

COASTAL CAROLINA
UNIVERSITY®

2019



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

A component unit of the state of South Carolina for the fiscal year ended June 30, 2019.



Comprehensive Annual Financial Report

A component unit of the state of South Carolina

For the year ended June 30, 2019

**Prepared by the
Office of Financial Services**

COASTAL CAROLINA UNIVERSITY
FINANCIAL STATEMENTS
For the Year Ended June 30, 2019
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COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION



HTC building at Coastal Carolina University



COASTAL CAROLINA UNIVERSITY

Office of the President

October 7, 2019

Dear Coastal Carolina University Community:

Coastal Carolina University continues to have strong enrollment, as the Fall 2019 semester reported a total enrollment surpassing 10,400 students, conveying more than 3,000 new students to Teal Nation. I am extremely proud of the University and enthusiastic about the plans we have for the future. It is my sincere belief that Coastal Carolina University, with the enduring support of the campus community, Horry County and the State of South Carolina, will continue to prosper and thrive.

Coastal Carolina University continues to focus on differentiating itself from the other comprehensive higher education choices in South Carolina and to continue to strengthen our reputation for providing excellent value and outstanding quality in educational programming. Reflective of the growing breadth of the academic program, Coastal Carolina University offers eighty-four (84) baccalaureate areas of study, twenty-six (26) master's degree programs, two (2) educational specialist degrees, and two (2) doctoral programs: the Ph.D. in marine science: coastal and marine systems science, and the Ph.D. in education. Additionally, CCU offers six (6) undergraduate certificates and five (5) graduate certificates.

Following are some of our most significant accomplishments for the 2018-2019 Academic Year:

- Over the past year Coastal received the following distinctions:
 - *U.S. News & World Report*: “Top Public Schools,” “Best Value” (#2 of 66 Southern Universities), “Best Colleges for Veteran’s,” “Best Undergraduate Teaching,” “Most Innovative Schools” (#13 of 66 Southern Universities), “Best Regional Universities South.”
 - *OnStage*: “*The Best Undergraduate Theatre Program*” in South Carolina
 - *Victory Media*: “Bronze Distinction Military-Friendly School.” “Most Affordable Military-Friendly Online Colleges” (one of only 60 institutions nationally and the only one in South Carolina to be included).
 - *Best Values Schools*: Best Online Colleges in South Carolina (#7 of 24)
 - *College Choice*: Best Oceanside Colleges and Universities (#38 in the country)
 - *U.S. News Short List*: 100 percent job placement of MBA graduates from CCU’s E. Craig Wall Sr. College of Business Administration.

- The Coastal Carolina Chanticleers' athletic season was not only a big success on the sports fields, but it was also a success in the academic arena, with student athletes taking top honors in many areas. A record 320 Coastal Carolina student athletes posted a 3.0 grade point average or better, including a record 138 that earned Dean's List honors. In addition, 79 Chanticleers had a perfect 4.0 GPA, earning President's List recognition. This success is a testament to the solid leadership of our head coaches as well as the strong commitment from the University's faculty and staff. These accomplishments would also not be possible without the support provided by the academic advisement staff. Coastal Carolina's first priority is the educational development of student athletes and the excellent academic record that the Coastal programs have demonstrates this priority.

- CCU has been tapped as the lead institution in South Carolina for a regional biomedical technology accelerator hub funded by the National Institute of General Medical Sciences, a division of the National Institutes of Health. The initiative is a collaboration with more than 20 universities in the Southeast region. The primary purpose of the hub is to help the universities in the region to accelerate early stage biomedical technology from the laboratory to the market. The hub will also be a resource for mentorship and business development training, and will connect researchers with like-minded business people.

- Coastal Carolina's board of trustees approved the following new degree programs:
 - Bachelor of Arts/Science in Women's and Gender Studies. The new program is designed to provide students with critical skills and abilities to understand and evaluate the dynamics of identity categories. CCU's program is unique in offering a Bachelor of Science degree that focuses on women in STEM in direct response to a recognized need for gender and radical diversity with the STEM fields. University officials anticipate that this focus will serve as a recruitment and retention tool for women who choose to major in STEM fields. Graduates of the program will be well suited for leadership careers in management, communications and administration with the STEM industry.

 - Two new Bachelor of Fine Arts degrees, the B.F.A. in Studio Art and the B.F.A. in Visual Communication Design. The new programs are expansions of CCU's successful bachelor's degree programs in art and graphic design, and they comply with prevailing trends in higher education and the marketplace, as the B.F.A. is increasingly the preferred degree for working artists.

 - Bachelor of Science in Applied Statistics. The degree is designed to provide students with a solid foundation in all aspects of statistical analysis, including programming, data analysis, and oral and written communication skills.

- Coastal Carolina University’s widely renowned theatre program continues to shine in the national spotlight. CCU’s Bachelor of Fine Arts in physical theatre, the only program of its kind in the United States, features a regimen of acting technique, script analysis, theater history, criticism, voice and movement and includes a yearlong residency at the Accademia dell’Arte in Arezzo, Italy. CCU’s B.F.A. musical theatre is ranked among the top 25 programs in the nation and No. 13 in the top 25 B.F.A. Theatre Design and Tech programs.
- CCU earned the Seal of Excellence from the Institute of International Education (IIE) for reaching education abroad goals. The Center for Global Engagement at Coastal set its goals for the study abroad program in 2014 when it joined the Generation Study Abroad Initiative, which has representation from more than 800 U.S. and international colleges, educational organizations and country partners. Thirty-one universities, including Coastal Carolina University, out of more than 450 U.S. member institutions, were awarded the Seal of Excellence.
- Coastal Carolina University has had a long-term institutional focus on providing the highest possible quality academic experience with finite resources. A high level of innovation is required in order to offer unique programs that attract the best students. A few of the many instances of CCU’s accomplishments in innovation include:
 - leadership in establishing collaborative business incubation centers located in Conway, Georgetown and North Myrtle Beach;
 - a unique and competitive multiple Bachelor of Fine Arts in Theatre programs;
 - a student-driven university press publishing lab, The Athenaeum Press;
 - a renowned science program that has made important contributions to the study and management of the coastal marine ecosystems; and
 - a new Early Childhood Development and Literacy Center, which provides project-based learning that focuses on the developmental stages of children ages 3-5.
- The CCU community held the “Out of the Darkness Campus Walk” a fundraiser to engage youth and young adults to prevent suicide, the second leading cause of death among people ages 18-24. The Out of the Darkness Walk works to start conversation about suicide and depression, engage the walkers on these important topics, inform them of resources available at Coastal, help heal and uplift those who have lost loved ones or personally suffer from depression or suicidal thoughts and attempts, and to create a safe environment and campus. All funds raised went to the American Foundation for Suicide Prevention. Coastal Carolina University raised \$17,270, more than any other university in South Carolina.

- For the twelfth consecutive year, the University received an unqualified opinion from external auditors Cline Brandt Kochenower & Co., P.A. for the annual financial statements from the fiscal year ending June 30, 2019. According to the audit findings, there were no significant deficiencies, material weaknesses or instances of non-compliance material to the financial statement.
- Academic and community forces united on the Coastal Carolina campus to explore and celebrate the ways African culture permeates global civilization, with an emphasis on connection, documentation and discovery. In a foundational, interdisciplinary move, CCU held the region's inaugural Gullah Geechee and African Diaspora Conference, bringing in 95 international scholars from Ghana, Senegal, Barbados, Sierra Leone and around the United States to present, perform and interact with practitioners and local keepers of the Gullah Geechee culture. The event broke tradition with the typical academic conference, in which scholarly experts present their research and findings to a group of highly specialized peers. A key goal of this gathering was to make materials and information accessible to the general public and the communities from which the culture emerged.

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

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

In evidence thereof, I am pleased to submit Coastal Carolina University's Comprehensive Annual Financial Report for 2019.

Sincerely,

A handwritten signature in black ink that reads "David A. DeCenzo". The signature is written in a cursive, flowing style.

David A. DeCenzo, Ph.D.
President



COASTAL CAROLINA
UNIVERSITY™

Vice President of
Finance and Administration
and Chief Financial Officer

LETTER OF TRANSMITTAL

October 7, 2019

To the President and Members of the Board of Trustees:

We are pleased to present you with the Comprehensive Annual Financial Report of Coastal Carolina University for the fiscal year ended June 30, 2019.

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 to both protect the University's assets from loss, theft or misuse, and 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, 2019 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, 2019 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 from 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 of 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.

Today, the University comprises 115 main buildings, of which the median age is 20 years old, on approximately 621 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. The Professional Golf Management major is served by the General James Hackler Golf Course, which is a public 18-hole golf facility located adjacent to the campus core. In addition, 1,105 acres of pristine barrier island on the Atlantic coast, named Waties Island, provides a natural laboratory for extensive study in marine science and wetlands biology. The Osher Lifelong Learning Institute, located in Conway on our east campus, has extended learning opportunities to the Georgetown Education Center, which is a base for classes and a dock that harbors the research vessel used by the marine science program. The University also offers extended learning courses through the Osher Lifelong Learning Institute at a Litchfield location to better serve that community. The University maintains residence halls to accommodate 4,720 students in two general locations: main campus (2,620 beds) and at University Place (2,100 beds).

New Programs and Initiatives

The University is committed to the improvement of the institution, as well as accountability to stakeholders. New academic programs continue to be a focus as the University directs its energies toward supporting student success as a means of promoting growth and retention.

During the 2018-2019 academic year, the following new undergraduate degree was initiated: a B.S. in Applied Statistics. New concentrations in Sport Communication and Musical Theatre were also initiated, as well as a new Applied Archaeology certificate.

During the 2018-2019 academic year, the following new graduate degrees were initiated: a M.A. in Communication, a M.A. in Music Technology and a Ph.D. in Education. New concentrations in Healthcare Administration and Nonprofit Administration were also initiated, as well as a new Healthcare Administration certificate.

New opportunities to improve the student experience and recruitment and retention efforts have been put into place, which include the following:

- Establishment of the Coastal Student Success Center to include the CEaL Program, Bridge Program, Student Opportunity for Academic Recovery (SOAR) Program and the Academic Coaching Experience Department.
- Launching eLead, a leadership incentive program that uses a structured series of leadership opportunities with incentives to get students engaged and keep them engaged throughout their time at CCU.
- Employing innovative marketing strategies to expand summer study enrollment.
- Expanding math outreach opportunities to meet students in entry level mathematics and statistics courses in common areas across campus to give them the chance to learn from a variety of instructors and socialize in a non-threatening environment.
- Providing a one-week immersive experience through the Edwards College of Humanities and Fine Arts consisting of workshops and practical experiences encouraging students to think creatively about how to use their liberal arts skills to pursue careers that match their goals, giving them an edge over their peers in the job market.

Another example of the commitment to student success is the implementation of an early alert system, which allows us to identify at-risk students by identifying students who are not regularly attending class and/or completing required assignments. The early alert system is a platform for individuals across campus – including faculty, academic advisors, athletic advisors, academic coaches, and staff in student support offices – to communicate information regarding a student’s academic behaviors, identifying trends inside and outside of the classroom. Being able to identify these trends is valuable in many instances, such as planning a course schedule and guiding a student to campus resources.

Additionally, the Student Achievement Funding Initiative that began in 2017-2018, continued in 2018-2019 with a second year of projects being funded. The Student Achievement Funding Request Initiative provides faculty and departments the unique opportunity to request funds for proposals that introduce high-impact practices into the classroom and across our campus that promote student achievement, success, and engagement. In its first two years, 32 proposals were approved for funding - all projects that receive funding are required to report on how the project contributed to student achievement, success, and engagement.

The University also developed The Division of Diversity, Equity and Inclusion during the year. This division advances University’s commitment to access, inclusion and diversity by providing

leadership, support, and resources for initiatives that strategically and proactively promote an institutional culture of inclusiveness and equity. The Division of Diversity, Equity and Inclusion is comprised of the Office of Diversity and Inclusion, Intercultural and Inclusion Student Services, and Accessibility and Disability Services. Partnering with students, staff, faculty and community partners, the Division of Diversity, Equity and Inclusion works to create and sustain an inclusive learning, living and working environment where all members of Teal Nation feel they are welcomed, respected, valued, and supported.

With the goal of improving efficiencies in information systems, the Human Resources Department has upgraded modules within its system to make the hiring process more streamlined, including applicant tracking upgrades and enhanced position description functionality.

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 a relatively low state appropriation allocation. In spite of the fact that state funding only contributes approximately 6 percent to our total budget, we continue to hold our in-state tuition rate below the average amount charged by other South Carolina universities. This University’s 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. In fiscal year 2019, the Board of Trustees approved a tuition increase of 3 percent for in-state and out-of-state students. In fiscal year 2020, the Board of Trustees approved a 0.9 percent tuition increase for in-state students and a 2.8 percent increase for out-of-state students. Additionally, for the fifth straight year, the Board of Trustees voted against raising room and board rates, as well as approved a \$75 rebate to all students living in campus housing. This resulted in the overall cost of attending Coastal Carolina University (tuition, room, and board) to increase by an average of 0.5 percent for in-state and 2.0 percent for out-of-state students.

The chart below provides a snapshot of the University’s enrollment growth over the last five years. Enrollment remains strong with fall 2018 semester enrollment of 10,641, representing a 12 percent increase from fall 2013 to 2018.

	Fall 2013	Fall 2018	# change	% change
New Freshmen	2,095	2,329	234	11.2%
Undergraduate Headcount	8,867	9,917	1,050	11.8%
Graduate Headcount	611	724	113	18.5%
Total Headcount	9,478	10,641	1,163	12.3%
Undergraduate FTE	8,564	9,567	1,003	11.7%
Graduate FTE	306	383	77	25.2%
Total FTE	8,870	9,950	1,080	12.2%

The University recognizes that analysts project higher education enrollment to trend downward nationwide over the next decade; however, the University will continue to innovate in the areas of degree offerings, student recruitment, and cost containment to achieve high economic success in the future.

Coastal Carolina University operates multiple auxiliary enterprises as a means of supporting University operations. The primary 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 Coastal Carolina University's outstanding revenue bonds. 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 "Coastal Carolina University's A1 rating is supported by consistently positive operating performance with sustained increases in net tuition revenue and ongoing enrollment growth. The university's array of program offerings, including niche areas such as marine sciences, and location near the City of Myrtle Beach support continued healthy student demand. Solid student demand remains key to the university's credit quality given its very high reliance on student charges, at 83% of total revenue. Only 6% of operating revenue is derived from annual government appropriations, well below the A1 public university median of 26%. However, Coastal Carolina benefits from a local sales tax that provides revenue available for capital projects or the payment of debt service. Additional offsetting factors include relatively low wealth and liquidity relative to peers." Moody's stable outlook "reflects expectations of continued positive operating performance with growing enrollment and net tuition revenue. It also incorporates expectations of stable state and local support and continued reserve growth."

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 local communities. Coastal Carolina University is also appreciative of the support received from Horry County citizens for voting to implement the local option sales tax that funds campus infrastructure.

Long-Term Financial Planning

The University continues with the implementation of the Strategic Plan entitled "High-Impact Engagement 2016-2021 Strategic Plan" to provide 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. The cycle of strategic planning, assessment and budgeting is a process that allows the University to respond to present and future initiatives with flexibility and with the innovative approaches that are required due to limited resources. State appropriations are expected to grow by \$2.6M in the coming year. The accomplishment of strategic objectives is paired with annual fundraising events and long-term campaigns and capital improvement plans to ensure a viable financial framework for the University.

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:

- Foster academic excellence and instructional quality;
- Promote student excellence;
- Support an engaged staff and faculty;
- Work to ensure accessibility, inclusion and diversity;
- Tell the CCU story; and
- Maintain financial stability and infrastructure.

The Strategic Management Committee is charged with evaluating the goals and objectives contained in the strategic plan on an annual basis.

Major Initiatives

The acquisition and modification of space to accommodate programs and services continues to be one of our highest priorities. Coastal Carolina University is currently reporting 63.98 square feet of academic/support facilities per FTE student. The average square feet reported by South Carolina comprehensive universities is 107.01 square feet per FTE student. Efforts to bridge this gap are addressed by the University through a comprehensive capital improvement plan, which schedules construction of new buildings and major renovations as funds are in place. To eliminate the need

to increase tuition to pay for future construction, new projects are, for the most part, funded by the Horry County Penny Sales Tax.

The University is currently in Phase I planning stage for the construction of a new campus building, the Library Learning Complex. The proposed 66,000 square foot facility will create an environment that encourages experiential learning endeavors. The Center will feature computer labs, maker space, tutoring and academic coaching areas, and study lounges, as well as traditional classrooms. For cohesiveness and convenience, an elevated walkway will connect the Center to the existing Kimbel Library and Bryan Information Commons. The state has contributed \$8 million in support of this building, with the remainder to be funded from the local option sales tax.

The University Board of Trustees has also approved a motion to begin the planning of a second annex of the Lib Jackson Student Center. The proposed 55,000 square foot addition will bring the University close to the national benchmarking standard for area dedicated to student life activities. Also included in the annex will be a multi-use space with total seating capacity for approximately 1,000 people, allowing for lectures and meeting spaces for larger events such as new student orientations, as well as the ability to break this larger space into smaller spaces.

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, 2018. This was the 14th 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 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,

A handwritten signature in black ink, appearing to read "David A. Frost". The signature is fluid and cursive, with a long horizontal stroke at the end.

