

2.11.1 The institution has a sound financial base and demonstrated financial stability to support the mission of the institution and the scope of its programs and services.

The member institution provides the following financial statements: (1) an institutional audit (or *Standard Review Report* issued in accordance with *Statements on Standards for Accounting and Review Services issued by the AICPA* for those institutions audited as part of a system-wide or statewide audit) and written institutional management letter for the most recent fiscal year prepared by an independent certified public accountant and/or an appropriate governmental auditing agency employing the appropriate audit (or *Standard Review Report*) guide; (2) a statement of financial position of unrestricted net assets, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net assets attributable to operations for the most recent year; and (3) an annual budget that is preceded by sound planning, is subject to sound fiscal procedures, and is approved by the governing board.

Audit requirements for applicant institutions may be found in the Commission policy entitled "Accreditation Procedures for Applicant Institutions. **(Financial Resources)**

Compliance Status: Compliance

The College of Coastal Georgia has sufficient financial resources to support its mission. The College has a sound financial base and has demonstrated financial stability on a consistent basis. The solid financial position of the College is apparent by a review of the [Annual Financial Report](#) for the fiscal year ending June 30, 2010. In addition, the [Independent Accountant's Management Report](#) for the fiscal year ending June 30, 2010, as prepared by the State of Georgia Department of Audits and Accounts, further documents the stability of the finances, as well as the sound fiscal management of the College.

Institutional Audit/Standard Review Report

The College maintains financial information in the PeopleSoft Financials software system, which was selected by the Board of Regents as the budgeting and accounting system for the USG institutions. The financial statements included in the annual financial report are derived from data in PeopleSoft Financials and are reviewed and analyzed annually by the Georgia Department of Audits and Accounts.

For the year ended June 30, 2010, the State of Georgia elected to satisfy the requirements of the Single Audit Act Amendments of 1996 and the Office of Management and Budget's (OMB) Circular A-133 by performing a statewide single audit. The College was identified as an organizational unit of the State of Georgia reporting entity, and accordingly, the College's financial statements were examined to the extent necessary to enable the Department of Audits and Accounts to express an opinion on the financial statements of the State of Georgia contained in the Comprehensive Annual Financial Report (CAFR) of the State of Georgia, and to report on compliance and internal control in the Single Audit Report of the State of Georgia, pursuant to Government Auditing Standards.

For the year ended June 30, 2010, the institution received the Independent Accountant's Management Report and a management letter.

Statement of Financial Position of Unrestricted Net Assets, Exclusive of Plant Assets and Plant-Related Debt

The Annual Financial Report for the College is prepared in conformance with generally accepted accounting principles. The report consists of Management's Discussion and Analysis, Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, Statement of Cash Flows, and numerous notes. The most recently completed Annual Financial Report is for the year ended June 30, 2010 as the College operates on the State's fiscal year which runs from July 1 to June 30.

The accreditation criteria focus on the [Statement of Net Assets](#), which presents the assets, liabilities, and net assets of the College as of the end of the fiscal year. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the College. From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution and how much the institution owes vendors.

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in plant, property, and equipment owned by the institution. The next category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure, but must be spent for purposes as determined by the donor and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution.

During fiscal year 2010, total assets increased \$2,567,467 while total liabilities increased \$526,545, resulting in an increase in total net assets of \$2,040,922. The increase in total net assets was primarily in the categories of Unrestricted and Invested in Capital Assets, net of debt. Unrestricted net asset specifically increased \$1,210,687 to \$1,940,415 during fiscal year 2010.

Annual Budget

The College prepares a comprehensive annual budget that is preceded by sound planning, is subject to sound fiscal procedures, and is approved by the Board of Regents of the USG, which is the governing board for the institution. Revenues for the General Operating Budget are comprised of State Appropriations and internal revenues (tuition and other revenues). State Appropriations are allocated to the institution primarily on the basis of an enrollment driven funding formula described in the [USG 2005-2006 Information Digest](#). Internal revenues are forecast by the Vice President for Business Affairs, who submits formal revenue projections to the Board of Regents annually.

The fiscal year 2009 budget process for the USG was comprehensive, data driven, and geared towards the revised strategic plan of the USG. The institution submitted various data to the system budget office including the fiscal year 2008 budget detail, fiscal year 2007 position detail, analytical questionnaire, efficiencies/best practices/process improvements, and a fiscal year 2009 request for new funds. A shadow budget process was also used by the University System budget office where a small team from other institutions visited the College to become more familiar with operations and budgeting. The shadow budget analysts compiled a report on the institution which became part of the budget hearing documentation.

The fiscal year 2010 budget process for the USG took a more streamlined approach due to budget reductions; however, the College was in a unique position in that new resources for the baccalaureate programs greatly exceeded the budget reductions in the original budget.

