

COASTAL CAROLINA UNIVERSITY
Comprehensive Annual Financial Report

2017



A component unit of the State of South Carolina
for the fiscal year ended June 30, 2017



Comprehensive Annual Financial Report

A component unit of the state of South Carolina

For the year ended June 30, 2017

**Prepared by the
Office of Financial Services**

COASTAL CAROLINA UNIVERSITY
FINANCIAL STATEMENTS
For the Year Ended June 30, 2017
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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

INTRODUCTORY SECTION



The Atheneum at Coastal Carolina University



Office of the President

December 1, 2017

Dear Coastal Carolina University Community:

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-three (73) baccalaureate areas of study, seventeen (17) 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.

Coastal Carolina's trend of sustained growth continues, as the Fall 2017 semester reported a total enrollment of 10,535. In 2016, we proudly honored Coastal Carolina University's largest class of fall semester candidates. We continue to be committed to financial viability and managed growth, with continued successful efforts to manage spending, increase efficiencies and generate additional revenues. I am extremely proud of Coastal Carolina 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.

Following are some of our most significant accomplishments for the 2016-2017 Academic Year:

- Over the past year Coastal received the following distinctions:
 - *U.S. News & World Report*: “Best Value Schools,” “Top Public Schools,” “Best Colleges for Veterans,” “Best Regional Universities South”
 - *G.I. Jobs Magazine*: “Military-Friendly School” for the eighth consecutive year in a row (top 20% of all schools nationwide as a university committed to educating military veterans.)
 - *Forbes*: “America's Top Colleges”
 - *Institutional Research & Evaluation Inc.*: “America’s 100 Best College Buys” for the eighth consecutive year
 - *OnStage*: Top 10 BFA Theatre Design and Tech Programs in the Country”
 - *Affordable Colleges Online*: “Best Online Colleges in South Carolina”

- The Master of Business Administration (MBA) program in CCU's E. Craig Wall Sr. College of Business Administration ranked fourth in a recent study by *U.S. News & World Report* of the 10 MBA programs with the highest percentage of underrepresented minorities. The College of Business Administration is AACSB-accredited, an achievement held by less than five percent of business schools.
- Coastal Carolina University continues its commitment to sustainability as evidenced by the following:
 - Coastal placed in the top 10 of 47 universities participating in the 2016 Game Day Recycling Challenge, a nationwide competition among universities to reduce and recycle the trash generated at home football games. CCU finished sixth after diverting 82.36% of waste during a home football game.
 - Coastal Carolina University is one of 12 organizations in the Carolinas working together to accelerate the development of offshore wind energy in the Southeast.
- For the tenth consecutive year, the University received an unqualified opinion from external auditors Cline Brandt Kochenower & Co., P.A. for the fiscal year ending June 30, 2017 financial statements. 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's Board of Trustees approved the adoption of a campus-wide all-hazards mitigation plan. The plan is designed to protect CCU students, faculty, staff and property from impacts of an array of possible hazards.
- As a coastal community, we must be prepared for potential impacts from hurricanes and resulting storm surges. Accordingly, the University started a program for new student orientation to enable both parents and students to talk about not only basic emergency preparedness, but specifically hurricane preparedness. Students receive an emergency kit bag, with suggested items to put in the bag printed on the front. An emergency preparedness guide, developed by CCU's Emergency Management Team, is also distributed. Post orientation, the plan extended to all students on campus, to make sure they're aware and can be prepared as well.
- The economic impact of Coastal Carolina University on South Carolina in 2016 was nearly \$565.8 million (\$1.5 million per day), according to a study released by the Grant Center for Real Estate and Economic Development at Coastal Carolina University. CCU's economic impact on the state has increased 12 percent during the past four years. The report notes that CCU's economic impact rose despite declining state appropriations. Coastal Carolina University receives less than 6 percent of its revenue from the state, yet has doubled noncapital revenue in the last decade. The study also notes that enrollment has increased by more than 130 percent since Coastal Carolina left the University of South Carolina system in 1993 and became an independent state university. Highlights from the study include the following:
 - \$565.8 million in total output (sales)
 - \$198.7 million in labor income
 - 3,914 full- and part-time jobs

- \$176.3 million in University direct expenditures in the state economy
- \$45 million in construction expenditures
- \$135.3 million in student expenditures
- \$6.1 million in visitor spending

- Coastal Carolina University continues to take great pride in our Athletic Programs and their achievements as evidenced by the following:
 - Not only did Coastal Carolina University athletes have a successful athletic season in its first year in the Sun Belt Conference, but the Chanticleers also performed well in the classroom for the 2016-2017 academic year. A total of 74 student-athletes graduated, including 27 who graduated with honors (three summa cum laude, 13 magna cum laude and 11 cum laude). Additionally, five Chanticleers received their master's degrees. For the year, Coastal Carolina student-athletes posted a 3.154 GPA while owning a cumulative GPA of 3.203.
 - Olympic athlete Amber Campbell, a 2004 graduate of Coastal Carolina University, gave the address at her alma mater's spring commencement ceremonies. Campbell is one of the best women's hammer throwers in the world and one of the most distinguished student-athletes in CCU history.
 - Coastal Carolina University's Springs Brooks Stadium is among the top 25 stadiums in college baseball, according to a list published by D1Baseball.com. Springs Brooks Stadium, home of the 2016 College World Series Champion baseball team, ranked ninth on the Best Ballpark Overall list.
- Coastal Carolina's Board of Trustees approved a comprehensive strategic plan designed to guide the institution from 2016 to 2021. The plan charts a bold and productive future for Coastal Carolina University. The strategies will empower CCU to deliver the best possible education to our students and will drive an improved higher education environment for our state, region and world. The University's plans are to accelerate our commitment to create and support high-quality transformational learning experiences that are accessible, to ensure the ongoing professional development and currency of our staff and faculty, and to operate with a philosophy that enhances sustainability in all of our practices.
- Coastal Carolina University currently has \$56 million committed to Capital Projects. Coastal remains committed to expansion to meet the needs of our students and campus community. Major capital projects currently in progress include:
 - University Place Dining Facility
 - Smith Science Center renovation
 - E. Craig Wall Sr. College of Business Administration renovation
 - Brooks Stadium expansion
 - Soccer Complex

Projects totaling \$70.7 million came to fruition this past year. Some of the larger projects include:

- Academic Classroom Building II
- Student Housing TEAL Hall and CINO Hall
- Singleton Building renovation

- New Sand Volleyball Courts

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. 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. Your continued support, 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.

In evidence thereof, I am pleased to submit Coastal Carolina University's Comprehensive Annual Financial Report for 2017.

Sincerely,

David A. DeCenzo, Ph.D.
President

/smb



Office for Finance & Administration

LETTER OF TRANSMITTAL

December 5, 2017

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, 2017.

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. Management asserts 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, 2017, 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, 2017, 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 Junior College 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 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 on 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 120 main buildings on approximately 635 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. The Georgetown Education Center 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 also maintains residence halls to accommodate 4,620 students in two general locations: main campus (2,541 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. New academic initiatives have become a focus in the past year as the University directs its energies toward supporting student success as a means of promoting growth and retention. The academic support programs recently developed include:

Learning Assistance Centers – CCU offers peer tutoring opportunities for students needing assistance with foreign languages, math, science, structured learning, and writing. First-time, full-time freshmen students who visited one of the tutoring centers during the 2015-2016 academic

year were retained at a rate 15% higher than those students who did not visit a center. Sixty percent of CCU's first-time, full-time freshmen visited a learning assistance center during the 2015-16 academic year.

Student Success Centers –Three colleges offered special tutoring opportunities for students, including:

- College of Business, providing evening tutoring sessions held in the library for business classes and expanding tutoring opportunities available in the Wall Center for Excellence.
- Humanities and Fine Arts, holding numerous academic coaching sessions held in the CINO Grill Sessions conducted by faculty targeting students in high failure-rate classes.
- College of Science, offering computer science tutorial sessions five days/week for eight hours/day. The Biology, Marine Science, Psychology, and Physics hold drop-in tutoring sessions with flexible hours.

Internships – An internship is recognized as one of the most important experiences a student can engage in because it provides the opportunity for the student to practice knowledge and skills developed in the classroom in real-world work situations. In many cases, a direct connection exists between an internship and job placement. In 2015-2016, 63% of graduates reported that they were offered full-time employment as a result of their internship experiences. CCU now offers over 70 majors and most offer credited internship courses. During the 2016-2017 academic year, a total of 2,177 students, both undergraduate and graduate, successfully completed internship courses related to their fields of study. This figure represents a 13% increase over 2015-2016 enrollment figures. In Fall 2017, the University is adopting Handshake, a new electronic job/internship posting software platform that is intended to simplify the process of connecting students with employers.

Experiential Learning (EL) – Experiential learning offers many benefits to students such as the opportunity for hands-on experiences in their fields, to reflect on their experiences, and to apply their reflections to future situations. Effective Fall 2018, as per the University Strategic Plan, all CCU undergraduate students will be expected to complete at least one EL course at the 200 level or above as a graduation requirement.

Coastal Excellence and Leadership Program (CEaL) – The CEaL Program provides students with coursework in English and history, out of class experiential learning like educational workshops, leadership programs, and other special programs with the bonus of providing early contact with faculty and staff members to discuss their academic and professional goals.

First Alert Program – Software is being pursued as a means to identify at risk students or students who are not regularly attending class and/or completing required assignments. Intervention strategies will be developed including student success centers, learning assistance centers, and other comprehensive processes to evaluate timely degree completion and student success. Such strategies will be tracked to determine which course of actions are most successful.

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 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 did not allow maintaining a flat tuition rate in recent years. In fiscal year 2017, the board of trustees approved a tuition increase of 3.29 percent for both in-state and out-of-state students. In fiscal year 2018, the board of trustees approved an increase of 2.98 percent, which was .31 percent lower than the previous year's increase. However, the total cost of attending Coastal Carolina University (tuition, room, and board) only increased by an averaged 1.57 percent for in-state and 2.16 percent for out-of-state students because, for the third straight year, the board of trustees voted not to raise room and board rates.

The growth of the University continues to have a major impact on the University's economic environment. The fall of 2016 semester enrollment of 10,479 represents a 15.4 percent increase from fall 2011 to 2016. The chart below provides a snapshot of the University's enrollment growth over the last five years.

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.

	Fall 2011	Fall 2016	Change	%
New Freshman	2,206	2,249	43	1.9%
Undergraduate Headcount	8,517	9,747	1,230	14.4%
Graduate Headcount	567	732	165	29.1%
Total Headcount	9,084	10,479	1,395	15.4%
Undergraduate FTE	8,455	9,535	1,080	12.8%
Graduate FTE	265	399	134	50.6%
Total FTE	8,720	9,934	1,214	13.9%

Coastal Carolina University operates multiple auxiliary enterprises. The major auxiliary enterprises consist of University Housing (university operated), Vending (outsourced to Pepsi and C.A. Timbes), Food Service, (outsourced to Aramark), and the bookstore, (outsourced to Barnes and Noble). The outsourced auxiliary enterprises 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 in turn, benefits 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 2017, the University continued with the implementation of the Strategic Plan entitled “High-Impact Engagement 2016-2021 Strategic Plan”. The long-term financial plan is consistent with the strategic plan for the University and further provides direction to the budgeting process and the continual outcome-based assessments 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 as follows:

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 the 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, 36 University stakeholders from the campus community serve as its members.

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 full time equivalent (“FTE”) student.

Fall 2016 statistics show that among the South Carolina Comprehensive Universities, the average for Academic/Support Facility per FTE is 106.02 square feet. Coastal Carolina University reports 59.93 square feet per FTE. Enrollment continues to steadily increase due to new construction, however retention could be improved in future years. As will be discussed later in the Management Discussion and Analysis and Notes to the Financial Statements, the University has a number of ongoing and upcoming capital projects including; a new dining facility, a major renovation to the Smith Science Building, an Academic Enrichment Center and Auditorium, expansion of the Brooks Football Stadium, and a new soccer stadium.

The Horry County Penny Sales Tax, split between Horry County Schools, Horry Georgetown Technical College and Coastal Carolina University, has helped to fuel various campus building endeavors. The sales tax has been in effect since 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, 2017, Coastal Carolina University has received more than \$68 million in allocations from the local-options sales tax and currently estimates a total of \$140.5 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, 2016. This was the 12th 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 financial 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 the 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/

Gregory T. Thompson, CPA
Associate Vice President of Finance and Controller



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, 2016

Executive Director/CEO

**COASTAL CAROLINA UNIVERSITY
BOARD OF TRUSTEES
2016-2017**

Henry McMaster, 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	Congressional District 4 – Seat 4
Charles E. Lewis, Secretary/Treasurer	Congressional District 5 – Seat 5
John H. Bartell, Jr.	Congressional District 6 – Seat 6
Natasha M. Hanna	Congressional District 7 – Seat 7
Carlos C. Johnson, Vice Chairman	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, Chairman	At-Large – Seat 13
Daniel W.R. Moore Sr.	At-Large – Seat 14
Patrick S. Sparks	At-Large – Seat 15
Vacant	Gubernatorial Designee
Samuel H. Frink	Gubernatorial Appointee

**COASTAL CAROLINA UNIVERSITY
ADMINISTRATIVE OFFICERS
2016-2017**

David A. DeCenzo, Ph.D.	President
J. Ralph Byington, Ph.D.	Provost and Executive Vice President
Vacant	Vice President of Finance and Administration and Chief Financial Officer
Deborah K. Conner, Ph.D.	Vice President, Campus Life and Student Engagement
Travis E. Overton, MBA	Vice President of Executive Initiatives/Chief of Staff
Mark A. Roach, M.S.	Vice President for Philanthropy
Beverly H. Landrum, J.D.	Vice President for Human Resources
Christopher A. Johnson, B.A.	Executive Director, Chanticleer Athletic Foundation
Matthew L. Hogue, MBA	Director of Athletics
William M. Plate Jr., MBA	Vice President for University Communication
Timothy E. Meacham, J.D.	University Counsel
Gregory T. Thompson, C.P.A.	Associate Vice President for Finance and University Controller
James Solazzo, Ph.D.	Associate Provost for Assessment and Accreditation
Sallie D. Clarkson, M.L.S.	Associate Provost for Operations
James O. Luken, Ph.D.	Associate Provost for Graduate Programs
Edward Jadallah, Ph.D.	Dean/Vice President for Online Education and Teaching Excellence, Spadoni College of Education
Barbara A. Ritter, Ph.D.	Dean/Vice President for Executive Development and Career Services, Wall College of Business
Daniel J. Ennis, Ph.D.	Dean/Vice President for Academic Outreach, Edwards College of Humanities and Fine Arts
Michael H. Roberts, Ph.D.	Dean/Vice President for Research and Emerging Initiatives, College of Science
Melvin Davis, Ph. D.	University Librarian
Sara Hottinger, 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.	Registrar

