



## **SAVANNAH STATE UNIVERSITY**

### **Fiscal Analysis**

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2011

**Although audited financial information was used for calculations, the actual audited financial reports should be read in conjunction with the attached information. This report is utilized for analytical review of financial data of Savannah State University and, as such, has not been subjected to audit procedures.**

Financial analysis uses selected measures, such as ratios, to analyze, evaluate, and communicate financial information regarding the achievement of an organization's mission. The analysis should include both a correlation between financial statements and related financial information, as well as a correlation between financial information and nonfinancial drivers. While analysis is useful when comparing to like-organizations, it is also applicable to institution-specific objectives, particularly when assessing the transformation of an institution. In any organization, resources must be deployed strategically and in depth financial analysis helps provide information to determine the best use of scarce resources. The bottom line is that financial analysis helps organizations make financial decisions to achieve their mission by aligning operating and capital budgets toward the objectives; determining resource sufficiency and allocation; achieving balance between financial and physical assets; integrating planning steps to ensure financial achievability; making investment decisions that support future needs; and integrating financial policies, such as cash and debt management, to achieve goals.

## **Debt Management**

Savannah State University (hereafter referred to as the "University" or "SSU") has capital leases that are payable in installments and expire between 2032 and 2033. Interest rates range from 4.489 percent to 4.655 percent. The net book value of assets held under capital lease at June 30, 2011, was \$46,916,342. Besides compensated absences, these capital leases are the only long-term debt reported in the University's financial statements.

There are two capital leases with SSU Foundation Real Estate Ventures, LLC, of which Savannah State University Foundation, Inc. is the sole member. In February 2008, Savannah State University entered into capital leases of \$29,229,205 and \$24,586,826, for University Village and University Commons, respectively, with the LLC, which is included in the discrete presentation of Savannah State University Foundation.

The University leases a 660-bed housing facility, University Village, at an interest rate of 4.486 percent for a twenty-five-year period that began February 2008 and expires June 2032, with payments due the 15th of the month each February, May, August, and November. The 13.768 acres of land on which these buildings are located is owned by the Board of Regents, and was leased to the LLC for \$10 per year, payable in advance upon commencement of a ground lease.

The University also leases a 742-bed housing facility, University Commons, at an interest rate of 4.655 percent for a twenty-five-year period that began August 2009 and expires June 2033, with payments due the 15th of month each February, May, August, and November. The 0.275 acre of land on which these buildings are located (also known as 4750 LaRoche Avenue) is part of the capital lease agreement and is, therefore, owned by the University.

The capital lease debt was incurred to support the mission of the institution by providing affordable, on-campus housing for students. Because revenue streams generated by the acquisition of additional housing were determined to be sufficient to cover the annual debt expense, the incurrence of the debt was determined to be affordable for the University.

SSU Community Development I, LLC, was organized on July 16, 2010 as a Georgia limited liability company. It is a special purpose entity that was created for the sole purpose of acting as the Borrower of the \$36,475,000 Savannah Economic Development Authority Revenue Bonds, Series 2010. The Borrower is to lease three new buildings and the renovated Camilla Hubert Hall to Savannah State University (the Regents) under four rental agreements commencing the first day of the first month following the issuance of a certificate of occupancy. This did not occur until the first quarter of fiscal year 2012, and is, therefore, not reflected in this financial analysis.

### **Overall Financial Health**

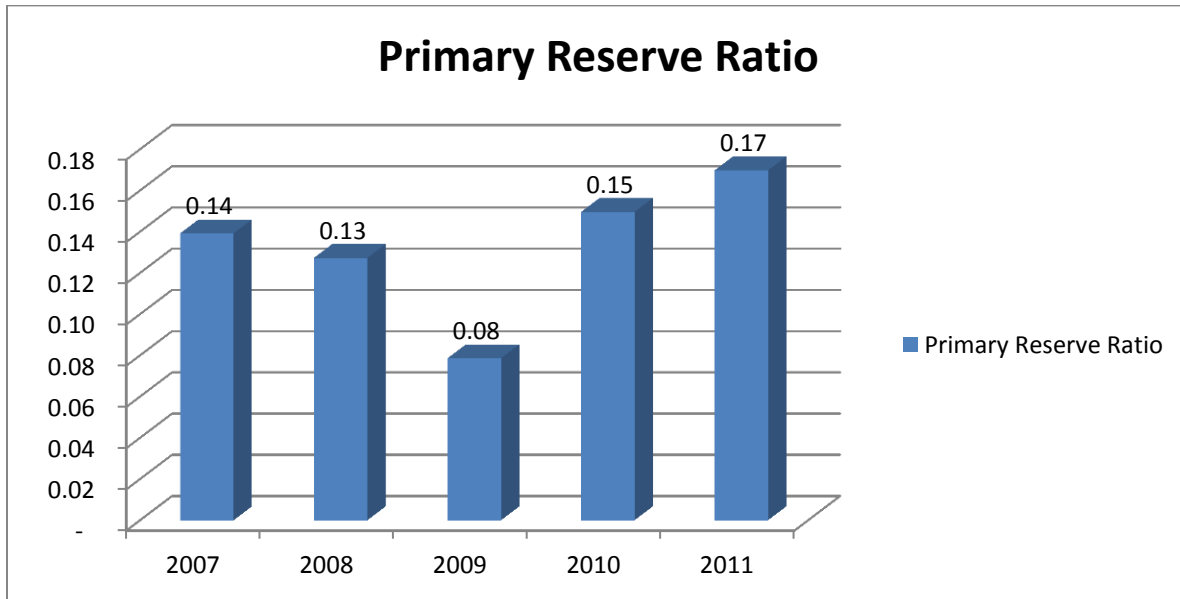
Financial ratios have been used to quantify the financial status of the University, to examine the sources and uses of financial resources, and to look at the ability to repay existing financial obligations. The financial information required to calculate the ratios for SSU may be found in the audited financial statements at the end of each fiscal year. Longitudinal comparisons were deemed to be the best examination of how the University has been achieving its goals over time.