Although all institutions received an approximate 12 percent cut to the base budget in fiscal year 2010 due to the challenging economic conditions in the state, the College's President negotiated and received over \$3.2 million in new formula funds to support the mission change and college transformation. The net result was almost \$2 million in additional state funding for the institution. The College addressed the fiscal year 2010 budget cut by eliminating low enrollment programs and by streamlining the academic scheduling process to reduce part-time and summer faculty costs. Specific positions eliminated included two LPN faculty members, one surgical tech faculty, and nine TCSG faculty who were transferred to Altamaha Technical College as the institution eliminated technical programs as part of becoming a state college.

New formula funds received in fiscal year 2010 were primarily used to budget 15 new faculty positions to support the baccalaureate programs. Several academic support positions were established in the budget. A much stronger focus on marketing and recruitment was necessary; accordingly, two new professional recruitment positions were established as well as a marketing and public relations position. A substantial increase in the marketing budget was made in an effort to boost enrollment and branding efforts. The complete [fiscal year 2010 budget narrative](#) is provided as supporting evidence.

The fiscal year 2011 budget development process included a budget conference between the Chief of Staff of the USG Board of Regents and the College's President and Vice President for Business Affairs. Although continuing state funds were reduced by a net \$1,394,363, the institution received a special permanent targeted state funds enhancement of \$700,000 to support the state college mission. In addition, internal revenues for fiscal year 2011 were increased \$3,100,000 due to higher enrollment, tuition and fee increases, and a special institutional fee. Overall, the general operating budget increased by a net \$2,405,637 to \$21,382,725.

On a local level, budget priorities are linked to the institutional and [University System strategic plan](#) based upon planning and assessment documents completed at the departmental level. Funding priorities were identified by the President, Vice Presidents, and other Cabinet members. Fiscal year 2011 funding priorities focused on building faculty and staff capacity in support of the institutional transformation to a destination state college, which is evidenced in the [fiscal year 2011 budget narrative](#).

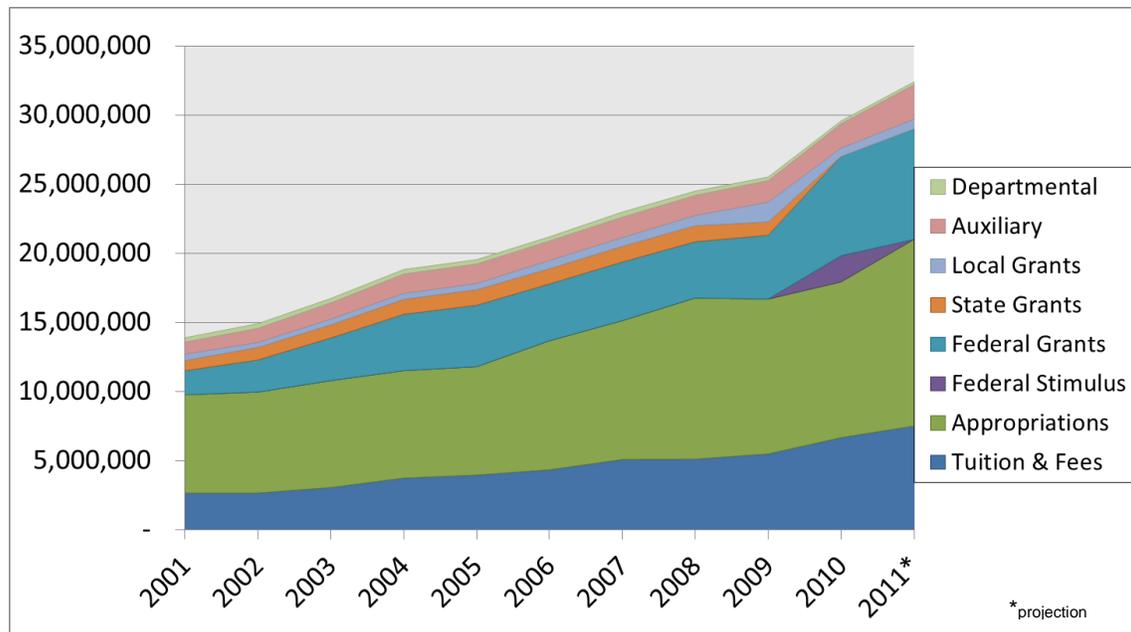
The budget for the College is prepared by the Vice President for Business Affairs and is typically submitted around May 20 each year. The budget is reviewed by the University System budget office staff and is ultimately approved by the Board of Regents. Budget amendments are then submitted on a quarterly basis. The fiscal year 2011 budget (Table 1) for the College is the largest in the history of the institution and is composed of the various funding sources.