David A. Frost, CPA
Senior Vice President for Finance and Administration and
Chief Financial Officer



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, 2018

Christopher P. Morill

Executive Director/CEO

COASTAL CAROLINA UNIVERSITY
BOARD OF TRUSTEES
2018-2019

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
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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
Sherry I. Johnson	Gubernatorial Designee
Dalton B. Floyd Jr.	Gubernatorial Appointee

**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2018-2019**

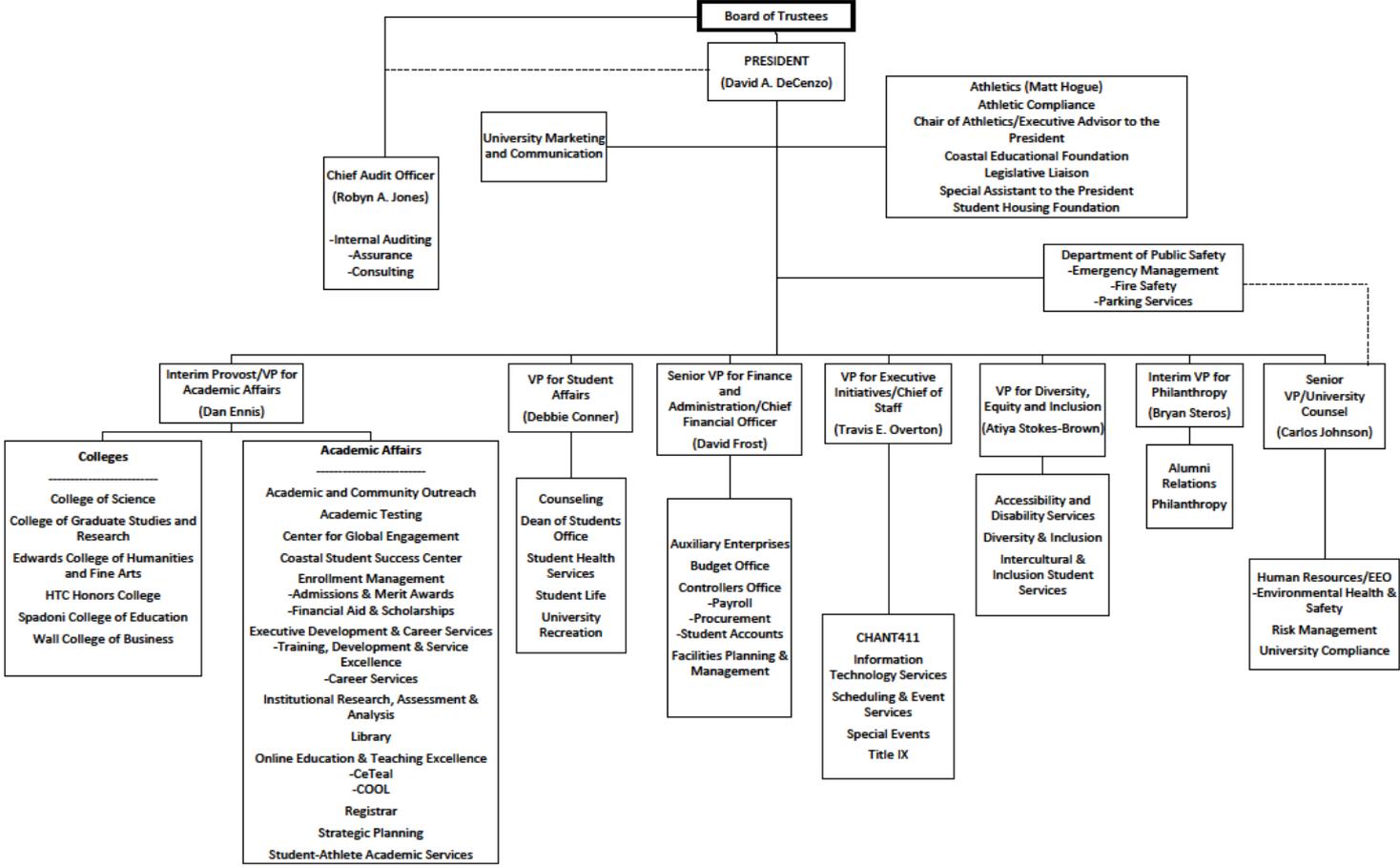
David A. Frost	Senior Vice President and Chief Financial Officer
Susan Butcher	Administrative Coordinator
Julianne Cooke	Director of Budget & Capital Projects
Tammy Holt	Facilities Accountant
Olga Shabeka	Director of University Budget & Financial Planning
Kasey Harrington	Staff Accountant
Gregory Thompson	Associate Vice President for Finance and Controller
Mirinda Chestnut	Administrative Specialist
Michael Wallace	Assistant Controller
Daniel Rabon	Manager, Grants/Tax Accounting
Walter Greenleaf	Tax and Grants Accountant
Lila Taylor	Senior Accountant
Vacant	Accounts Payable Manager
Stephanie McCallum	Accounts Payable Accountant
Tammy Parker	Accounts Payable Technician
Brenda Rabon	Accounts Payable Technician
Laura Signorile	Travel Card Coordinator
Carolyn Bender	Treasury Director
Debbie Burch	Staff Accountant
Tracy Jones	Capital Asset Accountant & Internal Controls Manager
Jackie Park	Director, Student Accounts
Wanda Cannon-Bridges	University Receivables Accountant
James Dyson	Collections Specialist
Kale Harrelson	Cash Receipt Auditor
Annette Johnson	Cash Receipt Supervisor
Amy Angel	Student Accounts Specialist
Amanda Hanford	Student Accounts Specialist
Jessica Hughes	Student Accounts Specialist
Sherrell Richardson	Temporary Cashier
Tyler Wyeth	Student Accounts Specialist
Tukonya Vereen	Collections Specialist
Vacant	Director, Payroll
Jill Conway	Senior Payroll Accountant
Vicky Gore	Senior Payroll Accountant
Charles Kapp	Payroll Specialist
Brittany Munz	Administrative Specialist
Dean Hudson	Director, Procurement
June Barfield	Temporary Staff
Tammy Kelly	Manager of Central Receiving
Jack McKee	Supply Specialist
Larry Simpkins	Supply Specialist
Wanda Lewis	Assistant Director of Procurement Services
Steven Glenn	Procurement Specialist
Casey Keck	Administrative Specialist
Caren Riedinger	Operations Manager
Annette Roberts	Procurement Specialist

**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2018-2019**

Lauren Barker
Bryce Skipper
Alicia Moorhead
Robyn Diven
Anna Howard

Assistant Athletic Director for Finance, Athletics
Athletic Business Manager
Director of Finance, Coastal Educational Foundation
Donor Relations and Gift Specialist
Accountant

COASTAL CAROLINA UNIVERSITY ORGANIZATIONAL CHART 2018-2019



COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION



Kenneth E. Swain Hall at Coastal Carolina University

Independent Auditors' Report

The Board of Trustees of
Coastal Carolina University
Conway, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Coastal Carolina University, a component unit of the State of South Carolina, as of and for the year ended June 30, 2019, 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 percent of the discretely presented component units presented in the financial statements. 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. 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*.

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 opinions.

Opinion

In our opinion, based on our audit and reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Coastal Carolina University as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the University's Proportionate Share of the Net Pension Liability, the Schedule of the University's Pension Contributions, the Schedule of the University's Proportionate Share of the Net OPEB liability, and the Schedule of the University's OPEB 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.

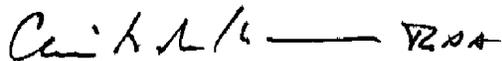
Other Information

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 Schedule Reconciling the State Appropriation per the Financial Statements to the State Appropriation Recorded in the State Accounting Records and the Schedule of Tuition Fees are presented for purposes of additional analysis as required by the Office of the South Carolina Comptroller General and are 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 by 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.

Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule Reconciling the State Appropriation per the Financial Statements to the State Appropriation Recorded in the State Accounting Records, the Schedule of Tuition Fees, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's 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
October 7, 2019



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, 2019. The 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 contributions to South Carolina's multi-employer pension and other post-retirement benefit plans.

Financial Highlights

- Total revenues and total capital appropriations and gifts grew by \$8.7 million in fiscal year 2019, which represents a 4 percent increase from the prior year. The University attributes this growth to strong enrollment and continued support from the State and Horry County (the County).
- Total expenses rose by \$4.9 million, which signifies a 2 percent increase from the previous year. The key takeaway is that expenditures grew less than revenue. As will be discussed later, this is contrary to the current trend in higher education.
- The return on net position (assets) measures the degree to which resources are used efficiently and effectively. A higher ratio is evidence of management making good choices with available funds. The ratio is measured by dividing an institution's change in net position by its total net position. The University's return on net position has improved from negative 2 percent in fiscal year 2018 to positive 10 percent in fiscal year 2019, which represents a 12 percent change year over year.

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 with 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 amounts 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. Restricted expendable 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 \$9 million as compared to the previous year. Of that amount, current assets fell by \$2.7 most notably from a decrease in cash of \$1.2 million and the reclassification of \$1 million in Perkins loans from a short-term receivable to a long-term receivable. At the end of fiscal year 2018, the University was hopeful it could assign its outstanding Perkins loans to the federal government in the upcoming year. However this was unable to be accomplished during the current fiscal year and the University has since reassessed these as long-term receivables. Overall, capital assets grew by \$6.4 million at year end over the prior year balance. The increase is due to construction in progress (mostly related to the Brooks Stadium complex) and capitalized asset additions/retirements totaling \$24.4 million less the depreciation expense of \$18 million. Other assets, consisting of non-current receivables and restricted cash and investments, rose by \$5.3 million. Most of the increase is due to a \$3 million capital appropriation from the state for an academic enrichment center, the aforementioned reclassification in Perkins loans (\$1 million), and additional long-term commitments from component units (\$1 million).

Deferred outflows increased by \$2.3 million from the prior year. The upturn is the result of \$1.6 million in additional contributions as well as \$800 thousand more in amortizing costs (changes in assumptions, differences in expected versus actual investment earnings, adjustments to proportionate share, etc.) to the pension and other postemployment benefits (OPEB) plans, coupled with a decrease of \$100 thousand in amortizing debt refunding. Please see Note 7 for more information related to deferred outflows.

Liabilities in total increased by \$8.3 million from the prior year. Current liabilities climbed 5 percent, or \$1.7 million. The change is the net result of an additional \$2.9 million in liabilities relating to accounts payable, accrued payroll, and current bonds payable less the reclassification of \$1.2 million in Perkins loans from a current liability to a noncurrent liability for the reasons previously mentioned. Noncurrent liabilities account for the remaining increase of \$6.6 million. Driving factors for the rise of noncurrent liabilities include the Perkins loan reclassification of \$1.2 million, additions to retirement benefits of \$14.8 million, a combined \$900 thousand more in accrued compensated absences and other liabilities. The upsurge in noncurrent liabilities is reduced by \$10.3 million in bonds payable, due in fiscal year 2020. Like most public higher education institutions, the recognition of pensions and other postemployment obligations continues to be the largest year over year increase to liabilities. For more information on the University's liabilities, please see Notes 11, 12, 14, and 15.

Deferred inflows saw a decline of approximately \$400 thousand from the prior year. Differences between the expected versus actual plan experience as well as changes to proportionate share of the pension and OPEB liabilities accounted for the majority of the decrease. Please see Note 7 for more information related to deferred inflows.

Net position grew by \$3.4 million as compared with the previous year. Net investment in capital assets rose by \$1.3 million during fiscal year 2019, as the University continues to advance its infrastructure. Furthermore, restricted-expendable net position increased by \$16.6 million, of which \$16.3 million is restricted for capital purposes and the remaining \$300 thousand is restricted for debt service. These increases are offset by a \$14.5 million reduction in unrestricted net position. Nearly all of the decrease can be attributed to the rising costs of retirement benefits.

Condensed Summary of Net Position				
	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Assets				
Current assets	\$ 116,751,216	\$ 119,447,811	\$ (2,696,595)	-2%
Capital assets, net	471,658,390	465,265,361	6,393,029	1%
Other assets	<u>11,580,042</u>	<u>6,272,361</u>	<u>5,307,681</u>	<u>85%</u>
Total Assets	<u>599,989,648</u>	<u>590,985,533</u>	<u>9,004,115</u>	<u>2%</u>
Deferred Outflows	41,829,725	39,489,723	2,340,002	6%
Liabilities				
Current liabilities	35,091,885	33,382,176	1,709,709	5%
Noncurrent liabilities	<u>555,079,481</u>	<u>548,446,675</u>	<u>6,632,806</u>	<u>1%</u>
Total Liabilities	<u>590,171,366</u>	<u>581,828,851</u>	<u>8,342,515</u>	<u>1%</u>
Deferred Inflows	13,961,210	14,371,958	(410,748)	-3%
Net Position				
Net investment in capital assets	234,030,705	232,727,461	1,303,244	1%
Restricted - nonexpendable	156,821	156,608	213	0%
Restricted - expendable	56,512,131	39,875,079	16,637,052	42%
Unrestricted	<u>(253,012,860)</u>	<u>(238,484,701)</u>	<u>(14,528,159)</u>	<u>-6%</u>
Total Net Position	<u>\$ 37,686,797</u>	<u>\$ 34,274,447</u>	<u>\$ 3,412,350</u>	<u>10%</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. Capital appropriations, 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, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University.

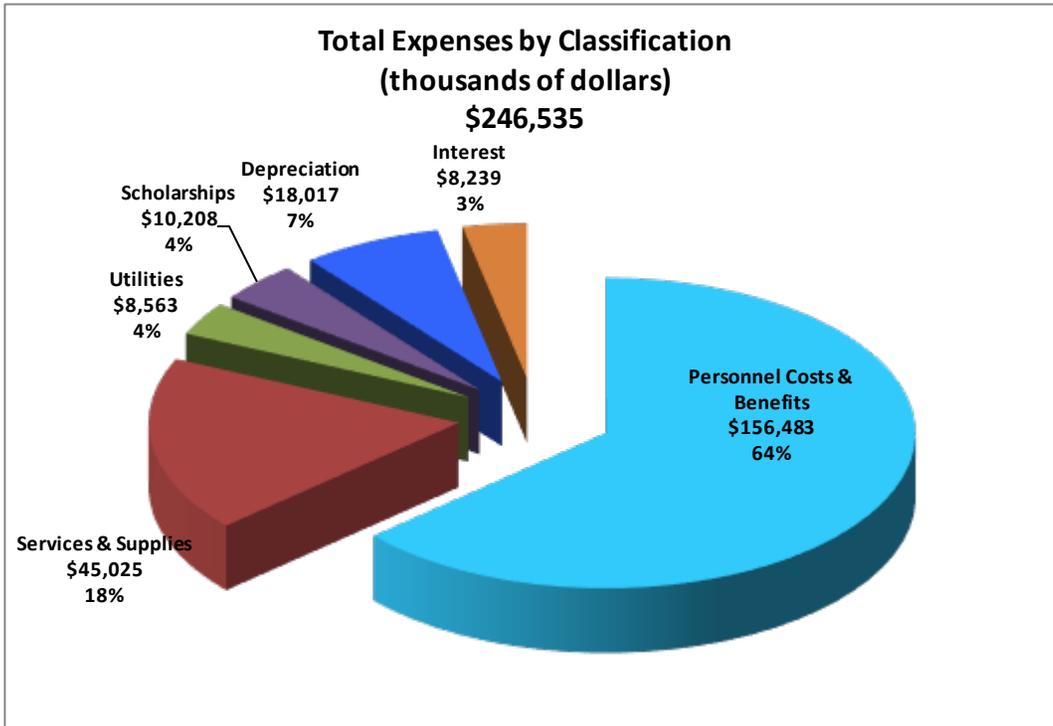
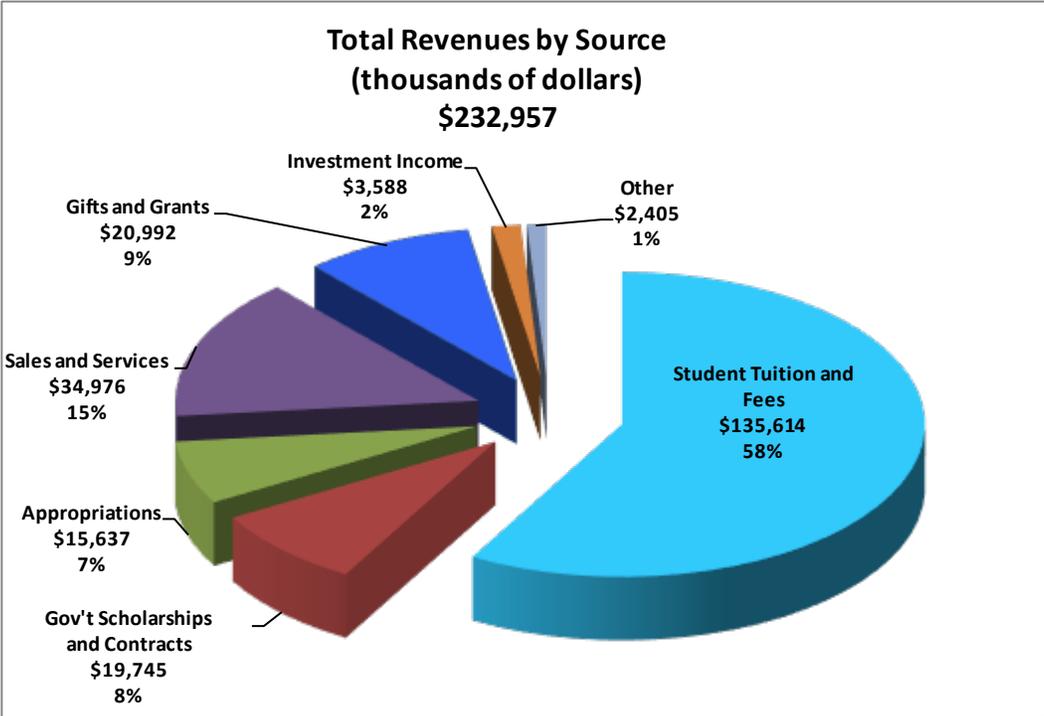
Fiscal year 2019 saw a \$4.5 million increase in total revenue. While the overall changes in operating revenues were negligible (\$400 thousand), there were some significant line item changes. Tuition and sales and services experienced a total decline of \$1.4 million due to a prospective change in accounting estimate regarding the University’s scholarship allowance. Historically the University excluded waivers required by State law from the calculation. However, based on the National Association of College and University Business Officers (NACUBO) advisory report 2000-05, the University has decided that those waivers should be included going forward. Moreover, scholarships, grants, and contracts grew by \$1.1 million, driven by higher NCAA and Sun Belt Conference distributions as other operating revenues fell by \$100 thousand. Non-operating revenue grew by \$4.7 million due to offsetting increases/(decreases) in: 1) State appropriations of \$2 million, 2) investment earnings of \$3 million, 3) gifts of (\$2) million, 4) grant revenue of \$1.1 million, and 5) insurance proceeds of \$600 thousand.

Total operating expenses increased by \$5.3 million. Salaries and fringe benefits rose by \$5 million, of which, \$2 million came in the form of additional staffing and pay increases and \$3 million were related to higher overall fringe benefit costs (retirement outlays and health insurance premiums). All remaining operating expenses (sales and supplies, utilities, scholarships, and depreciation) accounted for an additional \$300 thousand. Non-operating interest expenses decreased slightly by \$360 thousand as compared to the prior year.

Capital appropriations, gifts, and grants totaled \$16,990,734 for fiscal year 2019, representing an additional 36 percent as compared with fiscal year 2018. Of the \$17 million in revenue, The Horry County Penny Sales Tax accounts for \$11 million and is restricted only to capital projects or repayment of debt service. During the fiscal year the University reserved these funds for future use. One of those uses will be for an Academic Enrichment and Learning Center, which the State also appropriated \$3 million for in fiscal year 2019. The remaining \$3 million came from a capital gift from the Chanticleer Athletic Foundation toward the expansion of Brooks Stadium.

