comprises 114 main buildings on approximately 633 acres, including the Coastal Science Center and the Burroughs & Chapin Center for Marine and Wetland Studies located in the Atlantic Center on U.S. 501, and the General James Hackler Golf Course at Coastal Carolina University, a public 18-hole golf facility located adjacent to the campus. The University also offers courses at Litchfield Landing in Pawleys Island and at the Myrtle Beach Education Center located on the U.S. Highway 17 Bypass. In addition, Waties Island, 1,105 acres of pristine barrier island on the Atlantic coast, provides a natural laboratory for extensive study in marine science and wetlands biology. We also have a Georgetown Education Center which serves as a base for classes conducted by the Osher Lifelong Learning Institute and a dock which harbors the research vessel used by the marine science program.

The University maintains residence halls to accommodate 3,939 students in two general locations: main campus (1,860 beds) and at University Place (2,079 beds).

## **New Programs and Initiatives**

The University is committed to continuous improvement of the institution, as well as accountability to stakeholders. With these goals in mind, we continually review and evaluate

processes in our administrative area with a focus on efficiency, purpose and accuracy, and make changes where appropriate. Some changes that were implemented this year include:

- The Department of Financial Services has successfully implemented a travel card program which has brought many advantages to the University. Cash advances are now the exception, not the rule. This provides a savings in administrative costs of processing as well as protects the traveler from carrying large amounts of cash. The card carries insurance for travelers abroad and carries auto insurance when you rent a car. The card also protects the school from theft and fraud.
- Facilities generated a twenty-year maintenance plan listing all of the buildings and infrastructure on campus. The outline details the type of maintenance needed, with estimated costs in five-year timeframes. This report supports responsible scheduling of all maintenance outlays relevant to the upkeep and care of University.
- Admissions staff completed an intensive analysis of applicant credentials in comparison to their academic performance. This recruitment initiative enabled us to develop academic profiles of successful participants in each program which refined the selection process for the fall 2016 invitees.

The move to electronic forms, online authorizations and digital capability in general, continues to be part of our administrative culture due to the growing availability of e-business functionalities and the cost efficiencies that they provide. Some recent examples of this effort are:

- Human Resources is implementing an electronic workflow process which will capture and monitor the progression of transactions and authorizations through the various channels. This automated process will allow departments to hire employees in a more timely and productive manner.
- Wi-Fi access on campus has expanded to include outdoor areas on campus. This initiative is intended to enhance student learning and improve support services for academic and administrative functions as well.
- Successful deployment of a mobile cart for the purpose of lecture capturing was completed. This technology allows for campus-wide access to the ability to stream lectures online for faculty campus-wide. This option allows teaching tools to be expanded and more available to students.

## **Economic Environment**

Coastal Carolina University's financial profile fits more closely with that of a private institution than with that of a typical public institution due to our relatively low state appropriation allocation. In spite of the fact that state funding has fallen dramatically over the years, University administration and the board of trustees are mindful of the financial impact of college costs on families and closely monitor inflation before approving tuition rates each year. Although we were able to hold in-state tuition flat for the three years prior to fiscal year 2015, rising costs in the higher education industry would not allow us to hold tuition flat in the previous two years. In

fiscal year 2015, the board of trustees approved a tuition increase of 2.89 percent for in-state and a 2.96 percent increase for out of state students. In fiscal year 2016, the board of trustees approved a tuition increase of 3.29 percent for both in-state and out of state students. Both increases were in line with the recommendation from the South Carolina state legislature. The increase for rates overall, was 1.9 percent, when the room and board rates were considered, as those rates were held flat to last year's rate.

The University continues to grow as indicated by the fall of 2015 semester enrollment of 10,263, representing an 18 percent increase from 2010 to 2015. The chart below provides a snapshot of the University's enrollment growth over the last five years.

	<b>Fall 2010</b>	<b>Fall 2015</b>	<b>Change</b>	<b>%</b>
New Freshman	2,068	2,368	300	15%
New Transfers	840	791	(49)	-6%
Undergraduate Headcount	8,203	9,615	1,412	17%
Graduate Headcount	503	648	145	29%
Total Headcount	8,706	10,263	1,557	18%
Undergraduate FTE	8,073	9,435	1,362	17%
Graduate FTE	229	342	113	49%
Total FTE	8,302	9,777	1,475	18%

This growth translates into increasing revenue and corresponding increases in expenses. The University is committed to financial viability and managed growth, as is evident in the accompanying financial statements.

Coastal Carolina University operates four auxiliary enterprises. In the fiscal year 2016, we signed with a new vendor to operate the on-campus bookstore. Barnes and Noble College was contracted to begin bookstore operations in June, 2016, replacing NEEBO, Inc. The other auxiliary enterprises consist of residence life (operated by the University), vending (outsourced to Coca-Cola and Total Vending), and food service (outsourced to Aramark). The bookstore and vending services are operated with oversight from the Office of Contractual and Business Services.

Two major credit rating agencies have assigned strong marks to the revenue bond series issued by Coastal Carolina University in October, 2016. Fitch ratings assigned an "A+" rating to these bonds and affirmed all outstanding issues, and Moody's Investor Service has assigned an "A1" rating and affirmed outstanding issues as well. Both agencies reported a stable outlook. The Moody's statement cites the following factors in CCU's financial stability, "consistent enrollment growth producing strong increase in net tuition and auxiliary revenue, local support from taxes imposed by Horry County, strong operating performance is a reflection of budgetary discipline and a fixed-rate debt with no additional financing plans." Fitch's report notes that the "A+" rating primarily reflects CCU's consistently positive operating results. Fitch also reports that, "Enrollment has grown steadily over the past several years as demand remained strong from both in-state and out-of-state applicants. CCU's revenue mix benefits from out-of-state tuition, which contributes to the university's positive operating results."

The University is fortunate to receive appropriations from both Horry County and Georgetown

County. This gives the University the ability to take on specific projects in the interest of the citizens of each of those counties which also benefit the University community. Coastal Carolina University is also appreciative of the support received from the citizens of Horry County for voting to implement the local option sales tax.

### **Long-Term Financial Planning**

In fiscal year 2016, the Coastal Carolina University's Board of Trustees approved a Strategic Plan entitled "High-Impact Engagement 2016-2021 Strategic Plan". This plan provides a guide that links the University's long-term strategic direction to budgeting and continual outcome-based assessment in the form of Accountability Reports, filed annually with the South Carolina State Fiscal Authority.

Six task forces, involving 69 campus community members, worked over a seven-week period to identify goals and objectives with clear timelines and measures of success for each strategy statement. These task forces consulted the resources noted above and responded to campus community feedback received through the online questions of the week and Executive and President's Council retreat. Membership participating in each task force as well as the goals and objectives that support each strategy are detailed on the following website.

<http://www.coastal.edu/aboutccu/leadership/strategicplan/>

The key strategies outlined in the strategic plan are:

1. Foster academic excellence and instructional quality
2. Promote student excellence
3. Support an engaged staff and faculty
4. Work to ensure accessibility, inclusion and diversity
5. Tell the CCU story
6. Maintain financial stability and infrastructure

At our University, strategic planning, assessment and budgeting is an on-going process which allows the University to respond to present and future initiatives with flexibility and with the innovative approaches that are required due to limited resources. Planning for the future and accomplishment of strategic objectives are paired with annual fundraising events and long-term campaigns.

The Strategic Management Committee is charged with evaluating the goals and objectives contained in the strategic plan on an annual basis. The Committee Chair for the Strategic Management Committee is Dr. Ralph Byington, Provost and Executive Vice President. In addition to the chair, there are 36 University stakeholders from the campus community who serve as its members. A more detailed explanation can be found on the University website:

<https://www.coastal.edu/administration/strategicplanning/committee/>.

Select members of the Strategic Management Committee meet four times a year to:

- Review progress of the strategic plan and identify and evaluate appropriateness of key strategies, goals and objectives with the mission of the University.

- Review the vision and mission of the institution to identify if, and how, it should be changed and to recommend to the Coastal Carolina University president challenges to the University vision, mission, strategic priorities or goals, and/or changes in the process of timing of the implementation of a plan.
- Develop a “Progress on the Plan” report that will incorporate all institutional assessment reports.
- Coordinate action on strategic initiatives across and between layers within the institution.
- Coordinate with other agencies, as appropriate, to provide required information on strategic planning.

## **Relevant Financial Policies**

In addition to being guided by its own Strategic Plan, the University is a part of the state of South Carolina government and, as such, follows state law and policies regarding procurement, construction projects, human resource practices, contract negotiation and grant funding, and other operating guidelines. A budget is submitted annually to the Governor’s Office, which is built using a comprehensive internal budget process. University budget policies are based on the Strategic Plan, the Campus Master Plan, the Comprehensive Permanent Improvement Plan and current enrollment data. When considered appropriate, the University borrows funds for capital projects by working with staff in the State Treasurer’s Office.

## **Major Initiatives**

The acquisition and modification of space to accommodate programs and services continues to be one of Coastal Carolina University’s highest priorities. Coastal Carolina University ranks lowest among its peers in assignable academic and support space per FTE student. Fall 2015 statistics show that among the South Carolina Comprehensive Universities, the average for Academic/Support Facility per FTE is 108.05 square feet. Coastal Carolina University reports 57.21 square feet per FTE. The buildings that have been put into place in the past few years have allowed us to keep pace with the enrollment growth we have experienced; however, there is still work to be done.

Presently, the major projects under construction are: A second academic classroom building which will provide 15 to 18 classrooms ranging from 25 to 35 seats, in addition to IT office space and approximately 100 faculty and staff offices. A new dining hall will provide easier access to dining for the residents of University Place. The existing building on the site has been demolished and a new facility will be constructed that will seat 200 students, and accommodate a kitchen, other food service options and equipment. The Smith Science Building has been placed out of service for renovations. The scope of this project includes HVAC, electrical and plumbing upgrades, roof and window replacement, and alarm and IT upgrades.

Expansion to the football stadium will begin this spring. Seating capacity will be increased to approximately 20,700 and other amenities will be increased to accommodate the added seats, including improvements to the entry plaza and an additional hospitality suite. This project will be funded by \$22.9 million in revenue bonds, \$4.9 million in ICPF, \$3.9 million is pledged for gifts, and \$100,000 was allocated from the State non-recurring appropriations. Also, a new soccer stadium is currently in the design phase which will to be located in the east campus area and is funded with gift money.

The local-option penny sales tax, which is split between Horry County Schools, Horry Georgetown Technical College and Coastal Carolina University, has helped to fuel various campus building endeavors. The sales tax was effective March 1, 2009. Since its inception, this funding has been used to fund various campus construction, campus improvements and renovations, as well as land acquisitions. As of June 30, 2016, Coastal Carolina University has received more than \$57 million in allocations from the local-options sales tax and estimates a total of \$139.8 million to be allocated during the course of the sales tax collection.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Coastal Carolina University for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 11th consecutive year that the University received this prestigious award. In order to be awarded a Certificate of Achievement, the University must publish an easily readable and efficiently organized comprehensive annual report that satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report is the result of dedicated teamwork by the staff in the departments of Finance and Administration, Institutional Research and Assessment, Information Technology Services, and Printing Services. A good report depends as much on data integrity at the level of each transaction as it does on statistical analysis and spreadsheet preparation. We appreciate the hard work and good humor of staff members and their adherence to quality professional standards. Significant credit is also due to the president, the provost and executive vice president and the board of trustees for their leadership, dedication and vision, and for their encouragement of each member of the University community to strive for excellence. The staff especially appreciates the breadth of experience and thorough review completed by the University's external auditors, Cline Brandt Kochenower & Co., P.A.

Respectfully submitted,

/s/

Stacie A. Bowie  
Vice President and Chief Financial Officer  
Finance and Administration





Government Finance Officers Association

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

Presented to

**Coastal Carolina University  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

**COASTAL CAROLINA UNIVERSITY  
BOARD OF TRUSTEES  
2015-2016**

Nikki Haley, Governor	Ex Officio Chairperson
George E. Mullen	Congressional District 1 – Seat 1
Oran P. Smith	Congressional District 2 – Seat 2
William L. Lyles Jr.	Congressional District 3 – Seat 3
D. Wyatt Henderson, Chairman	Congressional District 4 – Seat 4
Charles E. Lewis, Secretary/Treasurer	Congressional District 5 – Seat 5
Marion B. Lee	Congressional District 6 – Seat 6
Natasha M. Hanna	Congressional District 7 – Seat 7
Fred F. “Trip” DuBard III	At-Large – Seat 8
Eugene C. Spivey	At-Large – Seat 9
Samuel J. Swad	At-Large – Seat 10
William E. Turner III	At-Large – Seat 11
H. Delan Stevens	At-Large – Seat 12
William S. Biggs, Vice Chairman	At-Large – Seat 13
Daniel W.R. Moore Sr.	At-Large – Seat 14
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**COASTAL CAROLINA UNIVERSITY**  
**ADMINISTRATIVE OFFICERS**  
**2015-2016**

David A. DeCenzo, Ph.D.	President
J. Ralph Byington, Ph.D.	Provost and Executive Vice President
Stacie A. Bowie, MBA	Vice President and Chief Financial Officer, Finance and Administration,
Deborah K. Conner, Ph.D.	Vice President, Campus Life and Student Engagement
Travis E. Overton, MBA	Vice President of Student Rights and Responsibilities, Dean of Students
Mark A. Roach, M.S.	Vice President, Office for Philanthropy
Beverly H. Landrum, J.D.	Vice President, University Compliance and Human Resources
Christopher A. Johnson, B.A.	Executive Director, Chanticleer Athletic Foundation
Matthew L. Hogue, MBA	Director, Athletics
William M. Plate Jr., MBA	Vice President, University Communication
Timothy E. Meacham, J.D.	University Counsel
Lori G. Church, C.P.A., C.I.A.	University Controller
John P. Beard, Ph.D.	Associate Provost, Assessment and Accreditation
Sallie D. Clarkson, M.L.S.	Associate Provost, Academic Administration
Stephanie Cassavaugh, B.S.	Director, Grants and Sponsored Research
James O. Luken, Ph.D.	Associate Provost/Director, Graduate Studies
Edward Jadallah, Ph.D.	Dean/Vice President, Online Teaching and Education Excellence Spadoni College of Education
Barbara A. Ritter, Ph.D.	Dean, Wall College of Business
Daniel Ennis, Ph.D.	Dean/Vice President for Academic Outreach, Edwards College of Humanities and Fine Arts
Michael H. Roberts, Ph.D.	Vice President, Research and Emerging Initiatives
Jennifer Hughes, MLIS, MBA	Interim Dean, Library Services
Nelljean M. Rice, Ph.D.	Dean, University College
Abdallah S. Haddad, M.Ed.	Chief Information and Technology Officer
Christine L. Mee, M.Ed.	Executive Director of Planning and Research
Daniel M. Lawless, M.S.	University Registrar
Joseph H. Moglia, M.Ed.	Chair, Athletics Division/Head Football Coach

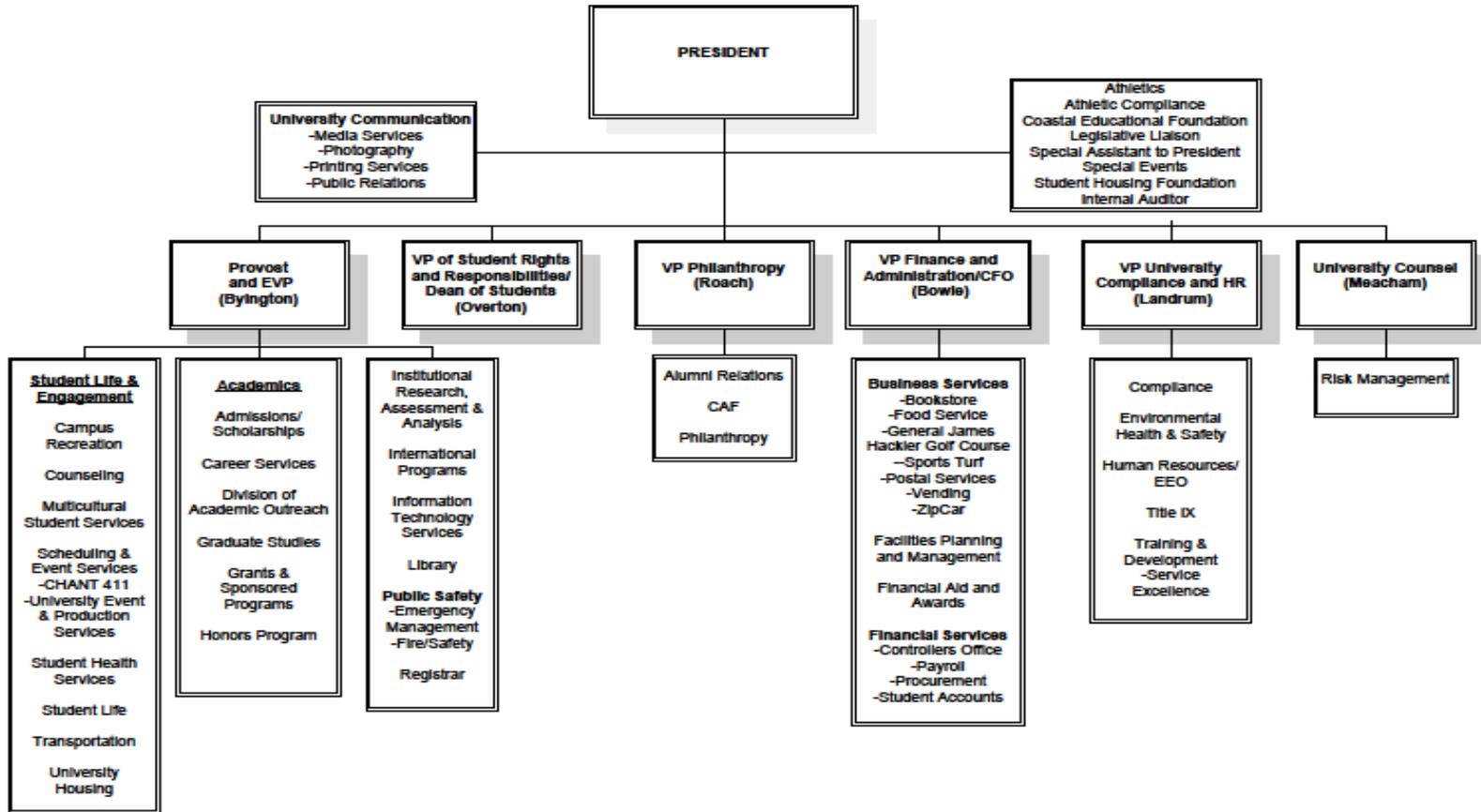
**COASTAL CAROLINA UNIVERSITY  
FINANCE AND ADMINISTRATION  
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT  
2015-2016**

Stacie A. Bowie	Vice President and Chief Financial Officer, Finance and Administration
Susan Butcher	Administrative Coordinator
Lori Church	University Controller
Mirinda Chestnut	Administrative Specialist
Gregory Thompson	Deputy Controller
Lila Taylor	Staff Accountant
Olga Shabeka	Staff Accountant
Lynn Silver	Supervisor, Accounts Payable
Virginia Altman	Accounts Payable Technician
Brenda Rabon	Accounts Payable Technician
William Fore	Accounts Payable Clerk
Sharon Sluys	Executive Financial Analyst
Dustin Morris	Accountant/Fiscal Analyst
Carolyn Bender	Treasury Accountant
Lisa Sak	Staff Accountant
Erica Hugee	Staff Accountant
Julianne Cooke	Director, Student Accounts
Patty Lee	Collections, Student Accounts
Tukonya Vereen	Collections Specialist, Student Accounts
James Dyson	Collections Specialist, Student Accounts
Annette Johnson	Cash Receipt Supervisor, Student Accounts
Alisha Singleton	Cash Receipt Auditor, Student Accounts
Sherrell Richardson	Cashier, Student Accounts
Tammy McAllister	Perkins Loan Coordinator, Student Accounts
Amy Angel	Student Accounts Specialist, Student Accounts
Kale Harrelson	Student Accounts Specialist, Student Accounts
Amanda Hanford	Student Accounts Specialist, Student Accounts
Scott Gallimore	CINO Card Specialist
Daniel Rabon	Manager, Grants/Tax Accounting
Tammy Holt	Grants Accountant
Kristen Toben	Director, Payroll
Jill Conway	Senior Payroll Accountant
Bo McNeil	Accounting Clerk, Payroll
Vicky Gore	Senior Payroll Accountant
Robert Altenburg	Payroll Specialist
Dean Hudson	Director, Procurement Services
Vacant	Supply Manager
Jack McKee	Supply Specialist
John Stokes	Supply Specialist
June Barfield	Procurement Supervisor
Caren Riedinger	Purchasing Card Administrator
Annette Roberts	Procurement Specialist
Wanda Lewis	Procurement Specialist
Steven Glenn	Procurement Specialist
Angela Barwick	Administrative Specialist

**COASTAL CAROLINA UNIVERSITY  
FINANCE AND ADMINISTRATION  
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT  
2015-2016**

David Frost	Director of Finance, Coastal Educational Foundation
Robyn Diven	Donor Relations and Gift Specialist
Alicia Moorhead	Accountant
Lauren Barker	Accountant/Fiscal Analyst, Athletics
Bryce Skipper	Assistant Business Office Manager
Sandy Baldrige-Adrian	Director, Contractual and Business Services

**COASTAL CAROLINA UNIVERSITY  
ORGANIZATIONAL CHART  
2015-2016**

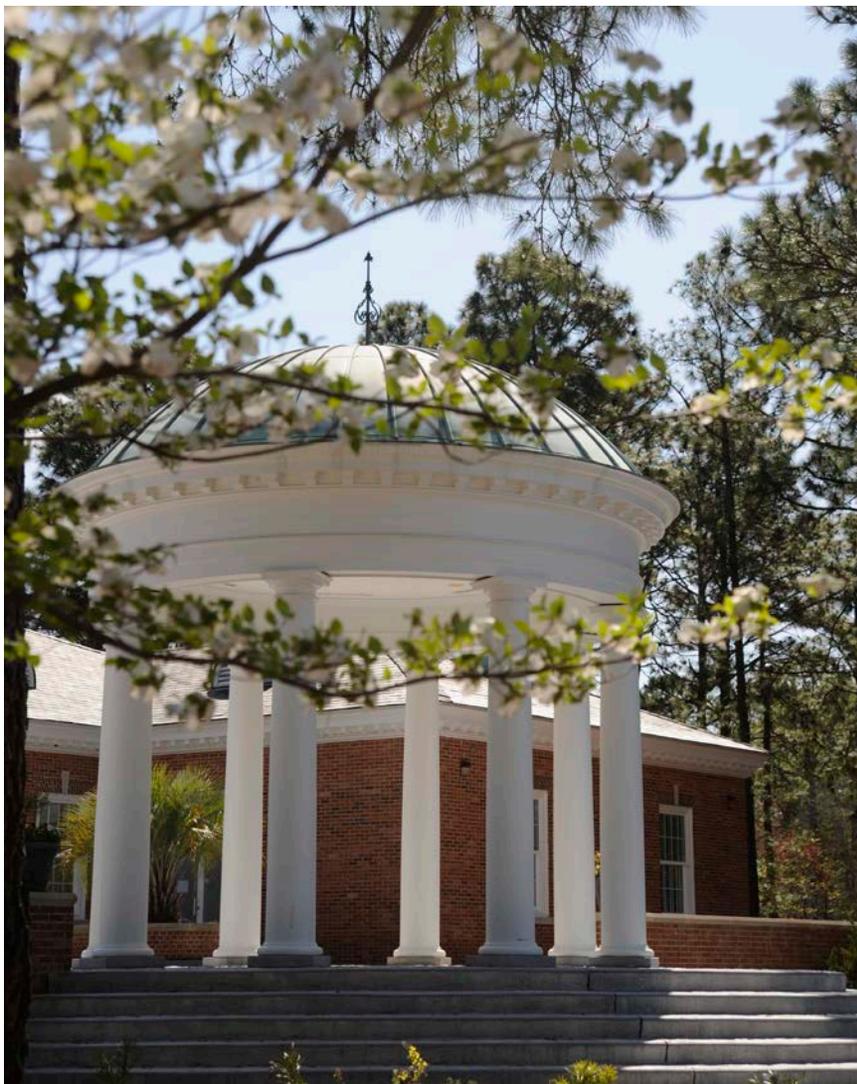


# COASTAL CAROLINA UNIVERSITY

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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### FINANCIAL SECTION



The Atheneum at Coastal Carolina University



**COASTAL CAROLINA UNIVERSITY**

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Independent Auditors' Report  
Financial Statements and Schedules  
*For the Year Ended June 30, 2016*



MEMBERS  
AMERICAN INSTITUTE OF CPAS  
PRIVATE COMPANIES PRACTICE SECTION  
SOUTH CAROLINA ASSOCIATION OF CPAs  
GOVERNMENTAL AUDIT QUALITY CENTER

CLINE BRANDT KOCHENOWER  
& Co., P.A.  
Certified Public Accountants  
*Established 1957*

ALBERT B. CURE, CPA #1 023-201 31  
RAYMOND H. BRADY, CPA  
BEN D. KOCHENOWER, CPA, CFE, CVA, CICA, CDM  
TIMOTHY S. BLAKE, CPA, PFS  
BRANDON A. BLAKE, CPA

Independent Auditors' Report

Coastal Carolina University  
Conway, South Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We did not audit the financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation which are discretely presented component units. The Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation reflect 100% of total assets, 100% of net assets, and 100% of total revenues of the discretely presented component units.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation, which represent 100% of total assets, 100% of net assets, and 100% of total revenue of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these discretely presented component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

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 of Coastal Carolina University as of June 30, 2016, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of University's proportionate share of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) net pension liabilities, and the schedule of University's contributions to the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Coastal Carolina University's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other financial information is presented for purposes of additional analysis as required by Office of the South Carolina Comptroller General and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements.