Although significantly reduced through budget cuts, State Appropriations continue to be a significant component of the University's resources as in prior years. Committed state support has been an important asset to SSU and is not reflected in the balance sheet.

### ***Measuring Resource Sufficiency and Flexibility***

The *primary reserve ratio* measures the financial strength of the institution by comparing expendable net assets to total expenses. It is reasonable to expect expendable net assets to increase in proportion to the rate of growth in operating size (as defined by total expenses in this case). Although many institutions may seek to maintain a primary reserve ratio of .40x or better, it is the University's opinion that this is unrealistic for state-supported schools that receive a monthly or semi-monthly payment of their budget allocation and are heavily supported by financial aid, which must be applied for after certain conditions are met. In light of these factors, as well as current economic conditions, SSU feels strongly that **an indicator of .10x or better** would be more indicative of the University's financial strength. The implication of .10x (10 percent of 12 months) is that the University would have the **ability to cover 1.2 months of expenses from reserves**. As noted below, SSU fell slightly below this target due to the economy in 2009, but still retained almost one month's coverage (8 percent of 12 months) in expendable net assets. For fiscal years 2010 and 2011, respectively, the University increased this coverage to 0.15 (15 percent of 12 months) due to an increase in expendable net assets that resulted from increased summer enrollment and related federal grant revenues, and to 0.17 (17 percent of 12 months) due to increased enrollment and related federal grant revenues in 2011. For four of the last five fiscal years, the University has maintained the target goal, only dropping

below one year due specifically to economic challenges. At all times University resources have been sufficient to cover obligations.



|  | 2007        | 2008        | 2009        | 2010        | 2011        |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>Primary Reserve Ratio</b>             | <b>0.14</b> | <b>0.13</b> | <b>0.08</b> | <b>0.15</b> | <b>0.17</b> |
| Expendable Net Assets                    | 6,507,045   | 6,600,720   | 5,200,987   | 10,229,602  | 13,050,610  |
| Total Expense - Operating & Nonoperating | 46,746,704  | 51,860,951  | 66,154,833  | 68,379,364  | 76,876,006  |

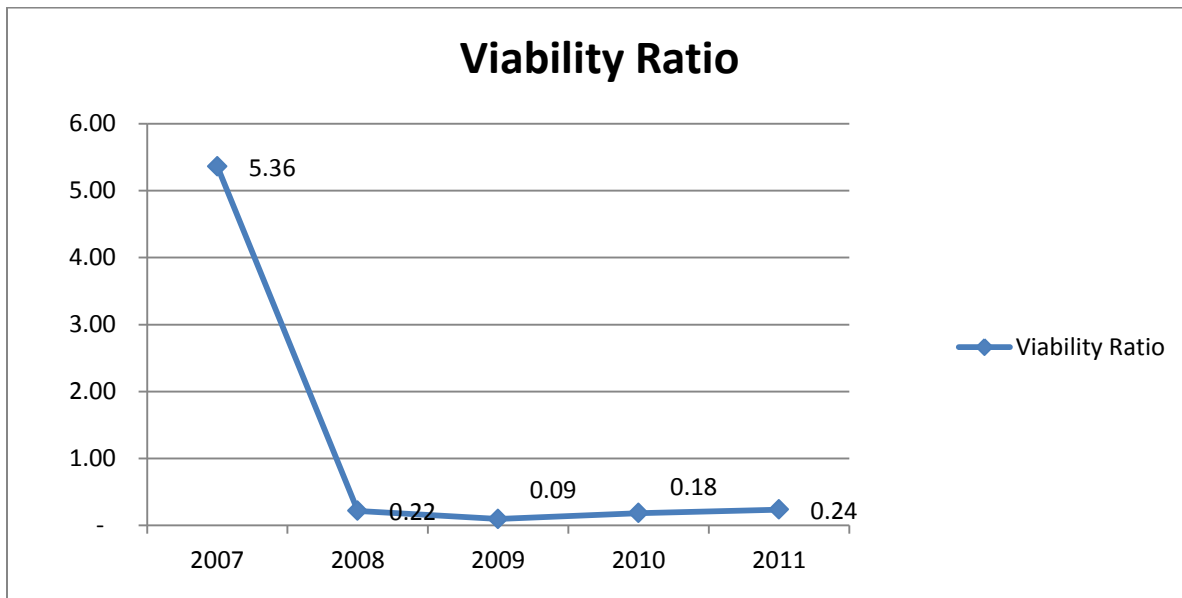
### *Measuring Resources, including Debt*

SSU has managed debt (and all other sources of capital) strategically to advance the mission of the University to graduate students who are prepared to perform at higher levels. As part of this mission, the University is committed to the teaching/learning environment, both inside and outside of the classroom. Capital lease debt, as previously discussed, was incurred to provide affordable, on-campus housing for students and also gives the University a competitive advantage. A new Social Sciences building was constructed with contributed capital dollars in 2009 to support the growing population of students in this discipline. With the support of the student body, the University erected a new Student Center and made modifications to the football stadium which opened in the current fiscal year (2012). Additionally, new housing facilities have been opened this fall as discussed under Debt Management to ensure that SSU can continue to meet the needs of the traditional student as enrollment continues to increase. This debt and the related assets will be considered in fiscal year 2012.