**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2016-2017**

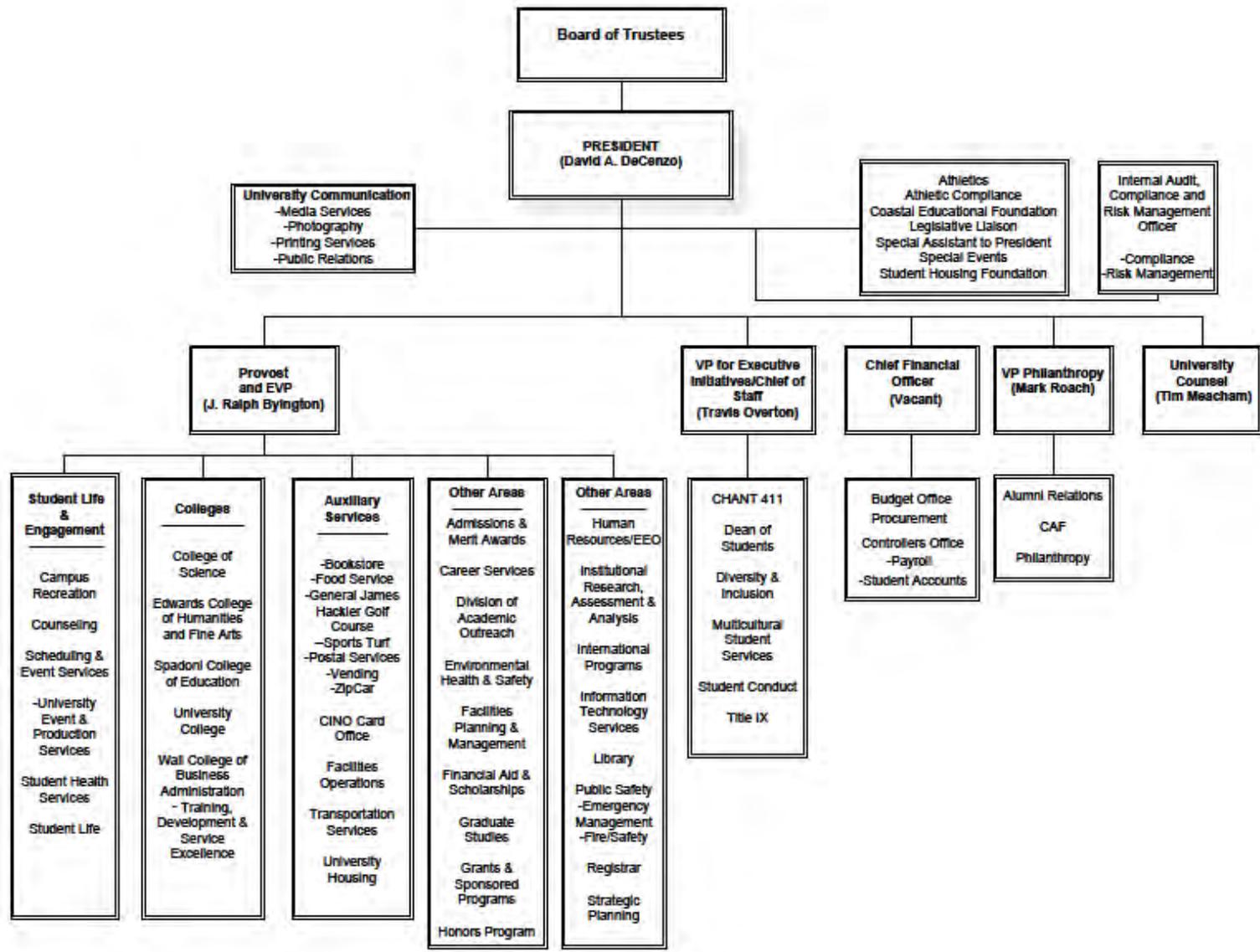
Vacant	Vice President and Chief Financial Officer, Finance and Administration
Susan Butcher	Administrative Coordinator
Gregory Thompson	Associate Vice President for Finance and University Controller
Mirinda Chestnut	Administrative Specialist
Vacant	Assistant Controller
Olga Shabeka	Staff Accountant
Lila Taylor	Senior Accountant
Lori Richardson	Accounts Payable Manager
Stephanie McCallum	Accounts Payable Accountant
Laura Signorile	Accounts Payable Technician
Brenda Rabon	Accounts Payable Technician
Kale Harrelson	Accounts Payable Technician
Sharon Sluys	Executive Financial Analyst
Tammy Holt	Facilities Accountant
Carolyn Bender	Treasury Accountant
Matt Jiron	University Receivables Accountant
Wanda Cannon-Bridges	University Receivables Accountant
Julianne Cooke	Director, Student Accounts
Patty Lee	Collections Specialist
Tukonya Vereen	Collections Specialist
James Dyson	Collections Specialist
Annette Johnson	Cash Receipt Supervisor
Alisha Singleton	Cash Receipt Auditor
Sherrell Richardson	Temporary Cashier
Elaine Weidman	Student Accounts Specialist
Amy Angel	Student Accounts Specialist
Robert Taylor	Student Accounts Specialist
Amanda Hanford	Student Accounts Specialist
Daniel Rabon	Manager, Grants/Tax Accounting
Walter Greenleaf	Tax and Grants Accountant
Kristen Toben	Director, Payroll
Jill Conway	Senior Payroll Accountant
Vicky Gore	Senior Payroll Accountant
Tami Echelberry	Payroll Specialist
Michael Rose	Payroll Specialist
Dean Hudson	Director, Procurement Services
Tammy Kelly	Central Receiving Manager
Jack McKee	Supply Specialist
Robert Spadell	Supply Specialist
Wanda Lewis	Assistant Director of Procurement Supervisor
Caren Riedinger	Operations Manager
Annette Roberts	Procurement Specialist
Steven Glenn	Procurement Specialist
Casey Keck	Administrative Specialist
June Barfield	Temporary Staff
Lauren Barker	Assistant Athletic Director for Finance, Athletics
Bryce Skipper	Assistant Business Manager

**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2016-2017**

David Frost
Robyn Diven
Alicia Moorhead

Director of Finance, Coastal Educational Foundation
Donor Relations and Gift Specialist
Accountant

**COASTAL CAROLINA UNIVERSITY
ORGANIZATIONAL CHART
2016-2017**



COASTAL CAROLINA UNIVERSITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION



Teal Hall at Coastal Carolina University

COASTAL CAROLINA UNIVERSITY

Independent Auditors' Report
Financial Statements and Schedules
For the Year Ended June 30, 2017

MEMBER
AMERICAN INSTITUTE OF CPAS
FEDERAL COMPTROLLER PRACTICE SECTION
SOUTH CAROLINA ASSOCIATION OF CPAS
GOVERNMENTAL AGENCY QUALITY CENTER

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

ALBERT E. CLARK, CPA #1922-00121
RICHARD H. BRADY, CPA
BOB D. KOCHENOWER, CPA, CFE, CVA, CDBA, CGMA
TIMOTHY S. BLAKE, CPA, PFS
BRANDON A. CLARK, 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, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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, 2017, 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 Net Pension Liability, and the Schedule of University Contributions 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

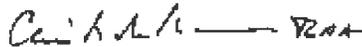
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Coastal Carolina University's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required 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 15, 2017, 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.



Gaffney, SC
September 15, 2017



Coastal Carolina University Management's Discussion and Analysis

Introduction

Coastal Carolina University (the University) is pleased to present its financial report for the year ending June 30, 2017. This section, Management's Discussion and Analysis, is intended to be read in conjunction with the accompanying financial statements and notes and offers an overview of the University's financial activities and condition for the year. Comparative information is included but current year data and material changes are the emphasis. This section includes presently known facts, decisions and conditions affecting the financial affairs of the University.

Using the Annual Financial Report

The University's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, the University presents its financial statements in a business-type activity single column format. Furthermore, the University is a component unit of the State of South Carolina and an integral part of the State's Comprehensive Annual Financial Report.

The University's financial statements include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

These statements 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.

Following the financial statements will be the discrete presentation of the University's component units, including the Coastal Education Foundation, the CCU Student Housing Foundation, and the Chanticleer Athletic Foundation. Each component unit is a legally separate, tax-exempt entity created to support the University.

After the component unit financial statements are the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the statements, including the details, the risks, and the underlying assumptions associated with the amounts in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the University's proportionate share and contribution to South Carolina's multi-employer pension plan.

Financial Highlights

- The University's net position grew by \$4.8 million or 3 percent in comparison to fiscal year 2016. As has been the trend over the last several years, the University invested heavily in its infrastructure through use of operating reserves and capital financing.
- The working capital ratio is an important indicator of an entities liquidity. A higher ratio is evidence of an organization's ability to pay its obligations. The ratio is measured by dividing an institution's current assets by its current liabilities. The University's working capital ratio has improved from 2.95 percent in fiscal year 2016 to 3.33 percent in fiscal year 2017.
- Housing revenues have increased 23 percent since fiscal year 2015. The growth is a result of University's plan to increase housing capacity from approximately 3,400 to 4,600 beds by adding four new residence halls, two of which were completed in fiscal year 2016, and the remaining two that were finished in fiscal year 2017.
- Personnel costs and benefits accounted for the largest rise in expenses in fiscal year 2017 at \$12 million. Factors contributing to the upsurge include additional personnel, increased health insurance premiums, and pension costs.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the University. The Statement of Net Position presents end-of-year data concerning assets (property that the University owns and amounts owed to the University), deferred outflows of resources (consumption of net position by the University that is applicable to a future reporting period), liabilities (amounts owed to third parties and amounts collected before services have been provided), deferred inflows of resources (acquisition of net position by the University that is applicable to a future reporting period), and net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources). It is prepared under the accrual basis of accounting, where revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to the University, regardless of when cash is exchanged.

From the data presented, readers are able to determine the assets available to continue the operation of the University. They are also able to determine sums owed to vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) and their availability for expenditure.

Net position is divided into three sections. The first section, net investment in capital assets, provides the University's equity in property, plant, and equipment owned by the University. The second section is restricted net position, which is divided into two sub-sections, nonexpendable and expendable. Restricted nonexpendable net position consists solely of the University's

permanent endowment funds and is only available for investment purposes. Expendable restricted net position is available for expenditure by the University, however the monies must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final section is unrestricted net position, which is available to the University for any lawful purpose of the University. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for various academic and research programs and initiatives.

Total assets increased by \$24.2 million. Of that amount, current assets rose by \$12.3 million because of increasing restricted cash of \$13 million. During fiscal year 2017, the University issued \$22.4 million in revenue bonds to fund the expansion of Brooks Stadium, received \$10.3 million in from the Horry County Penny Sales Tax restricted to capital projects and \$2.2 million in institutional capital projects funds, and spent \$21.9 million of those restricted funds on capital projects.

Overall, capital assets increased by \$11 million because of added buildings and improvements. Capital assets of \$28 million were added during fiscal year 2017. The major projects accounting for the additions were the completion of the two new residence halls, the Singleton Building restoration and the Academic Classroom Building II. Depreciation reduced capital assets by \$17 million for the year. Please refer to Note 6 for more information related to capital assets.

Other assets consisting of non-current receivables from outside entities, as well as the University's component units, restricted cash and loans to students, rose by \$830 thousand.

Deferred outflows increased by \$15.8 million from the prior year. The increase is comprised of several factors, including an increase in retirement contributions of \$1 million, an increase of \$14.9 million related to the pension differences between the expected and actual experience, and a \$124 thousand decrease from the amortization of deferred debt refunding. Please see Note 7 for more information related to deferred outflows.

Liabilities in total increased by \$34.4 million from the prior year. A large portion growth in liabilities is a \$23.6 million increase in the net pension liability. The University's proportionate share of the net pension liability is \$145 million at the end of the current year. Net investment income and plan contributions were not substantial enough to offset the plan's benefit payments and administrative costs, resulting in an increase of \$23.6 million to the University's portion of the overall net pension liability.

Meanwhile, the noncurrent liability increase of \$11.1 million is the net result of the \$22.4 million Revenue Bond issued, as mentioned earlier, for the expansion of Brooks Stadium and total debt principal payments of \$9.3 million for the fiscal year. Please see Notes 11, 12, and 14 for additional information on the University's liabilities.

Deferred inflows increased by \$848 thousand from the prior year. The increase is a result of three factors: 1) a NCAA time restricted grant of \$689 thousand, 2) an addition of a \$120 thousand bookstore service concession arrangement, and 3) a difference in pension projected and actual investment experience of \$39 thousand. Please see Note 7 for more information related to deferred inflows.

Net position increased by \$4.8 million as a result of several factors. First, net investment in capital assets increased by a total of \$18.7 million, due to increased capital assets of \$11 million and a decrease in total debt associated with those assets of \$7.7 million. Secondly, restricted expendable and nonexpendable net position decreased by \$7 million as the University used restricted cash to fund capital projects. Lastly, unrestricted net position decreased by \$6.9 million from the prior year. The changes in net pension liability and deferred outflows decreased unrestricted net position by \$7.8 million, while other unrestricted assets and liabilities increased by \$900 thousand.

Condensed Summary of Net Position				
	<u>2017</u>	<u>2016</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Assets				
Current assets	\$ 118,105,472	\$ 105,741,545	\$ 12,363,927	12%
Capital assets, net	462,825,147	451,766,943	11,058,204	2%
Other assets	<u>7,435,195</u>	<u>6,605,373</u>	<u>829,822</u>	<u>13%</u>
Total Assets	588,365,814	564,113,861	24,251,953	4%
Deferred Outflows	31,330,741	15,517,388	15,813,353	102%
Liabilities				
Current liabilities	35,518,428	35,788,062	(269,634)	-1%
Net pension liability (NPL)	145,379,866	121,807,697	23,572,169	19%
Noncurrent liabilities, excluding NPL	<u>254,367,072</u>	<u>243,239,694</u>	<u>11,127,378</u>	<u>5%</u>
Total Liabilities	435,265,366	400,835,453	34,429,913	9%
Deferred Inflows	1,058,950	210,965	847,985	402%
Net Position				
Net investment in capital assets	229,608,138	210,872,540	18,735,598	9%
Restricted - nonexpendable	154,802	105,128	49,674	47%
Restricted - expendable	29,010,490	36,098,025	(7,087,535)	-20%
Unrestricted	<u>(75,401,191)</u>	<u>(68,490,862)</u>	<u>(6,910,329)</u>	<u>-9%</u>
Total Net Position	<u>\$ 183,372,239</u>	<u>\$ 178,584,831</u>	<u>\$ 4,787,408</u>	<u>3%</u>

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the activities of the University during the year. Those activities are reported as either operating or non-operating. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services needed to carry out the mission of the institution. Most often, operating activities will result in a deficit because the GASB requires state appropriations, Pell grants, and gifts to be classified as non-operating revenues. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Non-operating revenues are revenues received for which goods and services are not provided. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "Income before other revenues, expenses, gains or losses." Changes in total net position as presented on the Statement of Net Position is based on the

activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and non-operating, and the expenses paid by the University, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University.

The \$9.9 million increase in total revenue is in large part due to growth in operating activities. Tuition and fees rose by \$4.8 million due to tuition rates increasing by 3.29 percent, as well as a rise in student enrollment by 1.6 percent. Likewise, the growth in sales and services by \$2.4 million related to housing revenue for two new completed housing facilities and a larger student population. Scholarships, contracts, and grants grew by \$2.2 million. The following contributed to this additional revenue: 1) state scholarships and grants of \$1.3 million, 2) NCAA distributions of 500 thousand, and 3) county grants and contracts of \$400 thousand.

Meanwhile, non-operating revenue grew by a modest \$545 thousand, largely due to a \$685 thousand increase in state and local appropriations, a \$515 thousand decrease in gifts and grants, and a \$377 thousand increase investment income.

Total operating expenses increased by \$19.1 million, with a majority of the spending attributed to operating expenses. Salaries and fringe benefits rose by \$12.2 million in relation to a higher fringe benefit cost and the recognition of the net pension liability under GASB 68. South Carolina legislators voted and passed a general wage increase for state employees of 3.25 percent. Along with the raises, the legislator also voted to additional employer retirement contributions 0.5 percent. Both were implemented on July 1, 2016. In addition, the State Fiscal Accountability Authority (SFAA) approved a 0.8 percent increase in employer contributions for all health plans, as well as a 15 percent increase for the State Dental Plan that became effective January 1, 2017.

Services and supplies expenses grew by approximately \$3.6 million. Student services and plant operations were the leading functions of this additional cost. Expenses within these functions are comprised of rentals, leases, supplies, insurance, contractual/professional services, and noncapital repairs. Hurricane Matthew contributed to \$600 thousand in additional costs. Meanwhile, utilities added \$912 thousand; the rise in this amount is due to rate increases and new buildings placed into service. Scholarships rose by \$117 thousand, which is driven by the increase of 1.6 percent in student enrollment.

Depreciation expense rose by nearly \$2.2 million, as a result of additional assets. As mentioned previously, the opening of the final phase to the student housing complex (CINO and Teal Hall), Academic Classroom Building II, and completion of the Singleton Building Renovation all contributed to further expense.

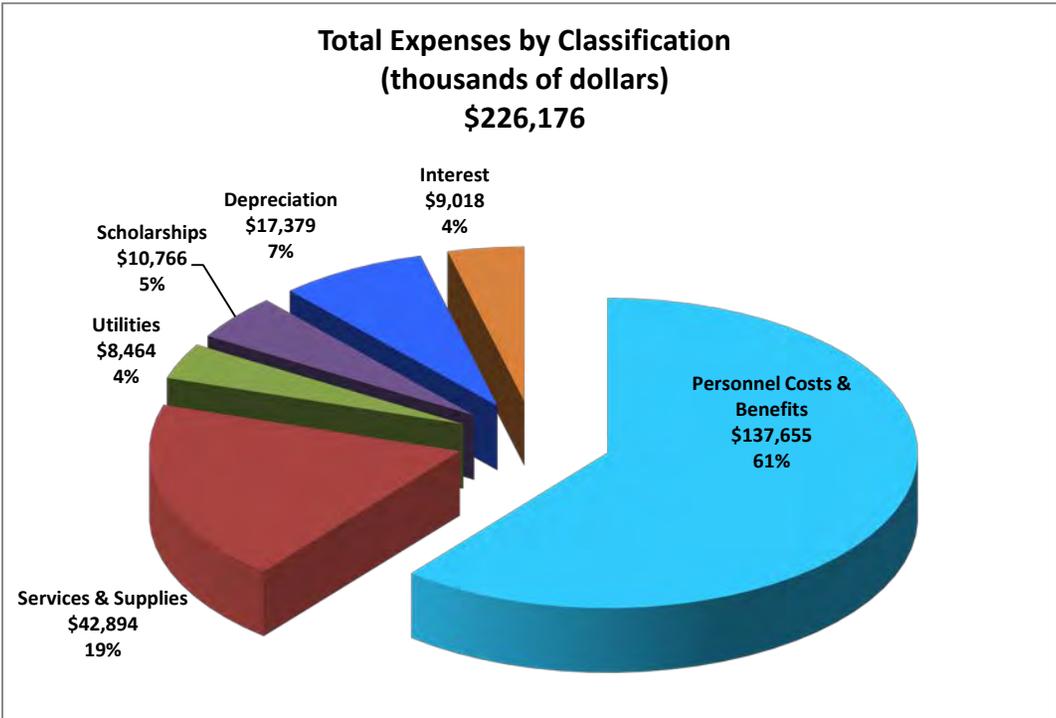
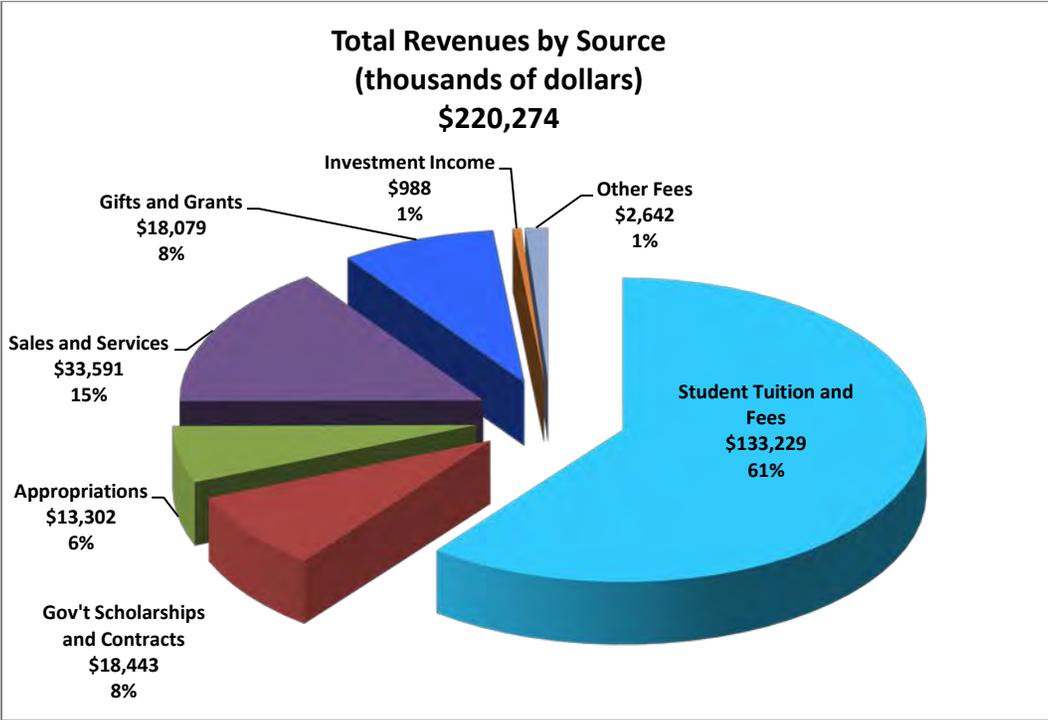
The University experienced added interest and bond issuance costs of \$3.4 million in fiscal year 2017. Contributing factors include the realization of interest expenses on the student housing debt (\$3 million) and a new bond issuance and refunding of a previous bond (\$400 thousand). With the student housing complex being placed into service, the University realized the interest payments that were previously capitalized during the construction phase. Additional details of these transactions are found in Note 11.