The other financial information and the schedule of expenditures of federal awards are responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016, on our consideration of Coastal Carolina University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 University's internal control over financial reporting and compliance.

 RDA

Gaffney, SC  
September 20, 2016





## **Coastal Carolina University Management's Discussion and Analysis**

Coastal Carolina University is pleased to present its financial report for the year ended June 30, 2016. This section, Management's Discussion and Analysis, will describe each of the statements, present a condensed, comparative version of each one, and offer financial highlights for the year.

### **Using the Annual Financial Report**

The University's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. During fiscal year 2004, the University implemented GASB Statement No. 39, Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14, and incorporated one nongovernmental component unit, the Coastal Educational Foundation. In fiscal year 2005, the CCU Student Housing Foundation (includes Coastal Housing Foundation, LLC), was determined to be a second component unit, primarily due to its close relationship to the growth plans of the institution. A third component unit, Chanticleer Athletic Foundation, was added in fiscal year 2012 also due to its close relationship to the growth plans of the institution.

During fiscal year 2013, the University implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position in the financial statements. This statement provided financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also identified net position as the residual of all other elements presented in a statement of financial position.

During fiscal year 2014, the University implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement requires that debt issuance costs, except for any portion that is a prepayment of insurance, and initial direct costs of operating leases no longer be reported in statements of net position. These costs will be expensed in the year they were incurred. GASB has determined that these do not meet the definition of assets, liabilities, deferred outflows of resources or deferred inflows of resources.

During fiscal year 2015, the University implemented GASB Statements No. 67 and 68, Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25) and Accounting and Financial Reporting of Pensions, respectively. The objective of Statement No. 67 is to improve financial reporting by state and local governmental pension plans and create additional transparency within the financial statements. GASB Statement No. 68 requires cost-sharing employers to present actuarial information about pensions, including a net pension liability, pension expense, and pension-related inflows and outflows of resources based on their proportionate share of the collective amounts for all the governments in the plan.

The basic financial statements prescribed by GASB Statement No. 35 (the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Position includes all assets and liabilities of the University. Over time, increases or decreases in net position (the difference between assets and liabilities) are one indicator of the improvement or erosion of the University's financial health when considered with nonfinancial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. A public university's dependency on state aid and gifts usually produces an operating deficit because the financial reporting model classifies state appropriations and gifts as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows which are classified into operating, noncapital financing, capital financing and related investing activities, and helps measure the ability to meet financial obligations as they mature.

### **Financial Highlights**

In fiscal year 2016 as in previous years, financial focus and activity continued to revolve around the state appropriations and operating budget. For the past several years, the University lobbied for additional funds through the state budget process to make up the \$7.8 million in budget cuts that it sustained between fiscal years 2008-2012. Consistent growth in student enrollment for the past several years, minor increases in certain tuition charges, and the continued successful efforts to manage spending, increase efficiencies and generate additional revenues has enabled the University to absorb the appropriation reductions. Those lobbying efforts paid off during the current fiscal year (2016) when state appropriations increased by \$1.4 million or 13% from the prior year. The state also awarded the University additional nonrecurring funds for the second year in a row. These nonrecurring funds, in the amount of \$106,505, were for bonus pay. In addition to its state appropriations, the University received appropriations from both Horry and Georgetown Counties. This gives the University the ability to take on specific projects in the interest of the citizens of those counties which also benefit the University community.

In fiscal year 2008, the University worked with legislators to amend a law allowing higher education to participate in the revenue from sales tax. As a result of this amendment, Coastal Carolina University and Horry Georgetown Technical College were eligible to participate in a one percent sales tax referendum in conjunction with Horry County Public Schools. The one percent sales tax referendum was on the ballot during the November 2008 election and passed. The University receives 13.3 percent of the tax collected for a period of 15 years which began March 1, 2009. Through June 2016 collections, the penny tax has provided more than \$58 million which is restricted to fund campus construction, capital improvements, renovations and land acquisitions. Over the 15 year period, the collections are projected to reach approximately \$140 million.

The University has issued bonds to fund capital projects for the past four years. No bonds were issued during the current fiscal year, however, the University plans to issue new general revenue bonds to fund the football stadium expansion in the upcoming fiscal year. Please see Note 6 for more information related to capital projects.

The University is committed to financial viability and managed growth. The total fall 2015 undergraduate enrollment was 9,615, representing a 2.7 percent (251 students) increase over the previous fall and a 12.9 percent increase since the fall of 2011 from enrollment of 8,517. Total full-time equivalency (FTE) enrollment for fall 2015 undergraduates was 9,435 representing a 3.6 percent growth over the previous fall and a 11.6 percent growth since fall of 2011 from total undergraduate FTE of 8,455.

This growth was achieved while maintaining quality with the average SAT score for fall 2015 for new freshman at 1005, which is above the South Carolina average (975) for high school students. The average ACT composite score for Coastal Carolina University freshmen (22) exceeded the national average (21) by one point and was two points greater than the South Carolina statewide average (20) for fall 2015. The fall 2015 freshman cohort high school GPA averaged 3.42. Since 2011, the freshman cohort average high school GPA has increased from 3.34 to 3.42.

In the fall semester of 2015, the tuition for an in-state undergraduate was set at \$5,265 per semester. The increases in in-state and out-of-state undergraduate tuition were 3 percent and 3.2 percent respectively and were both under the 3.25 percent recommended by the state legislature. Coastal Carolina University's in-state rate continues to fall below the average rate of higher education offered by South Carolina public institutions with a similar mission. As a result of strategic tuition increases combined with (undergraduate and graduate) enrollment growth, net revenue generated by tuition and fees increased by \$11.1 million or almost 10 percent.

Overall, Coastal Carolina University had the good fortune to maintain an upward trend in fall student enrollment numbers this year and the ability to retain these students through both semesters in the midst of national economic uncertainty that is seeing a trend throughout higher education of many students returning home to their parents and to their home state. Because of this good fortune, the University continues to handle the large budget cuts imposed by the state in past years and move forward with its overall goals and strategy.

## Statement of Net Position

### **Total Assets – increase of \$8.9 million**

Total assets increased by \$8.9 million. Current assets decreased by \$30.2 million, the second year in a row in which cash reserves were used for large capital projects. Those projects include but are not limited to the completion of the second science building adjacent to the Smith and Swain Science buildings, and the first two of four new residence hall buildings (Chanticleer Hall and Tradition Hall) located on the Elvington property. The Hicks Dining Hall underwent a major expansion and several major land improvements were completed and placed into service. Those include but are not limited to the RV parking area near Brooks Stadium and the new recreation/athletic field near the Atlantic Center. Current accounts receivables from students, third parties and the county as well as receivables from the university's component units decreased noticeably (46%) from the prior year. A continued focus on student payments and collections and timely payments from the University's foundations has contributed to these decreases. Slight increases were noted in accounts receivable from the federal government for grants and from interest receivable mostly based on timing issues.

Overall, capital assets increased by \$39.6 million due to the large increase in buildings and improvements. Completion of the two new residence halls, the second science building, and the Hicks Dining Hall expansion, as previously noted, were the major contributors to this increase.

Other assets consisting of noncurrent receivables from outside entities as well as the University's component units, restricted cash and loans to students decreased \$465 thousand. Timely payments from the university's component units resulting in less outstanding receivables was a major factor in the slight decline of other assets.

### **Deferred Outflows – increase of \$5.4 million**

Deferred outflows increased by \$5.4 million from the prior year. The increase is comprised of several factors including an additional \$219 thousand from debt refunding, an increase to retirement contributions of \$709 thousand, and a difference between pension expected and actual experience of \$4.5 million. Please see Note 7 for more information related to deferred outflows.

### **Total Liabilities – increase of \$6.7 million**

Liabilities in total increased by \$6.7 million from the prior year even though current liabilities decreased by \$1.2 million and noncurrent liabilities, excluding the net pension liability, decreased by \$8.9 million. The increase in total liabilities is due to the increase of more than \$16.8 million in the net pension liability. The University implemented GASB Statement No. 68 in 2015 whereby a net pension liability, pension expense, and pension-related deferred inflows and outflows of resources based on its share of the collective amounts of all governmental agencies in the plan had to be recorded. Additional details of the implementation of GASB Statement No. 68 are found in Note 14.

## Deferred Inflows – decrease of \$8.9 million

Deferred inflows decreased by \$8.9 million from the prior year. The decrease is comprised of two factors including a deletion of a \$193 thousand service concession arrangement between the University and its bookstore vendor and a difference between pension projected and actual investment experience of \$8.8 million. Please see Note 7 for more information related to deferred inflows.

## Net Position – increase of \$16.6 million

Net position increased by \$16.6 million mostly due to the \$17.6 million increase in net investment in capital assets. The large increase in net investment in capital assets is due to placing into service several buildings that had previously been under construction (second science building, two new residential housing buildings, and a major expansion to the dining hall). Unrestricted net assets also increased by \$6.3 million from the prior year due to increases in tuition revenue and also to increases in investment income and state appropriations. However, restricted expendable assets decreased by more than \$7.3 million as a result of expending revenue bond proceeds to complete the construction of the second science building and the two new residential housing buildings.

Condensed Summary of Net Position								
	Including Net Pension Liability and related Deferred Inflows and Outflows required under GASB 67 & 68				Excluding Net Pension Liability and related Deferred Inflows and Outflows required under GASB 67 & 68			
	2016	2015 (Restated)	Increase/ (Decrease)	Percent Change	2016	2015	Increase/ (Decrease)	Percent Change
<b>Assets</b>								
Current assets	\$ 105,741,545	\$ 135,918,396	\$ (30,176,851)	-22%	\$ 106,463,017	\$ 135,918,396	\$ (29,455,379)	-22%
Capital assets, net	451,766,943	412,159,461	39,607,482	10%	451,766,943	412,159,461	39,607,482	10%
Other assets	6,605,373	7,070,726	(465,353)	-7%	6,605,373	7,070,726	(465,353)	-7%
<b>Total Assets</b>	<u>564,113,861</u>	<u>555,148,583</u>	<u>8,965,278</u>	<u>2%</u>	<u>564,835,333</u>	<u>555,148,583</u>	<u>9,686,750</u>	<u>2%</u>
<b>Deferred Outflows</b>	15,517,388	10,164,021	5,353,367	53%	761,286	542,019	219,267	40%
<b>Liabilities</b>								
Current liabilities	35,788,062	36,950,795	(1,162,733)	-3%	35,576,339	36,950,795	(1,374,456)	-4%
Net pension liability (NPL)	121,807,697	105,017,276	16,790,421	16%	-	-	-	100%
Noncurrent liabilities, excluding NPL	243,239,694	252,154,203	(8,914,509)	-4%	243,931,118	252,154,203	(8,223,085)	-3%
<b>Total Liabilities</b>	<u>400,835,453</u>	<u>394,122,274</u>	<u>6,713,179</u>	<u>2%</u>	<u>279,507,457</u>	<u>289,104,998</u>	<u>(9,597,541)</u>	<u>-3%</u>
<b>Deferred Inflows</b>	210,965	9,209,563	(8,998,598)	-98%	-	262,500	(262,500)	-100%
<b>Net Position</b>								
Net investment in capital assets	210,872,540	193,226,321	17,646,219	9%	210,872,540	193,226,321	17,646,219	9%
Restricted - non-expendable	105,128	100,000	5,128	5%	105,128	100,000	5,128	5%
Restricted - expendable	36,098,025	43,397,489	(7,299,464)	-17%	36,339,796	43,397,489	(7,057,693)	-16%
Unrestricted	(68,490,862)	(74,743,043)	6,252,181	8%	38,771,698	29,599,294	9,172,404	31%
<b>Total Net Position</b>	<u>\$ 178,584,831</u>	<u>\$ 161,980,767</u>	<u>\$ 16,604,064</u>	<u>10%</u>	<u>\$ 286,089,162</u>	<u>\$ 266,323,104</u>	<u>\$ 19,766,058</u>	<u>7%</u>

1 The University adopted the provisions of GASB Statement No. 67, Financial Reporting for Pension Plans, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions, by restating fiscal year 2015 Summary of Net Position as of July 1, 2014.

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

### **Total Revenues – increase of \$17.4 million**

Total revenue increased by \$17.4 million, which is largely attributable to an increase in operating revenue of \$15.4 million. The largest increase in operating revenue was from increases in tuition and fees by \$11.1 million due to the slight increases in tuition rates for both in-state (3.0 percent) and out-of-state students (3.2 percent) as well as a healthy increase in student enrollment of approximately 3 percent. The increase in sales and services by \$3.8 million related to increases in service revenue, athletic ticket sales, athletic sponsorships, student activities and golf course revenues. The increase in government scholarships and contracts by \$503 thousand is the result of moderate increases in federal, state and nongovernmental grants. A slight decrease in other operating revenues by \$78 thousand is due a decrease in other fees such as admission application fees, degree and transcript fees, parking decal sales, parking fines, and payment plan fees.

Total non-operating revenue increased by \$2 million due to an increase in state appropriations of \$1.4 million, grants and gifts of \$380 thousand, and an increase in investment income of \$196 thousand. Local appropriations experienced a slight increase of \$14 thousand from the prior year. Gifts and grants include only noncapital gifts from the Foundations and private donors, Pell grant revenues, and other miscellaneous revenues. Investment income is primarily earned on unexpended capital project funds to include the growing Horry County One-Cent Sales Tax fund which funded a new academic building on campus this year.

### **Total Expenses – increase of \$13.5 million**

Total expenses increased by \$13.5 million, with the majority of spending attributed to operating expenses. Salaries and fringe benefits increased \$11.7 million due to the added faculty and staff positions needed to support the approximately 3% population growth in students. Also, South Carolina legislators mandated a bonus for classified employees that totaled \$757,000 for the University.

Services and supplies expenses increased approximately \$890,000 due to increase in rentals and leases, supplies, insurance, professional services and noncapital repairs. The increase in utilities of \$528,000 is a result of growth by way of new buildings placed into service during the course of the year and a general lighting rate increase. Scholarships increased by \$374,000, which is driven by the increase in students enrolled and the slight tuition rate increases.

Depreciation expense increased by nearly \$1.6 million, which can be accounted for by the addition of capital assets during the fiscal year. This includes the addition of 650 new beds within two new residence halls (Chanticleer and Tradition Hall), the opening of Science Annex II, and an expansion at Hicks Dining Hall to support the nearby new residence halls. Assets are depreciated from the first day of the month that they are placed in service, so most of the new assets do not realize the full financial impact until the following year.

No debt was issued in fiscal year 2016. As a result, there was a decrease in interest and bond issuance cost of \$1.6 million.

In fiscal year 2016, the University disposed of an additional \$70,400 of assets compared with fiscal year 2015.

### **Other Revenues, Expenses, Gains/Losses:**

#### **Capital Appropriations - decrease of \$2.9 million**

Total capital appropriations decreased from \$12.6 million to \$9.7 million (a difference of \$2.9 million). The key reason for this decrease is two large appropriations received last year that did not repeat. Those two large appropriations included a land transfer from the South Carolina Department of Transportation valued at \$2.6 million and other state allocations for capital project funding totaling \$1.1 million. The \$829 thousand increase in Penny Sales Tax revenue has helped offset this decrease in capital appropriations.

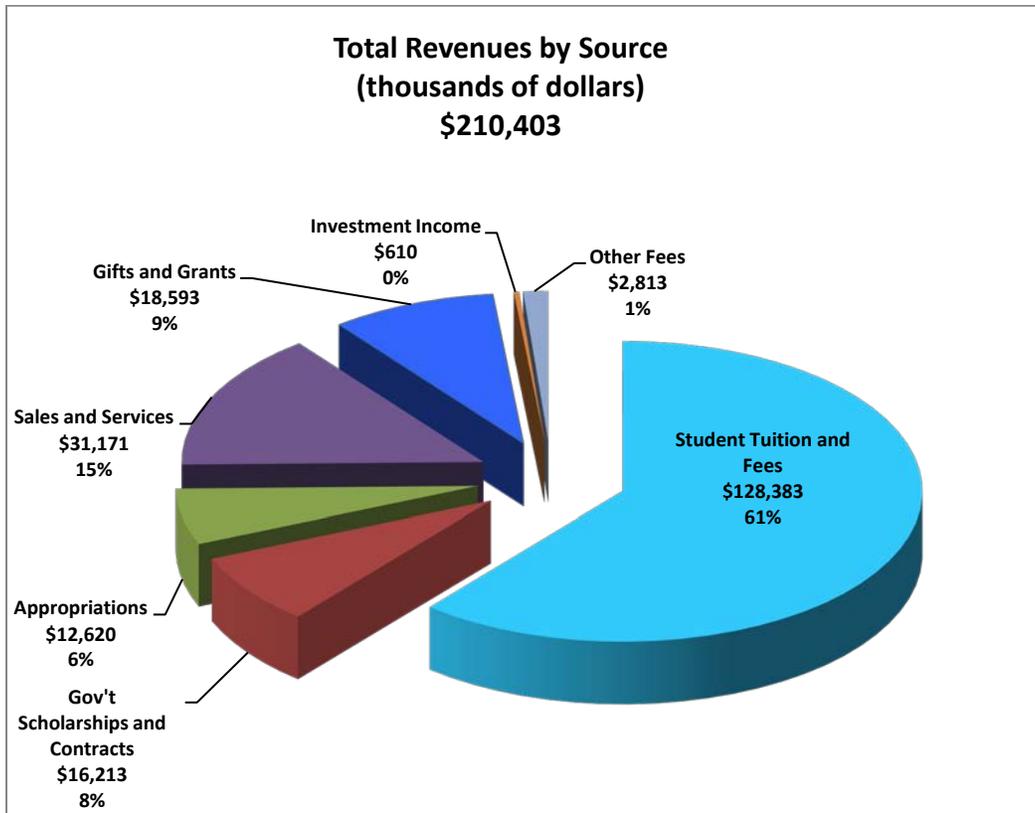
#### **Capital Gifts – decrease of \$5.9 million**

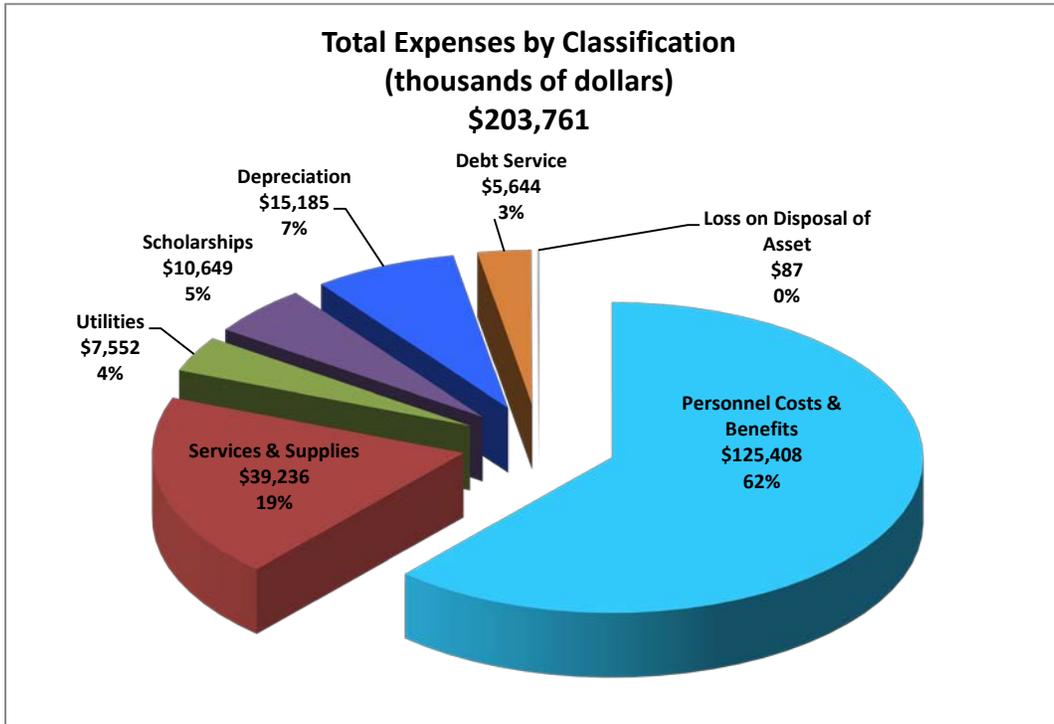
Capital gifts are typically given to the University by the Horry County Higher Education Commission, the Coastal Educational Foundation, the Chanticleer Athletic Foundation and the Student Housing Foundation, along with private donors. In the current fiscal year, capital gifts to the University decreased by \$5.9 million. Throughout the past few years all of our foundations have given generously to support the campus growth. For example, in the prior year the Student Housing Foundation donated approximately \$3.1 million for the UP Dining Facility and the Chanticleer Athletic Foundation donated \$2.1 million for the Football Stadium turf. In fiscal years 2014 and 2015, the Horry County Commission on Higher Education donated \$6 million for the new Student Union annex and \$1 million for the Singleton Building remodel. This past generosity has resulted in a lower amount of funding in the current year. Small gifts were contributed by a private donors as well as the Coastal Educational Foundation for campus capital projects and are reflected in this year's financial statement in the amount of \$257 thousand.

**Condensed Summary of Revenues, Expenses and Changes in Net Position**

	Including the additional pension expense required under GASB 67 & 68				Excluding the additional pension expense required under GASB 67 & 68			
	2016	2015 (Restated)1	Increase/ (Decrease)	Percent Change	2016	2015	Increase/ (Decrease)	Percent Change
<b>Revenues:</b>								
Student tuition and fees	\$ 128,382,842	\$ 117,216,607	\$ 11,166,235	10%	128,382,842	\$ 117,216,607	\$ 11,166,235	10%
Gov't Scholarships and contracts	16,213,456	15,710,338	503,118	3%	16,213,456	15,710,338	503,118	3%
Sales and services	31,170,909	27,312,021	3,858,888	14%	31,170,909	27,312,021	3,858,888	14%
Other operating revenues	2,812,828	2,891,160	(78,332)	-3%	2,812,828	2,891,160	(78,332)	-3%
Total operating revenues	178,580,035	163,130,126	15,449,909	9%	178,580,035	163,130,126	15,449,909	9%
State appropriations	12,211,610	10,851,710	1,359,900	13%	12,211,610	10,851,710	1,359,900	13%
Local appropriations	407,773	393,324	14,449	4%	407,773	393,324	14,449	4%
Gifts and grants	18,593,631	18,213,105	380,526	2%	18,593,631	18,213,105	380,526	2%
Investment income	610,471	414,206	196,265	47%	610,471	414,206	196,265	47%
Total nonoperating revenues	31,823,485	29,872,345	1,951,140	7%	31,823,485	29,872,345	1,951,140	7%
Total Revenues	210,403,520	193,002,471	17,401,049	9%	210,403,520	193,002,471	17,401,049	9%
<b>Expenses:</b>								
Personnel costs and benefits	125,408,050	113,684,278	11,723,772	10%	122,487,827	112,927,729	9,560,098	8%
Services and supplies	39,235,872	38,346,205	889,667	2%	39,235,872	38,346,205	889,667	2%
Utilities	7,552,309	7,024,154	528,155	8%	7,552,309	7,024,154	528,155	8%
Scholarships	10,649,282	10,275,259	374,023	4%	10,649,282	10,275,259	374,023	4%
Depreciation	15,184,395	13,614,618	1,569,777	12%	15,184,395	13,614,618	1,569,777	12%
Total operating expenses	198,029,908	182,944,514	15,085,394	8%	195,109,685	182,187,965	12,921,720	7%
Interest & bond issuance cost	5,643,957	7,286,798	(1,642,841)	-23%	5,643,957	7,286,798	(1,642,841)	-23%
Loss on disposal of asset	86,743	16,326	70,417	431%	86,743	16,326	70,417	431%
Total Expenses	203,760,608	190,247,638	13,512,970	7%	200,840,385	189,491,089	11,349,296	6%
Income before other revenues and expenses	6,642,912	2,754,833	3,888,079	141%	9,563,135	3,511,382	6,051,753	172%
<b>Other Revenues, Expenses, Gains/Losses:</b>								
Capital appropriations	9,703,620	12,602,044	(2,898,424)	-23%	9,703,620	12,602,044	(2,898,424)	-23%
Capital gifts and grants	257,532	6,139,548	(5,882,016)	-96%	257,532	6,139,548	(5,882,016)	-96%
Change in Net Position	16,604,064	21,496,425	(4,892,361)	-23%	19,524,287	22,252,974	(2,728,687)	-12%
Net Position, beginning of year	161,980,767	244,070,130	(82,089,363)	-34%	266,323,104	244,070,130	22,252,974	9%
Cumulative Effect of GASB 68		(103,585,788)	103,585,788	-100%				
Net Position, end of year	\$ 178,584,831	\$ 161,980,767	\$ 16,604,064	10%	\$ 285,847,391	\$ 266,323,104	\$ 19,524,287	7%

1 The University adopted the provisions of GASB Statement No. 67, Financial Reporting for Pension Plans and GASB Statement No. 68, Accounting & Financial Reporting for Pensions, by restating fiscal year 2015 Summary of Revenues, Expenses and Changes in Net Position.





