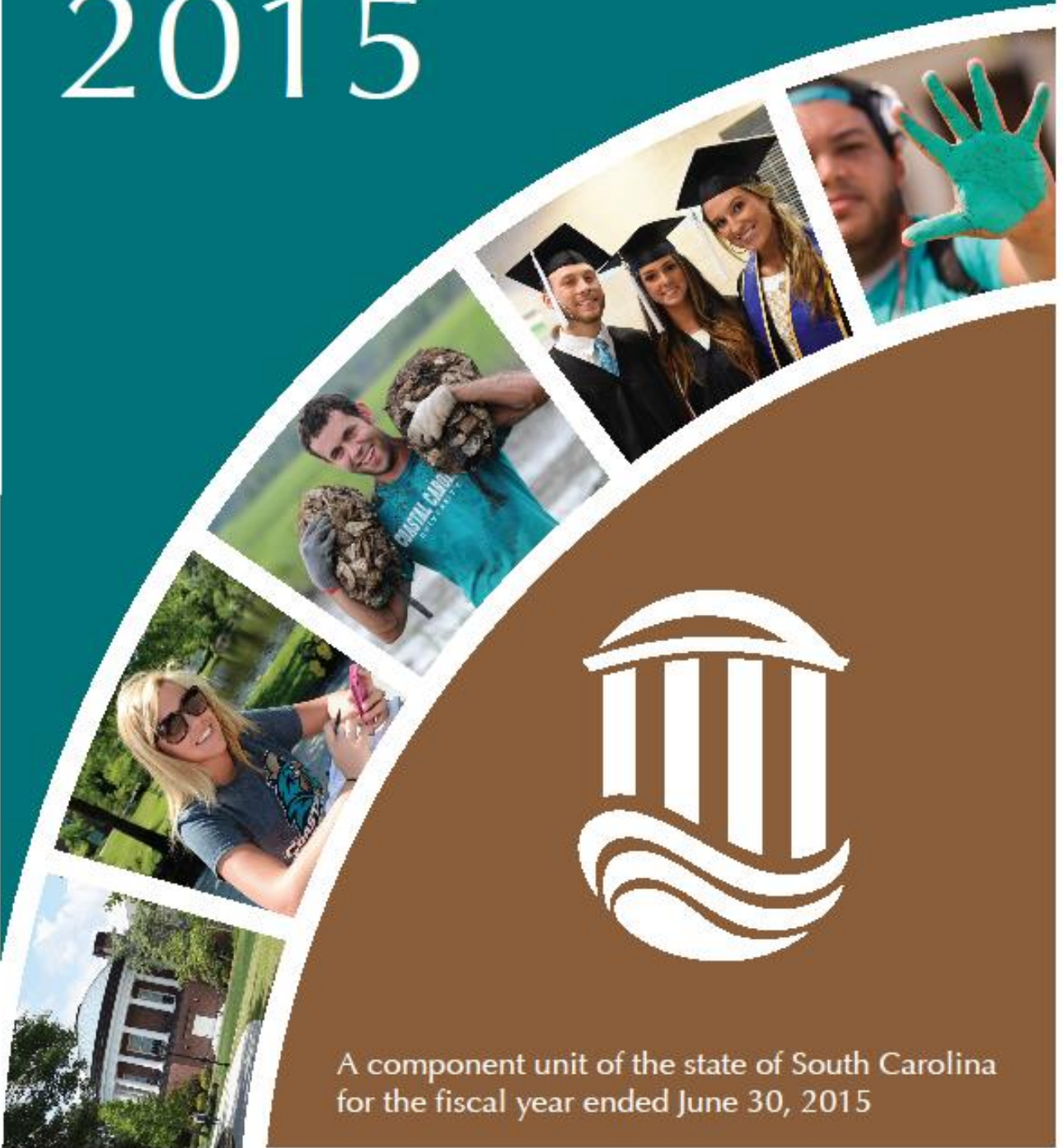


COASTAL CAROLINA UNIVERSITY
Comprehensive Annual Financial Report
2015



A component unit of the state of South Carolina
for the fiscal year ended June 30, 2015



Comprehensive Annual Financial Report

A component unit of the state of South Carolina

For the year ended June 30, 2015

**Prepared by the
Office of Financial Services**

COASTAL CAROLINA UNIVERSITY
FINANCIAL STATEMENTS
For the Year Ended June 30, 2015
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COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION



Brooks Stadium at Coastal Carolina University



Office of the President

October 1, 2015

Dear Coastal Carolina University Community:

The Coastal Carolina University family proudly celebrated its 60th anniversary this past year. CCU began as an evening adult school on the Conway High School campus in the 1954-55 academic year. Through its affiliations with the College of Charleston and the University of South Carolina, to its present status as an independent, public liberal arts university, Coastal Carolina has continued to be a leader in South Carolina higher education. Coastal Carolina University has experienced more than three decades of sustained growth. This trend continues, as the Fall 2015 semester reported a total enrollment that surpassed 10,200 students. I am proud of the University and enthusiastic about the plans we have for the future. It is my sincere belief that Coastal Carolina University, with the enduring support of the campus community, Horry County and the State of South Carolina, will continue to prosper and thrive.

Coastal Carolina University continues to focus on differentiating itself from the other comprehensive higher education choices in South Carolina and continues 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 68 baccalaureate areas of study, 16 master's degree programs and one Ph.D. program.

We continue to demonstrate our commitment to our many students, especially South Carolina residents, who have selected this University. This commitment has resulted in Coastal Carolina University launching a new initiative that gives qualified South Carolina high school seniors the opportunity to attend a university where they can be successful. CCU's "Top Ten Guarantee" offers guaranteed admission to all students who graduate in the top 10 percent of their South Carolina high school class. Coastal believes this is a great way to recognize the high-achieving students we have in South Carolina, as high school grade point average has proven to be a good indicator of future success.

On September 1, 2015, Coastal Carolina University announced its acceptance of an invitation to join the Sun Belt Conference effective July 1, 2016. Sun Belt Conference representatives based their decision on the University's achievements and merit. This decision is indicative of the recognition of academic and athletic excellence that Coastal has attained. CCU becomes the 12th member of the Sun Belt Conference and joins a distinct group of peer institutions experiencing similar growth and success both on and off the field.

Following are some of our most significant accomplishments for the 2014-2015 academic year:

- Over the past year Coastal received the following distinctions:
 - *U.S. News & World Report*: “Best Regional Universities,” “Top Public Schools” and “Best Value”
 - *G.I. Jobs Magazine*: “Military-Friendly School” for the sixth consecutive year (top 20 percent of all schools nationwide as a university committed to education military veterans)
 - *Forbes*: “Americas Top Colleges”
 - Institutional Research & Evaluation, Inc.: “America’s 100 Best College Buys” for the sixth consecutive year
 - *Best Values Schools*: Most Beautiful Coastal College Campuses (No. 12 of the top 30)
 - *The Princeton Review’s Guide to 322 Green Colleges: 2015 Edition*: “Environmentally Responsible” for the third consecutive year
 - OnlineColleges.net: “Most Affordable Colleges Online”
- Coastal Carolina University’s first-ever doctoral program was implemented Fall 2014. With its close proximity to the ocean, CCU has developed a distinguished academic program in marine science over the past 20 years that attracts students both nationally and internationally. The new degree, a Ph.D. in marine science: coastal and marine systems science, focuses on the complex interactions between atmosphere, ocean and land, with special attention on shoreline change, weather impact and environmental policy.
- A new Ed.S. program (specialist in education) also began Fall 2014. This offering is designed to provide advanced graduate study for educators interested in district level leadership positions or in updating professional skills and knowledge. It is expected that students who successfully complete the two-and-a half-year curriculum will qualify for licensure as a school superintendent in South Carolina and will be prepared for other key leadership positions in school systems.
- As a result of the University’s efforts in supporting its Experiential Learning initiative, there has been 15 percent growth in student internship participation for the 2014-2015 academic year. Students have been able to find internships related to their majors and career interests in the local area and have also worked with employers providing internships in major cities across the United States. Because of the growth and accessibility of the University’s international programs, the number of students participating in internships outside the U.S. has doubled in the last year. As employers continue to seek students with international experience, the hope is that many more will take advantage of these career development opportunities. During 2014-2015, there were 1,724 students who enrolled in academically supported internship courses.
- The CCU Board of Trustees approved three new degree programs: a bachelor’s degree in engineering science, a bachelor’s degree in art history and an education specialist degree in instructional technology.
- Coastal began hosting an academic English program for international students who want to study at CCU and other colleges and universities but lack the level of English to be

successful. The center provides four-week intensive English instruction to international students in four-week cycles year-round. The center helps support a strategic goal of increasing the number of international students at CCU to broaden the diversity of the growing campus.

- As technology is ever-changing, the University must continually update existing technologies to allow for optimal success of students, faculty and staff. The following are highlights of recent expenditures intended to keep the University at the forefront of the technology curve:
 - Close to \$600,000 in technology resources for the various academic colleges and departments
 - More than \$320,000 to initiate the eForm/work flow technology initiative
 - \$100,000 to enhance Wi-Fi
 - \$75,000-\$100,000 to enable lecture capture and streaming capabilities
 - \$55,000 in smart classroom upgrades
- To create an educational and co-curricular environment conducive to student achievement which promotes retention and graduation, the following initiatives have been introduced:
 - Launch of the Coastal Excellence and Leadership (CEaL) program Summer 2014. Fifty-seven students participated in the inaugural four-week summer residential program, which targeted students who had good grades at the high school level (above a 3.0 GPA) but whose ACT and SAT scores were not high enough for college admission. Summer 2015 had 60 students.
 - Additional resources targeted to increase the student-faculty interaction in experiential learning courses, undergraduate research and the Honors Program.
 - Introduction of Graduate Academic Coaches (GAC) to work with undergraduate students in the top high risk courses (i.e., courses that pose an obstacle to graduation for a high percentage of students). These coaches are graduate students trained by facilitators familiar with academic coaching techniques.
 - Teaching workshops conducted by faculty recognized for their teaching effectiveness.
- A total of 1,902 students were awarded degrees for the academic year 2014-2015. Semester totals were as follows: Summer 2014: 305; Fall 2014: 538; and Spring 2015: 1,059. The total degrees awarded represent a 6.5 percent increase over the 2013-2014 academic year and the largest graduating class in the history of Coastal Carolina University. Additionally, Diplomas were presented to seven graduates in Xiamen, China. The ceremony commemorated the students' completion of the demanding Sino-American Cooperation on Higher Education and Professional Development (CHEPD) 1+1+2 double-degree articulation program.
- CCU's Athenaeum Press produced a multimedia project on African-American veterans as their flagship production. The project, which examines a range of topics including Jim Crow laws, integration into the military and the Civil Rights movements, culminated in a digital archive with physical and virtual exhibitions. The Athenaeum Press is a student-centered laboratory for document design, editing, publishing, and new media development and dissemination.

- Coastal Carolina University has been selected to participate in a national initiative on civic learning and democratic engagement. CCU has been named one of almost 100 colleges and universities in the nation as a Lead Institution by the National Association of Student Personnel Administrators (NASPA), the leading voice for the student affairs profession. Civic Engagement at Coastal seeks to educate students through volunteer opportunities, service learning and activism. CCU will continue to encourage students' civic development through thoughtful community partnerships, engaging leadership opportunities and democratic participation.
- The LifeServices EAP (Employee Assistance Program) initiative was launched at no cost for participating employees and provides confidential, professional help and resources to ease the burden of emotional, financial, legal and physical stress or other issues.
- The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) conducted a successful accreditation review of the Ph.D. in marine science: coastal and marine systems science that concluded with no recommendations for the University. This resulted in a level change for the University from Level III (Master's Degree) to Level V (Doctoral Degree).
- To increase higher education opportunities for the graduates of Horry Georgetown Technical College (HGTC) associate degree programs, 10 memorandums of agreement have been established in a partnership between HGTC and Coastal Carolina University. These agreements allow graduates from select associate degree programs at HGTC to seamlessly transfer to named bachelor's degree programs at Coastal Carolina University.
- The HTC Center and Brittain Hall each earned LEED gold status, making them the third and fourth LEED buildings at the University. The Leadership in Energy and Environmental Design (LEED) is the U.S. Green Building Council's rating system for the design and construction of energy-efficient and high-performing buildings.
- CCU is committed to sustainability as evidenced by the following:
 - In honor of Earth Day, Coastal Carolina University spent the entire month of April celebrating. As part of this month long celebration, Sustain Coastal's Eco Rep Leaders spearheaded many educational events.
 - For the third consecutive year, Coastal Carolina University has been named one of the most environmentally responsible colleges in the U.S. and Canada. The University was named in "The Princeton Review's Guide to 322 Green Colleges: 2015 Edition."
 - The Office of Sustainability offers alternative transportation option through a new program, "Teal Transportation." This program brings together several transportation alternatives for students, including the campus shuttle, biking, Zipcar and a password protected online ride board for students.
 - CCU received CHE approval for an undergraduate certificate program in Sustainability.
 - Coastal ranked in the top 21 percent for the Game Day Recycling Challenge, a friendly competition among 91 colleges and universities to promote waste reduction at football games.
 - CCU won the Outstanding School Award in the Community Cleanup and Beautification Awards for 2014.

- A naming ceremony was held to announce the name of Coastal's Military and Veterans Studies Center – the CresCom Bank Center for Military and Veterans Studies at Coastal Carolina University. The center is an important component of the University's focus on veterans and active-duty military.
- CCU's E. Craig Wall Sr. College of Business Administration launched the Community and Business Engagement (CoBe) Institute, a new venture that will help connect talented students with local businesses for mutual benefit. The new community wide institute will identify CCU undergraduate students who have the potential to make significant contributions to their fields of study and who wish to gain valuable hands-on experience by providing solutions for local businesses.
- CCU was one of only five NCAA Division I universities to have its football, men's soccer, men's basketball and baseball teams qualify for NCAA postseason play during 2014-2015.
- Fulbright awards were awarded to three Coastal Carolina University professors. Inclusive of these new recipients, CCU takes pride in its 19 current faculty and 10 retired faculty who have received this prestigious award and have traveled abroad through the Fulbright U.S. Scholar Program.
- The official ribbon cutting was held for the Conway Innovation Center (CIC), a new technology business incubator that Coastal Carolina University is co-sponsoring in partnership with the City of Conway and Clemson University.
- Coastal Carolina University established two new scholarships that honor the memory of S.C. Senator Clementa Pinckney. The \$2,500 scholarship will be awarded annually to one male and one female from South Carolina's District 45, which Pinckney represented in the state senate.
- Coastal Carolina University acquired the University Place student residency property, which has 46 residence halls and houses more than 2,079 students. By acquiring, rather than leasing, the 54-acre property from Coastal's Student Housing Foundation, the University expects to save approximately \$25 million in debt service over the long term. As a result, student housing fees will be maintained at the present rate for the foreseeable future. The move is an example of the creative solutions that Coastal Carolina University has initiated to bring down the cost of education for its students.
- The University continues to expand to meet the needs of the students and campus community as evidenced by the number of construction projects underway on campus. More than \$188 million in major construction projects are in various phases of construction. Completed building projects in the last year include:
 - Atheneum Hall - \$3 million renovation
 - Lib Jackson Student Union - \$12 million addition
 - Baseball and Softball facilities - \$15.3 million renovation
 - Football Stadium - \$1.2 million turf replacement
 - Catering Kitchen and Food Service Location - \$3 million new facility

Coastal Carolina University will continue to make every effort to provide an exceptional education at a reasonable cost, and will strive to continue to positively impact the economic, social and cultural environment of Horry and Georgetown counties. Regardless of the economic climate and the challenges ahead, Coastal Carolina University is a vibrant place where tradition, integrity and excellence guide our progress. We are committed to our students, especially South Carolina residents, who have selected this University.

In evidence thereof, I am pleased to submit this Comprehensive Annual Financial Report for the year ending June 30, 2015.

Sincerely,

/s/

David A. DeCenzo, Ph.D.
President

Enclosure

/smb



Office for Finance & Administration

LETTER OF TRANSMITTAL

October 27, 2015

To the President and Members of the Board of Trustees:

We are pleased to present to you the Comprehensive Annual Financial Report of Coastal Carolina University for the fiscal year ended June 30, 2015.

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

The University's financial statements have been audited by Cline Brandt Kochenower & Co., P.A., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2015, 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, 2015, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the University

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

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

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

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

The University currently comprises 106 main buildings on approximately 633 acres, including the Coastal Science Center and the Burroughs & Chapin Center for Marine and Wetland Studies located in the Atlantic Center on U.S. 501, and the General James Hackler Golf Course at Coastal Carolina University, a public 18-hole golf facility located adjacent to the campus. The University also offers courses at Litchfield Landing in Pawleys Island and at the Myrtle Beach Education Center located on the U.S. Highway 17 Bypass. In addition, Waties Island, 1,105 acres of pristine barrier island on the Atlantic coast, provides a natural laboratory for extensive study in marine science and wetlands biology.

The University maintains residence halls to accommodate 3,289 students in two general locations: main campus (1,210 beds) and at University Place (2,079 beds).

New Programs and Initiatives

The University is committed to continuous improvement of the institution, as well as accountability to stakeholders. With these goals in mind, we continually review and evaluate processes in our administrative area with a focus on efficiency, purpose and accuracy, and make changes where appropriate. Some examples which were applied this year this include:

- During the 2014-2015 academic year, the Institutional Research Department held consultations across campus to train staff responsible for maintaining records on the information pertaining to record retention and destruction schedules. We have found that educating staff to proper records maintenance procedures has alleviated a need for increased storage space.
- Facilities has put together a more comprehensive cost spreadsheet to more accurately predict project spending by tracking costs by type, such as architect and engineer fees, LEED certification, inspection services, and information technology costs, among others, which results in a more accurate assessment of project spending for budgetary purposes.

The move to electronic forms and online authorizations and digital capability has become part of the administrative culture due to the growing availability of e-business functionalities. Some recent examples of this effort are:

- Expansion of the successful ImageNow document management/workflow solution to graduation applications forms, human resources temporary staff and volunteer workflow documents and the controller's office workflow documents.
- The Department of Financial Services has successfully automated the compilation of three financial statements. The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows are currently available within minutes using the Synoptix reporting software. This new development allows more time for staff to verify accuracy, analyze trends and ratios and write narratives informing management of results during the audit time frame.
- Procurement is in the initial stages of implementing a system called "easySourcing" that will allow for the electronic submission of bids and proposals from the vendor community, thereby reducing the work effort and margin for error related to processing. At this time training is being conducted for campus use of the "easySourcing" solution.
- Digital rooms were designed and construction begun for the purpose of allowing faculty to capture class lectures from their computers and providing an interface for lectures to be packaged and published as podcasts, video and more. This system is designed to allow two-way, active communication between users and administrators.

Economic Environment

Coastal Carolina University's financial profile fits more closely with that of a private institution than with that of a typical public institution due to our relatively low state appropriation allocation. In spite of the fact that state funding has fallen dramatically over the years, University administration and the board of trustees are mindful of the financial impact of college costs on families and closely monitor inflation before approving tuition rates each year. Although we were able to hold in-state tuition flat for the previous three years, rising costs in the higher education industry would not allow us to hold tuition flat this year. In fiscal year 2015, the board of trustees approved a tuition increase of 2.89 percent for in-state and a 2.96 percent increase for out of state students. This was in line with the recommendation from the South Carolina state legislature.

The University continues to grow as indicated by the fall of 2014 semester enrollment of 9,976, representing a 19 percent increase from 2009 to 2014. The chart below provides a snapshot of the University's enrollment growth over the last five years.

	Fall 2009	Fall 2014	Change	%
New Freshmen	1,775	2,375	600	34%
New Transfers	754	834	80	11%
Undergraduate Headcount	7,920	9,364	1,444	18%
Graduate Headcount	440	612	172	39%
Total Headcount	8,360	9,976	1,616	19%
Undergraduate FTE	7,665	9,105	1,440	19%
Graduate FTE	200	316	116	58%
Total FTE	7,865	9,421	1,556	20%

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

The University operates four auxiliary enterprises. In the fiscal year 2015, they consisted of the bookstore (outsourced to NEEBO, Inc., as of March 12, 2015), residence life (operated by the University), vending (outsourced to Coca-Cola and Total Vending), and food service (outsourced to Aramark). The bookstore and vending services are operated with oversight from the Office of Contractual and Business Services.

Two major credit rating agencies have assigned strong ratings to the revenue bond series issued by Coastal Carolina University last year. Fitch ratings assigned an "A+" rating to the bonds, and Moody's Investor Service has assigned an "A1" rating. The Moody's report cites CCU's "stable market position as a regional public university with strong out-of-state student draw, county tax support that can be applied to debt service payments, continued healthy cash flow, and growing flexible reserves." Fitch's report notes that CCU's operation is "driven by stable to growing enrollment and an adequate balance sheet cushion."

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

Long-Term Financial Planning

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

focuses on the development of strategic priorities which guide resource allocation and performance tracking throughout Coastal Carolina University.

The Strategic Management Committee is charged with evaluating the goals and objectives contained in the strategic plan on an annual basis. The Committee Chair for the Strategic Management Committee is Dr. Ralph Byington, Provost and Executive Vice President. There are 31 University stakeholders from the campus community who serve as its members. A more detailed explanation can be found on the University website:

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

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

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

In FY 2015, Coastal Carolina University provided a Strategic Plan Addendum to its 2008-2013 Strategic Plan, entitled “Tradition, Integrity, Excellence: Building a Comprehensive University,” which provides a guide that links the University’s strategic direction to budgeting and continual outcome-based assessment. The four key strategies of the plan are:

1. Meeting the educational needs of the students and our community
2. Ensuring student success
3. Ensuring faculty and staff success and
4. Ensuring financial viability and managed growth

Three supporting strategies shape the plan through improving communication, creating stronger assessment and accountability systems, and increasing and improving technological support. The strategic plan is being updated during the 2015-2016 academic year.

Relevant Financial Policies

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

Major Initiatives

The acquisition and modification of space to accommodate programs and services continues to be one of Coastal Carolina University's highest priorities. Coastal Carolina University ranks lowest among its peers in assignable academic and support space per FTE student. Fall 2014 statistics show that among the South Carolina Comprehensive Universities, the average for Academic/Support Facility per FTE is 110.73 square feet. Coastal Carolina University reports 59.84 square feet. The buildings that have been put into place in the past few years have allowed us to keep pace with the enrollment growth we have experienced; however, there is still work to be done.

Presently, the major projects under construction are: The second phase of a new student housing complex which in total will accommodate 1,270 beds for first-year students when complete. A second building dedicated to the College of Science is due to be complete in the spring of 2016. This building is part of an integrated science complex planned with the goal of putting the College of Science in one location. The biology, chemistry and the marine science departments will be housed in this facility. An infrastructure expansion to the central cooling system is underway and when completed will be a significant energy efficient cost-savings measure for the University. Construction is scheduled to begin on a second academic classroom building in January 2016. This building will provide 15 to 18 classrooms ranging from 25 to 35 seats, in addition to IT office space and approximately 100 faculty and staff offices.