Capital Appropriations grew by a modest \$637 thousand in fiscal year 2017. The rise attributable to an increase in Horry County Penny Sales Tax revenue of \$537,331 and \$100,000 in State capital

appropriations. The Horry County Penny Sales Tax revenue is restricted to capital projects. The Smith Science renovation, which is currently in progress, is being funded by the Penny Sales Tax in the amount of \$6.2 million. Additionally, in the current fiscal year the State allocated \$100 thousand in Proviso 118.16 towards the Brooks Stadium Expansion project engineering.

Capital gifts and grants totaled \$348,516 for fiscal year 2017, a \$90,984 increase from the previous year. The Horry County Higher Education Commission donated \$166,000 to the start-up costs of the Early Childhood Education Center. The new center will serve a dual purpose of 1) offering quality child care services to faculty, staff, and students and 2) providing hands-on experience to the students enrolled in the early childhood education program. Additionally, the Chanticleer Athletic Foundation donated \$182,516 for signage installed at the football stadium.

Condensed Summary of Revenues, Expenses and Changes in Net Position				
	<u>2017</u>	<u>2016</u>	Increase/ (Decrease)	Percent Change
Revenues:				
Student tuition and fees	\$ 133,229,383	\$ 128,382,842	\$ 4,846,541	4%
Scholarships, contracts, and grants	18,443,014	16,213,456	2,229,558	14%
Sales and services	33,591,406	31,170,909	2,420,497	8%
Other operating revenues	<u>2,641,853</u>	<u>2,812,828</u>	<u>(170,975)</u>	-6%
Total operating revenues	<u>187,905,656</u>	<u>178,580,035</u>	<u>9,325,621</u>	5%
State appropriations	12,897,108	12,211,610	685,498	6%
Local appropriations	404,759	407,773	(3,014)	-1%
Gifts and grants	18,078,774	18,593,631	(514,857)	-3%
Investment income	<u>987,691</u>	<u>610,471</u>	<u>377,220</u>	62%
Total nonoperating revenues	<u>32,368,332</u>	<u>31,823,485</u>	<u>544,847</u>	2%
Total Revenues	<u>220,273,988</u>	<u>210,403,520</u>	<u>9,870,468</u>	5%
Expenses:				
Personnel costs and benefits	137,654,967	125,408,050	12,246,917	10%
Services and supplies	42,885,990	39,235,872	3,650,118	9%
Utilities	8,463,833	7,552,309	911,524	12%
Scholarships	10,766,585	10,649,282	117,303	1%
Depreciation	<u>17,379,154</u>	<u>15,184,395</u>	<u>2,194,759</u>	14%
Total operating expenses	217,150,529	198,029,908	19,120,621	10%
Interest & bond issuance cost	9,017,676	5,643,957	3,373,719	60%
Loss on disposal of asset	<u>7,842</u>	<u>86,743</u>	<u>(78,901)</u>	-91%
Total Expenses	226,176,047	203,760,608	22,415,439	11%
Income before other revenues and expenses	<u>(5,902,059)</u>	<u>6,642,912</u>	<u>(12,544,971)</u>	-189%
Other Revenues, Expenses, Gains/Losses:				
Capital appropriations	10,340,951	9,703,620	637,331	7%
Capital gifts and grants	<u>348,516</u>	<u>257,532</u>	<u>90,984</u>	35%
Change in Net Position	4,787,408	16,604,064	(11,816,656)	-71%
Net Position, beginning of year	<u>178,584,831</u>	<u>161,980,767</u>	<u>16,604,064</u>	10%
Net Position, end of year	<u>\$ 183,372,239</u>	<u>\$ 178,584,831</u>	<u>\$ 4,787,408</u>	3%



Capital Assets and Debt

Capital assets at June 30, 2017, consisted of \$33.3 million in land, \$11.3 million in construction in progress, and \$418.3 million in land improvements, buildings, equipment, vehicles and intangible assets, net of accumulated depreciation.

Construction in progress declined by \$44.1 million from the prior year. Projects totaling \$70.7 million were completed and transferred into buildings and improvements in fiscal year 2017. The largest of the assets completed and placed into service were as follows: 1) the new student housing buildings, totaling \$43.2 million 2) the Academic Classroom Building II, totaling \$14.7 million 3) the Singleton Building Renovation, totaling \$7.7 million. Other projects totaling \$5.1 million that were capitalized this year include a sand volleyball court and emergency notification system, and numerous land improvement projects campus-wide.

Conversely, \$26.6 million of costs were added to construction in progress during the current year. Some of the larger projects include the new University Place Dining Hall, an expansion of Brooks Stadium, and a major overhaul of the Smith Science Building. For more detailed information on capital asset activity, please refer to Note 6.

The University anticipates needing approximately \$75 million over the next 10 years to maintain and repair buildings, roads, and other land improvements and intends to address these maintenance needs through its yearly operating budget and continued efforts to obtain gifts, grants and capital appropriations.

Debt relating to the University's capital asset is approximately \$258.8 million for the year ending 2017. Of that amount, \$10 million is due in fiscal year 2018 with the remaining \$248.8 million due in subsequent years. Also during fiscal year 2017, the University issued \$22.4 million in revenue bonds to finance the Brooks Stadium expansion. Moody's assigned the University an A1 rating with a stable outlook. Details of bonds payable and long-term liabilities of the University are found in Notes 11 and 12.

Economic Outlook

The continued success of the University is dependent on four major factors: 1) student retention; 2) student enrollment; 3) local, state and federal governmental funding; and 4) strategic partnerships with local business and governmental entities. Although the University has faced many of the same economic challenges plaguing other governmental institutions on the state and national level, through its commitment to careful and conservative resource management, it will be able to sustain its high level of operations and meet its time honored goal of access, inclusion and affordability. Although the University has been creative in finding sources of funding, including through local governmental taxes and other strategic partnerships, its existence is dependent on the continued state support at the current level, with incremental increases over the next five to ten years.

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 is its student retention rate. This rate is the percentage of 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 enrolls the next fall semester is counted in the retention rate. The retention of students is often associated with the overall level of student satisfaction. The percentage of student retained has steadily climbed from 60% in 2012 to 68% in 2017.

Another measure of an institution's success is its enrollment demand. The continued success of the University is dependent on a high number of applicants and students accepting the University's offer, both in state and out of state. As Moody's has indicated in its November 29, 2016 announcement (*Moody's: Tuition revenue growth for US private universities remains steady, but public colleges lagging*), net tuition revenue growth will continue to slow for the foreseeable future. A major factor that is considered by in-state students is the cost of tuition. To combat this trend, the University will continue to work with the State of South Carolina to increase its baseline support of the in-state student population.

Furthermore, the University is uniquely positioned from a geographic standpoint. The school is located in Horry County with close proximity to Myrtle Beach. This location allows the University to attract both students and employees from one of the fastest growing population bases in the country. According to data released by the U.S. Census Bureau website, this area (Myrtle Beach, Conway, and North Myrtle Beach) ranks second on the list of "*Top 25 Fastest-Growing Metro Areas (Percent Change): July 1, 2015 to July 1, 2016*". With support from the State and the opportunities derived from location, the University expects the number of applications and those enrolling as students to remain healthy.

Through close monitoring of expenses, identifying cost savings, 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 going forward. In-state student tuition increased by 3.0% in 2016, 3.3% in 2017, and 3% in 2018. Tuition for out-of-state students grew by 3.6%, 3.3%, and 3% over the same period of time. The \$445 per student per semester set aside for future debt service has remained flat since 2015.

In the future, The Horry County Penny Sales Tax, institutional capital project funds, and selective financing will continue to fuel measured growth on campus. A project on the horizon is an Academic Enrichment Center and Auditorium. Construction is scheduled to commence in year 2020, subject to State review and approval. The intent of this project is to provide a focus on academic achievement by fostering an environment conducive with high-impact engagement for both students and the surrounding communities our campus serves.

The University looks for partners within the community. One example is the partnership between Horry Georgetown Technical College (HGTC) and the University. Both institutions have aligned to create a Bridge Program. Students who do not meet the Coastal Carolina University admissions standards, can live in University housing, but take classes at HGTC. After demonstrating the ability to succeed, the students can transfer seamlessly to the University, on schedule to graduate within four years of starting the program.

This partnership extends further into other areas where cost savings can be realized through shared resources. HGTC contracts its public safety services from the University. Conversely, the University rents classroom space from HGTC on its Grand Strand location. The goal of these strategic alliances is always to provide better services to students for the lowest cost.

There are a number of economic challenges colleges and universities are facing including declining enrollment growth, affordability, increasing pension costs, threat of reduced Pell grants, etc. The University will continue to meet the challenges presented with a focus on access, inclusion, and affordability. Programs focused on experiential learning provide students hands-on opportunities in their fields of study. Student Success Centers deliver needed support to undergraduates outside of the classroom. Diversity and Inclusion Initiatives create an atmosphere conducive with learning and engagement amongst all students. These strategic goals ultimately generate value to the current and future students.

The University remains committed to investing in its students, faculty and staff and deploying financial resources to the highest and best use. As a good steward of financial resources, the University strategically allocates funds to reach the goal of providing educational services to the citizens of the State of South Carolina. Savings and cost containment opportunities are pursued wherever they exist. By being committed to organizational excellence, the University is able to pursue effective and efficient ways to deliver services to students and the public at large. Due to conscientious spending and resource preservation, the University is able to expend more funds to support and grow the student population, faculty programming and staff operations. This dual commitment to investment and financial efficiency fosters continued innovation at the University and continual, sustained growth of the student population.

COASTAL CAROLINA UNIVERSITY

Statement of Net Position

June 30, 2017

ASSETS & DEFERRED OUTFLOWS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 54,605,649
Accounts and pledges receivable, net of provision for doubtful accounts	3,689,423
Due from component units	1,360,890
Inventories	507,287
Prepaid expenses	1,919,408
RESTRICTED CURRENT ASSETS	
Cash and cash equivalents	56,022,815
Total current assets	118,105,472
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	
Land	33,253,469
Construction in progress	11,253,208
Building and improvements	412,852,101
Equipment, vehicles and intangible assets	5,466,369
Accounts receivable	3,452,566
Due from component units	2,148,871
RESTRICTED NONCURRENT ASSETS	
Cash and cash equivalents	378,815
Investments	322,910
Loans to students, net	1,132,033
Total non-current assets	470,260,342
TOTAL ASSETS	\$ 588,365,814
TOTAL DEFERRED OUTFLOWS	\$ 31,330,741
LIABILITIES & DEFERRED INFLOWS	
CURRENT LIABILITIES	
Accounts and retainage payable	\$ 7,365,324
Due to component unit	69,425
Accrued payroll and related liabilities	12,438,577
Unearned revenue	3,921,779
Funds held for others	221,999
Accrued compensated absences, current	361,127
Bonds payable, current	10,038,982
CURRENT LIABILITIES PAYABLE FROM RESTRICTED CURRENT ASSETS	
Interest payable	1,101,215
Total current liabilities	35,518,428
NONCURRENT LIABILITIES	
Accrued compensated absences	3,697,786
Bonds payable	248,813,030
Net pension liability	145,379,866
Other liabilities	500,210
NONCURRENT LIABILITIES PAYABLE FROM RESTRICTED NONCURRENT ASSETS	
Federal perkins loan funds	1,356,046
Total noncurrent liabilities	399,746,938
TOTAL LIABILITIES	\$ 435,265,366
TOTAL DEFERRED INFLOWS	\$ 1,058,950
NET FINANCIAL POSITION	
Net investment in capital assets	229,608,138
Restricted for:	
Endowment - nonexpendable	154,802
Capital Projects - expendable	28,700,121
Debt Service - expendable	310,369
Unrestricted	(75,401,191)
TOTAL NET POSITION	\$ 183,372,239

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, 2017

Operating Revenues	
Student tuition and fees, net of scholarship allowance of \$30,963,073; \$7,434,432 is pledged for debt service	\$ 133,229,383
Scholarships, contracts and grants	18,443,014
Sales and services of educational departments	5,662,884
Sales and commissions of auxiliary enterprises, net of scholarship allowance of \$6,000,334	27,928,522
Other fees	2,641,853
Total Operating Revenues	<u>187,905,656</u>
Operating Expenses	
Personnel costs and benefits	137,654,967
Services and supplies	42,885,990
Utilities	8,463,833
Scholarships	10,766,585
Depreciation	17,379,154
Total Operating Expenses	<u>217,150,529</u>
Operating Loss	(29,244,873)
Non-Operating Revenue (Expenses)	
Non-Capital State appropriations	12,897,108
Pell Grant Revenues	15,156,549
Local appropriations	404,759
Gifts, including \$1,670,655 from Coastal Educational Foundation and \$960,992 from Chanticleer Athletic Foundation	2,848,360
Other miscellaneous revenue	73,865
Investment and endowment income	987,691
Interest on capital asset related debt	(8,585,262)
Bond issuance cost	(432,414)
Gain (Loss) on disposal of assets	(7,842)
Net Non-Operating Revenues (Expenses)	<u>23,342,814</u>
Income before other revenues, expenses, gains and losses	(5,902,059)
State capital appropriations	100,000
Local capital appropriations	10,240,951
Capital grants and gifts	348,516
Increase in Net Position	<u>4,787,408</u>
Net Position	
Net Position, beginning of year	<u>178,584,831</u>
Net Position, end of year	<u>\$ 183,372,239</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY

Statement of Cash Flows

For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 154,629,074
Grants and contracts	18,143,533
Other operating cash receipts	1,946,723
Payments to employees and for benefits	(129,924,390)
Payments to suppliers	(48,297,956)
Perkins loan collected	(15,994)
Funds held for others	5,065
Net cash used by operating activities	<u>(3,513,945)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State, county, and local appropriations	13,301,867
Gifts and grants	3,197,821
Cash received from Pell Grants	15,156,549
Net cash flow provided by noncapital financing activities	<u>31,656,237</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State and local capital appropriations	10,340,951
Gifts and grants for capital purposes	1,165,516
Proceeds from sale of capital assets	17,761
Purchase of capital assets	(28,462,960)
Principal and interest paid on capital debt and leases	(19,958,036)
Proceeds from the issuance of debt on capital assets	22,415,000
Net cash used by capital activities	<u>(14,481,768)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	707,457
Net cash flows provided by investing activities	<u>707,457</u>
Net change in cash	14,367,981
Cash beginning of year	96,639,298
Cash end of year	<u>\$ 111,007,279</u>
Reconciliation of net operating loss to net cash used by operating activities	
Operating loss	\$ (29,244,873)
Adjustments for noncash items provided by operating activities:	
Depreciation expense	17,379,154
Bad debt expense	854,658
Change in asset and liabilities	
Receivables, net	(1,970,887)
Grants and contracts receivable	(231,039)
Student loans receivable	83,848
Prepaid expenses	1,626,588
Inventories	(1,325)
Accounts and retainages payable	8,205,019
Accrued salary, absences, and related liabilities	(70,823)
Unearned revenue	(47,360)
Deposits held for others	5,065
Perkins loan federal share	(101,970)
Net cash used by operating activities	<u>\$ (3,513,945)</u>
Noncash transactions	
Decrease in fair value of investments	\$ 203,059
Capital grants and gift receivable	2,778,871
Donated goods and services	153,319