Condensed Summary of Revenues, Expenses and Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Revenues:				
Student tuition and fees	\$ 135,614,138	\$ 135,821,794	\$ (207,656)	0%
Scholarships, contracts, and grants	19,744,760	18,600,065	1,144,695	6%
Sales and services	34,975,609	36,209,502	(1,233,893)	-3%
Other operating revenues	<u>1,569,680</u>	<u>1,669,194</u>	<u>(99,514)</u>	-6%
Total operating revenues	<u>191,904,187</u>	<u>192,300,555</u>	<u>(396,368)</u>	0%
State appropriations	15,305,083	13,301,750	2,003,333	15%
Local appropriations	332,144	380,413	(48,269)	-13%
Gifts and grants	20,991,992	21,847,143	(855,151)	-4%
Investment income	3,587,958	622,869	2,965,089	476%
Other miscellaneous	<u>835,346</u>	<u>50,046</u>	<u>785,300</u>	1569%
Total non-operating revenues	<u>41,052,523</u>	<u>36,202,221</u>	<u>4,850,302</u>	13%
Total Revenues	<u>232,956,710</u>	<u>228,502,776</u>	<u>4,453,934</u>	2%
Expenses:				
Personnel costs and benefits	156,482,206	151,607,372	4,874,834	3%
Services and supplies	45,025,345	43,394,573	1,630,772	4%
Utilities	8,563,298	8,958,781	(395,483)	-4%
Scholarships	10,207,764	11,198,991	(991,227)	-9%
Depreciation	<u>18,017,245</u>	<u>17,842,630</u>	<u>174,615</u>	1%
Total operating expenses	<u>238,295,858</u>	<u>233,002,347</u>	<u>5,293,511</u>	2%
Interest & bond issuance cost	<u>8,239,236</u>	<u>8,603,879</u>	<u>(364,643)</u>	-4%
Total Expenses	<u>246,535,094</u>	<u>241,606,226</u>	<u>4,928,868</u>	2%
Loss before other revenues and expenses	<u>(13,578,384)</u>	<u>(13,103,450)</u>	<u>(474,934)</u>	4%
Other Revenues, Expenses, Gains/Losses:				
Capital appropriations	13,878,025	10,441,312	3,436,713	33%
Capital gifts and grants	<u>3,112,709</u>	<u>2,038,739</u>	<u>1,073,970</u>	53%
Change in Net Position	3,412,350	(623,399)	4,035,749	647%
Net Position, beginning of year	34,274,447	183,372,239	(149,097,792)	-81%
Cumulative Effect of GASB 75		<u>(148,474,393)</u>		100%
Net Position, end of year	\$ <u>37,686,797</u>	\$ <u>34,274,447</u>	\$ <u>3,412,350</u>	10%



Capital Assets and Debt

Capital assets as of June 30, 2019, consisted of \$33.6 million in land, \$36.5 million in construction in progress, and \$401.6 million in land improvements, buildings, equipment, and vehicles, net of accumulated depreciation.

Construction in progress increased by \$14.6 million from the prior year. The major contributing factor to this increase is due to the expansion of the Brooks Stadium complex, which is nearing completion. The Sun Belt Conference required the University to increase the seating of the complex when it moved to that division. This project was divided into two phases to accommodate the football season schedule with a total budget of \$31.8 million, of which \$30.9 million was construction in progress at June 30, 2019.

The Ingle Residence Hall and Williams-Brice renovations also contribute to the increase in construction in progress at June 30, 2019. Both buildings are undergoing HVAC upgrades. Additionally, electrical upgrades and a mass notification system is being installed in Ingle Residence Hall. The Ingle Residence Hall and Williams-Brice renovations are at a budgeted cost of \$3.8 million and \$2.5 million, respectively. \$4.5 million of the budgeted amount was construction in progress at June 30, 2019.

Projects totaling \$8.1 million were completed and transferred into buildings and improvements during fiscal year 2019. The largest of the assets completed and placed into service was the renovation to the Smith Science Building, totaling \$7.1 million which provides space for teaching labs, classrooms and office space for the Physics, Mathematics, and Psychology Departments. Other projects totaling \$1.0 million that were capitalized during fiscal year 2019, include completion of the Early Childhood Education Center and smaller building renovations and land improvements campus-wide. For additional information on capital asset activity, please refer to Note 6.

The University anticipates needing approximately \$80 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 assets is approximately \$238.8 million for the year ending June 30, 2019. Of that amount, \$10.2 million is due in fiscal year 2020 with the remaining \$228.6 million due in subsequent years. Details of bonds payable and long-term liabilities of the University are found in Notes 11 and 12.

Economic Outlook

On December 5, 2018, Moody's issued the "*Higher education – US: 2019 outlook remains negative with continued low net tuition revenue growth*", whereby they reaffirmed the downgraded financial opinion of the higher education sector given in the prior year. Their analysts observe softening in revenue growth that is outpaced by expense growth. There is no doubt that higher education is experiencing challenges and pressures. Access and affordability for students, a decline in domestic high school graduates, reduction in international enrollment, moderate increases in state funding, and stagnant research funding are a few of the factors stunting revenue growth. Conversely, rising wages and benefit costs, capital maintenance, and debt service are the major elements driving expense growth.

The University recognizes these current enrollment trends and is combating them through a number of strategies. One such strategy is the Coastal Excellence and Leadership (CEaL) program. The program aims to serve a student population that has demonstrated academic potential through hard work in the high school classroom, but who falls just below the University's admission requirements due to standardized test scores. Students in this category are admitted into the CEaL program and must successfully complete a rigorous academic schedule in the summer leading up to their first fall freshman semester. The results have been highly encouraging. Roughly 80 percent of the students who enter the program succeed and gain full admittance as first time freshman in the fall.

Additionally, as noted by Moody's, there is still strong evidence that advanced degrees are strongly correlated to increased average annual salary, which provides a significant long term return on investment to consumers. For these reasons, the University constantly seeks to broaden the available advanced degree programs. In fiscal year 2019, Coastal Carolina University rolled out its second doctoral program, a Ph.D. in Education. The program will offer three specialization areas; education in leadership, higher education administration, and curriculum, instructional and assessment. The Ph.D. program will engage students to develop the breadth and depth of understanding, skills and dispositions that are relevant and meaningful to 21st century educators.

Lastly, the University is seeking ways to contain costs. As discussed by Moody's, with stagnant revenue growth, higher education institutions need to monitor expenditure growth. Two such strategies have been implemented. First, the University analyzed its utility costs. Based on this analysis, the University realized savings by adjusting electricity usage rates and purchasing wholesale natural gas. The combination of these two strategies saved the University \$400 thousand as compared with the prior year. In addition to decreasing utility costs, the Board of Trustees voted to redeem approximately \$34 million in outstanding debt in the upcoming fiscal year 2020. The reduction in debt is projected to save roughly \$6.5 million in interest expense over the next 10 years.

The University is well poised to adapt in this changing economic landscape that is less favorable to educational institutions. Although the University has experienced some of the challenges that are itemized by Moody's as depressants on revenue, it has been proactive in implementing strategies that counteract these obstacles. The University will continue to innovate in the areas of degree offerings, student recruitment, and cost containment to achieve high economic success in the near future.

COASTAL CAROLINA UNIVERSITY

Statement of Net Position

June 30, 2019

ASSETS & DEFERRED OUTFLOWS

CURRENT ASSETS

Cash and cash equivalents	\$ 54,338,832
Accounts receivable, net of provision for doubtful accounts	5,189,414
Due from component units	2,282,143
Inventories	507,212
Prepaid expenses	2,278,822

RESTRICTED CURRENT ASSETS

Cash and cash equivalents	52,154,793
Total current assets	116,751,216

NONCURRENT ASSETS

Capital assets, net of accumulated depreciation	
Land	33,613,369
Construction in progress	36,473,977
Building and improvements	397,625,537
Equipment and vehicles	3,945,507
Accounts receivable	5,698,487
Due from component units	3,768,871

RESTRICTED NONCURRENT ASSETS

Cash and cash equivalents	431,560
Investments	754,565
Loans to students, net	926,559
Total noncurrent assets	483,238,432

TOTAL ASSETS

\$ 599,989,648

TOTAL DEFERRED OUTFLOWS

\$ 41,829,725

LIABILITIES & DEFERRED INFLOWS

CURRENT LIABILITIES

Accounts and retainage payable	\$ 6,112,428
Due to component units	126,537
Accrued payroll and related liabilities	12,931,923
Unearned revenue	4,127,416
Funds held for others	211,620
Accrued compensated absences	350,562
Bonds payable	10,229,421
Capital leases payable	15,835
Interest payable	986,143
Total current liabilities	35,091,885

NONCURRENT LIABILITIES

Accrued compensated absences	4,898,149
Federal Perkins loan funds	1,201,298
Bonds payable	228,590,280
Capital leases payable	54,092
Net pension liability	166,916,875
Net OPEB liability	152,370,222
Other liabilities	1,048,565
Total noncurrent liabilities	555,079,481

TOTAL LIABILITIES

\$ 590,171,366

TOTAL DEFERRED INFLOWS

\$ 13,961,210

NET FINANCIAL POSITION

Net investment in capital assets	234,030,705
Restricted for:	
Endowment - nonexpendable	156,821
Capital Projects - expendable	54,190,926
Debt Service - expendable	2,321,205
Unrestricted	(253,012,860)
Total net financial position	37,686,797

TOTAL NET POSITION

\$ 37,686,797

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, 2019

OPERATING REVENUES

Student tuition and fees (\$7,636,662 is pledged for debt service), net of scholarship allowance of \$46,438,246	\$ 135,614,138
Scholarships, contracts and grants	19,744,760
Sales and services of educational departments	7,502,229
Sales and commissions of auxiliary enterprises, net of scholarship allowance of \$9,407,690	27,473,380
Other fees	1,569,680
Total Operating Revenues	191,904,187

OPERATING EXPENSES

Personnel costs and benefits	156,482,206
Services and supplies	45,025,345
Utilities	8,563,298
Scholarships	10,207,764
Depreciation	18,017,245
Total Operating Expenses	238,295,858

OPERATING LOSS (46,391,671)

NON-OPERATING REVENUES (EXPENSES)

Non-capital state appropriations	15,305,083
Pell grants	16,135,989
Local appropriations	332,144
Grants and contracts	1,149,804
Gifts	3,706,199
Investment and endowment income	3,587,958
Interest on capital asset related debt	(8,239,236)
Other miscellaneous revenue	835,346
Net Non-Operating Revenues	32,813,287

LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES (13,578,384)

State capital appropriations	3,000,000
Local capital appropriations	10,878,025
Capital grants and gifts	3,112,709
Increase in Net Position	3,412,350

NET POSITION

Net Position, beginning of year 34,274,447

NET POSITION, END OF YEAR \$ 37,686,797

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Statement of Cash Flows
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 151,967,819
Grants and contracts	18,839,991
Other operating cash receipts	5,981,506
Payments to employees and for benefits	(142,675,575)
Payments to suppliers	(50,357,904)
Loans to students	194,940
Funds held for others	9,336
Net cash used by operating activities	<u>(16,039,887)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State, county, and local appropriations	16,787,031
Gifts and grants	5,747,349
Cash received from Pell Grants	16,135,989
Net cash flow provided by noncapital financing activities	<u>38,670,369</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State and local capital appropriations	13,878,025
Gifts and grants for capital purposes	1,952,709
Proceeds from sale of capital assets	53,556
Purchase of capital assets	(24,390,383)
Principal and interest paid on capital debt and leases	(18,140,576)
Net cash used by capital activities	<u>(26,646,669)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>3,111,495</u>
Net cash flows provided by investing activities	3,111,495
Net change in cash	(904,692)
Cash beginning of year	107,829,877
Cash end of year	<u><u>\$ 106,925,185</u></u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (46,391,671)
Adjustments for noncash items provided by operating activities:	
Depreciation expense	18,017,245
Bad debt expense	1,455,591
CHANGE IN ASSETS AND LIABILITIES	
Receivables, net	(4,694,320)
Grants and contracts receivable	(503,710)
Student loans receivable	167,338
Prepaid expenses	406,023
Inventories	10,512
Accounts and retainages payable	1,408,613
Accrued salary, absences, and related liabilities	13,754,775
Unearned revenue	292,779
Deposits held for others	9,336
Perkins loan federal share	27,602
Net cash used by operating activities	<u><u>\$ (16,039,887)</u></u>
NONCASH TRANSACTIONS	
Increase in fair value of investments	\$ 1,207,694
Capital grants and gifts receivable	5,612,709
Donated goods and services	699,652

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Coastal Educational Foundation
Statement of Financial Position
June 30, 2019

ASSETS

Cash and cash equivalents	\$ 708,545
Accounts and pledges receivable, net	5,354,033
Investments	45,078,710
Real estate held for investment	288,000
Cash value of life insurance	50,993
Prepaid expenses	2,750
Property and equipment, net	<u>5,339,985</u>

TOTAL ASSETS	<u><u>\$ 56,823,016</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable - related party	\$ 655,704
Accounts payable	30,229
Accrued expenses	800,000
Deferred revenue	<u>28,368</u>

Total liabilities	<u>1,514,301</u>
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Net Assets

Without donor restrictions	7,676,247
With donor restrictions	<u>47,632,468</u>

Total net assets	<u>55,308,715</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 56,823,016</u></u>
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COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Coastal Educational Foundation
Statement of Activities
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Contributions	\$ 532,586	\$ 7,555,586	\$ 8,088,172
Endowed and other investment income:			
Interest income	3,405	-	3,405
Net appreciation in fair value of investments	418,114	1,780,054	2,198,168
Change in cash value of life insurance	836	2,409	3,245
Lease income	438,010	-	438,010
Royalty income	-	21,878	21,878
Fundraising income	-	321,366	321,366
Miscellaneous income	25,375	13,401	38,776
Net assets released from restrictions	<u>2,494,881</u>	<u>(2,494,881)</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>3,913,207</u>	 <u>7,199,813</u>	 <u>11,113,020</u>
 Expenses			
Program services:			
Scholarships	661,351	-	661,351
University support	1,087,115	-	1,087,115
Facilities development and physical plant	12,972	-	12,972
College of Education	22,965	-	22,965
College of Humanities	230,144	-	230,144
College of Science	99,814	-	99,814
College of Business	501,234	-	501,234
HTC Honors College	7,174	-	7,174
Management and general	707,108	-	707,108
Fundraising expenses	<u>122,340</u>	<u>-</u>	<u>122,340</u>
 Total expenses	 <u>3,452,217</u>	 <u>-</u>	 <u>3,452,217</u>
 Increase in net assets	 460,990	 7,199,813	 7,660,803
 Net assets, beginning of year	 <u>7,215,257</u>	 <u>40,432,655</u>	 <u>47,647,912</u>
 Net assets, end of year	 <u>\$ 7,676,247</u>	 <u>\$ 47,632,468</u>	 <u>\$ 55,308,715</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
CCU Student Housing Foundation
Consolidated Statement of Financial Position
For the Year Ended June 30, 2019

Assets

Current assets

Cash and cash equivalents	\$ 300,901
Investments, unrestricted	6,042,300
Prepaid insurance	4,120
Total current assets	6,347,321

Other assets

Land held for development	1,875,036
Total other assets	1,875,036
Total Assets	\$ 8,222,357

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 36,288
Accounts payable-related party, current portion	485,000
Total current liabilities	521,288

Noncurrent liabilities

Accounts payable-related party	970,000
Total long-term liabilities	970,000
Total Liabilities	1,491,288

Net assets (deficit) - without donor restrictions	6,731,069
Total liabilities and net assets	\$ 8,222,357

COASTAL CAROLINA UNIVERSITY
 Nongovernmental Component Unit
 CCU Student Housing Foundation
 Consolidated Statement of Activities
 For the Year Ended June 30, 2019

Revenues, gains and other support

Interest income	\$ 157,536
Investment gain, net	8,103
Other revenues	<u>1</u>
Total revenues, gains and other support	<u>165,640</u>

Expenses

Program services - support of Coastal Carolina University	82,022
Management and general	<u>78,040</u>
Total Expenses	<u>160,062</u>

Change in net assets	5,578
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Net assets (deficit) without donor restrictions, beginning of year	<u>6,725,491</u>
Net assets (deficit) without donor restrictions, end of year	<u><u>\$ 6,731,069</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Chanticleer Athletic Foundation
Statement of Financial Position
June 30, 2019

ASSETS

Cash and cash equivalents	\$ 1,566,866
Pledges receivable, net	3,638,279
Accounts receivable - related parties	50,166
Prepaid expenses	<u>341,626</u>
 TOTAL ASSETS	 <u><u>\$ 5,596,937</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable - related party	\$ 239,930
Accounts payable	22,672
Pledges payable - related parties	3,695,871
Deferred revenue	40
Note payable	<u>260,600</u>
 Total liabilities	 <u>4,219,113</u>

Net Assets

Without donor restrictions	(1,224,543)
With donor restrictions	<u>2,602,367</u>
 Total net assets	 <u>1,377,824</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,596,937</u></u>
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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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Contributions	\$ 1,803,067	\$ 522,502	\$ 2,325,569
Loss on pledge from change in donor restriction	-	(500,000)	(500,000)
Investment income	21,658	-	21,658
Fundraising proceeds	193,113	31,467	224,580
Miscellaneous income	29,612	-	29,612
Net assets released from restrictions	1,640,517	(1,640,517)	-
Total revenues, gains, and other support	<u>3,687,967</u>	<u>(1,586,548)</u>	<u>2,101,419</u>
Expenses			
Program services - Support of Coastal Carolina University Athletics Program	3,899,047	-	3,899,047
Management and general	772,191	-	772,191
Fundraising	334,421	-	334,421
Total expenses	<u>5,005,659</u>	<u>-</u>	<u>5,005,659</u>
Increase (decrease) in net assets	<u>(1,317,692)</u>	<u>(1,586,548)</u>	<u>(2,904,240)</u>
Net assets, beginning of year	<u>93,149</u>	<u>4,188,915</u>	<u>4,282,064</u>
Net assets, end of year	<u><u>\$(1,224,543)</u></u>	<u><u>\$ 2,602,367</u></u>	<u><u>\$ 1,377,824</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Coastal Carolina University is a public, mid-sized (10,600 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 is now 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 Statement 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, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The University has implemented several new GASB statements over the past six 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, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented in fiscal year 2015, and both GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions* and GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, were implemented in fiscal year 2018. During the fiscal year 2019, the University adopted and implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

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 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 University's 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, 2019

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 ASC 958-605, *Revenue Recognition* and FASB ASC 958, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB. 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, 2019

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 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 50 years; 10 to 15 years for land improvements; 3 to 25 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.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 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.

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.

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 the South Carolina Public Employee Benefit Authority. 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.

Other Postemployment Benefits: 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 Retiree Health Insurance Trust Fund (SCRHITF) and the Long-term Disability Insurance Trust Fund (SCLTDITF), and additions to/deductions from SCRHITF's and SCLTDITF's fiduciary net position, have been determined on the same basis as they are reported by the South Carolina Public Employee Benefit Authority. 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.

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.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenue, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell Grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

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.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Income Taxes: The University, as a political subdivision of the State of South Carolina, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundations are exempt from income tax under the provisions of Internal Revenue Code Section 501(c)(3). No provision for income taxes has been made.

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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

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	\$	54,338,832
Cash and Cash Equivalents – Restricted		
Debt Service		3,011,680
Capital Projects		49,143,113
Other		274,739
Cash and Cash Equivalents – Endowments		156,821
Investments		754,565
Total	\$	<u>107,679,750</u>

DEPOSITS

Cash On Hand	\$	23,072
Deposits Held by State Treasurer		106,902,113
Investments		754,565
Total	\$	<u>107,679,750</u>

Cash On Hand: At June 30, 2019, the University had \$23,072 of cash on hand in the form of petty cash and change funds for operational needs.

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, 2019, Coastal Carolina University had \$23,072 cash on hand and \$106,902,113 in deposits held by the State Treasurer. Information pertaining to the reported amounts, fair values and credit risk of the State Treasurer’s deposits are disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

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

Investments: The University holds investments 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.

Moreover, the University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the University investments are in mutual funds with readily determinable fair values in an active markets and therefore are categorized as Level 1. At June 30, 2019, the fair value of investments, which include unrealized appreciation, totaled \$754,565.