In 2010, capital project funds were secured with a \$54 million infrastructure bond. Projects funded and completed are the HTC Center, Bryan Information Commons and Swain Hall. The last of the bond funds are being used to construct the second science annex mentioned above, which will add labs and offices to the rapidly expanding College of Science.

In 2013, the University issued \$54.7 million in new revenue bonds, and an additional \$35.5 million in new revenue bonds was issued in 2014, to be used for the purchase and construction of the new student housing complex. The first stage of the residence complex was opened in Fall 2015; the remaining buildings are scheduled to come on line in May 2016.

In 2015, the University secured \$87 million in new revenue bonds for the purpose of acquiring University Place from the CCU Student Housing Foundation, from whom we were leasing the property. The University will save \$78 million in lease payments over the remainder of the thirty year lease, of which \$25 million is a decrease in interest costs.

The local-option penny sales tax, which is split between Horry County Schools, Horry Georgetown Technical College and Coastal Carolina University, has helped to fuel various campus building endeavors. The sales tax was effective March 1, 2009. Since its inception, this funding has been used to fund various campus construction, campus improvements and renovations, as well as land acquisitions. As of June 30, 2015, Coastal Carolina University has received more than \$48 million in allocations from the local-options sales tax and estimates a total of \$133.6 million to be allocated during the course of the sales tax collection.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Coastal Carolina University for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the 10th year that the University received this prestigious award. In order to be awarded a Certificate of Achievement, the University published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and legal requirements.

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

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

Respectfully submitted,

/s/

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



Government Finance Officers Association

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

Presented to

**Coastal Carolina University
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**COASTAL CAROLINA UNIVERSITY
BOARD OF TRUSTEES
2014-2015**

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George E. Mullen	Congressional District 1 – Seat 1
Oran P. Smith	Congressional District 2 – Seat 2
William L. Lyles Jr.	Congressional District 3 – Seat 3
D. Wyatt Henderson, Chairman	Congressional District 4 – Seat 4
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Marion B. Lee	Congressional District 6 – Seat 6
Natasha M. Hanna	Congressional District 7 – Seat 7
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Eugene C. Spivey	At-Large – Seat 9
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H. Delan Stevens	At-Large – Seat 12
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**COASTAL CAROLINA UNIVERSITY
ADMINISTRATIVE OFFICERS
2014-2015**

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

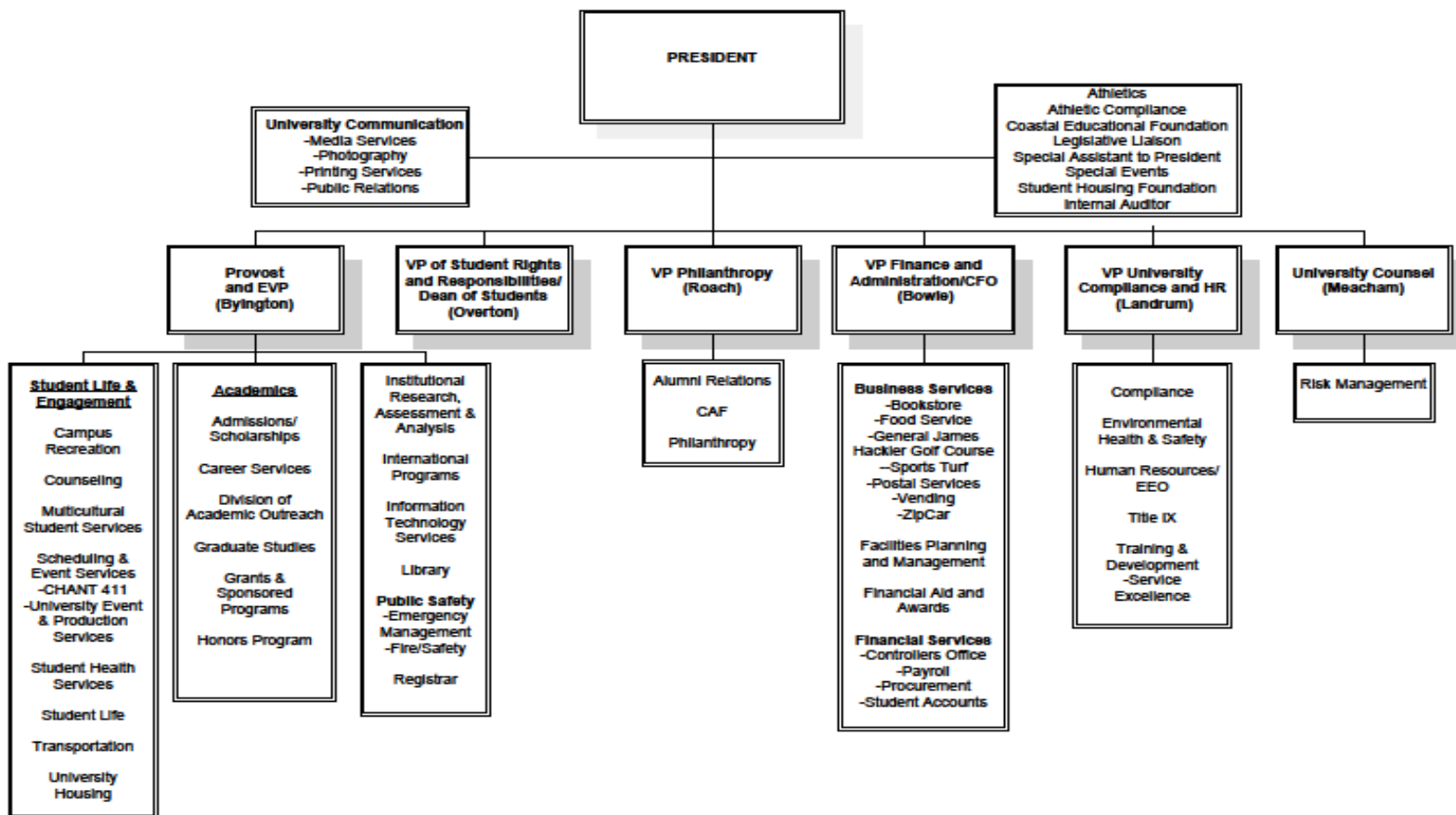
**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2014-2015**

Stacie A. Bowie	Vice President for Finance and Administration, Chief Financial Officer
Susan Butcher	Administrative Coordinator
Lori Church	University Controller
Mirinda Chestnut	Administrative Specialist
Gregory Thompson	Deputy Controller
Lila Taylor	Staff Accountant
Olga Shabeka	Staff Accountant
Joshua Williams	Staff Accountant
Lynn Silver	Supervisor, Accounts Payable
Virginia Altman	Accounts Payable Technician
Brenda Rabon	Accounts Payable Technician
William Fore	Accounts Payable Clerk
Sharon Sluys	Executive Financial Analyst
Daniel Rabon	Accountant/Fiscal Analyst
Carolyn Bender	Treasury Accountant
Lisa Sak	Staff Accountant
Julianne Cooke	Director, Student Accounts
Patty Lee	Collections, Student Accounts
Tukonya Vereen	Collections Specialist, Student Accounts
Annette Johnson	Cash Receipt Supervisor, Student Accounts
Alisha Singleton	Cash Receipt Auditor, Student Accounts
Sherrell Richardson	Cashier, Student Accounts
Tammy McAllister	Perkins Loan Coordinator, Student Accounts
Kayla Johnson	Student Accounts Specialist, Student Accounts
Robert Taylor	Student Accounts Specialist, Student Accounts
Amanda Hanford	Student Accounts Specialist, Student Accounts
Scott Gallimore	CINO Card Specialist
Larry Peak	Director, Grants/Tax Accounting
Tammy Holt	Grants Accountant
Kristen Toben	Director, Payroll
Jill Conway	Senior Payroll Accountant
Bo McNeil	Accounting Clerk, Payroll
Vicky Gore	Senior Payroll Accountant
Dean Hudson	Director, Office of Procurement
Suzanne Beverly	Supply Manager, Campus Supply/Inventory
John McKee	Supply Specialist, Campus Supply/Delivery
John Stokes	Supply Specialist, Campus Supply/Delivery
June Barfield	Procurement Specialist
Caren Riedinger	Procurement Specialist
Annette Roberts	Procurement Specialist
Wanda Lewis	Procurement Specialist
Angela Barwick	Administrative Specialist

**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2014-2015**

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

**COASTAL CAROLINA UNIVERSITY
ORGANIZATIONAL CHART
2014-2015**



COASTAL CAROLINA UNIVERSITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION



The Lib Jackson Student Union at Coastal Carolina University

COASTAL CAROLINA UNIVERSITY

Independent Auditors' Report
Financial Statements and Schedules
For the Year Ended June 30, 2015

MEMBERS
AMERICAN INSTITUTE OF CPAS
PRIVATE COMPANIES PRACTICE SECTION
SOUTH CAROLINA ASSOCIATION OF CPAS

CLINE BRANDT KOCHENOWER
& Co., P.A.
Certified Public Accountants
Established 1950

ALBERT B. CLINE, CPA (1923-2013)
RAYMOND H. BRANDT, CPA
BEN D. KOCHENOWER, CPA, CFE, CVA, CICA, CGMA
TIMOTHY S. BLAKE, CPA, PFS
JENNIFER J. AUSTIN, CPA
BRANDON A. BLAKE, CPA

Independent Auditors' Report

Coastal Carolina University
Conway, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We did not audit the financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation which are discretely presented component units. The Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation reflect 100% of total assets, 100% of net assets, and 100% of total revenues of the discretely presented component units.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Coastal Carolina University as of June 30, 2014, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in fiscal year 2015 the University adopted new accounting guidance, Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of University's proportionate share of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) net pension liability, and the schedule of University's contributions to the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Coastal Carolina University
Conway, South Carolina
Page Three

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Coastal Carolina University's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other financial information is presented for purposes of additional analysis as required by Office of the South Carolina Comptroller General and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

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

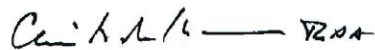
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2015, on our consideration of Coastal Carolina University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Report on State Supported Scholarships and Grants

We have also issued our report dated September 24, 2015 on our consideration of Coastal Carolina University's administration of the State supported scholarships and grants, and on our tests of its compliance with certain provisions of the State legislation and the regulations of the South Carolina Commission on Higher Education.



Gaffney, SC
September 24, 2015



Coastal Carolina University Management's Discussion and Analysis

Coastal Carolina University is pleased to present its financial report for the year ended June 30, 2015. This section, Management's Discussion and Analysis, will describe each of the statements, present a condensed, comparative version of each one, and offer financial highlights for the year.

Using the Annual Financial Report

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

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

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

During the current fiscal year the University has implemented GASB Statement No. 68, Accounting and Financial Reporting of Pensions. This statement requires cost-sharing employers to present actuarial information about pensions, including a net pension liability, pension expense, and pension-related inflows and outflows of resources based on their proportionate share of the collective amounts for all the governments in the plan.

The basic financial statements prescribed by GASB Statement No. 35 (the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows) are prepared under the accrual basis of accounting, whereby revenues and assets are

recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

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

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

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

Financial Highlights

In fiscal year 2015 as in previous years, financial focus and activity continued to revolve around the state appropriations and operating budget. This year the state awarded the University additional nonrecurring funds in the amount of \$406,395, which contributed to an increase in total allocations of 6 percent from the previous year. The University continues to lobby for additional funds through the state budget process to make up the \$7.8 million in budget cuts that we sustained between fiscal year 2008 and fiscal year 2012. Consistent growth in student enrollment for the past several years, minor increases in certain tuition charges, and the continued successful efforts to manage spending, increase efficiencies and generate additional revenues has enabled the University to absorb the appropriation reductions. The University also received appropriations from both Horry and Georgetown Counties in addition to its state appropriations. This gives the University the ability to take on specific projects in the interest of the citizens of those counties which also benefit the University community.

In fiscal year 2008, the University worked with legislators to amend a law allowing higher education to participate in the revenue from sales tax. As a result of this amendment, Coastal Carolina University and Horry Georgetown Technical College were eligible to participate in a 1percent sales tax referendum in conjunction with Horry County Public Schools. The 1 percent sales tax referendum was on the ballot during November 2008 election and passed. The University receives 13.3 percent of the tax collected for a period of 15 years which began March 1, 2009. Through June 2015 collections, the penny tax has provided more than \$48 million which is restricted to fund campus construction, capital improvements, renovations and land acquisitions. Over the 15 year period, the collections are projected to exceed \$133.6 million.

In fiscal year 2015, the University issued approximately \$87 million in new revenue bonds to fund the purchase of University Place in lieu of the capital lease which was in place in the previous fiscal year.

The University is committed to financial viability and managed growth. The total Fall 2014 undergraduate enrollment was 9,364, representing a 5.6 percent (497 students) increase over the previous fall and a 18.2 percent increase since the fall of 2009 from enrollment of 7,920. Total

full-time equivalency (FTE) enrollment for fall 2014 undergraduates was 9,105, representing a 6.3 percent growth over the previous fall and a 18.8 percent growth since fall of 2009 from total undergraduate FTE of 7,665. This growth was achieved while maintaining quality with the average SAT score for Fall 2014 for new freshman at 1001, which is above the South Carolina average (978) for high school students. The average ACT composite score for Coastal Carolina University freshmen (21) equaled the national average and was one point greater than the South Carolina statewide average (20) for Fall 2014. The Fall 2014 freshman cohort high school GPA averaged 3.37. Since 2009, the freshman cohort average high school GPA has increased from 3.31 to 3.37.

In the fall semester of 2014, the tuition for an in-state undergraduate was set at \$5,070 per semester (including the \$90 mandatory technology fee) while out-of-state undergraduate tuition was \$11,740 per semester (including the \$90 mandatory technology fee). The increases, 2.89 percent and 2.96 percent, were both under the 3 percent recommended by the state legislature. Coastal Carolina University's in-state rate continues to fall below the average rate of higher education offered by South Carolina public institutions with a similar mission. As a result of strategic tuition increases combined with a 5.3 percent (undergraduate and graduate) enrollment growth, net revenue generated by tuition and fees increased by \$12.5 million or 12 percent.

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

Statement of Net Position

Total Assets – decrease of \$35 million

Total assets decreased by \$35.2 million. Current assets were decreased by \$59.8 million. The main contributing factor to this decrease was the use of cash reserves for large capital projects such as the second science building and the new student housing complex, completion of the Springs Brooks Baseball Stadium, and a new tennis complex, among others. A lower reserve for debt capitalized interest accounts is part of the sizeable total decrease in cash and cash equivalents. Current accounts receivable is comprised of the receipt of capital funds due from the state and other receivables such as other federal contracts.

Overall, capital assets have increased by \$19.3 million due to the many construction and renovation projects underway on this campus. Some examples of recent additions include an annex to the student union, a new tennis complex, a food service and catering facility, and the Springs Brooks Baseball Stadium.

Other assets, which include noncurrent assets, increased by more than \$5.3 million due to the addition of a cash advance paid to Aramark for operations which is due back to the University at the end of their contract and the long-term receivable from the Chanticleer Athletic Foundation for the baseball/softball stadiums and football field turf expenses.

Deferred Outflows – increase of \$10 million

Deferred outflows increased by \$9.5 million from the prior year. The 2014 deferred outflows were comprised only of refunding of debt of \$634,000. The 2015 deferred outflows were comprised of refunding of bonds of \$542,000 and then an addition of \$3 million in the difference in liability experience versus expected and an addition of \$6.6 million in retirement contributions required by the new GASB statement. Please see Note 7 for more information related to deferred outflows.

Total Liabilities – increase of \$48 million

Liabilities in total increased by \$47.6 million from the prior year even though there was a significant decrease in noncurrent liabilities. This decrease in non-current liabilities is the result of the decrease in capital lease payable from the termination of the capital lease of \$141 million, an increase of \$79 million in bonds payable and the \$2.8 million increase in other liabilities. Additionally, the increase in net pension liability of \$105 million due to the implementation of GASB Statement No. 68 and the \$1.8 million increase in current liabilities round out the \$47.6 million increase. Beginning July 1, 2012, the University began leasing the University Place complex from the CCU Student Housing Foundation for a term of 30 years, with an optional one-year extension beyond 2042. This lease was classified as a capital lease for accounting purposes. In August 2014, the CCU Student Housing Foundation agreed to sell University Place to the University resulting in potential cost savings of \$73 million over the remaining 28 years of the capital lease. This sale was finalized (and the lease terminated) in February 2015 when the University issued \$87,020,000 Higher Education Revenue Bonds, Series 2015, to provide funds for the acquisition and to pay the cost of issuance of the Series 2015 bonds.

The University implemented GASB Statement No. 68 in fiscal year 2015. As a result, a net pension liability of \$105,017,276 was recorded. The effects of GASB Statement No. 68 are not reflected in the fiscal year 2014 amounts.

Current liabilities in total actually increased by approximately \$1.8 million netting increases in accounts payable to vendors of \$2.7 million, due to component units of \$16,000 accrued payroll liabilities of \$1.5 million, funds held for others of \$16,000, and the current portion of bonds payable of \$3.3 million against decreases in unearned revenue of \$262,000 (due to a sizeable decrease in unearned revenue from contracts and grants), current portion of the capital lease payable of \$3.4 million, deferred compensation plan payable of \$354,000, current portion of accrued compensated absences of \$10,000, and interest payable of \$1.7 million from the termination of the capital lease.

Deferred Inflows – increase of \$9 million

Deferred inflows increased by \$8.8 million from the prior year. In fiscal year 2014, deferred inflows consisted only of one amount (\$332,000) that represented an upfront payment for a service concession arrangement between the University and a third party vendor contracted to manage the bookstore. In fiscal year 2015, the deferred inflows include the amortization of the service concession arrangement of \$262,000 and the difference in pension investment experience from what was expected of \$8.9 million. Please see Note 7 for more information related to deferred inflows.

Net Position – decrease of \$82 million

Net position decreased by \$82.1 million due to the implementation of GASB Statement No. 68. As part of the new accounting standard, the University was required to record the net pension liability of \$105 million, thus reducing unrestricted net assets by \$115.7 million. Capital assets net of related debt increased by \$38.5 million and restricted expendable assets decreased by \$4.9 million to round out the \$82.1 million decrease. The increase in capital assets net of related debt is due to placing in service several buildings that had previously been under construction. The decrease in restricted expendable assets was mostly due to the expending of revenue bond proceeds for construction of the two phases of the new student housing facility and the second science annex building.

Condensed Summary of Net Position						
	2015	2015	2014	Increase/ (Decrease) ²	Percent Change	
Assets	(Restated ¹)					
Current assets	\$ 135,918,396	\$ 135,918,396	\$ 195,740,977	\$ (59,822,581)	-31%	
Capital assets, net	412,159,461	412,159,461	392,791,496	19,367,965	5%	
Other assets	7,070,726	7,070,726	1,781,802	5,288,924	297%	
Total Assets	<u>555,148,583</u>	<u>555,148,583</u>	<u>590,314,275</u>	<u>(35,165,692)</u>	<u>-6%</u>	
Deferred Outflows	10,164,021	542,019	634,346	9,529,675	1502%	
Liabilities						
Current liabilities	36,950,795	36,950,795	35,195,668	1,755,127	5%	
Net pension liability (NPL)	105,017,276	-	-	105,017,276	100%	
Noncurrent liabilities, excluding NPL	252,154,203	252,154,203	311,350,323	(59,196,120)	-19%	
Total Liabilities	<u>394,122,274</u>	<u>289,104,998</u>	<u>346,545,991</u>	<u>47,576,283</u>	<u>14%</u>	
Deferred Inflows	9,209,563	262,500	332,500	8,877,063	2670%	
Net Position						
Invested in capital assets, net of debt	193,226,321	193,226,321	154,687,499	38,538,822	25%	
Restricted - nonexpendable	100,000	100,000	100,000	-	0%	
Restricted - expendable	43,397,489	43,397,489	48,326,727	(4,929,238)	-10%	
Unrestricted	(74,743,043)	29,599,294	40,955,904	(115,698,947)	-282%	
Total Net Position	<u>\$ 161,980,767</u>	<u>\$ 266,323,104</u>	<u>\$ 244,070,130</u>	<u>\$ (82,089,363)</u>	<u>-34%</u>	

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

² Fiscal year 2015 (Restated) less (-) fiscal year 2014 = Increase/(Decrease)

Statement of Revenues, Expenses and Changes in Net Position

Total Revenues – increase of \$16 million

The \$16.3 million increase in total revenue was almost solely the result of increases in operating revenue. An increase in student tuition and fee revenue of \$12.6 million, an increase in sales and service revenue of \$2.3 million, and another \$1 million increase in government scholarships, contracts and miscellaneous revenue round out the increase. Nonoperating revenue increased slightly with increases in state and local appropriations and gifts and grants of \$1.4 million being offset with a decrease of almost \$1 million in investment income.

The largest increase in operating revenue was from increases in tuition and fees by \$12.6 million due to the slight increases in tuition rates for both in-state (2.89 percent) and out-of-state students (2.96 percent) as well as a considerable increase in undergraduate enrollment of 5.6 percent. The increase in sales and services by \$2.3 million relates to increases in service revenue, athletic ticket

sales, athletic sponsorships, student activities and golf course revenues. The increase of \$800,000 in government scholarships and contracts is the result of slight increases in federal, state and nongovernmental grants. Increases in other operating revenues by \$221,000 are due to increases in other fees such as admission application fees, degree and transcript fees, parking decal sales, parking fines, and payment plan fees.

Total nonoperating revenue increased by \$475,000 and is largely the result of increases in state and local appropriations, grants and gifts, and Pell revenues that offset the \$924,000 decrease in investment income. State appropriations increased by \$587,000. Local appropriations experienced a slight increase of \$16,000 from the prior year. Gifts and grants include only noncapital gifts from the Foundations and private donors, Pell grant revenues, and other miscellaneous revenues. Those revenues increased in total by almost \$796 million.

Total Expenses – increase of \$13 million

Total expenses increased by \$13.2 million, with the majority of spending attributed to operating expenses. Salaries and fringe benefits increased \$9 million due to added faculty and classified staff positions needed to support the 5.6 percent student enrollment increase.

Services and supplies expenses increased approximately \$3 million due to increases in rentals and leases, supplies, insurance, professional services and noncapital repairs. The increase of \$180,000 in utilities is a reflection of growth by way of new buildings put into service during the course of the year. Scholarships show an increase of \$415,000, which is driven by the increase in students enrolled and tuition.

Depreciation expense increased by \$259,000, which can be accounted for by added assets during the fiscal year, such as Springs Brooks Baseball Stadium, Lib Jackson Student Union Annex, a new tennis complex and the new food service facility. Assets are depreciated from the first day of the month that they are placed in service, so most of the new assets do not realize the full financial impact until the following year.