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Coastal Educational Foundation
Statement of Financial Position
June 30, 2017

Assets

Cash and cash equivalents	\$ 416,091
Accounts and pledges receivable, net of allowance of \$66,553 and \$52,729 for 2017 and 2016, respectively	3,592,255
Investments	35,274,817
Real estate held for investment	78,000
Cash value of life insurance	44,524
Prepaid expenses	26,525
Property and equipment, net	4,954,006
Other assets	-
Total assets	\$ 44,386,218

Liabilities and Net Assets

Liabilities

Accounts payable - related party	\$ 420,134
Accounts payable	36,023
Accrued expenses	600,000
Deferred revenue	28,333
Note payable	-
Total liabilities	1,084,490

Net assets

Unrestricted	6,702,599
Temporarily restricted	10,621,445
Permanently restricted	
Restricted for:	
Permanent endowments	25,477,684
Land required to be permanently used in programs	500,000
Total net assets	43,301,728
Total liabilities and net assets	\$ 44,386,218

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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<i>Revenues, gains (losses) and other support</i>				
Contributions	\$ 538,009	\$ 950,395	\$ 3,062,989	\$ 4,551,393
Endowed and other investment income				
Interest income	441	-	-	441
Net appreciation in fair value of investments	707,309	2,726,072	493,457	3,926,838
Impairment loss	(1,025,000)	-	-	(1,025,000)
Change in cash value of life insurance	940	2,526	-	3,466
Lease income	379,667	-	-	379,667
Royalty income	-	41,816	-	41,816
Miscellaneous income	-	33,796	-	33,796
Fundraising income	-	165,058	-	165,058
Loss on disposal of real estate held for investment	-	(56,766)	-	(56,766)
Net assets released from restrictions	1,938,159	(1,938,159)	-	-
Total revenues, gains (losses) and other support	<u>2,539,525</u>	<u>1,924,738</u>	<u>3,556,446</u>	<u>8,020,709</u>
<i>Expenses</i>				
Program services:				
Scholarships	505,700	-	-	505,700
University support	836,871	-	-	836,871
Facilities development and physical plant	23,424	-	-	23,424
College of Education	59,996	-	-	59,996
College of Humanities	153,270	-	-	153,270
College of Science	146,808	-	-	146,808
College of Business	444,686	-	-	444,686
University College	1,067	-	-	1,067
General and administrative	572,123	-	-	572,123
Bad debt expense	7,599	-	16,042	23,641
Fundraising expenses	123,897	-	-	123,897
Total expenses	<u>2,875,441</u>	<u>-</u>	<u>16,042</u>	<u>2,891,483</u>
Change in net assets	(335,916)	1,924,738	3,540,404	5,129,226
<i>Net assets, beginning of year</i>	7,051,173	8,611,842	22,509,487	38,172,502
Transfers	(12,658)	84,865	(72,207)	-
<i>Net assets, end of year</i>	<u>\$ 6,702,599</u>	<u>\$ 10,621,445</u>	<u>\$ 25,977,684</u>	<u>\$ 43,301,728</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
CCU Student Housing Foundation
Consolidated Statements of Financial Position
June 30, 2017

Assets

Current assets

Cash and cash equivalents	\$	681,794
Investments, unrestricted		6,693,117
Prepaid insurance		8,981
Total current assets		7,383,892

Other assets

Property held for development		1,889,466
Investments, restricted		55,945,008
Total other assets		57,834,474
Total Assets	\$	65,218,366

Liabilities and Net Assets

Current liabilities

Accounts payable	\$	48,717
Accrued interest		779,756
Revenue bonds payable		500,000
Total current liabilities		1,328,473

Long-term liabilities

Revenue bonds payable, net		47,059,329
Total long-term liabilities		47,059,329
Total Liabilities		48,387,802

Net assets - unrestricted

		16,830,564
Total liabilities and net assets	\$	65,218,366

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
CCU Student Housing Foundation
Consolidated Statements of Activities
For the Year Ended June 30, 2017

Revenues, gains and other support	
Interest income	\$ 900,575
Investment gain, net	398
Other revenues	<u>3,854</u>
Total revenues, gains and other support	<u>904,827</u>
 Expenses	
Program services - support of Coastal Carolina University	75,000
General and administrative	94,552
Interest and financing fees	<u>3,202,938</u>
Total Expenses	<u>3,372,490</u>
Change in net assets	(2,467,663)
Net assets, beginning of year	<u>19,298,227</u>
Net assets, end of year	<u><u>\$ 16,830,564</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Chanticleer Athletic Foundation
Statement of Financial Position
June 30, 2017

Assets

Cash and cash equivalents	\$ 1,349,792
Pledges receivable, net	4,823,159
Accounts receivable - related party	25,299
Prepaid expenses	6,198
Total assets	\$ 6,204,448

Liabilities and Net Assets

Liabilities

Accounts payable - related party	\$ 554,474
Accounts payable	8,083
Pledges payable - related parties	3,300,871
Deferred revenue	22
Total liabilities	3,863,450

Net Assets

Unrestricted	(60,374)
Temporarily restricted	2,401,372
Total net assets	2,340,998
Total liabilities and net assets	\$ 6,204,448

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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<i>Revenues, gains, and other support:</i>			
Contributions	\$ 1,128,440	\$ 1,509,266	\$ 2,637,706
Investment income	39,223	-	39,223
Fundraising proceeds	170,550	24,113	194,663
Net assets released from restrictions	2,068,903	(2,068,903)	-
Total revenues, gains, and other support	<u>3,407,116</u>	<u>(535,524)</u>	<u>2,871,592</u>
<i>Expenses and losses:</i>			
Program services - Support of Coastal Carolina University			
Athletics Program	1,143,508	-	1,143,508
Bad debt expense	1,565,899	-	1,565,899
Management and general	740,696	-	740,696
Fundraising	218,418	-	218,418
Total expenses and losses	<u>3,668,521</u>	<u>-</u>	<u>3,668,521</u>
<i>Transfers</i>	<u>145,050</u>	<u>(145,050)</u>	<u>-</u>
<i>Decrease in net assets</i>	(116,355)	(680,574)	(796,929)
<i>Net assets, beginning of year</i>	<u>55,981</u>	<u>3,081,946</u>	<u>3,137,927</u>
<i>Net assets, end of year</i>	<u>\$ (60,374)</u>	<u>\$ 2,401,372</u>	<u>\$ 2,340,998</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Coastal Carolina University is a public, mid-sized (10,500 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.

The legislation established the governing body of Coastal Carolina University, the Board of Trustees, effective July 1, 1993, 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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The University has implemented several new GASB statements over the past five 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 Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented in fiscal year 2015.

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*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, 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 (SHF) 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 Coastal Housing Foundation, LLC (CHF), a not-for-profit corporation, was organized in 2005. The SHF is the owner and sole member of the CHF. For the purposes of the Coastal Carolina University CAFR note disclosures, the SHF and the CHF will be referred to hereafter as one entity, SHF. Moreover, for the purposes of financial presentations, both the SHF and the CHF are reported as one consolidated entity. The activities of the SHF are governed by its board of directors. The SHF 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, 2017

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 fundraising 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 SHF, and the CAF are not deemed to be governmental entities because a controlling majority of the membership is not appointed by the University and 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 SHF, and the CAF 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.

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 include amounts due from the federal government, state and local governments, 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.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. The cost of inventory is reported on a first in, first out basis. 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.

Investments: The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

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 10 to 40 years; 10 to 15 years for land improvements; 3 to 10 years for vehicles, equipment and machines; 3 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, employer retirement contributions subsequent to the measurement date, and the differences in pension liability expected experience versus actual experience and changes in assumptions.

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Student deposits are recognized as revenue during the semester for which the

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 and amounts paid in advance for football tickets.

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 vacation payable in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net position.

Net Pension Liability: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS), and additions to/deductions from SCRS' and PORS' fiduciary net position, have been determined on the same basis as they are reported by SCRS or PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Federal Perkins Loans Receivable and Related Liability:

The loans receivable on the balance sheet 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 such as the third party vendor who manages the University's bookstore and the differences in pension liability expected experience versus actual experience and changes in assumptions.

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

Investment in capital assets, net of related debt: Assets invested in capital assets, net of related debt, 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.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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 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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 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 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, 2017.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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	\$ 54,605,649
Cash and Cash Equivalents - Restricted	
Debt Service	1,295,510
Capital Project	54,727,305
Other	224,013
Cash and Cash Equivalents - Endowment	154,802
Investments	322,910
Total	<u>\$ 111,330,189</u>
 DEPOSITS	
Cash on Hand	21,887,978
Investments	322,910
Deposits Held by State Treasurer	89,119,301
Total	<u>\$ 111,330,189</u>

Cash on Hand: At June 30, 2017, Coastal Carolina University had \$224,013 with the state treasurer for exclusive use by the Perkins Loan Program.

Investments: During fiscal year 2017, a separate fund, known as a qualified governmental excess benefit arrangement, was established to pay benefits above the Section 415 limit under section 415(m) of the Internal Revenue Code of 1986 (26 U.S.C.). Contributions to this arrangement are made from the University. These contributions are invested separately by a financial firm, Valic Financial Advisors, and may not be commingled with other funds of the University. At June 30, 2017, investments at fair market value totaled \$322,910.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

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

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, 2017, Coastal Carolina University had \$89,119,301 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.

NOTE 3 – RESTRICTED ASSETS

The purposes and amounts of University restricted assets at June 30, 2017, are as follows:

CURRENT

Cash and Cash Equivalents	
Satisfaction of Debt Covenants	\$ 1,295,510
Capital Projects	54,727,305
Total Restricted Current Assets	<u>56,022,815</u>

NONCURRENT

Cash and Cash Equivalents	
Federal Perkins Loan Program	224,013
Endowments	154,802
Investments	322,910
Loans to Students, net of allowance	1,132,033
Total Restricted NonCurrent Assets	<u>1,833,758</u>

Total Restricted Assets	\$ <u>57,856,573</u>
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COASTAL CAROLINA UNIVERSITY
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 4 – ACCOUNTS RECEIVABLE

University current and noncurrent receivables for June 30, 2017, are as follows:

CURRENT ACCOUNTS RECEIVABLE

Student Accounts Receivable	\$ 3,839,619		
Less Allowance for Uncollectible	<u>(2,860,734)</u>		
Student Accounts Receivable, Net	\$ 978,885	\$	978,885
Third Party Receivables			136,336
Federal Grants and Contracts Receivable			556,844
State Grants and Contracts Receivable			29,184
Other Grants & Contracts Receivable			269,454
Accrued Interest and Endowment Income Receivable			276,299
Due from Related Parties			143,601
Other Receivables			<u>1,298,820</u>
Total Current Accounts and Pledges Receivables Net		<u>\$</u>	<u>3,689,423</u>

CURRENT DUE FROM COMPONENT UNITS

Coastal Athletic Foundation Receivable		\$	1,184,474
Coastal Educational Foundation Receivable			172,229
Student/Coastal Housing Foundation Receivable			<u>4,187</u>
Total Due from Component Units - Current		<u>\$</u>	<u>1,360,890</u>

NONCURRENT ACCOUNTS RECEIVABLE

Third Party Receivables		<u>\$</u>	<u>3,452,566</u>
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NONCURRENT DUE FROM COMPONENT UNITS

Coastal Athletic Foundation Receivable		\$	1,900,871
Coastal Education Receivable			<u>248,000</u>
Total Due from Component Units - Non-current		<u>\$</u>	<u>2,148,871</u>

RESTRICTED NONCURRENT ACCOUNTS RECEIVABLE

Loans to Students	\$ 1,160,254		
Less Allowance for Uncollectibles	<u>(28,221)</u>		
Loans to Students Net	\$ 1,132,033	\$	<u>1,132,033</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, 2017

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, 2017. 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, 2017, the allowance for uncollectible student loans is valued at \$28,221. 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 \$1,356,046, representing the federal portion of the loan program at June 30, 2017. 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, 2017, totals \$1,543,597. 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, 2017, 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, 2017

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the University for the year ending June 30, 2017, is summarized as follows:

	Beginning Balance July 1, 2016	Additions	Retirements	Adjustments	CIP Transfers	Ending Balance June 30, 2017
Capital Assets Not Being Depreciated:						
Land	33,253,469	-	-	-	-	33,253,469
Construction in Progress	55,385,199	26,554,552	-	-	(70,686,543)	11,253,208
Total Capital Assets Not Being Depreciated	88,638,668	26,554,552	-	-	(70,686,543)	44,506,677
Capital Assets Being Depreciated:						
Buildings and Improvements	420,070,951	-	-	-	66,240,209	486,311,160
Land Improvements	23,776,363	-	-	-	4,446,334	28,222,697
Equipment	14,543,986	1,379,633	(241,042)	31,855	-	15,714,432
Intangible Assets	273,777	-	-	-	-	273,777
Vehicles	7,310,564	526,400	(83,055)	-	-	7,753,909
Total Capital Assets Being Depreciated	465,975,641	1,906,033	(324,097)	31,855	70,686,543	538,275,975
Less Accumulated Depreciation For:						
Buildings and Improvements	(79,876,712)	(12,755,804)	-	-	-	(92,632,516)
Land Improvements	(7,388,926)	(1,660,314)	-	-	-	(9,049,240)
Equipment	(10,883,650)	(1,738,610)	223,406	(31,855)	-	(12,430,709)
Intangible Assets	(273,777)	-	-	-	-	(273,777)
Vehicles	(4,424,301)	(1,224,425)	77,463	-	-	(5,571,263)
Total Accumulated Depreciation	(102,847,366)	(17,379,153)	300,869	(31,855)	-	(119,957,505)
Capital Assets Being Depreciated, Net	363,128,275	(15,473,120)	(23,228)	-	70,686,543	418,318,470
Capital assets, net	\$ 451,766,943	\$ 11,081,432	\$ (23,228)	\$ -	\$ -	\$ 462,825,147

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. During the year ending June 30, 2017, the University capitalized interest expense of \$261,717 associated with Revenue Bonds issues 2013, and 2014, respectively. The last buildings in the new student housing complex were capitalized in July 2016, so only one month of the interest expense for this building was capitalized in fiscal year 2017.

Construction in Progress: The ending balance for construction in progress for the 2016-2017 fiscal year has decreased by \$44.1 million from the previous fiscal year due to the completion of several buildings. The major contributing factor to this decrease is that, while \$26.6 million of expenses were added in the current year, \$70.7 million in assets were removed from this line item. Of the \$70.7 million decrease in construction in progress, \$43.2 million is related to two new residence halls being transferred to buildings and improvements. The Academic Classroom Building II, a total of \$14.7 million, was also moved to building and improvements. The remaining \$12.8 million that was transferred out of construction in progress consists of the final work done in the Science Annex II Building, the renovations made to the Singleton Building, installation of an emergency notification system and numerous land improvement projects campus-wide.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 6 - CAPITAL ASSETS, Continued

Included in the balance of construction in progress as of June 30, 2017, is a dining hall in progress at University Place. This facility will be within easy access to University Place housing residents located at an off-campus site. The new dining hall will seat 200 students, accommodate a kitchen, food service options and equipment, and is scheduled for completion in fall 2017 with a budget of \$4.7 million.

The Smith Science Building is undergoing a major renovation and has been placed out of service for this purpose. Work on this building commenced in August, 2016 and is scheduled for completion in October, 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, completing the three-building Science Complex at a budgeted cost of \$7.2 million.

The Brooks Stadium complex is underway, in order to meet NCAA Football Subdivision attendance requirements. The NCAA requires a FBS member to average 15,000 in attendance. While Brooks Stadium currently holds approximately 10,000 fans, this project will increase capacity to 20,000 and is needed due to the University's recent move to the Sun Belt Conference. Plans are to build this expansion in two phases. Each phase will be completed before the 2017 and 2018 football seasons, respectively. The total budget of the project is \$31.8 million and will include a new hospitality suite for 300 plus fans, additional seating, and increase fan-related amenities such as restrooms, concessions, and ADA improvements.

Completed Construction:

Three major construction projects concluded during the 2016-2017 fiscal year and account for \$65.6 million of the approximately \$70.7 million in assets that were capitalized in the current year.

A second academic/classroom building, located adjacent to the Wall building, began construction in January 2016, and was substantially completed in May, 2017, at a total cost of \$14.7 million. The project houses 100 faculty and administrative offices and 15 to 18 classrooms for the Computer Science, Recreation Sports Management, Psychology and Honors Departments, as well as the Information Technology staff.

Another construction project completed during fiscal year 2017 was the final two buildings in the new residence hall complex. Chanticleer Hall and Tradition Hall were both opened in August of 2016 at a total cost of \$43.2 million. This is the second 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.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 6 - CAPITAL ASSETS, Continued

The Singleton Building, placed out of service for a major makeover, was finalized in October, 2017 for a total cost of \$7.7 million. The building was restored to mimic the original floorplan; the layout now includes a large reception area and office suite re-alignments. Also included in the project were new elevators and HVAC units, as well as upgraded electrical and plumbing. This building houses many of the administrative offices of the University, including the President, the Provost and the Vice President of Finance and Administration.

Various land improvements were completed and placed into service during this fiscal year, one of which included a project converting campus roads to cul-de-sacs and gates, speed bumps, interior driving lanes and four foot bike lanes. The scope of the project also included full depth asphalt paving and roadway striping of Chanticleer Drive. Meanwhile, a second cooling plant was added to the campus, and with it, the addition of cooling pipes infrastructure.