### Capital Assets and Debt

Capital assets at June 30, 2016, consisted of \$33.2 million in land, \$55.4 million in construction in progress, and \$363.2 million in land improvements, buildings, equipment, vehicles and intangible assets, net of accumulated depreciation.

Construction in progress shows a \$29 million decrease from last year. The major contributing factor to this decrease is that while \$53 million were added in the current year, \$82 million in assets were transferred out because the projects have been completed. Most of this decrease can be attributed to two of the new student housing buildings, totaling \$45.7 million, being completed and placed into service. The Science Annex II building was completed in June 2016, and accounts for \$25.6 million in asset transfers. Other projects totaling \$10.7 million that were capitalized this year include the Hicks Dining Hall expansion, and numerous land improvement projects campus-wide. Offsetting these transfers to assets are additional spending for current projects under construction. Some of the larger ones include the new Academic Classroom/ Office Building II currently under construction and a major overhaul of the Singleton Building which includes the addition of a large reception area on the first floor. For more detailed information on capital asset activity, please refer to Note 6.

The University's ongoing review of its infrastructure indicates a need for approximately \$75 million over the next 10 years to maintain and repair buildings, as well as roads and other land improvements. The University intends to address these maintenance needs through its yearly operating budget and continued efforts to obtain gifts, grants and capital appropriations.

Debt on capital assets is approximately \$247 million, comprised of \$9.1 million of current liabilities and \$237 million in long-term liabilities. Details of bonds payable and long-term liabilities of the University are found in Notes 11 and 12.

## Economic Outlook

The University continues to emphasize student success by admitting quality students from across the nation and by providing the services necessary to develop productive members of society. One measure of a school's success in this area is its student retention rate. The retention rate is the percentage of a school's first-time, first-year undergraduate students who continue at that school the next year. For example, a student who studies full-time in the fall semester and keeps on studying in the program in the next fall semester is counted in this rate. Retention rates have climbed steadily since 2012 going from 60% to 68% in 2016. Retention rates are often associated with the overall level of student satisfaction. The higher the retention rate the greater success the school has had with its students. Clearly the university has succeeded in its efforts over the past few years to attract and retain high achieving incoming freshmen.

Through close monitoring of expenses, identifying cost savings, production of added revenues, and steady enrollment growth the University was able to hold tuition rates steady for in-state students during fiscal years 2013 and 2014, however, the University was unable to continue that trend for fiscal years 2015, 2016 and 2017. Tuition (excluding the technology fee) for in-state students increased 2.89%, 3.0%, and 3.29% respectively. Tuition for out-of-state students was increased by 2.96% in 2015, by 3.2% in 2016 and by 3.29% in 2017. The \$445 per student per semester set aside for future debt service has remained flat since 2015.

The University continues construction towards final completion of the third and fourth buildings of the new residence housing complex. Students moved in during August 2016 however, work is expected to continue through the next fiscal year. The Singleton building, which houses the University's President, Executive Vice President/Provost, and the Vice President for Finance/Chief Financial Officer, was placed out of service in summer 2015 so that a major renovation could be accomplished. The Singleton renovations, which include electrical and plumbing updates, a new large reception area, new elevators, and up-dated HVAC system, are scheduled to be completed in September 2016. The Smith Science building was placed out of service in July 2016 to prepare for construction beginning this fall. Renovations to this science building are scheduled for completion in fall 2017.

# COASTAL CAROLINA UNIVERSITY

## Statement of Net Position For the Year Ended June 30, 2016

### ASSETS & DEFERRED OUTFLOWS

#### CURRENT ASSETS

Cash and cash equivalents	\$ 53,253,049
Accounts and pledges receivable, net of provision for doubtful accounts	3,583,035
Due from component units	1,814,516
Inventories	505,963
Prepaid expenses	3,545,996

#### RESTRICTED CURRENT ASSETS

Cash and cash equivalents	43,038,986
Total current assets	105,741,545

#### NONCURRENT ASSETS

Capital assets, net of accumulated depreciation	
Land	33,253,469
Construction in progress	55,385,199
Building and improvements	356,581,675
Equipment, vehicles and intangible assets	6,546,600
Accounts receivable	2,258,358
Due from component units	2,783,871

#### RESTRICTED NONCURRENT ASSETS

Cash and cash equivalents	347,263
Loans to students, net	1,215,881
Total non-current assets	458,372,316

#### TOTAL ASSETS

\$ 564,113,861

#### TOTAL DEFERRED OUTFLOWS

\$ 15,517,388

### LIABILITIES & DEFERRED INFLOWS

#### CURRENT LIABILITIES

Accounts and retainage payable	\$ 7,732,582
Due to component unit	42,783
Accrued payroll and related liabilities	12,494,945
Unearned revenue	4,778,149
Funds held for others	243,562
Accrued compensated absences, current	230,826
Bonds payable, current	9,144,424

#### CURRENT LIABILITIES PAYABLE FROM RESTRICTED CURRENT ASSETS

Interest payable	1,120,791
Total current liabilities	35,788,062

#### NONCURRENT LIABILITIES

Deferred compensation plan	156,855
Accrued compensated absences	4,026,267
Bonds payable	237,466,256
Net pension liability	121,807,697
Other liabilities	132,300

#### NONCURRENT LIABILITIES PAYABLE FROM RESTRICTED NONCURRENT ASSETS

Federal perkins loan funds	1,458,016
Total noncurrent liabilities	365,047,391

#### TOTAL LIABILITIES

\$ 400,835,453

#### TOTAL DEFERRED INFLOWS

\$ 210,965

### NET FINANCIAL POSITION

Net investment in capital assets	210,872,540
Restricted for:	
Endowment	105,128
Capital Projects	33,231,902
Debt Service	2,866,123
Unrestricted	(68,490,862)
Total net position	\$ 178,584,831

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**COASTAL CAROLINA UNIVERSITY**  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2016

<b>Operating Revenues</b>	
Student tuition and fees, net of scholarship allowance of \$29,740,904	
\$7,410,960 is pledged for debt service on general obligation bonds	\$ 128,382,842
Scholarships, contracts and grants	16,213,456
Sales and services of educational departments	5,627,219
Sales and commissions of auxiliary enterprises, net of scholarship allowance of \$5,248,395	25,543,690
Other fees	<u>2,812,828</u>
<b>Total Operating Revenues</b>	178,580,035
<b>Operating Expenses</b>	
Personnel costs and benefits	125,408,050
Services and supplies	39,235,872
Utilities	7,552,309
Scholarships	10,649,282
Depreciation	<u>15,184,395</u>
<b>Total Operating Expenses</b>	198,029,908
<b>Operating Loss</b>	(19,449,873)
<b>Non-Operating Revenue (Expenses)</b>	
Non-Capital State appropriations	12,211,610
Pell Grant Revenues	15,390,517
Local appropriations	407,773
Grants and contracts	3,080
Gifts, including \$1,606,624 from Coastal Educational Foundation and \$1,132,430 from Chanticleer Athletic Foundation	3,039,230
Other miscellaneous revenue	160,804
Investment and endowment income	610,471
Interest on capital asset related debt	(5,428,048)
Bond issuance cost	(215,909)
Gain (Loss) on disposal of assets	<u>(86,743)</u>
<b>Net Non-Operating Revenues (Expenses)</b>	26,092,785
<b>Income before other revenues, expenses, gains and losses</b>	6,642,912
Local capital appropriations	9,703,620
Capital grants and gifts	<u>257,532</u>
<b>Increase in Net Position</b>	16,604,064
<b>Net Position</b>	
Net Position, beginning of year	161,980,767
<b>Net Position, end of year</b>	<u><u>\$ 178,584,831</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**COASTAL CAROLINA UNIVERSITY**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 148,799,383
Grants and contracts	20,851,197
Other operating cash receipts	2,053,326
Payments to employees and for benefits	(121,161,518)
Payments to suppliers	(50,397,651)
Perkins loan collected	(5,754)
Funds held for others	39,405
Net cash provided by operating activities	<u>178,388</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State, county, and local appropriations	12,622,463
Gifts and grants	3,118,244
Cash received from Pell Grants	15,390,517
Net cash flow provided by noncapital financing activities	<u>31,131,224</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
State and local capital appropriations	9,703,620
Gifts and grants for capital purposes	1,281,532
Proceeds from sale of capital assets	38,140
Purchase of capital assets	(54,916,762)
Principal and interest paid on capital debt and leases	(26,710,630)
Proceeds from refinancing of debt on capital assets	12,400,461
Net cash used by capital activities	<u>(58,203,639)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends on investments	<u>660,580</u>
Net cash flows provided by investing activities	<u>660,580</u>
Net change in cash	(26,475,218)
Cash beginning of year	123,114,516
<b>Cash end of year</b>	<b><u>\$ 96,639,298</u></b>
<b>Reconciliation of net operating loss to net cash provided by operating activities</b>	
Operating loss	\$ (19,449,873)
Adjustments for non-cash items used by operating activities:	
Depreciation expense	15,184,395
Bad debt expense	720,957
<b>Change in asset and liabilities</b>	
Receivables net	(224,157)
Grants and contracts receivable	4,289,114
Payroll Lag Receivable	52,632
Student loans receivable	(22,490)
Prepaid expenses	(1,952,325)
Inventories	73,042
Accounts and retainages payable	(2,232,380)
Accrued salary and vacation payable	4,037,046
Deferred Compensation plan	156,855
Unearned revenue	(510,605)
Deposits held for others	39,405
Perkins loan federal share	16,772
Net cash provided by operating activities	<u>\$ 178,388</u>
<b>Noncash transactions</b>	
Decrease in fair value of investments	\$ 659,782
Capital grants and gift receivable	3,595,871

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**COASTAL CAROLINA UNIVERSITY**  
Nongovernmental Component Unit  
Coastal Educational Foundation  
Statement of Financial Position  
For the Year Ended June 30, 2016

**Assets**

Cash and cash equivalents	\$ 390,910
Accounts and pledges receivable, net of allowance of \$49,354 and \$117,685 for 2015 and 2014, respectively	3,501,912
Investments	29,396,144
Real estate held for investment	97,767
Cash value of life insurance	41,058
Prepaid expenses	18,750
Property and equipment, net	5,786,515
Other assets	1,000
Total assets	<u>\$ 39,234,056</u>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable - related party	\$ 481,677
Accounts payable	35,833
Accrued expenses	500,326
Deferred revenue	28,333
Note payable	15,385
Total liabilities	<u>1,061,554</u>

**Net assets**

Unrestricted	7,051,173
Temporarily restricted	8,611,842
Permanently restricted	
Restricted for:	
Permanent endowments	22,009,487
Land required to be permanently used in programs	500,000
Total net assets	<u>38,172,502</u>
Total liabilities and net assets	<u>\$ 39,234,056</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**COASTAL CAROLINA UNIVERSITY**  
Nongovernmental Component Unit  
Coastal Educational Foundation  
Statement of Activities  
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, gains (losses) and other support</b>				
Contributions	\$ 629,800	\$ 1,169,819	\$ 1,458,462	\$ 3,258,081
Endowed and other investment income				
Interest income	724	-	-	724
Net appreciation in fair value of investments	(15,603)	(12,076)	(7,298)	(34,977)
Change in cash value of life insurance	933	2,594	-	3,527
Lease income	338,000	2,565	-	340,565
Royalty income	-	38,842	-	38,842
Miscellaneous income	200	9,841	-	10,041
Fundraising income	-	248,150	-	248,150
Gain on sale of real estate held for investment	-	(2,589)	(13,499)	(16,088)
Net assets released from restrictions	2,205,216	(2,205,216)	-	-
Total revenues, gains (losses) and other support	<u>3,159,270</u>	<u>(748,070)</u>	<u>1,437,665</u>	<u>3,848,865</u>
<b>Expenses</b>				
Program services:				
Scholarships	502,499	-	-	502,499
University support	806,046	-	-	806,046
Facilities development and physical plant	43,156	-	-	43,156
College of Education	46,094	-	-	46,094
College of Humanities	511,815	-	-	511,815
College of Science	128,643	-	-	128,643
College of Business	374,534	-	-	374,534
University College	1,371	-	-	1,371
General and administrative	634,891	-	-	634,891
Bad debt expense	22,351	-	7,543	29,894
Fundraising expenses	202,454	-	-	202,454
Total expenses	<u>3,273,854</u>	<u>-</u>	<u>7,543</u>	<u>3,281,397</u>
Change in net assets	(114,584)	(748,070)	1,430,122	567,468
<b>Net assets, beginning of year</b>	7,165,757	9,416,608	21,022,669	37,605,034
Transfers	-	(56,696)	56,696	-
<b>Net assets, end of year</b>	<u>\$ 7,051,173</u>	<u>\$ 8,611,842</u>	<u>\$ 22,509,487</u>	<u>\$ 38,172,502</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**COASTAL CAROLINA UNIVERSITY**  
Nongovernmental Component Unit  
CCU Student Housing Foundation  
Consolidated Statement of Financial Position  
June 30, 2016

**Assets**

Current assets

Cash and cash equivalents	\$	725,525
Investments, unrestricted		6,800,291
Current portion of bond issuance costs		33,522
Prepaid insurance		10,044
Total current assets		7,569,382

Other assets

Investments, restricted		58,722,738
Long-term portion of bond issuance costs, net		753,736
Property and equipment		1,889,466
Total other assets		61,365,940
Total Assets	\$	68,935,322

**Liabilities and Net Assets**

Current liabilities

Accounts payable	\$	88,264
Accrued interest		786,356
Revenue bonds payable		480,000
Total current liabilities		1,354,620

Long-term liabilities

Revenue bonds payable		48,282,475
Total long-term liabilities		48,282,475
Total Liabilities		49,637,095

Net assets - unrestricted		19,298,227
Total liabilities and net assets	\$	68,935,322

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**COASTAL CAROLINA UNIVERSITY**  
Nongovernmental Component Unit  
CCU Student Housing Foundation  
Consolidated Statement of Activities  
For the Year Ended June 30, 2016

<b>Revenues, gains and other support</b>	
Interest income	\$ 945,815
Investment gain, net	19,763
Total revenues, gains and other support	965,578
 <b>Expenses</b>	
Program services - support of Coastal Carolina University	75,000
General and administrative	121,217
Amortization	33,522
Interest and financing fees	3,195,885
Total Expenses	3,425,624
Change in net assets	(2,460,046)
<b>Net assets, beginning of year</b>	21,758,273
<b>Net assets, end of year</b>	<b>\$ 19,298,227</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**COASTAL CAROLINA UNIVERSITY**  
Nongovernmental Component Unit  
Chanticleer Athletic Foundation  
Statement of Financial Position  
For the Year Ended June 30, 2016

**Assets**

Cash and cash equivalents	\$ 1,745,080
Pledges receivable, net of allowance of \$1,524,426 and \$1,535,373 for 2016 and 2015, respectively	7,031,657
Accounts receivable - related party	39,053
Prepaid expenses	6,014
Total assets	<u><u>\$ 8,821,804</u></u>

**Liabilities and Net Assets**

Accounts payable - related party	\$ 766,320
Accounts payable	24,686
Pledges payable - related parties	4,882,871
Deferred revenue	10,000
Total liabilities	<u>5,683,877</u>

**Net Assets**

Unrestricted	55,981
Temporarily restricted	3,081,946
Total net assets	<u>3,137,927</u>
Total liabilities and net assets	<u><u>\$ 8,821,804</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**COASTAL CAROLINA UNIVERSITY**  
Nongovernmental Component Unit  
Chanticleer Athletic Foundation  
Statement of Activities  
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><i>Revenues, gains, and other support:</i></b>			
Contributions	\$ 1,198,146	\$ 2,611,871	\$ 3,810,017
Investment income	36,308	-	36,308
Fundraising proceeds	185,843	35,039	220,882
Net assets released from restrictions	600,785	(600,785)	-
Total revenues, gains, and other support	<u>2,021,082</u>	<u>2,046,125</u>	<u>4,067,207</u>
<b><i>Expenses and losses:</i></b>			
Program services - Support of Coastal Carolina University			
Athletics Program	1,060,898	-	1,060,898
Management and general	575,299	-	575,299
Fundraising	204,479	-	204,479
Total expenses and losses	<u>1,840,676</u>	<u>-</u>	<u>1,840,676</u>
<b><i>Transfers</i></b>	<u>(519,589)</u>	<u>519,589</u>	<u>-</u>
<b><i>Increase (Decrease) in net assets</i></b>	(339,183)	2,565,714	2,226,531
<b><i>Net assets, beginning of year</i></b>	<u>395,164</u>	<u>516,232</u>	<u>911,396</u>
<b><i>Net assets, end of year</i></b>	<u>\$ 55,981</u>	<u>\$ 3,081,946</u>	<u>\$ 3,137,927</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

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

**Nature of Operations:** Coastal Carolina University is a public, mid-sized (10,000 students), comprehensive liberal arts institution offering baccalaureate degrees in the traditional liberal arts and sciences, interdisciplinary studies and professional schools, along with master's and doctoral degrees in several specialized areas. The campus primarily serves its immediate five-county area along with the state, while honoring its commitment to the citizens of Horry County who founded the University and who continue to provide funding. Recognizing its responsibility to ensure a student population that is diverse both culturally and geographically, the institution also aggressively recruits statewide, out-of-state and internationally.

Historically, the University has been treated as a part of the primary government of the State of South Carolina, and its funds were previously reported in the state's higher education enterprise funds in the Comprehensive Annual Financial Report of the State of South Carolina. During fiscal year 2012-2013, the State of South Carolina implemented GASB Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34. As a result of this implementation, the University will now be reported as a discretely presented component unit on the State of South Carolina's Comprehensive Annual Financial Report. Discrete presentation entails reporting component unit financial data in one or more columns separate from the financial data of the primary government instead of blending the University's financial information into the State's financial information.

Legislation effective July 1, 1993, established the governing body of Coastal Carolina University, the Board of Trustees, which by statute is responsible for overseeing the effective governance of the University. The Board of Trustees defines the mission, role and scope of the University, establishes the general policies of the University, approves the budget, and provides accountability to the public and the General Assembly.

The University's 17-member Board of Trustees is comprised of the governor of the state or his or her designee, who is an ex-officio member of the board, and 16 members, with 15 of these members to be elected by the South Carolina General Assembly and one member to be appointed by the governor. Of the 15 members to be elected by the General Assembly, one member must be elected from each congressional district and the remaining eight members must be elected from the state at large. The Board of Trustees holds regular meetings four times annually.

**Financial Statements Presentation:** The financial statement presentation for the University conforms to the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities; and Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus. The University has also adopted GASB Statement No. 38, Certain Financial Statement Note Disclosures, and Statement No. 39, Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14.

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

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

The University has implemented several new GASB statements over the past three years. In fiscal year 2013, the University implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position in the financial statements. GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, was implemented in fiscal year 2014 and GASB Statements No. 67 and 68, Financial Reporting for Pension Plans and Accounting and Financial Reporting for Pensions, respectively, were implemented in fiscal year 2015. For details about those impacts on the University's financial statements, see Note 7, Deferred Outflows/Inflows of Resources.

The University's financial statement presentation provides a comprehensive, entity-wide perspective of the University's net position, revenues, expenses, and changes in net position and cash flows, as well as the net position, revenues, expenses and changes in net position of its separately audited component units.

**Reporting Entity:** The financial reporting entity, as defined by GASB Statement No. 14, The Financial Reporting Entity, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements present the University as the primary government with three discretely presented component units, the Coastal Educational Foundation, the CCU Student Housing Foundation, and the Chanticleer Athletic Foundation.

The Coastal Educational Foundation (the CEF) is a legally separate, tax-exempt entity that was chartered by the State of South Carolina in October 1954 for the purpose of soliciting, receiving, managing and distributing gifts for educational purposes in support of Coastal Carolina University. The CEF's activities are governed by its board of directors. The CEF's support comes primarily from contributions from alumni, local individuals and businesses. Although the University does not control the timing or amount of receipts from the CEF, the majority of resources and income thereon that it holds and invests is restricted to the activities of the University by donors. Because these restricted resources can only be used by, or for the benefit of, the University, the CEF is considered a component unit of the University.

The CCU Student Housing Foundation (the Foundation) is also a legally separate, tax-exempt entity that was chartered in 2002 to provide housing for Coastal students and to provide support for various other University programs. The CCU Housing Foundation, LLC, (the Company), a not-for-profit corporation, was organized in 2005. The Foundation is the owner and sole member of the Company. For the purposes of the Coastal Carolina University CAFR note disclosures, the Foundation and the Company will be referred to hereafter as one entity, the Foundation. Moreover, for the purposes of financial presentations, both the Foundation and the Company are reported as one consolidated entity. The activities of the Foundation are governed by its board of directors. The Foundation is considered a component unit because its economic resources are held entirely for the benefit of the University.

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

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

The Chanticleer Athletic Foundation (the CAF) is another legally separate, tax-exempt, not-for-profit organization incorporated under the laws of South Carolina as the University's athletic fund-raising organization. Contributions to CAF are used for athletic scholarships, facilities and program development. The CAF's support comes primarily through individual donor contributions, annual fundraising campaigns and special events.

The CEF, the CAF, and the SHF are not deemed to be governmental entities because a controlling majority of the membership is not appointed by the University; there is no potential for unilateral dissolution by the University, with the net assets reverting to the University. In addition, these components do not have the power to enact and enforce a tax levy, nor the ability to directly issue debt that pays interest exempt from federal taxation. Also, the Foundations report their financial results under Financial Accounting Standards Board (FASB) statements, the most significant of which are FASB Statement No. 116, Accounting for Contributions Received and Contributions Made, and FASB Statement No. 117, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Because the Foundations are deemed not to be governmental entities and because they use a different reporting model, their balances and transactions are reported on separate financial statements. Copies of the separately issued financial statements for the CEF, the CAF and the SHF can be obtained by sending a request to the executive director of each foundation at the following address: P.O. Box 261954, Conway, SC, 29528-6054.

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

The University applies all applicable GASB pronouncements and, in accordance with GASB Statement No. 20, the State of South Carolina has elected to apply only those Financial Accounting Standards Board (FASB) pronouncements issued on or before Nov. 30, 1989, which are not in conflict with GASB standards.

**Cash and Cash Equivalents:** For purposes of the statement of cash flows, the University and its component units consider 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.

**Accounts Receivable:** Accounts receivable consists of tuition and fee charges to students, gift pledges, and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal, state and local governments,

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

component units, and private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

**Inventories and Prepaid Items:** Inventories are carried at the lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Items accounted for as University inventories include: maintenance supplies, housing supplies, office supplies, mail supplies, athletic supplies and golf course supplies. Items accounted for as prepaid items include: prepaid insurance, prepaid postage, prepaid magazine and periodical subscriptions, and advance payments for maintenance and service agreements.

**Capital Assets:** Capital assets are recorded at cost on the date of acquisition or fair market value on the date of donation in the case of gifts. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations and other improvements that add to usable space, prepare existing buildings for new uses or extend the useful life of an existing building are capitalized.

The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years. In addition, depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000 are capitalized. Routine repairs, maintenance and library materials are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life for buildings and improvements is five to 50 years; 10 to 20 years for land improvements; three to 25 years for vehicles, equipment and machines; three years for intangible assets externally acquired – internally generated not capitalized. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken the month of disposition.