NOTE 3 – RESTRICTED ASSETS

The purposes and amounts of University restricted assets at June 30, 2019, are as follows:

CURRENT

Cash and Cash Equivalents		
Satisfaction of Debt Covenants	\$	3,011,680
Capital Projects		49,143,113
Total Restricted Current Assets		<u>52,154,793</u>

NONCURRENT

Cash and Cash Equivalents		
Endowments		156,821
Federal Perkins Loan Program		274,739
Investments		754,565
Loans to Students, net of allowance		926,559
Total Restricted NonCurrent Assets	\$	<u><u>54,267,477</u></u>

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 4 – ACCOUNTS RECEIVABLE

University current and noncurrent receivables for June 30, 2019, are as follows:

CURRENT ACCOUNTS RECEIVABLE

Student Accounts Receivable	\$ 4,977,379	
Less Allowance for Uncollectible	<u>(3,834,761)</u>	
Student Accounts Receivable, Net	\$ 1,142,618	\$ 1,142,618
Third Party Receivables		477,198
Federal Grants and Contracts Receivable		781,403
State Grants and Contracts Receivable		102,121
Other Grants and Contracts Receivable		2,343
Accrued Interest and Endowment Income Receivable		662,477
Other Receivables		<u>2,021,254</u>
Total Current Accounts and Pledges Receivables Net		<u>\$ 5,189,414</u>

CURRENT DUE FROM COMPONENT UNITS

Coastal Athletic Foundation Receivable		\$ 1,374,931
Coastal Educational Foundation Receivable		417,704
Student/Coastal Housing Foundation Receivable		<u>489,508</u>
Total Due from Component Units - Current		<u>\$ 2,282,143</u>

NONCURRENT ACCOUNTS RECEIVABLE

State Capital Appropriations Receivable		\$ 3,000,000
Third Party Receivables		<u>2,698,487</u>
		<u>\$ 5,698,487</u>

NONCURRENT DUE FROM COMPONENT UNITS

Coastal Athletic Foundation Receivable		\$ 2,560,871
Coastal Education Foundation Receivable		238,000
Student/Coastal Housing Foundation Receivable		<u>970,000</u>
Total Due from Component Units - Noncurrent		<u>\$ 3,768,871</u>

RESTRICTED NONCURRENT ACCOUNTS RECEIVABLE

Loans to Students	\$ 942,589	
Less Allowance for Uncollectibles	<u>(16,030)</u>	
Loans to Students, Net	\$ 926,559	<u>\$ 926,559</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, 2019

NOTE 5 - LOANS TO STUDENTS AND FEDERAL LIABILITY

Loans to students are comprised entirely of loans made through the Federal Perkins Loan Program as of June 30, 2019. 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, 2019, the allowance for uncollectible student loans is valued at \$16,030. The funds contributed by the federal government are refundable in the event the University decides to no longer participate in the program. With the expiration of the Perkins Loan Program in October 2017, the University is no longer permitted to disburse any additional loans. Moreover, the University has recorded a noncurrent liability in the amount of \$1,201,298, representing the federal portion of the loan program at June 30, 2019.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the University for the year ending June 30, 2019, is summarized as follows:

	Beginning Balance July 1, 2018	Additions	Retirements	Adjustments	CIP Transfers	Ending Balance June 30, 2019
Capital Assets Not Being Depreciated:						
Land	33,613,369	-	-	-	-	33,613,369
Construction in Progress	21,896,039	22,651,896	-	-	(8,073,958)	36,473,977
Total Capital Assets Not Being Depreciated	55,509,408	22,651,896	-	-	(8,073,958)	70,087,346
Capital Assets Being Depreciated:						
Buildings and Improvements	492,254,718	-	-	-	7,900,785	500,155,503
Land Improvements	29,790,709	-	-	-	173,173	29,963,882
Equipment	16,797,096	1,587,331	(514,847)	-	-	17,869,580
Vehicles	8,000,071	89,838	(54,627)	-	-	8,035,282
Capital Leases	-	83,004	-	-	-	83,004
Total Capital Assets Being Depreciated	546,842,594	1,760,173	(569,474)	-	8,073,958	556,107,251
Less Accumulated Depreciation For:						
Buildings and Improvements	(105,767,703)	(13,799,554)	-	-	-	(119,567,257)
Land Improvements	(10,948,901)	(1,977,690)	-	-	-	(12,926,591)
Equipment	(13,784,802)	(1,521,896)	513,051	-	-	(14,793,647)
Vehicles	(6,585,235)	(703,889)	54,627	-	-	(7,234,497)
Capital Leases	-	(14,215)	-	-	-	(14,215)
Total Accumulated Depreciation	(137,086,641)	(18,017,244)	567,678	-	-	(154,536,207)
Capital Assets Being Depreciated, Net	409,755,953	(16,257,071)	(1,796)	-	8,073,958	401,571,044
Capital Assets, Net	\$ 465,265,361	\$ 6,394,825	\$ (1,796)	\$ -	\$ -	\$ 471,658,390

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 6 - CAPITAL ASSETS, Continued

Construction in Progress: Included in the balance of construction in progress as of June 30, 2019, are the Brooks Stadium complex, Ingle Residence Hall renovations and renovations to the Williams-Brice Building. Several other renovation projects began close to year end and are also included in the balance at June 30, 2019.

Completed Construction: The main construction project completed during the 2018-2019 fiscal year was the renovation to the Smith Science Building. Several smaller projects were completed as well, including the Early Childhood Education Center and miscellaneous renovation projects.

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

As noted in Note 1, the University implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in the financial statements for the fiscal year ended June 30, 2013 and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the fiscal year ended June 30, 2014. These statements introduced deferred outflows and inflows, defined them as a consumption of net assets by the organization that is applicable to a future reporting period, incorporated them into the required components of the residual measure, renamed that measure as net position rather than net assets, and reclassified certain items that were previously reported as assets and liabilities as outflows and inflows of resources.

The statement of net position will sometimes report a separate section for deferred outflows of resources, in addition to assets. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until that time. For the year ended June 30, 2019, deferred outflows of resources are \$41,829,725, comprised of \$24,597,986 of amortizing changes in retirement and OPEB experience, \$16,815,230 for 2019 pension and OPEB contributions net of the implicit subsidy, and \$416,509 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 a future period(s) and so will not be recognized as an inflow of resources until that time. For the year ended June 30, 2019, deferred inflows of resources are \$13,961,210, comprised of \$13,556,704 for amortizing changes in retirement and OPEB experience, \$344,506 of a NCAA voluntary non-exchange transaction, and \$60,000 service concession arrangement with its bookstore vendor.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 8 – ENDOWMENTS

The University manages one permanent endowment with a fair value of \$156,821. 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 value.

NOTE 9 - UNEARNED REVENUE

Unearned revenue for the University totaled \$4,127,416 for the fiscal year. These monies were collected in advance and not earned by June 30, 2019.

Unearned revenue includes tuition prepayments of \$2,614,460, food service contract of \$380,000, housing prepayments of \$575,996, grant and contract funds of \$390,902, advance athletic ticket sales of \$92,391, unearned golf course merchandise and gift certificates payments of \$39,467, and other unearned revenue of \$34,200.

A summary of unearned tuition revenue follows:

Summer I	\$	1,603,450
Summer II		95,502
Fall		398,556
Tuition deposits		516,952
Total tuition prepayments	\$	<u>2,614,460</u>

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 10 – LEASE OBLIGATIONS

Future minimum commitments for noncancelable operating leases having terms in excess of one year as of June 30, 2019 are as follows:

<u>Year Ending June 30</u>	<u>Operating Leases</u>
2020	\$ 159,578
2021	159,578
2022	159,578
2023	13,302
2024	3
2025-2029	15
2030-2034	11
Total minimum lease payments	<u>\$ 492,065</u>

The preceding payment schedule relates to the University's noncancelable operating leases having remaining terms of more than one year and expiring in various fiscal years from 2020-2034. Certain operating leases provide for renewal options at their fair rental value at the end of their lease term. In the normal course of business, operating leases are generally renewed or replaced by other leases. Total real property operating lease payments were \$1,087,130 for fiscal year 2019 and consist of classroom and office facilities, activity fields and a parking lot. In the current fiscal year, the University incurred expenses of \$349,070 for office copier contingent rentals on a cost per copy basis.

Capital Leases

The future minimum capital lease obligations and the net present value of the minimum capital lease payments are as follows:

<u>Year Ending June 30</u>	<u>Capital Leases</u>
2020	\$ 18,344
2021	18,344
2022	18,344
2023	18,344
2024	2,636
Total minimum lease payments	76,012
Less amount representing interest	<u>(6,085)</u>
Present value of minimum lease payments	<u>\$ 69,927</u>

Capital lease obligations consist of copier agreements payable in monthly installments ranging from \$113 to \$419 with an imputed interest rate of 4 percent. The agreements expire between June 2023 and December 2023.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 11 – BONDS PAYABLE

For the University, bonds payable consisted of the following at June 30, 2019:

	Balance at Inception	Interest Rates	Maturity Dates	Balance 6/30/2019
Revenue Bonds				
Series 2012 (Refunded 1999 Bonds)	\$ 6,147,000	2.1%	6/1/2026	\$ 3,308,000
Series 2013	54,705,000	2.5% to 4.0%	6/1/2040	48,720,000
Series 2014	35,480,000	3.0% to 5.0%	6/1/2044	33,200,000
Series 2015	87,020,000	2.0% to 5.0%	6/1/2042	79,560,000
Series 2016	22,415,000	3.0% to 5.0%	6/1/2041	20,405,000
Series 2017 (Refunded 2006 Bonds)	6,766,591	2.3%	6/1/2026	5,383,970
Total Revenue Bonds				\$ 190,576,970
State Institution				
General Obligation 2010A	54,000,000	2.5 to 5.0%	4/1/2030	\$ 34,220,000
General Obligation 2016E	10,025,000	5.0%	4/1/2027	8,145,000
Total State Institutional Bonds				\$ 42,365,000
Subtotal Bonds Payable				\$ 232,941,970
Plus Unamortized Bond Premium				5,877,731
Total Bonds Payable				\$ 238,819,701

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 the revenue bonds include those funds that are (i) otherwise designated or restricted; (ii) derived from state appropriations; and (iii) tuition funds pledged to the repayment of state institution bonds, if any. Certain bonds payable are callable at the option of the University. The outstanding revenue bonds contain provisions requiring the University to make timely payments of principle and interest as noted in the repayment schedule and produce, in net revenues, at least 125 percent of the principal and interest requirements on the annual debt service. In an event of default of either provision the bondholders may, by request of no less than 25 percent of the principal amount of bonds outstanding, declare all outstanding principal and interest accrued immediately due and payable.

State institution bonds are general obligation bonds backed by the full faith, credit and taxing power of the state. 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 \$6,642,535 which results in a legal annual debt service limit at June 30, 2019, of \$5,978,282.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 11 – BONDS PAYABLE, Continued

For fiscal year 2019, tuition revenue is pledged in the amount of \$445 per full-time in-state student, \$445 per full-time out-of-state student per semester and \$15 per graduate credit hour to support both revenue and state institution bonds. The total pledge for debt service amounted to \$7,636,662, of which \$5,647,811 is pledged for institutional bond payments and \$1,988,851 is pledged for revenue bond payments. The total pledge for debt service is not available for any other purpose for fiscal year 2019.

Total interest paid and charged to expense during the year is \$8,239,236. No interest was capitalized.

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>			
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	7,154,323	5,974,392	13,128,715
2024	7,367,843	5,752,145	13,119,988
2025-2029	36,848,930	24,682,371	61,531,301
2030-2034	40,295,000	18,526,100	58,821,100
2035-2039	49,000,000	11,135,016	60,135,016
2040-2044	30,105,000	2,569,738	32,674,738
	<u>\$ 190,576,970</u>	<u>\$ 88,194,690</u>	<u>\$ 278,771,660</u>

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
<u>General Obligation Bonds</u>			
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	3,805,000	1,239,838	5,044,838
2024	3,970,000	1,077,788	5,047,788
2025-2029	20,255,000	2,648,175	22,903,175
2030	3,850,000	96,250	3,946,250
	<u>\$ 42,365,000</u>	<u>\$ 9,686,213</u>	<u>\$ 52,051,213</u>

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 11 – BONDS PAYABLE, Continued

The purposes 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 2012 Series
 - i. Construction of Baxley Hall.
 - ii. Construction of Hicks Dining Hall.
 - iii. Expansion of student housing on main campus with Eaglin Hall.

- Higher Education Revenue Bond 2013 and 2014 Series
 - i. Acquisition of land and construction of first phase of student housing facility (650 beds).
 - ii. 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) from the CCU Student Housing Foundation.

- 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 refunding of 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, 2019

NOTE 12 - LONG-TERM LIABILITIES

Long-term liability activity for the University for the year ending June 30, 2019, was as follows:

	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Due Within One Year	Due Past One Year
Capital Related Liabilities						
General Obligation Bonds	\$ 45,595,000	\$ -	\$ (3,230,000)	\$ 42,365,000	\$ 3,350,000	\$ 39,015,000
Revenue Bonds	196,677,786	-	(6,100,816)	190,576,970	6,343,380	184,233,590
Unamortized Bond Premium	6,547,977	-	(670,246)	5,877,731	536,041	5,341,690
Capital Lease Payable	-	83,004	(13,077)	69,927	15,835	54,092
Total Capital Related Liabilities	\$ 248,820,763	\$ 83,004	\$ (10,014,139)	\$ 238,889,628	\$ 10,245,256	\$ 228,644,372
Noncapital Related Liabilities						
Federal Perkins Loans Funds	\$ 1,173,696	\$ 27,602	\$ -	\$ 1,201,298	\$ -	\$ 1,201,298
Accrued Compensation Absences	4,756,031	725,936	(233,256)	5,248,711	350,562	4,898,149
Net Pension/Benefits Liability	160,547,442	28,916,849	(22,547,416)	166,916,875	-	166,916,875
Other Post-Employment Benefits	143,937,874	17,685,898	(9,253,550)	152,370,222	-	152,370,222
Other Liabilities	805,560	511,005	(60,000)	1,256,565	208,000	1,048,565
Total Noncapital Related Liabilities	\$ 311,220,603	\$ 47,867,290	\$ (32,094,222)	\$ 326,993,671	\$ 558,562	\$ 326,435,109
Total Long-Term Liabilities	\$ 560,041,366	\$ 47,950,294	\$ (42,108,361)	\$ 565,883,299	\$ 10,803,818	\$ 555,079,481

NOTE 13 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2019, are summarized as follows:

Functional Classification	Personnel					Total
	Costs and Benefits	Services and Supplies	Utilities	Scholarships	Depreciation	
Instruction	\$ 77,896,389	\$ 7,293,572	\$ 293,520	\$ -	\$ -	\$ 85,483,481
Research	847,168	981,003	6,460	-	-	1,834,631
Public Service	1,569,891	717,268	3,342	-	-	2,290,501
Academic Support	12,471,498	2,345,739	3,726	-	-	14,820,963
Student Services	24,495,452	12,747,045	124,687	-	-	37,367,184
Institutional Support	15,187,829	4,601,139	421,199	-	-	20,210,167
Plant Operations	15,905,603	8,861,277	4,769,343	-	-	29,536,223
Scholarships	768,983	81,921	-	10,207,764	-	11,058,668
Auxillary Enterprises	7,339,393	7,396,381	2,941,021	-	-	17,676,795
Depreciation	-	-	-	-	18,017,245	18,017,245
Total Expenses	\$ 156,482,206	\$ 45,025,345	\$ 8,563,298	\$ 10,207,764	\$ 18,017,245	\$ 238,295,858

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 14 – PENSION PLANS

Description of the Entity: The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012 and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, include the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

PEBA issues 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 14 – PENSION PLANS, Continued

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 and other benefits for police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

In addition to the plans described above, PEBA also administers three single-employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

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, such as the University, 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 ORP. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the University to the member's account with ORP vendor for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 14 – PENSION PLANS, Continued

- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 14 – PENSION PLANS, Continued

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

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

Contributions: Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employee contributions rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eight-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eight-five percent. If the contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization period.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 14 – PENSION PLANS, Continued

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2019¹</u>	<u>Fiscal Year 2018¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2019¹</u>	<u>Fiscal Year 2018¹</u>
SCRS		
Employer Class Two	14.41%	13.41%
Employer Class Three	14.41%	13.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	14.41%	13.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	16.84%	15.84%
Employer Class Three	16.84%	15.84%
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.

For the measurement period ending June 30, 2018, the State made a non-employer contribution directly to SCRS and PORS. The appropriated funds have been determined not to qualify as a Special Funding situation under GASB 68 for financial reporting purposes. The participating employers will receive a proportionate share of the Net Pension Liability and Pension Expense determined in accordance with paragraph 48 of GASB 68. In accordance to paragraph 58 of GASB 68, the participating employers will recognize a revenue equal to their credited share of the State's appropriation. For the year ended June 30, 2019, the University recognized non-employer contributions of \$843,730 in Non-operating Revenues, State Appropriations on the Statement of Revenues, Expenses and Changes in Net Position.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 14 – PENSION PLANS, Continued

Actuarial Assumptions and Methods: Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of June 30, 2015.

The June 30, 2018, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2017.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return ¹	7.25%	7.25%
Projected salary increases	3.5% to 12.5% (varies by service) ¹	3.5% to 9.5% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
¹ Includes inflation at 2.75%		

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2018, TPL are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 14 – PENSION PLANS, Continued

Net Pension Liability: The NPLs are calculated separately for each system and represent that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. The NPLs were measured as of June 30, 2018, and the TPLs used to calculate the NPLs were determined by an actuarial valuation as of that date. The NPLs total, including the University’s proportionate share as of June 30, 2018, for SCRS and PORS are presented below.