Smaller land improvement projects involved adding new turf to the baseball and softball fields. A new sand volleyball court was constructed on the east campus, allowing the University to add a new women's sport to the roster. Netting was installed on the Hackler Golf Course as a protective measure for near-by residences.

A new campus-wide emergency notification system was installed on campus this year. This project included the installation of outdoor speaker arrays throughout the campus and the connection to the existing notification systems. The new system enhances our ability to respond to security threats on campus.

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

As described 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, and 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 ending 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 Note 14.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, Continued

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 future period(s) and so will not be recognized as an outflow of resources until that time. For the year ending June 30, 2017, deferred outflows of resources are \$31,330,741, comprised of \$22,282,155 of amortizing changes in pension experience, \$8,410,988 for fiscal year 2017 retirement contributions, and \$637,598 for amortizing debt refunding.

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 future period(s) and so will not be recognized as an inflow of resources until that time. For the year ending June 30, 2017, deferred inflows of resources are \$1,058,950, comprised of \$689,011 of a NCAA voluntary non-exchange transaction, \$120,000 service concession arrangement with the bookstore vendor, and \$249,939 for amortizing changes in pension experience.

NOTE 8 – ENDOWMENTS

The University manages one permanent endowment with a fair market value of \$154,802. 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 spending of investment income only at a budgeted amount of 5% of the most recent June 30th fair market value.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 9 - UNEARNED REVENUE

Unearned revenue for the University totaled \$3,921,779 for fiscal year ending June 30, 2017. Unearned revenues consist primarily of Aramark food service contract and unearned student fees for summer I, II and fall 2017 semester.

Unearned revenue includes tuition prepayments of \$1,870,247, food service contract of \$1,140,000, housing prepayments of \$628,761, grant and contract funds of \$113,953, advance athletic ticket sales of \$109,527, unearned golf course merchandise and gift certificates payments of \$41,291, and other unearned revenue of \$18,000.

A summary of unearned tuition revenue follows:

Summer I fees	\$ 570,140
Summer II fees	452,929
Fall fees	404,315
Tuition deposits	442,863
Total tuition prepayments	<u>\$ 1,870,247</u>

NOTE 10 – LEASE OBLIGATIONS

Operating Leases: The University leases classroom and office facilities from external parties under non-cancelable operating leases having terms in excess of one year. Total payments for such leases were \$147,003 for the year ending June 30, 2017. Pursuant to the aforementioned leases, future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30</u>	
2018	147,003
2019	147,003
2020	147,003
2021	147,003
2022	147,003
Thereafter	<u>74,032</u>
Total minimum payments required	<u>809,047</u>

The University also leases a parking lot, three activity fields, classroom(s), and office facilities from third parties in accordance with operating leases under the terms of one year or less. Total operating lease expenses for such spaces during the fiscal year ending June 30, 2017 were \$964,754.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 11 – BONDS PAYABLE

For the University, bonds payable consisted of the following at June 30, 2017:

	Balance at Inception	Interest Rates	Maturity Dates	Balance 6/30/2017
Revenue Bonds				
Series 2004 (Refunded 1994 Bonds)	\$ 3,885,000	4.09%	6/1/2018	\$ 355,000
Series 2012 (Refunded 1999 Bonds)	6,147,000	2.10%	6/1/2026	4,160,000
Series 2013	54,705,000	2.750% to 4.0%	6/1/2040	51,830,000
Series 2014	35,480,000	3.0% to 5.0%	6/1/2044	34,750,000
Series 2015	87,020,000	2.0% to 5.0%	6/1/2042	83,470,000
Series 2016	22,415,000	3.0% to 5.0%	6/1/2041	21,555,000
Series 2017 (Refunded 2006 Bonds)	6,766,591	2.29%	6/1/2026	6,766,591
Total Revenue Bonds				\$ 202,886,591
State Institution				
General Obligation 2010A	54,000,000	3.52%	4/1/2030	38,995,000
General Obligation 2016E	10,025,000	4.00% to 4.63%	4/1/2027	9,715,000
Total State Institutional Bonds				\$ 48,710,000
Subtotal Bonds Payable				\$ 251,596,591
Plus Unamortized Bond Premium				7,255,421
Total Bonds Payable				\$ 258,852,012

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. Income that does not secure revenue bonds include those funds that 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 that guarantee payment of principal and interest for a period equal to the final maturity of the bonds. Certain bonds 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 2017, 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 \$6,787,216 resulting in a legal annual debt service limit at June 30, 2017, of \$6,108,495.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

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>						
2018	\$	6,208,805	\$	7,277,361	\$	13,486,166
2019		6,100,816		7,019,897		13,120,713
2020		6,343,380		6,776,053		13,119,433
2021		6,599,185		6,521,916		13,121,101
2022		6,863,309		6,256,959		13,120,268
2023-2027		36,916,096		27,336,897		64,252,993
2028-2032		37,865,000		20,954,869		58,819,869
2033-2037		45,140,000		14,342,233		59,482,233
2038-2042		46,885,000		5,766,363		52,651,363
2043-2044		3,965,000		239,400		4,204,400
	\$	<u>202,886,591</u>	\$	<u>102,491,948</u>	\$	<u>305,378,539</u>
		<u>Principle</u>		<u>Interest</u>		<u>Total</u>
<u>General Obligation Bonds</u>						
2018	\$	3,115,000	\$	1,973,575	\$	5,088,575
2019		3,230,000		1,841,325		5,071,325
2020		3,350,000		1,685,887		5,035,887
2021		3,495,000		1,543,488		5,038,488
2022		3,640,000		1,394,787		5,034,787
2023-2027		20,855,000		4,449,600		25,304,600
2028-2030		11,025,000		612,450		11,637,450
	\$	<u>48,710,000</u>	\$	<u>13,501,112</u>	\$	<u>62,211,112</u>

As mentioned above, on November 23, 2016, the University issued \$22,415,000 in Revenue Bonds, Series 2016, to provide funds for the renovation and expansion of Brooks Stadium to seat 20,700 fans.

On May 1, 2017, new Higher Education Refunding Revenue Bonds were issued by the University in the amount of \$6,766,591. The proceeds were used to refund the remaining balance of the 2006 Refunding Revenue Bonds resulting in an economic gain of \$830,219. The sources and uses of funds required for the transaction are shown below.

Sources

Par Amount of Bonds	\$ 6,766,591
Transfer from 2006 Debt Service Fund	879,410
Transfer from 2006 Debt Service Reserve Funds	<u>1,065,810</u>
	\$ 8,711,811

Uses

2006 Escrow Principal	\$ 7,770,000
2006 Escrow Interest	879,410
Cost of Issuance Expenses	<u>62,401</u>
	\$ 8,711,811

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 11 – BONDS PAYABLE, Continued

The purpose of all outstanding bond issues are listed below:

- State Institution Bond 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 Bond Series 2016E
 - i. Refund a portion of the previously issued \$ 8,750,000 State Institution Bond Series 2002D.
 - ii. Refund a portion of the previously issued \$ 11,300,000 State Institution Bond Series 2006C.

- Revenue Auxiliary Bond 2004 and 2012 Series
 - i. Construction of Baxley Hall.
 - ii. Construction of Hicks Dining Hall.

- Higher Education Revenue Bond 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 Bond 2015 Series
 - i. Acquisition of existing student housing apartment facilities near the University campus known as University Place (2,079 beds).

- Revenue Bond 2016 Series
 - i. Renovation and expansion of Brooks Stadium to seat 20,700 fans.

- Higher Education Refunding Revenue Bond 2017 Series
 - i. Advance refund a portion of the previously issued \$ 13,175,000 Refunding Revenue Bond Series 2006.

COASTAL CAROLINA UNIVERSITY
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 12 - LONG-TERM LIABILITIES

Long-term liability activity for the University for the year ending June 30, 2017, was as follows:

	Balance			Balance		
	6/30/2016	Additions	Reductions	6/30/2017	Due Within One Year	Due Past One Year
Bonds Payable						
General Obligation Bonds	\$ 51,690,000	\$ -	\$ (2,980,000)	\$ 48,710,000	\$ 3,115,000	\$ 45,595,000
Revenue Bonds	187,808,000	29,181,591	(14,103,000)	202,886,591	6,208,805	196,677,786
Unamortized Bond Premium	7,112,680	896,236	(753,495)	7,255,421	715,177	6,540,244
Total Bonds Payable	\$ 246,610,680	\$ 30,077,827	\$ (17,836,495)	\$ 258,852,012	\$ 10,038,982	\$ 248,813,030
Other Liabilities						
Federal Perkins Loans Funds	\$ 1,458,016	\$ -	\$ (101,970)	\$ 1,356,046	\$ -	\$ 1,356,046
Net Pension Liability	121,807,697	47,144,338	(23,572,169)	145,379,866	-	-
Accrued Compensation Absences	4,257,093	32,646	(230,826)	4,058,913	361,127	3,697,786
Board of Trustees Award Liability	310,800	-	(65,000)	245,800	108,000	-
Deferred Compensation Plan Liability	156,855	1,057,555	(822,000)	392,410	30,000	-
Total Other Liabilities	\$ 127,990,461	\$ 48,234,539	\$ (24,791,965)	\$ 151,433,035	\$ 499,127	\$ 150,933,908
Total Long-Term Liabilities	\$ 374,601,141	\$ 78,312,366	\$ (42,628,460)	\$ 410,285,047	\$ 10,538,109	\$ 399,746,938

NOTE 13 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2017, are summarized as follows:

Functional Classification	Personnel Costs and Benefits	Services and Supplies	Utilities	Scholarships	Depreciation	Total
Instruction	\$ 70,304,298	\$ 8,087,218	\$ 279,821	\$ -	\$ -	\$ 78,671,337
Research	612,725	269,757	9,811	-	-	892,293
Public Service	1,058,712	713,743	8,238	-	-	1,780,693
Academic Support	10,089,579	2,235,878	10,166	-	-	12,335,623
Student Services	21,658,355	14,149,545	183,183	-	-	35,991,083
Institutional Support	13,583,283	2,691,123	279,351	-	-	16,553,757
Plant Operations	14,967,336	8,371,083	4,853,663	-	-	28,192,082
Scholarships	619,600	114,548	-	10,766,585	-	11,500,733
Auxillary Enterprises	4,761,079	6,253,095	2,839,600	-	-	13,853,774
Depreciation	-	-	-	-	17,379,154	17,379,154
Total Expenses	\$ 137,654,967	\$ 42,885,990	\$ 8,463,833	\$ 10,766,585	\$ 17,379,154	\$ 217,150,529

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 14 – PENSION PLANS

Description of the Entity:

The South Carolina Public Employee Benefit Authority (PEBA), created on 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 that 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, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the 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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 14 – PENSION PLANS, Continued

allowances and other benefits for police officers and firemen of the state and its political subdivisions.

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, that 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.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 14 – PENSION PLANS, Continued

Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws.

Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. 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, 2017

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; this increase is not limited to one-half of one percent per year. Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
SCRS		
Employee Class Two	8.66%	8.16%
Employee Class Three	8.66%	8.16%
State ORP		
Employee	8.66%	8.16%
PORS		
Employee Class Two	9.24%	8.74%
Employee Class Three	9.24%	8.74%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
SCRS		
Employer Class Two	11.41%	10.91%
Employer Class Three	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	13.84%	13.34%
Employer Class Three	13.84%	13.34%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

² 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, 2017

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. An experience report on the Systems was most recently issued as of July 1, 2015. The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by the Systems consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2015, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date of the Systems/ fiscal year ended June 30, 2016, 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, 2015, valuations for SCRS and PORS:

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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

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:

Former Job Class	Males	Females
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, 2016, for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	State Net Pension Liability (Asset)	University’s Proportionate Share of Net Pension Liability (Asset)	University’s Portion of Net Pension Liability (Asset)
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	0.66%	\$ 141,059,184
PORS	\$ 6,412,510,458	\$ 3,876,035,732	\$ 2,536,474,726	0.17%	\$ 4,320,682

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, 2017

NOTE 14 – PENSION PLANS, Continued

A plan's NPL is determined by reducing its total pension liability by its fiduciary net position. Total pension liability is defined by the Governmental Accounting Standards Board (GASB) as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the requirements of GASB 67. Total pension liability may be impacted annually by the cost of service accrued by participants, interest accrued on the liability, the impact of benefit and assumption changes, the cost of benefit payments, and the difference between expected and actual plan experience. The most significant impact on a plan's fiduciary net position relates to the rate of return on its investments. Consequently, significant fluctuations in the market value of investments substantially affect the fiduciary net position component of the NPL calculation, and as a result, cause a direct change in the NPL.

South Carolina Retirement System (SCRS) and Police Officers' Retirement System (PORS) are in a net cash outflow flow position with benefit payments exceeding contributions; therefore, investment performance must make up this gap before fiduciary net position can grow. Investments earned negative 0.39 percent during the plan year ended June 30, 2016, and thus the market value of SCRS and PORS investments decreased. Consequently, both plans experienced an overall decrease in plan fiduciary net position for the fiscal year ended June 30, 2016. This change, coupled with the annual increase in the total pension liability, led to a \$2.39 billion and \$357 million increase in the NPL for SCRS and PORS, respectively, for the measurement period ended June 30, 2016.

As previously communicated by PEBA, the financial reporting changes required by GASB 68 are likely to result in increased volatility in an employers' reported proportionate share of the NPL from one year to the next. Regardless of the NPL reported on the employer's financial statements, the employer is responsible only for making the contributions required by state law during any given year. Employers cannot pay down or pay off their proportionate share of the NPL because SCRS and PORS are multiple employer, cost-sharing defined benefit plans.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30 year capital market outlook at the end of third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns as net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted by the Investment Commission for fiscal year 2016. 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 below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 14 – PENSION PLANS, Continued

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>
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	<u>2.0%</u>	0.71%	<u>0.01%</u>
Total Expected Real Return	100.0%		<u>5.10%</u>
Inflation for Actuarial Purposes			<u>2.75%</u>
Total Expected Nominal Return			<u><u>7.85%</u></u>

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

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.

<u>System</u>	<u>1.00% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1.00% Increase 8.50%</u>
SCRS	\$ 175,967,469	\$ 141,059,184	\$ 111,999,351
PORS	\$ 5,662,624	\$ 4,320,682	\$ 3,114,695

Pension Expense, Deferred Outflows and Inflows of Resources:

For the year ended June 30, 2017, the University recognized its proportionate share of pension expense of \$16,094,531 associated with the net pension liability. At June 30, 2017, 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, 2017

NOTE 14 – PENSION PLANS, Continued

<u>SCRS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability Experience	\$ 1,462,244	\$ 153,191
Assumption Changes	-	-
Investment Experience	11,867,610	-
Change in Allocated Proportion	8,144,649	-
Contributions After the Measurement Date	8,054,020	-
Total	<u>\$ 29,528,523</u>	<u>\$ 153,191</u>

<u>PORS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability Experience	\$ 64,111	\$ -
Assumption Changes	-	-
Investment Experience	489,927	-
Change in Allocated Proportion	253,614	96,748
Contributions After the Measurement Date	356,968	-
Total	<u>\$ 1,164,620</u>	<u>\$ 96,748</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The following schedule reflects the amortization of the balance of remaining deferred outflows/(inflows) of resources at June 30, 2017. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2017, was 4.116 years for SCRS and 4.665 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>
2018	\$ 6,275,631	\$ 189,052
2019	5,511,306	185,802
2020	6,665,565	241,822
2021	2,868,811	94,227
2022	-	-

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

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, 2016 (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, 2016.

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. For the year ending June 30, 2017, the University has set aside funds of \$362,409 for such plans, of which \$322,910 is invested as stated earlier in Note 2.

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.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

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

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.

Funding Policies:

Section 1-11-710 of the South Carolina Code of Laws, as amended, requires that 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, 5.50% of annual covered payroll for 2017 and 5.33% for 2016. The IB sets the employer contribution rate based on a pay-as-you-go basis. Coastal Carolina University paid approximately \$4,775,985 and \$4,409,361 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2017 and 2016, 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, 2017 and 2016.

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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 16 – RELATED PARTIES, Continued

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, 2017, include significant transactions between them and the University, which are as follows:

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. During fiscal year 2017, Coastal Carolina University contracted the Research Foundation to provide \$50,000 to assist its educational and research initiatives.

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, 2017, the Commission made grants to Coastal Carolina University totaling \$562,259 which were paid in fiscal year 2017. Of the total, \$257,759 was for scholarships, and \$304,500 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 2017 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, 2017, the Commission had a net position of \$192,799. For the year ended June 30, 2017, total tax revenues were \$1,136,552 and total debt service was \$532,736.

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 fiscal year ending June 30, 2017, the University recognized and received \$147,000 in revenue from the Advisory Board.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 16 – RELATED PARTIES, Continued

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 2017 are not readily available. At June 30, 2017, accounts receivable included \$143,600 due from other State agencies primarily for Federal and State sponsored projects, and accounts payable included \$410,865 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 2017.