Interest and bond issuance cost increased by \$699,000, as a result of the increase in bond issuance cost for the University Place acquisition of \$1.2 million which was offset by lower interest expense of \$525,000.

Loss on disposal of assets decreased by \$408,000, as no large assets were disposed of during the fiscal year 2015 as the baseball field had been in fiscal year 2014.

Other Revenues, Expenses, Gains/Losses:

Capital Appropriations - increase of \$3 million

Total capital appropriations increased from \$10 million to \$12.6 million (a difference of \$2.6 million) due to the South Carolina Department of Transportation land transfer of University Boulevard (valued at \$2.6 million) to the University.

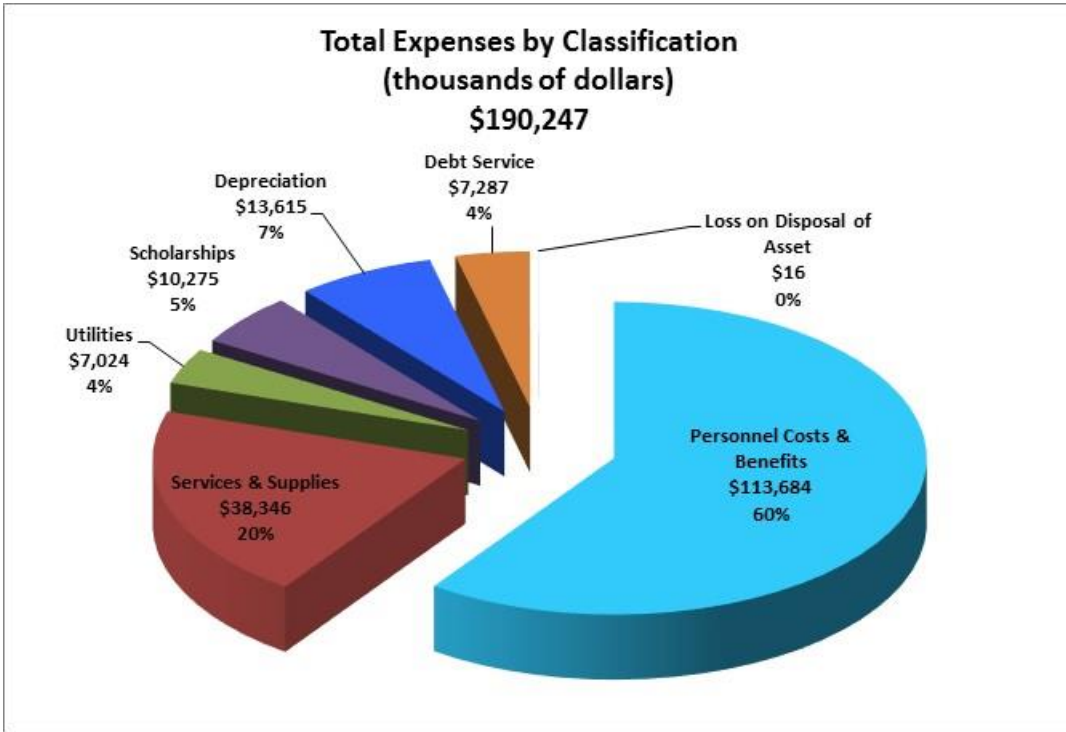
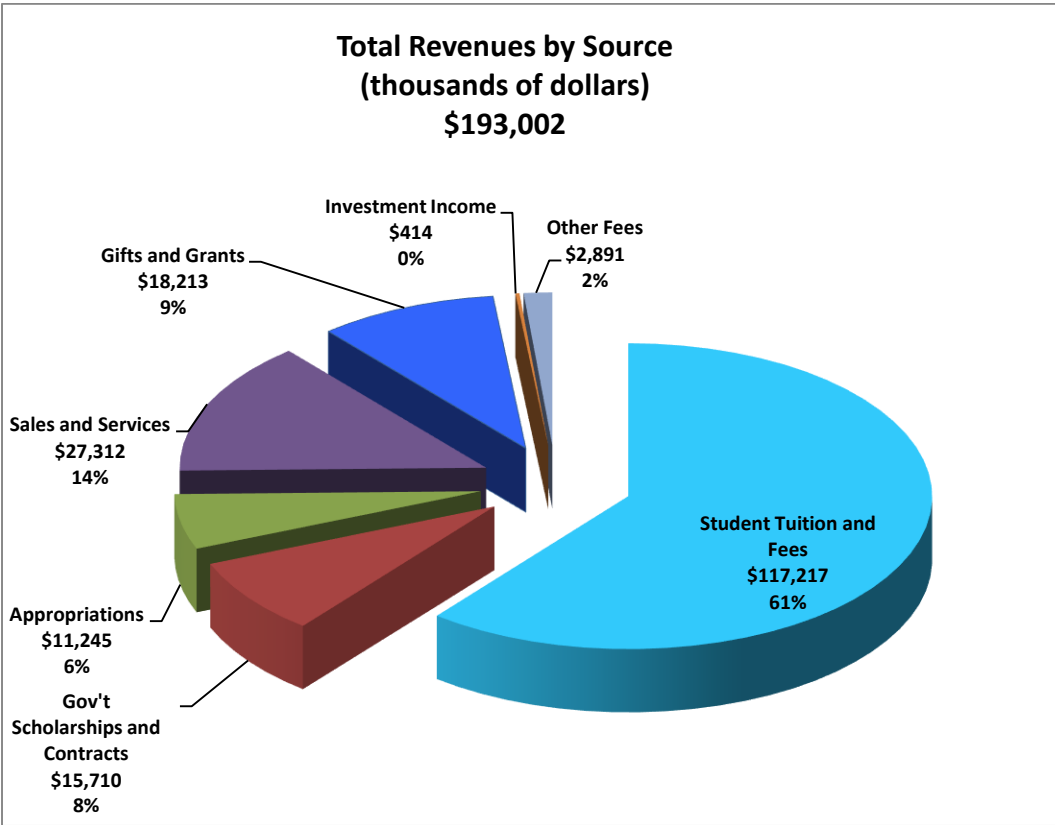
Capital Gifts – decrease of \$4 million

Capital gifts are typically given to the University by the Horry County Higher Education Commission, the Coastal Educational Foundation, the Chanticleer Athletic Foundation and the Student Housing Foundation, along with private donors. In the current fiscal year, capital gifts to the University decreased by \$4.2 million. The Coastal Educational Foundation decreased its capital gifts to the University by \$1.1 million, and the Chanticleer Athletic Foundation decreased its capital gifts by \$5.4 million. The Horry County Higher Education Commission did not donate any capital gifts to the University in the current fiscal year, a decrease of \$1 million from the prior year. The Student Housing Foundation gifted the University approximately \$3.1 million in capital gifts in fiscal year 2015 for renovations to the University Place dining facility and private capital gift donations rose by \$242,000 in the current fiscal year.

Condensed Summary of Revenues, Expenses and Changes in Net Position					
	2015	2015	2014	Increase/ (Decrease) ²	Percent Change
Revenues:	(Restated ¹)				
Student tuition and fees	\$ 117,216,607	\$ 117,216,607	\$ 104,646,848	\$ 12,569,759	12%
Gov't Scholarships and contracts	15,710,338	15,710,338	14,969,011	741,327	5%
Sales and services	27,312,021	27,312,021	25,050,071	2,261,950	9%
Other operating revenues	2,891,160	2,891,160	2,670,049	221,111	8%
Total operating revenues	<u>163,130,126</u>	<u>163,130,126</u>	<u>147,335,979</u>	<u>15,794,147</u>	11%
State appropriations	10,851,710	10,851,710	10,264,739	586,971	6%
Local appropriations	393,324	393,324	376,875	16,449	4%
Gifts and grants	18,213,105	18,213,105	17,416,576	796,529	5%
Investment income	414,206	414,206	1,338,907	(924,701)	-69%
Total nonoperating revenues	<u>29,872,345</u>	<u>29,872,345</u>	<u>29,397,097</u>	<u>475,248</u>	2%
Total Revenues	<u>193,002,471</u>	<u>193,002,471</u>	<u>176,733,076</u>	<u>16,269,395</u>	9%
Expenses:					
Personnel costs and benefits	113,684,278	112,927,729	104,710,936	8,973,342	9%
Services and supplies	38,346,205	38,346,205	35,237,806	3,108,399	9%
Utilities	7,024,154	7,024,154	6,843,404	180,750	3%
Scholarships	10,275,259	10,275,259	9,859,635	415,624	4%
Depreciation	13,614,618	13,614,618	13,355,479	259,139	2%
Total operating expenses	<u>182,944,514</u>	<u>182,187,965</u>	<u>170,007,260</u>	<u>12,937,254</u>	8%
Interest & bond issuance cost	7,286,798	7,286,798	6,587,313	699,485	11%
Loss on disposal of asset	16,326	16,326	424,468	(408,142)	-96%
Total Expenses	<u>190,247,638</u>	<u>189,491,089</u>	<u>177,019,041</u>	<u>13,228,597</u>	7%
Income before other revenues and expenses	<u>2,754,833</u>	<u>3,511,382</u>	<u>(285,965)</u>	<u>3,040,798</u>	-1063%
Other Revenues, Expenses, Gains/Losses:					
Capital appropriations	12,602,044	12,602,044	9,989,149	2,612,895	26%
Capital gifts and grants	6,139,548	6,139,548	10,299,984	(4,160,436)	-40%
Change in Net Position	21,496,425	22,252,974	20,003,168	1,493,257	7%
Net Position, beginning of year	244,070,130	244,070,130	224,066,962	20,003,168	9%
Cumulative Effect of GASB 68	(103,585,788)	(103,585,788)	(103,585,788)	(103,585,788)	-100%
Net Position, end of year	<u>\$ 161,980,767</u>	<u>\$ 266,323,104</u>	<u>\$ 244,070,130</u>	<u>\$ (82,089,363)</u>	-34%

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

² Fiscal year 2015 (Restated) less (-) fiscal year 2014 = Increase/(Decrease)



Capital Assets and Debt

Capital assets at June 30, 2015, consisted of \$33 million in land, \$84.4 million in construction in progress, and \$294.7 million in land improvements, buildings, equipment, vehicles and intangible assets, net of accumulated depreciation. Acquisition of the University Place property involved dissolving the 30-year capital lease of \$144 million and recognizing the purchase this year. This transaction decreased capital assets, net by \$53 million.

Construction in progress shows a \$44 million increase from last year. Most of this increase can be attributed to the new student housing complex currently under construction which is comprised of two new residence halls and reports total spending of \$45 million this year. The Science Annex II building began construction in August 2014, and accounts for \$11.5 million of spending this year. Two other projects of note underway on campus are the berm and boardwalk addition being added to the Springs Brooks Baseball Stadium and the expansion to Hicks Dining Hall.

Projects that were completed during fiscal year 2015 triggered \$35 million to be transferred from construction in progress to assets. Some of these projects include a new student union building, the new Springs Brooks Baseball Stadium, a food service/catering kitchen with a space for eat-in healthy eating, as well as a new tennis complex which houses both men and women's tennis. Major renovations included a repurposing of Atheneum Hall from campus office space to a multi-use center for the alumni association, as well as renovations to the student center which included the addition of a Chick-fil-A and the addition of a new student information center in the front lobby. For more detailed information on capital asset activity, please refer to Note 6 – Capital Assets.

The University's ongoing review of its infrastructure indicates a need for approximately \$50.9 million over the next 10 years to maintain and repair buildings, as well as roads and other land improvements. The University intends to address these maintenance needs through the use of capital and infrastructure reserves, and continued efforts to obtain gifts, grants and capital appropriations.

Debt on capital assets is approximately \$249 million, comprised of \$7.6 million of current liabilities and \$241.4 million in long-term liabilities. Details of bonds payable and long-term liabilities of the University are found in Notes 11 and 12.

Economic Outlook

Fall 2015 full-time undergraduate in-state and out-of-state enrollment increased about 2 percent compared to the prior year. Through close monitoring of expenses, identifying cost savings, production of added revenues, and steady enrollment growth the University was able to hold tuition rates steady for in-state students during fiscal years 2013 and 2014, however, the University was unable to continue that trend for fiscal years 2015 and 2016. Tuition (excluding the technology fee) for in-state students increased from 2.89 percent and 3.0 percent respectively. Tuition for out-of-state students was increased by 2.96 percent in 2015 and by 3.2 percent in 2016. The \$445 per student per semester set aside for future debt service has remained flat from the prior year.

Other projects of note underway on campus include the Science Annex II building, the Hicks Dining Hall expansion and a second academic/classroom building to begin construction in January of 2016. This new academic building will be 52,000 square feet and sit on 2.94 acres of land that has been transferred from the Coastal Educational Foundation.

COASTAL CAROLINA UNIVERSITY

Statement of Net Position

June 30, 2015

ASSETS AND DEFERRED OUTFLOWS

CURRENT ASSETS

Cash and cash equivalents	\$ 43,719,708
Accounts and pledges receivable, net of provision for doubtful accounts	5,264,129
Due from component units	5,714,966
Inventories	579,004
Prepaid expenses	1,593,670

RESTRICTED CURRENT ASSETS

Cash and cash equivalents	79,046,919
Total current assets	135,918,396

NONCURRENT ASSETS

Capital assets, net of accumulated depreciation	
Land	33,082,269
Construction in progress	84,379,424
Building and improvements	286,708,849
Equipment, vehicles and intangible assets	7,988,919
Accounts receivable	1,928,574
Due from component units	3,600,872

RESTRICTED NONCURRENT ASSETS

Cash and cash equivalents	347,889
Loans to students, net	1,193,391
Total noncurrent assets	419,230,187

TOTAL ASSETS \$ 555,148,583

TOTAL DEFERRED OUTFLOWS \$ 10,164,021

LIABILITIES AND DEFERRED INFLOWS

CURRENT LIABILITIES

Accounts and retainage payable	\$ 10,830,230
Due to component unit	19,873
Accrued payroll and related liabilities	11,855,252
Unearned revenue	5,026,254
Funds held for others	227,066
Accrued compensated absences, current	207,526
Bonds payable, current	7,628,000

CURRENT LIABILITIES PAYABLE FROM

RESTRICTED CURRENT ASSETS

Interest payable	1,156,594
Total current liabilities	36,950,795

NONCURRENT LIABILITIES

Accrued compensated absences	4,052,138
Bonds payable	241,408,000
Net pension liability	105,017,276
Other liabilities	5,252,821

NONCURRENT LIABILITIES PAYABLE FROM

RESTRICTED NONCURRENT ASSETS:

Federal Perkins Loan funds	1,441,244
Total noncurrent liabilities	357,171,479

TOTAL LIABILITIES \$ 394,122,274

TOTAL DEFERRED INFLOWS \$ 9,209,563

NET FINANCIAL POSITION

Invested in capital assets, net of debt	193,226,321
Restricted for:	
Endowment	100,000
Capital Projects	38,403,880
Debt Service	4,993,609
Unrestricted	(74,743,043)
TOTAL NET POSITION	\$ 161,980,767

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Statement of Revenues, Expenses and Changes in Net Position
June 30, 2015

Operating Revenues	
Student tuition and fees, net of scholarship allowance of \$28,682,517	
\$7,103,562 is pledged for debt service on general obligation bonds	\$ 117,216,607
Scholarships, contracts and grants	15,710,338
Sales and services of educational departments	5,315,361
Sales and commissions of auxiliary enterprises, net of scholarship allowance of \$5,061,620	21,996,660
Other fees	2,891,160
Total Operating Revenues	<u>163,130,126</u>
Operating Expenses	
Personnel costs and benefits	113,684,278
Services and supplies	38,346,205
Utilities	7,024,154
Scholarships	10,275,259
Depreciation	13,614,618
Total Operating Expenses	<u>182,944,514</u>
Operating Loss	(19,814,388)
Nonoperating Revenue (Expenses)	
Noncapital state appropriations	10,851,710
Pell grant revenues	15,432,598
Local appropriations	393,324
Grants and contracts	5,040
Gifts, including \$1,386,360 from Coastal Educational Foundation and \$1,016,331 from Chanticleer Athletic Foundation	2,666,198
Other miscellaneous revenue	109,269
Investment and endowment income	414,206
Interest on capital asset related debt	(5,621,868)
Bond issuance cost	(1,664,930)
Gain (Loss) on disposal of assets	(16,326)
Net Nonoperating Revenues (Expenses)	<u>22,569,221</u>
Income before other revenues, expenses, gains and losses	2,754,833
State capital appropriations	3,727,842
Local capital appropriations	8,874,202
Capital grants and gifts, including \$641,752 from Coastal Educational Foundation, \$2,100,601 from Chanticleer Athletic Foundation, and and \$3,155,524 from Student Housing Foundation	6,139,548
Increase in Net Position	<u>21,496,425</u>
Net Position	
Net position, beginning of year	244,070,130
Cumulative effect of GASB 68	(103,585,788)
Net position, beginning of year (Restated)	<u>140,484,342</u>
Net position, end of year	<u>\$ 161,980,767</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY

Statement of Cash Flows

For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 133,489,507
Grants and contracts	12,272,399
Other operating cash receipts	2,638,771
Payments to employees and for benefits	(111,874,071)
Payments to suppliers	(42,924,541)
Perkins loan collected	2,778
Funds held for others	34,652
Net cash used by operating activities	<u>(6,360,505)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State, county and local appropriations	12,561,838
Gifts and grants	7,096,279
Cash received from Pell grants	15,432,599
Net cash flows provided by noncapital financing activities	<u>35,090,716</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State capital appropriations	12,602,044
Gifts and grants for capital purposes	1,782,740
Proceeds from sale of capital assets	46,817
Purchase of capital assets	(86,076,058)
Principal and interest paid on capital debt and leases	(102,155,493)
Proceeds from issuance of capital debt	87,020,000
Net cash provided by capital activities	<u>(86,779,950)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	452,821
Net cash flows used by investing activities	<u>452,821</u>
Net change in cash	(57,596,918)
Cash beginning of year	180,711,434
Cash end of year	<u>\$ 123,114,516</u>
Reconciliation of net operating loss to net cash used by operating activities	
Operating loss	\$ (19,814,388)
Adjustments for noncash items used by operating activities:	
Depreciation expense	13,614,618
Bad debt expense	305,361
Change in asset and liabilities	
Receivables net	(811,776)
Grants and contracts receivable	(3,402,019)
Payroll lag receivable	3,574
Student loans receivable	(19,763)
Prepaid expenses	(504,870)
Inventories	51,842
Accounts and retainages payable	2,683,925
Accrued salary and vacation payable	2,160,447
Deferred compensation plan	(353,813)
Unearned revenue	(332,396)
Deposits held for others	34,652
Perkins Loan federal share	24,101
Net cash used by operating activities	<u>\$ (6,360,505)</u>
Noncash transactions	
Cumulative effect of GASB 68 on Net Position	\$ (103,585,788)
Cost adjustment for purchase of capital lease property	53,030,332
Capital assets acquired through gifts	1,770,337
Donated goods and services	251,305

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY

Nongovernmental Component Unit

Coastal Educational Foundation

Statement of Financial Position

June 30, 2015

Assets

Cash and cash equivalents	\$ 668,343
Accounts and pledges receivable, net of allowance of \$49,354 and \$117,685 for 2015 and 2014, respectively	3,107,404
Investments	28,729,783
Real estate held for investment	162,266
Cash value of life insurance	37,531
Prepaid expenses	24,426
Property and equipment, net	5,800,987
Other assets	-
Total assets	<u>\$ 38,530,740</u>

Liabilities and Net Assets

Liabilities

Accounts payable - related party	\$ 409,463
Accounts payable	56,492
Accrued expenses	400,649
Deferred revenue	28,333
Note payable	30,769
Total liabilities	<u>925,706</u>

Net assets

Unrestricted	7,165,757
Temporarily restricted	9,416,608
Permanently restricted	
Restricted for:	
Permanent endowments	20,522,669
Land required to be permanently used in programs	500,000
Total net assets	<u>37,605,034</u>
Total liabilities and net assets	<u>\$ 38,530,740</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Coastal Educational Foundation
Statement of Activity and Change in Net Assets
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<i>Revenues, gains (losses) and other support</i>				
Contributions	\$ 341,121	\$ 652,791	\$ 1,144,599	\$ 2,138,511
Endowed and other investment income				
Interest income	1,609	-	-	1,609
Net appreciation in fair value of investments	5,509	64,920	706,501	776,930
Change in cash value of life insurance	898	2,199	-	3,097
Lease income	309,667	3,135	-	312,802
Royalty income	-	31,841	-	31,841
Miscellaneous income	8,989	9,057	26,754	44,800
Fundraising income	-	177,205	-	177,205
Loss on sale of property and equipment	(18,400)	-	-	(18,400)
Gain on sale of real estate held for investment	-	210,000	-	210,000
Gain on transfer of land to the University	613,513	-	-	613,513
Net assets released from restrictions	2,009,497	(2,009,497)	-	-
Total revenues, gains (losses) and other support	<u>3,272,403</u>	<u>(858,349)</u>	<u>1,877,854</u>	<u>4,291,908</u>
<i>Expenses</i>				
Program services:				
Scholarships	502,439	-	-	502,439
University support	1,232,459	-	-	1,232,459
Facilities development and physical plant	22,546	-	-	22,546
College of Education	36,144	-	-	36,144
College of Humanities	182,963	-	-	182,963
College of Science	215,072	-	-	215,072
College of Business	224,996	-	-	224,996
University College	521	-	-	521
General and administrative	528,360	-	-	528,360
Bad debt expense	115,963	-	-	115,963
Fundraising expenses	272,794	-	-	272,794
Total expenses	<u>3,334,257</u>	<u>-</u>	<u>-</u>	<u>3,334,257</u>
Change in net assets	(61,854)	(858,349)	1,877,854	957,651
<i>Net assets, beginning of year</i>	7,257,897	10,423,656	18,965,830	36,647,383
Transfers	(30,286)	(148,699)	178,985	-
<i>Net assets, end of year</i>	<u>\$ 7,165,757</u>	<u>\$ 9,416,608</u>	<u>\$ 21,022,669</u>	<u>\$ 37,605,034</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
CCU Student Housing Foundation
Consolidated Statement of Financial Position
June 30, 2015

Assets

Current assets

Cash and cash equivalents	\$ 896,670
Cash and cash equivalents, restricted	-
Investments, unrestricted	12,312,519
Investments, restricted	61,492,701
Current portion of bond issuance costs	33,522
Prepaid insurance	15,147
Current portion of capital lease receivable	-
Total current assets	<u>74,750,559</u>

Other assets

Long-term portion of capital lease receivable	-
Long-term portion of bond issuance costs, net	787,258
Other assets	-
Total other assets	<u>787,258</u>
Total assets	<u><u>\$ 75,537,817</u></u>

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 30,508
Accounts payable - related party	3,769,539
Accrued interest	792,613
Deferred gain on capital lease receivable	-
Revenue bonds payable	455,000
Total current liabilities	<u>5,047,660</u>

Long-term liabilities

Deferred gain on capital lease receivable	-
Revenue bonds payable	48,731,884
Total long-term liabilities	<u>48,731,884</u>
Total liabilities	<u>53,779,544</u>

Net assets - unrestricted

Total liabilities and net assets	<u>21,758,273</u>
	<u><u>\$ 75,537,817</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY

Nongovernmental Component Unit
CCU Student Housing Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2015

Revenues, gains and other support

Interest income	\$ 2,121,484
Other revenue	317
Lease income	1,020,908
Investment gain (loss), net	51,252
Gain on sale of property	23,616,430
Gain on capital lease	<u>1,790,593</u>
Total revenues, gains and other support	<u>28,600,984</u>

Expenses

Program services - support of Coastal Carolina University	3,844,539
General and administrative	471,749
Amortization	623,699
Interest and financing fees	4,404,671
Management and general	<u>110,935</u>
Total expenses	<u>9,455,593</u>

Change in net assets 19,145,391

Net assets, beginning of year

2,612,882

Net assets, end of year

\$ 21,758,273

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Chanticleer Athletic Foundation
Statement of Financial Position
June 30, 2015

	2015
Assets	
Cash and cash equivalents	\$ 1,758,888
Pledges receivable, net of allowance of \$1,535,373 and \$1,547,173 for 2015 and 2014, respectively	6,097,639
Prepaid expenses	6,055
Total assets	\$ 7,862,582
 Liabilities and Net Assets	
Accounts payable - related party	\$ 767,446
Accounts payable	1,144
Pledges payable - related parties	6,166,871
Deferred revenue	15,725
Total liabilities	6,951,186
 Net Assets	
Unrestricted	395,164
Temporarily restricted	516,232
Total net assets	911,396
Total liabilities and net assets	\$ 7,862,582

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Chanticleer Athletic Foundation
Statement of Activity and Change in Net Assets
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<i>Revenues, gains, and other support:</i>			
Contributions	\$ 1,569,232	\$ 781,190	\$ 2,350,422
Investment income	42,738	-	42,738
Fundraising proceeds	144,889	8,837	153,726
Net assets released from restrictions	<u>755,783</u>	<u>(755,783)</u>	<u>-</u>
Total revenues, gains, and other support	<u>2,512,642</u>	<u>34,244</u>	<u>2,546,886</u>
<i>Expenses and losses:</i>			
Program services - support of Coastal Carolina University			
Athletics Program	3,151,931	-	3,151,931
Management and general	576,411	-	576,411
Fundraising	<u>183,186</u>	<u>-</u>	<u>183,186</u>
Total expenses and losses	<u>3,911,528</u>	<u>-</u>	<u>3,911,528</u>
<i>Increase (Decrease) in net assets</i>	(1,398,886)	34,244	(1,364,642)
<i>Net assets, beginning of year</i>	<u>1,794,050</u>	<u>481,988</u>	<u>2,276,038</u>
<i>Net assets, end of year</i>	<u>\$ 395,164</u>	<u>\$ 516,232</u>	<u>\$ 911,396</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

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

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

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

Cash and Cash Equivalents: For purposes of the statement of cash flows, the University and its component units consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

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

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life for buildings and improvements is 10 to 40 years; 10 to 15 years for land improvements; three to 10 years for vehicles, equipment and machines; three years for intangible assets externally acquired – internally generated not capitalized. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken the month of disposition.