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers’ Net Pension Liability (Asset)</u>	<u>University’s Proportionate Share Of Net Pension Liability (Asset)</u>	<u>University’s Portion of Net Pension Liability (Asset)</u>
SCRS	\$ 48,821,730,067	\$ 26,414,916,370	\$ 22,406,813,697	0.722064%	\$ 161,791,535
PORS	\$ 7,403,972,673	\$ 4,570,430,247	\$ 2,833,542,426	0.180881%	\$ 5,125,340

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

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. 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 are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 14 – PENSION PLANS, Continued

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

Discount Rate: The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis: The following table presents the collective NPL of the University calculated using the discount rate of 7.25 percent, as well as what the University's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
SCRS	\$ 206,739,537	\$ 161,791,535	\$ 129,658,019
PORS	6,909,599	5,125,340	3,663,882

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 14 – PENSION PLANS, Continued

Pension Expense, Deferred Outflows and Inflows of Resources: For the year ended June 30, 2019, the University recognized its proportionate share of pension expense of \$22,547,416 associated with the net pension liability. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 292,053	\$ 952,098
Assumption Changes	6,418,983	-
Investment Experience	2,570,062	-
Change in Allocated Proportion	9,970,678	-
Contributions After Measurement Date	10,589,397	-
Total	\$ 29,841,173	\$ 952,098

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 157,920	\$ -
Assumption Changes	337,939	-
Investment Experience	102,494	-
Change in Allocated Proportion	267,918	139,722
Contributions After Measurement Date	399,334	-
Total	\$ 1,265,605	\$ 139,722

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The reported contributions of \$10,589,397 and \$399,334 represents the University's contributions subsequent to the measurement date of \$11,385,591 and \$423,699 for SCRS and PORS, respectively, less a retirement credit from PEBA of \$819,591 and \$22,327. The following schedule reflects the amortization of the balance of remaining deferred outflows/(inflows) of resources at June 30, 2019. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2019, was 4.080 years for SCRS and 4.348 years for PORS.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 14 – PENSION PLANS, Continued

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

<u>Year ending June 30</u>	<u>SCRS</u>	<u>PORS</u>
2020	\$ 11,273,878	\$ 410,331
2021	7,284,612	257,525
2022	(117,513)	62,050
2023	(141,300)	(3,357)
2024	-	-
Thereafter	-	-

Additional Financial and Actuarial Information: Information contained in these Notes to the Schedules of Employer and Non-employer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2018, and the accounting and financial reporting actuarial valuation as of June 30, 2018. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

Deferred Compensation Plans: Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the 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 has such a fund, which has assets invested totaling \$754,565 at June 30, 2019 as stated earlier in Note 2.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Description of the Entity and Summary of Significant Accounting Policies: The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA is a state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

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

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

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

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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

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

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

Contributions and Funding Policies: Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employee and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2018 was 5.50 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHIT also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structured. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB

Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2018. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities. For the year ended June 30, 2019, the University recognized non-employer contributions of \$1,149,804 in Non-operating Revenues, Grants and Contracts on the Statement of Revenues, Expenses and Changes in Net Position.

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

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

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

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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.62% as of June 30, 2018
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of Plan investment expense; including inflation Single Discount Rate: 3.91% as of June 30, 2018
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Notes:	There were no benefit changes during the year. The discount rate changed from 3.87% as of June 30, 2017 to 3.91% as of June 30, 2018

Roll Forward Disclosure: The actuarial valuation was performed as of June 30, 2017. Update procedures were used to roll forward the total OPEB liability to June 30, 2018.

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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

The following table represents the components of the net OPEB liability as of June 30, 2018 and the University's proportionate share:

<u>OPEB Trust</u>	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>State Net OPEB Liability</u>	<u>University's Proportionate Share of Net OPEB Liability</u>	<u>University's Portion of Net OPEB Liability</u>
SCRHITF	\$ 15,387,115,010	\$ 1,216,530,062	\$ 14,170,584,948	1.075099%	\$152,347,817
SCLTDITF	\$ 39,261,091	\$ 36,199,863	\$ 3,061,228	0.731892%	\$ 22,405

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

Single Discount Rate: The Single Discount Rate of 3.62% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.91% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.62%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Long-term Expected Rate of Return: 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. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Allocation-Weighted Long-Term Expected Real Rate of Return</u>
U.S. Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
Total	100.00%		1.84%
Expected Inflation			2.25%
Total Return			4.09%
Investment Return Assumption			4.00%

Sensitivity Analysis: The following table presents the University's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.62%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<u>1% Decrease 2.62%</u>	<u>Current Discount Rate 3.62%</u>	<u>1% Increase 4.62%</u>
SCRHITF Net OPEB Liability	\$ 179,480,364	\$ 152,347,817	\$ 130,476,836

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
SCRHITF Net OPEB Liability	\$ 125,357,657	\$ 152,347,817	\$ 187,241,096

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

The following table presents the University's proportionate share of the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.91%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 2.91%	Current Discount Rate 3.91%	1% Increase 4.91%
SCLTDITF Net OPEB Liability	\$ 33,484	\$ 22,405	\$ 11,592

OPEB Expense: For the year ended June 30, 2019, the University recognized its proportionate share of OPEB expense of \$9,221,427 associated with the net OPEB liability. Components of collective OPEB expense reported in the Allocation of the OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB for the fiscal year ended June 30, 2018 are presented below.

Description	SCRHITF	SCLTDITF
Service Cost	\$ 5,603,120	\$ 55,300
Interest on the Total OPEB Liability	5,621,285	10,842
Projected Earnings on Plan Investments	(501,166)	(10,663)
OPEB Plan Administrative Expense	699	73
Change in Allocated Proportion	257,695	(169)
Recognition of Outflow (Inflow) of Resources due to Liabilities	(1,980,600)	(322)
Recognition of Outflow (Inflow) of Resources due to Assets	161,679	3,654
Total Aggregate OPEB Expense	<u>\$ 9,162,712</u>	<u>\$ 58,715</u>

Additional items included in Total Employer OPEB Expense are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NOL and differences between actual employer contributions and proportionate share of total plan employer contributions.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Deferred Outflows and Inflows of Resources: At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>SCRHITF</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability Experience	\$ 2,282,239	\$ 53,082
Assumption Changes	584,161	12,405,708
Investment Experience	1,600,524	-
Change in Allocated Proportion	-	1,727
Contributions After Measurement Date	5,788,314	-
Implicit Subsidy	(16,871)	-
Total	\$ 10,238,367	\$ 12,460,517

<u>SCLTDITF</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability Experience	\$ -	\$ -
Assumption Changes	-	1,460
Investment Experience	13,015	1,370
Change in Allocated Proportion	-	1,537
Contributions After Measurement Date	55,056	-
Total	\$ 68,071	\$ 4,367

As discussed in paragraph 86 of GASB Statement No. 75, differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period. Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. The following schedules reflects the amortization of the balance of remaining deferred outflows/(inflows) of resources at June 30, 2019.

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

<u>Year ending June 30</u>	<u>SCRHITF</u>	<u>SCLTDITF</u>
2020	\$ (1,561,226)	\$ 3,163
2021	(1,561,226)	3,163
2022	(1,561,226)	3,163
2023	(1,623,780)	1,564
2024	(1,722,905)	(491)
Thereafter	36,770	(1,913)

Additional Financial and Actuarial Information: Information contained in these Notes to the Schedules of OPEB Amounts by Employer (the Schedules) were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2018, and the accounting and financial reporting actuarial valuations as of June 30, 2018. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trust Funds audited financial statements.

NOTE 16 – RELATED PARTIES

There are several separately chartered legal entities which do not meet the criteria established by GASB Statement No. 14, The Financial Reporting Entity, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, to be treated as component units of the University. These entities include the Coastal Carolina University Research Foundation, Inc., the Horry County Higher Education Commission, the Georgetown County Advisory Board for Coastal Carolina University, and the State of South Carolina. While they are not financially accountable to the University, these organizations exist primarily to provide financial assistance and other support to the University and its educational programs. The activities of these entities are not included in the University’s financial statements. However, the University’s statements for the year ended June 30, 2019, include significant transactions between them and the University, which are as follows:

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 16 – RELATED PARTIES, Continued

Coastal Carolina University Research Foundation, Inc.: The Coastal Carolina University Board of Trustees approved a Memorandum of Understanding between the Coastal Carolina University Research Foundation, Inc. (Research Foundation) and the University 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 the University, provide educational opportunities for students and enhance institutional excellence in ways that would not be possible with state funds. During fiscal year 2019, the University contracted the Research Foundation to provide \$87,800 to assist its educational and research initiatives. At fiscal year end June 30, 2019, there are no receivables or payables between the University and the Research Foundation.

Horry County Higher Education Commission: The Horry County Higher Education Commission (the 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 and are responsible for providing resources to meet the goals and carry out the mission of the 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, 2019, the Commission made grants to the University totaling \$300,683 which were paid in fiscal year 2019. Of the total, \$185,144 was for scholarships, and \$115,539 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 2019 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.

Georgetown County Advisory Board for Coastal Carolina University: Georgetown County annually appropriates funds to support the mission of the University in Georgetown County. The Georgetown County Advisory Board is responsible for the budgeting and distribution of these funds. During the fiscal year ending June 30, 2019, 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, 2019

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 2019 are not readily available. At June 30, 2019, accounts receivable due from other State agencies were \$413,306 of which \$123,101 was primarily for Federal and State sponsored projects. Horry Georgetown Technical College (HGTC) currently owes the University \$192,529 for the current year for contracted security services provided by the University. The University also has a Bridge Partnership program with HGTC in which program fees of \$97,676 were receivable at year end. Accounts payable included \$24,093 due to other State agencies.

Transactions with Related-Party Vendors: The University has identified three potential related party vendors with whom they have transacted business during fiscal year ending June 30, 2019. These vendors and the total related transaction amounts are listed below:

Related Party Vendor Transactions
For the Year Ended June 30, 2019

<u>Vendor</u>	<u>Amounts</u>
Frames by Lauren Elizabeth	\$ 11,100
Horry Telephone Cooperative	558,735
Myrtle Beach Area Chamber of Commerce	<u>10,000</u>
Total	<u>\$ 579,835</u>

NOTE 17 – RISK MANAGEMENT

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

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

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 17 – RISK MANAGEMENT, Continued

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. Additional lines of coverage procured include: Child Development Center Accident Policy, Coastal Carolina University Research Foundation Insurance, International Liability Coverage, Student Accident Policy and International Travel Insurance.

NOTE 18 – COMPONENT UNITS

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

The CEF provides support directly to the University through funds raised from private contributions to support University scholarship and various academic programs. The CEF has provided \$2,081,562 in direct support and \$26,391 in indirect transfers. For the fiscal year ended June 30, 2019, CEF had receivables from the University of \$76,528 and payables to the University totaling \$655,704 (short-term \$417,704 and long-term \$238,000).

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, 2019, the carrying value of said property was \$5,339,984 net of \$150,607 accumulated depreciation. The University leases this land annually from the 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 \$526,937 for the fiscal year ending June 30, 2019. The University paid total rent of \$438,010 in fiscal year 2019 to the CEF for seven parcels of land, a house located on Hackler Golf Course and use of Waties Island. The seven parcels are: a soccer field, a 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, 2019

NOTE 18 – COMPONENT UNITS, Continued

The CEF held investments that consist of privately managed funds and closely held investments. As of June 30, 2019, investments as shown on the accompanying statements of financial position are comprised of the following:

Fixed income mutual fund	\$ 13,245,019
Equities	29,698,902
Long/short equity hedge fund	-
Short-term cash investment	138,96
Total privately managed funds	<u>43,082,885</u>
Closely held investments	
Common Stock	1,995,825
Real estate held for investment	288,000
Total investments	<u>\$ 45,366,710</u>

The CEF can hold and intends to hold investments in order to handle market fluctuations.

The CEF is required to present its financial instruments using a framework that measures fair value under accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement requires fair value measurements be classified and disclosed in one of the following three categories (i.e., the fair value hierarchy):

- Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.
- Level 2: Financial instruments valued using inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 18 – COMPONENT UNITS, Continued

The following is a description of the valuation methodologies used for the CEF’s assets measured at fair value at June 30, 2019:

Equities	Valued at the closing price reported on the active market on which the individual securities traded.
Hedge funds	Measured at net asset value (NAV) based on the latest unaudited financial statements or latest estimated valuations prepared by the Funds.
Closely held stock	Investments in non-publicly traded closely held companies with no readily determinable market value are carried on the books at their established fair value at the date of donation or distribution to the CEF, except for certain liquidating distributions which reduce the value of the investment and certain events which trigger a valuation from which fair value can be derived.
Fixed income mutual funds	Valued at the closing price reported on the active market on which the funds are traded.
Real estate held for investment	The Real Estate Land Use Committee of the CEF’s Board (the “Committee”) monitors the value of real estate held for investment and considers the best course of action for disposal. The Committee has members knowledgeable about real estate in the area and considers, among other things, comparable property, the overall real estate market, and the best use of the property. When considered necessary, the Committee obtains appraisals on its real estate investments.

The following table sets forth by level, within the fair value hierarchy, the CEF’s assets measured at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Fixed income mutual fund	\$ 13,245,019	\$ -	\$ -	\$ 13,245,019
Equities	29,698,902	-	-	29,698,902
Short term cash investment	138,964	-	-	138,964
Closely held stock	-	-	1,995,825	1,995,825
Real estate held for investment	-	-	288,000	288,000
Total investments	<u>\$ 43,082,885</u>	<u>\$ -</u>	<u>\$ 2,283,825</u>	<u>\$ 45,366,710</u>

Donor imposed restrictions limit the use of proceeds from the disposition of real estate held for investment to funding of scholarships, developing a mentoring program, and the ongoing maintenance of Waties Island.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 18 – COMPONENT UNITS, Continued

The tables below set forth a summary of changes in the fair value of the CEF’s Level 3 assets for the years ended June 30, 2019:

The net gains for the period attributable to the unrealized gains relating to assets still held at June 30, 2019: \$ 66,750

	<u>Long/short equity hedge fund</u>	<u>Closely held stock</u>	<u>Real estate held for investment</u>
Balance, beginning of year	\$ 1,425,816	\$ 1,929,075	\$ 288,000
Sales of investments	(1,389,638)	-	-
Market appreciation (depreciation)	(36,178)	66,750	-
	<u>\$ -</u>	<u>\$ 1,995,825</u>	<u>\$ 288,000</u>

The CEF did not hold any investments reported at NAV as a practical expedient to estimate fair value as of June 30, 2019.

During the year ended June 30, 2019, the University President served as an ex-officio member of the Coastal Educational Foundation board.

The CCU Student Housing Foundation: The CCU Student Housing Foundation is a separately chartered not-for-profit corporation organized in 2002 to provide housing for students at the University, as well as to provide support for the various programs of the University. The 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, 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 consolidated unit with significant intercompany accounts and transactions eliminated.

Financial support of CCU in the amount of \$75,000 was paid during the year ended June 30, 2019 in the form of a salary supplement for the University’s president. Also, \$485,000 was paid during the year, the second of five annual gifts of that amount, to be used for the student housing facilities at the University.

For the year ended June 30, 2019, there were no receivables due from the University, however there are payables due to the University totaling \$1,459,508 (short-term \$489,508 and long-term \$970,000).

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 18 – COMPONENT UNITS, Continued

The SHF held investments that consist of money market funds and U.S. government agency notes. As of June 30, 2019, investments as shown on the accompanying statements of financial position are comprised of the following:

U.S. government agency notes	\$ 2,960,333
Commercial paper	3,045,632
Money market funds	<u>36,334</u>
	<u>\$ 6,042,300</u>

All SHF investments are held by US Bank and managed by RedTree Investment Group. The SHF recognizes the change in value of its investments on a monthly basis. Management is not aware of losses that are deemed to be other than temporary in nature.

The SHF is required to present its financial instruments using a framework that measures fair value under accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement requires fair value measurements be classified and disclosed in one of the following three categories (i.e., the fair value hierarchy):

- Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.
- Level 2: Financial instruments valued using inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the SHF's assets measured at fair value at June 30, 2019:

U.S. government agency notes	Valued using pricing models maximizing the use of observable inputs for similar securities.
Commercial paper	Valued using pricing models maximizing the use of observable inputs for similar securities
Money market funds	Valued at the daily closing price as reported by the funds. These funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 18 – COMPONENT UNITS, Continued

The following table sets forth by level, within the fair value hierarchy, the SHF's assets measured at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
U.S. government agency notes	\$ -	\$ 2,960,334	\$ -	\$ 2,960,334
Closely held stock	-	3,045,632	-	3,045,632
Real estate held for investment	-	36,334	-	36,334
Total investments	<u>\$ -</u>	<u>\$ 6,042,300</u>	<u>\$ -</u>	<u>\$ 6,042,300</u>

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

The CAF provides support directly to the University through funds embarked from private contributions to support University athletic scholarships and programs. These transfers for fiscal year 2019 were recorded by the University as non-operating gift revenues totaling \$861,965 and capital gifts totaling \$3,112,709. The CAF procured and gifted to the University \$134,904 of goods and services, which included vehicle leases to athletic coaches.

For the year ended June 30, 2019, receivables from the University of \$50,009 and payables to the University totaled \$3,935,802 (short-term \$1,374,931 and long-term \$2,560,871).

NOTE 19 – CONTINGENCIES AND LITIGATION

The diverse federal programs administered by the University 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. Currently disallowances, if any, which may be due to federal grantors have not been determined, but University's management believe that any such amounts in the aggregate would not have an adverse effect with administering future federal programs or the financial position for the University.

The University is involved in various legal actions which arose from the normal course of business, some of which are uninsured. The final outcomes of these legal proceedings and claims cannot be determined at this time. For litigation and claims wherein it is not possible to predict the ultimate outcome, no provision for any liability has been made in the financial statements.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2019

NOTE 20 – COMMITMENTS

Horry County One-Cent Sales Tax: In March 2009, Horry County began charging an additional one-cent sales tax on many taxable goods and services to fund facilities for education. The one-cent sales tax provides funding for Horry County Schools, Coastal Carolina University and Horry Georgetown Technical College, and will continue until February 29, 2024. For the fiscal year ended June 30, 2019, Coastal Carolina University received approximately \$10.9 million in revenue from this tax. Since the inception of the one-cent sales tax, the University has received more than \$92 million in revenue. The University has used this revenue to fund construction and purchase several buildings throughout campus. The Smith Science building renovation, which was completed during the fiscal year ended June 30, 2019, was partially funded by the one-cent sales tax.

Open Construction and Renovation Contracts: As of June 30, 2019, the University had 61 open contracts for construction and on-going renovations projects, which totaled \$33.8 million. Of this total, \$2.7 million remained unspent at fiscal year ended 2019. The largest contracts are connected to the Brooks Stadium complex which totaled \$1.1 million, approximately 40% of the total outstanding contracts. The remaining open contracts relate to various services rendered for construction, architectural work, engineering, testing, interior refurbishments, such as flooring, wiring, and painting and HVAC system control.

Subsequent Events: On June 14, 2019, the University's Board of Trustees approved a resolution to direct the funds necessary to defease the outstanding principal of amount of the \$54 million Original Principal Amount General Obligation State Institution Bonds (issued on behalf of the University), Series 2010A and pay or redeem the defeased bonds on April 1, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

COASTAL CAROLINA UNIVERSITY
Required Supplemental Information
For the Year Ended June 30, 2019

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)

Schedule of the University's Proportionate Share of the Net Pension Liability

Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll During the Measurement Period	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.722064%	\$161,791,535	\$48,390,581	334.35%	54.10%
2018	0.690523%	155,447,832	47,081,045	330.17%	53.34%
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%

Schedule of Employer Contributions

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$10,589,397	\$10,589,397	\$-	\$50,045,187	21.16%
2018	9,324,989	9,324,989	-	48,390,581	19.27%
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%

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, 2019

POLICE OFFICERS RETIREMENT SYSTEM (PORS)

Schedule of the University's Proportionate Share of the Net Pension Liability

Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll During the Measurement Period	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.180881%	\$5,125,340	\$2,503,668	204.71%	61.73%
2018	0.186150%	5,099,610	2,506,274	203.47%	60.94%
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%

Schedule of Employer Contributions

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$399,334	\$399,334	\$-	\$2,457,655	16.25%
2018	384,268	384,268	-	2,503,668	15.35%
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.