The *viability ratio* measures the availability of expendable net assets to cover debt should the institution need to settle its obligations as of the balance sheet date. As with the primary reserve ratio, SSU is not self-reliant and has significantly less operating flexibility than a private institution due to the fact that the University is state-supported. While private sector ratios

should be 1:1 or greater, this is not generally true of the public sector and many can operate at levels far less than that indicated. The reality is that the University could not cover all its debts as of the balance sheet date, nor should it be expected to as a state-supported institution. The University System of Georgia discourages holding large amounts of resources in terms of expendable net assets when systems, like the University, are dependent upon the state for monthly support to operate. Therefore, as with the primary reserve ratio, a **target of .08 expendable net assets to long-term debt** is generally considered acceptable. It indicates that there are sufficient resources to address current liabilities and expenses, and is, therefore, a more reasonable measurement of where the University may fall when it incurs debt that is being paid by resources as they are earned (i.e., debt for housing which is paid as revenues are collected).

Note that the ratio was dramatically changed in the years the capital lease debt was incurred. Up until that time, the University had not utilized significant leverage. Again, it is important to note that this debt was incurred to provide affordable on-campus housing for a growing student population and is being repaid through the revenues generated by the asset addition.



|   | 2007        | 2008        | 2009        | 2010        | 2011        |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Viability Ratio</b>                    | <b>5.36</b> | <b>0.22</b> | <b>0.09</b> | <b>0.18</b> | <b>0.24</b> |
| Expendable Net Assets                     | 6,507,045   | 6,600,720   | 5,200,987   | 10,229,602  | 13,050,610  |
| Long-Term Debt (includes current portion) | 1,213,388   | 30,466,225  | 54,930,013  | 55,619,571  | 55,223,897  |

As with the viability ratio, the *leverage ratio* is not really comparable for years prior to the inception of the capital leases. The leverage ratio typically refers to debt in relation to total net assets (equity). Indications are that the threshold for this ratio should be above 1:1 (over \$1 of equity for every \$1 of debt), but how much above is an institution-specific question. As a state sponsored institution, the University has set an **internal standard to remain above 1:1**. For

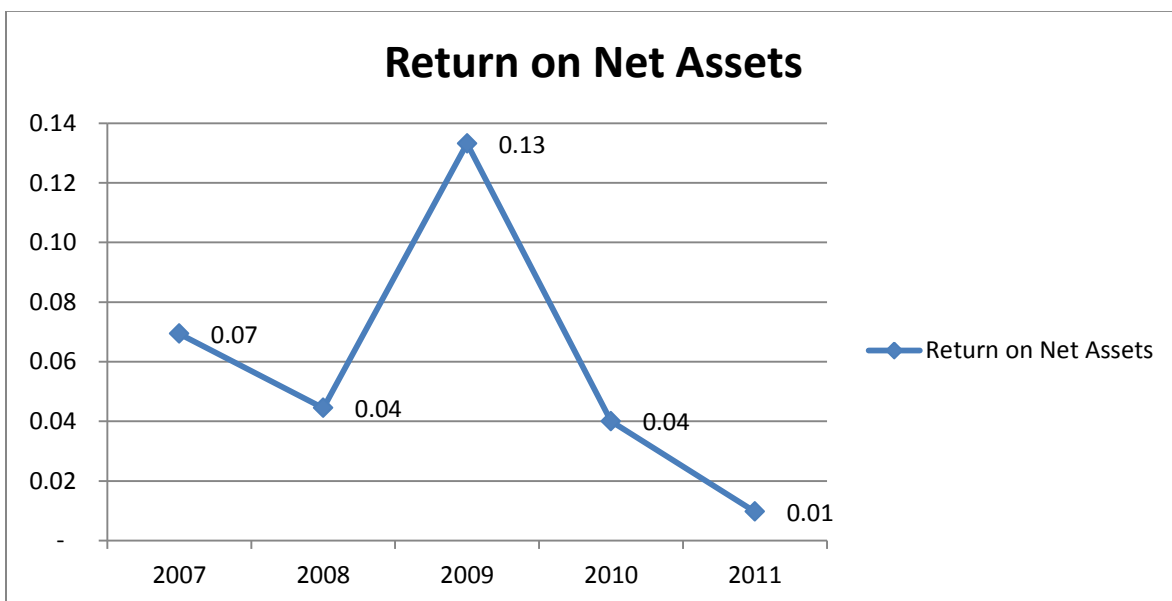
fiscal years 2008, 2009, 2010, and 2011 this ratio was calculated as **2.16, 1.35, 1.39, and 1.42**, respectively. The change in fiscal year 2009 was the addition of the second part of the debt related to University Commons. Therefore, since the incurrence of the debt, the University has maintained an adequate leverage ratio.

### ***Measuring Physical Asset Performance***

Physical assets are defined as land, buildings, infrastructure, equipment, and other types of plant assets, including technology infrastructure. Higher education is an asset-intensive industry, requiring substantial fixed assets to fulfill the mission of educating students within an all-inclusive environment. For example, while classrooms are required for teaching, most campuses, like Savannah State University, offer a total college community experience with on-campus housing and cafeteria facilities provided to students for reasonable fees.