**Deferred Outflows:** Deferred outflows are defined as a consumption of net assets by the University that is applicable to a future reporting period. These deferred outflows have a positive effect on net position that is similar to assets but are not assets. The following types of transactions will be reported as deferred outflow of resources: deferred debit amounts resulting from the refunding of debt, retirement contributions and the difference in liability experience versus expected.

**Unearned Revenues:** Unearned revenues include amounts received for tuition and fees and certain auxiliary activities (housing and food service contract prepayments) prior to the end of the fiscal year but related to the subsequent accounting period. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement. Also included in unearned revenue are grant funds received but not yet expended for their restricted purpose, amounts paid in advance for football tickets, and unearned golf course merchandise and gift certificate payments.

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

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

**Funds Held for Others:** Funds held for others result from the University acting as an agent, or fiduciary, for entities which have a relationship with the University's activities or from the University acting as an agent for certain student loans.

**Compensated Absences:** Employee vacation pay expense is accrued at year end for financial statement purposes. The liability and expense incurred are recorded at year end as accrued compensated absences both current and noncurrent in the statement of net position, and as a component of personnel costs and benefits expense in the statement of revenues, expenses and changes in net position.

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

The loans to students on the Statement of Net Position are due to the University under the Federal Perkins Loan program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as federal loan liability is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program which would have to be repaid to the federal government if the University ceased to participate in the program.

**Deferred Inflows:** Deferred inflows are defined as an acquisition of net assets by the University that is applicable to a future reporting period. These deferred inflows have a negative effect on net position, but are not considered liabilities. The following types of transactions will be reported as deferred inflows of resources: amortization of any service concession arrangement (for example when a third party vendor manages the University's bookstore) and the difference in investment experience versus expected.

**Net Position:** The University's net position includes the following categories:

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

**Restricted assets – expendable:** Restricted expendable assets include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. These include assets restricted for capital projects and debt service.

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

**Unrestricted assets:** Unrestricted assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

University, as well as for repair and renovations to the physical plant, and may be used at the discretion of the governing board to meet current expenses for any purpose.

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

**Classification of Revenue and Expense:** The University classifies its revenues and expenses as either operating or non-operating. Operating revenues generally result from exchange transactions arising from the University's principal ongoing activity, which is the provision of higher education. Operating revenues include: (1) student tuition and fees received in exchange for providing educational services, housing and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients or eligibility criteria; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. In past years, higher education institutions have treated Pell Grants as federal operating grants. In accordance with Question 7.72.10 of GASB's Comprehensive Implementation Guide, the South Carolina Comptroller General's Office requires Pell Grant activity to be reported as non-operating revenues. Operating expenses result from providing the goods and services exchanged for the respective revenues.

All revenues and expenses not meeting the definition of operating revenues are reported as non-operating revenues and expenses. Such transactions generally arise from activities that have characteristics of non-exchange transactions. Examples include gifts and contributions, government appropriations, investment income, and any grants and contracts that are not classified as operating revenue or that are restricted by the grantor to be used exclusively for capital purposes.

**Scholarship Discounts and Allowances:** Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenue, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell Grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Scholarships for certain individuals that are required by state law or by out-of-state fee differential abatements facilitated by intra-state agreements are recorded neither as tuition and fee revenue nor as scholarship allowance.

**Sales and Services of Educational and Other Activities:** Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research and public service activities that incidentally create goods and services which may be sold to students, faculty, staff and the general public. The University receives such

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

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

revenues primarily from grant-related activities, rental of University space, travel-study courses, research and public service centers, and the physical education center.

**Auxiliary Enterprises and Internal Service Activities:** Auxiliary enterprise revenues primarily represent revenues generated by housing, bookstore, vending/canteen and food service. Transactions between the University and its auxiliary enterprises activities have been eliminated.

**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 in excess of 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. Sound fiscal management dictates that proceeds held for anticipated construction costs, for future debt service or as bondholder-required reserves, be invested in interest-earning securities, such as those issued by the U.S. government. Tax provisions dealing with these investments are complex because they must allow for legitimate temporary investment of funds, yet at the same time prevent arbitrage abuse. To achieve this objective the federal government has produced a set of complex regulations. In essence, the regulations consist of two types: arbitrage restriction and arbitrage rebates. For arbitrage restrictions, issuers are permitted to invest both construction funds and reserve funds for limited periods of time, e.g., 85 percent of the proceeds must be spent within three years. For arbitrage rebates, all arbitrage earnings, with some exceptions (i.e., the proceeds are spent within six months or 75 percent of the proceeds are spent on construction within two years), must be remitted to the federal government. Governments are exempt from the rebate requirement if they meet these investment tests: if their bond proceeds are “available construction proceeds” or if they issue no more than \$5 million in total of all such debt in a calendar year. For this purpose, tax-exempt indebtedness includes bonds and installment purchases. Potential rebate liability must be calculated annually, and the actual liability must be paid every five years or at maturity of the debt, whichever is earlier. An outside bond consulting company, BLX (Bond Logistics) calculates the total arbitrage obligation for a group of South Carolina state agencies, one of which is Coastal Carolina University. No arbitrage obligation has been reported for Coastal Carolina University as of June 30, 2016.

**Income Taxes:** The University, 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 Foundations are exempt from income tax under the provisions of Internal Revenue Code Section 501(c)(3). No provision for income taxes has been made.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

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

All deposits of the University are under the control of the state treasurer, who by state law has sole authority for investing state funds.

The following schedule reconciles Deposits to the Statement of Net Position amounts:

**STATEMENT OF NET POSITION**

Cash and Cash Equivalents - Current	\$ 53,253,049
Cash and Cash Equivalents - Restricted	
Debt Service	3,858,863
Capital Project	39,180,123
Other	242,135
Cash and Cash Equivalents - Endowment	105,128
Total	<u>\$ 96,639,298</u>

**DEPOSITS**

Cash on Hand	9,261,144
Deposits Held by State Treasurer	87,378,154
Total	<u>\$ 96,639,298</u>

**Cash on Hand:** At June 30, 2016, Coastal Carolina University had \$242,135 with the state treasurer for exclusive use by the Perkins Loan Program.

**Deposits Held by State Treasurer:** State law requires full collateralization of all State Treasurer bank balances. The state treasurer must correct any deficiencies in collateral within seven days. At June 30, 2016, Coastal Carolina University had \$87,378,154 in Deposits Held by State Treasurer. Information pertaining to the reported amounts, fair values and credit risk of the state treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

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

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 3 – RESTRICTED ASSETS**

The purposes and amounts of University restricted assets at June 30, 2016, are as follows:

**CURRENT**

Cash and Cash Equivalents		
Satisfaction of Debt Covenants	\$	3,858,863
Capital Projects		<u>39,180,123</u>
Total Restricted Current Assets		43,038,986

**NONCURRENT**

Cash and Cash Equivalents		
Federal Perkins Loan Program		242,135
Endowments		105,128
Loans to Students, net of allowance		<u>1,215,881</u>
Total Restricted NonCurrent Assets		1,563,144

Total Restricted Assets	\$	<u><u>44,602,130</u></u>
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**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 4 – ACCOUNTS RECEIVABLE**

University current and noncurrent receivables for June 30, 2016, are as follows:

**CURRENT ACCOUNTS RECEIVABLE**

Student Accounts Receivable	\$ 2,919,039	
Bad Checks	5,391	
Less Allowance for Uncollectible	<u>(2,439,196)</u>	
Student Accounts Receivable, Net	\$ 485,234	\$ 485,234
Third Party Receivables		15,446
Federal Grants and Contracts Receivable		639,641
State Grants and Contracts Receivable		37,960
Other Grants & Contracts Receivable		211,288
Accrued Interest and Endowment Income Receivable		319,001
Due from Related Parties		43,623
Other Receivables		1,830,842
Total Current Accounts and Pledges Receivables Net		<u>\$ 3,583,035</u>

**CURRENT DUE FROM COMPONENT UNITS**

Coastal Athletic Foundation Receivable		\$ 1,578,320
Coastal Educational Foundation Receivable		228,677
Student/Coastal Housing Foundation Receivable		7,519
Total Due from Component Units - Current		<u>\$ 1,814,516</u>

**NONCURRENT ACCOUNTS RECEIVABLE**

Third Party Receivables		<u>\$ 2,258,358</u>
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**NONCURRENT DUE FROM COMPONENT UNITS**

Coastal Athletic Foundation Receivable		\$ 2,530,871
Coastal Education Receivable		253,000
Total Due from Component Units - Non-current		<u>\$ 2,783,871</u>

**RESTRICTED NONCURRENT ACCOUNTS RECEIVABLE**

Loans to Students	\$ 1,241,135	
Less Allowance for Uncollectibles	<u>(25,254)</u>	
Loans to Students Net	\$ 1,215,881	<u>\$ 1,215,881</u>

Allowances for uncollectible accounts receivable are established based upon actual losses experienced in prior year and evaluations of the current account portfolio.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 5 - LOANS TO STUDENTS AND FEDERAL LIABILITY**

Student loans made through the Federal Perkins Loan Program of the University comprise all of the loans to students as of June 30, 2016. The Perkins Loan Program provides various repayment options and interest rates; students have the right to repay the loan over periods up to and including 10 years depending on the amount of the loan and the loan cancellation privileges the student decides to exercise. These federal promissory notes generally do not expire. As the University determines that loans are uncollectible, the loans are written off the books of the University. Depending on compliance with specific loan regulations, these loans can be assigned to the United States Department of Education. At June 30, 2016, the allowance for uncollectible student loans is valued at \$25,254. The funds contributed by the federal government are refundable in the event the University decides to no longer participate in the program. Although the University plans to participate in the Perkins Loan Program for the foreseeable future, the University has recorded a long-term liability in the amount of \$1,458,016, representing the federal portion of the loan program at June 30, 2016. If at any time the University opted out of the Federal Perkins Loan Program, the total liability to the University would be based on the original federal capital contribution and federal share of cash available at the close of the program, as well as other compliance issues. This amount calculated for just the federal capital contribution and federal share of cash available at June 30, 2016, totals \$1,619,171. The difference between the long-term liability recorded and the liability for just the federal capital contribution and federal share of cash available at June 30, 2016, relates to the allowance and other expenses the federal government considers unallowable. These amounts are estimates. The actual liability would be determined in accordance with federal regulations at the time of liquidation if liquidation were ever to occur.

**COASTAL CAROLINA UNIVERSITY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the University for the year ended June 30, 2016, is summarized as follows:

	Beginning Balance July 1, 2015	Additions	Retirements	CIP Transfers	Ending Balance June 30, 2016
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 33,082,269	\$ 171,200	\$ -	\$ -	\$ 33,253,469
Construction in Progress	84,379,424	52,980,846	-	(81,975,071)	55,385,199
Total Capital Assets Not Being Depreciated	117,461,693	53,152,046	-	(81,975,071)	88,638,668
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	345,558,365	-	-	74,512,586	420,070,951
Land Improvements	16,313,878	-	-	7,462,485	23,776,363
Equipment	13,945,513	1,083,230	(484,757)	-	14,543,986
Intangible Assets	273,777	-	-	-	273,777
Vehicles	6,787,478	685,750	(162,664)	-	7,310,564
Total Capital Assets Being Depreciated	382,879,011	1,768,980	(647,421)	81,975,071	465,975,641
<b>Less Accumulated Depreciation For:</b>					
Buildings and Improvements	(69,173,145)	(10,703,567)	-	-	(79,876,712)
Land Improvements	(5,990,249)	(1,398,677)	-	-	(7,388,926)
Equipment	(9,395,896)	(1,860,313)	372,559	-	(10,883,650)
Intangible Assets	(273,777)	-	-	-	(273,777)
Vehicles	(3,348,176)	(1,221,838)	145,713	-	(4,424,301)
Total Accumulated Depreciation	(88,181,243)	(15,184,395)	518,272	-	(102,847,366)
<b>Capital Assets Being Depreciated, Net</b>	294,697,768	(13,415,415)	(129,149)	81,975,071	363,128,275
<b>Capital assets, net</b>	<u>\$ 412,159,461</u>	<u>\$ 39,736,631</u>	<u>\$ (129,149)</u>	<u>\$ -</u>	<u>\$ 451,766,943</u>

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest incurred during the construction process may be capitalized or expensed depending on, among other things, whether the source of funding specifies that it may be used only for the acquisition of specified qualifying assets. In certain cases, the amount of interest earned on unexpended debt proceeds was expensed. During the year ended June 30, 2016, the University capitalized interest expense in the amount \$3,326,553. Of that number, \$126,935 was associated with the Institutional Bonds issued in 2010 and \$1,828,180 and \$1,371,438, was associated with the Higher Education Revenue Bonds issues 2013, and 2014, respectively.

**Land Acquisition:** The University recorded an increase of \$171,200 for the purchase of .77 acres from the Willard Dowling Estate. This property is located at 1041 Highway 544, between the main campus and the student housing complex. The purchase supports the Campus Master Plan's directive to acquire property which is contiguous to land owned by the University for the purpose of future expansion.

**Construction in Progress:** The ending balance for construction in progress for the 2015-2016 fiscal year has decreased by \$29 million from the previous fiscal year. The major contributing factor to this decrease is that while \$53 million of expenses were added in the current year, \$82 million in assets were transferred out because the projects have been completed. A large portion, \$71.1 million, of this decrease is related to the new science building and two new residence halls which are addressed in detail in the completed projects section of this narrative. Other projects totaling \$10.7 million that were capitalized this year include the Hicks Dining Hall expansion, and numerous land improvement projects campus-wide.

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

### **NOTE 6 - CAPITAL ASSETS**, Continued

Presently, major projects included in construction in progress are the third and fourth buildings in the new residence housing complex. These were available for students to occupy in August of 2016, however punch work is expected to continue throughout the next fiscal year.

A dining hall, planned to be within easy access to University Place housing residents, has an approved design and is scheduled to begin construction in October of 2016. The plan includes demolishing an existing building and constructing a new dining hall which will seat 200 students and accommodate a kitchen, food service options and equipment.

A second academic/classroom building which is located adjacent to the Wall building began construction in January 2016. The plan shows 100 faculty and administrative offices and 15 to 18 classrooms for the Computer Science, Recreation Sports Management, Psychology and Honors Departments. The Information Technology staff will also be housed in the new building. Construction is progressing well with expected completion in May, 2017.

The Singleton Building was placed out of service for a major makeover. During the restoration period the President, Provost and Finance offices, among others, have been relocated throughout campus. The new building is being restored to reflect more of the original floorplan which includes a large reception area as well as office suite re-alignments. Elevators have also been installed and an updated HVAC unit as well as electrical and plumbing are included in the renovation. This building is scheduled to be completed in fall 2016.

The Smith Science Building has also been placed out of service for restoration purposes. The work on this building began in August, 2016, with completion scheduled for September, 2017. The plan is to improve this 30 year old academic building through selective demolition and needed interior enhancements that will provide space for teaching labs, classrooms and offices for the Physics, Mathematics and Psychology Departments. A new two-story entry is being added adjacent to the courtyard that is shared with the other science buildings which completes the three-building Science Complex.

Campus roads are undergoing a major overhaul comprising new cul-de-sacs and gates, speed bumps, interior driving lanes and four foot bike lanes. The scope of the project also includes full depth asphalt paving and roadway striping of Chanticleer Drive.

A new soccer stadium is currently in the design phase to include bleacher seating, playing field, stadium lights, a team facility, restrooms, concessions and parking to be located in the east campus area.

Brooks Stadium expansion has recently been approved to move forward from design to the construction phase which includes additional seating, restrooms, concessions and a new suite. An increase in seating capacity is required to meet NCAA Football Subdivision requirements due to the recent move of Coastal Carolina University to the Sun Belt Conference. Plans are to build this expansion in two phases to accommodate the football season. The first phase is scheduled to begin in summer of 2017.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 6 - CAPITAL ASSETS**, Continued

Smaller improvements to land that are part of the construction in progress include baseball and softball improvements and a new sand volleyball court. A new campus-wide emergency notification system is being installed and additional cooling systems are being constructed.

**Completed Construction:** Two major construction projects were completed during the 2015-2016 fiscal year and account for \$71.1 million of the approximately \$82 million in assets that were capitalized in the current year. One is a second new science building which stands adjacent to the Swain and Smith Science buildings. This building was opened in June, 2016 at a cost \$25.6 million. This facility houses the Biology and Chemistry Departments as well as the Marine Science major, which encompasses Marine Biology, Marine Chemistry and Marine Geology.

The second major construction project completed during fiscal year 2016 was the final two buildings in the new residence hall complex. Chanticleer Hall and Tradition Hall were both opened in August of 2015 with a total cost of \$45.7 million. This was the first phase of the residence housing project and included apartments for professional live-in staff as well as professional offices and spacious reception and meeting space for both students and staff. The scope of the project included full wireless and wired internet connectivity, security systems with card access locks and security cameras. Another renovation to student housing included a new stairwell being added to an existing building in the Gardens Housing complex.

To accommodate the additional students from the new residential housing complex, the Hicks Dining Hall underwent a major expansion, which was also completed in August, 2015. This expansion provided three additional food stations and approximately 175 additional seats for dining.

Two new additions to classroom space were the construction of a digital video classroom in the Edwards building to be used for distance learning purposes and a reproduction of a TV studio in the Prince building to be used for students aspiring to that profession.

There were various land improvements completed and placed into service during this fiscal year. They include a berm and boardwalk adjacent to the new baseball stadium completed last year. The final touches on the TD Sports Complex walkways were completed last fall. An RV parking area was completed near Brooks Stadium and a new recreation/athletic field was created in the Atlantic Center section. A central cooling tower and additional piping infrastructure was placed into service, which upgraded the cooling capacity for the campus. A new sculpture yard was added contiguous to the Humanities building to allow the Art Department to expand into the area of creating sculptures.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

As noted in Note 1, the University implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position in the financial statements for the fiscal year ended June 30, 2013 and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the fiscal year ended June 30, 2014. These statements introduced deferred outflows and inflows, defined them as a consumption of net assets by the organization that is applicable to a future reporting period, incorporated them into the required components of the residual measure, renamed that measure as net position rather than net assets, and reclassified certain items that were previously reported as assets and liabilities as outflows and inflows of resources. For the fiscal year ended June 30, 2015, the university implemented GASB Statement No. 68, Accounting and Reporting of Pensions mandating how pension costs and obligations are measured and reported in audited external financial reports. Under this new standard, the GASB requires cost-sharing governments (which include higher education institutions) to report a net pension liability, pension expense, and pension related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all governmental agencies in the plan. Additional details of the implementation of GASB Statement No. 68 are found in Notes 14 and 15.

The statement of net position will sometimes report a separate section for deferred outflows of resources, in addition to assets. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until that time. For the year ended June 30, 2016, deferred outflows of resources are \$15,517,388, comprised of \$7,361,849 for 2016 retirement contributions, \$761,286 for amortizing debt refunding, and \$7,394,253 of amortizing changes in pension experience.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the year ended June 30, 2016, deferred outflows of resources are \$210,965 of amortizing changes in pension experience.

**NOTE 8 – ENDOWMENTS**

The University manages one permanent endowment with a fair market value of \$105,128. The endowment is recorded in noncurrent assets, restricted cash. If a donor has not provided specific instructions otherwise, section 34-6-20 of the South Carolina Code of Laws permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) over historical dollar value of the endowment funds. Policies and procedures related to this endowed professorship state that thirty (30) percent of the income generated by the Palmetto Professorship endowment will be retained in the corpus. Seventy (70) percent of the income will be used to support the teaching and research program of the Palmetto Professor. The University approved a policy to authorize and spend investment income only at the budgeted amount of 5% of the most recent June 30<sup>th</sup> fair market value.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 9 - UNEARNED REVENUE**

Unearned revenue for the University totaled \$4,778,149 for fiscal year ended June 30, 2016. Unearned revenues consist primarily of Aramark food service contract and unearned student fees for summer I, II and fall semester.

Unearned revenue include tuition prepayments of \$1,820,036, food service contract of \$1,520,000, grant and contract funds of \$873,803, housing prepayments of \$430,650, advance athletic ticket sales of \$71,183, unearned golf course merchandise and gift certificates payments of \$57,037, and other unearned revenue of \$5,440.

A summary of unearned tuition revenue follows:

Summer I fees	\$ 605,275
Summer II fees	398,131
Fall fees	403,805
Tuition deposits	411,875
Other	950
Total tuition prepayments	<u>\$ 1,820,036</u>

**NOTE 10 – LEASE OBLIGATIONS**

**Operating Leases:** The University leases classroom and office facilities from external parties under terms of non-cancelable operating leases having terms in excess of one year. Total payments for such leases were \$147,003 for the year ended June 30, 2016. Future minimum lease payments under terms of these leases are as follows:

<b><u>Fiscal Year</u></b> <b><u>Ending June 30</u></b>	<b><u>Future</u></b> <b><u>Lease</u></b> <b><u>Payments</u></b>
2017	\$ 147,003
2018	147,003
2019	147,003
2020	147,003
2021	147,003
Thereafter	221,035
Total minimum payments required	<u>\$ 956,050</u>

The University also leases a parking lot, three activity fields, and classroom and office facilities from third parties in accordance with operating leases with fixed annual payments and terms of one year or less. Payments for such space during the fiscal year ending June 30, 2016 were \$1,047,383.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 11 – BONDS PAYABLE**

For the University, bonds payable consisted of the following at June 30, 2016:

	Balance at Inception	Interest Rates	Maturity Dates	Balance 6/30/2016
<b>Revenue Bonds</b>				
Series 2004 (Refunded 1994 Bonds)	\$ 3,885,000	4.09%	6/1/2018	\$ 695,000
Series 2006 (Refunded 1999 Bonds)	13,175,000	3.75% to 4.25%	6/1/2026	8,475,000
Series 2012 (Refunded 1999 Bonds)	6,147,000	2.10%	6/1/2026	4,573,000
Series 2013	54,705,000	2.750% to 4.0%	6/1/2040	53,295,000
Series 2014	35,480,000	3.0% to 5.0%	6/1/2044	35,480,000
Series 2015	87,020,000	2.0% to 5.0%	6/1/2042	85,290,000
Total Revenue Bonds				\$ 187,808,000
<b>State Institution</b>				
General Obligation 2006C	\$ 11,300,000	4.25% to 6.00%	10/1/2016	\$ 390,000
General Obligation 2010A	54,000,000	3.52%	4/1/2030	41,275,000
General Obligation 2016E	10,025,000	4.00% to 4.63%	4/1/2027	10,025,000
Total State Institutional Bonds				\$ 51,690,000
Subtotal Bonds Payable				\$ 239,498,000
Plus Unamortized Bond Premium				7,112,680
Total Bonds Payable				\$ 246,610,680

Revenue bonds are payable from and secured by a pledge of net revenues derived by the University from the operation of the facilities constructed with the bond proceeds and by a pledge of additional funds, which are all available funds and academic fees of the University except for those which are not (i) otherwise designated or restricted; (ii) funds derived from state appropriations; and (iii) tuition funds pledged to the repayment of state institution bonds, if any. The University has also secured insurance contracts for its revenue bonds which guarantee payment of principal and interest, in the case such required payment has not been made, for a period equal to the final maturity of the bonds. Certain of the bonds payable are callable at the option of the University.

State institution bonds are general obligation bonds backed by the full faith, credit and taxing power of the state. For fiscal year 2016, tuition revenue is pledged in the amount of \$445 per full-time in-state student, \$445 per full-time out-of-state student and \$15 per graduate credit hour. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed 90 percent of the sums received from tuition and fees for the preceding fiscal year. Tuition bonds fees for the preceding year were \$7,103,562 which results in a legal annual debt service at June 30, 2016, of \$6,393,206.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 11 – BONDS PAYABLE**, Continued

The scheduled maturities of the bonds payable by type are as follows:

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
<u>Revenue Bonds</u>			
2017	\$ 5,473,000	\$ 6,907,763	\$ 12,380,763
2018	5,702,000	6,678,082	12,380,082
2019	5,575,000	6,442,229	12,017,229
2020	5,807,000	6,207,349	12,014,349
2021	6,053,000	5,962,417	12,015,417
2022-2026	34,028,000	26,047,787	60,075,787
2027-2031	32,260,000	19,983,931	52,243,931
2032-2036	38,200,000	14,370,719	52,570,719
2037-2041	43,645,000	6,985,675	50,630,675
2042-2044	11,065,000	668,925	11,733,925
	<u>\$ 187,808,000</u>	<u>\$ 100,254,878</u>	<u>\$ 288,062,878</u>

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
<u>General Obligation Bonds</u>			
2017	\$ 2,980,000	\$ 2,129,846	\$ 5,109,846
2018	3,115,000	1,973,575	5,088,575
2019	3,230,000	1,841,325	5,071,325
2020	3,350,000	1,685,888	5,035,888
2021	3,495,000	1,543,488	5,038,488
2022-2026	19,935,000	5,321,688	25,256,688
2027-2030	15,585,000	1,135,150	16,720,150
	<u>\$ 51,690,000</u>	<u>\$ 15,630,958</u>	<u>\$ 67,320,958</u>

**Defeased Debt:**

On March 1, 2016, the State of South Carolina issued \$10,025,000 General Obligation State Institution Refunding Bonds (issued on behalf of Coastal Carolina University), Series 2016E, to provide funds to currently refund the previously issued \$8,750,000 General Obligation State Institution Bonds Series 2002D maturing in the years 2016 through 2022 and advance refund the previously issued \$11,300,000 General Obligation State Institution Bond Series 2006C, maturing in the years 2017 through 2026, and to pay the cost of issuance of the Series 2016E Bonds. Prevailing market conditions indicated that substantial debt service savings would be achieved through the refunding of older bond series. The proceeds from the sale were placed in escrow to be used to service the future debt requirements of the earlier issues. The refunding of these bond series resulted in a net present value savings of \$ 1,718,368.