COASTAL CAROLINA UNIVERSITY
Required Supplemental Information
For the Year Ended June 30, 2019

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND (SCRHITF)

Schedule of the University's Proportionate Share of the Net OPEB Liability

Year	Proportion of the Net OBEP Liability (Asset)	Proportionate of the Net OBEP Liability (Asset)	Covered Payroll During the Measurement Period	Net OBEP Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OBEP Liability
2019	1.075099%	\$152,347,817	\$92,695,778	164.35%	7.91%
2018	1.062580%	143,924,721	89,603,115	160.62%	7.60%

Schedule of Employer Contributions

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$5,788,314	\$5,788,314	\$-	\$95,674,606	6.05%
2018	5,099,242	5,099,242	-	92,695,778	5.50%

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, 2019

SOUTH CAROLINA LONG-TERM DISABILITY INSURANCE TRUST FUND (SCLTDITF)

Schedule of the University's Proportionate Share of the Net OPEB Liability

Year	Proportion of the Net OPEB Liability (Asset)	Proportionate of the Net OPEB Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.731892%	\$22,405	92.20%
2018	0.725488%	13,153	95.29%

Schedule of Employer Contributions

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)
2019	\$55,056	\$55,056	\$-
2018	53,294	53,294	-

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, 2019

Following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 16 of the 2018-2019 Appropriations Bill H. 4950 enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2019.

Non-Capital State Appropriations

Approved Appropriation	<u>\$ 13,668,749</u>
Supplement Appropriation – Benefits	195,077
Technology Grant Program	591,366
South Carolina Endowment Incentive Act of 1997	6,161
PEBA Credit to Participating Employers	843,730
Statement of Revenues, Expenses & Changes in Net Position	<u>\$ 15,305,083</u>

COASTAL CAROLINA UNIVERSITY

Schedule of Tuition Fees

For the Year Ended June 30, 2019

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, 2019, is as follows:

Aggregate of tuition fees received as defined by Code Section 59-107-30 for the year ended June 30, 2018	<u>\$ 6,642,535</u>
Multiplied by	90%
Legal annual debt service limit at June 30, 2019	5,978,282
Maximum annual debt service on all State Institution Bonds of the University.	<u>5,082,700</u>
Margin	<u>\$ 895,582</u>

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION



Kearns Hall at Coastal Carolina University

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

FINANCIAL TRENDS

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

Schedule 1
Coastal Carolina University
Net Position by Component
Fiscal Years 2010 – 2019

For the year ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Financial Position										
Net Investment in Capital Assets	\$ 234,030,705	\$ 232,727,461	\$ 229,608,138	\$ 210,872,540	\$ 193,226,321	\$ 154,687,499	\$ 130,228,337	\$ 113,986,078	\$ 92,076,002	\$ 71,619,921
Restricted - Nonexpendable	156,608	156,608	154,802	105,128	100,000	100,000	100,000	100,000	100,000	100,000
Restricted - Expendable	56,512,131	39,875,079	29,010,490	36,098,025	43,397,489	48,326,727	36,729,803	33,396,565	32,445,453	33,277,562
Unrestricted	<u>(253,034,220)</u>	<u>(238,484,701)</u>	<u>(75,401,191)</u>	<u>(68,490,862)</u>	<u>(74,743,043)</u>	<u>40,955,904</u>	<u>58,739,507</u>	<u>50,609,312</u>	<u>43,673,313</u>	<u>33,825,798</u>
Total Net Position	<u>\$ 37,665,224</u>	<u>\$ 34,274,447</u>	<u>\$ 183,372,239</u>	<u>\$ 178,584,831</u>	<u>\$ 161,980,767</u>	<u>\$ 244,070,130</u>	<u>\$ 225,797,647</u>	<u>\$ 198,091,955</u>	<u>\$ 168,294,768</u>	<u>\$ 138,823,281</u>

Source: Coastal Carolina University Annual Financial Reports

Schedule 2

Coastal Carolina University

Major Revenue Sources

Fiscal Years 2010 – 2019

For the year ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition, net of allowance	\$ 135,614,138	\$ 135,821,794	\$ 133,229,383	\$ 128,382,842	\$ 117,216,607	\$ 104,646,848	\$ 100,845,686	\$ 98,590,156	\$ 88,379,677	\$ 78,675,758
State grants to students	13,360,947	13,021,528	12,607,539	11,233,292	11,042,191	10,394,517	10,309,617	9,821,512	9,931,985	9,200,535
Federal grants to students	2,598,791	2,018,280	2,270,650	2,493,903	2,205,506	2,237,119	2,510,626	2,565,409	3,770,094	3,529,443
Other operating grants	3,785,022	3,560,257	3,564,825	2,486,261	2,462,641	2,337,375	2,468,832	2,281,414	2,070,136	2,078,719
Sales and services of educ activities	7,502,229	7,421,906	5,662,884	5,627,219	5,315,361	4,914,266	4,786,480	4,647,195	3,033,764	2,974,222
Auxiliary enterprises, net of allowance	27,473,380	28,787,596	27,928,522	25,543,690	21,996,660	20,135,805	18,124,286	8,777,833	8,105,193	7,841,230
Other fees	1,569,680	1,669,194	2,641,853	2,812,828	2,891,160	2,670,049	2,508,994	2,082,887	1,677,210	2,043,312
Total operating revenue	191,904,187	192,300,555	187,905,656	178,580,035	163,130,126	147,335,979	141,554,521	128,766,406	116,968,059	106,343,219
State appropriations	15,305,083	13,301,750	12,897,108	12,211,610	10,851,710	10,264,739	11,140,551	8,920,787	9,856,086	11,970,857
Local appropriations	332,144	380,413	404,759	407,773	393,324	376,875	294,580	313,125	238,313	434,395
Gifts, Grants, and Contracts	21,827,338	21,995,269	18,078,774	18,593,631	18,213,105	17,416,576	16,551,864	17,202,173	18,247,517	14,411,780
Investment income	3,587,958	622,869	987,691	610,471	414,206	1,338,907	1,472,071	713,372	3,464,715	2,016,468
Total non-operating revenue	41,052,523	36,300,301	32,368,332	31,823,485	29,872,345	29,397,097	29,459,066	27,149,457	31,806,631	28,833,500
Total non-capital revenue	\$ 232,956,710	\$ 228,600,856	\$ 220,273,988	\$ 210,403,520	\$ 193,002,471	\$ 176,733,076	\$ 171,013,587	\$ 155,915,863	\$ 148,774,690	\$ 135,176,719
Tuition, net of allowance	58.2%	59.4%	60.5%	61.0%	60.7%	59.2%	59.0%	63.2%	59.4%	58.2%
State grants to students	5.7%	5.7%	5.7%	5.3%	5.7%	5.9%	6.0%	6.3%	6.7%	6.8%
Federal grants to students	1.1%	0.9%	1.0%	1.2%	1.1%	1.3%	1.5%	1.6%	2.5%	2.6%
Other operating grants	1.6%	1.6%	1.6%	1.2%	1.3%	1.3%	1.4%	1.5%	1.4%	1.5%
Sales and services of educ activities	3.2%	3.2%	2.6%	2.7%	2.8%	2.8%	2.8%	3.0%	2.0%	2.2%
Auxiliary enterprises, net of allowance	11.8%	12.6%	12.7%	12.1%	11.4%	11.4%	10.6%	5.6%	5.4%	5.8%
Other fees	0.7%	0.7%	1.2%	1.3%	1.5%	1.5%	1.5%	1.3%	1.1%	1.5%
Total operating revenue	82.4%	84.1%	85.3%	84.9%	84.5%	83.4%	82.8%	82.6%	78.6%	78.7%
State appropriations	6.6%	5.8%	5.9%	5.8%	5.6%	5.8%	6.5%	5.7%	6.6%	8.9%
Local appropriations	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%
Gifts	9.4%	9.6%	8.2%	8.8%	9.4%	9.9%	9.7%	11.0%	12.3%	10.7%
Investment income	1.5%	0.3%	0.4%	0.3%	0.2%	0.8%	0.9%	0.5%	2.3%	1.5%
Total non-operating revenue	17.6%	15.9%	14.7%	15.1%	15.5%	16.6%	17.2%	17.4%	21.4%	21.3%
Total non-capital revenue	100.0%									

Source: Coastal Carolina University Annual Financial Reports

Schedule 3
Coastal Carolina University
Expenses by Function
Fiscal Years 2010 – 2019

For the year ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	\$ 85,483,481	\$ 85,686,351	\$ 78,671,337	\$ 72,656,605	\$ 63,711,233	\$ 58,415,046	\$ 54,399,415	\$ 51,251,285	\$ 47,126,842	\$ 42,940,090
Research	1,834,631	1,146,817	892,293	1,977,867	1,810,122	2,211,588	2,435,676	2,311,453	1,969,431	2,450,264
Public Service	2,290,501	1,758,758	1,780,693	1,456,450	1,380,007	1,366,901	1,232,711	1,314,729	1,401,435	1,194,171
Academic Support	14,820,963	13,559,584	12,335,623	11,239,341	10,743,962	9,601,338	9,237,715	8,406,129	7,692,319	6,916,496
Student Services	37,367,184	36,842,037	35,991,083	29,608,665	26,624,936	25,572,728	23,368,935	21,896,903	19,090,602	18,010,372
Institutional Support	20,210,167	18,693,519	16,553,757	16,241,157	15,718,295	13,675,847	13,362,086	13,516,038	11,639,916	11,545,464
Plant Operation	29,536,223	29,290,511	28,192,082	25,408,965	25,412,161	23,945,222	21,619,557	19,096,049	17,518,943	16,713,037
Scholarships	11,058,668	11,955,588	11,500,733	11,320,124	12,531,727	11,866,581	11,188,558	10,201,727	10,521,521	7,270,964
Auxiliary Enterprises	17,676,795	16,226,552	13,853,774	12,936,339	11,397,453	9,996,530	10,827,604	4,786,652	4,824,147	4,656,279
Depreciation	18,017,245	17,842,630	17,379,154	15,184,395	13,614,618	13,355,479	11,798,910	4,538,853	5,235,188	4,615,762
Total operating expenses	238,295,858	233,002,347	217,150,529	198,029,908	182,944,514	170,007,260	159,471,167	137,319,818	127,020,344	116,312,899
Interest and bond issuance costs	8,239,236	8,603,879	9,017,676	5,643,957	7,286,798	6,587,313	6,506,236	1,646,247	1,770,271	2,321,273
Other non-operating expenses	-	98,080	7,842	86,743	16,326	424,468	48,469	19,974	67,094	10,256
Total non-operating expenses	8,239,236	8,701,959	9,025,518	5,730,700	7,303,124	7,011,781	6,554,705	1,666,221	1,837,365	2,331,529
Total expenses	\$ 246,535,094	\$ 241,704,306	\$ 226,176,047	\$ 203,760,608	\$ 190,247,638	\$ 177,019,041	\$ 166,025,872	\$ 138,986,039	\$ 128,857,709	\$ 118,644,428
Instruction	34.7%	35.5%	34.8%	35.7%	33.5%	33.0%	32.8%	36.9%	36.6%	36.2%
Research	0.7%	0.5%	0.4%	1.0%	1.0%	1.2%	1.5%	1.7%	1.5%	2.1%
Public Service	0.9%	0.7%	0.8%	0.7%	0.7%	0.8%	0.7%	0.9%	1.1%	1.0%
Academic Support	6.0%	5.6%	5.4%	5.5%	5.6%	5.4%	5.6%	6.0%	6.0%	5.8%
Student Services	15.2%	15.2%	15.9%	14.5%	14.0%	14.4%	14.1%	15.8%	14.8%	15.2%
Institutional Support	8.2%	7.7%	7.3%	8.0%	8.3%	7.7%	8.0%	9.7%	9.0%	9.7%
Plant Operation	12.0%	12.1%	12.5%	12.5%	13.4%	13.5%	13.0%	13.7%	13.6%	14.1%
Scholarships	4.5%	5.0%	5.1%	5.6%	6.6%	6.7%	6.7%	7.3%	8.2%	6.1%
Auxiliary Enterprises	7.2%	6.7%	6.1%	6.3%	6.0%	5.6%	6.5%	3.4%	3.7%	3.9%
Depreciation	7.3%	7.4%	7.7%	7.5%	7.2%	7.5%	7.1%	3.3%	4.1%	3.9%
Total operating expenses	96.7%	96.4%	96.0%	97.2%	96.2%	96.0%	96.1%	98.8%	98.6%	98.0%
Interest and bond issuance costs	3.3%	3.6%	4.0%	2.8%	3.8%	3.7%	3.9%	1.2%	1.4%	2.0%
Other non-operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%	0.0%
Total non-operating expenses	3.3%	3.6%	4.0%	2.8%	3.8%	4.0%	3.9%	1.2%	1.4%	2.0%
Total expenses	100.0%									

Schedule 4
Coastal Carolina University
Expenses by Use
Fiscal Years 2010 – 2019

For the year ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Personnel costs and benefits	\$ 156,482,206	\$ 151,607,372	\$ 137,654,967	\$ 125,408,050	\$ 113,684,278	\$ 104,710,936	\$ 97,691,335	\$ 89,827,887	\$ 81,420,498	\$ 75,630,433
Services and supplies	45,025,345	43,394,573	42,885,990	39,235,872	38,346,205	35,237,806	34,077,957	28,821,931	26,221,253	25,321,514
Utilities	8,563,298	8,958,781	8,463,833	7,552,309	7,024,154	6,843,404	6,582,470	4,359,122	4,019,195	3,844,951
Scholarships	10,207,764	11,198,991	10,766,585	10,649,282	10,275,259	9,859,635	9,320,495	9,772,025	10,124,210	6,900,239
Depreciation	18,017,245	17,842,630	17,379,154	15,184,395	13,614,618	13,355,479	11,798,910	4,538,853	5,235,188	4,615,762
Total operating expenses	238,295,858	233,002,347	217,150,529	198,029,908	182,944,514	170,007,260	159,471,167	137,319,818	127,020,344	116,312,899
Interest & bond issuance cost	8,239,236	8,603,879	9,017,676	5,643,957	7,286,798	6,587,313	6,506,236	1,646,247	1,770,271	2,321,273
Other non-operating expenses	-	98,080	7,842	86,743	16,326	424,468	48,469	19,974	67,094	10,256
Total non-operating expenses	8,239,236	8,701,959	9,025,518	5,730,700	7,303,124	7,011,781	6,554,705	1,666,221	1,837,365	2,331,529
Total expenses	\$ 246,535,094	\$ 241,704,306	\$ 226,176,047	\$ 203,760,608	\$ 190,247,638	\$ 177,019,041	\$ 166,025,872	\$ 138,986,039	\$ 128,857,709	\$ 118,644,428
Personnel costs and benefits	63.5%	62.7%	60.9%	61.5%	59.8%	59.2%	58.8%	64.6%	63.2%	63.7%
Services and supplies	18.3%	18.0%	19.0%	19.3%	20.2%	19.9%	20.5%	20.7%	20.3%	21.3%
Utilities	3.5%	3.7%	3.7%	3.7%	3.7%	3.9%	4.0%	3.1%	3.1%	3.2%
Scholarships	4.1%	4.6%	4.7%	5.2%	5.4%	5.6%	5.6%	7.0%	7.9%	5.8%
Depreciation	7.3%	7.4%	7.7%	7.5%	7.2%	7.5%	7.1%	3.3%	4.1%	3.9%
Total operating expenses	96.7%	96.4%	96.0%	97.2%	96.2%	96.0%	96.1%	98.8%	98.6%	98.0%
Interest & bond issuance cost	3.3%	3.6%	4.0%	2.8%	3.8%	3.7%	3.9%	1.2%	1.4%	2.0%
Other non-operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%	0.0%
Total non-operating expenses	3.3%	3.6%	4.0%	2.8%	3.8%	4.0%	3.9%	1.2%	1.4%	2.0%
Total expenses	100.0%									

Source: Coastal Carolina University Annual Financial Reports

Schedule 5
Coastal Carolina University
Other Changes in Net Position
Fiscal Years 2010 – 2019

	For the year ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Income before other changes in net assets	\$ (13,578,384)	\$ (13,103,450)	\$ (5,902,059)	\$ 6,642,912	\$ 2,754,833	\$ (285,965)	\$ 4,987,715	\$ 16,929,824	\$ 19,916,981	\$ 16,532,291
Capital appropriations	13,878,025	10,441,312	10,340,951	9,703,620	12,602,044	9,989,149	8,822,085	7,660,595	6,884,907	6,665,565
Capital grants and gifts	3,112,709	2,038,739	348,516	257,532	6,139,548	10,299,984	13,895,892	5,206,768	2,669,599	7,402,741
Total change in net position	\$ 3,412,350	\$ (623,399)	\$ 4,787,408	\$ 16,604,064	\$ 21,496,425	\$ 20,003,168	\$ 27,705,692	\$ 29,797,187	\$ 29,471,487	\$ 30,600,597

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 2009-10 through 2018-19

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
ADMISSIONS - FRESHMEN										
Applications	14,057	18,563	17,768	17,252	14,799	14,050	10,993	10,502	9,639	8,706
Applications accepted	9,777	11,359	10,871	10,291	9,412	9,014	8,139	7,836	7,170	6,438
Accepted as a percentage of applications	70%	61%	61%	60%	64%	64%	74%	75%	74%	74%
Students enrolled	2,329	2,390	2,249	2,368	2,375	2,095	2,206	2,137	2,006	1,775
Students enrolled as a percentage of accepted	24%	21%	21%	23%	25%	23%	27%	27%	28%	28%
SAT scores - total	1102	1098	1018	1005	1001	1000	1000	1013	1008	1028
ENROLLMENT										
Headcount enrollment										
Undergraduate	9,917	9,898	9,747	9,615	9,364	8,867	8,746	8,517	8,203	7,920
Graduate	724	765	732	648	612	611	589	567	503	440
Full time equivalent enrollment										
Undergraduate	9,567	9,721	9,535	9,435	9,105	8,564	8,568	8,455	8,073	7,665
Graduate	383	392	399	342	316	306	291	265	229	200
Residency for Fee Payment Purposes*										
Undergraduate, State Residents	7,182	7,215	7,132	6,929	6,889	6,514	6,327	6,013	5,796	5,365
Undergraduate, Out of State Residents	<u>2,735</u>	<u>2,683</u>	<u>2,615</u>	<u>2,686</u>	<u>2,475</u>	<u>2,353</u>	<u>2,419</u>	<u>2,504</u>	<u>2,407</u>	<u>2,555</u>
Headcount Total by Fee Payment Purposes	<u>9,917</u>	<u>9,898</u>	<u>9,747</u>	<u>9,615</u>	<u>9,364</u>	<u>8,867</u>	<u>8,746</u>	<u>8,517</u>	<u>8,203</u>	<u>7,920</u>
Percent of Undergraduates paying as Residents	72%	73%	73%	72%	74%	73%	72%	71%	71%	68%
Percent of Undergraduates paying as Non-residents	28%	27%	27%	28%	26%	27%	28%	29%	29%	32%
Required Tuition and Fees**										
Undergraduate, In State, Full Time	\$ 11,536	\$ 11,200	\$ 10,876	\$ 10,530	\$ 10,140	\$ 9,760	\$ 9,760	\$ 9,760	\$ 9,390	\$ 8,950
Undergraduate, Out of State, Full Time	\$ 26,648	\$ 25,872	\$ 25,120	\$ 24,320	\$ 23,480	\$ 22,770	\$ 22,050	\$ 21,560	\$ 20,270	\$ 18,770
Non-resident: Resident Fee Ratio	2.31	2.31	2.31	2.31	2.32	2.33	2.26	2.21	2.16	2.10
DEGREES AWARDED										
Bachelor's	1,809	1,821	1,581	1,648	1,553	1,510	1,399	1,379	1,289	1,222
Master's	334	274	272	254	232	199	181	120	92	95