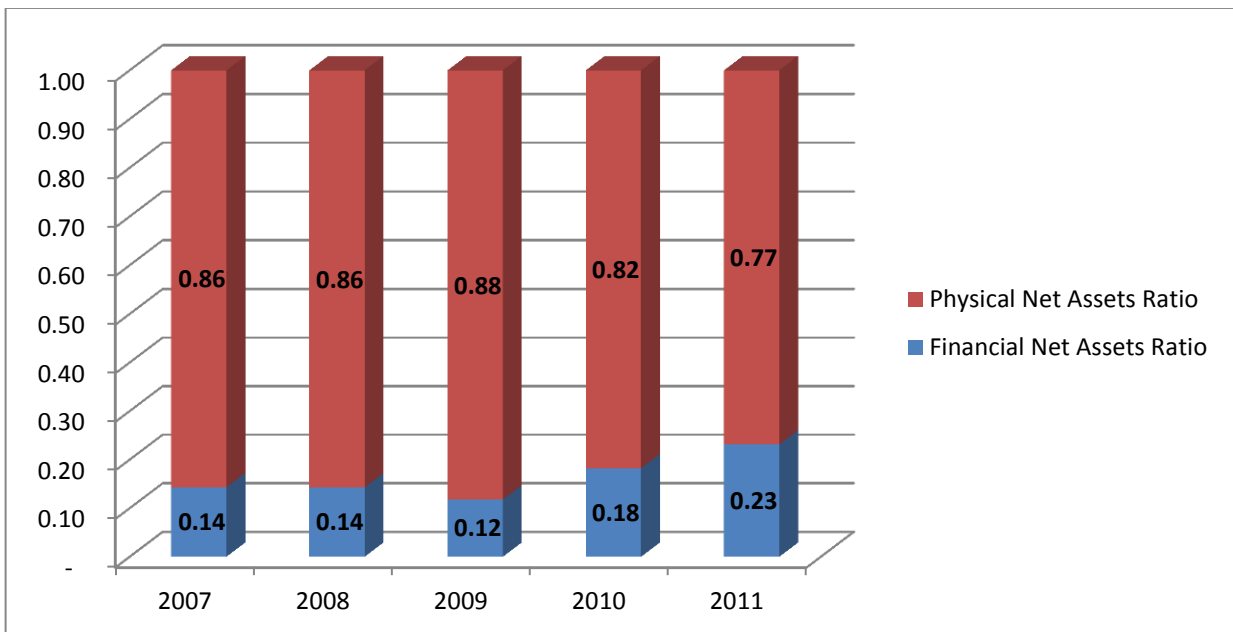
The institution is presumed wealthier each year that net assets grow, but the type of net asset growth in relation to commitments and the rate of growth are better determinants of whether the organization is improving its financial ability to achieve objectives.

The **return on net assets** ratio is based on the level and change in total net assets, regardless of the asset classification, and is a broad measure of the change in total wealth over a year. It represents the increase in net assets as a percentage of beginning net assets. While long-term returns are quite volatile and vary with the level of inflation, the University has established an **annual return target of 3-4%**. The return was unusually high in fiscal year 2009 due to the \$14 million capital grant related to the new Social Sciences building acquired through GSFIC funds. The University did fall below its target in fiscal year 2011 at 1% due primarily to the loss of \$3 million in stimulus funds without a sufficient revenue stream to replace the loss in its entirety. Even though net assets did increase for the year, the increase in net assets was not as profitable as the year before.



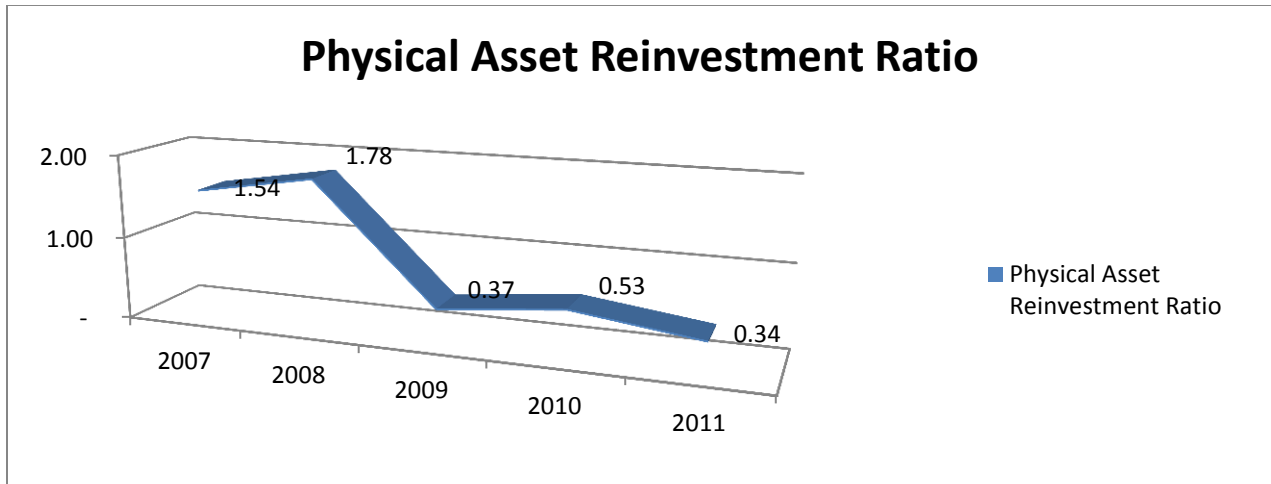
|   | 2007        | 2008        | 2009        | 2010        | 2011        |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Return on Net Assets</b>             | <b>0.07</b> | <b>0.04</b> | <b>0.13</b> | <b>0.04</b> | <b>0.01</b> |
| Change in Net Assets                    | 3,992,007   | 2,736,989   | 8,560,023   | 2,915,623   | 734,866     |
| Net Assets at the Beginning of the Year | 57,543,613  | 61,535,620  | 64,272,609  | 72,832,632  | 75,748,255  |