In prior years, the University defeased certain bonds by placing the proceeds of new bonds in an escrow to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and liability for the defeased bonds are not included in these financial statements.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 11 – BONDS PAYABLE**, Continued

The purposes of all outstanding bond issues are listed below:

- State Institution Bonds Series 2002D (refunded with Series 2016E)
  - i. Renovate and construct certain academic and athletic facilities.
- State Institution Bonds Series 2006C (advance refunded with Series 2016E)
  - i. Fund various projects, specifically including science facilities, other academic facilities, physical plant and campus infrastructure, and student life and intramural facilities.
    - a. Repairs and renovations to roofs and HVAC systems on academic facilities.
    - b. Construct a planned environmental research facility.
    - c. Convert the existing space in two warehouses to science laboratories.
    - d. Allow for electrical upgrades, parking lots, sidewalks, irrigation, expansion of fiber optics, security cameras and wireless technology system throughout the campus.
    - e. Provide playing fields and weight rooms for intramural sports activities.
- State Institution Bonds Series 2010A
  - i. Construct an approximately 18,000 square foot addition to the Kimbel Library.
  - ii. Construct an approximately 40,000 square foot annex to the Smith Science Building.
  - iii. Construct a new student recreation complex.
- State Institution Bonds Series 2016E
  - i. Refund previously issued \$ 8,750,000 State Institution Bond Series 2002D.
  - ii. Advance refund previously issued \$ 11,300,000 State Institution Bond Series 2006C.
  - iii. Pay the costs of issuance of the 2016E bonds.
- Revenue Auxiliary Bonds 2004, 2006, 2012 Series
  - i. Construction of Baxley Hall.
  - ii. Construction of Hicks Dining Hall.
- Higher Education Revenue Bonds 2013 and 2014 Series
  - i. Expansion of student housing on main campus with Eaglin Hall.
  - ii. Acquisition of land and construction of first phase of student housing facility (650 beds).
  - iii. Construction of second phase of student housing facility (624 beds).
- Higher Education Revenue Bonds 2015 Series
  - i. Acquisition of existing student housing apartment facilities near the University campus known as University Place (2,079 beds).

**COASTAL CAROLINA UNIVERSITY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

**NOTE 12 - LONG-TERM LIABILITIES**

Long-term liability activity for the University for the year ended June 30, 2016, was as follows:

	Balance 6/30/2015	Additions	Reductions	Balance 6/30/2016	Due Within One Year	Due Past One Year
<b>Bonds Payable</b>						
General Obligation Bonds	\$ 56,675,000	\$ 10,025,000	\$ (15,010,000)	\$ 51,690,000	\$ 2,980,000	\$ 48,710,000
Revenue Bonds	192,361,000	-	(4,553,000)	187,808,000	5,473,000	182,335,000
Unamortized Bond Premium	5,160,821	2,375,930	(424,071)	7,112,680	691,424	6,421,256
Total Bonds Payable	\$ 254,196,821	\$ 12,400,930	\$ (19,987,071)	\$ 246,610,680	\$ 9,144,424	\$ 237,466,256
<b>Other Liabilities</b>						
Federal Perkins Loans Funds	\$ 1,441,244	\$ 16,772	\$ -	\$ 1,458,016	\$ -	\$ 1,458,016
Net Pension Liability	105,017,276	33,580,842	(16,790,421)	121,807,697	-	121,807,697
Accrued Compensation Absences	4,259,664	3,618,143	(3,620,714)	4,257,093	230,826	4,026,267
Board of Trustees Award Liability	92,000	223,800	(5,000)	310,800	178,500	132,300
Deferred Compensation Plan Liability	-	156,855	-	156,855	-	156,855
Total Other Liabilities	\$ 110,810,184	\$ 37,596,412	\$ (20,416,135)	\$ 127,990,461	\$ 409,326	\$ 127,581,135
Total Long-Term Liabilities	\$ 365,007,005	\$ 49,997,342	\$ (40,403,206)	\$ 374,601,141	\$ 9,553,750	\$ 365,047,391

**NOTE 13 – OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the year ended June 30, 2016, are summarized as follows:

Functional Classification	Personnel Costs and Benefits	Services and Supplies	Utilities	Scholarships	Depreciation	Total
Instruction	\$ 64,012,369	\$ 8,434,309	\$ 209,927	\$ -	\$ -	\$ 72,656,605
Research	731,390	1,234,808	11,669	-	-	1,977,867
Public Service	806,188	641,229	9,033	-	-	1,456,450
Academic Support	9,116,831	2,118,430	4,080	-	-	11,239,341
Student Services	19,515,771	9,919,331	173,563	-	-	29,608,665
Institutional Support	12,825,340	3,130,116	285,701	-	-	16,241,157
Plant Operation	13,569,582	7,512,633	4,326,750	-	-	25,408,965
Scholarships	598,738	72,104	-	10,649,282	-	11,320,124
Auxiliary Enterprises	4,231,841	6,172,912	2,531,586	-	-	12,936,339
Depreciation	-	-	-	-	15,184,395	15,184,395
<b>Total Expenses</b>	<b>\$ 125,408,050</b>	<b>\$ 39,235,872</b>	<b>\$ 7,552,309</b>	<b>\$ 10,649,282</b>	<b>\$ 15,184,395</b>	<b>\$ 198,029,908</b>

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 14 – PENSION PLANS**

**Description of the Entity:**

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (State Fiscal Accountability Authority effective July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review.

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 System fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement 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, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

**Plan Description:**

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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 allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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 allowances and other benefits for police officers and firemen of the state and its political subdivisions.

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

### **NOTE 14 – PENSION PLANS**, Continued

#### **Membership:**

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

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers 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; or to serve as 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.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 14 – PENSION PLANS**, Continued

Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief 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.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 14 – PENSION PLANS**, Continued

**Contributions:**

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty- year amortization period; and, this increase is not limited to one-half of one percent per year.

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

	<b><u>Fiscal Year 2016</u></b>	<b><u>Fiscal Year 2015</u></b>
<b>SCRS</b>		
Employee Class Two	8.16%	8.00%
Employee Class Three	8.16%	8.00%
<b>State ORP</b>		
Employee	8.16%	8.00%
<b>PORS</b>		
Employee Class Two	8.74%	8.41%
Employee Class Three	8.74%	8.41%

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

	<b><u>Fiscal Year 2016</u></b>	<b><u>Fiscal Year 2015</u></b>
<b>SCRS</b>		
Employer Class Two	10.91%	10.75%
Employer Class Three	10.91%	10.75%
Employer Incidental Death Benefit	0.15%	0.15%
<b>State ORP</b>		
Employer Contribution <sup>2</sup>	10.91%	10.75%
Employer Incidental Death Benefit	0.15%	0.15%
<b>PORS</b>		
Employer Class Two	13.34%	13.01%
Employer Class Three	13.34%	13.01%
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 vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 14 – PENSION PLANS**, Continued

**Actuarial Assumptions and Methods:**

Actuarial valuations 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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time 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. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The June 30, 2015, total pension liability, net pension liability, and sensitivity information were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2014, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ended June 30, 2015, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for SCRS and PORS:

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return <sup>1</sup>	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service) <sup>1</sup>	4.0% to 10.0% (varies by service) <sup>1</sup>
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
<sup>1</sup> Includes inflation at 2.75%		

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 14 – PENSION PLANS**, Continued

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014, valuations for SCRS and PORS are as follows:

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

**Net Pension Liability:**

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2015, for SCRS and PORS are presented below:

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>State Net Pension Liability (Asset)</b>	<b>University’s Proportionate Share of Net Pension Liability (Asset)</b>	<b>University’s Portion of Net Pension Liability (Asset)</b>
SCRS	\$ 44,097,310,230	\$ 25,131,828,101	\$ 18,965,482,129	0.62%	\$ 117,968,144
PORS	\$ 6,151,321,222	\$ 3,971,824,838	\$ 2,179,496,384	0.18%	\$ 3,839,553

The total pension liability is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems financial statements. The net pension liability 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 Nos. 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 14 – PENSION PLANS**, Continued

**Long-term Expected Rate of Return:**

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014, actuarial valuations, was based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The expected returns, along with the expected inflation rate, from the basis for the target asset allocation as adopted by the Investment Commission for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
<b>Short Term</b>	<b>5.0%</b>		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
<b>Domestic Fixed Income</b>	<b>13.0%</b>		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
<b>Global Fixed Income</b>	<b>9.0%</b>		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
<b>Global Public Equity</b>	<b>31.0%</b>	7.10%	2.20%
<b>Global Tactical Asset Allocation</b>	<b>10.0%</b>	4.90%	0.49%
<b>Alternatives</b>	<b>32.0%</b>		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 14 – PENSION PLANS**, Continued

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all 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 total pension liability.

**Sensitivity Analysis:**

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

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

<b>System</b>	<b>1.00% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1.00% Increase 8.50%</b>
SCRS	\$ 148,724,121	\$ 117,968,114	\$ 92,190,725
PORS	\$ 5,230,368	\$ 3,839,553	\$ 2,596,240

**Pension Expense, Deferred Outflows and Inflows of Resources:**

For the year ended June 30, 2016, the University recognized its proportionate share of pension expense of \$10,280,613 associated with the net pension liability. At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**COASTAL CAROLINA UNIVERSITY**  
Notes to the Financial Statements  
For the Year Ended June 30, 2016

**NOTE 14 – PENSION PLANS**, Continued

<u>SCRS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability Experience	\$ 2,095,891	\$ 210,965
Assumption Changes	-	-
Investment Experience	789,619	-
Change in Allocated Proportion	4,046,312	-
Contributions After the Measurement Date	7,063,516	-
<b>Total</b>	<b>\$ 13,995,338</b>	<b>\$ 210,965</b>

<u>PORS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability Experience	\$ 76,100	\$ -
Assumption Changes	-	-
Investment Experience	42,011	-
Change in Allocated Proportion	344,320	-
Contributions After the Measurement Date	298,333	-
<b>Total</b>	<b>\$ 760,764</b>	<b>\$ -</b>

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The following schedule reflects the amortization of the balance of remaining deferred outflows/(inflows) of resources at June 30, 2015. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2015, was 4.164 years for SCRS and 4.796 years for PORS.

**Recognition of Existing Deferred Outflows (Inflows) of  
Resources for Future Plan Years**

<u>Year ended June 30:</u>	<u>SCRS</u>	<u>PORS</u>
2016	\$ 1,783,906	\$ 102,646
2017	1,783,906	102,646
2018	1,064,001	99,285
2019	2,089,046	157,853
Thereafter	-	-

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**Note 14 – PENSION PLANS**, Continued

**Additional Financial and Actuarial Information:**

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2015 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2015.

**Deferred Compensation Plans:**

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

In addition, Code Section 415(m) allows pension plans to create a separate fund, known as a qualified governmental excess benefit arrangement, to pay the benefits above the Section 415 limit. Accordingly, the University established such a fund during current fiscal year. The fund's assets total \$132,300 at June 30, 2016.

**NOTE 15 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description:**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. Coastal Carolina University contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple employer defined benefit postemployment healthcare and long-term disability plans administered by the Insurance Benefits Division (IB) of the South Carolina Public Employee Benefit Authority (PEBA).

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 through 24 years of service for 50% employer funding.

Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 15 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**, Continued

**Funding Policies:**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the Retiree Medical Plan (RMP) are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 5.33% of annual covered payroll for 2016 and 5.00% for 2015. The IB sets the employer contribution rate based on a pay-as-you-go basis. Coastal Carolina University paid approximately \$4,409,361 and \$3,796,432 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2016 and 2015, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2016 and 2015.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated IB reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions.

A copy of the separately issued financial statements for the benefit plans and the trust funds may be obtained by writing to the South Carolina Public Employee Benefit Authority – Insurance Benefits Division, P.O. Box 11960, Columbia, South Carolina 29211-1960.

**NOTE 16 – RELATED PARTIES**

There are several separately chartered legal entities which do not meet the criteria established by GASB Statement No. 14, The Financial Reporting Entity, GASB Statement No. 39, Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14, and GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, to be treated as component units of the University. These entities include the Coastal Carolina University Research Foundation, Inc., the Horry County Higher Education Commission, the Georgetown County Advisory Board for Coastal Carolina University, and the State of South Carolina. While they are not financially accountable to the University, these organizations exist primarily to provide financial assistance and other support to the University and its educational programs. The activities of these entities are not included in the University's financial statements. However, the University's statements for the year ended June 30, 2016, include significant transactions between them and the University, which are as follows:

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

### **NOTE 16 – RELATED PARTIES**, Continued

**Coastal Carolina University Research Foundation, Inc.:** The CCU Board of Trustees approved a Memorandum of Understanding between the Coastal Carolina University Research Foundation, Inc. (Research Foundation) and Coastal Carolina University (CCU) on May 8, 2015. The Research Foundation has been established as a 501(c)3 corporation to raise and manage public and private grant resources that support the mission and priorities of CCU, provide educational opportunities for students and enhance institutional excellence in ways that would not be possible with state funds. The Research Foundation provided \$31,062 in support of the University during fiscal year 2016.

**Horry County Higher Education Commission:** The Horry County Higher Education Commission was created by Act No. 114 in the 1959 session of the South Carolina General Assembly. The Commission is composed of sixteen members who are appointed by the Horry County Legislative Delegation. The Commission is responsible for providing resources to meet the goals and carry out the mission of Coastal Carolina University, and to expend funds, including proceeds of bonds issued by Horry County, to provide buildings and equipment for the University. The Commission receives an annual appropriation from Horry County to accomplish these objectives. During the year ended June 30, 2016, the Commission made grants to Coastal Carolina University totaling \$548,273 in which \$7,302 was receivable at year end. Of the total, \$260,773 was for scholarships, and \$287,500 was for public service, academic enhancement and staff development projects. The Commission leases its land and buildings to the University at a below-market rental rate under terms of annual leases. Rent paid by the University during the fiscal year 2016 was \$4, none of which was payable at year end. Also, as required by the leases, the University insures the Commission's buildings and improvements. The University provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. At June 30, 2016, the Commission had a net position of \$40,997. For the year ended June 30, 2016, total tax revenues were \$1,226,771 and total debt service was \$527,482.

**Georgetown County Advisory Board for Coastal Carolina University:** Georgetown County annually appropriates funds to support the mission of Coastal Carolina University in Georgetown County. The Georgetown County Advisory Board for Coastal Carolina University is responsible for the budgeting and distribution of these funds. During the year ending June 30, 2016, the University recognized and received \$147,000 in revenue from the Advisory Board. Expenditures made on behalf of the University for scholarships and the development of facilities in Georgetown County were approximately \$164,280.

**Transactions with the State of South Carolina:** The University has significant transactions with the State of South Carolina and various State agencies. The University receives various business, banking and legal services at no cost, and purchases various goods and services from State agencies and component units. The amounts of such expenditures for 2016 are not readily available. At June 30, 2016, accounts receivable included \$36,321 due from other State agencies primarily for Federal and State sponsored projects, and accounts payable included \$383,691 due to other State agencies. Horry Georgetown Technical College (HGTC) contracts with the University to provide security services to each of their campuses. These services were billed and paid in fiscal year 2016.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 16 – RELATED PARTIES**, Continued

**Transactions with Related-Party Vendors:** The University has identified eight potential related party vendors with whom they have transacted business during fiscal year ending June 30, 2016. These vendors and the total related transaction amounts are listed below:

Related Party Vendor Transactions  
For the Year Ended June 30, 2016

<u>Vendor</u>	<u>Amounts</u>
Charles H Johns IV	\$ 3,568
Conway Ford Inc.	6,452
Frames by Lauren Elizabeth	13,428
Grand Strand Tee Time Network	4,000
Peoples Underwriters Inc.	4,415
Preston M Roberts	616
Talotta Interiors Inc.	379,854
Wall Engineering LLC	788
Total	<u>\$ 413,121</u>

**NOTE 17 – RISK MANAGEMENT**

The University is exposed to various risks of loss and maintains state or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets, and the state itself substantially assumes all the risk for the following claims of covered employees: unemployment compensation benefits; workers' compensation benefits for job-related illnesses or injuries; health and dental insurance benefits; long-term disability and group life insurance benefits. Employees elect health insurance coverage through either a health maintenance organization or through the state's self-insured plan.

The University and other entities pay premiums to the state's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to: theft; damage to or destruction of assets real property, personal property; business interruption; equipment, motor vehicles, watercraft, torts (liability) and professional medical services.

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

### **NOTE 17 – RISK MANAGEMENT**, Continued

The South Carolina Office of Insurance Reserve Fund is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The South Carolina Office of Insurance Reserve Fund rates are determined actuarially.

The University obtains coverage through a commercial insurer for fidelity bond insurance for all employees for losses arising from theft or misappropriation, for officers' and directors' errors and omissions and for cyber liability.

### **NOTE 18 – COMPONENT UNITS**

**The Coastal Educational Foundation:** The Coastal Educational Foundation (the CEF) is a separately chartered corporation organized exclusively to support Coastal Carolina University. As discussed in Note 1, the CEF has been included in the reporting entity as a component unit. Because the CEF is deemed not to be a government entity and, therefore, used a different reporting model, its balances and transactions are reported on separate financial statements.

The CEF provides support directly to the University through funds raised from private contributions to support University scholarship and various academic programs. The CEF has provided \$2,414,157 in support through direct and indirect transfers. For the fiscal year ended June 30, 2016, CEF had receivables from the University of \$20,248 and payables to the University totaling \$481,677 (short-term \$228,677, long-term \$253,000).

In support of the University, the CEF owns parcels of real property on which portions of the University's campus is located. At June 30, 2016, the carrying value of said property was \$5,878,979 net of \$92,464 accumulated depreciation. The University leases this land annually from the foundation at a rate below market value.

The University, in turn, provides operation and fundraising staff for which it does not charge the foundation. The CEF has valued these services for their financial reporting at \$582,352 for the fiscal year ending June 30, 2016. The University paid total rent of \$338,000 in fiscal year 2016 to the foundation for seven parcels of land: the soccer field, student parking lot, an athletic parcel, a Wheelwright Auditorium parcel, an academic parcel, a Founders Drive parcel and a University Housing parcel.

The CEF carries investment in marketable equity securities with readily determinable fair market values, and all debt securities, at fair value in the Statement of Financial Position. Investment income is considered unrestricted unless the donors have specified otherwise. Unrealized gains and losses are netted with realized gains and losses in the statement of activities. Donated investments are valued at fair market value at the date of donation. Investments in nonpublicly traded securities of closely held entities with no readily determinable market value are carried on the books at established fair value at the date of donation to the foundation. Dividend income is considered unrestricted unless the donor has specified otherwise.

**COASTAL CAROLINA UNIVERSITY**

Notes to the Financial Statements

For the Year Ended June 30, 2016

**NOTE 18 – COMPONENT UNITS**, Continued

**The Coastal Educational Foundation**, Continued

A summary of investments at fair value at June 30, 2016, follows:

<u>Brown Brothers Harriman Investments</u>	
Equities	\$ 21,729,137
Fixed Income Funds	5,720,598
Real Assets	<u>1,039,459</u>
Total Privately Managed Funds	28,489,194
Closely Held Investments	
Common Stock	<u>906,950</u>
Total Closely Held Investments	906,950
Total Investments	<u>\$ 29,396,144</u>

During the year ended June 30, 2016, University board members served as ex-officio members of the Coastal Educational Foundation board.

**The Chanticleer Athletic Foundation:** The Chanticleer Athletic Foundation (the CAF) is a separately chartered 501(c) (3) corporation organized in 1987 exclusively to support Coastal Carolina University Athletics. The CAF is comprised of no less than 15 board members and an executive director, who manages the operations of the CAF. The board of directors oversees the actions of the executive director and provides strategic goals which the executive director carries out. As discussed in Note 1, the CAF has been included in the reporting entity as a component unit. Because the CAF is deemed not to be a government entity and, therefore, uses a different reporting model, its balances and transactions are reported on separate financial statements.

The CAF provides support directly to the University through funds embarked from private contributions to support University athletic scholarships and programs. These transfers for fiscal year 2016 were recorded by the University as non-operating gift revenues totaling \$1,070,093. The CAF procured and gifted to the University \$110,221 of goods and services, which included vehicle leases to athletic coaches.

For the year ended June 30, 2016, the CAF had net assets of \$3,137,926, receivables from the University of \$22,535 and payables to the University totaled \$4,109,191.

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

### **NOTE 18 – COMPONENT UNITS**, Continued

**The CCU Student Housing Foundation:** The CCU Student Housing Foundation (the Foundation) is a separately chartered not-for-profit corporation organized in 2002 to provide housing for students at the University, as well as to provide support for the various programs of the University. The Foundation is governed by a seven member Board of Directors, two of whom are appointed by the University and the remainder by the Board. The CCU Housing Foundation, LLC, (the Company), a not-for-profit corporation, was organized in 2005. The Foundation is the owner and sole member of the Company. As discussed in Note 1, the Foundation and the Company have been included in the reporting entity as a component unit. Since the Foundation and the Company are deemed not to be governmental entities and use a different reporting model, their balances and transactions are reported on separate financial statements.

University Place, an apartment complex housing 2,100 students located approximately one half mile from the campus, was the primary residential project of the Company. The project was financed by two issues of JEDA revenue bonds. In February, 2015, the Company entered into an agreement to sell University Place to the University. Proceeds from the sale were used to retire the JEDA Series 2005 bonds payable in April, 2015, and to secure funds to cover the outstanding principal and interest due for the JEDA Series 2009 bonds. Since the 2009 bonds cannot be repaid in full until April, 2020, these funds have been placed in an escrow account, in an amount sufficient to pay the required principal and interest payments until the refunding in 2020, defeasing the bonds in substance. The value of this restricted fund is \$58,722,738.

During the fiscal year just ended, the Company provided support to the University in the amount of \$3,769,539 to fund the dining facility renovation at University Place. This commitment was included in accounts payable at June 30, 2015. Financial support in the amount of \$75,000 was paid during the year ended June 30, 2016 in the form of a salary supplement for the University's president. Also, during the year the Foundation acquired land at a cost of \$1,889,466 to be used for the development of a soccer complex for the University. For the year ended June 30, 2016, the Foundation and the Company had consolidated net assets of \$19,298,227. At June 30, 2016, the Foundation had payables to the University totaling \$7,519.

### **NOTE 19 – CONTINGENCIES AND LITIGATION**

The University participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant, but there have been no disallowances in the past. Management believes disallowances, if any, will not be material.

The University is a defendant in various legal actions, some of which are uninsured, the outcome of which is not presently determinable. In the opinion of the University's counsel, the resolution of these matters, including the uninsured claims, will not have a material adverse effect on the University's financial position.

## COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2016

### **NOTE 20 – COMMITMENTS**

**Horry County One-Cent Sales Tax:** In March 2009, Horry County began charging an additional one-cent sales tax on most all taxable goods and services that a consumer currently pays tax on at the time of purchase to fund facilities for education. Exempt from this sales tax are groceries, gasoline and prescription drugs. The one-cent sales tax provides funding for Horry County schools, Coastal Carolina University and Horry Georgetown Technical College over the next 8 years. For the fiscal year ending June 30, 2016, Coastal Carolina University has received approximately \$9.7 million in revenue from this new tax. Since the inception of the one-cent sales tax, the University has received more than \$57 million in revenue. The University has purchased several buildings with this revenue and has funded construction of Brittain Hall and a new central energy plant. A new science building that was completed and put into session in June 2016, was partially funded by the one-cent sales tax as well as the Smith Science building renovation that is currently underway. A second academic/classroom building currently under construction adjacent to the Wall Building is also being funded by the one-cent sales tax.