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 University Fact Book

Schedule 7
Coastal Carolina University
Undergraduate Annual Required Tuition and Fees
at South Carolina Public Four-Year Institutions
Academic Years 2009-10 through 2018-19

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	Ten Year Change
The Citadel	\$ 13,036	\$ 12,626	\$ 12,229	\$ 11,364	\$ 11,098	\$ 10,838	\$ 10,523	\$ 10,216	\$ 9,871	\$ 8,735	49.2%
Clemson University	14,970	14,712	14,318	13,882	13,446	13,054	12,674	12,304	11,854	11,078	35.1%
Coastal Carolina University	11,536	11,200	10,876	10,530	10,140	9,760	9,760	9,760	9,390	8,950	28.9%
College of Charleston	12,418	11,998	11,386	10,900	10,558	10,230	9,918	9,616	9,616	8,988	38.2%
Francis Marion University	11,160	10,842	10,453	10,100	9,738	9,386	9,066	8,802	8,480	7,960	40.2%
Lander University	11,700	11,700	11,200	10,752	10,418	10,100	9,792	9,504	9,144	8,760	33.6%
South Carolina State University	11,060	10,740	10,420	10,088	10,088	9,776	9,258	9,258	8,898	8,462	30.7%
University of South Carolina											
Columbia	12,616	12,262	11,856	11,482	11,158	10,816	10,488	10,168	9,786	9,156	37.8%
Aiken	10,710	10,502	10,196	9,878	9,552	9,258	8,974	8,700	8,374	7,900	35.6%
Beaufort	10,680	10,472	10,166	9,848	9,354	8,922	8,508	8,108	7,756	7,250	47.3%
Upstate	11,488	11,520	11,190	10,718	10,348	10,028	9,722	9,426	9,072	8,642	32.9%
Winthrop University	15,230	14,870	14,510	14,156	13,812	13,430	13,026	12,656	12,176	11,606	31.2%
Average Rate	\$ 12,217	\$ 11,954	\$ 11,567	\$ 11,142	\$ 10,809	\$ 10,467	\$ 10,142	\$ 9,877	\$ 9,535	\$ 8,957	36.4%

Note: Coastal Carolina University's 2017-18 tuition reflects a \$100 tuition credit per semester

Source: CHE Tuition & Required Fees for Academic Year 2018-19

**Schedule 8
Coastal Carolina University
Schedule of Residence Hall Data
Fiscal Years 2010-2019**

	For the year ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Applications Received	5,904	5,625	5,136	4,657	5,357	4,084	4,179	1,510	1,436	1,885
Waiting List	-	-	-	-	-	-	-	-	-	86
Design Capacity of Beds	4,636	4,636	4,620	3,966	3,290	3,289	3,289	1,210	1,210	1,210
Opening Occupancy Fall Semester	4,399	4,458	4,406	4,109	3,715	3,551	3,514	1,283	1,257	1,300
Percent Occupancy	95%	96%	95%	104%	113%	108%	107%	106%	104%	107%
Residence Hall & Meal Fees**	\$9,190	\$9,140	\$8,890	\$8,690	\$8,440	\$7,860	\$7,700	\$7,700	\$7,350	\$7,200

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

Source: Coastal Carolina University Fact Book

Coastal Carolina University Housing Department

Schedule 9
Coastal Carolina University
Total Financial Aid Received
By University Students
Academic Years 2009-2010 through 2018-2019

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Federal Financial Aid										
Pell Grant	\$16,240,845	\$16,397,835	\$15,216,412	\$15,420,633	\$15,431,085	\$14,811,193	\$14,273,553	\$14,097,750	\$13,481,078	\$10,530,900
ACG/SMART	-	-	-	-	-	-	-	-	1,036,716	839,730
Supplemental Grants	624,615	480,320	359,215	395,901	392,742	378,696	328,924	453,569	402,760	521,684
College Work Study	573,648	450,023	340,684	442,089	453,598	308,173	317,680	323,962	296,624	285,740
Perkins Loans	N/A	122,663	100,086	141,724	169,632	215,651	141,627	142,074	79,000	125,671
Bank Loans	79,220,007	83,213,894	83,306,473	79,415,602	73,509,521	65,919,891	64,626,729	65,767,852	56,693,532	49,225,282
VA Benefits	-	-	-	-	-	-	-	-	-	-
TOTAL FEDERAL AID	\$96,659,115	\$100,664,735	\$99,322,870	\$95,815,949	\$89,956,578	\$81,633,604	\$79,688,513	\$80,785,207	\$71,989,710	\$61,529,007
Other Aid										
Scholarships – Foundation and Internal Committee	\$6,369,009	\$5,530,191	\$3,694,228	\$3,357,769	\$3,145,468	\$2,647,264	\$2,375,733	\$2,133,295	\$1,898,596	\$1,527,222
Athletics Scholarships/Waivers	7,897,181	7,473,164	7,899,404	7,249,729	6,810,136	6,837,182	6,140,495	6,143,044	5,709,290	5,238,282
Other Scholarships	37,480,803	34,970,034	32,007,524	29,553,467	27,605,652	23,933,261	21,336,056	19,451,248	18,740,011	16,362,209
Institutional Employment	2,715,736	2,715,711	2,634,719	2,824,782	2,766,609	3,278,360	2,600,562	2,462,849	2,337,838	2,264,825
Institutional Work Study	-	-	-	-	-	-	-	-	29,799	16,358
Private Loans	29,353,132	28,481,736	25,733,114	23,990,701	21,688,227	19,783,278	17,545,235	16,224,751	13,383,634	12,311,589
TOTAL OTHER AID	\$83,815,861	\$79,170,836	\$71,968,989	\$66,976,448	\$62,016,092	\$56,479,345	\$49,998,081	\$46,415,187	\$42,099,168	\$37,720,485
TOTAL FINANCIAL AID	\$180,474,976	\$179,835,571	\$171,291,859	\$162,792,397	\$151,972,670	\$138,112,949	\$129,686,594	\$127,200,394	\$114,088,878	\$99,249,492
Unduplicated Count of Students Receiving Aid	9,963	9,958	9,637	9,484	9,160	8,573	8,421	8,323	7,723	7,086

Source: Coastal Carolina University Fact Book

Schedule 10
Coastal Carolina University
Annual Appropriations per In-state Student by Geographic Origin
S. C. Comprehensive Teaching Institutions
Academic Years 2009-2010 through 2018-2019

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
The Citadel	\$4,576	\$4,420	\$4,408	\$4,158	\$4,146	\$3,968	\$4,227	\$4,375	\$4,911	\$5,671
Coastal Carolina Univ.	2,570	2,361	2,269	2,041	1,866	1,771	1,775	1,761	1,976	2,648
College of Charleston	4,020	3,686	3,457	3,053	2,930	2,779	2,650	2,501	2,578	3,122
Francis Marion Univ.	4,395	4,358	4,092	3,616	3,441	3,097	2,917	2,584	2,789	3,552
Lander University	3,033	3,053	3,048	2,802	2,560	2,356	2,180	2,046	2,141	2,892
SC State University	5,570	5,517	5,592	5,088	4,714	4,303	3,847	3,268	3,342	4,328
USC-Aiken	2,829	2,707	2,669	2,474	2,321	2,262	2,206	2,056	2,149	2,665
USC-Beaufort	2,344	2,141	2,164	1,839	1,883	1,819	965	917	1,044	1,394
USC-Upstate	2,164	2,027	2,037	1,815	1,822	1,780	1,560	1,514	1,568	2,008
Winthrop	3,439	3,088	2,988	2,779	2,769	2,612	2,528	2,547	2,610	3,101
Average	\$3,410	\$3,223	\$3,141	\$2,846	\$2,751	\$2,601	\$2,450	\$2,327	\$2,457	\$3,103

Source: South Carolina Executive Budget Office
South Carolina Commission of Higher Education

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 2010-2019

For the year ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Obligation Bonds	\$ 42,365,000	\$ 45,595,000	\$ 48,710,000	\$ 51,690,000	\$ 56,675,000	\$ 59,665,000	\$ 62,585,000	\$ 65,440,000	\$ 68,235,000	\$ 70,980,000
Revenue Bonds	190,576,970	196,677,786	202,886,591	187,808,000	192,361,000	106,707,000	72,551,000	19,122,000	20,200,000	21,305,000
Subtotal bonds payable	232,941,970	242,272,786	251,596,591	239,498,000	249,036,000	166,372,000	135,136,000	84,562,000	88,435,000	92,285,000
Unamortized bond premiums	5,877,731	6,547,977	7,255,421	7,112,680	5,160,821	2,301,283	1,672,097	281,987	326,754	358,712
Total bonds payable	238,819,701	248,820,763	258,852,012	246,610,680	254,196,821	168,673,283	136,808,097	84,843,987	88,761,754	92,643,712
Capital lease obligations	69,927	-	-	-	-	144,894,319	148,208,521	-	-	55,133
Total outstanding university debt	\$ 238,889,628	\$ 248,820,763	\$ 258,852,012	\$ 246,610,680	\$ 254,196,821	\$ 313,567,602	\$ 285,016,618	\$ 84,843,987	\$ 88,761,754	\$ 92,698,845
Fall full-time equivalent										
Undergraduate and graduate students	9,950	10,112	9,934	9,777	9,421	8,870	8,859	8,720	8,302	7,865
Total outstanding university debt										
Per Fall full-time equivalent student	\$ 24,009	\$ 24,606	\$ 26,057	\$ 25,224	\$ 26,982	\$ 35,351	\$ 32,173	\$ 9,730	\$ 10,692	\$ 11,786

Source: Coastal Carolina University Fact Book

Schedule 12
Coastal Carolina University
Debt Service Coverage on Revenue Bonds
Fiscal Years 2010-2019

For the year ended June 30

REVENUE BONDS	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues	\$ 210,854,012	\$ 206,468,687	\$ 200,589,664	\$ 190,622,706	\$ 174,937,930	\$ 159,198,369	\$ 152,009,017	\$ 138,853,361	\$ 131,251,959	\$ 116,793,340
Expenses	190,998,587	186,282,036	179,200,165	167,713,680	157,721,637	146,387,042	136,531,706	123,860,178	111,929,070	99,040,370
Net Revenues Available for Debt Service	<u>\$ 19,855,425</u>	<u>\$ 20,186,651</u>	<u>\$ 21,389,499</u>	<u>\$ 22,909,026</u>	<u>\$ 17,216,293</u>	<u>\$ 12,811,327</u>	<u>\$ 15,477,311</u>	<u>\$ 14,993,183</u>	<u>\$ 19,322,889</u>	<u>\$ 17,752,970</u>
Debt Service Req, Revenue Bonds	\$ 13,120,713	\$ 13,486,166	\$ 13,013,796	\$ 9,364,953	\$ 3,057,986	\$ 1,936,417	\$ 1,932,683	\$ 2,050,518	\$ 2,046,069	\$ 2,044,872
Coverage	1.51	1.50	1.64	2.45	5.63	6.62	8.01	7.31	9.44	8.68

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, and unfunded post employment benefits per GASB 74 effective fiscal year 2018. Like depreciation, this allocation does not constitute a cash outflow and is excluded from expenses in the calculation of debt service coverage.

Source: Coastal Carolina University Annual Financial Reports

Schedule 13
Coastal Carolina University
Debt Service Coverage on General Obligation Bonds
Fiscal Years 2010-2019

For the year ended June 30

GENERAL OBLIGATION BONDS	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition Pledged for Debt Service	\$ 5,647,811	\$ 6,642,535	\$ 6,787,216	\$ 7,408,400	\$ 7,103,562	\$ 7,149,984	\$ 7,744,604	\$ 7,674,531	\$ 7,320,182	\$ 6,135,497
Debt Service, General Obligation Bonds	5,082,700	5,088,575	5,109,846	5,086,748	5,241,476	5,248,076	5,259,526	5,317,126	5,403,801	1,418,776
Coverage	1.11	1.31	1.33	1.46	1.36	1.36	1.47	1.44	1.35	4.32

Source: Coastal Carolina University Annual Financial Reports

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Schedule 14
Coastal Carolina University
South Carolina Employment by Industry
Calendar Years 2018 and 2009

Industry	2018		2009	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Construction	102,500	4.79%	87,600	4.84%
Manufacturing	247,800	11.57%	212,800	11.75%
Trade, Transportation and Utilities	406,300	18.98%	349,000	19.28%
Information	28,200	1.32%	27,200	1.50%
Financial Activities	104,200	4.87%	95,700	5.29%
Professional and Business Services	292,900	13.68%	200,700	11.09%
Education and Health Services	252,900	11.81%	204,000	11.27%
Leisure and Hospitality	260,300	12.16%	208,500	11.52%
Other Services	76,800	3.59%	69,400	3.83%
Government	369,000	17.24%	355,400	19.63%
	<u>2,140,900</u>	<u>100.00%</u>	<u>1,810,300</u>	<u>100.00%</u>

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

Schedule 15
Coastal Carolina University
Top 10 Employers in Horry County, South Carolina
Calendar Year 2018

Year 2018

<u>Employer</u>	<u>Number of Employees</u>	<u>%</u>
Horry County School District	5,650	29.4%
Wal-Mart	2,800	14.5%
Horry County Government	2,200	11.4%
Coastal Carolina University	2,125	11.0%
Conway Hospital	1,400	7.3%
Grand Strand Regional Medical Center	1,350	7.0%
Food Lion	1,150	6.0%
McLeod Loris Seacoast	980	5.1%
City of Myrtle Beach	904	4.7%
Horry Telephone Cooperative	690	3.6%

Source: Myrtle Beach Regional Economic Development & Myrtle Beach Chamber of Commerce

Schedule 16
Coastal Carolina University
State and Regional
Population, Income and Unemployment History
Calendar Years 2018-2009

Year	Population			Total Personal Income (\$)			Unemployment Rate (%)		
	South Carolina	Horry County	Georgetown County	South Carolina	Horry County	Georgetown County	South Carolina	Horry County	Georgetown County
2018	5,084,127	344,147	62,249	222,188,816,000	12,764,585,000	2,930,096,000	3.5	3.8	4.3
2017	5,024,369	333,268	61,607	209,179,573,000	11,837,728,000	2,758,858,000	4.3	5.0	5.5
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

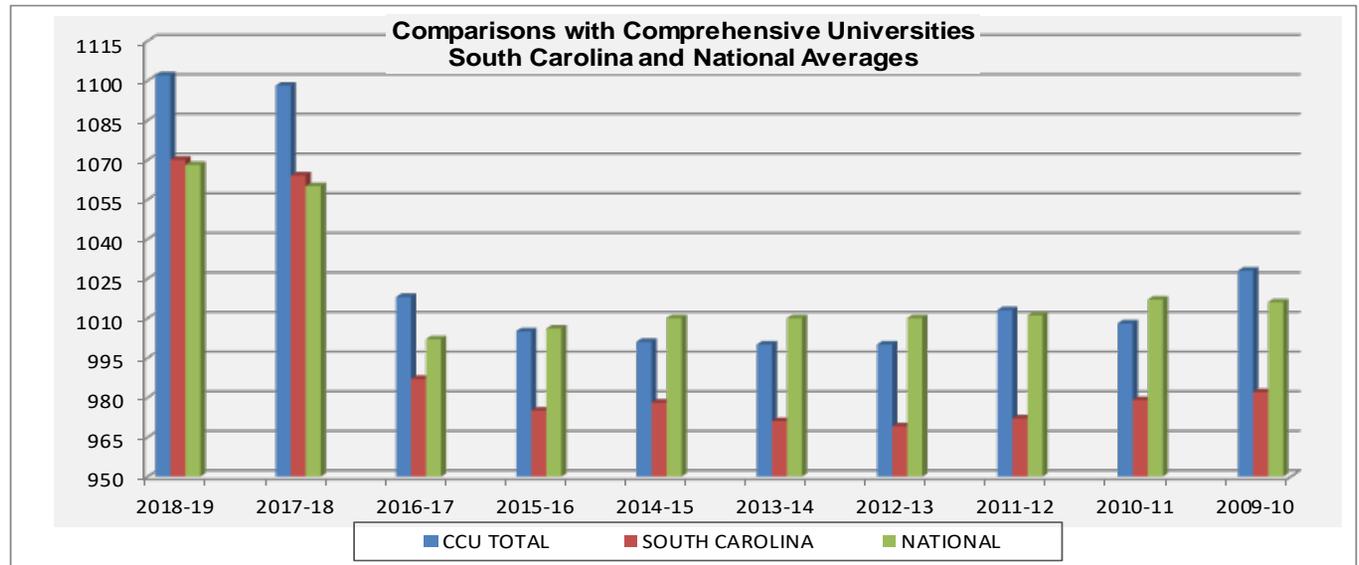
Source: U.S. Bureau of Economic Analysis
U.S. Bureau of Labor Statistics

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 2009-2010 through 2018-2019

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
CCU TOTAL	1102	1098	1018	1005	1001	1000	1000	1013	1008	1028
SOUTH CAROLINA	1070	1064	987	975	978	971	969	972	979	982
NATIONAL	1068	1060	1002	1006	1010	1010	1010	1011	1017	1016



Source: Coastal Carolina Office of Institutional Research (<https://www.coastal.edu/iraa/factbooks/university/>)

Schedule 18
Coastal Carolina University
Average Faculty Salaries by Rank
Academic Years 2009-2018

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Coastal Carolina University										
Professor	\$95,898	\$97,690	\$97,867	\$94,892	\$95,623	\$90,920	\$86,945	\$84,168	\$82,640	\$83,036
Associate Professor	\$73,440	\$74,236	\$74,539	\$71,290	\$71,574	\$69,923	\$70,405	\$70,535	\$68,877	\$68,397
Assistant Professor	\$65,816	\$65,769	\$66,511	\$61,361	\$61,083	\$59,586	\$59,999	\$58,234	\$56,232	\$57,468
Instructor	\$54,781	\$51,452	\$51,135	\$48,146	\$47,907	\$45,347	\$47,472	\$46,112	\$45,593	\$46,076
Average, all ranks	\$76,961	\$77,107	\$77,681	\$73,183	\$72,764	\$69,721	\$68,960	\$67,832	\$65,110	\$65,270
Average, percent of										
SC public universities	109.30%	108.79%	109.87%	106.17%	107.56%	107.22%	107.18%	111.40%	108.50%	108.90%
Average, percent of SREB**	N/A*	127.38%	126.70%	127.60%	123.02%	120.12%	117.25%	113.40%	113.21%	112.92%
Average, percent of national***	93.14%	91.61%	92.70%	89.39%	89.66%	88.14%	90.38%	93.06%	90.07%	91.29%
South Carolina Public Universities										
Professor	\$87,287	\$88,282	\$87,511	\$85,375	\$85,438	\$83,019	\$82,365	\$76,402	\$75,990	\$75,452
Associate Professor	\$71,888	\$71,786	\$71,215	\$69,203	\$68,348	\$66,114	\$66,027	\$62,647	\$62,428	\$62,158
Assistant Professor	\$63,242	\$63,061	\$63,293	\$61,001	\$60,322	\$57,927	\$57,559	\$54,599	\$54,100	\$54,175
Instructor	\$51,822	\$51,477	\$50,411	\$49,621	\$49,033	\$48,350	\$47,538	\$45,426	\$44,848	\$44,866
Average, all ranks	\$70,412	\$70,875	\$70,702	\$68,933	\$67,652	\$65,024	\$64,341	\$60,893	\$60,009	\$59,937
Southern (SREB**) Average	*N/A	\$60,535	\$61,310	\$57,355	\$59,150	\$58,042	\$58,816	\$59,816	\$57,515	\$57,804
National*** (CUPA) Average	\$82,632	\$84,168	\$83,802	\$81,866	\$81,153	\$79,102	\$76,301	\$72,894	\$72,291	\$71,500