The *financial net assets* ratio and the *physical net assets* ratio provide useful insights into the allocation of equity between financial and physical net assets. Understanding these ratios helps the University analyze its financial flexibility and whether its asset and net asset structure are in equilibrium. Primarily due to the fact that SSU is a state-funded institution, its equity is comprised primarily of physical assets (as can be seen in the chart below). Although the University does have limited future flexibility to respond to significant unanticipated capital needs, SSU considers a *ratio of 10% in financial net assets as sufficient to be able to meet strategic planning initiatives in regards to both operations and capital spending.*



|   | 2007        | 2008        | 2009        | 2010        | 2011        |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Financial Net Assets Ratio</b>               | <b>0.14</b> | <b>0.14</b> | <b>0.12</b> | <b>0.18</b> | <b>0.23</b> |
| Financial Net Assets                            | 8,812,835   | 9,186,974   | 8,597,506   | 13,808,923  | 17,692,959  |
| Total Net Assets                                | 61,535,620  | 64,272,609  | 72,832,632  | 75,748,255  | 76,483,121  |
| <b>Physical Net Assets Ratio</b>                | <b>0.86</b> | <b>0.86</b> | <b>0.88</b> | <b>0.82</b> | <b>0.77</b> |
| Invested in Capital Assets, net of related debt | 52,722,785  | 55,085,635  | 64,235,126  | 61,939,332  | 58,790,162  |
| Total Net Assets                                | 61,535,620  | 64,272,609  | 72,832,632  | 75,748,255  | 76,483,121  |

The *physical asset reinvestment ratio* compares the extent that capital renewal is occurring compared to physical asset usage by looking at the expenditure amounts on capital assets as compared to depreciation. In other words, a 1:1 ratio would recognize \$1 reinvested in the acquisition of new assets as compared to each \$1 recognized as depreciation. Although a 1:1 ratio is generally desired, it is not always feasible in every year, particularly for smaller, state-funded institutions. Therefore, the **ratio should be evaluated on a multiyear basis** since facilities investment is highly variable from year to year. Based on these variables, the physical asset reinvestment ratio for SSU is considered satisfactory.

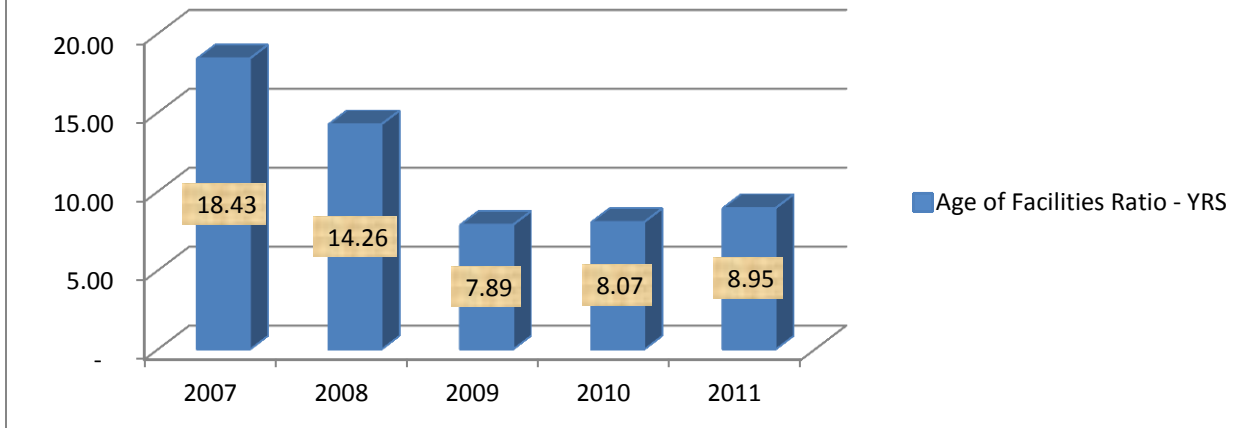


|  | 2007        | 2008        | 2009        | 2010        | 2011        |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>Physical Asset Reinvestment Ratio</b>       | <b>1.54</b> | <b>1.78</b> | <b>0.37</b> | <b>0.53</b> | <b>0.34</b> |
| Capital Expenditures plus Capital Assets Gifts | 3,727,005   | 5,563,688   | 2,091,073   | 2,913,830   | 1,679,667   |
| Depreciation Expense                           | 2,417,986   | 3,125,238   | 5,651,637   | 5,525,067   | 4,980,560   |

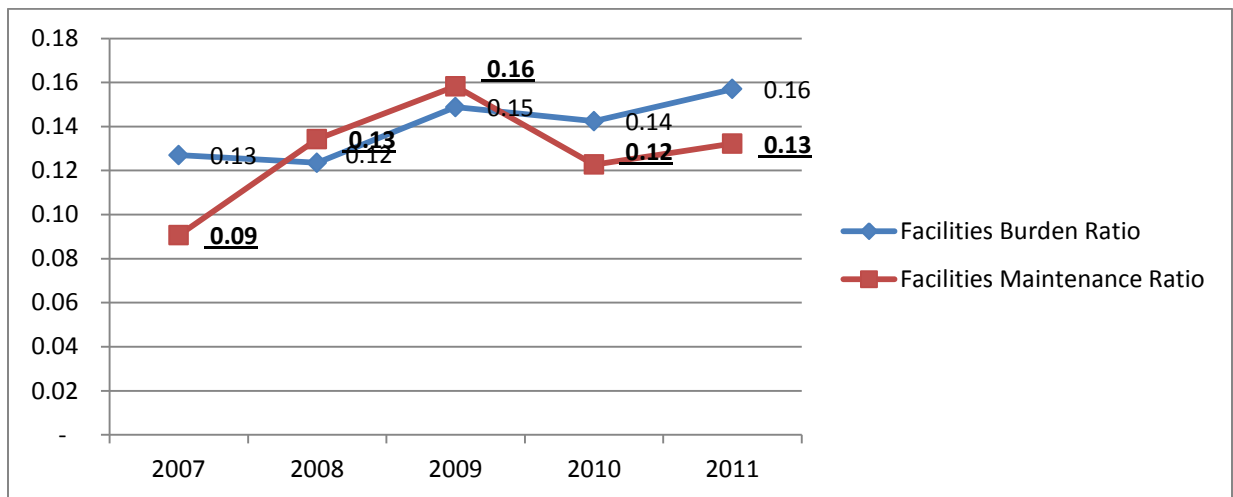
The current average age of SSU's plant facilities is calculated as approximately 9 years, as determined by the *age of facilities* ratio. This ratio divides accumulated depreciation by depreciation expense to get a rough sense of the age of facilities to determine the potential need for considerable future resources to be invested in plant. An acceptable level for this ratio for predominantly undergraduate institutions is **14 years or less**. With the acquisition of the two large housing facilities, the renovation of Hill Hall, and the opening of the new Social Sciences building within the last few years, the University is well within an acceptable range. Although this ratio is designed to capture the degree of deferred maintenance, it should be noted that it does not quantify the amount of reinvestment requirements based on these historical costs. This ratio must be considered with other determinants, such as the facilities burden and maintenance ratios.