**Open Constructions and Renovation Contracts:** As of June 30, 2016, Coastal Carolina University has 47 open contracts for projects classified under the construction in progress umbrella, which total \$43.7 million. Of this total, \$14.4 million remains unspent. The larger contracts are connected to the new student housing complex which has \$21.6 million, the academic/classroom building has outstanding contracts totaling \$13.3 million and the Singleton building has \$6 million. The remaining open contracts related to a variety of other campus improvements and those total \$2.8 million. All of these contracts account for various services rendered for construction, architectural work, engineering, testing, and land improvements, as well as interior refurbishments such as carpet replacement, painting and HVAC system control.

**Subsequent Events:** Athletic facility upgrades commensurate with the athletic program's new membership in the Sun Belt Conference and in particular, the football program's transition to the FBS (Football Bowl Subdivision), were expected to begin during fiscal year 2015-2016. However the project's required approvals were not obtained until August 2016. As a result, construction for the upgrades is anticipated to begin in summer 2017. General revenue bonds will be issued in the fall of 2016 to fund these upgrades. FBS classification features an average attendance required by NCAA-By-Law 0.9.9.3. Facility expansion is required in order to meet this attendance requirement. The approved budget of the facility upgrade is \$31.8 million.

**REQUIRED SUPPLEMENTARY INFORMATION**



**COASTAL CAROLINA UNIVERSITY**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2016**

**SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

South Carolina Retirement System (SCRS)

Year	Proportion of the Net Pension Liability (Asset)	Proportion of the Net Pension Liability (Asset)	Covered Employee Payroll During the Measurement Period	Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.622015%	\$117,968,144	\$40,118,128	294.05%	57.00%
2015	0.592708%	102,044,668	37,461,349	272.40%	59.90%

Police Officers Retirement System (PORS)

Year	Proportion of the Net Pension Liability (Asset)	Proportion of the Net Pension Liability (Asset)	Covered Employee Payroll During the Measurement Period	Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.176170%	\$3,839,553	\$2,126,787	180.53%	64.60%
2015	0.155274%	2,972,608	1,852,946	160.43%	67.50%

*Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**COASTAL CAROLINA UNIVERSITY**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2016**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

South Carolina Retirement System (SCRS)

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)	University's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2016	\$7,063,516	\$7,063,516	\$ -	\$43,897,115	16.09%
2015	6,355,666	6,355,666	-	40,118,128	15.84%

Police Officers Retirement System (PORS)

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)	University's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2016	\$298,333	\$298,333	\$ -	\$2,168,437	13.76%
2015	295,493	295,493	-	2,126,787	13.89%

*Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**OTHER FINANCIAL INFORMATION  
REQUIRED BY THE OFFICE OF THE  
SOUTH CAROLINA COMPTROLLER GENERAL**



**COASTAL CAROLINA UNIVERSITY**  
**Schedule of Information on Business-Type Activities**  
**Statement of Activities in the State CAFR**  
**For the Year Ended June 30, 2016**

	<u>Year Ended June 30</u>		Increase <u>(Decrease)</u>
	<u>2016</u>	<u>2015</u>	
Charges for Services	\$ 178,580,035	\$ 163,130,126	\$ 15,449,909
Operating Grants and Contributions	19,608,795	19,015,595	593,200
Capital Grants and Contributions	257,532	6,139,548	(5,882,016)
Less Expenses	<u>(203,760,608)</u>	<u>(190,247,638)</u>	<u>(13,512,970)</u>
Net Program Revenue (Expense)	\$ (5,314,246)	\$ (1,962,369)	\$ (3,351,877)
 Transfers			
State Appropriations	\$ 12,211,610	\$ 10,851,710	\$ 1,359,900
State Capital Appropriations	-	3,727,842	(3,727,842)
State Nonoperating Grants & Contracts	3,080	5,040	(1,960)
Local Sales Tax Allocation	<u>9,703,620</u>	<u>8,874,202</u>	<u>829,418</u>
Total General Revenue and Transfers	\$ 21,918,310	\$ 23,458,794	\$ 2,187,358
 Change in Net Position	 \$ 16,604,064	 \$ 21,496,425	 \$ (4,892,361)
Net Position - Beginning	161,980,767	244,070,130	(82,089,363)
Cumulative Effect of GASB 68		<u>(103,585,788)</u>	<u>103,585,788</u>
Net Position - Ending	<u>\$ 178,584,831</u>	<u>\$ 161,980,767</u>	<u>\$ 16,604,064</u>

The University adopted the provisions of GASB Statement 68, Accounting and Reporting for Pensions, by restating net position for fiscal year 2015.

**COASTAL CAROLINA UNIVERSITY**  
 Schedule of Reconciling State Appropriations per the Financial Statements  
 to State Appropriations Recorded in State Accounting Records  
 For the Year Ended June 30, 2016

Following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 16 of the 2015-2016 Appropriations Bill H. 3701 enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2016.

**Non-Capital State Appropriations**

Approved Appropriation	<u>\$ 10,522,398</u>
Supplement Appropriation – Health Insurance	69,080
Supplement Appropriation – Bonus Pay	106,505
Proviso 11.42 Veteran Out-of-State Differential	387,001
Technology Grant Program	582,277
Proviso 3.6 Regarding Maintenance and Critical Care	59,326
H. 3702 Capital Reserve Fund Appropriation	479,723
South Carolina Endowment Incentive Act of 1997	5,300
Statement of Revenues, Expenses & Changes in Net Position	<u>\$ 12,211,610</u>

**COASTAL CAROLINA UNIVERSITY**  
Schedule of Tuition Fees  
For the Year Ended June 30, 2016

South Carolina Code of Laws Section 59-107-90 requires that the maximum amount of annual debt service on state institution bonds for each institution shall not exceed 90 percent of the sums received from tuition fees (as defined by code Section 59-107-30) for the preceding year. The applicable amount for the year ended June 30, 2016, is as follows:

Aggregate of tuition fees received as defined by Code Section 59-107-30 for the year ended June 30, 2015	<u>\$ 7,103,562</u>
Multiplied by	90%
Legal annual debt service limit at June 30, 2016	6,393,206
Maximum annual debt service on all State Institution Bonds of the University (including the \$ 10,025,000 General Obligation State Institution Refunding Bonds issued on behalf of the University after giving effect of the defeasance of the Refunded Bonds)	<u>5,109,846</u>
Margin	<u>\$ 1,283,36</u>



# COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## STATISTICAL SECTION



Edward M. Singleton Building at Coastal Carolina University

This part of the University's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the University's overall financial health. Unless otherwise noted, the information in this section is derived from the comprehensive annual financial report of the relevant year.



## **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the University's financial performance and well-being has changed over time.

**Schedule 1**  
**Coastal Carolina University**  
**Net Position by Component**  
**Fiscal Years 2007 – 2016**

For the year ended June 30

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Net Financial Position</b>										
Net Investment in Capital Assets	\$ 210,872,540	\$ 193,226,321	\$ 154,687,499	*\$ 130,228,337	\$ 118,117,078	\$ 92,076,002	\$ 71,619,921	\$ 59,953,874	\$ 57,318,311	\$ 46,314,833
Restricted - Endowment - Nonexpendable	105,128	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Restricted - Capital Projects and Debt Service - Expendable	36,098,025	43,397,489	48,326,727	36,729,803	33,396,565	32,445,453	33,277,562	21,751,075	19,439,071	15,203,375
Unrestricted	(68,490,862)	** (74,743,043)	40,955,904	58,739,507	46,478,312	43,673,313	33,825,798	26,417,735	16,471,934	18,843,171
<b>Total Net Position</b>	<b>\$ 178,584,831</b>	<b>\$ 161,980,767</b>	<b>\$ 244,070,130</b>	<b>\$ 225,797,647</b>	<b>\$ 198,091,955</b>	<b>\$ 168,294,768</b>	<b>\$ 138,823,281</b>	<b>\$ 108,222,684</b>	<b>\$ 93,329,316</b>	<b>\$ 80,461,379</b>

**Notes:**

In 2013 line items in the above schedule were named as follows:

- Net Financial Position
- Net Investment in Capital Assets
- Restricted - Endowment - Nonexpendable
- Restricted - Capital Projects and Debt Service - Expendable
- Unrestricted
- Total Net Position

\*In 2014, the University implemented GASB Statement No. 65, resulting in a restatement of the 2013 Net Investment in Capital Assets.

\*\*In 2015, the University implemented GASB Statement No. 68, resulting in a restatement of the 2014 Unrestricted Net Position.

**Source:** Coastal Carolina University Annual Financial Reports

## Schedule 2 Coastal Carolina University Major Revenue Sources Fiscal Years 2007 – 2016

For the year ended June 30  
(dollars)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tuition, net of allowance	\$ 128,382,842	\$ 117,216,607	\$ 104,646,848	\$ 100,845,686	\$ 98,590,156	\$ 88,379,677	\$ 78,675,758	\$ 75,894,084	\$ 64,647,787	\$ 60,037,693
State grants to students	11,233,292	11,042,191	10,394,517	10,309,617	9,821,512	9,931,985	9,200,535	8,884,673	8,261,850	6,725,629
Federal grants to students	2,493,903	2,205,506	2,237,119	2,510,626	2,565,409	3,770,094	3,529,443	8,468,043	7,467,366	5,031,709
Other operating grants	2,486,261	2,462,641	2,337,375	2,468,832	2,281,414	2,070,136	2,078,719	1,808,138	1,948,524	2,578,763
Sales and services of educ activities	5,627,219	5,315,361	4,914,266	4,786,480	4,647,195	3,033,764	2,974,222	2,789,296	2,380,591	2,527,891
Auxiliary enterprises, net of allowance	25,543,690	21,996,660	20,135,805	18,124,286	8,777,833	8,105,193	7,841,230	7,227,340	7,193,288	7,018,449
Other fees	2,812,828	2,891,160	2,670,049	2,508,994	2,082,887	1,677,210	2,043,312	1,322,613	1,243,228	1,073,120
<b>Total operating revenue</b>	<b>178,580,035</b>	<b>163,130,126</b>	<b>147,335,979</b>	<b>141,554,521</b>	<b>128,766,406</b>	<b>116,968,059</b>	<b>106,343,219</b>	<b>106,394,187</b>	<b>93,142,634</b>	<b>84,993,254</b>
State appropriations	12,211,610	10,851,710	10,264,739	11,140,551	8,920,787	9,856,086	11,970,857	13,524,645	17,671,977	16,171,875
Local appropriations	407,773	393,324	376,875	294,580	313,125	238,313	434,395	209,658	233,670	315,079
Gifts, Grants, and Contracts	18,593,631	18,213,105	17,416,576	16,551,864	17,202,173	18,247,517	14,411,780	1,484,956	2,525,354	1,412,749
Investment income	610,471	414,206	1,338,907	1,472,071	713,372	3,464,715	2,016,468	2,042,596	1,551,714	1,256,909
<b>Total non-operating revenue</b>	<b>31,823,485</b>	<b>29,872,345</b>	<b>29,397,097</b>	<b>29,459,066</b>	<b>27,149,457</b>	<b>31,806,631</b>	<b>28,833,500</b>	<b>17,261,855</b>	<b>21,982,715</b>	<b>19,156,612</b>
<b>Total non-capital revenue</b>	<b>\$ 210,403,520</b>	<b>\$ 193,002,471</b>	<b>\$ 176,733,076</b>	<b>\$ 171,013,587</b>	<b>\$ 155,915,863</b>	<b>\$ 148,774,690</b>	<b>\$ 135,176,719</b>	<b>\$ 123,656,042</b>	<b>\$ 115,125,349</b>	<b>\$ 104,149,866</b>

For the year ended June 30  
(percentages of total)

Tuition, net of allowance	61.0%	60.7%	59.2%	59.0%	63.2%	59.4%	58.2%	61.4%	56.2%	57.6%
State grants to students	5.3%	5.7%	5.9%	6.0%	6.3%	6.7%	6.8%	7.2%	7.2%	6.5%
Federal grants to students	1.2%	1.1%	1.3%	1.5%	1.6%	2.5%	2.6%	6.8%	6.5%	4.8%
Other operating grants	1.2%	1.3%	1.3%	1.4%	1.5%	1.4%	1.5%	1.5%	1.7%	2.5%
Sales and services of educ activities	2.7%	2.8%	2.8%	2.8%	3.0%	2.0%	2.2%	2.3%	2.1%	2.4%
Auxiliary enterprises, net of allowance	12.1%	11.4%	11.4%	10.6%	5.6%	5.4%	5.8%	5.8%	6.2%	6.7%
Other fees	1.3%	1.5%	1.5%	1.5%	1.3%	1.1%	1.5%	1.1%	1.1%	1.0%
<b>Total operating revenue</b>	<b>84.9%</b>	<b>84.5%</b>	<b>83.4%</b>	<b>82.8%</b>	<b>82.6%</b>	<b>78.6%</b>	<b>78.7%</b>	<b>86.0%</b>	<b>80.9%</b>	<b>81.6%</b>
State appropriations	5.8%	5.6%	5.8%	6.5%	5.7%	6.6%	8.9%	10.9%	15.4%	15.5%
Local appropriations	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%	0.3%
Gifts	8.8%	9.4%	9.9%	9.7%	11.0%	12.3%	10.7%	1.2%	2.2%	1.4%
Investment income	0.3%	0.2%	0.8%	0.8%	0.5%	2.3%	1.5%	1.7%	1.3%	1.2%
<b>Total non-operating revenue</b>	<b>15.1%</b>	<b>15.5%</b>	<b>16.6%</b>	<b>17.2%</b>	<b>17.4%</b>	<b>21.4%</b>	<b>21.3%</b>	<b>14.0%</b>	<b>19.1%</b>	<b>18.4%</b>
<b>Total non-capital revenue</b>	<b>100.0%</b>									

**Notes:** 2007-2009 Pell Grants were classified as operating revenue federal grants to students category.

2010 - present Pell Grants were reclassified as non-operating revenue per SC Controller's Office.

**Source:** Coastal Carolina University Annual Financial Reports

**Schedule 3**  
**Coastal Carolina University**  
**Expenses by Function**  
**Fiscal Years 2007 – 2016**

For the year ended June 30  
(dollars)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction	\$ 72,656,605	\$ 63,711,233	\$ 58,415,046	\$ 54,399,415	\$ 51,251,285	\$ 47,126,842	\$ 42,940,090	\$ 41,222,211	\$ 37,496,227	\$ 33,749,600
Research	1,977,867	1,810,122	2,211,588	2,435,676	2,311,453	1,969,431	2,450,264	1,534,647	1,365,651	991,703
Public Service	1,456,450	1,380,007	1,366,901	1,232,711	1,314,729	1,401,435	1,194,171	1,010,520	1,398,176	1,530,716
Academic Support	11,239,341	10,743,962	9,601,338	9,237,715	8,406,129	7,692,319	6,916,496	6,839,919	6,260,774	5,544,497
Student Services	29,608,665	26,624,936	25,572,728	23,368,935	21,896,903	19,090,602	18,010,372	17,282,683	16,636,251	13,663,750
Institutional Support	16,241,157	15,718,295	13,675,847	13,362,086	13,516,038	11,639,916	11,545,464	10,121,548	9,927,237	8,560,893
Plant Operation	25,408,965	25,412,161	23,945,222	21,619,557	19,096,049	17,518,943	16,713,037	15,346,465	13,433,372	14,423,873
Scholarships	11,320,124	12,531,727	11,866,581	11,188,558	10,201,727	10,521,521	7,270,964	7,717,421	6,807,605	6,220,738
Auxiliary Enterprises	12,936,339	11,397,453	9,996,530	10,827,604	4,786,652	4,824,147	4,656,279	5,215,065	4,943,921	5,355,666
Depreciation	15,184,395	13,614,618	13,355,479	11,798,910	4,538,853	5,235,188	4,615,762	4,096,014	3,703,908	3,267,991
<b>Total operating expenses</b>	<b>198,029,908</b>	<b>182,944,514</b>	<b>170,007,260</b>	<b>159,471,167</b>	<b>137,319,818</b>	<b>127,020,344</b>	<b>116,312,899</b>	<b>110,386,493</b>	<b>101,973,122</b>	<b>93,309,427</b>
Interest and bond issuance costs	5,643,957	7,286,798	6,587,313	6,506,236	1,646,247	1,770,271	2,321,273	1,857,739	1,647,266	1,740,332
Other non-operating expenses	86,743	16,326	424,468	48,469	19,974	67,094	10,256	2,585	45,539	-
<b>Total non-operating expenses</b>	<b>5,730,700</b>	<b>7,303,124</b>	<b>7,011,781</b>	<b>6,554,705</b>	<b>1,666,221</b>	<b>1,837,365</b>	<b>2,331,529</b>	<b>1,860,324</b>	<b>1,692,805</b>	<b>1,740,332</b>
<b>Total expenses</b>	<b>\$ 203,760,608</b>	<b>\$ 190,247,638</b>	<b>\$ 177,019,041</b>	<b>\$ 166,025,872</b>	<b>\$ 138,986,039</b>	<b>\$ 128,857,709</b>	<b>\$ 118,644,428</b>	<b>\$ 112,246,817</b>	<b>\$ 103,665,927</b>	<b>\$ 95,049,759</b>

For the year ended June 30  
(percentages of total)

Instruction	38.2%	33.5%	33.0%	32.8%	36.9%	36.6%	36.2%	36.7%	36.2%	35.5%
Research	1.0%	1.0%	1.2%	1.5%	1.7%	1.5%	2.1%	1.4%	1.3%	1.0%
Public Service	0.8%	0.7%	0.8%	0.7%	0.9%	1.1%	1.0%	0.9%	1.3%	1.6%
Academic Support	5.9%	5.6%	5.4%	5.6%	6.0%	6.0%	5.8%	6.1%	6.0%	5.8%
Student Services	15.6%	14.0%	14.4%	14.1%	15.8%	14.8%	15.2%	15.4%	16.0%	14.4%
Institutional Support	8.5%	8.3%	7.7%	8.0%	9.7%	9.0%	9.7%	9.0%	9.6%	9.0%
Plant Operation	13.4%	13.4%	13.5%	13.0%	13.7%	13.6%	14.1%	13.7%	13.0%	15.2%
Scholarships	6.0%	6.6%	6.7%	6.7%	7.3%	8.2%	6.1%	6.9%	6.6%	6.5%
Auxiliary Enterprises	6.8%	6.0%	5.6%	6.5%	3.4%	3.7%	3.9%	4.6%	4.8%	5.6%
Depreciation	8.0%	7.2%	7.5%	7.1%	3.3%	4.1%	3.9%	3.6%	3.6%	3.4%
<b>Total operating expenses</b>	<b>104.1%</b>	<b>96.2%</b>	<b>96.0%</b>	<b>96.1%</b>	<b>98.8%</b>	<b>98.6%</b>	<b>98.0%</b>	<b>98.3%</b>	<b>98.4%</b>	<b>98.2%</b>
Interest and bond issuance costs	3.0%	3.8%	3.7%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%	1.8%
Other non-operating expenses	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
<b>Total non-operating expenses</b>	<b>3.0%</b>	<b>3.8%</b>	<b>4.0%</b>	<b>3.9%</b>	<b>1.2%</b>	<b>1.4%</b>	<b>2.0%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.8%</b>
<b>Total expenses</b>	<b>107.1%</b>	<b>100.0%</b>								

**Notes:** In fiscal year 2014, the University adopted the provisions of GASB Statement 65, Items Previously Reported as Assets and Liabilities, and began expensing bond issuance costs as part of non-operating expenses.

**Source:** Coastal Carolina University Annual Financial Reports

**Schedule 4**  
**Coastal Carolina University**  
**Expenses by Use**  
**Fiscal Years 2007 – 2016**

For the year ended June 30  
(dollars)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Personnel costs and benefits	\$ 125,408,050	\$ 113,684,278	\$ 104,710,936	\$ 97,691,335	\$ 89,827,887	\$ 81,420,498	\$ 75,630,433	\$ 70,346,054	\$ 65,043,866	\$ 57,926,829
Services and supplies	39,235,872	38,346,205	35,237,806	34,077,957	28,821,931	26,221,253	25,321,514	25,146,483	23,150,973	22,859,221
Utilities	7,552,309	7,024,154	6,843,404	6,582,470	4,359,122	4,019,195	3,844,951	3,399,167	3,517,704	3,280,450
Scholarships	10,649,282	10,275,259	9,859,635	9,320,495	9,772,025	10,124,210	6,900,239	7,398,775	6,556,671	5,974,936
Depreciation	15,184,395	13,614,618	13,355,479	11,798,910	4,538,853	5,235,188	4,615,762	4,096,014	3,703,908	3,267,991
<b>Total operating expenses</b>	<b>198,029,908</b>	<b>182,944,514</b>	<b>170,007,260</b>	<b>159,471,167</b>	<b>137,319,818</b>	<b>127,020,344</b>	<b>116,312,899</b>	<b>110,386,493</b>	<b>101,973,122</b>	<b>93,309,427</b>
Interest & bond issuance cost	5,643,957	7,286,798	6,587,313	6,506,236	1,646,247	1,770,271	2,321,273	1,857,739	1,647,266	1,740,332
Other non-operating expenses	86,743	16,326	424,468	48,469	19,974	67,094	10,256	2,585	45,539	-
<b>Total non-operating expenses</b>	<b>5,730,700</b>	<b>7,303,124</b>	<b>7,011,781</b>	<b>6,554,705</b>	<b>1,666,221</b>	<b>1,837,365</b>	<b>2,331,529</b>	<b>1,860,324</b>	<b>1,692,805</b>	<b>1,740,332</b>
<b>Total expenses</b>	<b>\$ 203,760,608</b>	<b>\$ 190,247,638</b>	<b>\$ 177,019,041</b>	<b>\$ 166,025,872</b>	<b>\$ 138,986,039</b>	<b>\$ 128,857,709</b>	<b>\$ 118,644,428</b>	<b>\$ 112,246,817</b>	<b>\$ 103,665,927</b>	<b>\$ 95,049,759</b>

For the year ended June 30  
(percentages of total)

Personnel costs and benefits	61.5%	59.8%	59.2%	58.8%	64.6%	63.2%	63.7%	62.7%	62.7%	60.9%
Services and supplies	19.3%	20.2%	19.9%	20.5%	20.7%	20.3%	21.3%	22.4%	22.3%	24.0%
Utilities	3.7%	3.7%	3.9%	4.0%	3.1%	3.1%	3.2%	3.0%	3.4%	3.5%
Scholarships	5.2%	5.4%	5.6%	5.6%	7.0%	7.9%	5.8%	6.6%	6.3%	6.3%
Depreciation	7.5%	7.2%	7.5%	7.1%	3.3%	4.1%	3.9%	3.6%	3.6%	3.4%
<b>Total operating expenses</b>	<b>97.2%</b>	<b>96.2%</b>	<b>96.0%</b>	<b>96.1%</b>	<b>98.8%</b>	<b>98.6%</b>	<b>98.0%</b>	<b>98.3%</b>	<b>98.4%</b>	<b>98.2%</b>
Interest & bond issuance cost	2.8%	3.8%	3.7%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%	1.8%
Other non-operating expenses	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
<b>Total non-operating expenses</b>	<b>2.8%</b>	<b>3.8%</b>	<b>4.0%</b>	<b>3.9%</b>	<b>1.2%</b>	<b>1.4%</b>	<b>2.0%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.8%</b>
<b>Total expenses</b>	<b>100.0%</b>									

**Notes:** In fiscal year 2014, the University adopted the provisions of GASB Statement 65, Items Previously Reported as Assets and Liabilities, and began expensing bond issuance costs as part of non-operating expenses

**Source:** Coastal Carolina University Annual Financial Reports

# Schedule 5

## Coastal Carolina University

### Other Changes in Net Position

#### Fiscal Years 2007 – 2016

For the year ended June 30

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Income before other changes in net assets</b>	\$ 6,642,912	\$ 2,754,833	\$ (285,965)	\$ 4,987,715	\$ 16,929,824	\$ 19,916,981	\$ 16,532,291	\$ 11,409,225	\$ 11,476,656	\$ 9,337,083
Capital appropriations	9,703,620	12,602,044	9,989,149	8,822,085	7,660,595	6,884,907	6,665,565	1,959,902	145,000	168,307
Capital grants and gifts	257,532	6,139,548	10,299,984	13,895,892	5,206,768	2,669,599	7,402,741	1,524,241	833,356	-
<b>Total change in net position</b>	<b>\$ 16,604,064</b>	<b>\$ 21,496,425</b>	<b>\$ 20,003,168</b>	<b>\$ 27,705,692</b>	<b>\$ 29,797,187</b>	<b>\$ 29,471,487</b>	<b>\$ 30,600,597</b>	<b>\$ 14,893,368</b>	<b>\$ 12,455,012</b>	<b>\$ 9,505,390</b>

**Notes: State capital grants and appropriations**

- \*In 2007 amounts include \$1.35 million in state research infrastructure bond proceeds for complete renovation of the Keams Hall classroom building.
- \*In 2009, 2010, 2011, 2012, 2013, and 2014 the University received \$1.48 million, \$6.66, \$6.88, \$7.66, \$7.99, and \$8.49 million respectively from the Horry County 1 % Education Capital Improvement Tax.
- \*In 2010, SCDOT granted \$300,000 for University Blvd. road improvements.
- \*In 2013, the University recognized \$831,612 in State Capital Reserve Funds allocated for the purpose of deferred maintenance.
- \*In 2014, amount for capital appropriations included \$1,500,000 in State Capital Reserve Funds for the Science Annex II construction.