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

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities 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.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued 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 which would have to be repaid to the federal government if the University ceased to participate in the program.

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

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

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Classification of Revenue and Expense: The University classifies its revenues and expenses as either operating or nonoperating. 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 nonoperating revenues. Operating expenses result from providing the goods and services exchanged for the respective revenues.

All revenues and expenses not meeting the definition of operating revenues are reported as nonoperating revenues and expenses. Such transactions generally arise from activities that have characteristics of nonexchange 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 nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Scholarships for certain individuals that are required by state law or by out-of-state fee differential abatements facilitated by intra-state agreements are recorded neither as tuition and fee revenue nor as scholarship allowance.

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

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Rebatable Arbitrage: Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued. Sound fiscal management dictates that proceeds held for anticipated construction costs, for future debt service or as bondholder-required reserves be invested in interest-earning securities, such as those issued by the U.S. government. Tax provisions dealing with these investments are complex because they must allow for legitimate temporary investment of funds, yet at the same time prevent arbitrage abuse. To achieve this objective the federal government has produced a set of complex regulations. In essence, the regulations consist of two types: arbitrage restriction and arbitrage rebates. For arbitrage restrictions, issuers are permitted to invest both construction funds and reserve funds for limited periods of time, e.g., 85 percent of the proceeds must be spent within three years. For arbitrage rebates, all arbitrage earnings, with some exceptions (i.e., the proceeds are spent within six months or 75 percent of the proceeds are spent on construction within two years), must be remitted to the federal government. Governments are exempt from the rebate requirement if they meet these investment tests: if their bond proceeds are “available construction proceeds” or if they issue no more than \$5 million in total of all such debt in a calendar year. For this purpose, tax-exempt indebtedness includes bonds and installment purchases. Potential rebate liability must be calculated annually, and the actual liability must be paid every five years or at maturity of the debt, whichever is earlier. An outside bond consulting company, BLX (Bond Logistics) calculates the total arbitrage obligation for a group of South Carolina state agencies, one of which is Coastal Carolina University. No arbitrage obligation has been reported for Coastal Carolina University as of June 30, 2015.

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 Financial Statements

For the Year Ended June 30, 2015

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	\$ 43,719,708
Cash and Cash Equivalents - Restricted	
Debt Service	6,056,841
Capital Project	72,990,078
Other	247,889
Cash and Cash Equivalents - Endowment	100,000
Total	<u>\$ 123,114,516</u>

DEPOSITS:

Cash on Hand	12,575,918
Deposits Held by State Treasurer	110,538,598
Total	<u>\$ 123,114,516</u>

Cash on Hand: At June 30, 2015, Coastal Carolina University had \$247,889 with the state treasurer for exclusive use by the Perkins Loan Program.

Deposits Held by State Treasurer: State law requires full collateralization of all State Treasurer bank balances. The state treasurer must correct any deficiencies in collateral within seven days. At June 30, 2015, Coastal Carolina University had \$110,538,598 in Deposits Held by State Treasurer. Information pertaining to the reported amounts, fair values and credit risk of the state treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

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

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 3 – RESTRICTED ASSETS

The purposes and amounts of University restricted assets at June 30, 2015, are as follows:

CURRENT

Cash and Cash Equivalents

Satisfaction of Debt Covenants	\$ 6,056,841
Capital Projects	<u>72,990,078</u>
Total Restricted Current Assets	79,046,919

NONCURRENT

Cash and Cash Equivalents

Federal Perkins Loan Program	247,889
Endowments	100,000
Loans to Students, net of allowance	<u>1,193,391</u>
Total Restricted Noncurrent Assets	1,541,280

Total Restricted Assets	<u>\$ 80,588,199</u>
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COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 4 – ACCOUNTS RECEIVABLE

University current and noncurrent receivables for June 30, 2015, are as follows:

CURRENT ACCOUNTS RECEIVABLE

Student Accounts Receivable	\$ 3,000,515	
Less Allowance for Uncollectible	<u>(1,499,368)</u>	
Student Accounts Receivable, Net	\$ 1,501,147	\$ 1,501,147
Third Party Receivables		691,600
Federal Grants and Contracts Receivable		498,323
State Grants and Contracts Receivable		36,717
Other Grants and Contracts Receivable		143,276
Local Appropriation Receivable		823,913
Accrued Interest and Endowment Income Receivable		127,306
Due from Related Party		1,600
Other Receivables		<u>1,440,247</u>
Net Total Current Receivables		<u><u>\$ 5,264,129</u></u>

NONCURRENT ACCOUNTS RECEIVABLE

Loans to Students	\$ 1,231,149	
Less Allowance for Uncollectibles	<u>(37,758)</u>	
Net Loans to Students	\$ 1,193,391	\$ 1,193,391
Third Party Receivables		<u>1,928,574</u>
Net Total Noncurrent Receivables		<u><u>3,121,965</u></u>

CURRENT DUE FROM COMPONENT UNITS

Chanticleer Athletic Foundation Receivable		\$ 1,786,445
Coastal Educational Foundation Receivable		151,463
Student/Coastal Housing Foundation Receivable		<u>3,777,057</u>
Total Due from Component Units - Current		<u><u>\$ 5,714,966</u></u>

NONCURRENT DUE FROM COMPONENT UNITS

Coastal Education Foundation Receivable		\$ 258,000
Chanticleer Athletic Foundation Receivable		<u>3,342,872</u>
Total Due from Component Units - Noncurrent		<u><u>\$ 3,600,872</u></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 Financial Statements
For the Year Ended June 30, 2015

NOTE 5 - LOANS RECEIVABLE AND FEDERAL LIABILITY

Student loans made through the Federal Perkins Loan Program of the University comprise all of the loans receivable as of June 30, 2015. 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, 2015, the allowance for uncollectible student loans is valued at \$37,758. The funds contributed by the federal government are refundable in the event the University decides to no longer participate in the program. Although the University plans to participate in the Perkins Loan Program for the foreseeable future, the University has recorded a long-term liability in the amount of \$1,441,244, representing the federal portion of the loan program at June 30, 2015. If at any time the University opted out of the Federal Perkins Loan Program, the total liability to the University would be based on the original federal capital contribution and federal share of cash available at the close of the program, as well as other compliance issues. This amount calculated for just the federal capital contribution and federal share of cash available at June 30, 2015, totals \$1,623,982. The difference between the long-term liability recorded and the liability for just the federal capital contribution and federal share of cash available at June 30, 2015, relates to the allowance and other expenses the federal government considers unallowable. These amounts are estimates. The actual liability would be determined in accordance with federal regulations at the time of liquidation if liquidation were ever to occur.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the University for the year ended June 30, 2015, is summarized as follows:

	Beginning Balance July 1, 2014	Additions	Retirements	Adjustments	CIP Transfers	Ending Balance June 30, 2015
Capital Assets Not Being Depreciated:						
Land	\$ 26,316,087	\$ 3,266,182	\$ -	\$ 3,500,000	\$ -	\$ 33,082,269
Construction in Progress	40,243,579	79,123,191	-	-	(34,987,346)	84,379,424
Total Capital Assets Not Being Depreciated	66,559,666	82,389,373	-	3,500,000	(34,987,346)	117,461,693
Capital Assets Being Depreciated:						
Buildings and Improvements	217,694,896	-	-	96,987,421	30,876,048	345,558,365
Land Improvements	12,202,580	-	-	-	4,111,298	16,313,878
Equipment	11,765,680	2,706,539	(527,484)	778	-	13,945,513
Intangible Assets	273,777	-	-	-	-	273,777
Vehicles	5,890,515	1,033,031	(55,793)	(80,275)	-	6,787,478
Capital Lease	153,517,754	-	-	(153,517,754)	-	-
Total Capital Assets Being Depreciated	401,345,202	3,739,570	(583,277)	(56,609,830)	34,987,346	382,879,011
Less Accumulated Depreciation For:						
Buildings and Improvements	(49,194,943)	(7,060,007)	-	(12,918,195)	-	(69,173,145)
Land Improvements	(5,069,605)	(920,644)	-	-	-	(5,990,249)
Equipment	(8,280,819)	(1,608,663)	493,586	-	-	(9,395,896)
Intangible Assets	(273,777)	-	-	-	-	(273,777)
Vehicles	(2,293,044)	(1,108,293)	53,161	-	-	(3,348,176)
Capital Lease	(10,001,184)	(2,917,011)	-	12,918,195	-	-
Total Accumulated Depreciation	(75,113,372)	(13,614,618)	546,747	-	-	(88,181,243)
Capital Assets Being Depreciated, Net	326,231,830	(9,875,048)	(36,530)	(56,609,830)	34,987,346	294,697,768
Capital Assets, Net	<u>\$ 392,791,496</u>	<u>\$ 72,514,325</u>	<u>\$ (36,530)</u>	<u>\$ (53,109,830)</u>	<u>\$ -</u>	<u>\$ 412,159,461</u>

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest incurred during the construction process may be capitalized or expensed depending on, among other things, whether the source of funding specifies that it may be used only for the acquisition of specified qualifying assets. In certain cases, the amount of interest earned on unexpended debt proceeds was expensed. During the year ended June 30, 2015, the University capitalized interest expense in the amount of \$3,603,043. Of that number, \$131,699 was associated with the Institutional Bonds issued in 2010 and \$1,985,620 and \$1,485,724, was associated with the Higher Education Revenue Bonds issued in 2013, and 2014, respectively.

Construction: Approximately \$79.1 million of capital projects in various phases of planning or construction have been added to capital assets in the 2014-2015 fiscal year, continuing the ambitious building schedule that has characterized our campus for the last few years.

Presently, the major projects under construction are: A new student housing complex which adds four buildings with 1,274 beds for first-year students. Two of the buildings were opened in August 2015, Chanticleer Hall and Tradition Hall. The third and fourth buildings will be completed in the summer of 2016. To accommodate the additional students on campus this fall, the Hicks Dining Hall has undertaken a major expansion, which was also completed in late summer 2015. This expansion provides three additional food stations and approximately 175 additional seats for dining.

A second science building adjacent to the Smith and Swain Science buildings is currently under construction, due to be completed in April 2016. This facility will house the biology and

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS, Continued

chemistry departments, and marine science which includes marine biology, marine chemistry and marine geology. A second academic/classroom building is scheduled to begin construction in January 2016. This building is being planned to accommodate the computer science, recreation sports management, psychology and University honors departments. The information technology staff will also be housed in the new building.

Some larger projects that were accounted for as construction-in-progress in the last year, but have been completed and transferred to assets during the course of fiscal year 2015, include the addition to the student union, which has a movie theater and convenience store, as well as office and meeting spaces for student groups. The food service/catering building, which features an eat-in facility available to students and staff alike, specializes in healthy food alternatives and was also completed in 2015. The tennis complex located in the east campus area was completed in December of 2014. Also, the Springs Brooks Baseball Stadium was completed in May of 2015. A berm project, which is still under construction, will round out this beautiful addition to our campus.

Some major renovations which were completed in this fiscal year were the installation of teal turf at Brooks Football Stadium and the addition of a Chick-fil-A in the newly remodeled student union. The second floor of Baxley Hall was repurposed to accommodate the Registrar's Office. This change was intended to give students closer proximity between the Registrar's Office, Office of Student Accounts and Admissions, located in Kingston Hall. A major leasehold improvement was done in Atheneum Hall, which was intended to accommodate our growing alumni organization. It is currently being used to house some of the executive staff as a major renovation is being done to the Singleton Building, due to be finished in July 2016. Office space located at 450 Century Circle has been leased and remodeled to house the Office of Financial Services and the Office of University Communication during this renovation.

Acquisitions: The University recorded an increase of \$3.3 million in land acquisitions in the current fiscal year.

The Coastal Educational Foundation transferred 2.94 acres of core campus land to the University in September 2014. This land was valued at \$210,000 per acre, using a recent appraisal of land with comparable value. The total amount capitalized was \$623,957, including initial costs in the last fiscal year of \$3,775. This property will be used to build the second academic classroom building, scheduled to begin construction in January of 2016.

A parcel of land consisting of 12.6 acres known as University Boulevard, extending from SC Hwy 544 to U.S. Hwy. 501, at Coastal Carolina University was transferred from the S.C. Department of Transportation to the University in October 2014. This parcel was valued at \$210,000 per acre, for a total value of \$2,646,000.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 6 - CAPITAL ASSETS, Continued

The University's purchase of University Place from the Coastal Housing Foundation in February 2015 resulted in recognizing a land acquisition of 54.34 acres valued at \$3,500,000 and a buildings cost of \$84,957,142, for the total price of \$88,457,142. This property was originally leased to the University by the CCU Student Housing Foundation and capitalized beginning in fiscal year 2013. The lease was terminated in February of 2015, and in that same month the property was acquired by the University. It was determined that the savings realized as a result of this transaction will allow the University to avoid raising student housing fees over the next several years and build a maintenance reserve to take care of future renovations needed for the residence halls.

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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, 2015, Deferred Outflows of Resources are \$10,164,021, comprised of \$6,651,159 for 2015 retirement contributions, \$542,019 for amortizing debt refunding, and \$2,970,843 of amortizing changes in pension liability experience.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, Continued

Deferred Outflow of Resources						
	Ending Balance June 30, 2014	Restatement of Net Position	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
Deferred Outflows Not Being Amortized:						
South Carolina Retirement System contributions	\$ -	\$ 5,703,878	\$ 5,703,878	\$ 6,355,666	\$ (5,703,878)	\$ 6,355,666
Police Officers Retirement System contributions	-	239,793	239,793	295,493	(239,793)	295,493
Total Deferred Outflows Not Being Amortized	-	5,943,671	5,943,671	6,651,159	(5,943,671)	6,651,159
Deferred Outflows Being Amortized:						
Refunding of Debt	1,237,875	-	1,237,875	-	-	1,237,875
South Carolina Retirement System liability experience	-	-	-	3,785,892	-	3,785,892
Police Officers Retirement System liability experience	-	-	-	99,895	-	99,895
Total Deferred Outflows Being Amortized	1,237,875	-	1,237,875	3,885,787	-	5,123,662
Less Amortization For:						
Refunding of Debt	603,529	-	603,529	92,327	-	695,856
South Carolina Retirement System liability experience	-	-	-	894,375	-	894,375
Police Officers Retirement System liability experience	-	-	-	20,569	-	20,569
Total Amortization For	603,529	-	603,529	1,007,271	-	1,610,800
Total Deferred Outflows:	\$ 634,346	\$ 5,943,671	\$ 6,578,017	\$ 9,529,675	\$ (5,943,671)	\$ 10,164,021

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, 2015, Deferred Inflows of Resources are \$9,209,563, comprised of \$262,500 for an amortizing upfront payment for a service concession arrangement between the University and a third-party vendor, and \$8,947,063 of amortizing changes in pension investment experience.

Deferred Inflow of Resources				
	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
Deferred Inflows Being Amortized:				
Service concession arrangement	\$ 350,000	\$ -	\$ -	\$ 350,000
South Carolina Retirement System investment experience	-	10,753,887	-	10,753,887
Police Officers Retirement System investment experience	-	429,930	-	429,930
Total Deferred Inflows Being Amortized	350,000	11,183,817	-	11,533,817
Less Amortization For:				
Service concession arrangement	17,500	70,000	-	87,500
South Carolina Retirement System investment experience	-	2,150,777	-	2,150,777
Police Officers Retirement System investment experience	-	85,977	-	85,977
Total Amortization For	17,500	2,306,754	-	2,324,254
Total Deferred Inflows:	\$ 332,500	\$ 8,877,063	\$ -	\$ 9,209,563

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 8 – ENDOWMENTS

The University holds one permanent endowment of \$100,000 called the Kearns Palmetto professorship. The cash and cash equivalents, with a fair value at June 30, 2015, of \$104,401 are recorded in noncurrent assets, restricted cash. If a donor has not provided specific instructions to the contrary, 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. The income earned on the endowment is spent for the purpose for which it was established, that of faculty research support. It is the University's policy to authorize and spend investment income only at the budgeted amount of 5 percent of the most recent June 30 fair market value.

NOTE 9 - UNEARNED REVENUE

Unearned revenue for the University totaled \$5,026,254 for fiscal year ended June 30, 2015. These unearned revenues include a food service contract of \$1,900,000, tuition prepayments of \$2,067,483, grant and contract funds of \$528,194, housing prepayments of \$403,978, advance ticket sales of \$75,142, unearned golf course payments of \$50,842, and other unearned revenue of \$615. Tuition prepayments include Summer I fees of \$987,747, Summer II fees of \$345,938, fall fees of \$193,056 and deposits of \$540,742.

NOTE 10 – LEASE OBLIGATIONS

Operating Leases: The University leases classroom and office facilities from external parties under terms of noncancelable operating leases having terms in excess of one year. Total payments for such leases were \$147,003 for the year ended June 30, 2015. Future minimum lease payments under terms of these leases are as follows:

<u>Fiscal Year Ending June 30</u>	
2016	147,003
2017	147,003
2018	147,003
2019	147,003
2020	147,003
Thereafter	<u>368,038</u>
Total minimum payments required	<u>1,103,053</u>

The University also leases a parking lot, three activity fields, classrooms and office facilities from third parties in accordance with operating leases with fixed annual payments and terms of one year or less. Payments for such space during the fiscal year ending June 30, 2015, were \$852,929.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 11 – BONDS PAYABLE

For the University, bonds payable consisted of the following at June 30, 2015:

Series 2004 (Refunded 1994 Bonds)	3,885,000	4.09%	6/1/2018	1,025,000
Series 2006 (Refunded 1999 Bonds)	13,175,000	3.75% to 4.25%	6/1/2026	9,150,000
Series 2012 (Refunded 1999 Bonds)	6,147,000	2.10%	6/1/2026	4,981,000
Series 2013	54,705,000	2.75% to 4.0%	6/1/2040	54,705,000
Series 2014	35,480,000	3.0% to 5.0%	6/1/2044	35,480,000
Series 2015	87,020,000	2.0% to 5.0%	6/1/2042	87,020,000
Total Revenue Bonds				192,361,000
State Institution				
General Obligation 2002	8,750,000	3.25% to 4.625%	9/1/2022	4,590,000
General Obligation 2006	11,300,000	4.25% to 6.00%	10/1/2026	8,590,000
General Obligation 2010	54,000,000	3.52%	4/1/2030	43,495,000
Total State Institutional Bonds				56,675,000
Total Bonds Payable				\$ 249,036,000

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

State institution bonds are general obligation bonds backed by the full faith, credit and taxing power of the state. For fiscal year 2015, tuition revenue is pledged in the amount of \$445 per full-time in-state student, \$445 per full-time out-of-state student and \$15 per graduate credit hour. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed 90 percent of the sums received from tuition and fees for the preceding fiscal year. Tuition bonds fees for the preceding year were \$7,149,984 which results in a legal annual debt service at June 30, 2015, of \$6,434,986.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 11 – BONDS PAYABLE, Continued

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

	Principle	Interest	Total
<u>Revenue Bonds</u>			
2016	4,553,000	7,099,831	11,652,831
2017	5,473,000	6,907,763	12,380,763
2018	5,702,000	6,678,082	12,380,082
2019	5,575,000	6,442,229	12,017,229
2020	5,807,000	6,207,349	12,014,349
2021-2025	32,768,000	27,309,855	60,077,855
2026-2030	32,718,000	21,096,088	53,814,088
2031-2035	36,630,000	15,611,732	52,241,732
2036-2040	45,240,000	8,630,130	53,870,130
2041-2044	17,895,000	1,371,650	19,266,650
	<u>\$ 192,361,000</u>	<u>\$ 107,354,709</u>	<u>\$ 299,715,709</u>

	Principle	Interest	Total
<u>General Obligation Bonds</u>			
2016	3,075,000	2,174,576	5,249,576
2017	3,170,000	2,084,176	5,254,176
2018	3,280,000	1,955,789	5,235,789
2019	3,395,000	1,821,891	5,216,891
2020	3,520,000	1,664,531	5,184,531
2021-2025	19,935,000	6,025,259	25,960,259
2026-2030	20,300,000	2,555,888	22,855,888
	<u>\$ 56,675,000</u>	<u>\$ 18,282,110</u>	<u>\$ 74,957,110</u>

On Feb. 1, 2015, the University issued \$87,020,000 Higher Education Revenue Bonds, Series 2015, to provide funds for the acquisition of the existing student housing apartment facilities near the campus of the University known as University Place and to pay the cost of issuance of the Series 2015 Bonds. These Series 2015 Bonds are special obligations of the University and are payable solely from and secured by a pledge of revenues generated from the facility. University Place was previously owned by CCU Student Housing Foundation which included 54.338 acres of real estate and 46 residence halls (consisting of 573 apartments with 2,079 beds) and 11 activity and pool house/support/storage space facilities.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 11 – BONDS PAYABLE, Continued

The purposes of all outstanding bond issues are listed below:

- State Institution Bonds Series 2002D
 - i. Renovate and construct certain academic and athletic facilities.