## Age of Facilities Ratio - YRS



|                                | 2007         | 2008         | 2009        | 2010        | 2011        |
|--------------------------------|--------------|--------------|-------------|-------------|-------------|
| <b>Age of Facilities Ratio</b> | <b>18.43</b> | <b>14.26</b> | <b>7.89</b> | <b>8.07</b> | <b>8.95</b> |
| Accumulated Depreciation       | 44,568,625   | 44,568,625   | 44,568,625  | 44,568,625  | 44,568,625  |
| Depreciation Expense           | 2,417,986    | 3,125,238    | 5,651,637   | 5,525,067   | 4,980,560   |



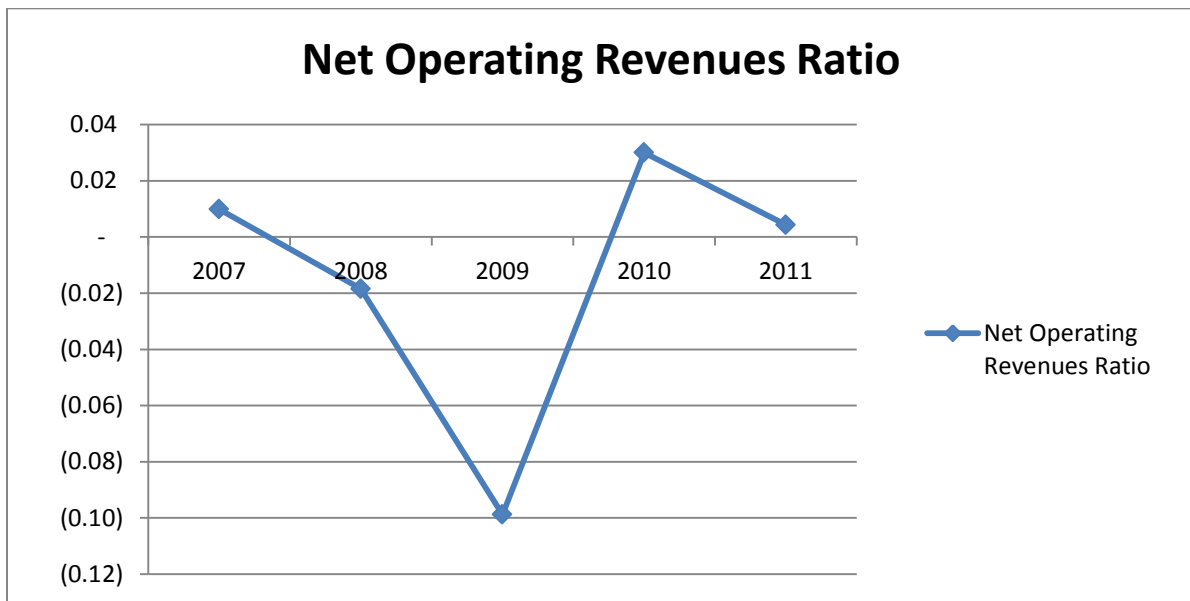
The *facilities burden ratio* indicates the percentage of depreciation expense recognized for each \$1 in capital asset value. For example, in the chart above the University has recognized \$0.16 depreciation in fiscal year 2011 for every dollar in net capital assets on the balance sheet as of June 30, 2011. The facilities burden ratio calculates the comprehensive fiscal cost of facilities investments on the institution budget. The *facilities maintenance ratio* assumes that the organization must generate a sufficient stream of income to support operation and maintenance on plant, so it divides operation and maintenance costs by total operating and nonoperating revenues. The percentage represented is the cost of plant operation and maintenance (excluding depreciation) as a share of total revenues. It answers the question: How much of total revenues

are expended on operations and maintenance of plant facilities? As noted in the chart above, for fiscal year 2011 SSU spent *\$0.13 of each \$1 of total revenue on plant*, which is considered an adequate investment by the University.

**Measuring Operating Results**

Over the long term institutions must operate in a surplus position, because operations are one of the sources of financial resources for reinvestment in institutional initiatives. Although strategic decisions may be made for the betterment of the institution that results in a known deficit in the short term, institutions cannot continue to operate in this way for the long term. As with other types of analysis, operating ratios, particularly longitudinal trend reviews, must be considered in light of the University’s strategic initiatives and overall mission.

The *net operating revenues* ratio (formerly referred to as the net income ratio) explains how the surplus generated from operating activities affects the behavior of other ratios as the net surplus or deficit directly affects the amount added to or deducted from net assets.