**Notes: Local and other capital grants and appropriations**

- \*In 2007, over \$400,000 represents the donation of a bell tower constructed on campus and the gift of related land by the Coastal Educational Foundation.
- \*The 2009, amount for capital appropriations include \$482,480 of research infrastructure bond proceeds.
- \*In 2010, the Coastal Educational Foundation gave \$1,750,000 for improvements to Adkins Field House and \$3,676,000 in land donations for building projects.
- \*In 2010, the Chanticleer Club gave a \$750,000 gift for an athletic training facility and \$491,600 for Adkins Field House improvements.
- \*In 2011, the Coastal Educational Foundation gave \$187,400 for the purchase of Quail Creek Golf Course. The Coastal Educational Foundation also donated 3.06 acres of land to the University with a fair market value of \$416,000.
- \*In 2011, Chestnut Holding, LLC sold Quail Creek Golf Course under market value, donating \$1,008,000 to the University.
- \*From 2009 to 2011, the Horry County Higher Education Commission donated over \$1,289,000 for the construction of intramural fields.
- \*In 2011, the Chanticleer Athletic Foundation donated \$174,000 for netting on the practice hitting facility and donated \$119,000 in improvements to the Adkins Field House.
- \*In 2012, the Coastal Educational Foundation donated \$3,245,000 of land for academic classrooms. The Coastal Educational Foundation also gave the University \$533,300 for Hackler Golf Course improvements, \$454,300 for the Bryan Information Commons Library renovations, and \$3,420 for Adkins Field House improvements.
- \*In 2012, the Horry County Higher Education Commission donated \$535,000 for the Blanton Circle project, as well as \$373,000 of the procurement building purchase.
- \*In 2012, HTC donated \$291,000 of wiring for the Student Recreation and Convocation Center.
- \*In 2013, the Coastal Educational Foundation donated \$4,692,600 of core campus land. The Coastal Educational Foundation also gave the University \$129,273 for Hackler Golf Course improvements, \$1,043,714 for the Bryan Information Commons Library renovations, and \$350,000 for Swain Hall equipment purchases, as well as \$192,755 in other gifts designated for capital improvements, for a total of \$6,408,342.
- \*In 2013, the Horry County Higher Education Commission donated \$6,000,000 towards the construction of Annex I of the Lib Jackson Student Center. A land donation for the tennis complex was also received, for which the gift portion totaled \$1,187,550.
- \*In 2013, the Horry County Transportation Committee gave \$100,000 towards the installation of a traffic light where Founders Drive intersects Hwy. 544.
- \*In 2013, the University recognized a gift in the amount of \$200,000 from the Coastal Housing Foundation, as part of land purchase on which the new residence halls are being constructed.
- \*In 2013, capital appropriations includes both state and local capital appropriations.
- \*In 2014, the Coastal Education Foundation donated \$1,795,200 of land.
- \*In 2014, the Chanticleer Athletic Foundation donated \$7,203,194 towards the construction of the Softball and Baseball Complex. The Chanticleer Athletic Foundation also gave the University \$140,000 for the Brooks Entrance Signage, as well as \$161,590 for the capital improvements of the softball field.
- \*In 2014, the Horry County Higher Education Commission donated \$1,000,000 for the Singleton Building renovations.
- \*In 2014, capital appropriations includes both state and local capital appropriations.
- \*In 2015, the Coastal Educational Foundation donated land valued at \$617,400 for construction of the new Academic Classroom Building. The Coastal Educational Foundation also gave the University \$24,353 towards the installation of pavers used near the Atheneum Hall.
- \*In 2015, the Chanticleer Athletic Foundation gave \$1,209,677 towards the Football Stadium turf installation. The Chanticleer Athletic Foundation also gave the University \$636,492 for the Baseball Stadium renovations and \$250,423 for the Adkins Building 3rd floor renovations.
- \*In 2015, the University recognized a gift in the amount of \$3,155,524 from the Coastal Housing Foundation for construction of the University Place Dining Facility.
- \*In 2015, the Horry Telephone Cooperative donated \$241,670 for wiring for the baseball and softball fields.
- \*In 2015, capital appropriations includes both state and local capital appropriations.
- \*In 2016, capital appropriations includes both state and local capital appropriations. Capital grants and gifts are down from the prior years due to unusually large donations from Horry County Commission on Higher Education in 2014 and 2015.

Source: Coastal Carolina University Annual Financial Reports

## **REVENUE CAPACITY**

These schedules and charts contain information to help the reader assess the factors affecting the University's ability to generate its operating revenue.

**Schedule 6**  
**Coastal Carolina University**  
**Applications, Enrollment and Degrees Awarded**  
**Academic Years 2006-2015\*\*\***

	Academic Year Beginning in Fall									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>ADMISSIONS - FRESHMEN</b>										
Applications	17,252	14,799	14,050	10,993	10,502	9,639	8,706	7,514	6,618	6,218
Applications accepted	10,291	9,412	9,014	8,139	7,836	7,170	6,438	5,215	4,524	4,238
Accepted as a percentage of applications	60%	64%	64%	74%	75%	74%	74%	69%	68%	68%
Students enrolled	2,368	2,375	2,095	2,206	2,137	2,006	1,775	1,655	1,652	1,474
Students enrolled as a percentage of accepted	23%	25%	23%	27%	27%	28%	28%	32%	37%	35%
SAT scores - total	1005	1001	1000	1000	1013	1008	1028	1030	1040	1047
<b>ENROLLMENT</b>										
<b>Headcount enrollment</b>										
Undergraduate	9,615	9,364	8,867	8,746	8,517	8,203	7,920	7,573	7,070	6,660
Graduate	648	612	611	589	567	503	440	581	802	1,389
<b>Full time equivalent enrollment</b>										
Undergraduate	9,458	9,119	8,564	8,568	8,455	8,073	7,665	7,372	6,890	6,398
Graduate	346	318	306	291	265	229	200	238	288	546
<b>Residency for Fee Payment Purposes*</b>										
Undergraduate, State Residents	6,929	6,889	6,514	6,327	6,013	5,796	5,365	5,147	4,825	4,623
Undergraduate, Out of State Residents	2,686	2,475	2,353	2,419	2,504	2,407	2,555	2,426	2,245	2,037
Headcount Total by Fee Payment Purposes	9,615	9,364	8,867	8,746	8,517	8,203	7,920	7,573	7,070	6,660
Percent of Undergraduates paying as Residents	72%	74%	73%	72%	71%	71%	68%	68%	68%	69%
Percent of Undergraduates paying as Non-residents	28%	26%	27%	28%	29%	29%	32%	32%	32%	31%
<b>Required Tuition and Fees**</b>										
Undergraduate, In State, Full Time	\$ 10,530	\$ 10,140	\$ 9,760	\$ 9,760	\$ 9,760	\$ 9,390	\$ 8,950	\$ 8,650	\$ 7,600	\$ 7,500
Undergraduate, Out of State, Full Time	\$ 24,320	\$ 23,480	\$ 22,770	\$ 22,050	\$ 21,560	\$ 20,270	\$ 18,770	\$ 18,090	\$ 16,590	\$ 16,190
Non-resident: Resident Fee Ratio	2.31	2.32	2.33	2.26	2.21	2.16	2.10	2.09	2.18	2.16
<b>DEGREES AWARDED</b>										
Bachelor's	1,648	1,553	1,510	1,399	1,379	1,289	1,222	1,076	1,004	931
Master's	254	232	199	181	120	92	95	86	75	46

Notes: \* Scholarship recipients who are non-residents may receive a partial or full waiver of the out-of-state fee differential.

\*\* Does not include room and board.

Source: Coastal Carolina Office of Institutional Research (<https://www.coastal.edu/iraa/ir/factbook.html>)

\*\*\*Academic year 2016 data not yet available.

**Schedule 7**  
**Coastal Carolina University**  
**Undergraduate Annual Required Tuition and Fees at South Carolina Public Four-Year Institutions**  
**Fiscal Years 2007-2016**

For fiscal year ended June 30

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
The Citadel	\$ 11,734	\$ 11,364	\$ 11,098	\$ 10,838	\$ 10,523	\$ 10,216	\$ 9,871	\$ 8,735	\$ 8,403	\$ 7,735
Clemson University	14,318	13,882	13,446	13,054	12,674	12,304	11,854	11,078	10,378	9,870
Coastal Carolina University	10,876	10,530	10,140	9,760	9,760	9,760	9,390	8,950	8,650	7,600
College of Charleston	11,386	10,900	10,558	10,230	9,918	9,616	9,616	8,988	8,400	7,778
Francis Marion University	10,428	10,100	9,738	9,386	9,066	8,802	8,480	7,960	7,682	7,038
Lander University	11,200	10,752	10,418	10,100	9,792	9,504	9,144	8,760	8,380	7,728
South Carolina State University	10,420	10,088	10,088	9,776	9,258	9,258	8,898	8,462	7,806	7,318
University of South Carolina										
Columbia	11,856	11,482	11,158	10,816	10,488	10,168	9,786	9,156	8,838	8,346
Aiken	10,196	9,878	9,552	9,258	8,974	8,700	8,374	7,900	7,532	7,006
Beaufort	10,166	9,848	9,354	8,922	8,508	8,108	7,756	7,250	7,000	6,250
Upstate	11,060	10,718	10,348	10,028	9,722	9,426	9,072	8,642	8,342	7,760
Winthrop University	14,510	14,156	13,812	13,430	13,026	12,656	12,176	11,606	11,140	10,210
<b>Average Rate</b>	<b>\$ 11,513</b>	<b>\$ 11,142</b>	<b>\$ 10,809</b>	<b>\$ 10,467</b>	<b>\$ 10,142</b>	<b>\$ 9,877</b>	<b>\$ 9,535</b>	<b>\$ 8,957</b>	<b>\$ 8,546</b>	<b>\$ 7,887</b>

Source: CHE Tuition & Required Fees for Academic Year 2016-17



## **DEBT CAPACITY**

These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue debt in the future.

**Schedule 8**  
**Coastal Carolina University**  
**Ratios of Outstanding Debt**  
**Fiscal Years 2007-2016**

	Academic Year Beginning in Fall									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Bonded Debt</b>										
General obligation bonds	\$ 51,690,000	\$ 56,675,000	\$ 59,665,000	\$ 62,585,000	\$ 65,440,000	\$ 68,235,000	\$ 70,980,000	\$17,655,000	\$ 18,305,000	\$ 18,935,000
Total general bonded debt	<u>\$ 51,690,000</u>	<u>\$ 56,675,000</u>	<u>\$ 59,665,000</u>	<u>\$ 62,585,000</u>	<u>\$ 65,440,000</u>	<u>\$ 68,235,000</u>	<u>\$ 70,980,000</u>	<u>\$17,655,000</u>	<u>\$ 18,305,000</u>	<u>\$ 18,935,000</u>
Outstanding general bonded debt per full-time equivalent student	\$ 5,272	\$ 6,006	\$ 6,727	\$ 7,065	\$ 7,505	\$ 8,219	\$ 9,025	\$2,320	\$ 2,551	\$ 2,727
<b>Other Debt</b>										
Revenue bonds	\$ 187,808,000	\$ 192,361,000	\$ 106,707,000	\$ 72,551,000	\$ 19,122,000	\$ 20,200,000	\$ 21,305,000	\$22,365,000	\$ 23,375,000	\$ 24,345,000
Capital lease obligations	\$ -	\$ -	\$ 144,894,319	\$ 148,208,521	\$ -	\$ -	\$ 55,133	\$162,895	\$ 267,404	\$ 368,758
Total outstanding debt	<u>\$ 239,498,000</u>	<u>\$ 249,036,000</u>	<u>\$ 311,266,319</u>	<u>\$ 283,344,521</u>	<u>\$ 84,562,000</u>	<u>\$ 88,435,000</u>	<u>\$ 92,340,133</u>	<u>\$40,182,895</u>	<u>\$ 41,947,404</u>	<u>\$ 43,648,758</u>
Total outstanding debt per full-time equivalent student	\$ 24,429	\$ 26,389	\$ 35,092	\$ 31,984	\$ 9,697	\$ 10,652	\$ 11,741	\$5,280	\$ 5,845	\$ 6,286
Number of full time equivalent undergraduate and graduate students	9,804	9,437	8,870	8,859	8,720	8,302	7,865	7,610	7,177	6,944

**Source:** Coastal Carolina Office of Institutional Research (<https://www.coastal.edu/iraa/ir/factbook.html>)

**Schedule 9**  
**Coastal Carolina University**  
**Debt Service Coverage on Revenue Bonds**  
**Fiscal Years 2007-2016**

For the year ended June 30

REVENUE BONDS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues	\$ 190,620,146	\$ 174,937,930	\$ 159,198,369	\$ 152,009,017	\$ 138,853,361	\$ 131,251,959	\$ 116,793,340	\$ 104,224,614	\$ 90,926,143	\$ 70,209,074
Expenses	\$ 170,633,903	\$ 158,478,186	\$ 146,387,042	\$ 136,531,706	\$ 123,860,178	\$ 111,929,070	\$ 99,040,370	\$ 92,597,576	\$ 80,449,056	\$ 58,774,006
Net Revenues Available for Debt Service	\$ 19,986,243	\$ 16,459,744	\$ 12,811,327	\$ 15,477,311	\$ 14,993,183	\$ 19,322,889	\$ 17,752,970	\$ 11,627,038	\$ 10,477,087	\$ 11,435,068
Debt Service Req, Revenue Bonds	\$ 9,364,953	\$ 3,057,986	\$ 1,936,417	\$ 1,932,683	\$ 2,050,518	\$ 2,046,069	\$ 2,044,872	\$ 2,041,557	\$ 2,046,371	\$ 2,716,850
Coverage	2.13	5.38	6.62	8.01	7.31	9.44	8.68	5.70	5.12	4.21

**Notes:** Above revenues, expenses, and net revenues available for debt service have been determined in accordance with the requirements of the applicable bonds.

**Source:** Coastal Carolina University Annual Financial Reports

**Schedule 10**  
**Coastal Carolina University**  
**Debt Service Coverage on General Obligation Bonds**  
**Fiscal Years 2007-2016**

For the year ended June 30

<b>GENERAL OBLIGATION BONDS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Tuition Pledged for Debt Service	\$ 7,408,400	\$ 7,103,562	\$ 7,149,984	\$ 7,744,604	\$ 7,674,531	\$ 7,320,182	\$ 6,135,497	\$ 5,753,325	\$ 6,392,583	\$ 2,020,067
Debt Service, General Obligation Bonds	\$ 5,086,748	\$ 5,241,476	\$ 5,248,076	\$ 5,259,526	\$ 5,317,126	\$ 5,403,801	\$ 1,418,776	\$ 1,424,964	\$ 1,434,845	\$ 872,111
Coverage	1.46	1.36	1.36	1.47	1.44	1.35	4.32	4.04	4.46	2.32

**Source:** Coastal Carolina University Annual Financial Reports

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These charts offer demographic and economic indicators to help the reader understand the environment within which the University's financial activities take place and to help make comparisons over time and with other universities.

**Schedule 11**  
**Coastal Carolina University**  
**South Carolina Employment by Industry**  
**Calendar Year 2015 and 2006\***

<u>Sources</u>	2015		2006	
	<u>Number of Employees</u>	<u>Percent of Total</u>	<u>Number of Employees</u>	<u>Percent of Total</u>
Construction	88,400	4.35%	127,600	6.59%
Manufacturing	238,800	11.74%	251,200	12.98%
Trade, Transportation and Utilities	397,000	19.51%	385,000	19.89%
Information	27,000	1.33%	27,900	1.44%
Financial Activities	97,400	4.79%	99,400	5.14%
Professional and Business Services	272,600	13.40%	224,300	11.59%
Education and Health Services	241,000	11.85%	193,300	9.99%
Leisure and Hospitality	229,700	11.29%	205,000	10.59%
Other Services	75,000	3.69%	74,300	3.84%
Government	367,500	18.06%	347,600	17.96%
	<u>2,034,400</u>	<u>100.00%</u>	<u>1,935,600</u>	<u>100.00%</u>

**Source:** United States Department of Labor, Bureau of Labor Statistics

\* Calendar year 2016 data not yet available.

**Schedule 12**  
**Coastal Carolina University**  
**Top 10 Employers - Calendar Year 2015 and 2006\***  
**Horry County, South Carolina**

**Year 2015**

<b><u>Employer</u></b>	<b><u>Number of Employees</u></b>	<b><u>%</u></b>
Horry County School District	5,473	33.0%
Horry County Government	2,178	13.2%
Coastal Carolina University	1,582	9.6%
Conway Medical Center	1,500	9.1%
Grand Strand Regional Medical Center	1,400	8.5%
Food Lion	1,000	6.0%
McLeod Loris Seacoast	940	5.7%
Blue Cross/Blue Shield	837	5.1%
City of Myrtle Beach	850	5.1%
National Golf Management	800	4.8%

**Year 2006**

<b><u>Employer</u></b>	<b><u>Number of Employees</u></b>	<b><u>%</u></b>
Horry County School District	4,870	31.1%
Wal-Mart Associates, Inc.	2,061	13.2%
Horry County Government	1,700	10.9%
Conway Hospital	1,020	6.5%
Coastal Carolina University	1,057	6.8%
Blue Cross/Blue Shield	1,077	6.9%
Grand Strand Regional Medical Center	1,000	6.4%
AVX	985	6.3%
Myrtle Beach National	980	6.3%
City of Myrtle Beach	902	5.8%

**Source:** For 2015 Statistics, Myrtle Beach Regional Economic Development

For 2006 Statistics, Myrtle Beach Area Chamber of Commerce, 19th Statistical Abstracts

\* Calendar year 2016 data not yet available.

**Schedule 13**  
**Coastal Carolina University**  
**State and Regional**  
**Population, Income and Unemployment History**  
**Fiscal Years 2006-2015\***

<u>Year</u>	<u>Population</u>			<u>Total Personal Income</u>			<u>Unemployment Rate (%)</u>		
	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>
2015	4,896,146	309,199	61,298	\$ 186,285,746,000	\$ 9,554,503,000	\$ 2,418,012,000	6.0	7.0	8.4
2014	4,832,482	298,832	60,773	178,485,001,000	8,924,166,000	2,396,721,000	5.7	6.1	7.5
2013	4,774,839	289,650	60,440	169,282,713,000	8,621,556,000	2,346,633,000	6.4	5.8	6.1
2012	4,723,723	282,285	60,189	161,863,730,000	8,598,437,000	2,341,605,000	8.1	7.6	7.9
2011	4,679,230	276,340	59,991	157,565,000,000	8,054,854,000	2,303,848,000	9.6	9.4	9.4
2010	4,625,364	269,291	60,158	150,495,805,000	7,721,872,000	2,226,090,000	11.0	10.5	10.8
2009	4,561,242	263,868	60,703	145,041,489,000	7,678,701,000	2,256,752,000	11.0	10.3	11.3
2008	4,479,800	257,380	60,731	146,334,933,000	7,603,947,000	2,230,074,000	11.6	10.9	12.5
2007	4,404,914	249,711	60,388	141,243,653,000	7,068,484,000	2,095,081,000	5.9	5.1	6.4
2006	4,324,799	239,496	59,912	134,203,912,000	6,754,139,000	1,995,556,000	6.4	5.5	7.0

**Source:** South Carolina Department of Employment and Workforce Labor Market Information  
U.S. Census Bureau

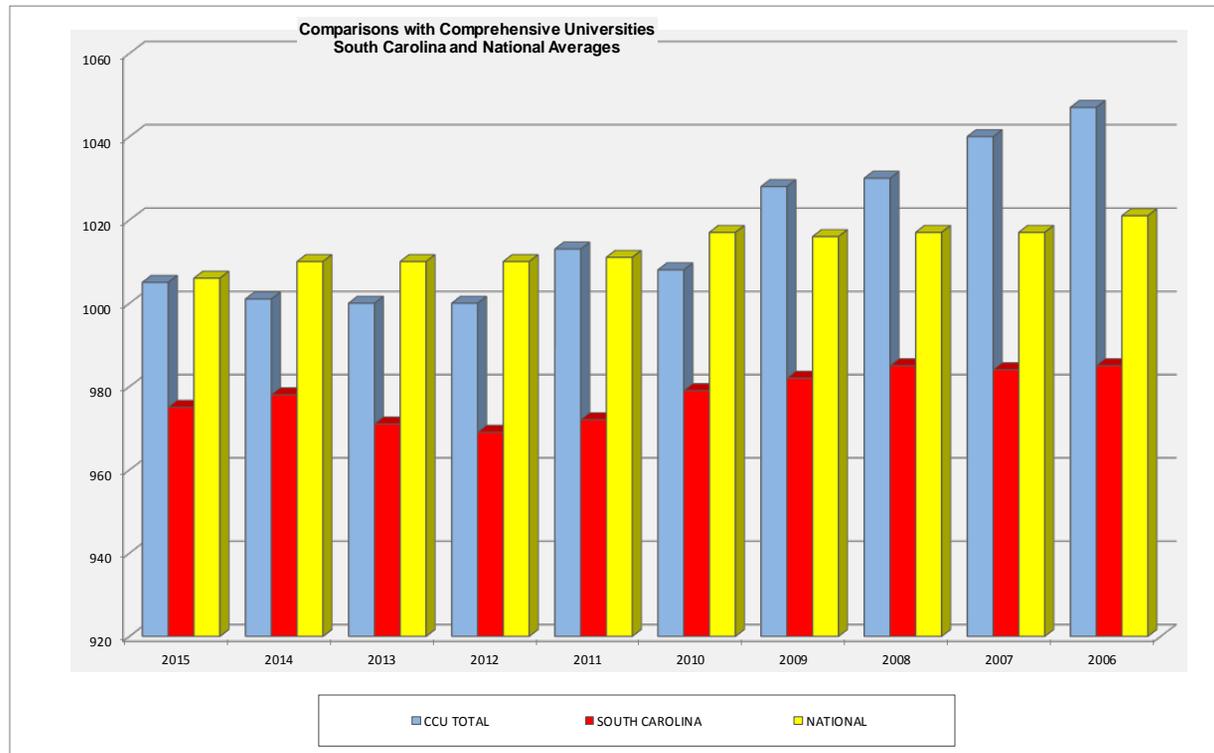
\* Fiscal year 2016 information not yet available.

## **OPERATING INFORMATION**

These schedules contain information about the University's operations and resources to help the reader understand how the University's information relates to the services the University provides and the activities it performs.

**Schedule 14**  
**Coastal Carolina University**  
**SAT Scores, New Freshmen**  
**Fiscal Years 2006-2015\***

	<b>FALL SEMESTERS</b>									
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
CCU TOTAL	1005	1001	1000	1000	1013	1008	1028	1030	1040	1047
SOUTH CAROLINA	975	978	971	969	972	979	982	985	984	985
NATIONAL	1006	1010	1010	1010	1011	1017	1016	1017	1017	1021



**Source:** Coastal Carolina Office of Institutional Research (<https://www.coastal.edu/iraa/ir/factbook.html>)

\* Fiscal year 2016 information not yet available.