Transactions with Related-Party Vendors: The University has identified seven potential related party vendors with whom they have transacted business during fiscal year ending June 30, 2017. These vendors and the total related transaction amounts are listed below:

Related Party Vendor Transactions
For the Year Ending June 30, 2017

<u>Vendor</u>	<u>Amounts</u>
Conway Ford Inc	\$ 5,015
Fit 4 Everyone LLC	180
Frames by Lauren Elizabeth	14,529
Grand Strand Tee Time Network	4,000
Office Furniture USA	14,243
Peoples Underwriters,inc	1,529
Talotta Interiors Inc	617,808
Total	<u>\$ 657,304</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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 17 – RISK MANAGEMENT, Continued

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.

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 \$1,670,655 in direct support and \$501,168 of indirect transfers. For the fiscal year ending June 30, 2017, CEF had receivables from the University of \$45,971 and payables to the University totaling \$420,229 (short-term \$172,229, long-term \$248,000).

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, 2017, the carrying value of said property was \$5,065,850 net of \$111,845 accumulated depreciation. The University leases this land annually from CEF 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 \$509,342 for the fiscal year ending June 30, 2017. The University paid total rent of \$379,667 in fiscal year 2017 to CEF for seven parcels of land and a house located on Hackler Golf Course. The seven parcels are: soccer field, student parking lot, an athletic parcel, a Wheelwright Auditorium parcel, an academic parcel, a Founders Drive parcel and a University Housing parcel.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 18 – COMPONENT UNITS, Continued

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 non-publicly 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 CEF. Dividend income is considered unrestricted unless the donor has specified otherwise.

A summary of investments at fair value at June 30, 2017, follows:

<u>Vanguard & Brown Brothers Harriman Investments</u>	
Equities - Vanguard	\$ 20,876,939
Fixed Income Funds - Vanguard	11,854,686
Alternative Investment - BBH	<u>1,308,992</u>
Total Privately Managed Funds	34,040,617
Closely Held Investments	
Common Stock	<u>1,234,200</u>
Total Closely Held Investments	1,234,200
Total Investments	<u><u>\$ 35,274,817</u></u>

During the year ending June 30, 2017, 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 that 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 2017 were recorded by the University as non-operating gift revenues totaling \$960,992 and capital gifts totaling \$182,516. The CAF procured and gifted to the University \$112,638 of goods and services, which included vehicle leases to athletic coaches.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 18 – COMPONENT UNITS, Continued

For the year ended June 30, 2017, the CAF had net assets of \$2,340,998, receivables from the University of \$23,454 and payables to the University totaled \$3,085,345.

The CCU Student Housing Foundation: The CCU Student Housing Foundation (the SHF) 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. SHF 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 CHF), a not-for-profit corporation, was organized in 2005. The SHF is the owner and sole member of the CHF. As discussed in Note 1, the SHF and the CHF have been included in the reporting entity as a component unit. Since the SHF and the CHF 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 CHF. The project was financed by two issues of JEDA revenue bonds. In February, 2015, the CHF 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 was \$55,945,008 at June 30, 2017.

Financial support in the amount of \$75,000 was paid during the year ended June 30, 2017 in the form of a salary supplement for the University's president.

For the year ending June 30, 2017, the SHF and the CHF had consolidated net assets of \$16,830,564, and the SHF had payables to the University totaling \$4,187.

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, 2017

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, and will continue over the next 7 years. For the fiscal year ending June 30, 2017, Coastal Carolina University received approximately \$10.2 million in revenue from this new tax. Since the inception of the one-cent sales tax, the University has received more than \$68 million in revenue. The University has purchased several buildings with this revenue and has funded construction of the Brittain Hall and a new central energy plant, and a second academic/classroom building that was completed in May, 2017, adjacent to the Wall Building. A new science building that was completed and put into service in June 2016, was partially funded by the one-cent sales tax as well as the Smith Science building renovation that is currently underway.

Open Constructions and Renovation Contracts: As of June 30, 2017, Coastal Carolina University has 144 open contracts for projects for construction and on-going renovations totaling \$35.5 million. Of this total amount, \$7.1 million remains unspent. The larger contracts are connected to the Brooks Stadium expansion, with unspent funds of \$3 million, the Smith Building renovation, with unspent funds of \$2 million, the Academic Classroom II Building, with unspent funds of \$921,917 for furniture, fixtures and equipment, and the new dining facility at University Place, with unspent funds \$701,227. The remaining open contracts relate to a variety of other campus improvements totaling \$471,172. All of these contracts account for various services rendered for construction, architectural work, engineering, testing, interior refurbishments, such as flooring, wiring, and painting, and HVAC system control.

Subsequent Events: The University evaluated subsequent events through September 15, 2017, the date the financial statements were issued, and concluded that no events have occurred that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

COASTAL CAROLINA UNIVERSITY
Required Supplemental Information
For the Year Ended June 30, 2017

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
2017	0.660394%	\$141,059,184	\$43,897,115	321.34%	52.91%
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
2017	0.170340%	\$4,320,682	\$2,168,437	199.25%	60.44%
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 Supplemental Information
For the Year Ended June 30, 2017

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
2017	\$8,054,020	\$8,054,020	\$-	\$47,081,045	17.11%
2016	7,072,907	7,072,907	-	43,897,115	16.11%
2015	6,357,033	6,357,033	-	40,118,128	15.85%

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
2017	\$356,968	\$356,968	\$-	\$2,506,274	14.24%
2016	298,383	298,383	-	2,168,437	13.76%
2015	292,668	292,668	-	2,126,787	13.76%

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

OTHER FINANCIAL INFORMATION

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, 2017

Following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 16 of the 2016-2017 Appropriations Bill H. 5001 enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2017.

Non-Capital State Appropriations

Approved Appropriation	<u>\$ 11,791,478</u>
Supplement Appropriation – Pay Plan	286,804
Supplement Appropriation – Benefits	89,846
Technology Grant Program	573,411
Atmospheric and Soil Moisture Weather Stations	150,000
South Carolina Endowment Incentive Act of 1997	5,569
Statement of Revenues, Expenses & Changes in Net Position	<u>\$ 12,897,108</u>

Capital State Appropriations

Brooks Stadium Engineering	100,000
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COASTAL CAROLINA UNIVERSITY

Schedule of Tuition Fees

For the Year Ended June 30, 2017

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, 2016	<u>\$ 7,408,400</u>
Multiplied by	90%
Legal annual debt service limit at June 30, 2017	6,667,560
Maximum annual debt service on all State Institution Bonds of the University.	<u>5,109,846</u>
Margin	<u>\$ 1,557,714</u>

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION



Thomas W. and Robin W. Edwards College of Humanities and Fine Arts Building

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 2008 – 2017

	For the year ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Financial Position										
Net Investment in Capital Assets	\$ 229,608,138	\$ 210,872,540	\$ 193,226,321	\$ 154,687,499	\$ 130,228,337	\$ 113,986,078	\$ 92,076,002	\$ 71,619,921	\$ 59,953,874	\$ 57,318,311
Restricted - Nonexpendable	154,802	105,128	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Restricted - Expendable	29,010,490	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
Unrestricted	(75,401,191)	(68,490,862)	(74,743,043)	40,955,904	58,739,507	50,609,312	43,673,313	33,825,798	26,417,735	16,471,934
Total Net Position	\$ 183,372,239	\$ 178,584,831	\$ 161,980,767	\$ 244,070,130	\$ 225,797,647	\$ 198,091,955	\$ 168,294,768	\$ 138,823,281	\$ 108,222,684	\$ 93,329,316

Source: Coastal Carolina University Annual Financial Reports

Schedule 2

Coastal Carolina University

Major Revenue Sources

Fiscal Years 2008 – 2017

For the year ended June 30
(dollars)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition, net of allowance	\$ 133,229,383	\$ 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
State grants to students	12,607,539	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
Federal grants to students	2,270,650	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
Other operating grants	3,564,825	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
Sales and services of educ activities	5,662,884	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
Auxiliary enterprises, net of allowance	27,928,522	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
Other fees	2,641,853	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
Total operating revenue	187,905,656	178,580,035	163,130,126	147,335,979	141,554,521	128,766,406	116,968,059	106,343,219	106,394,187	93,142,634
State appropriations	12,897,108	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
Local appropriations	404,759	407,773	393,324	376,875	294,580	313,125	238,313	434,395	209,658	233,670
Gifts, Grants, and Contracts	18,078,774	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
Investment income	987,691	610,471	414,206	1,338,907	1,472,071	713,372	3,464,715	2,016,468	2,042,596	1,551,714
Total non-operating revenue	32,368,332	31,823,485	29,872,345	29,397,097	29,459,066	27,149,457	31,806,631	28,833,500	17,261,855	21,982,715
Total non-capital revenue	\$ 220,273,988	\$ 210,403,520	\$ 193,002,471	\$ 176,733,076	\$ 171,013,587	\$ 155,915,863	\$ 148,774,690	\$ 135,176,719	\$ 123,656,042	\$ 115,125,349

For the year ended June 30
(percentages of total)

Tuition, net of allowance	60.5%	61.0%	60.7%	59.2%	59.0%	63.2%	59.4%	58.2%	61.4%	56.2%
State grants to students	5.7%	5.3%	5.7%	5.9%	6.0%	6.3%	6.7%	6.8%	7.2%	7.2%
Federal grants to students	1.0%	1.2%	1.1%	1.3%	1.5%	1.6%	2.5%	2.6%	6.8%	6.5%
Other operating grants	1.6%	1.2%	1.3%	1.3%	1.4%	1.5%	1.4%	1.5%	1.5%	1.7%
Sales and services of educ activities	2.6%	2.7%	2.8%	2.8%	2.8%	3.0%	2.0%	2.2%	2.3%	2.1%
Auxiliary enterprises, net of allowance	12.7%	12.1%	11.4%	11.4%	10.6%	5.6%	5.4%	5.8%	5.8%	6.2%
Other fees	1.2%	1.3%	1.5%	1.5%	1.5%	1.3%	1.1%	1.5%	1.1%	1.1%
Total operating revenue	85.3%	84.9%	84.5%	83.4%	82.8%	82.6%	78.6%	78.7%	86.0%	80.9%
State appropriations	5.9%	5.8%	5.6%	5.8%	6.5%	5.7%	6.6%	8.9%	10.9%	15.4%
Local appropriations	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%
Gifts	8.2%	8.8%	9.4%	9.9%	9.7%	11.0%	12.3%	10.7%	1.2%	2.2%
Investment income	0.4%	0.3%	0.2%	0.8%	0.8%	0.5%	2.3%	1.5%	1.7%	1.3%
Total non-operating revenue	14.7%	15.1%	15.5%	16.6%	17.2%	17.4%	21.4%	21.3%	14.0%	19.1%
Total non-capital revenue	100.0%									

Notes: 2008-2009 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 2008 – 2017

For the year ended June 30
(dollars)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	\$ 78,671,337	\$ 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
Research	892,293	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
Public Service	1,780,693	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
Academic Support	12,335,623	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
Student Services	35,991,083	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
Institutional Support	16,553,757	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
Plant Operation	28,192,082	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
Scholarships	11,500,733	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
Auxiliary Enterprises	13,853,774	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
Depreciation	17,379,154	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
Total operating expenses	217,150,529	198,029,908	182,944,514	170,007,260	159,471,167	137,319,818	127,020,344	116,312,899	110,386,493	101,973,122
Interest and bond issuance costs	9,017,676	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
Other non-operating expenses	7,842	86,743	16,326	424,468	48,469	19,974	67,094	10,256	2,585	45,539
Total non-operating expenses	9,025,518	5,730,700	7,303,124	7,011,781	6,554,705	1,666,221	1,837,365	2,331,529	1,860,324	1,692,805
Total expenses	\$ 226,176,047	\$ 203,760,608	\$ 190,247,638	\$ 177,019,041	\$ 166,025,872	\$ 138,986,039	\$ 128,857,709	\$ 118,644,428	\$ 112,246,817	\$ 103,665,927

For the year ended June 30
(percentages of total)

Instruction	34.8%	35.7%	33.5%	33.0%	32.8%	36.9%	36.6%	36.2%	36.7%	36.2%
Research	0.4%	1.0%	1.0%	1.2%	1.5%	1.7%	1.5%	2.1%	1.4%	1.3%
Public Service	0.8%	0.7%	0.7%	0.8%	0.7%	0.9%	1.1%	1.0%	0.9%	1.3%
Academic Support	5.4%	5.5%	5.6%	5.4%	5.6%	6.0%	6.0%	5.8%	6.1%	6.0%
Student Services	15.9%	14.5%	14.0%	14.4%	14.1%	15.8%	14.8%	15.2%	15.4%	16.0%
Institutional Support	7.3%	8.0%	8.3%	7.7%	8.0%	9.7%	9.0%	9.7%	9.0%	9.6%
Plant Operation	12.5%	12.5%	13.4%	13.5%	13.0%	13.7%	13.6%	14.1%	13.7%	13.0%
Scholarships	5.1%	5.6%	6.6%	6.7%	6.7%	7.3%	8.2%	6.1%	6.9%	6.6%
Auxiliary Enterprises	6.1%	6.3%	6.0%	5.6%	6.5%	3.4%	3.7%	3.9%	4.6%	4.8%
Depreciation	7.7%	7.5%	7.2%	7.5%	7.1%	3.3%	4.1%	3.9%	3.6%	3.6%
Total operating expenses	96.0%	97.2%	96.2%	96.0%	96.1%	98.8%	98.6%	98.0%	98.3%	98.4%
Interest and bond issuance costs	4.0%	2.8%	3.8%	3.7%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%
Other non-operating expenses	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Total non-operating expenses	4.0%	2.8%	3.8%	4.0%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%
Total expenses	100.0%									

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 2008 – 2017

For the year ended June 30
(dollars)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Personnel costs and benefits	\$ 137,654,967	\$ 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
Services and supplies	42,885,990	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
Utilities	8,463,833	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
Scholarships	10,766,585	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
Depreciation	17,379,154	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
Total operating expenses	217,150,529	198,029,908	182,944,514	170,007,260	159,471,167	137,319,818	127,020,344	116,312,899	110,386,493	101,973,122
Interest & bond issuance cost	9,017,676	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
Other non-operating expenses	7,842	86,743	16,326	424,468	48,469	19,974	67,094	10,256	2,585	45,539
Total non-operating expenses	9,025,518	5,730,700	7,303,124	7,011,781	6,554,705	1,666,221	1,837,365	2,331,529	1,860,324	1,692,805
Total expenses	\$ 226,176,047	\$ 203,760,608	\$ 190,247,638	\$ 177,019,041	\$ 166,025,872	\$ 138,986,039	\$ 128,857,709	\$ 118,644,428	\$ 112,246,817	\$ 103,665,927

For the year ended June 30
(percentages of total)

Personnel costs and benefits	60.9%	61.5%	59.8%	59.2%	58.8%	64.6%	63.2%	63.7%	62.7%	62.7%
Services and supplies	19.0%	19.3%	20.2%	19.9%	20.5%	20.7%	20.3%	21.3%	22.4%	22.3%
Utilities	3.7%	3.7%	3.7%	3.9%	4.0%	3.1%	3.1%	3.2%	3.0%	3.4%
Scholarships	4.7%	5.2%	5.4%	5.6%	5.6%	7.0%	7.9%	5.8%	6.6%	6.3%
Depreciation	7.7%	7.5%	7.2%	7.5%	7.1%	3.3%	4.1%	3.9%	3.6%	3.6%
Total operating expenses	96.0%	97.2%	96.2%	96.0%	96.1%	98.8%	98.6%	98.0%	98.3%	98.4%
Interest & bond issuance cost	4.0%	2.8%	3.8%	3.7%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%
Other non-operating expenses	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Total non-operating expenses	4.0%	2.8%	3.8%	4.0%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%
Total expenses	100.0%									

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 2008 – 2017

For the year ended June 30

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Income before other changes in net assets	\$ (5,902,059)	\$ 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
Capital appropriations	10,340,951	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
Capital grants and gifts	348,516	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
Total change in net position	\$ 4,787,408	\$ 16,604,064	\$ 21,496,425	\$ 20,003,168	\$ 27,705,692	\$ 29,797,187	\$ 29,471,487	\$ 30,600,597	\$ 14,893,368	\$ 12,455,012

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 2007-2016***

	Academic Year Beginning in Fall									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
ADMISSIONS - FRESHMEN										
Applications	17,768	17,252	14,799	14,050	10,993	10,502	9,639	8,706	7,514	6,618
Applications accepted	10,871	10,291	9,412	9,014	8,139	7,836	7,170	6,438	5,215	4,524
Accepted as a percentage of applications	61%	60%	64%	64%	74%	75%	74%	74%	69%	68%
Students enrolled	2,249	2,368	2,375	2,095	2,206	2,137	2,006	1,775	1,655	1,652
Students enrolled as a percentage of accepted	21%	23%	25%	23%	27%	27%	28%	28%	32%	37%
SAT scores - total	1018	1005	1001	1000	1000	1013	1008	1028	1030	1040
ENROLLMENT										
Headcount enrollment										
Undergraduate	9,747	9,615	9,364	8,867	8,746	8,517	8,203	7,920	7,573	7,070
Graduate	732	648	612	611	589	567	503	440	581	802
Full time equivalent enrollment										
Undergraduate	9,535	9,435	9,105	8,564	8,568	8,455	8,073	7,665	7,372	6,890
Graduate	399	342	316	306	291	265	229	200	238	288
Residency for Fee Payment Purposes*										
Undergraduate, State Residents	7,132	6,929	6,889	6,514	6,327	6,013	5,796	5,365	5,147	4,825
Undergraduate, Out of State Residents	2,615	2,686	2,475	2,353	2,419	2,504	2,407	2,555	2,426	2,245
Headcount Total by Fee Payment Purposes	9,747	9,615	9,364	8,867	8,746	8,517	8,203	7,920	7,573	7,070
Percent of Undergraduates paying as Residents	73%	72%	74%	73%	72%	71%	71%	68%	68%	68%
Percent of Undergraduates paying as Non-residents	27%	28%	26%	27%	28%	29%	29%	32%	32%	32%
Required Tuition and Fees**										
Undergraduate, In State, Full Time	\$ 10,876	\$ 10,530	\$ 10,140	\$ 9,760	\$ 9,760	\$ 9,760	\$ 9,390	\$ 8,950	\$ 8,650	\$ 7,600
Undergraduate, Out of State, Full Time	\$ 25,120	\$ 24,320	\$ 23,480	\$ 22,770	\$ 22,050	\$ 21,560	\$ 20,270	\$ 18,770	\$ 18,090	\$ 16,590
Non-resident: Resident Fee Ratio	2.31	2.31	2.32	2.33	2.26	2.21	2.16	2.10	2.09	2.18
DEGREES AWARDED										
Bachelor's	1,581	1,648	1,553	1,510	1,399	1,379	1,289	1,222	1,076	1,004
Master's	272	254	232	199	181	120	92	95	86	75