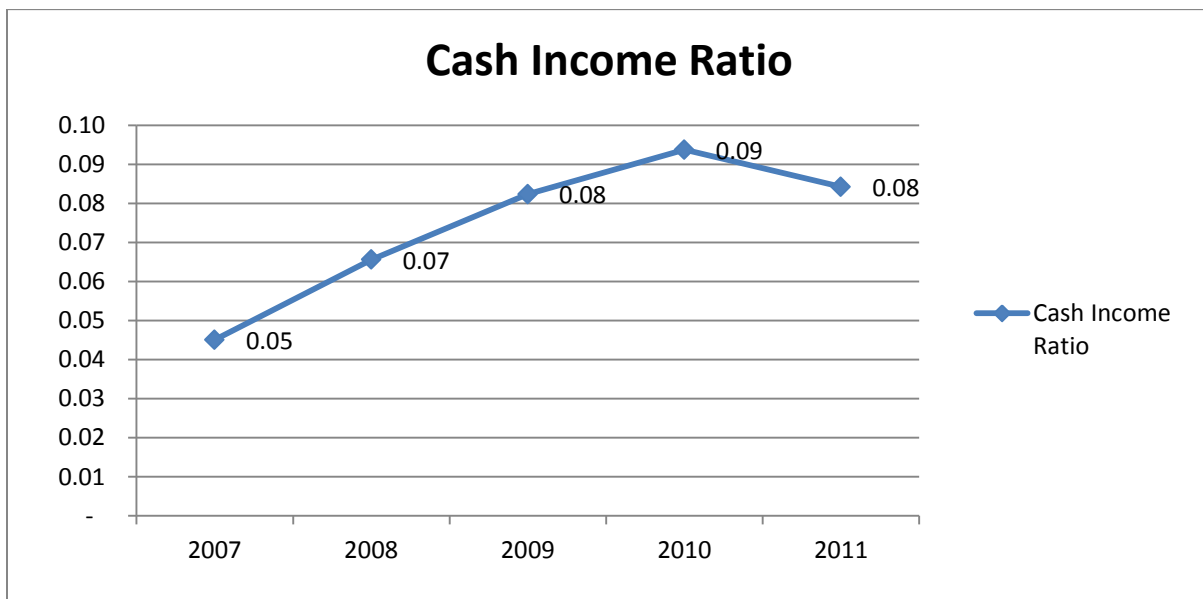


|                                     | 2007        | 2008          | 2009          | 2010        | 2011         |
|-------------------------------------|-------------|---------------|---------------|-------------|--------------|
| <b>Net Operating Revenues Ratio</b> | <b>0.01</b> | <b>(0.02)</b> | <b>(0.10)</b> | <b>0.03</b> | <b>0.004</b> |
| Income (Loss) Before Capital Items  | 464,779     | (939,606)     | (5,948,092)   | 2,117,658   | 332,862      |
| Operating and Nonoperating Revenues | 47,211,483  | 50,921,345    | 60,206,741    | 70,497,022  | 77,208,868   |

As part of its strategic plan, the University has made significant investments during fiscal years 2008 and 2009 in student housing, with the acquisition of University Village and University Commons in fiscal years 2008 and 2009, respectively. The capital leases incurred on these complexes were in excess of \$50 million dollars, and generated a significant increase in depreciation expense, resulting in a deficit in net operating ratios. However, this was part of the University’s strategic planning initiative and there is an active plan in place to resolve this deficit

through housing and other student service revenues, as you can see starting to occur in fiscal years 2010 and 2011.

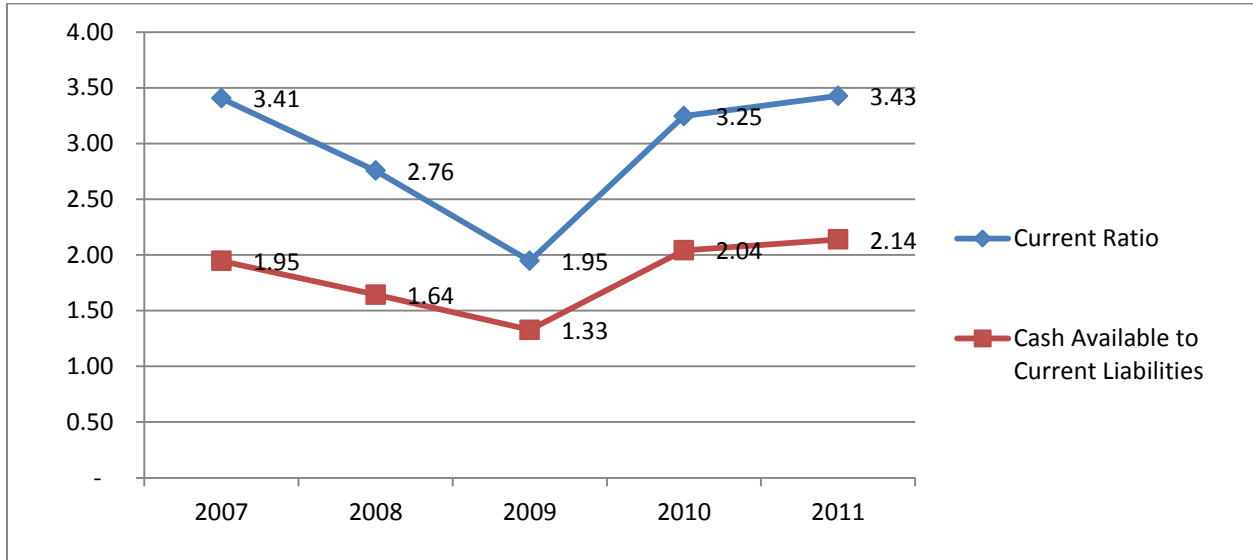
While the change in expendable net assets is important, it should be noted that it is based on accrual accounting principles. Therefore, we need to turn to an analysis of cash to examine the issue of strength and quality of the revenue stream. The **cash income** ratio relates the cash flow generated from operations to total revenues. This ratio should remain positive to show the amount of cash retained as a percentage of total revenues. For SSU, the ratio has ranged from a low of \$0.04 to a high of \$0.09 in 2010, but has remained positive. As a target, the University would like to **remain between \$0.05 and \$0.10** as our intention is to 1) retain sufficient cash for operations, 2) continue to reinvest in the strategic plan, and 3) maintain minimum surpluses as it relates to state funding. (It should be noted that surplus funds were returned to the state for the last several fiscal years).