- State Institution Bonds Series 2006C
 - i. Fund various projects, specifically including science facilities, other academic facilities, physical plant and campus infrastructure, and student life and intramural facilities.
 - a. Repairs and renovations to roofs and HVAC systems on academic facilities.
 - b. Construct a planned environmental research facility.
 - c. Convert the existing space in two warehouses to science laboratories.
 - d. Allow for electrical upgrades, parking lots, sidewalks, irrigation, expansion of fiber optics, security cameras and wireless technology system throughout the campus.
 - e. Provide playing fields and weight rooms for intramural sports activities.

- State Institution Bonds Series 2010A
 - i. Construct an approximately 18,000 square foot addition to the Kimbel Library.
 - ii. Construct an approximately 40,000 square foot annex to the Smith Science Building.
 - iii. Construct a new student recreation complex.

- Revenue Auxiliary Bonds 2004, 2006, 2012 Series
 - i. Construction of Baxley Hall.
 - ii. Construction of Hicks Dining Hall.

- Higher Education Revenue Bonds 2013 and 2014 Series
 - i. Expansion of student housing on main campus with Eaglin Hall.
 - ii. Acquisition of land and construction of first phase of student housing facility (650 beds).
 - iii. Construction of second phase of student housing facility (624 beds).

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

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 12 - LONG-TERM LIABILITIES

Long-term liability activity for the University for the year ended June 30, 2015, was as follows:

	Balance 6/30/2014	Additions	Reductions	Balance 6/30/2015	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 59,665,000	\$ -	\$ (2,990,000)	\$ 56,675,000	\$ 3,075,000
Revenue Bonds	106,707,000	87,020,000	(1,366,000)	192,361,000	4,553,000
Total Bonds Payable	166,372,000	87,020,000	(4,356,000)	249,036,000	7,628,000
Capital Lease Payable	144,894,319		(144,894,319)	-	
Federal Loan Program Liability	1,417,143	24,101	-	1,441,244	-
Accrued Compensated Absences	4,346,176	114,201	(200,712)	4,259,664	207,526
Total Other Liabilities	150,657,638	138,302	(145,095,031)	5,700,908	207,526
Total Long-Term Liabilities	\$ 317,029,638	\$ 87,158,302	\$(149,451,031)	\$ 254,736,908	\$ 7,835,526

Additional information regarding Bonds Payable is included in Note 11.

NOTE 13 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2015, are summarized as follows:

Functional Classification	Personnel Costs and Benefits	Services and Supplies	Utilities	Scholarships	Depreciation	Total
Instruction	\$56,551,203	\$6,956,737	\$203,293			\$63,711,233
Research	\$820,511	\$979,168	\$10,443			\$1,810,122
Public Service	\$838,255	\$532,025	\$9,727			\$1,380,007
Academic Support	\$8,626,444	\$2,109,721	\$7,797			\$10,743,962
Student Services	\$17,307,193	\$9,188,788	\$128,955			\$26,624,936
Institutional Support	\$12,150,034	\$3,301,777	\$266,484			\$15,718,295
Plant Operation	\$12,824,598	\$8,618,285	\$3,969,278			\$25,412,161
Scholarships	\$1,287,589	\$968,879		\$10,275,259		\$12,531,727
Auxiliary Enterprises	\$3,278,451	\$5,690,825	\$2,428,177			\$11,397,453
Depreciation					\$13,614,618	\$13,614,618
Total Expenses	\$113,684,278	\$38,346,205	\$7,024,154	\$10,275,259	\$13,614,618	\$182,944,514

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

14 – PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member board of directors, appointed by the governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the budget and control board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the systems and serves as a co-trustee of the systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on 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, P.O. Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

The **South Carolina Retirement System (SCRS)**, a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for public school districts and employees of the state and political subdivisions thereof. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. A member of the system with an effective date of membership prior to July 1, 2012, is a Class II member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class III member.

A Class II member who has separated from service with at least five 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 III member who has separated from service with at least eight years of earned service is eligible for a monthly pension subject to 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 II and Class III members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. Incidental death benefits are also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

Beginning July 1, 2012, and annually thereafter, the annual retirement allowance received by retirees or their surviving annuitants must be increased by the lesser of 1 percent or five \$500. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 14 – PENSION PLANS, Continued

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.

Class II Members (members hired prior to July 1, 2012)

Average Final Compensation (AFC) is based on the highest 12 consecutive quarters of earnable compensation. The determination of a member's AFC includes up to 45 days of unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit amount is equal to the 1.82 percent of the member's AFC times the member's credited service (years). Credited service may include up to 90 days of unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 28 years of credited service or (ii) attained age 65 with five years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic cost of living adjustment equal to the lesser of 1.00 percent of their retirement benefit or \$500 per annum.

Class III Members (members hired after June 30, 2012)

Average Final Compensation (AFC) is based on the highest twenty (20) consecutive quarters of earnable compensation. The determination of a member's AFC will not include unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit is equal to 1.82 percent of the member's AFC times the member's credited service (years). Credited service will not include unused sick leave.

Members are eligible to commence a retirement benefit after they have (i) attained age 60 with eight years of earned service or (ii) the combination of the member's age and years of credited service equals or exceeds 90 (i.e. the rule of 90). At each July 1 after their first full year of retirement, annuitants will receive an automatic cost of living adjustment equal to the lesser of 1.00 percent of their retirement benefit or \$500 per annum.

Effective July 1, 2014, employees participating in the SCRS were required to contribute 8.00 percent of all earnable compensation. The employer contribution rate for SCRS was 15.90 percent. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.75 percent, .15 percent for the incidental death benefit program and a 5 percent surcharge that will fund retiree health and dental insurance coverage.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 14 – PENSION PLANS, Continued

Coastal Carolina University’s actual retirement and incidental death benefit program contributions to the SCRS for the years ended June 30, 2015 and 2014 were:

SCRS	<u>2015</u>	<u>2014</u>
Covered Payroll	\$40,118,128	\$37,461,349
Employee Contributions (8 percent 2015; 7.5 percent 2014)	3,209,450	2,809,601
Employer Contributions (10.75 percent 2015; 10.45 percent 2014)	4,312,699	3,914,711
Incidental Death (0.15 percent for 2015 and 2014)	60,177	56,192
Surcharge (5.0 percent 2015; 4.92 percent 2014)	2,005,906	1,843,098
<u>Total Remittance</u>	<u>\$ 9,588,232</u>	<u>\$ 8,623,602</u>

The **South Carolina Police Officers Retirement System (PORS)**, a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firefighters of the state and its political subdivisions. To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. A member of the system with an effective date of membership prior to July 1, 2012, is a Class II member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class III member. A Class II member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class III member who has separated from service with at least eight years of

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 14 – PENSION PLANS, Continued

earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class II and Class III members are eligible to receive a deferred annuity at age 55 with five or eight years earned service, respectively. Incidental death benefits are also available to beneficiaries of active and retired members of employers who participate in the death benefit program. An additional accidental death benefit is 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.

Class II Members (members hired prior to July 1, 2012)

Average Final Compensation (AFC) is based on the highest twelve (12) consecutive quarters of earnable compensation. The determination of a member's AFC includes up to 45 days of unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit is equal to 2.14 percent of the member's AFC times the member's credited service (years). Credited service may include up to 90 days of unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 25 years of credited service or (ii) attained age 55 with 5 years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic post-retirement benefit adjustment equal to the lesser of 1 percent of their retirement benefit or \$500 per annum.

Class III Members (members hired after June 30, 2012)

Average Final Compensation (AFC) is based on the highest twenty (20) consecutive quarters of earnable compensation. The determination of a member's AFC will not include unused annual leave paid at termination. Monthly benefits are based on one-twelfth of the retirement benefit. The retirement benefit is equal to 2.14 percent of the member's AFC times the member's credited service (years). Credited service will not include unused sick leave.

Members are eligible to commence their retirement benefit after they have (i) 27 years of credited service or (ii) attained age 55 with eight years of earned service. At each July 1 after their first full year of retirement, annuitants will receive an automatic post-retirement benefit adjustment equal to the lesser of 1 percent of their retirement benefit or \$500 per annum.

Effective July 1, 2014, employees participating in the PORS were required to contribute 8.74 percent of all earnable compensation. The employer contribution rate for PORS was 19.07 percent. Included in the total PORS employer contribution rate is a base retirement contribution of 13.01 percent, .20 percent for the incidental death benefit program, .2 percent for the accidental death program, and a 5 percent surcharge that will fund retiree health and dental insurance coverage.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 14 – PENSION PLANS, Continued

Coastal Carolina University’s actual retirement, incidental death benefit program and accidental death program contributions to the PORS for the years ended June 30, 2015, and 2014, were:

PORS	<u>2015</u>	<u>2014</u>
Covered Payroll	\$2,126,787	\$1,852,946
Employee Contributions (8.41 percent 2015; 7.84 percent 2014)	178,863	145,271
Employer Contributions (13.01 percent 2015; 12.44 percent 2014)	276,695	230,506
Incidental Death (.20 percent 2015 and 2014)	4,253	3,706
Accidental Death (.20 percent 2015 and 2014)	4,253	3,706
Surcharge (5.0 percent 2015; 4.92 percent 2014)	106,339	91,165
<u>Total Remittance</u>	<u>\$ 570,403</u>	<u>\$ 474,354</u>

The **State Optional Retirement Program (ORP)**, a defined contribution retirement plan, is an alternative to membership in the SCRS for newly hired state and school district employees. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The state assumes no liability for the State ORP plan other than for the employer’s payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under state law, contributions to the ORP are required at the same rates as for the SCRS, 10.75 percent plus the retiree surcharge of 5 percent from the employer and .15 percent incidental death benefit program contribution amounts are remitted to SCRS in fiscal year 2015. Of the 10.75 percent required ORP employer contribution, 5.75 percent of the employer remits goes to the state and 5 percent directly to the participant’s ORP account.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 14 – PENSION PLANS, Continued

The amounts paid by Coastal Carolina University for pension, incidental death benefit program and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged. Coastal Carolina University's actual retirement, incidental death benefit program and accidental death program contributions to the ORPs for the years ended June 30, 2015, and, June 30, 2014 were:

ORPs	<u>2015</u>	<u>2014</u>
Covered Payroll	\$33,683,723	\$30,931,384
Employee Contributions (8 percent 2015; 7.5 percent 2014)	2,694,698	2,319,854
Vendor Employer Contributions (5 percent 2015 and 2014)	1,684,186	1,546,569
<u>Total Remittance to Vendor</u>	<u>\$ 4,378,884</u>	<u>\$ 3,866,423</u>
State Employer Contributions (5.75 percent 2015; 5.45 percent 2014)	\$ 1,936,814	\$ 1,685,760
Incidental Death (.15 percent 2015 and 2014)	50,525	46,397
Surcharge (5 percent 2015; 4.92 percent 2014)	1,684,186	1,521,824
<u>Total Remittance to State</u>	<u>\$ 3,671,525</u>	<u>\$ 3,253,981</u>
<u>Total Remittance</u>	<u>\$ 8,050,409</u>	<u>\$ 7,120,404</u>

The **Teacher and Employee Retention Incentive Program (TERI)**, became effective Jan. 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 14 – PENSION PLANS, Continued

up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018, and a member's participation may not continue after this date.

Funding Policies

Article X, Section 16, of the South Carolina Constitution requires that all state-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

While the surcharge to fund retiree health and dental insurance benefits is collected by the Retirement Benefits Division of PEBA, it is remitted to the Insurance Benefits Division of PEBA, which is responsible for administration of retiree health and dental insurance benefits and establishment of the applicable retiree insurance surcharge rate.

For the current fiscal year, the SCRS and PORS do not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, Coastal Carolina University's liability under the plans is limited to the amount of required employer contributions (stated as a percentage of covered payroll) as established by the South Carolina Public Employee Benefit Authority and as appropriated in the South Carolina Appropriation Act and from other applicable revenue sources. Accordingly, Coastal Carolina University recognizes no contingent liability for unfunded costs associated with participation in the plans.

GASB Statement No. 68: Accounting and Financial Reporting for Pensions

The primary objective of this statement is to improve accounting and financial reporting by state and local government, including institutions of higher education, for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This new statement is the result of a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

Actuarial Assumptions and Methods. Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 14 – PENSION PLANS, Continued

Amounts determined during the valuation process 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. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015, annual valuation is complete.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

NOTE 14 – PENSION PLANS, Continued

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.5 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	0.3	0.01
Short Duration	3.0%	0.6	0.02
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	1.1	0.08
High Yield	2.0%	3.5	0.07
Bank Loans	4.0%	2.8	0.11
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	0.8	0.02
Emerging Markets Debt	6.0%	4.1	0.25
Global Public Equity	31.0%	7.8	2.42
Global Tactical Asset Allocation	10.0%	5.1	0.51
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4	0.32
Private Debt	7.0%	10.2	0.71
Private Equity	9.0%	10.2	0.92
Real Estate (Broad Market)	5.0%	5.9	0.29
Commodities	3.0%	5.1	0.15
Total Expected Real Return	100.0%		5.88
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			8.63

Discount rate. The discount rate used to measure the total pension liability was 7.5 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 State Code of Laws. Based on those assumptions, each system's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability. The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each

COASTAL CAROLINA UNIVERSITY
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For the Year Ended June 30, 2015

NOTE 14 – PENSION PLANS, Continued

defined benefit pension plan was therefore determined based on the July 1, 2013, actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA’s consulting actuary, Gabriel, Roeder, Smith and Company.

At June 30, 2015, the University reported a liability of \$105,017,276 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University’s proportion of the net pension liability was based on a projection of the University’s long-term share of contributions to the pension plan relative to the projected contributions of all participating state entities, actuarially determined. At June 30, 2014, the University’s proportion was 0.592708 percent and 0.15527 percent for SCRS and PORS, respectively.

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that system’s fiduciary net position. As of June 30, 2014, NPL amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	State Net Pension Liability (Asset)	University's Proportionate Share of Net Pension Liability (Asset)	University's Portion of Net Pension Liability (Asset)
SCRS	\$ 42,955,205,796	\$ 25,738,521,026	\$ 17,216,684,770	0.592708%	\$ 102,044,668
PORS	5,899,529,434	3,985,101,996	1,914,427,438	0.15527%	2,972,608

Sensitivity Analysis of the University’s proportionate share of the net pension liability to changes in the discount rate. The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current year:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 132,052,114	\$ 102,044,668	\$ 77,009,850
PORS	4,154,143	2,972,608	1,994,986

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 14 – PENSION PLANS, Continued

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2015, the University recognized its proportionate share of pension expense of \$7,412,237 associated with the net pension liability. At June 30, 2015, 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	\$ 2,891,517	\$ -
Assumption Changes	-	-
Investment Experience	-	8,603,110
Change in Allocated Proportion	-	-
Contributions After the Measurement Date	6,355,666	-
Total	\$ 9,247,183	\$ 8,603,110

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 79,326	\$ -
Assumption Changes	-	-
Investment Experience	-	343,953
Change in Allocated Proportion	-	-
Contributions After the Measurement Date	295,493	-
Total	\$ 374,819	\$ 343,953

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2014. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2014, was \$6,651,159 reported as deferred outflows of resources related to pensions resulting from University 4.233 years for SCRS and 4.856 years for PORS.

Recognition of Existing Deferred Outflows (Inflows) of Resources for Future Plan Years		
Year ended June 30:	SCRS	PORS
2015	\$ (1,256,402)	\$ (65,416)
2016	(1,256,402)	(65,416)
2017	(1,256,402)	(65,416)
2018	(1,942,388)	(68,378)
Thereafter	-	-
Net Balance of Deferred Outflows / (Inflows) of Resources	\$ (5,711,594)	\$ (264,626)

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 15 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

Generally, retirees are eligible for the health and dental benefits if they have established at least 10 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 percent employer funding and 15 through 24 years of service for 50 percent employer funding.

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

Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.92 percent of annual covered payroll for 2015 and 2014. The IB sets the employer contribution rate based on a pay-as-you-go basis. Coastal Carolina University paid approximately \$3,796,432 and \$3,456,087 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2015 and June 30, 2014, respectively. BLTD benefits are funded through a person's premium charged to state agencies, public school districts and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2015, and June 30, 2014.

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

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

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

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 Horry County Higher Education Commission and the Georgetown County Advisory Board for Coastal Carolina University. 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, 2015, include significant transactions between them and the University, which are as follows:

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 16 members who are appointed by the Horry County legislative delegation. The Commission is responsible for providing resources to meet the goals and carry out the mission of Coastal Carolina University, and to expend funds, including proceeds of bonds issued by Horry County to provide buildings and equipment for the University. The Commission receives an annual appropriation from Horry County to accomplish these objectives. During fiscal year 2015, the Commission made grants to Coastal Carolina University totaling \$533,824 of which \$3,026 was receivable at year end. Of the total grants, \$246,324 was for scholarships and \$287,500 was for public service, academic enhancement and staff development projects. The Commission leases its land and buildings to the University at a below-market rental rate under terms of annual leases. Rent paid by the University during the fiscal year 2015 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. For the year ended June 30, 2015, the Commission had a net position of \$294,333, total tax revenues were \$1,218,917 and total debt service was \$528,917.

Georgetown County Advisory Board for Coastal Carolina University: Georgetown County annually appropriates funds to support the mission of Coastal Carolina University in Georgetown County. The Georgetown County Advisory Board for Coastal Carolina University is responsible for the budgeting and distribution of these funds. During the year ending June 30, 2015, the University recognized and received \$147,000 in revenue from the advisory board to be applied toward a lease in downtown Georgetown. Expenditures made on behalf of the University were \$2,520 for scholarships and \$2,155 for facilities in Georgetown County.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

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 2015 are not readily available. At June 30, 2015, accounts receivable included \$29,945 due from other state agencies primarily for federal and state sponsored projects, and accounts payable included \$355,678 due to other state agencies. Horry Georgetown Technical College (HGTC) contracts with the University to provide security services to each of their campuses. These services were billed and paid in fiscal year 2015.

Also, a parcel of land consisting of 12.6 acres known as University Boulevard, extending from S.C. 544 to US 501, at Coastal Carolina University was transferred from the South Carolina Department of Transportation to the University in October 2014. This parcel was valued at \$210,000 per acre, for a total value of \$2,646,000.

Transactions with Related-Party Vendors: The University has identified six potential related party vendors with whom they have transacted business during fiscal year ending June 30, 2015. These vendors and the total related transaction amounts are listed below:

**Related Party Vendor Transactions
For Year Ended June 30, 2015**

Vendor	Amounts
Charles H. Johns IV	\$5,045
Conway Ford Inc.	5,059
Frames by Lauren Elizabeth	16,268
Grand Strand Tee Time Network	4,000
Preston M. Roberts	875
Talotta Interiors Inc.	358,067
Total	<u>\$389,314</u>

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 17 – RISK MANAGEMENT

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

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

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

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 and for officers' and directors' errors and omissions.

NOTE 18 – COMPONENT UNITS

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

The CEF provides support directly to the University through funds raised from private contributions to support University scholarship and various academic programs. The CEF has provided \$2,417,140 in support through direct and indirect transfers. For the fiscal year ended June 30, 2015, CEF had receivables from the University of \$19,873 and payables to the University totaled \$409,463 (short-term \$151,463, long-term \$258,000).

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 18 – COMPONENT UNITS, Continued

The Coastal Educational Foundation, Continued

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, 2015, the carrying value of said property was \$5,878,979 net of \$77,991 accumulated depreciation. The University leases this land annually from the foundation at a rate below market value.

The CEF transferred parcels of land to the University to be utilized in campus expansion during the fiscal year ended June 30, 2015. These parcels of land had a fair market value at the date of contribution of \$617,400.

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 \$264,603 for the fiscal year ending June 30, 2015. The University paid total rent of \$309,667 in fiscal year 2015 to the foundation for seven parcels of land: the soccer field, student parking lot, an athletic parcel, a Wheelwright Auditorium parcel, an academic parcel, a Founders Drive parcel and a University Housing parcel.

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

A summary of investments at fair value at June 30, 2015, follows:

<u>Brown Brothers Harriman Investments</u>	
Cash and Cash Equivalents	\$ 51,190
Equities	18,352,034
Fixed Income Funds	<u>9,180,356</u>
Total Privately Managed Funds	27,583,580
Closely Held Investments	
Common Stock	<u>190,000</u>
Total Closely Held Investments	190,000
Total Investments	<u>\$ 27,773,580</u>

During the year ended June 30, 2015, University board members served as ex-officio members of the Coastal Educational Foundation board.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 18 – COMPONENT UNITS, Continued

The Chanticleer Athletic Foundation: The Chanticleer Athletic Foundation (the CAF) is a separately chartered 5019(c) (3) corporation organized in 1987 exclusively to support Coastal Carolina University Athletics. The CAF is comprised of no less than 15 board members and an executive director, who manages the operations of the CAF. The board of directors oversees the actions of the executive director and provides strategic goals which the executive director carries out. As discussed in Note 1, the CAF has been included in the reporting entity as a component unit. Because the CAF is deemed not to be a government entity and, therefore, uses a different reporting model, its balances and transactions are reported on separate financial statements.

The CAF provides support directly to the University through funds embarked from private contributions to support University athletic scholarships and programs. These transfers for fiscal year 2015 were recorded by the University as nonoperating gift revenues totaling \$3,151,931.

The CAF procured and gifted to the University \$120,826 of goods and services, which included vehicle leases to athletic coaches and future wiring of a variety of buildings on campus.

For the year ended June 30, 2015, the CAF had net assets of \$911,396, there were no receivables between the University and CAF, and payables to the University totaled \$5,129,317.