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 2017 data not yet available

Schedule 7
Coastal Carolina University
Undergraduate Annual Required Tuition and Fees
at South Carolina Public Four-Year Institutions
Last Ten Academic Years

Academic Year Beginning in Fall

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
The Citadel	\$ 12,626	\$ 12,229	\$ 11,364	\$ 11,098	\$ 10,838	\$ 10,523	\$ 10,216	\$ 9,871	\$ 8,735	\$ 8,403
Clemson University	14,712	14,318	13,882	13,446	13,054	12,674	12,304	11,854	11,078	10,378
Coastal Carolina University	11,200	10,876	10,530	10,140	9,760	9,760	9,760	9,390	8,950	8,650
College of Charleston	11,998	11,386	10,900	10,558	10,230	9,918	9,616	9,616	8,988	8,400
Francis Marion University	10,842	10,453	10,100	9,738	9,386	9,066	8,802	8,480	7,960	7,682
Lander University	11,700	11,200	10,752	10,418	10,100	9,792	9,504	9,144	8,760	8,380
South Carolina State University	10,740	10,420	10,088	10,088	9,776	9,258	9,258	8,898	8,462	7,806
University of South Carolina										
Columbia	12,262	11,856	11,482	11,158	10,816	10,488	10,168	9,786	9,156	8,838
Aiken	10,502	10,196	9,878	9,552	9,258	8,974	8,700	8,374	7,900	7,532
Beaufort	10,472	10,166	9,848	9,354	8,922	8,508	8,108	7,756	7,250	7,000
Upstate	11,520	11,190	10,718	10,348	10,028	9,722	9,426	9,072	8,642	8,342
Winthrop University	14,870	14,510	14,156	13,812	13,430	13,026	12,656	12,176	11,606	11,140
Average Rate	\$ 11,954	\$ 11,567	\$ 11,142	\$ 10,809	\$ 10,467	\$ 10,142	\$ 9,877	\$ 9,535	\$ 8,957	\$ 8,546

Source: CHE Tuition & Required Fees for Academic Year 2017-18

**Schedule 8
Coastal Carolina University
Schedule of Residence Hall Data
Fiscal Years 2008-2017**

For fiscal year ended June 30

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Applications Received	5,136	4,657	5,357	4,084	4,179	1,510	1,436	1,885	1,684	1,311
Waiting List	*	*	*	*	*	*	*	86	43	27
Design Capacity of Beds	4,620	3,966	3,290	3,289	3,289	1,210	1,210	1,210	1,222	1,222
Opening Occupancy Fall Semester	4,406	4,109	3,715	3,551	3,514	1,283	1,257	1,300	1,300	1,281
Percent Occupancy	95%	104%	113%	108%	107%	106%	104%	107%	106%	105%
Residence Hall & Meal Fees*	\$8,890	\$8,690	\$8,440	\$7,860	\$7,700	\$7,700	\$7,350	\$7,200	\$7,080	\$6,680

Notes: * Housing rates have remained constant since FY2015. Increases are related to new meal plan options.

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

Schedule 9
Coastal Carolina University
Total Financial Aid Received
By University Students
Academic Years 2007-2008 through 2016-2017

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Federal Financial Aid										
Pell Grant	\$15,216,412	\$15,420,633	\$15,431,085	\$14,811,193	\$14,273,553	\$14,097,750	\$13,481,078	\$10,530,900	\$6,214,063	\$4,899,483
ACG/SMART	-	-	-	-	-	-	1,036,716	839,730	514,818	499,547
Supplemental Grants	359,215	395,901	392,742	378,696	328,924	453,569	402,760	521,684	575,274	362,864
College Work Study	340,684	442,089	453,598	308,173	317,680	323,962	296,624	285,740	254,986	216,483
Perkins Loans	100,086	141,724	169,632	215,651	141,627	142,074	79,000	125,671	182,174	212,103
Bank Loans	83,306,473	79,415,602	73,509,521	65,919,891	64,626,729	65,767,852	56,693,532	49,225,282	37,624,861	30,707,506
VA Benefits	-	-	-	-	-	-	-	-	444,504	633,063
TOTAL FEDERAL AID	\$99,322,870	\$95,815,949	\$89,956,578	\$81,633,604	\$79,688,513	\$80,785,207	\$71,989,710	\$61,529,007	\$45,810,680	\$37,531,049
Other Aid										
Scholarships – Foundation and Internal Committee	\$3,694,228	\$3,357,769	\$3,145,468	\$2,647,264	\$2,375,733	\$2,133,295	\$1,898,596	\$1,527,222	\$1,302,927	\$1,110,276
Athletics Scholarships/Waivers	7,899,404	7,249,729	6,811,485	6,837,182	6,140,495	6,143,044	5,709,290	5,238,282	5,010,118	4,743,585
Other Scholarships	32,007,524	29,553,467	26,903,450	23,933,261	21,336,056	19,451,248	18,740,011	16,362,209	15,303,231	13,510,757
Institutional Employment	2,634,719	2,824,782	2,846,509	2,544,894	2,600,562	2,462,849	2,337,838	2,264,825	1,434,539	1,172,607
Institutional Work Study	-	-	-	-	-	-	29,799	16,358	239,266	283,958
Private Loans	25,733,114	23,990,701	21,688,227	19,783,278	17,545,235	16,224,751	13,383,634	12,311,589	16,419,194	15,266,746
TOTAL OTHER AID	\$71,968,989	\$66,976,448	\$61,395,139	\$55,745,879	\$49,998,081	\$46,415,187	\$42,099,168	\$37,720,485	\$39,709,275	\$36,087,929
TOTAL FINANCIAL AID	\$171,291,859	\$162,792,397	\$151,351,717	\$137,379,483	\$129,686,594	\$127,200,394	\$114,088,878	\$99,249,492	\$85,519,955	\$73,618,978
Unduplicated Count of Students Receiving Aid	9,637	9,484	9,160	8,573	8,421	8,323	7,723	7,086	6,437	5,843

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

Schedule 10
Coastal Carolina University
Annual Appropriations per In-state Student by Geographic Origin
S. C. Comprehensive Teaching Institutions
Fall 2007 through 2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
The Citadel	\$4,408	\$4,158	\$4,018	\$3,968	\$4,241	\$4,383	\$4,911	\$5,671	\$6,223	\$8,319
Coastal Carolina Univ.	2,269	2,041	1,866	1,771	1,781	1,765	1,976	2,648	2,878	3,812
College of Charleston	3,457	3,053	2,842	2,756	2,659	2,506	2,578	3,122	3,553	4,820
Francis Marion Univ.	4,092	3,616	3,334	3,097	2,927	2,591	2,789	3,552	3,849	5,297
Lander University	3,048	2,802	2,483	2,357	2,192	2,055	2,141	2,892	3,431	4,825
SC State University	5,592	5,088	4,573	4,303	3,860	3,273	3,342	4,328	4,365	5,964
USC-Aiken	2,669	2,474	2,249	2,242	2,209	2,056	2,149	2,665	2,952	3,854
USC-Beaufort	2,164	1,839	1,829	1,875	966	917	1,044	1,394	1,730	2,538
USC-Upstate	2,037	1,815	1,767	1,806	1,564	1,516	1,568	2,008	2,336	3,161
Winthrop	2,988	2,779	2,676	2,612	2,535	2,549	2,610	3,101	3,459	4,351
Average	\$3,272	\$2,967	\$2,764	\$2,679	\$2,493	2,361	2,511	3,138	3,478	4,694

Source: Appropriations from Executive Budget Office divided by enrollment of in-state student headcount, from CHE website

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 11
Coastal Carolina University
Ratios of Outstanding Debt
Fiscal Years 2008-2017

	Academic Year Beginning in Fall									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Bonded Debt										
General obligation bonds	\$ 48,710,000	\$ 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
Total general bonded debt	<u>\$ 48,710,000</u>	<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>
Outstanding general bonded debt per full-time equivalent student	\$ 4,903	\$ 5,287	\$ 6,016	\$ 6,727	\$ 7,065	\$ 7,505	\$ 8,219	\$ 9,025	\$2,320	\$ 2,551
Other Debt										
Revenue bonds	\$ 202,886,591	\$ 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
Capital lease obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,894,319</u>	<u>\$ 148,208,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,133</u>	<u>\$162,895</u>	<u>\$ 267,404</u>
Total outstanding debt	<u>\$ 251,596,591</u>	<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>
Total outstanding debt per full-time equivalent student	\$ 25,327	\$ 24,496	\$ 26,434	\$ 35,092	\$ 31,984	\$ 9,697	\$ 10,652	\$ 11,741	\$5,280	\$ 5,845
Number of full time equivalent undergraduate and graduate students	9,934	9,777	9,421	8,870	8,859	8,720	8,302	7,865	7,610	7,177

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

Schedule 12
Coastal Carolina University
Debt Service Coverage on Revenue Bonds
Fiscal Years 2008-2017

REVENUE BONDS	For the year ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues	\$ 200,589,664	\$ 190,622,706	\$ 174,937,930	\$ 159,198,369	\$ 152,009,017	\$ 138,853,361	\$ 131,251,959	\$ 116,793,340	\$ 104,224,614	\$ 90,926,143
Expenses	\$ 179,200,165	\$ 167,713,680	\$ 157,721,637	\$ 146,387,042	\$ 136,531,706	\$ 123,860,178	\$ 111,929,070	\$ 99,040,370	\$ 92,597,576	\$ 80,449,056
Net Revenues Available for Debt Service	\$ 21,389,499	\$ 22,909,026	\$ 17,216,293	\$ 12,811,327	\$ 15,477,311	\$ 14,993,183	\$ 19,322,889	\$ 17,752,970	\$ 11,627,038	\$ 10,477,087
Debt Service Req, Revenue Bonds	\$ 13,013,796	\$ 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
Coverage	1.64	2.45	5.63	6.62	8.01	7.31	9.44	8.68	5.70	5.12

Notes: Above revenues, expenses, and net revenues available for debt service have been determined in accordance with the requirements of the applicable bonds. The State of SC allocates a portion of its unfunded pension costs to Coastal Carolina University per GASB 68 effective fiscal year 2015. Like depreciation, this allocation does not constitute a cash outflow and is excluded from expenses in the calculation of debt service coverage. Accordingly, FY 2016 and 2015 debt service coverage has been recalculated.

Source: Coastal Carolina University Annual Financial Reports

Schedule 13
Coastal Carolina University
Debt Service Coverage on General Obligation Bonds
Fiscal Years 2008-2017

For the year ended June 30

GENERAL OBLIGATION BONDS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition Pledged for Debt Service	\$ 6,787,216	\$ 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
Debt Service, General Obligation Bonds	\$ 5,109,846	\$ 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
Coverage	1.33	1.46	1.36	1.36	1.47	1.44	1.35	4.32	4.04	4.46

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 14
Coastal Carolina University
South Carolina Employment by Industry
Calendar Year 2007 and 2016

<u>Sources</u>	2016		2007	
	<u>Number of Employees</u>	<u>Percent of Total</u>	<u>Number of Employees</u>	<u>Percent of Total</u>
Construction	97,400	4.69%	120,800	6.19%
Manufacturing	242,500	11.67%	248,000	12.71%
Trade, Transportation and Utilities	410,500	19.76%	388,900	19.92%
Information	27,400	1.32%	28,400	1.46%
Financial Activities	99,900	4.81%	101,200	5.18%
Professional and Business Services	271,100	13.05%	226,500	11.60%
Education and Health Services	247,000	11.89%	199,500	10.22%
Leisure and Hospitality	237,200	11.42%	210,600	10.79%
Other Services	74,100	3.57%	71,600	3.67%
Government	370,100	17.82%	356,500	18.26%
	<u>2,077,200</u>	<u>100.00%</u>	<u>1,952,000</u>	<u>100.00%</u>

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

Schedule 15
Coastal Carolina University
Top 10 Employers - Calendar Year 2006 and 2015*
Horry County, South Carolina

Year 2015

<u>Employer</u>	<u>Number of Employees</u>	<u>%</u>
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	4.7%

Year 2007

<u>Employer</u>	<u>Number of Employees</u>	<u>%</u>
Horry County School District	4,712	26.3%
Burroughs & Chapin Company	3,000	16.8%
Wal-Mart Associates, Inc.	2,358	13.2%
Horry County Government	1,800	10.1%
AVX	1,200	6.7%
Conway Hospital	1,100	6.1%
Blue Cross/Blue Shield	1,000	5.6%
Grand Strand Regional Medical Center	993	5.5%
Myrtle Beach National	970	5.4%
Coastal Carolina University	765	4.3%

Source: For 2015 Statistics, Myrtle Beach Regional Economic Development

Source: For 2007 Statistics, Myrtle Beach Area Chamber of Commerce, 18th Statistical Abstract

*2016 Statistics not available at time of printing, reporting of 2015 figures

Schedule 16
Coastal Carolina University
State and Regional
Population, Income and Unemployment History
Fiscal Years 2007-2016*

<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>
2016	4,961,119	322,342	61,399	196,049,325,000	10,901,662,000	2,590,733,000	4.8	5.6	6.5
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

Source: U.S. Bureau of Economic Analysis
U.S. Census Bureau
S.C. Department of Employment & Workforce

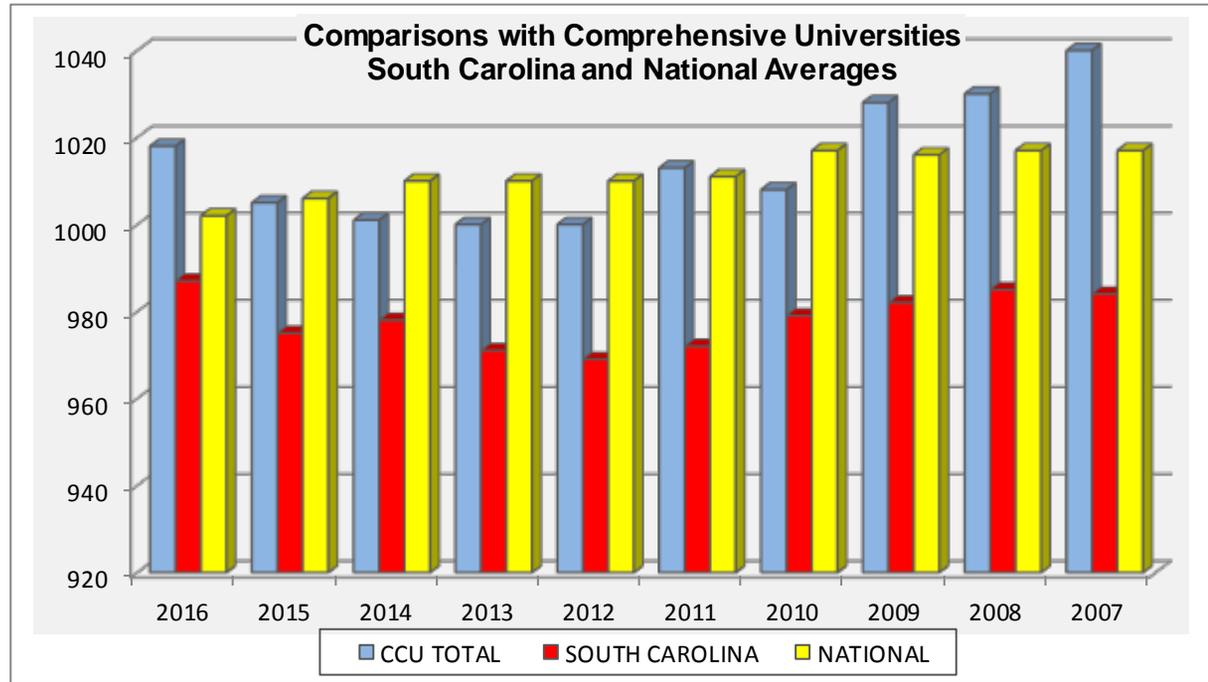
*Fiscal year 2017 information not yet available

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 17
Coastal Carolina University
SAT Scores, New Freshmen
Academic Years 2007-2016

	FALL SEMESTERS									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
CCU TOTAL	1018	1005	1001	1000	1000	1013	1008	1028	1030	1040
SOUTH CAROLINA	987	975	978	971	969	972	979	982	985	984
NATIONAL	1002	1006	1010	1010	1010	1011	1017	1016	1017	1017