Table 1: Fiscal Year 2011 Budget

Sources	Amount
General Operations	\$21,382,725
Federal Stimulus	\$158,259
Departmental Sales & Services	\$250,000
Sponsored Operations	\$7,650,000
Total	\$29,440,984

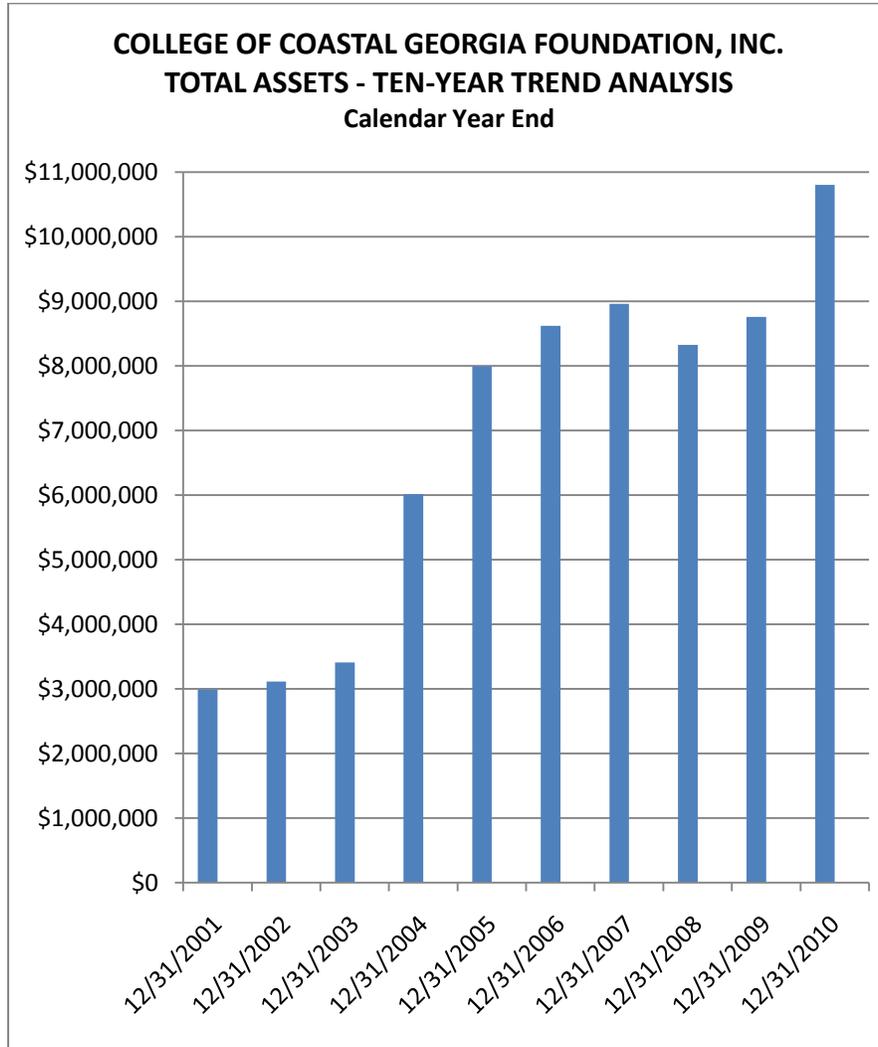
For comparative purposes, the fiscal year 2006 general operating budget was \$13,249,714 while the total budget was \$19,779,366. The general operating budget, which most directly impacts instruction, has increased 61 percent over the past five years while headcount enrollment has increased 12 percent and full-time equivalent enrollment has increased 30 percent – see Chart 1. It should be noted that sponsored operations at the institution primarily relate to federal financial aid and private support from the College’s Foundation. The College has not only maintained a sound and stable financial base, it has made tremendous progress in transforming to a quality state college by utilizing new resources to hire numerous doctorate prepared faculty and highly qualified staff despite the challenging economic conditions of the state.

Chart 1: Operating Revenue by Source



The financial condition of the College of Coastal Georgia Foundation ([2009 Annual Report](#)) also has never been stronger – see Chart 2. Financial statements for the Foundation are completed on a calendar year basis. Total assets of the Foundation were \$10,804,737 at the end of 2010 versus \$7,994,527 at the end of 2005. The [Foundation's budget](#), which provides scholarships, faculty professional development, and other support for the College's programs, has increased from \$236,000 in fiscal year 2006 to \$424,000 in fiscal year 2011. The Foundation also recently provided \$700,000 in unrestricted funds to help finance the addition of a second floor over the natatorium area in the Coffin Building to provide much needed classrooms and faculty offices. In calendar year 2010, the Foundation raised \$1.46 million to support institutional programming.

Chart 2: College of Coastal Georgia Foundation – Financial Overview



Supporting Documentation

[College of Coastal Georgia Annual Financial Report, June 30, 2010](#)

[Independent Accountants Management Report and Institutional Management Letter, June 30, 2010](#)

[College of Coastal Georgia Statement of Net Assets](#)

[2005-2006 USG Information Digest](#)

FY 2010 College of Coastal Georgia Budget - [Summary Sheets](#) and [Budget Narrative](#)

FY 2011 College of Coastal Georgia Budget - [Summary Sheets](#) and [Budget Narrative](#)

[USG Strategic Plan](#)

[2009 College of Coastal Georgia Foundation Annual Report](#)

[FY 2011 College of Coastal Georgia Foundation Budget](#)