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

University Place, an apartment complex housing 2,079 students located approximately one-half mile from the campus, is the primary residential project of the Company. In June 2012, the Company and the University executed the governmental real estate lease agreement and a related restricted funds agreement. Beginning July 1, 2012, the University began leasing the University Place complex, the lease being classified as a capital lease for accounting purposes. In February 2015, the Company entered into an agreement to sell University Place to the University, thereby terminating the lease and the related restricted funds agreement. Proceeds from the sale were used to retire the JEDA series 2005 bonds payable in April 2015, and to secure funds to cover the outstanding principal and interest due for the JEDA series 2009 bonds. Since the 2009 bonds cannot be repaid in full until April 2020, these funds have been placed in an escrow account, in an amount sufficient to pay the required principal and interest payments until the refunding in 2020, defeasing the bonds in substance. The value of this restricted fund is \$61,492,701.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements
For the Year Ended June 30, 2015

NOTE 18 – COMPONENT UNITS, Continued

The CCU Student Housing Foundation, Continued

During the fiscal year just ended, the Company committed support to the University in the amount of \$3,769,539 to fund the dining facility renovation at University Place. This amount is included in accounts payable – related party at June 30, 2015.

The Company also provided financial support to the University of \$406,893 during the year for other capital improvements, maintenance and repairs to University Place.

Additionally, the University received financial support from the Foundation for the fiscal year ended June 30, 2015, of \$75,000 for a salary supplement for the University's president.

For the year ended June 30, 2015, the Foundation and the Company had consolidated net assets of \$21,758,273.

NOTE 19 – CONTINGENCIES AND LITIGATION

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

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

NOTE 20 – COMMITMENTS

Horry County One-Cent Sales Tax: In March 2009, Horry County began charging an additional one-cent sales tax on most taxable goods and services that a consumer currently pays tax on at the time of purchase to fund facilities for education. Exempt from this sales tax are groceries, gas and prescription drugs. The one-cent sales tax provides funding for Horry County schools, Coastal Carolina University and Horry Georgetown Technical College over the next 14 years. For the fiscal year ending June 30, 2015, Coastal Carolina University has received approximately \$8.9 million in revenue from this new tax. Since the inception of the one-cent sales tax, the University has received more than \$48 million in revenue. The University has purchased several buildings with this revenue and has recently completed construction of Clay D. Brittain Hall as well as a new central energy plant. The Science Annex II building currently under construction is being partially funded by the one-cent sales tax.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2015

Open Constructions and Renovation Contracts: As of June 30, 2015, Coastal Carolina University has seventy-seven (77) open contracts for projects classified under the construction in progress umbrella, which total \$96.5 million. Of this total, \$35.9 million remains unspent. The larger contracts are connected to the new student housing project, contracting Christman Co. in the amount of \$29.7 million and HG Reynolds in the amount of \$27.2 million. All of these contracts account for services rendered for construction, architectural work, engineering and testing, and land improvements, as well as interior refurbishments such as carpet replacement, painting and HVAC system control.

Athletic facility upgrades are expected to begin during the upcoming fiscal year commensurate with the athletic program's new membership in the Sun Belt Conference and, in particular, the football program's transition to FBS (Football Bowl Subdivision). FBS classification features an average attendance requirement for home football games as required by NCAA By-Law 0.9.9.3. Facility expansion is required in order to meet this attendance requirement.

The University accepted an invitation on Sept. 1st to join the Sun Belt Conference effective July 1, 2016. The move to the FBS, which is the absolute highest level of collegiate competition, will increase the University's visibility and brand recognition. The Sun Belt Conference, headquartered in New Orleans, was established in 1976 and began sponsoring football in 2001 as a member of the Football Bowl Subdivision (FBS). In addition to football, the Sun Belt Conference sponsors baseball, men's basketball, women's basketball, men's cross country, women's cross country, men's golf, women's golf, men's soccer, women's soccer, softball, men's indoor track and field, women's track and field, men's outdoor track and field, women's outdoor track and field, men's tennis, women's tennis and women's volleyball. CCU sports will begin competing in Sun Belt Conference play as of July 1, 2016, with the exception of the football program, which will transition to its first year of full FBS status in 2018. During the transition, CCU will compete as a Sun Belt member in 2017 and have the opportunity to compete for the conference football championship, but will not be eligible to participate in the postseason.

The University's president emphasized that this move will not involve costs that fall on the backs of the students. He explained that joining the FBS brings a financial benefit that CCU doesn't currently have at the NCAA Division I Football Championship Subdivision (FCS) level, including significant conference revenue sharing that can help offset the increased operating costs as an FBS program. In order to comply with FBS minimum attendance, the University will undergo a stadium expansion.

FBS teams also have to meet minimum attendance requirements (average 15,000 people in actual or paid attendance per home game), while FCS teams do not have minimum attendance requirements. Another difference is post-season play. Since 1978, FCS teams have played in a college football playoff system to determine an NCAA-sanctioned national champion; the FBS teams play in bowl games where various polls rank the No. 1 team after the conclusion of the bowl games. Starting with the 2014 postseason, a four-team playoff called the College Football Playoff, replaced the previous one-game championship format. Even so, Division I FBS football

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2015

Open Constructions and Renovation Contracts, Continued

is still the only NCAA sport in which a yearly champion is not determined by an NCAA-sanctioned championship event.

All Division I schools must field teams in at least seven sports for men and seven sports for women or six for men and eight for women, with at least two team sports for each gender. Division I schools must meet minimum financial aid awards for their athletics program, and there are maximum financial aid awards for each sport that a Division I school cannot exceed. There are several other NCAA-sanctioned minimums and differences that distinguish Division I from Divisions II and III. Each playing season has to be represented by each gender as well. There are contest and participant minimums for each sport, as well as scheduling criteria. For sports other than football and basketball, Division I schools must play 100 percent of the minimum number of contests against Division I opponents—anything over the minimum number of games has to be 50 percent Division I. Men's and women's basketball teams have to play all but two games against Division I teams; for men, they must play one-third of all their contests in the home arena.

Subsequent Events: Athletic facility upgrades are expected to begin during the upcoming fiscal year commensurate with the athletic program's new membership in the Sun Belt Conference and, in particular, the football program's transition to FBS (Football Bowl Subdivision). FBS classification features an average attendance requirement for home football games as required by NCAA By-Law 0.9.9.3. Facility expansion is required in order to meet this attendance requirement. The internal projected cost of the facility upgrade is \$19 million.

OTHER FINANCIAL INFORMATION

COASTAL CAROLINA UNIVERSITY
Schedule of Information on Business-Type Activities
Required for the Governmentwide
Statement of Activities in the State CAFR
For the Year Ended June 30, 2015

	<u>Year Ended June 30</u>		<u>Increase (Decrease)</u>
	<u>2015</u>	<u>2014</u>	
Charges for Services	\$ 163,130,126	\$ 147,335,979	\$ 15,794,147
Operating Grants and Contributions	19,015,595	19,124,518	(108,923)
Capital Grants and Contributions	6,139,548	10,299,984	(4,160,436)
Less Expenses	<u>(190,247,638)</u>	<u>(177,019,041)</u>	<u>(13,228,597)</u>
Net Program Revenue (Expense)	(1,962,369)	(258,560)	(1,703,809)
Transfers			
State Appropriations	10,851,710	10,264,739	586,971
State Capital Appropriations	3,727,842	1,500,000	2,227,842
State Nonoperating Grants and Contracts	5,040	7,840	(2,800)
Local Sales Tax Allocation	<u>8,874,202</u>	<u>8,489,149</u>	<u>385,053</u>
Total General Revenue and Transfers	23,458,794	20,261,728	3,197,066
Change in Net Position	21,496,425	20,003,168	1,493,257
Net Position - Beginning	244,070,130	224,066,962	20,003,168
Cumulative Effect of GASB 68	<u>(103,585,788)</u>	<u>(103,585,788)</u>	<u>(103,585,788)</u>
Net Position - Ending	<u>\$ 161,980,767</u>	<u>\$ 244,070,130</u>	<u>\$ (82,089,363)</u>

The University adopted the provisions of Statement 68, Accounting and Financial Reporting for Pensions, by restating net position, as of July 1, 2014

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, 2015

Following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 16 of the 2014-2015 Appropriations Bill H. 4701 enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2015.

Noncapital State Appropriations

Approved Appropriation	<u>\$ 9,343,194</u>
Supplement Appropriation – Pay Plan	175,856
Supplement Appropriation – Health Insurance	103,348
Supplement Appropriation – Parity Funding	406,395
Technology Grant Program	703,938
FY 2015 Repair and Maintenance Needs State Appropriation	113,305
South Carolina Endowment Incentive Act of 1997	5,674
Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 10,851,710</u>

State Capital Appropriations

Science Center Capital Reserve Funds	\$ 1,000,000
Land transfer from S.C. Department of Transportation	2,646,000
Proviso 118.16 Higher Education Efficiency Effectiveness and Accountability	81,842
Statement of Revenues, Expenses and Changes in Net Position	<u>\$ 3,727,842</u>

COASTAL CAROLINA UNIVERSITY
Schedule of Tuition Fees
For the Year Ended June 30, 2015

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, 2015, is as follows:

Amount of tuition fees as defined by Code Section 59-107-30 for the year ended June 30, 2014	<u>\$ 7,149,984</u>
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Legal annual debt service limit at June 30, 2015	<u>\$ 6,434,986</u>
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COASTAL CAROLINA UNIVERSITY
GASB 68 Supplemental Information
For the Year Ended June 30, 2015

**Schedule of the University's
Proportionate Share of the Net Pension Liability (SCRS)**

	2015
University's proportion of the net pension liability (asset)	0.592708%
State's proportionate share of the net pension liability (asset) associated with the University's proportionate share of the net pension liability (asset)	\$ 17,216,684,770
	\$ 102,044,668
University's covered-employee payroll	\$ 40,118,128
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2.54%
Plan fiduciary net position as a percentage of the total pension liability	59.9%

This schedule will continue to build prospectively until a 10-year trend of data is compiled.

**Schedule of the University's Proportionate
Share of the Net Pension Liability (PORS)**

	2015
University's proportion of the net pension liability (asset)	0.15527%
State's proportionate share of the net pension liability (asset) associated with the University	\$ 1,914,427,438
University's proportionate share of the net pension liability (asset)	\$ 2,972,608
University's covered-employee payroll	\$ 2,126,787
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.40%
Plan fiduciary net position as a percentage of the total pension liability	67.5%

This schedule will continue to build prospectively until a 10-year trend of data is compiled.

COASTAL CAROLINA UNIVERSITY
GASB 68 Supplemental Information
For the Year Ended June 30, 2015

Schedule of University Contributions (SCRS)

	2015
Contractually required contribution	\$ 6,355,666
Contributions in relation to the contractually required contribution	6,355,666
Contribution deficiency (excess)	\$ -
University's covered-employee payroll	\$ 40,118,128
Contributions as a percentage of covered-employee payroll	15.84%

This schedule will continue to build prospectively until a 10-year trend of data is compiled.

Schedule of University Contributions (PORS)

	2015
Contractually required contribution	\$ 295,493
Contributions in relation to the contractually required contribution	295,493
Contribution deficiency (excess)	\$ -
University's covered-employee payroll	\$ 2,126,787
Contributions as a percentage of covered-employee payroll	13.89%

This schedule will continue to build prospectively until a 10-year trend of data is compiled.

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION



Entrance to the TD Sports Complex 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 2006 – 2015

	For the year ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net Financial Position										
Net Investment in Capital Assets	\$ 193,226,321	\$ 154,687,499	130,228,337 *	\$ 118,117,078	\$ 92,076,002	\$ 71,619,921	\$ 59,953,874	\$ 57,318,311	\$ 46,314,833	\$ 57,050,243
Restricted - Endowment - Nonexpendable	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	97,953
Restricted - Capital Projects and Debt Service - Expendable	43,397,489	48,326,727	36,729,803	33,396,565	32,445,453	33,277,562	21,751,075	19,439,071	15,203,375	3,119,736
Unrestricted	(74,743,043) **	40,955,904	58,739,507	46,478,312	43,673,313	33,825,798	26,417,735	16,471,934	18,843,171	10,887,678
Total Net Position	\$ 161,980,767	\$ 244,070,130	\$ 225,797,647	\$ 198,091,955	\$ 168,294,768	\$ 138,823,281	\$ 108,222,684	\$ 93,329,316	\$ 80,461,379	\$ 71,155,610

Notes:

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

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

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

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

Schedule 2 Coastal Carolina University Major Revenue Sources Fiscal Years 2006 – 2015

For the fiscal year ended June 30

(dollars)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tuition, net of allowance	\$ 117,216,607	\$ 104,646,848	\$ 100,845,686	\$ 98,590,156	\$ 88,379,677	\$ 78,675,758	\$ 75,894,084	\$ 64,647,787	\$ 60,037,693	\$ 51,186,504
State grants to students	11,042,191	10,394,517	10,309,617	9,821,512	9,931,985	9,200,535	8,884,673	8,261,850	6,725,629	6,368,500
Federal grants to students	2,205,506	2,237,119	2,510,626	2,565,409	3,770,094	3,529,443	8,468,043	7,467,366	5,031,709	4,631,878
Other operating grants	2,462,641	2,337,375	2,468,832	2,281,414	2,070,136	2,078,719	1,808,138	1,948,524	2,578,763	2,643,014
Sales and services of educ activities	5,315,361	4,914,266	4,786,480	4,647,195	3,033,764	2,974,222	2,789,296	2,380,591	2,527,891	1,957,787
Auxiliary enterprises, net of allowance	21,996,660	20,135,805	18,124,286	8,777,833	8,105,193	7,841,230	7,227,340	7,193,288	7,018,449	6,538,216
Other fees	2,891,160	2,670,049	2,508,994	2,082,887	1,677,210	2,043,312	1,322,613	1,243,228	1,073,120	1,125,867
Total operating revenue	163,130,126	147,335,979	141,554,521	128,766,406	116,968,059	106,343,219	106,394,187	93,142,634	84,993,254	74,451,766
State appropriations	10,851,710	10,264,739	11,140,551	8,920,787	9,856,086	11,970,857	13,524,645	17,671,977	16,171,875	13,562,113
Local appropriations	393,324	376,875	294,580	313,125	238,313	434,395	209,658	233,670	315,079	338,539
Gifts, grants and contracts*	18,213,105	17,416,576	16,551,864	17,202,173	18,247,517	14,411,780	1,484,956	2,525,354	1,412,749	2,074,663
Investment income	414,206	1,338,907	1,472,071	713,372	3,464,715	2,016,468	2,042,596	1,551,714	1,256,909	425,808
Total nonoperating revenue	29,872,345	29,397,097	29,459,066	27,149,457	31,806,631	28,833,500	17,261,855	21,982,715	19,156,612	16,401,123
Total noncapital revenue	\$ 193,002,471	\$ 176,733,076	\$ 171,013,587	\$ 155,915,863	\$ 148,774,690	\$ 135,176,719	\$ 123,656,042	\$ 115,125,349	\$ 104,149,866	\$ 90,852,889

	(percentages of total)									
Tuition, net of allowance	60.7%	59.2%	59.0%	63.2%	59.4%	58.2%	61.4%	56.2%	57.6%	56.3%
State grants to students	5.7%	5.9%	6.0%	6.3%	6.7%	6.8%	7.2%	7.2%	6.5%	7.0%
Federal grants to students	1.1%	1.3%	1.5%	1.6%	2.5%	2.6%	6.8%	6.5%	4.8%	5.1%
Other operating grants	1.3%	1.3%	1.4%	1.5%	1.4%	1.5%	1.5%	1.7%	2.5%	2.9%
Sales and services of educ activities	2.8%	2.8%	2.8%	3.0%	2.0%	2.2%	2.3%	2.1%	2.4%	2.2%
Auxiliary enterprises, net of allowance	11.4%	11.4%	10.6%	5.6%	5.4%	5.8%	5.8%	6.2%	6.7%	7.2%
Other fees	1.5%	1.5%	1.5%	1.3%	1.1%	1.5%	1.1%	1.1%	1.0%	1.2%
Total operating revenue	84.5%	83.4%	82.8%	82.6%	78.6%	78.7%	86.0%	80.9%	81.6%	81.9%
State appropriations	5.6%	5.8%	6.5%	5.7%	6.6%	8.9%	10.9%	15.4%	15.5%	14.9%
Local appropriations	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%	0.3%	0.4%
Gifts	9.4%	9.9%	9.7%	11.0%	12.3%	10.7%	1.2%	2.2%	1.4%	2.3%
Investment income	0.2%	0.8%	0.8%	0.5%	2.3%	1.5%	1.7%	1.3%	1.2%	0.5%
Total nonoperating revenue	15.5%	16.6%	17.2%	17.4%	21.4%	21.3%	14.0%	19.1%	18.4%	18.1%
Total noncapital revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Includes \$15,432,598 and \$14,758,629 in Pell Grant Revenue in FY15 and FY14, respectively.

Schedule 3
Coastal Carolina University
Expenses by Function
Fiscal Years 2006 – 2015

For the fiscal year ended June 30
(dollars)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction	\$ 63,711,233	\$ 58,415,046	\$ 54,399,415	\$ 51,251,285	\$ 47,126,842	\$ 42,940,090	\$ 41,222,211	\$ 37,496,227	\$ 33,749,600	\$ 30,302,652
Research	1,810,122	2,211,588	2,435,676	2,311,453	1,969,431	2,450,264	1,534,647	1,365,651	991,703	1,130,243
Public service	1,380,007	1,366,901	1,232,711	1,314,729	1,401,435	1,194,171	1,010,520	1,398,176	1,530,716	1,402,660
Academic support	10,743,962	9,601,338	9,237,715	8,406,129	7,692,319	6,916,496	6,839,919	6,260,774	5,544,497	5,444,440
Student services	26,624,936	25,572,728	23,368,935	21,896,903	19,090,602	18,010,372	17,282,683	16,636,251	13,663,750	12,499,087
Institutional support	15,718,295	13,675,847	13,362,086	13,516,038	11,639,916	11,545,464	10,121,548	9,927,237	8,560,893	8,180,490
Plant operation	25,412,161	23,945,222	21,619,557	19,096,049	17,518,943	16,713,037	15,346,465	13,433,372	14,423,873	12,700,415
Scholarships	12,531,727	11,866,581	11,188,558	10,201,727	10,521,521	7,270,964	7,717,421	6,807,605	6,220,738	5,555,772
Auxiliary enterprises	11,397,453	9,996,530	10,827,604	4,786,652	4,824,147	4,656,279	5,215,065	4,943,921	5,355,666	4,384,077
Depreciation	13,614,618	13,355,479	11,798,910	4,538,853	5,235,188	4,615,762	4,096,014	3,703,908	3,267,991	3,190,958
Total operating expenses	182,944,514	170,007,260	159,471,167	137,319,818	127,020,344	116,312,899	110,386,493	101,973,122	93,309,427	84,790,794
Interest and bond issuance costs	7,286,798	6,587,313	6,506,236	1,646,247	1,770,271	2,321,273	1,857,739	1,647,266	1,740,332	1,627,464
Other nonoperating expenses	16,326	424,468	48,469	19,974	67,094	10,256	2,585	45,539	-	-
Total nonoperating expenses	7,303,124	7,011,781	6,554,705	1,666,221	1,837,365	2,331,529	1,860,324	1,692,805	1,740,332	1,627,464
Total expenses	\$ 190,247,638	\$ 177,019,041	\$ 166,025,872	\$ 138,986,039	\$ 128,857,709	\$ 118,644,428	\$ 112,246,817	\$ 103,665,927	\$ 95,049,759	\$ 86,418,258

(percentages of total)

Instruction	33.5%	33.0%	32.8%	36.9%	36.6%	36.2%	36.7%	36.2%	35.5%	35.1%
Research	1.0%	1.2%	1.5%	1.7%	1.5%	2.1%	1.4%	1.3%	1.0%	1.3%
Public service	0.7%	0.8%	0.7%	0.9%	1.1%	1.0%	0.9%	1.3%	1.6%	1.6%
Academic support	5.6%	5.4%	5.6%	6.0%	6.0%	5.8%	6.1%	6.0%	5.8%	6.3%
Student services	14.0%	14.4%	14.1%	15.8%	14.8%	15.2%	15.4%	16.0%	14.4%	14.5%
Institutional support	8.3%	7.7%	8.0%	9.7%	9.0%	9.7%	9.0%	9.6%	9.0%	9.5%
Plant operation	13.4%	13.5%	13.0%	13.7%	13.6%	14.1%	13.7%	13.0%	15.2%	14.7%
Scholarships	6.6%	6.7%	6.7%	7.3%	8.2%	6.1%	6.9%	6.6%	6.5%	6.4%
Auxiliary enterprises	6.0%	5.6%	6.5%	3.4%	3.7%	3.9%	4.6%	4.8%	5.6%	5.1%
Depreciation	7.2%	7.5%	7.1%	3.3%	4.1%	3.9%	3.6%	3.6%	3.4%	3.7%
Total operating expenses	96.2%	96.0%	96.1%	98.8%	98.6%	98.0%	98.3%	98.4%	98.2%	98.1%
Interest and bond issuance costs	3.8%	3.7%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%	1.8%	1.9%
Other nonoperating expenses	0.0%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total nonoperating expenses	3.8%	4.0%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%	1.8%	1.9%
Total expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

In 2015 interest and bond issuance cost was restated to include bond issuance costs
In 2015 Other nonoperating expenses was restated to exclude bond issuance costs

Schedule 5 Coastal Carolina University Other Changes in Net Position Fiscal Years 2006 – 2015

For the fiscal year ended June 30

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Income before other changes in net assets	\$ 2,771,159	\$ 138,503	\$ 5,036,184	\$ 16,949,798	\$ 19,984,075	\$ 16,542,547	\$ 11,411,810	\$ 11,522,195	\$ 8,687,182	\$ 4,434,631
Capital appropriations	12,602,044	9,989,149	8,822,085	7,660,595	6,884,907	6,665,565	1,959,902	145,000	168,307	1,246,339
Capital grants and gifts	6,139,548	10,299,984	13,895,892	5,206,768	2,669,599	7,402,741	1,524,241	833,356	-	193,939
Gain (Loss) on disposal of assets	(16,326)	(424,468)	(48,469)	(19,974)	(67,094)	(10,256)	(2,585)	(45,539)	649,901	686,383
Total change in net position	\$21,496,425	\$ 20,003,168	\$ 27,705,692	\$ 29,797,187	\$ 29,471,487	\$ 30,600,597	\$ 14,893,368	\$ 12,455,012	\$ 9,505,390	\$ 6,561,292

Notes: State capital grants and appropriations

*In 2013, the University recognized \$831,612 in State Capital Reserve Funds allocated for the purpose of deferred maintenance.

*In 2014, amount for capital appropriations included \$1,500,000 in State Capital Reserve Funds for the Science Annex II construction.