**Schedule 15**  
**Coastal Carolina University**  
**Average Faculty Salaries by Rank**  
**Academic Years 2006-2015\*\*\*\***

	Academic Year Beginning in Fall									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Coastal Carolina University</b>										
Professor	\$94,892	\$95,623	\$90,920	\$86,945	\$84,168	\$82,640	\$83,036	\$82,159	\$78,667	\$73,231
Associate Professor	\$71,290	\$71,574	\$69,923	\$70,405	\$70,535	\$68,877	\$68,397	\$67,679	\$63,887	\$62,123
Assistant Professor	\$61,361	\$61,083	\$59,586	\$59,999	\$58,234	\$56,232	\$57,468	\$58,005	\$57,786	\$53,996
Instructor/Other	\$48,146	\$47,907	\$45,347	\$47,472	\$46,112	\$45,593	\$46,076	\$44,910	\$41,300	\$37,009
Average, all ranks	\$73,183	\$72,764	\$69,721	\$68,960	\$67,832	\$65,110	\$65,270	\$64,034	\$61,905	\$58,227
Average, percent of										
SC public universities	106.17%	107.56%	107.22%	107.18%	111.40%	108.50%	108.90%	105.99%	103.40%	101.33%
Average, percent of SREB**	n/a*	123.02%	120.12%	117.25%	113.40%	113.21%	112.92%	111.74%	110.42%	105.99%
Average, percent of national***	86.67%	88.12%	88.14%	90.38%	93.06%	90.07%	91.29%	90.25%	91.67%	90.16%
<b>South Carolina Public Universities</b>										
Professor	\$85,375	\$85,438	\$83,019	\$82,365	\$76,402	\$75,990	\$75,452	\$76,573	\$74,802	\$71,895
Associate Professor	\$69,203	\$68,348	\$66,114	\$66,027	\$62,647	\$62,428	\$62,158	\$64,009	\$63,124	\$60,936
Assistant Professor	\$61,001	\$60,322	\$57,927	\$57,559	\$54,599	\$54,100	\$54,175	\$54,199	\$53,825	\$51,282
Instructor/Other	\$49,621	\$49,033	\$48,350	\$47,538	\$45,426	\$44,848	\$44,866	\$44,357	\$44,159	\$41,942
Average, all ranks	\$68,933	\$67,652	\$65,024	\$64,341	\$60,893	\$60,009	\$59,937	\$60,416	\$59,868	\$57,462
Southern (SREB**) Average	n/a*	\$59,150	\$58,042	\$58,816	\$59,816	\$57,515	\$57,804	\$57,308	\$56,062	\$54,937
National*** (CUPA) Average	\$84,442	\$82,574	\$79,102	\$76,301	\$72,894	\$72,291	\$71,500	\$70,953	\$67,533	\$64,580

**Notes:** \*average not yet available

    \*\*Southern Regional Education Board

    \*\*\*College and University Professional Association

**Source:** Coastal Carolina Office of Institutional Research (<https://www.coastal.edu/iraa/ir/factbook.html>)

    SC CHE report ([www.che.sc.gov](http://www.che.sc.gov))

\*\*\*\* Academic year 2016 information not yet available.

**Schedule 16**  
**Coastal Carolina University**  
**Faculty, Staff and Administrative Statistics**  
**Fiscal Years 2007-2016**

	For the fiscal year ended June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Full-time faculty	433	416	414	384	355	346	315	299	264	248
Part-time faculty	214	218	184	199	195	193	168	184	160	132
<b>Total faculty</b>	<b>647</b>	<b>634</b>	<b>598</b>	<b>583</b>	<b>550</b>	<b>539</b>	<b>483</b>	<b>483</b>	<b>424</b>	<b>380</b>
Full-time staff/administrators	730	722	692	666	672	652	619	606	561	541
Part-time staff/administrators	335	306	296	228	141	191	152	203	134	136
<b>Total staff/administrators</b>	<b>1065</b>	<b>1028</b>	<b>988</b>	<b>894</b>	<b>813</b>	<b>843</b>	<b>771</b>	<b>809</b>	<b>695</b>	<b>677</b>
Total full-time employees	1163	1138	1106	1050	1027	998	934	905	825	789
<b>Total employees</b>	<b>1712</b>	<b>1662</b>	<b>1586</b>	<b>1477</b>	<b>1363</b>	<b>1382</b>	<b>1254</b>	<b>1292</b>	<b>1119</b>	<b>1057</b>
Part-time faculty FTE (full-time equivalent)	171.6	165.7	145.2	151.9	151.1	149.2	140.7	141.5	135.7	121.5
Total teaching faculty FTE	604.6	580.7	556.2	529.9	502.1	493.2	452.7	435.5	397.7	361.5
<b>Ratios:</b>										
Full-time faculty: Full-time staff/administrators	0.59	0.58	0.60	0.58	0.53	0.53	0.51	0.49	0.47	0.46
Total faculty: Total staff and administrators	0.61	0.62	0.61	0.65	0.68	0.64	0.63	0.60	0.61	0.56
Part-time faculty: Total faculty	0.33	0.34	0.31	0.34	0.35	0.36	0.35	0.38	0.38	0.35

**Source:** IPEDS - HR Survey

**Schedule 17**  
**Coastal Carolina University**  
**Capital Asset Information**  
**Fiscal Years 2007-2016**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Buildings – Assignable Area Square Feet</b>										
Instruction	339,883	351,591	364,887	331,723	318,969	318,969	319,342	278,626	285,471	284,251
Research	20,336	8,508	8,508	997	997	997	927	416	416	416
Public Service	0	0	182	0	0	0	0	1,200	1,200	1,200
Academic Support	47,720	47,777	47,147	49,144	35,083	35,083	35,083	59,128	59,043	59,043
Student Services	195,431	181,777	179,818	175,364	89,323	89,323	89,149	116,462	100,541	100,541
Institutional Support	76,530	82,232	70,472	59,634	59,763	59,763	59,763	59,435	59,074	57,874
Plant Operation and Maintenance	30,806	30,212	30,212	30,212	29,822	29,822	26,721	25,665	24,865	20,706
Auxiliaries	992,770	875,500	875,500	522,736	298,581	298,581	298,581	286,073	284,910	286,574
Other	86,771	55,304	51,605	64,237	53,136	53,136	41,033	10,892	13,297	13,297
	<u>1,790,247</u>	<u>1,632,901</u>	<u>1,628,331</u>	<u>1,234,047</u>	<u>885,674</u>	<u>885,674</u>	<u>870,599</u>	<u>837,897</u>	<u>828,817</u>	<u>823,902</u>
<b>Residence Hall - Number of beds</b>										
Main Campus	1,917	1,210	1,210	1,210	1,210	1,210	1,210	1,222	1,222	1,222
University Place I and II	987	987	987	987	987	987	987	987	987	987
University Place III	1,092	1,092	1,092	1,092	1,092	1,092	1,092	0	0	0
Total number of beds	<u>3,996</u>	<u>3,289</u>	<u>3,289</u>	<u>3,289</u>	<u>3,289</u>	<u>3,289</u>	<u>3,289</u>	<u>2,209</u>	<u>2,209</u>	<u>2,209</u>
<b>Athletic and Intramural Facilities</b>										
Stadiums	4	4	4	4	4	4	4	4	4	4
Extramural and intramural fields	4	3	3	3	3	3	3	3	3	3
Track facility	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	0	0	0	0
Pool	2	2	1	3	1	1	1	1	1	1
Gymnasiums	3	3	3	2	3	2	2	2	2	2
Fitness centers	2	2	2	2	3	2	2	2	2	2
Tennis courts	18	18	0	6	8	8	8	8	10	10
<b>Number of Buildings:</b>	<b>114</b>	<b>106</b>	<b>102</b>	<b>101</b>	<b>74</b>	<b>72</b>	<b>69</b>	<b>71</b>	<b>48</b>	<b>47</b>

Source: SC CHE report (www.che.sc.gov); Coastal Carolina University Housing; Coastal Carolina University Facilities



# COASTAL CAROLINA UNIVERSITY

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### SINGLE AUDIT SECTION



Lib Jackson Student Union at Coastal Carolina University



MEMBER  
AMERICAN INSTITUTE OF CPAS  
FORWARD COMPANIES PRACTICE SECTION  
SOUTH CAROLINA ASSOCIATION OF CPAS  
GOVERNMENTAL AUDIT QUALITY CENTER

CLINE BRANDT KOCHENOWER  
& Co., P.A.  
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*Established 1950*

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THEODORE S. BLAKE, CPA, PFS  
BRANDON A. BLAKE, CPA

Independent Auditors' Report on Compliance for Each  
Major Program And On Internal Control Over  
Compliance Required By The Uniform Guidance

To the Honorable Nikki R. Haley,  
Governor of the State of South Carolina  
And the Board of Trustees of  
Coastal Carolina University  
Conway, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Coastal Carolina University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coastal Carolina University's major federal programs for the year ended June 30, 2016. Coastal Carolina University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coastal Carolina University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Coastal Carolina University's compliance.

**Opinion on Each Major Federal Program**

In our opinion Coastal Carolina University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2016.

Post Office Box 848, 1225 West Floyd Baker Boulevard, Geffney, SC 29342-0848, (804) 498-7121 Fax (804) 480-7123  
Post Office Box 181300, 146 Rogers Commerce Boulevard, Bulling Springs, SC 29318-1300, (804) 541-0218 Fax (804) 541-0221  
Internet Address: [www.cbkpa.com](http://www.cbkpa.com)

**Report on Internal Control Over Compliance**

Management of Coastal Carolina University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit of compliance, we considered Coastal Carolina University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coastal Carolina University's internal control over compliance.

*A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.*

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Gaffney, SC  
September 20, 2016

MEMBER  
AMERICAN INSTITUTE OF CPAS  
PRIVATE COMPANIES & PRACTICE SECTION  
SOUTH CAROLINA ASSOCIATION OF CPAS  
GOVERNMENTAL AUDIT QUALITY CENTER

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BRANDON A. BLAKE, CPA

Independent Auditors' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Based On An Audit Of Financial Statements Performed  
In Accordance With Government Auditing Standards

To the Honorable Nikki R. Haley,  
Governor of the State of South Carolina  
And the Board of Trustees of  
Coastal Carolina University  
Conway, South Carolina

We have audited, in accordance with the 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, the financial statements of the business-type activities of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprised Coastal Carolina University's basic financial statements, and have issued our report thereon dated September 20, 2016. Our report includes a reference to other auditors who audited the financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation, as described in our report on Coastal Carolina University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Coastal Carolina University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coastal Carolina University's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coastal Carolina University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Coastal Carolina University  
Conway, South Carolina  
Page Two

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Coastal Carolina University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gaffney, SC  
September 20, 2016

**COASTAL CAROLINA UNIVERSITY**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2016

**Findings Relating to the Financial Statements:**

There were no findings relating to the financial statements.

**Findings and Questioned Costs Relating to Federal Awards:**

There were no findings or questioned costs related to federal awards.

**COASTAL CAROLINA UNIVERSITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

**Summary of Auditor's Results:**

- An unmodified opinion was issued on Coastal Carolina University's basic financial statements dated September 20, 2016.
- There were no material weaknesses or significant deficiencies relating to the financial statements reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*.
- There were no instances of noncompliance material to the financial statements of Coastal Carolina University disclosed during the audit.
- The auditor's report on compliance for the major federal award programs for Coastal Carolina University expresses an unmodified opinion.
- There were no material weaknesses or significant deficiencies relating to the audit of major federal awards reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
- There were no audit findings reported relative to the major federal award programs for Coastal Carolina University as depicted below in this schedule.
- Major federal programs:

**DEPARTMENT OF EDUCATION**

Student Financial Aid Cluster from the U.S. Department of Education	
Federal Supplemental Education Opportunity Grants	CFDA #84.007
Federal Work-Study Programs	CFDA #84.033
Federal Perkins Loans	CFDA #84.038
Federal PELL Grant Program	CFDA #84.063
Federal Direct Loan Program	CFDA #84.268
Teacher Education Assistance for College and Higher Education Grants (TEACH)	CFDA #84.379
Core Math Development Project: Coastal Carolina University MSP Passed through SC Department of Education	CFDA #84.379

**COASTAL CAROLINA UNIVERSITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

**Summary of Auditor's Results:** continued

Research and Development Cluster

**DEPARTMENT OF COMMERCE**

Assessing the Effectiveness of Rip Current Awareness Singage  
Passed through SC Sea Grant Consortium CFDA #11.417

Hydrology and Pollutant Removal Performance in Detention  
Ponds Typical for the Lower Coastal Plain of South Carolina  
Passed through University of South Carolina CFDA #11.417

SCSG Extension Program Coastal Processes Specialist Extension  
passed through SC Sea Grant Consortium CFDA #11.417

**DEPARTMENT OF THE INTERIOR**

Assessing the Status of McGillivray's Seaside Sparrows  
In South Carolina CFDA #15.634

**NATIONAL SCIENCE FOUNDATION**

RUI: Proteasomal Removal of Seneoproteins in Plants CFDA #47.074

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

South Carolina IDeA Networks of Biomedical Research Excellence  
(INBRE)/BioInformatics Pilot Projects passed through University of  
South Carolina CFDA #93.859

“South Carolina IDeA Network of Biomedical Research Excellence-  
Target and DRP Program” CFDA #93.859

- The threshold for distinguishing between Type A and Type B Programs was \$750,000.
- Coastal Carolina University is a low-risk auditee according to the criteria in Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Findings Relating to the Financial Statements:**

There were no findings relating to the financial statements.

**Findings and Questioned Costs Relating to Federal Awards:**

There were no findings or questioned costs related to federal awards.

**COASTAL CAROLINA UNIVERSITY – SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2016**

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
<b>RESEARCH AND DEVELOPMENT</b>							
<b>DEPARTMENT OF COMMERCE</b>							
31-2068	Passed thru South Carolina Sea Grant Consortium Assessing the Effectiveness of Rip Current Awareness Signage	11.417	A/E-SG4	YES	\$25,000.00	\$5,873.01	
31-2325	Passed thru University of South Carolina Hydrology and Pollutant Removal Performance in Detention Ponds Typical for the Lower Coastal Plain of South Carolina	11.417	N152/NA140AR417008	YES	\$26,319.00	\$16,317.37	
31-2785	Passed thru South Carolina Sea Grant Consortium SCSG Extension Program Coastal Processes Specialist Extension	11.417	NA140AR4170088	YES	\$42,218.00	\$3,741.50	
31-2895	Passed thru North Carolina State University Marine Mammal Bycatch Reduction and Related Research in Cooperation with North Carolina Sea Grant	11.420	2010-2446-03	YES	\$40,700.00	\$16,263.19	
31-2047	The South Carolina Marine Mammal Stranding Network	11.439	NA12NMF4390147	YES	\$79,585.00	\$313.85	
31-2831	The South Carolina Marine Mammal Stranding Network Restoring Stranding Response Capacity	11.439	NA15NMF4390038	YES	\$80,661.00	\$27,322.88	
31-2703	Passed thru Global Science & Technology, Inc. Mesonet 2013	11.459	SA12-CCU01	YES	\$665,804.56	\$63,348.36	
31-2837	Mesonet 2015	11.459	SA15-CCU01	YES	\$160,000.00	\$120,416.03	
<b>DEPARTMENT OF DEFENSE</b>							
31-2825	Geophysical Study of the Inner Shelf in the Vicinity of Stono Inlet, South Carolina	12.114	W912HN-10-2-0001	YES	\$49,199.00	\$41,279.92	
31-2891	Radar Measurements of Ocean Surface Waves Using Proper Orthogonal Decomposition	12.300	N00014-15-1-2044	YES	\$85,997.56	\$71,179.56	
31-2899	Physics Based Inverse Problem to Deduce Marine Atmospheric Boundary Layer Parameters	12.300	N000141310307	YES	\$253,271.00	\$65,308.19	

**COASTAL CAROLINA UNIVERSITY – SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2016**

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
<b>DEPARTMENT OF THE INTERIOR</b>							
31-2067	Passed thru South Carolina Sea Grant Atlantic Offshore Wind Energy Development: Geophysical Mapping and Identification of Paleolandscapes and Historic Shipwrecks Offshore South Carolina	15.408	R/BOEM-Ia	YES	\$261,727.00	\$137,180.23	
31-2064	Passed thru BSEE Virginia Offshore Wind Gathering Program	15.441	E14PC00008	YES	\$149,631.00	\$67,766.55	
31-2816	Assessing the Status of McGillivray's Seaside Sparrows in South Carolina	15.634	SC-TF13AF01185	YES	\$34,713.00	(\$93.05)	
31-2834	Passed thru SC Sea Grant Consortium United States Geological Survey Cooperative Survey, Cape Canaveral Coastal System	15.808	G15AC00275	YES	\$22,308.00	\$22,308.00	
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
31-2912	Passed thru College of Charleston SC Space Grant Consortium Year 19	43.001	NNX10AM76H	YES	\$9,000.00	\$4,149.93	
31-2786	SC Space Grant Palmetto Academy	43.001	Pal/Acc/Sites	YES	\$19,593.00	\$6,383.51	
<b>NATIONAL SCIENCE FOUNDATION</b>							
31-2062	Passed thru Tulane University Transfer NSF Award to CCU from Tulane	47.050	TUL-686-14/15	YES	\$84,983.00	\$7,490.76	
31-2839	Validation of a New Geochemical Approach to Constraining Deep Sea Porewater Residence Times and Advection Rates: Applications to Biogeochemical Cycling at Guaymas Basin	47.050	EAR-1558829	YES	\$68,817.00	\$13,413.95	
31-2979	RUI: Dynamical Coupling During Major Stratospheric Sudden Warming	47.050	AGS-1116123	YES	\$254,185.00	\$37,320.63	
31-2993	Passed thru University of Georgia Hydrogeological Characterization of the Duplin River: A Detailed Examination of a Subset of the GCE-LTER Site	47.050	OCE1237140	YES	\$73,287.00	\$11,171.94	
31-2976	Development and Testing of a Submersible, Remotely-Operated, Continuous Rn-222 Survey System	47.050	OCE-1029223	YES	\$181,605.00	\$4,783.90	

**COASTAL CAROLINA UNIVERSITY – SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2016**

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Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
31-2071	Passed thru The Regents of the University of California;University of California, San Diego Collaborative Research: Global Ocean Repeat Hydrography, Carbon and Tracer Measurements, 2015-2020	47.050	71217032	YES	\$3,830.00	\$3,587.14	
31-2063	Passed thru US-Israel Binational Science Foundation Male Moth Preference During Flight	47.070	Grant #2013399	YES	\$17,365.00	\$13,672.92	
31-2326	Passed thru Florida Atlantic University NSF Intelligent Rivers with Florida Atlantic University	47.070	FAU# 940206	YES	\$406,507.00	\$141,086.67	
31-2049	Passed thru Clemson University RAPID: Extreme Flooding Mobilized Natural Organic Matter from Forested Wetlands Implication of Mercury and Carbon Cycling in Coastal Blackwater Rivers	47.070	1850-206-2011214	YES	\$8,135.00	\$8,062.77	
31-2992	RUI: Proteasomal Removal of Senenoproteins in Plants	47.074	MCB-1244009	YES	\$135,848.00	\$23,108.47	
31-2818	Improving Scientific Reasoning and Metacognition via a Conceptual Physics Course	47.076	DUE-1244801	YES	\$118,214.00	\$36,843.27	
<b>DEPARTMENT OF ENERGY</b>							
31-2783	Passed thru Savannah River Nuclear Solutions, LLC Breaking Waves	81.087	DE-AC09-08SR22470	YES	\$327,556.00	\$5,146.55	
31-2821	Passed thru Los Alamos National Security Lab Los Alamos National Security Lab Agreement for Research	81.140	Subcontract 301353	YES	\$51,000.20	\$24,592.54	
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
31-2809	Passed thru SC Lieutenant Governor's Office on Aging Strategic Partnership to Disseminate and Implement Sustainable Healthy Aging Programs in SC	93.734	CDSMP12-32	YES	\$9,536.00	\$9,536.00	
31-2065	Passed thru University of South Carolina South Carolina IDeA Networks of Biomedical Research Excellence (INBRE)/Bioinformatics Pilot Projects	93.859	5P20GM103499-14	YES	\$7,837.00	\$6,052.18	
31-2832	South Carolina IDeA Network of Biomedical Research Excellence (INBRE)	93.859	22050-Z200	YES	\$137,432.00	\$92,373.15	
31-2836	South Carolina IDeA Network of Biomedical Research Excellence-Target and DRP Program	93.859	22050-Z215	YES	\$71,627.00	\$71,627.00	
						<b>\$1,178,928.87</b>	

**COASTAL CAROLINA UNIVERSITY – SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2016**

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
<b>STUDENT FINANCIAL ASSISTANCE PROGRAMS</b>							
<b>US DEPARTMENT OF EDUCATION</b>							
31-8055	CWS 14-15	84.007		NO		\$24,225.00	
31-8045	SEOG 14-15	84.007		NO		\$20,000.00	
31-8046	SEOG 16-16	84.007		NO		\$297,488.25	
31-8014	Federal Work Study - America Reads	84.033		NO		\$7,774.03	
31-8056	Federal Work Study CWS-15-16	84.033		NO		\$325,736.11	
50-5230	PERKINS Loans	84.038		NO		\$141,724.00	
31-8025	Federal Pell Grant Programs 14-15	84.063		NO		\$108,433.66	
31-8026	Federal Pell Grant Programs 15-16	84.063		NO		\$15,300,702.95	
80-8201	Direct Loans Stafford	84.268		NO		\$49,049,881.00	
80-8202	Direct Loans Plus	84.268		NO		\$28,296,503.00	
31-8150	UGTCH 14-15	84.379		NO		\$927.00	
31-8155	UGTCH 15-16	84.379		NO		\$233,662.50	
31-8160	GRTCH 14-15	84.379		NO		\$2,781.00	
31-8165	GRTCH 15-16	84.379		NO		\$91,078.50	
							<b>\$93,900,917.00</b>
<b>OTHER PROGRAMS</b>							
<b>DEPARTMENT OF THE INTERIOR</b>							
31-3722	USGS Sublease of Space at Coastal Carolina University	15.808	GO9AC00327	NO	\$19,620.00	\$6,540.00	
<b>DEPARTMENT OF JUSTICE</b>							
31-3941	Passed thru SC Department of Public Safety Victims of Crime Act Program	16.575	1V15149	NO	\$82,584.00	\$41,258.22	
<b>DEPARTMENT OF STATE</b>							
31-3832	US Russia Peer-to-Peer Dialogue Program	19.900	S-RS500-15-GR-179	NO	\$99,956.64	\$66,478.75	

**COASTAL CAROLINA UNIVERSITY – SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2016**

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
<b>US DEPARTMENT OF EDUCATION</b>							
	Passed thru South Carolina Department of Education						
31-1480	Project CREATE Year 12	84.027	H63010100915	NO	\$23,086.95	\$67.93	
31-1816	Project CREATE Year 13	84.027	H63010100915	NO	\$24,763.11	\$21,186.54	
31-1812	Core Math Development Project: Coastal Carolina University MSP	84.366	H63010008214	NO	\$114,345.82	\$32,332.91	
31-1813	Core Math Development Project: Coastal Carolina University MSP	84.366	H63010008215	NO	\$90,589.00	\$62,260.45	
	Passed thru Horry County School District						
31-1814	Coastal Mathematics & Science Partnership Grant (Coastal MSP)	84.366		NO	\$21,960.00	\$17,664.34	
	Passed thru SC Commission on Higher Ed						
31-1153	Improving Teacher Quality Higher Education State Grants	84.367		NO	\$141,071.00	\$7,418.95	
<b>DEPARTMENT OF HOMELAND SECURITY</b>							
	Passed thru SC Emergency Management Division						
31-3786	CCU All-Hazards Mitigation Plan	97.042	PDMC-PL-04-SC-2014	NO	\$105,000.00	\$56,093.71	
							<b>\$311,301.80</b>
<b>TOTAL FEDERAL EXPENDITURES</b>						\$95,391,147.67	<b>\$95,391,147.67</b>

**COASTAL CAROLINA UNIVERSITY**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

**GENERAL**

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal award programs of Coastal Carolina University. The reporting entity is defined in Note 1 of the University's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

**BASIS OF ACCOUNTING**

The accompanying Schedule of Federal Financial Assistance is presented using the accrual basis of accounting which is described in Note 1 of the University's financial statements.

**LOAN PROGRAMS**

The federal loan program that the University participated in from July 1, 2015 through June 30, 2016, is the William D. Ford Federal Direct Loan Program, which is the umbrella name for the Federal Direct Stafford Student Loan Program and the Federal Direct Parent Loan for Undergraduate Students (PLUS) Program. The Federal Family Education Program (FFELP) ended June 30, 2010, but the Ford title is still used as the umbrella title for all the federal loan programs. The loans are made directly from the federal government, therefore, there is no loan balance recorded at the University. The totals of loans processed for the current fiscal year are:

Stafford Student Loan – Subsidized	\$22,370,667
Stafford Student Loan – Unsubsidized	26,679,214
PLUS Loans	<u>28,296,503</u>
<b>Total</b>	<b><u>\$77,346,384</u></b>

The Federal Perkins Loan Program is administered directly by the University, and balances and transactions relating to the program are included in the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan program is \$1,241,135 as of June 30, 2016. The expenditures for June 30, 2015 are calculated as followed:

June 30, 2015 Loan Balance	\$1,231,149
Current Year Loans Made	<u>141,724</u>
<b>Total</b>	<b><u>\$1,372,873</u></b>