Notes: *Fall 2018 Not Available

**Southern Regional Education Board

***College and University Professional Association

Source: Coastal Carolina University Fact Book

South Carolina Commission on Higher Education

Schedule 19
Coastal Carolina University
Faculty, Staff and Administrative Statistics
Fiscal Years 2010-2019

For the year ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Full-time faculty	490	450	449	433	416	414	384	355	346	315
Part-time faculty	193	229	214	214	218	184	199	195	193	168
Total faculty	683	679	663	647	634	598	583	550	539	483
Full-time staff/administrators	946	756	737	730	722	692	666	672	652	619
Part-time staff/administrators	159	347	355	335	306	296	228	141	191	152
Total staff/administrators	1105	1103	1092	1065	1028	988	894	813	843	771
Total full-time employees	1436	1206	1186	1163	1138	1106	1050	1027	998	934
Total employees	1788	1782	1755	1712	1662	1586	1477	1363	1382	1254
Part-time faculty FTE (full-time equivalent)	150.5	185.5	166.4	171.6	165.7	145.2	151.9	151.1	149.2	140.7
Total teaching faculty FTE	627.5	619.5	604.4	594.6	580.7	556.2	529.9	502.1	493.2	452.7
Ratios:										
Full-time faculty: Full-time staff/administrators	0.52	0.60	0.61	0.59	0.58	0.60	0.58	0.53	0.53	0.51
Total faculty: Total staff and administrators	0.62	0.62	0.61	0.61	0.62	0.61	0.65	0.68	0.64	0.63
Part-time faculty: Total faculty	0.28	0.34	0.32	0.33	0.34	0.31	0.34	0.35	0.36	0.35

Source: National Center for Educational Statistics, Integrated Postsecondary Education Data System

Schedule 20
Coastal Carolina University
Capital Asset Information
Fiscal Years 2010-2019

For the year ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Buildings – Assignable Area (sq. ft)										
Instruction	406,712	397,922	349,729	339,883	351,591	364,887	331,723	318,969	318,969	319,342
Research	29,134	29,444	29,439	20,336	8,508	8,508	997	997	997	927
Public Service	-	-	-	-	-	182	-	-	-	-
Academic Support	47,729	47,729	47,729	47,720	47,777	47,147	49,144	35,083	35,083	35,083
Student Services	195,256	195,531	195,431	195,431	181,777	179,818	175,364	89,323	89,323	89,149
Institutional Support	96,515	101,084	94,841	76,530	82,232	70,472	59,634	59,763	59,763	59,763
Plant Operation and Maintenance	30,806	30,806	30,806	30,806	30,212	30,212	30,212	29,822	29,822	26,721
Auxiliaries	1,086,703	990,143	990,198	992,770	875,500	875,500	522,736	298,581	298,581	298,581
Other	63,759	63,735	92,559	86,771	55,304	51,605	64,237	53,136	53,136	41,033
Total Assignable Area (sq. ft)	1,956,614	1,856,394	1,830,732	1,790,247	1,632,901	1,628,331	1,234,047	885,674	885,674	870,599
Residence Hall - Number of beds										
Main Campus	2541	2541	2,541	1,917	1,210	1,210	1,210	1,210	1,210	1,210
University Place I and II	987	987	987	987	987	987	987	987	987	987
University Place III	1100	1100	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092
Georgetown	8	8	-	-	-	-	-	-	-	-
Total Number of Beds	4,636	4,636	4,620	3,996	3,289	3,289	3,289	3,289	3,289	3,289
Athletic and Intramural Facilities										
Stadiums	4	4	4	4	4	4	4	4	4	4
Extramural and intramural fields	4	4	4	4	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	1	1	-
Pool	2	2	2	2	2	1	3	1	1	1
Gymnasiums	3	3	3	3	3	3	2	3	2	2
Fitness centers	2	2	2	2	2	2	2	3	2	2
Tennis courts	18	18	18	18	18	-	6	8	8	8
Number of Capital Assets:	120	120	120	114	106	102	101	74	72	69

Source: Coastal Carolina University Institutional Research
Coastal Carolina University Housing
Coastal Carolina University Facilities

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

SINGLE AUDIT SECTION



Chauncey at Coastal Carolina University

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, 2019. 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, 2019.

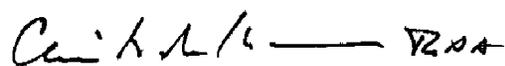
Report on Internal Control Over Compliance

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

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

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

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



Gaffney, SC
October 18, 2019

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 and discretely presented component units of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2019, 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 October 7, 2019. 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. 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.

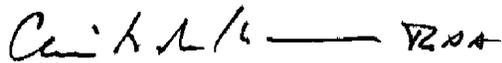
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

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
October 7, 2019

COASTAL CAROLINA UNIVERSITY
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

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, 2019

Summary of Auditor's Results:

- An unmodified opinion was issued on Coastal Carolina University's basic financial statements dated October 7, 2019.
- 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

- 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).

**COASTAL CAROLINA UNIVERSITY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass through Grantor/Program Title	CFDA Number	Grant Number	Grant Budget	Total Expenditures
RESEARCH & DEVELOPMENT PROGRAMS:				
DEPARTMENT OF COMMERCE				
<u>Passed thru SC Sea Grant Consortium</u> The Impacts of Future Sea Level Rise on the Flood Vulnerability of South Carolina and the Function of Stormwater Management Ponds	11.417	Year 5 A/E-SG6	\$ 9,000	\$ 9,000
<u>Passed thru SC Sea Grant Consortium</u> The Impacts of Future Sea Level Rise on the Flood Vulnerability of South Carolina and the Function of Stormwater Management Ponds	11.417	Year 6 A/E-SG6 Phase II	\$ 23,159	\$ 6,290
<u>Passed thru University of South Carolina</u> Transferring Climate Adaptation Knowledge and Tools from New England to Georgetown, SC	11.419	18-3540	\$ 21,127	\$ 10,484
South Carolina Marine Mammal Stranding Network: Restoring Stranding Response Capacity	11.439	NA16NMF4390157	\$ 77,737	\$ 9,691
The SC Marine Mammal Stranding Network: Stranding Response and Enhanced Diagnostic Testing	11.439	NA18NMF4390027	\$ 96,650	\$ 42,966
<u>Passed thru Synoptic Data Corp</u> National Mesonet Program	11.467	S2017-0113	\$ 216,270	\$ 74,344
<i>Subrecipient portion with Florida Atlantic University</i>		31-2841-01	\$ 215,397	\$ 51,866
Use of Satellite Data to Evaluate Connections between Radiation, Cumulus Convection, and Microphysics Parameterization Schemes and their Scale Sensitivity for FV3-GFS	11.468	NA18NWS4680052	\$ 103,534	\$ 56,317
TOTAL FOR DEPARTMENT OF COMMERCE			\$ 1,000,000	\$ 260,959
DEPARTMENT OF DEFENSE				
<u>Passed thru Office of Naval Research</u> Inversely Determining Atmospheric Refractivity Structure Using Electromagnetic Wave Propagation Models & Measurements	12.300	N00014-16-1-2075	\$ 263,847	\$ 83,045
<u>Passed thru Office of Naval Research</u> Influence of Horizontal Inhomogeneity of Refractivity Vertical Profiles on Electromagnetic Measurements in Application to Refractivity Inversions	12.300	N00014-19-1-2350	\$ 273,187	\$ 19,913
TOTAL FOR DEPARTMENT OF DEFENSE			\$ 537,034	\$ 102,958
DEPARTMENT OF THE INTERIOR				
<u>Passed thru US Geological Survey</u> Cooperative and Collocated Science between CCU & USGS	15.808	G16AC00391	\$ 13,080	\$ 1,635
<u>Passed thru SC Department of Natural Resources</u> South Carolina Offshore Sand Resources: Data Inventory and Needs Assessment-State Component	15.424	SCDNR FY2018-011	\$ 28,503	\$ 14,443
TOTAL FOR DEPARTMENT OF INTERIOR			\$ 41,583	\$ 16,078
NATIONAL SCIENCE FOUNDATION				
REU: Site Computing and Geoscience in the Coastal Carolina Region	47.050	1560210	\$ 324,783	\$111,753
MRI: Acquisition of a Computing Cluster for Atmospheric & Geophysical Research	47.050	1624068	\$ 108,524	\$ 7,968
RAPID: Collaborative Sediment and Contaminant Mobilization by Extreme Flooding Associated with Hurricane Florence	47.050	1901818	\$ 12,000	\$ 5,591
RAPID: Collaborative Research Using the Hurricane Michael Event Layer for Developing a Paleo-Temporal Archive at Strandplain Swales, St Vincent Island, FL	47.050	1906114	\$ 26,859	\$ 9,467
Collaborative Research: Impact of the Amazon River Plume on Nitrogen Availability & Planktonic Food Web Dynamics in the Western Tropical North Atlantic	47.050	1736947	\$ 189,860	\$ 43,104
Age Constraints on Subtropical Iceberg Scour Events	47.050	1558994	\$ 70,606	\$ 12,460
Validation of a New Geochemical Approach to Constraining Deep Sea Porewater Residence Times & Advection Rates: Applications to Biogeochemical Cycling at Guaymas Basin	47.050	1558829	\$ 82,579	\$ 14,405
RUI: Traveling Planetary-scale Waves During Major Stratospheric Sudden Warming	47.050	1642232	\$ 354,895	\$ 83,839
Collaborative Research P2C2: Extreme Floods on the Lower Mississippi River in the Context of Late Holocene Climatic Variability	47.050	1804799	\$ 49,704	\$ 11,959
Collaborative Research: Interactions Between Incipient Continental Rifting, Fluvial Systems and Regional Climate in Southern Africa: Okavango-Makgadikgadi Complex, Botswana	47.050	1714754	\$ 93,625	\$ 14,248
<u>Passed thru US-Israel Binational Science Foundation</u> Male Moth Mate Preference During Flight	47.070	2013399	\$ 14,211	\$ 11,004
RAPID: Sensing & Modeling Infrastructure for Storm Monitoring and Forecasting in Coastal Zones	47.070	1763294	\$ 99,395	\$ 28,923
RUI: Reprogramming Cellular Processes in Proteasome-Inhibited Plants	47.074	1615318	\$ 184,601	\$ 48,060

**COASTAL CAROLINA UNIVERSITY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass through Grantor/Program Title	CFDA Number	Grant Number	Grant Budget	Total Expenditures
RESEARCH & DEVELOPMENT PROGRAMS CONT'D:				
NATIONAL SCIENCE FOUNDATION CONT'D:				
Collaborative Research: Headwater Stream Networks in a Warming World: Predicting Heterotrophic Ecosystem Function Using Theory, Multi-scale Temperature Manipulations and Modeling	47.074	1655797	\$ 311,780	\$ 121,083
TOTAL FOR NATIONAL SCIENCE FOUNDATION			\$	523,864
ENVIRONMENTAL PROTECTION AGENCY				
<i>Passed thru University of Rhode Island</i>				
Integrated Observational and Modeling Approach to Estimation of the Groundwater Contribution to the Water and Nutrient Budgets in Coastal Environments: Case Studies from Narragansett Bay and Southern Rhode Island Coastal Lagoons	66.129	0007338/020419	\$ 111,628	\$ 16,815
TOTAL FOR ENVIRONMENTAL PROTECTION AGENCY			\$	16,815
DEPARTMENT OF ENERGY				
<i>Passed thru Triad National Security, LLC</i>				
Los Alamos National Security Lab Agreement for Research	81.140	301353	\$ 214,993	\$ 81,674
TOTAL FOR DEPARTMENT OF ENERGY			\$	81,674
DEPARTMENT OF HEALTH & HUMAN SERVICES				
<i>Passed thru National Institute of Health</i>				
Otolith-Dependent Brain Functions in Mice	93.173	7R15DC012630-03	\$ 110,701	\$ 82,088
<i>Passed thru University of South Carolina</i>				
South Carolina IDeA Network of Biomedical Research Excellence	93.859	19-3760	\$ 137,432	\$ 135,705
<i>Passed thru University of South Carolina</i>				
South Carolina IDeA Networks of Biomedical Research Excellence DRP	93.859	22050-FB04	\$ 71,968	\$ 70,565
<i>Passed thru University of South Carolina</i>				
South Carolina IDeA Networks of Biomedical Research Excellence	93.859	19-3815	\$ 9,958	\$ 9,459
<i>Passed thru Xleratehealth, LLC</i>				
Southeast Xlerator Network	93.859	1UT2GM130174-01	\$ 8,775	\$ 1,044
Subrecipient portion with Winthrop University		31-2083 SXN-4	\$ 1,775	\$ 1,775
Subrecipient portion with Clemson University		31-2083 SXN-2	\$ 1,775	\$ 1,775
Subrecipient portion with the Medical University of South Carolina		31-2083 SXN-3	\$ 1,775	\$ -
TOTAL FOR DEPT OF HEALTH & HUMAN SERVICES			\$	302,409
TOTAL RESEARCH & DEVELOPMENT PROGRAMS			\$	1,304,757
OTHER PROGRAMS:				
DEPARTMENT OF COMMERCE				
<i>Passed thru SC Sea Grant Consortium</i>				
Premium Sponsorship for the First Annual International Gullah Geechee and African Diaspora Conference on March 7th through March 9th	11.417	M/PM-2M Year 3	\$ 1,000	\$ 1,000
<i>Passed thru National Marine Sanctuary Foundation</i>				
Grand Strand Cigarette Butt Litter Reduction Project	11.429	18-06-B-176	\$ 2,500	\$ 2,500
TOTAL FOR DEPARTMENT OF COMMERCE			\$	3,500
DEPARTMENT OF INTERIOR				
<i>Passed thru National Park Service</i>				
Preservation of the Sandy Island School	15.904	P17AP00044	\$ 104,798	\$ 27,222
TOTAL FOR DEPARTMENT OF INTERIOR			\$	27,222
DEPARTMENT OF JUSTICE				
<i>Passed thru SC Department of Public Safety</i>				
Law Enforcement Victim's Advocate	16.575	1V17011	\$ 73,242	\$ 16,785
<i>Passed thru SC Department of Public Safety</i>				
Law Enforcement Victim's Advocate	16.575	1V18049	\$ 74,412	\$ 51,183
<i>Passed thru SC Department of Public Safety</i>				
Bulletproof Vest Partnership Program	16.607		\$ 3,622	\$ 3,622
TOTAL FOR DEPARTMENT OF JUSTICE			\$	71,590
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
<i>Passed thru College of Charleston</i>				
MiniREAP: Assessing and Improving the Support for SC FIRST LEGO League Coaches	43.008	521179-RP-C00001	\$ 8,000	\$ 6,563
<i>Passed thru College of Charleston</i>				
Space Grant Campus Director Award	43.008	521179-CD-CO	\$ 5,000	\$ 393
TOTAL FOR NATIONAL AERONAUTICS & SPACE ADMIN			\$	6,956

**COASTAL CAROLINA UNIVERSITY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass through Grantor/Program Title	CFDA Number	Grant Number	Grant Budget	Total Expenditures
OTHER PROGRAMS CONT'D:				
NATIONAL ENDOWMENT FOR THE ARTS & HUMANITIES				
<i>Passed thru SC Humanities</i>				
Museum Programming for the Visually Impaired in South Carolina	45.129	19-1909-2	\$ 2,000	\$ 2,000
<i>Passed thru SC Humanities</i>				
National History Day in South Carolina	45.129	CP-18-874-5	\$ 10,000	\$ 10,000
TOTAL FOR NTL ENDT FOR THE ARTS & HUMANITIES				\$ 12,000
DEPARTMENT OF EDUCATION				
<i>Passed thru SC Department of Education</i>				
Project CREATE	84.027	Year 15	\$ 39,576	\$ 1,753
<i>Passed thru SC Department of Education</i>				
Project CREATE	84.027	Year 16	\$ 45,578	\$ 41,902
TOTAL FOR DEPARTMENT OF EDUCATION				\$ 43,655
NATIONAL ARCHIVES & RECORDS ADMINISTRATION				
Gullah Geechee Digital Project	89.003	RM-102739-19	\$ 270,327	\$ 10,390
TOTAL FOR NATIONAL ARCHIVES & RECORDS ADMIN				\$ 10,390
DEPARTMENT OF HOMELAND SECURITY				
<i>Passed thru SC Emergency Management Division</i>				
Hazard Mitigation Grant Program	97.039	FEMA-DR-4241-SC S185 F16	\$ 559,667	\$ 24,309
TOTAL FOR DEPARTMENT OF HOMELAND SECURITY				\$ 24,309
TOTAL OTHER PROGRAMS				\$ 199,623
STUDENT FINANCIAL ASSISTANCE CLUSTER:				
DEPARTMENT OF EDUCATION				
Federal Supplemental Educational Opportunity	84.007	Year 18-19		\$ 499,292
College Work Study Program	84.033	Year 18-19		\$ 458,269
Federal Work Study Program	84.033	America Reads		\$ 1,844
PERKINS Loans	84.038			\$ 942,589
Federal Pell Grant Programs	84.063	Year 15-16		\$ 30
Federal Pell Grant Programs	84.063	Year 16-17		\$ 655
Federal Pell Grant Programs	84.063	Year 17-18		\$ 426,985
Federal Pell Grant Programs	84.063	Year 18-19		\$ 15,726,760
Federal Direct Student Loans	84.268	Stafford Subsidized & Unsubsidized		\$ 46,460,716
Federal Direct Student Loans	84.268	PLUS Loans		\$ 31,037,140
Federal Direct Student Loans	84.268	UGTCH 18-19		\$ 121,502
Teacher Education Assistance for College and Higher Education	84.379	GRTCH 17-18		\$ 13,504
TOTAL FOR DEPARTMENT OF EDUCATION				\$ 95,689,285
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				\$ 95,689,285
TOTAL FEDERAL EXPENDITURES				\$ 97,193,665

COASTAL CAROLINA UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

GENERAL

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal award programs of the University. The reporting entity is defined in Note 1 of the University's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule. 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, 2019, 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 the University participated in from July 1, 2018, through June 30, 2019, 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	\$20,757,873
Stafford Student Loan – Unsubsidized	\$25,702,843
PLUS Loans	<u>\$31,037,140</u>
Total	<u>\$77,497,856</u>

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 \$942,589 as of June 30, 2019, with no new loans being disbursed.