Notes: Local and other capital grants and appropriations

*In 2011, the Coastal Educational Foundation gave \$187,400 for the purchase of Quail Creek Golf Course. The Coastal Educational Foundation also donated 3.06 acres of land to the University with a fair market value of \$416,000.

*In 2011, Chestnut Holding, LLC sold Quail Creek Golf Course under market value, donating \$1,008,000 to the University.

*In 2011, the Chanticleer Athletic Foundation donated \$174,000 for netting on the practice hitting facility and donated \$119,000 in improvements to the Adkins Field House. Excess donations were refunded in 2012.

*In 2012, the Coastal Educational Foundation donated \$3,245,000 of land for academic classrooms. The Coastal Educational Foundation also gave the University \$533,300 for Hackler Golf Course improvements, \$454,300 for the Bryan Information Commons Library renovations, and \$3,420 for Adkins Field House improvements.

*In 2012, the Horry County Higher Education Commission donated \$535,000 for the Blanton Circle project, as well as \$373,000 of the procurement building purchase.

*In 2012, HTC donated \$291,000 of wiring for the Student Recreation and Convocation Center.

*In 2013, the Coastal Educational Foundation donated \$4,692,600 of core campus land. The Coastal Educational Foundation also gave the University \$129,273 for Hackler Golf

Course improvements, \$1,043,714 for the Bryan Information Commons Library renovations, and \$350,000 for Swain Hall equipment purchases, as well as \$192,755 in other gifts designated for capital improvements, for a total of \$6,408,342.

*In 2013, the Horry County Higher Education Commission donated \$6,000,000 towards the construction of Annex I of the Lib Jackson Student Center. A land donation for the tennis complex was also received, for which the gift portion totaled \$1,187,550.

*In 2013, the Horry County Transportation Committee gave \$100,000 towards the installation of a traffic light where Founders Drive intersects Hwy. 544.

*In 2013, the University recognized a gift in the amount of \$200,000 from the Coastal Housing Foundation, as part of land purchase on which the new residence halls are being constructed.

*In 2013, capital appropriations includes both state and local capital appropriations.

*In 2014, the Coastal Education Foundation donated \$1,795,200 of land.

*In 2014, the Chanticleer Athletic Foundation donated \$7,203,194 towards the construction of the Softball and Baseball Complex. The Chanticleer Athletic Foundation also gave the University \$140,000 for the Brooks entrance signage, as well as \$161,590 for the capital improvements of the softball field.

*In 2014, the Horry County Higher Education Commission donated \$1,000,000 for the Singleton Building renovations.

*In 2014, capital appropriations includes both state and local capital appropriations.

*In 2015, the Coastal Educational Foundation donated land valued at \$617,400 for construction of the new Academic Classroom Building. The Coastal Educational Foundation also gave the University \$24,353 towards the installations of pavers used near the Atheneum Hall.

*In 2015, the Chanticleer Athletic Foundation gave \$1,209,677 towards the Football Stadium turf installation. The Chanticleer Athletic Foundation also gave the University \$636,492 for the baseball stadium renovations and \$250,423 for the Adkins Building 3rd floor renovations.

*In 2015, the University recognized a gift in the amount of \$3,155,524 from the Coastal Housing Foundation for construction of the University Place Dining Facility.

*In 2015, the Horry Telephone Cooperative donated \$241,670 for wiring for the baseball and softball fields.

*In 2015, capital appropriations includes both state and local capital appropriations.

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
Fiscal Years 2005-2014*

	For the fiscal year ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
ADMISSIONS - FRESHMEN										
Applications	14,799	14,050	10,993	10,502	9,639	8,706	7,514	6,618	6,218	5,427
Applications accepted	9,412	9,014	8,139	7,836	7,170	6,438	5,215	4,524	4,238	4,016
Accepted as a percentage of applications	64%	64%	74%	75%	74%	74%	69%	68%	68%	74%
Students enrolled	2,375	2,095	2,206	2,137	2,006	1,775	1,655	1,652	1,474	1,498
Students enrolled as a percentage of accepted	25%	23%	27%	27%	28%	28%	32%	37%	35%	37%
SAT scores - total	1001	1000	1000	1013	1008	1028	1030	1040	1047	1046
ENROLLMENT										
Headcount enrollment										
Undergraduate	9,364	8,867	8,746	8,517	8,203	7,920	7,573	7,070	6,660	6,397
Graduate	612	611	589	567	503	440	581	802	1,389	1,216
Full-time equivalent enrollment										
Undergraduate	9,119	8,564	8,568	8,455	8,073	7,665	7,372	6,890	6,398	6,140
Graduate	318	306	291	265	229	200	238	288	546	436
Residency for Fee Payment Purposes**										
Undergraduate, state residents	6,889	6,514	6,327	6,013	5,796	5,365	5,147	4,825	4,623	4,519
Undergraduate, out-of-state residents	2,475	2,353	2,419	2,504	2,407	2,555	2,426	2,245	2,037	1,878
Headcount Total by Fee Payment Purposes	9,364	8,867	8,746	8,517	8,203	7,920	7,573	7,070	6,660	6,397
Percent of undergraduates paying as residents	74%	73%	72%	71%	71%	68%	68%	68%	69%	71%
Percent of undergraduates paying as nonresidents	26%	27%	28%	29%	29%	32%	32%	32%	31%	29%
Required Tuition and Fees***										
Undergraduate, in-state, full time	\$ 10,140	\$ 9,760	\$ 9,760	\$ 9,760	\$ 9,390	\$ 8,950	\$ 8,650	\$ 7,600	\$ 7,500	\$ 6,860
Undergraduate, out-of-state, full time	\$ 23,480	\$ 22,770	\$ 22,050	\$ 21,560	\$ 20,270	\$ 18,770	\$ 18,090	\$ 16,590	\$ 16,190	\$ 15,100
Nonresident: resident fee ratio	2.32	2.33	2.26	2.21	2.16	2.10	2.09	2.18	2.16	2.20
DEGREES AWARDED										
Bachelor's	1,553	1,510	1,399	1,379	1,289	1,222	1,076	1,004	931	887
Master's	232	199	181	120	92	95	86	75	46	49

* Fiscal year 2015 information not yet available.

** Scholarship recipients who are nonresidents may receive a partial or full waiver of the out-of-state fee differential.

*** Does not include room and board.

Schedule 7
Coastal Carolina University
Undergraduate Annual Required Tuition and Fees at South Carolina Public Four-Year Institutions
Fiscal Years 2006-2015

For fiscal year ended June 30

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
The Citadel	\$ 11,364	\$ 11,098	\$ 10,838	\$ 10,523	\$ 10,216	\$ 9,871	\$ 8,735	\$ 8,403	\$ 7,735	\$ 7,168
Clemson University	13,882	13,446	13,054	12,674	12,304	11,854	11,078	10,378	9,870	9,400
Coastal Carolina University	10,530	10,140	9,760	9,760	9,760	9,390	8,950	8,650	7,600	7,500
College of Charleston	10,900	10,558	10,230	9,918	9,616	9,616	8,988	8,400	7,778	7,234
Francis Marion University	10,100	9,738	9,386	9,066	8,802	8,480	7,960	7,682	7,038	6,512
Lander University	10,752	10,418	10,100	9,792	9,504	9,144	8,760	8,380	7,728	7,162
South Carolina State University	10,088	10,088	9,776	9,258	9,258	8,898	8,462	7,806	7,318	7,278
University of South Carolina										
Columbia	11,482	11,158	10,816	10,488	10,168	9,786	9,156	8,838	8,346	7,808
Aiken	9,878	9,552	9,258	8,974	8,700	8,374	7,900	7,532	7,006	6,670
Beaufort	9,848	9,354	8,922	8,508	8,108	7,756	7,250	7,000	6,250	5,724
Upstate	10,718	10,348	10,028	9,722	9,426	9,072	8,642	8,342	7,760	7,218
Winthrop University	14,156	13,812	13,430	13,026	12,656	12,176	11,606	11,140	10,210	9,500
Average Rate	\$ 11,142	\$ 10,809	\$ 10,467	\$ 10,142	\$ 9,877	\$ 9,535	\$ 8,957	\$ 8,546	\$ 7,887	\$ 7,431

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Source: CHE Tuition and Required Fees for Academic Year 2015-16

DEBT CAPACITY

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

Schedule 8
Coastal Carolina University
Ratios of Outstanding Debt
Fiscal Years 2006-2015

	For the fiscal year ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Bonded Debt										
General obligation bonds	\$ 56,675,000	\$ 59,665,000	\$ 62,585,000	\$ 65,440,000	\$ 68,235,000	\$ 70,980,000	\$17,655,000	\$ 18,305,000	\$ 18,935,000	\$ 7,935,000
Total general bonded debt	\$ 56,675,000	\$ 59,665,000	\$ 62,585,000	\$ 65,440,000	\$ 68,235,000	\$ 70,980,000	\$17,655,000	\$ 18,305,000	\$ 18,935,000	\$ 7,935,000
Outstanding general bonded debt per full-time equivalent student	\$ 6,006	\$ 6,727	\$ 7,065	\$ 7,505	\$ 8,219	\$ 9,025	\$2,320	\$ 2,551	\$ 2,727	\$ 1,207
Other Debt										
Revenue bonds	\$ 192,361,000	\$ 106,707,000	\$ 72,551,000	\$ 19,122,000	\$ 20,200,000	\$ 21,305,000	\$22,365,000	\$ 23,375,000	\$ 24,345,000	\$ 24,600,000
Capital lease obligations	-	144,894,319	148,208,521	-	-	55,133	162,895	267,404	368,758	467,052
Total outstanding debt	\$ 249,036,000	\$ 311,266,319	\$ 283,344,521	\$ 84,562,000	\$ 88,435,000	\$ 92,340,133	\$40,182,895	\$ 41,947,404	\$ 43,648,758	\$ 33,002,052
Total outstanding debt per full-time equivalent student	\$ 26,389	\$ 35,092	\$ 31,984	\$ 9,697	\$ 10,652	\$ 11,741	\$5,280	\$ 5,845	\$ 6,286	\$ 5,019
Number of full time-equivalent undergraduate and graduate students	9,437	8,870	8,859	8,720	8,302	7,865	7,610	7,177	6,944	6,576

Schedule 9
Coastal Carolina University
Debt Service Coverage on Revenue Bonds
Fiscal Years 2006-2015

REVENUE BONDS	For the fiscal year ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues	\$ 174,937,930	\$ 159,198,369	\$ 152,009,017	\$ 138,853,361	\$ 131,251,959	\$ 116,793,340	\$ 104,224,614	\$ 90,926,143	\$ 70,209,074	\$ 59,884,941
Expenses	158,478,186	146,387,042	136,531,706	123,860,178	111,929,070	99,040,370	92,597,576	80,449,056	58,774,006	53,701,011
Net Revenues Available for Debt Service	\$ 16,459,744	\$ 12,811,327	\$ 15,477,311	\$ 14,993,183	\$ 19,322,889	\$ 17,752,970	\$ 11,627,038	\$ 10,477,087	\$ 11,435,068	\$ 6,183,930
Debt Service Req, Revenue Bonds	\$ 3,057,986	\$ 1,936,417	\$ 1,932,683	\$ 2,050,518	\$ 2,046,069	\$ 2,044,872	\$ 2,041,557	\$ 2,046,371	\$ 2,716,850	\$ 2,711,330
Coverage	5.38	6.62	8.01	7.31	9.44	8.68	5.70	5.12	4.21	2.28

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

Schedule 10
Coastal Carolina University
Debt Service Coverage on General Obligation Bonds
Fiscal Years 2006-2015

GENERAL OBLIGATION BONDS	For the fiscal year ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tuition Pledged for Debt Service	\$ 7,103,562	\$ 7,149,984	\$ 7,744,604	\$ 7,674,531	\$ 7,320,182	\$ 6,135,497	\$ 5,753,325	\$ 6,392,583	\$ 2,020,067	\$ 1,687,780
Debt Service, General Obligation Bonds	\$ 5,241,476	\$ 5,248,076	\$ 5,259,526	\$ 5,317,126	\$ 5,403,801	\$ 1,418,776	\$ 1,424,964	\$ 1,434,845	\$ 872,111	\$ 614,439
Coverage	1.36	1.36	1.47	1.44	1.35	4.32	4.04	4.46	2.32	2.75

Coastal Carolina University Supplemental Information

Enrollment and Admissions

The following table sets forth the full-time, part-time and FTE enrollments to the University for fall semesters in the years 2010 through 2014, as well as the percent changes from previous years.

Full-Time/Part-Time/Full-Time Equivalent Enrollment Trends Fall 2010-2014

<u>Fall Semester</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>	Percent Change From Previous	
				<u>Year</u>	<u>FTE</u>
2010	7,667	1,039	8,706	4.1	5.6
2011	7,984	1,100	9,084	4.3	5.0
2012	8,071	1,264	9,335	2.8	1.6
2013	8,199	1,279	9,478	1.5	0.0
2014	8,684	1,292	9,976	5.3	6.4

Occupancy and Demand for Housing Facilities

The following table sets forth the historical data for main campus housing for the academic years 2010-2011 through 2014-2015 with respect to the number of housing applications received, the number of the waiting list, the total number of beds on campus, the number of occupied beds and the percentage of occupied beds to the total number of beds on campus.

Historical Residence Hall Data Main Campus and University Place I, II, III Academic Years 2010-2011 through 2014-2015

<u>Year</u>	<u>Applications Received</u>	<u>Waiting List</u>	<u>Design Capacity of Beds</u>	<u>Opening Occupancy Fall Semester</u>	<u>Percent Occupancy</u>
2010-11	3,902	*	3,289	3,326	101%
2011-12	4,105	*	3,289	3,509	107%
2012-13	4,179	*	3,289	3,514	107%
2013-14	4,084	*	3,289	3,551	108%
2014-15	4,357	*	3,290	3,715	113%

* Demand in these years exceeded capacity.

University Resources

According to the South Carolina Commission on Higher Education, there are 13 four-year public colleges and universities in South Carolina, including Coastal Carolina University. Three of these, Clemson University, the University of South Carolina-Columbia and the Medical University of South Carolina, are classified as research institutions, and the remaining are considered comprehensive teaching institutions which offer primarily the baccalaureate degree and some graduate degree programs. The following table sets forth the historical data of annual appropriations per in-state student by geographic origin for fall semesters in the years 2010 through 2014 among all comprehensive teaching institutions in South Carolina.

Annual Appropriations per In-state Student by Geographic Origin S.C. Comprehensive Teaching Institutions Fall 2010 through 2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
The Citadel	\$ 4,911	\$ 4,383	\$ 4,241	\$ 3,968	\$ 4,018
Coastal Carolina Univ.	1,976	1,765	1,781	1,771	1,811
College of Charleston	2,578	2,506	2,659	2,756	2,842
Francis Marion Univ.	2,789	2,591	2,927	3,097	3,334
Lander University	2,141	2,055	2,192	2,357	2,483
SC State University	3,342	3,273	3,860	4,303	4,573
USC-Aiken	2,149	2,056	2,209	2,242	2,249
USC-Beaufort	1,044	917	966	1,875	1,829
USC-Upstate	1,568	1,516	1,564	1,806	1,767
Winthrop	2,610	2,549	2,535	2,612	2,676
Average	\$ 2,511	\$ 2,361	\$ 2,493	\$ 2,679	\$ 2,758

The following table sets forth the historical data of annual tuition and academic fees for South Carolina residents who are full-time undergraduate students for the academic years 2010-11 through 2014-15 among all comprehensive teaching institutions in South Carolina.

In-state Undergraduate Tuition S.C. Comprehensive Teaching Institutions Academic Years 2010-2011 through 2014-2015

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
The Citadel	\$ 9,871	\$ 10,216	\$ 10,523	\$ 10,838	\$ 11,098
Coastal Carolina Univ.	9,390	9,760	9,760	9,760	10,140
College of Charleston	9,616	9,616	9,918	10,230	10,558
Francis Marion Univ.	8,480	8,802	9,066	9,386	9,738
Lander University	9,144	9,504	9,792	10,100	10,418
SC State University	8,898	9,258	9,258	9,776	10,088
USC-Aiken	8,374	8,700	8,974	9,258	9,552
USC-Beaufort	7,806	8,108	8,508	8,922	9,354
USC-Upstate	9,072	9,426	9,722	10,028	10,348
Winthrop	12,176	12,656	13,026	13,430	13,812
Average	\$ 9,283	\$ 9,605	\$ 9,855	\$ 10,173	\$ 10,511

Tuition and Fees

The following table sets forth the tuition fees for undergraduate in-state and out-of-state full-time students, as well as the per-credit hour tuition fee and residence hall fees for the University for the academic years 2009-2010 through 2013-2014.

Tuition and Residence Hall Fees Academic Years 2010-11 through 2014-15

Year	Tuition				Residence Hall Fees
	In-State		Out-of-State		
	Full-Time Student	Per Credit Hour	Full-Time Student	Per Credit Hour	
2010-11	9,390	\$382	20,270	\$830	\$7,350
2011-12	9,760	\$407	21,560	\$898	\$7,700
2012-13	9,760	\$407	22,050	\$920	\$7,700
2013-14	9,760	\$411	22,770	\$942	\$7,860
2014-15	10,140	\$425	23,480	\$975	\$8,440

Financial Aid

The following table sets forth the types and amounts of financial aid received by students of the University during the academic years 2010-2011 through 2014-2015.

Total Financial Aid Received By University Students Academic Years 2010-2011 through 2014-2015

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Federal Financial Aid					
Pell Grant	\$ 13,481,078	\$ 14,097,750	\$ 14,273,553	\$ 14,811,193	\$ 15,431,085
ACG/SMART	1,036,716	-	-	-	-
Supplemental Grants	402,760	453,569	328,924	378,696	392,742
College Work Study	296,624	323,962	317,680	308,173	453,598
Perkins Loans	79,000	142,074	141,627	215,651	169,632
Bank Loans	56,693,532	65,767,852	64,626,729	65,919,891	73,509,521
VA Benefits	-	-	-	-	-
TOTAL FEDERAL AID	<u>\$ 71,989,710</u>	<u>\$ 80,785,207</u>	<u>\$ 79,688,513</u>	<u>\$ 81,633,604</u>	<u>\$ 89,956,578</u>
Other Aid					
Scholarships – Foundation and Internal Committee	\$ 1,898,596	\$ 2,133,295	\$ 2,375,733	\$ 2,647,264	\$ 3,145,468
Athletics Scholarships/Waivers	5,709,290	6,143,044	6,140,495	6,837,182	6,811,485
Other Scholarships	18,740,011	19,451,248	21,336,056	23,933,261	26,903,450
Institutional Employment	2,337,838	2,462,849	2,600,562	2,544,894	2,846,509
Institutional Work Study	29,799	-	-	-	-
Private Loans	13,383,634	16,224,751	17,545,235	19,783,278	21,688,227
TOTAL OTHER AID	<u>\$ 42,099,168</u>	<u>\$ 46,415,187</u>	<u>\$ 49,998,081</u>	<u>\$ 55,745,879</u>	<u>\$ 61,395,139</u>
TOTAL FINANCIAL AID	<u>\$ 114,088,878</u>	<u>\$ 127,200,394</u>	<u>\$ 129,686,594</u>	<u>\$ 137,379,483</u>	<u>\$ 151,351,717</u>
Unduplicated Count of Students Receiving Aid	7,723	8,323	8,421	8,573	9,160

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Schedule 11
Coastal Carolina University
South Carolina Employment by Industry
Calendar Year 2014 and 2005

<u>Sources</u>	<u>2014</u>		<u>2005</u>	
	<u>Number of Employees</u>	<u>Percent of Total</u>	<u>Number of Employees</u>	<u>Percent of Total</u>
Construction	83,700	4.26%	118,500	6.35%
Manufacturing	233,300	11.88%	254,100	13.61%
Trade, Transportation and Utilities	379,600	19.32%	364,900	19.54%
Information	27,000	1.37%	27,400	1.47%
Financial Activities	97,000	4.94%	93,600	5.01%
Professional and Business Services	260,000	13.23%	211,600	11.33%
Education and Health Services	229,400	11.68%	182,700	9.79%
Leisure and Hospitality	219,000	11.15%	194,600	10.42%
Other Services	71,600	3.64%	74,900	4.01%
Government	364,000	18.53%	344,700	18.46%
	<u>1,964,600</u>	<u>100.00%</u>	<u>1,867,000</u>	<u>100.00%</u>

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

Schedule 12
Coastal Carolina University
Top 10 Employers - Calendar Year 2014 and 2005
Horry County, South Carolina

<u>Employer</u>	<u>Number of Employees</u>	<u>%</u>
Horry County School District	5,473	30.2%
Wal-Mart Associates, Inc.	2,623	14.5%
Horry County Government	2,178	12.0%
Coastal Carolina University	1,582	8.8%
Conway Medical Center	1,400	7.7%
Grand Strand Regional Medical Center	1,200	6.6%
Food Lion	1,040	5.8%
McLeod Loris Seacoast	940	5.1%
Blue Cross/Blue Shield	837	4.6%
City of Myrtle Beach	830	4.5%

Year 2005

<u>Employer</u>	<u>Number of Employees</u>	<u>%</u>
Horry County School District	4,712	26.3%
Burroughs & Chapin Company	3,000	16.7%
Wal-Mart Associates, Inc.	2,358	13.2%
Horry County Government	1,800	10.1%
AVX	1,200	6.7%
Conway Hospital	1,100	6.1%
Blue Cross/Blue Shield	1,000	5.6%
Grand Strand Regional Medical Center	993	5.5%
Myrtle Beach National	970	5.4%
Coastal Carolina University	765	4.4%

Schedule 13
Coastal Carolina University
State and Regional
Population, Income and Unemployment History
Fiscal Years 2005-2014*

<u>Year</u>	<u>Population</u>			<u>Total Personal Income</u>			<u>Unemployment Rate (%)</u>		
	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>
2014	4,832,482	298,832	60,773	\$ 178,485,001,000	\$ 8,924,166,000	\$ 2,396,721,000	5.7	6.1	7.5
2013	4,774,839	289,650	60,440	169,282,713,000	8,621,556,000	2,346,633,000	6.4	5.8	6.1
2012	4,723,723	282,285	60,189	161,863,730,000	8,598,437,000	2,341,605,000	8.1	7.6	7.9
2011	4,679,230	276,340	59,991	157,565,000,000	8,054,854,000	2,303,848,000	9.6	9.4	9.4
2010	4,625,364	269,291	60,158	150,495,805,000	7,721,872,000	2,226,090,000	11.0	10.5	10.8
2009	4,561,242	263,868	60,703	145,041,489,000	7,678,701,000	2,256,752,000	11.0	10.3	11.3
2008	4,479,800	257,380	60,731	146,334,933,000	7,603,947,000	2,230,074,000	11.6	10.9	12.5
2007	4,404,914	249,711	60,388	141,243,653,000	7,068,484,000	2,095,081,000	5.9	5.1	6.4
2006	4,324,799	239,496	59,912	134,203,912,000	6,754,139,000	1,995,556,000	6.4	5.5	7.0
2005	4,249,385	228,254	59,464	124,379,061,000	6,119,654,000	1,819,785,000	6.7	5.7	8.6

* Fiscal year 2015 information not yet available.