Schedule 18
Coastal Carolina University
Average Faculty Salaries by Rank
Academic Years 2007-2016

	Academic Year Beginning in Fall									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Coastal Carolina University										
Professor	\$97,867	\$94,892	\$95,623	\$90,920	\$86,945	\$84,168	\$82,640	\$83,036	\$82,159	\$78,667
Associate Professor	\$74,539	\$71,290	\$71,574	\$69,923	\$70,405	\$70,535	\$68,877	\$68,397	\$67,679	\$63,887
Assistant Professor	\$66,511	\$61,361	\$61,083	\$59,586	\$59,999	\$58,234	\$56,232	\$57,468	\$58,005	\$57,786
Instructor/Other	\$51,135	\$48,146	\$47,907	\$45,347	\$47,472	\$46,112	\$45,593	\$46,076	\$44,910	\$41,300
Average, all ranks	\$77,681	\$73,183	\$72,764	\$69,721	\$68,960	\$67,832	\$65,110	\$65,270	\$64,034	\$61,905
Average, percent of										
SC public universities	109.87%	106.17%	107.56%	107.22%	107.18%	111.40%	108.50%	108.90%	105.99%	103.40%
Average, percent of SREB**	n/a*	127.60%	123.02%	120.12%	117.25%	113.40%	113.21%	112.92%	111.74%	110.42%
Average, percent of national***	92.70%	89.39%	89.66%	88.14%	90.38%	93.06%	90.07%	91.29%	90.25%	91.67%
South Carolina Public Universities										
Professor	\$87,511	\$85,375	\$85,438	\$83,019	\$82,365	\$76,402	\$75,990	\$75,452	\$76,573	\$74,802
Associate Professor	\$71,215	\$69,203	\$68,348	\$66,114	\$66,027	\$62,647	\$62,428	\$62,158	\$64,009	\$63,124
Assistant Professor	\$63,293	\$61,001	\$60,322	\$57,927	\$57,559	\$54,599	\$54,100	\$54,175	\$54,199	\$53,825
Instructor/Other	\$50,411	\$49,621	\$49,033	\$48,350	\$47,538	\$45,426	\$44,848	\$44,866	\$44,357	\$44,159
Average, all ranks	\$70,702	\$68,933	\$67,652	\$65,024	\$64,341	\$60,893	\$60,009	\$59,937	\$60,416	\$59,868
Southern (SREB**) Average	n/a*	\$57,355	\$59,150	\$58,042	\$58,816	\$59,816	\$57,515	\$57,804	\$57,308	\$56,062
National*** (CUPA) Average	\$83,802	\$81,866	\$81,153	\$79,102	\$76,301	\$72,894	\$72,291	\$71,500	\$70,953	\$67,533

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)

Schedule 19
Coastal Carolina University
Faculty, Staff and Administrative Statistics
Fiscal Years 2008-2017

	For the fiscal year ended June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Full-time faculty	449	433	416	414	384	355	346	315	299	264
Part-time faculty	214	214	218	184	199	195	193	168	184	160
Total faculty	663	647	634	598	583	550	539	483	483	424
Full-time staff/administrators	737	730	722	692	666	672	652	619	606	561
Part-time staff/administrators	355	335	306	296	228	141	191	152	203	134
Total staff/administrators	1092	1065	1028	988	894	813	843	771	809	695
Total full-time employees	1186	1163	1138	1106	1050	1027	998	934	905	825
Total employees	1755	1712	1662	1586	1477	1363	1382	1254	1292	1119
Part-time faculty FTE (full-time equivalent)	166.4	171.6	165.7	145.2	151.9	151.1	149.2	140.7	141.5	135.7
Total teaching faculty FTE	604.4	594.6	580.7	556.2	529.9	502.1	493.2	452.7	435.5	397.7
Ratios:										
Full-time faculty: Full-time staff/administrators	0.61	0.59	0.58	0.60	0.58	0.53	0.53	0.51	0.49	0.47
Total faculty: Total staff and administrators	0.61	0.61	0.62	0.61	0.65	0.68	0.64	0.63	0.60	0.61
Part-time faculty: Total faculty	0.32	0.33	0.34	0.31	0.34	0.35	0.36	0.35	0.38	0.38

Source: IPEDS - HR Survey

Schedule 20
Coastal Carolina University
Capital Asset Information
Fiscal Years 2008-2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Buildings – Assignable Area Square Feet										
Instruction	349,729	339,883	351,591	364,887	331,723	318,969	318,969	319,342	278,626	285,471
Research	29,439	20,336	8,508	8,508	997	997	997	927	416	416
Public Service	0	0	0	182	0	0	0	0	1,200	1,200
Academic Support	47,729	47,720	47,777	47,147	49,144	35,083	35,083	35,083	59,128	59,043
Student Services	195,431	195,431	181,777	179,818	175,364	89,323	89,323	89,149	116,462	100,541
Institutional Support	94,841	76,530	82,232	70,472	59,634	59,763	59,763	59,763	59,435	59,074
Plant Operation and Maintenance	30,806	30,806	30,212	30,212	30,212	29,822	29,822	26,721	25,665	24,865
Auxiliaries	990,198	992,770	875,500	875,500	522,736	298,581	298,581	298,581	286,073	284,910
Other	92,559	86,771	55,304	51,605	64,237	53,136	53,136	41,033	10,892	13,297
	<u>1,830,732</u>	<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>
Residence Hall - Number of beds										
Main Campus	2,541	1,917	1,210	1,210	1,210	1,210	1,210	1,210	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	1,092	0	0
Total number of beds	<u>4,620</u>	<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>
Athletic and Intramural Facilities										
Stadiums	4	4	4	4	4	4	4	4	4	4
Extramural and intramural fields	4	4	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	1	0	0	0
Pool	2	2	2	1	3	1	1	1	1	1
Gymnasiums	3	3	3	3	2	3	2	2	2	2
Fitness centers	2	2	2	2	2	3	2	2	2	2
Tennis courts	18	18	18	0	6	8	8	8	8	10
Number of Buildings:	120	114	106	102	101	74	72	69	71	48

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

COASTAL CAROLINA UNIVERSITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SINGLE AUDIT SECTION



Lib Jackson Student Union at Coastal Carolina University

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& Co., P.A.
Certified Public Accountants
Established 1950

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TIMOTHY S. BLAKE, CPA, PFS
BRADY & BLAKE, CPA

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

To 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, 2017. 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, 2017.

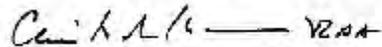
Report on Internal Control Over Compliance

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.

 V2.1.1

Gaffney, SC
September 15, 2017

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GOVERNMENTAL AUDIT QUALITY CENTER

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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 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, 2017, and the related notes to the financial statements, which collectively comprise Coastal Carolina University's basic financial statements, and have issued our report thereon dated September 15, 2017. 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.

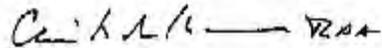
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Compliance and Other Matters

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 15, 2017

COASTAL CAROLINA UNIVERSITY
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

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, 2017

Summary of Auditor's Results:

- An unmodified opinion was issued on Coastal Carolina University's basic financial statements dated September 15, 2017.
- 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

Federal Supplemental Education Opportunity Grants (FSEOG)	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

COASTAL CAROLINA UNIVERSITY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Summary of Auditor's Results: continued

- 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, 2017

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
RESEARCH & DEVELOPMENT							
DEPARTMENT OF COMMERCE							
<i>Passed thru University of South Carolina</i>							
31-2325	Hydrology and Pollutant Removal Performance in Detention Ponds Typical for the Lower Coastal Plain of SC	11.417	N152/NA140AR417008	YES	\$53,638	\$1,860	
31-2831	The South Carolina Marine Mammal Stranding Network Restoring Stranding Response Capacity	11.439	NA15NMF4390038	YES	\$80,661	\$52,069	
31-2852	FY17: The South Carolina Marine Mammal Stranding Network: Restoring Stranding Response Capacity	11.439	NA16NMF4390157	YES	\$77,737	\$8,208	
<i>Passed thru Global Science & Technology, Inc.</i>							
31-2837	Mesonet 2015	11.459	SA15-CCU01	YES	\$146,667	\$26,251	
	<i>Subrecipient portion with Florida Atlantic University</i>		CCU No. 31-2837-01	YES	\$60,000	\$60,000	
<i>Passed thru Synoptic Data Corp</i>							
31-2841	National Mesonet Program	11.467	EA-133W-16-CQ-0054	YES	\$80,433	\$1,367	
	<i>Subrecipient portion with Florida Atlantic University</i>		CCU No. 31-2841-01	YES	\$79,567	\$17,159	
DEPARTMENT OF DEFENSE							
31-2891	Radar Measurements of Ocean Surface Waves Using Proper Orthogonal Decomposition	12.300	N00014-15-1-2044	YES	\$111,999	\$9,183	
31-2899	Physics Based Inverse Problem to Deduce Marine Atmospheric Boundary Layer Parameters	12.300	N00014-13-1-0307	YES	\$253,271	\$22,649	
DEPARTMENT OF THE INTERIOR							
<i>Passed thru South Carolina Sea Grant</i>							
31-2067	Atlantic Offshore Wind Energy Development: Geophysical Mapping and Identification of Paleolandscapes & Historic Shipwrecks Offshore SC	15.408	R/BOEM-1a	YES	\$316,237	\$26,676	
<i>Passed thru US Fish & Wildlife Service</i>							
31-2343	DNA Sampling for a Population Genetic Assessment of MacGillivray's Seaside Sparrow	15.660	F16AP00751	YES	\$8,500	\$7,050	
31-3722	USGS Sublease of Space at Coastal Carolina University	15.808	GO9AC00327	NO	\$19,620	\$4,905	
NATIONAL SCIENCE FOUNDATION							
<i>Passed thru Tulane University</i>							
31-2062	Transfer NSF Award to CCU from Tulane	47.050	TUL-686-14/15	YES	\$61,983	\$17,437	
31-2072	REU: Site Computing and Geoscience in the Coastal Carolina Region	47.050	1560210	YES	\$324,783	\$50,695	
31-2073	MRI: Acquisition of a Computing Cluster for Atmospheric & Geophysical Research	47.050	1624068	YES	\$108,524	\$107,570	
31-2979	RUI: Dynamical Coupling During Major Stratospheric Sudden Warming	47.050	AGS-1116123	YES	\$254,185	\$10,848	

COASTAL CAROLINA UNIVERSITY – SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2017

Account	Federal Grantor/Pass through Grantor/Program Title	NUMBER	Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
31-2839	Validation of a New Geochemical Approach to Constraining Deep Sea Porewater Residence Times & Advection Rates: Applications to Biogeochemical Cycling at Guaymas Basis	47.050	EAR-1558829	YES	\$68,817	\$35,833	
	<i>Passed thru University of Georgia</i>						
31-2993	Hydrogeological Characterization of the Duplin River: A Detailed Examination of a Subset of the GCE-LTER Site	47.050	RR100-621/4943796	YES	\$73,287	\$10,296	
	<i>Passed thru US-Israel Binational Science Foundation</i>						
31-2063	Male Moth Mate Preference During Flight	47.070	2013399	YES	\$71,579	\$21,358	
31-2076	RAPID: Collaborative research: Mobile Infrastructure for Monitoring, Modeling and Forecasting of Coastal Weather Events	47.070	1714015	YES	\$99,672	\$15,717	
	<i>Passed thru Florida Atlantic University</i>						
31-2326	NSF Intelligent Rivers	47.070	FAU# 940206	YES	\$406,507	\$157,684	
31-2075	RUI: Reprogramming Cellular Processes in Proteasome-Inhibited Plants	47.074	1615318	YES	\$184,601	\$32,621	
31-2992	RUI: Proteasomal Removal of Selenoproteins in Plants	47.074	MCB-1244009	YES	\$135,848	\$43,719	
31-2818	Improving Scientific Reasoning and Metacognition via a Conceptual Physics Course	47.076	DUE-1244801	YES	\$118,214	\$4,280	
	DEPARTMENT OF ENERGY						
	<i>Passed thru Los Alamos National Security Lab</i>						
31-2821	Los Alamos National Security Lab Agreement for Research	81.140	Subcontract 301353	YES	\$75,240	\$17,826	
	DEPARTMENT OF HEALTH AND HUMAN SERVICES						
31-2832	South Carolina IDeA Network of Biomedical Research Excellence (INBRE)	93.859	22050-Z219	YES	\$137,432	\$123,442	
31-2836	South Carolina IDeA Network of Biomedical Research Excellence - Target and DRP Program	93.859	22050-Z215	YES	\$143,254	\$67,298	
	DEPARTMENT OF NAVY						
	<i>Passed thru Office of Naval Research</i>						
31-2070	Inversely Determining Atmospheric Refractivity Structure Using Electromagnetic Wave Propagation Models & Measurements	12.300	N00014-16-1-2075	YES	\$154,558	\$78,749	
					TOTAL RESEARCH & DEVELOPMENT		\$1,032,750
	OTHER PROGRAMS						
	DEPARTMENT OF JUSTICE						
	<i>Passed thru SC Department of Public Safety</i>						
31-3941	Victims of Crime Act Program	16.575	1V15149	NO	\$82,584	\$15,918	
	<i>Passed thru SC Department of Public Safety</i>						
31-3943	FY17 Victims of Crime Act Program	16.575	1V16018	NO	\$76,225	\$54,018	

COASTAL CAROLINA UNIVERSITY – SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2017

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
DEPARTMENT OF STATE							
31-2838	International Students Festival in Trondheim	19.040	S-NO600-16-001	NO	\$2,000	\$2,000	
31-3832	US Russia Peer-to-Peer Dialogue Program	19.900	S-RS500-15-GR-179	NO	\$99,957	\$25,679	
DEPARTMENT OF EDUCATION							
<i>Passed thru South Carolina Department of Education</i>							
31-1816	Project CREATE Year 13	84.027	H63010100915	NO	\$24,763	\$1,746	
31-1819	FY17-19 Project CREATE	84.027		NO	\$35,231	\$31,585	
31-1813	Core Math Development Project: Coastal Carolina University MSP	84.366	H63010008215	NO	\$90,589	\$12,790	
<i>Passed thru Horry County School District</i>							
31-1814	Mathematics & Science Partnership	84.366		NO	\$43,920	\$17,019	
<i>Passed thru Georgetown County School District</i>							
31-1817	Mathematics & Science Partnership	84.366B	H6301008216	NO	\$21,408	\$12,735	
<i>Passed thru SC Commission on Higher Education</i>							
31-1153	Improving Teacher Quality Higher Education State Grants	84.367B		NO	\$140,814	\$122,635	
DEPARTMENT OF HOMELAND SECURITY							
<i>Passed thru SC Emergency Management Division</i>							
31-3786	CCU All-Hazards Mitigation Plan	97.017	PDMC-PL-04-SC-2014-005	NO	\$105,000	\$46,598	
						TOTAL OTHER PROGRAMS	\$342,724
STUDENT FINANCIAL ASSISTANCE PROGRAMS							
US DEPARTMENT OF EDUCATION							
31-8046	SEOG 15-16	84.007		NO		\$23,081	
31-8047	SEOG 16-17	84.007		NO		\$369,933	
31-8056	CWS 15-16	84.033		NO		\$20,692	
31-8077	CWS 16-17	84.033		NO		\$337,026	
50-5230	PERKINS Loans	84.038		NO		\$100,086	
31-8025	Federal Pell Grant Programs 14-15	84.063		NO		\$5	
31-8026	Federal Pell Grant Programs 15-16	84.063		NO		\$138,685	
31-8027	Federal Pell Grant Programs 16-17	84.063		NO		\$15,036,619	
80-8201	Direct Loans Stafford	84.268		NO		\$49,864,904	
80-8202	Direct Loans PLUS	84.268		NO		\$31,266,104	
31-8156	UGTCH 16-17	84.268		NO		\$82,008	
31-8165	GRTCH 15-16	84.379		NO		\$6,524	
31-8166	GRTCH 16-17	84.379				\$55,912	
						TOTAL STUDENT FINANCIAL ASSISTANCE	\$97,301,579
						TOTAL FEDERAL EXPENDITURES	\$98,677,053

COASTAL CAROLINA UNIVERSITY
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

GENERAL

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal award programs of Coastal Carolina University (CCU). 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. The information in the schedule is presented in accordance with the 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).

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.

Expenditures for nonfinancial aid awards include indirect costs, related primarily to facilities operation and maintenance and general, divisional and departmental administrative services, which are allocated to direct cost objectives (including federal awards) based on negotiated formulas commonly referred to as facilities and administrative cost rates. Facilities and administrative costs allocated to such awards for the year ended June 30, 2017, were based on predetermined fixed rates negotiated with the University's cognizant federal agency. The University has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

LOAN PROGRAMS

The federal loan program CCU participated in from July 1, 2016, through June 30, 2017, is the William D. Ford Federal Direct, 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	\$22,010,980
Stafford Student Loan – Unsubsidized	\$27,853,924
PLUS Loans	<u>\$31,266,104</u>
Total	\$81,131,008

COASTAL CAROLINA UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

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. Federal expenditures reported on the face of the schedule include: loans outstanding at the beginning of the year, loans made during the year, loan cancellations, interest subsidies and administrative expenses. The balance of loans outstanding under the Federal Perkins Loan program is \$1,160,254, with \$100,086 being new loans disbursed as of June 30, 2017.