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

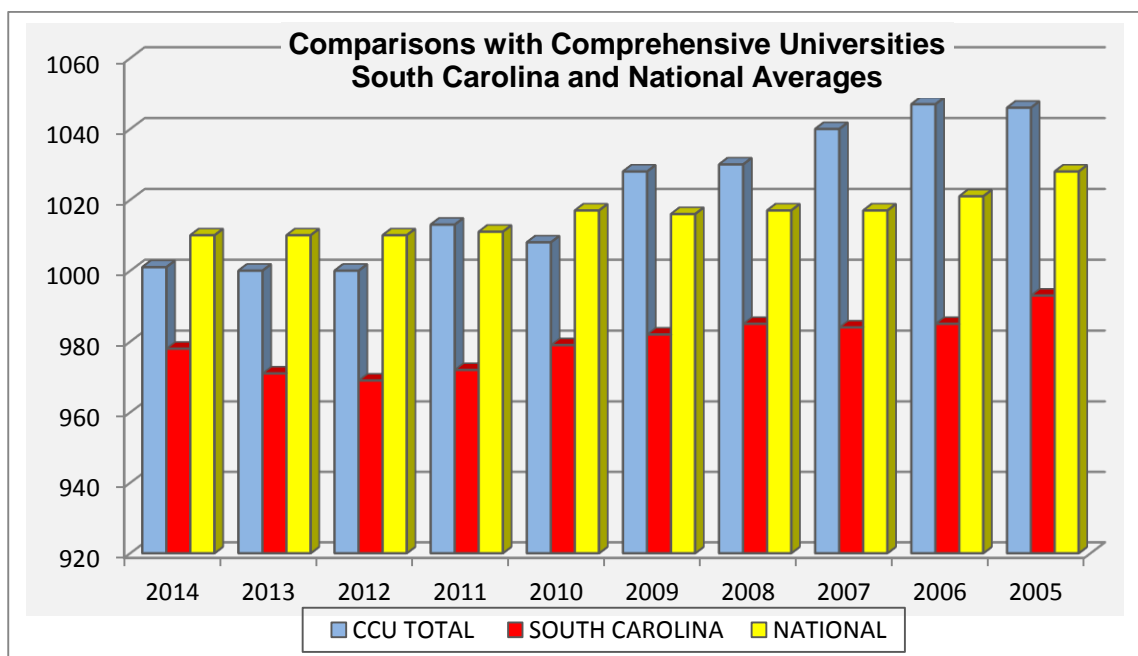
OPERATING INFORMATION

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

Schedule 14
Coastal Carolina University
SAT Scores, New Freshmen
Fiscal Years 2005-2014*

For the fiscal year ended June 30

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
CCU TOTAL	1001	1000	1000	1013	1008	1028	1030	1040	1047	1046
SOUTH CAROLINA	978	971	969	972	979	982	985	984	985	993
NATIONAL	1010	1010	1010	1011	1017	1016	1017	1017	1021	1028



*Fiscal year 2015 information not yet available.

Schedule 15
Coastal Carolina University
Average Faculty Salaries by Rank
Fiscal Years 2005-2014*

	Academic Year Beginning in Fall									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Coastal Carolina University										
Professor	\$95,623	\$90,920	\$86,945	\$84,168	\$82,640	\$83,036	\$82,159	\$78,667	\$73,231	\$71,845
Associate Professor	\$71,574	\$69,923	\$70,405	\$70,535	\$68,877	\$68,397	\$67,679	\$63,887	\$62,123	\$59,385
Assistant Professor	\$61,083	\$59,586	\$59,999	\$58,234	\$56,232	\$57,468	\$58,005	\$57,786	\$53,996	\$51,395
Instructor/Other	\$47,907	\$45,347	\$47,472	\$46,112	\$45,593	\$46,076	\$44,910	\$41,300	\$37,009	\$34,470
Average, all ranks	\$72,764	\$69,721	\$68,960	\$67,832	\$65,110	\$65,270	\$64,034	\$61,905	\$58,227	\$55,822
Average, percent of										
SC public universities	107.56%	107.22%	107.18%	111.40%	108.50%	108.90%	105.99%	103.40%	101.33%	99.11%
Average, percent of SREB**	n/a	120.12%	117.25%	113.40%	113.21%	112.92%	111.74%	110.42%	105.99%	104.44%
Average, percent of national***	88.12%	88.14%	90.38%	93.06%	90.07%	91.29%	90.25%	91.67%	90.16%	81.55%
South Carolina Public Universities										
Professor	\$85,438	\$83,019	\$82,365	\$76,402	\$75,990	\$75,452	\$76,573	\$74,802	\$71,895	\$69,949
Associate Professor	\$68,348	\$66,114	\$66,027	\$62,647	\$62,428	\$62,158	\$64,009	\$63,124	\$60,936	\$59,267
Assistant Professor	\$60,322	\$57,927	\$57,559	\$54,599	\$54,100	\$54,175	\$54,199	\$53,825	\$51,282	\$49,373
Instructor/Other	\$49,033	\$48,350	\$47,538	\$45,426	\$44,848	\$44,866	\$44,357	\$44,159	\$41,942	\$40,443
Average, all ranks	\$67,652	\$65,024	\$64,341	\$60,893	\$60,009	\$59,937	\$60,416	\$59,868	\$57,462	\$56,326
Southern (SREB**) Average	n/a	\$58,042	\$58,816	\$59,816	\$57,515	\$57,804	\$57,308	\$56,062	\$54,937	\$53,449
National** (CUPA) Average	\$82,574	\$79,102	\$76,301	\$72,894	\$72,291	\$71,500	\$70,953	\$67,533	\$64,580	\$68,454

*Fiscal year 2015 information not yet available.

**Southern Regional Education Board

***College and University Professional Association

Schedule 16
Coastal Carolina University
Faculty, Staff and Administrative Statistics
Fiscal Years 2006-2015

For the fiscal year ended June 30

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Full-time faculty	416	414	384	355	346	315	299	264	248	233
Part-time faculty	218	184	199	195	193	168	184	160	132	120
Total faculty	634	598	583	550	539	483	483	424	380	353
Full-time staff/administrators	722	692	666	672	652	619	606	561	541	532
Part-time staff/administrators	306	296	228	141	191	152	203	134	136	98
Total staff/administrators	1028	988	894	813	843	771	809	695	677	630
Total full-time employees	1138	1106	1050	1027	998	934	905	825	789	765
Total employees	1662	1586	1477	1363	1382	1254	1292	1119	1057	983
Part-time faculty FTE (full-time equivalent)	165.7	145.2	151.9	151.1	149.2	140.7	141.5	135.7	121.5	106.1
Total teaching faculty FTE	580.7	556.2	529.9	502.1	493.2	452.7	435.5	397.7	361.5	339.1
Ratios:										
Full-time faculty: Full-time staff/administrators	0.58	0.60	0.58	0.53	0.53	0.51	0.49	0.47	0.46	0.44
Total faculty: Total staff and administrators	0.62	0.61	0.65	0.68	0.64	0.63	0.60	0.61	0.56	0.56
Part-time faculty: Total faculty	0.34	0.31	0.34	0.35	0.36	0.35	0.38	0.38	0.35	0.34

Source: IPEDS - HR Survey

Schedule 17
Coastal Carolina University
Capital Asset Information
Fiscal Years 2006 - 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Buildings – Assignable Area Square Feet										
Instruction	351,591	364,887	331,723	318,969	318,969	319,342	278,626	285,471	284,251	226,247
Research	8,508	8,508	997	997	997	927	416	416	416	675
Public Service	0	182	0	0	0	0	1,200	1,200	1,200	3,377
Academic Support	47,777	47,147	49,144	35,083	35,083	35,083	59,128	59,043	59,043	58,659
Student Services	181,777	179,818	175,364	89,323	89,323	89,149	116,462	100,541	100,541	103,185
Institutional Support	82,232	70,472	59,634	59,763	59,763	59,763	59,435	59,074	57,874	49,605
Plant Operation and Maintenance	30,212	30,212	30,212	29,822	29,822	26,721	25,665	24,865	20,706	37,393
Auxiliaries	875,500	875,500	522,736	298,581	298,581	298,581	286,073	284,910	286,574	280,523
Other	55,304	51,605	64,237	53,136	53,136	41,033	10,892	13,297	13,297	13,840
Residence Hall - Number of beds										
Main Campus	1,210	1,210	1,210	1,210	1,210	1,210	1,222	1,222	1,222	1,222
University Place I and II	987	987	987	987	987	987	987	987	987	987
University Place III	1,092	1,092	1,092	1,092	1,092	1,092	0	0	0	0
Athletic and Intramural Facilities										
Stadiums	4	4	4	4	4	4	4	4	4	4
Extramural and intramural fields	3	3	3	3	3	3	3	3	3	3
Track facility	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	0	0	0	0	0
Pool	2	1	3	1	1	1	1	1	1	1
Gymnasiums	3	3	2	3	2	2	2	2	2	2
Fitness centers	2	2	2	3	2	2	2	2	2	2
Tennis courts	18	0	6	8	8	8	8	10	10	10
Number of Buildings:	106	102	101	74	72	69	71	48	47	47

Added University Place I in FY 2009

Added University Place II in FY 2013

COASTAL CAROLINA UNIVERSITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SINGLE AUDIT SECTION



Baseball athletic walkway at Coastal Carolina University

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CLINE BRANDT KOCHENOWER
& Co., P.A.
Certified Public Accountants
Established 1950

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TIMOTHY S. BLAKE, CPA, PFS
JENNIFER J. AUSTIN, CPA
BRANDON A. BLAKE, CPA

Independent Auditors' Report on Compliance for Each
Major Program And On Internal Control Over
Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Coastal Carolina University's compliance with the types of compliance requirements described in the *(OMB) Circular A-133 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, 2015. 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 requirements of laws, regulations, contracts and grants 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 *(OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

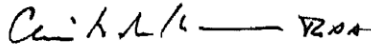
Report on Internal Control Over Compliance

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Gaffney, SC
September 24, 2015

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprised Coastal Carolina University's basic financial statements, and have issued our report thereon dated September 24, 2015. Our report includes a reference to other auditors who audited the financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation, as described in our report on Coastal Carolina University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

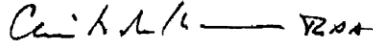
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Gaffney, SC
September 24, 2015

COASTAL CAROLINA UNIVERSITY
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

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, 2015

Summary of Auditor's Results:

- An unmodified opinion was issued on Coastal Carolina University's basic financial statements dated Sept. 23, 2015.
- 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 OMB Circular A-133.
- 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:

Student Financial Aid Cluster from the U.S. Department of Education	
Federal Supplemental Education Opportunity Grants	CFDA #84.007
Federal Work-Study Programs	CFDA #84.033
Federal Perkins Loans	CFDA #84.038
Federal PELL Grant Program	CFDA #84.063
Federal Direct Loan Program	CFDA #84.268
Teacher Education Assistance for College and Higher Education Grants (TEACH)	CFDA #84.379
Research and Development Cluster	
Mesonet 2013 from the U.S. Department of Commerce Pass-through Global Science & Technology, Inc.	CFDA #11.459
Physics Based Inverse Problem to Deduce Marine Atmospheric from the U.S. Department of Defense	CFDA #12.300

COASTAL CAROLINA UNIVERSITY
Schedule of Findings and Questioned Costs, Continued
For the Year Ended June 30, 2015

Virginia Offshore Wind Gathering Program from the U.S. Department of Interior Pass-through BSEE	CFDA #15.441
Intelligent River from National Science Foundation Pass-through Clemson University	CFDA #47.070
Breaking Waves from the U.S. Department of Energy Pass-through Savannah River Nuclear Solutions, LLC	CFDA #81.087

- Type A programs are defined as those that expended \$300,000 or more and Type B programs are those that expended less than \$300,000.
- Coastal Carolina University is a low-risk auditee according to the criteria in OMB Circular A-133.

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

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

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2015

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
RESEARCH AND DEVELOPMENT							
DEPARTMENT OF COMMERCE							
31-2068	Passed thru South Carolina Sea Grant Consortium Assessing the Effectiveness of Rip Current Awareness Singage	11.417	A/E-SG4	YES	\$ 25,000.00	\$ 19,126.99	
31-2325	Passed thru University of South Carolina Hydrology and Pollutant Removal Performance in Detention Ponds Typical fo the Lower Coastal Plain of South Carolina	11.417	N152/NA140AR417008	YES	\$ 26,319.00	\$ 22,803.38	
31-2785	Passed thru South Carolina Sea Grant Consortium SCSG Extension Program Coastal Processes Specialist Extension	11.417	NA140AR4170088	YES	\$ 42,218.00	\$ 12,587.56	
31-2315	Passed through South Carolina Sea Grant Consortium Consequences of Altered Temperature Regimes on the Reproduction, Survival, Growth, and Interactions of Two Key Estuarine Fauna	11.420	R/CP-19 M493	YES	\$ 98,186.00	\$ 1,408.65	
31-2314	Passed thru South Carolina Sea Grant Consortium Observation and Modeling Studies to Benefit the Management and Selection of Borrow Sites for Beach Nourishment in South Carolina	11.420	Ominbus 2012-13	YES	\$ 77,987.00	\$ 5,371.72	
31-2977	Passed thru University of South Carolina Determining the Role of Estuarine Swashes on Water Qyality Impairment Along the Grand Strand of SC: Impacts of Land Use and Stormwater Runoff	11.420	PO 31783 L	YES	\$ 348,805.00	\$ 8,432.55	
31-2895	Passed thru North Carolina State University Marine mammal Bycatch Reduction and Related Research in Cooperation with North Carolina Sea Grant	11.420	2010-2446-03	YES	\$ 40,700.00	\$ 19,013.44	
31-2047	The South Carolina Marine Mammal Stranding Network	11.439	NA12NMF4390147	YES	\$ 79,585.00	\$ 8,068.09	
31-2703	Passed thru Global Science & Technology, Inc. Mesonet 2013	11.459	SA12-CCU01	YES	\$ 665,804.56	\$ 237,836.17	
31-2318	Passed thru Fish America Foundation Grand Strand Community Restoration of Tidal Swash Estuaries	11.463	FAF-12023	YES	\$ 70,000.00	\$ (216.15)	
DEPARTMENT OF DEFENSE							
31-2891	Radar Measurements of Ocean Surface Waves using Proper Orthogonal Decomposition	12.300	N00014-15-1-2044	YES	\$ 85,997.56	\$ 31,636.91	
31-2899	Physics Based Inverse Problem to Deduce Marine Atmospheric	12.300	N000141310307	YES	\$ 253,271.00	\$ 74,882.45	

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2015

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
DEPARTMENT OF THE INTERIOR							
31-2067	Passed thru South Carolina Sea Grant Atlantic Offshore Wind Energy Development: Geophysical Mapping and Identification of Paleolandscapes and Historic Shipwrecks Offshore South Carolina	15.408	R/BOEM-Ia	YES	\$ 261,727.00	\$ 107,755.53	
31-2064	Passed thru BSEE Virginia Offshore Wind Gathering Program	15.441	E14PC00008	YES	\$ 149,631.00	\$ 81,864.45	
31-2816	Assessing the Status of McGillivray's Seaside Sparrows in South Carolina	15.634	SC-TF13AF01185	YES	\$ 34,713.00	\$ 27,577.52	
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
31-2786	SC Space Grant Palmetto Academy	43.001	Pal/Acc/Sites	YES	\$ 19,593.00	\$ 8,077.40	
NATIONAL SCIENCE FOUNDATION							
31-2119	RUI: Role of the Ambient in the Electrical Properties at the Interface for ZnO Systems	47.049	DMR-1104600	YES	\$ 99,570.00	\$ (711.73)	
31-2062	Passed thru Tulane University Transfer NSF Award to CCU from Tulane	47.050	TUL-686-14/15	YES	\$ 84,983.00	\$ 16,405.40	
31-2979	RUI: Dynamical Coupling during Major Stratospheric Sudden Warming	47.050	AGS-1116123	YES	\$ 254,185.00	\$ 32,400.32	
31-2993	Passed thru University of Georgia Hydrogeological Characterization of the Duplin River: A Detailed Examination of a Subset of the GCE-LTER Site	47.050	OCE1237140	YES	\$ 73,287.00	\$ 18,018.68	
31-2976	Development and Testing of a Submersible, Remotely-Operated, Continuous Rn-222 Survey System	47.050	OCE-1029223	YES	\$ 181,605.00	\$ 25,049.82	
31-2063	Passed thru US-Israel Binational Science Foundation Male Moth Preference During Flight	47.070	Grant #2013399	YES	\$ 17,365.00	\$ 4,757.24	
31-2319	Passed thru Clemson University NSF Intelligent Rivers with Clemson University	47.070	1653-206-2098647	YES	\$ 194,944.22	\$ 49,252.71	
31-2326	Passed thru Florida Atlantic University NSF Intelligent Rivers with Florida Atlantic University	47.070	FAU# 940206	YES	\$ 406,507.00	\$ 70,016.90	
31-2818	Improving Scientific Reasoning and Metacognition via a Conceptual Physics Course	47.076	DUE-1244801	YES	\$ 118,214.00	\$ 28,021.50	
31-2992	RUI: Proteasomal Removal of Senenoproteins in Plants	47.076	MCB-1244009	YES	\$ 135,848.00	\$ 40,327.11	
31-2824	US Brazil Planning Visit: Facilitating Collaborative Research on the Southern Brazilian Continental Shelf	47.079	1444102	YES	\$ 12,460.00	\$ 6,955.29	

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2015

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
DEPARTMENT OF ENERGY							
31-2783	Passed thru Savannah River Nuclear Solutions, LLC Breaking Waves	81.087	DE-AC09-08SR22470	YES	\$ 327,556.00	\$ 66,321.53	
31-2823	Passed thru Southeastern Coastal Wind Coalition Regional Resource Center Efforts	81.087	NHD-42307302	YES	\$ 10,000.00	\$ 10,000.00	
31-2821	Passed thru Los Alamos National Security Lab Los Alamos National Security Lab Agreement for Research	81.140	Subcontract 301353	YES	\$ 13,000.00	\$ 5,769.78	
Department of Health and Human Services							
31-2065	Passed thru University of South Carolina South Carolina IDeA Networks of Biomedical Research Excellence (INBRE)/Bioinformatics Pilot Projects	93.859	5P20GM103499-14	YES	\$ 7,837.00	\$ 1,721.33	
						\$ 1,040,532.54	
STUDENT FINANCIAL ASSISTANCE PROGRAMS							
US DEPARTMENT OF EDUCATION							
31-8030	Yellow Ribbon Program Scholarships	64.028		NO		\$ -	
31-5211	CWS Clearing	84.007		NO		\$ (13.73)	
31-5215	SEOG 14-15	84.007		NO		\$ 297,931.50	
31-8014	Federal Work Study - America Reads	84.033		NO		\$ 4,706.96	
31-8054	Federal Work Study	84.033		NO		\$ 44,000.00	
31-8055	Federal Work Study CWS-14-15	84.033		NO		\$ 336,668.61	
50-5230	PERKINS Loans	84.038		NO		\$ 169,632.00	
31-8033	Federal Pell Grant Programs 12-13	84.063		NO		\$ 25.00	
31-8024	Federal Pell Grant Programs 13-14	84.063		NO		\$ 110,682.00	
31-8025	Federal Pell Grant Programs 14-15	84.063		NO		\$ 15,341,271.64	
80-8201	Direct Loans Stafford	84.268		NO		\$ 49,183,271.00	
80-8202	Direct Loans Plus	84.268		NO		\$ 22,796,975.00	
31-8150	UGTCH 14-15	84.379		NO		\$ 246,242.30	
31-8154	UGTCH 13-14	84.379		NO		\$ 4,383.30	
31-8160	GRTCH 14-15	84.379		NO		\$ 65,423.65	
31-8164	GRTCH 13-14	84.379		NO		\$ 5,946.16	
						\$ 88,607,145.39	

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2015

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA	Pass-through	Res/Dev	Budget	EXPENDITURES	TOTALS
		NUMBER	Grantor's Number				
OTHER PROGRAMS							
DEPARTMENT OF COMMERCE							
31-3785	Passed thru South Carolina Sea Grant Consortium Sea Grant Specialist 2014	11.420	Slattery/2014	NO	\$ 42,218.00	\$ 20,498.85	
DEPARTMENT OF THE INTERIOR							
31-3722	USGS Sublease of Space at Coastal Carolina University	15.808	GO9AC00327	NO	\$ 19,620.00	\$ 6,540.00	
DEPARTMENT OF JUSTICE							
31-3929	Passed thru SC Department of Public Safety Bulletproof Vest Partnership Program	16.607		NO	\$ 985.73	\$ 985.73	
NATIONAL ENDOWMENT FOR THE HUMANITIES							
31-3090	Muslim Journeys Programming Support	45.164	2192	NO	\$ 4,500.00	\$ 1,095.65	
31-3814	Passed thru American Library Association Dust Drought and Dreams Gone Dry	45.164		NO	\$ 1,200.00	\$ 1,200.00	
US Department of Education							
31-1148	Passed thru South Carolina Department of Education Project CREATE -Amendment for Redistribution	84.027	10-CO-310-01	NO	\$ 42,983.00	\$ 10,645.77	
31-1480	Project CREATE Year 12	84.027		NO	\$ 23,086.95	\$ 16,883.77	
31-1811	Core Math Development Project: Coastal Carolina University MSP	84.366	H63010008213	NO	\$ 138,987.45	\$ 8,981.84	
31-1812	Core Math Development Project: Coastal Carolina University MSP	84.366		NO	\$ 114,345.82	\$ 58,023.51	
DEPARTMENT OF HOMELAND SECURITY							
31-3786	CCU All-Hazards Mitigation Plan	97.042	PDMC-PL-04-SC-2014	NO	\$ 105,000.00	\$ 2,307.84	
							\$ 127,162.96
TOTAL FEDERAL EXPENDITURES						\$ 89,772,533.05	\$ 89,774,840.89

COASTAL CAROLINA UNIVERSITY
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

1. GENERAL

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

2. 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.

3. LOAN PROGRAMS

The federal loan program we participated in from July 1, 2014, to June 30, 2015, 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	\$ 21,699,123
Stafford Student Loan – Unsubsidized	27,484,148
PLUS Loans	<u>22,796,975</u>
Total	\$ <u>71,980,246</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. The balance of loans outstanding under the Federal Perkins Loan program was \$1,231,149 as of June 30, 2015. The expenditures for June 30, 2014, are calculated as follows:

June 30, 2014, Loan Balance	\$ 1,229,144
Current Year Loans Made	<u>169,632</u>
Total	\$ <u>1,398,776</u>