|   | 2007        | 2008        | 2009        | 2010        | 2011        |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Cash Income Ratio</b>  | <b>0.05</b> | <b>0.07</b> | <b>0.08</b> | <b>0.09</b> | <b>0.08</b> |
| Cash flows from operations plus appropriations, gifts, and grants received for operating purposes (cash flows from noncapital financing) plus investment income | 2,128,108   | 3,340,600   | 4,958,073   | 6,608,506   | 6,503,744   |
| Operating and nonoperating revenues   | 47,211,483  | 50,921,345  | 60,206,741  | 70,497,022  | 77,208,868  |

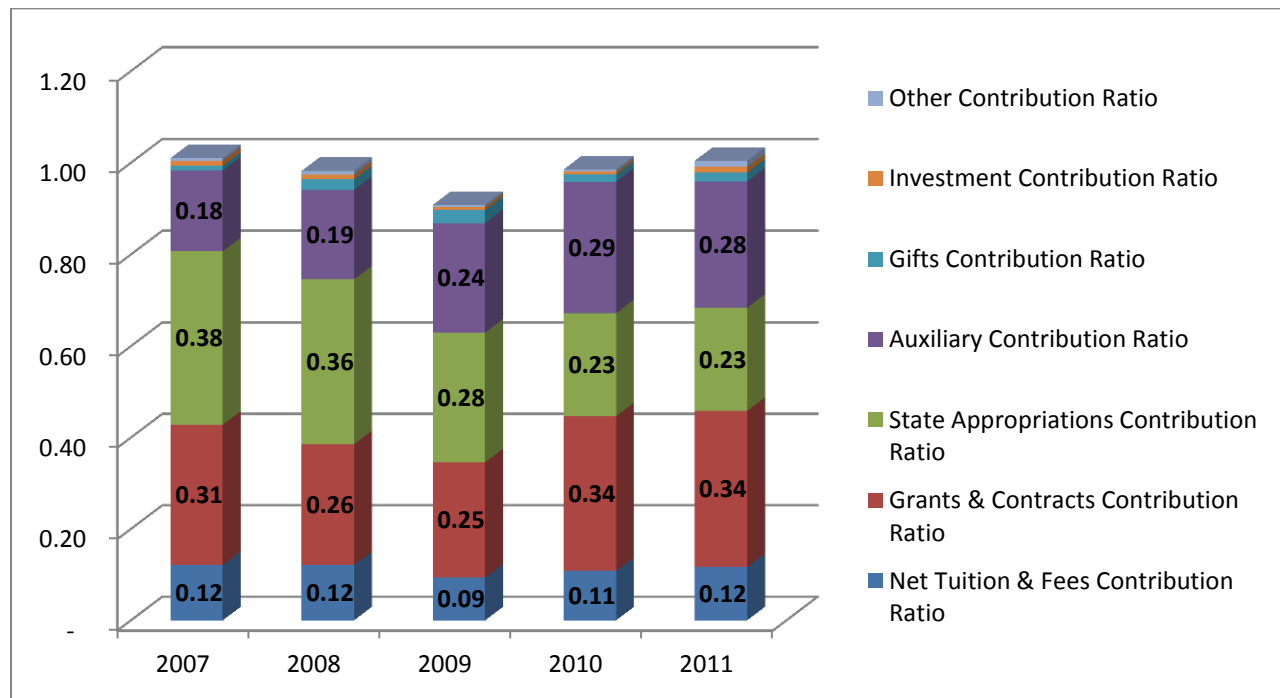
Other operational ratios that are important to consider are the **current ratio and cash available to pay current liabilities**. Both of these ratios enable us to look at liquidity (i.e., the ability to pay short-term liabilities). The **current ratio** calculation gives us the amount of current assets available to pay each \$1 in current liabilities, while the **cash available to pay current liabilities** results in the actual cash available per \$1 of current liabilities. For example, in 2011 the University had \$3.43 in current assets to represent each \$1 in current liabilities, and of that \$3.43 cash represented \$2.14. The increase in the current ratio as well as the cash available in 2011

was a direct result of increases in enrollment. See the figures presented immediately after the graph.



|  | 2007        | 2008        | 2009        | 2010        | 2011        |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>Current Ratio</b>                         | <b>3.41</b> | <b>2.76</b> | <b>1.95</b> | <b>3.25</b> | <b>3.43</b> |
| Current Assets                               | 8,584,873   | 9,368,193   | 10,299,690  | 13,922,771  | 17,623,735  |
| Current Liabilities                          | 2,521,155   | 3,399,136   | 5,290,558   | 4,288,492   | 5,142,478   |
| <b>Cash Available to Current Liabilities</b> | <b>1.95</b> | <b>1.64</b> | <b>1.33</b> | <b>2.04</b> | <b>2.14</b> |
| Cash + Marketable Securities                 | 4,908,240   | 5,585,893   | 7,025,277   | 8,753,256   | 10,999,752  |
| Current Liabilities                          | 2,521,155   | 3,399,136   | 5,290,558   | 4,288,492   | 5,142,478   |

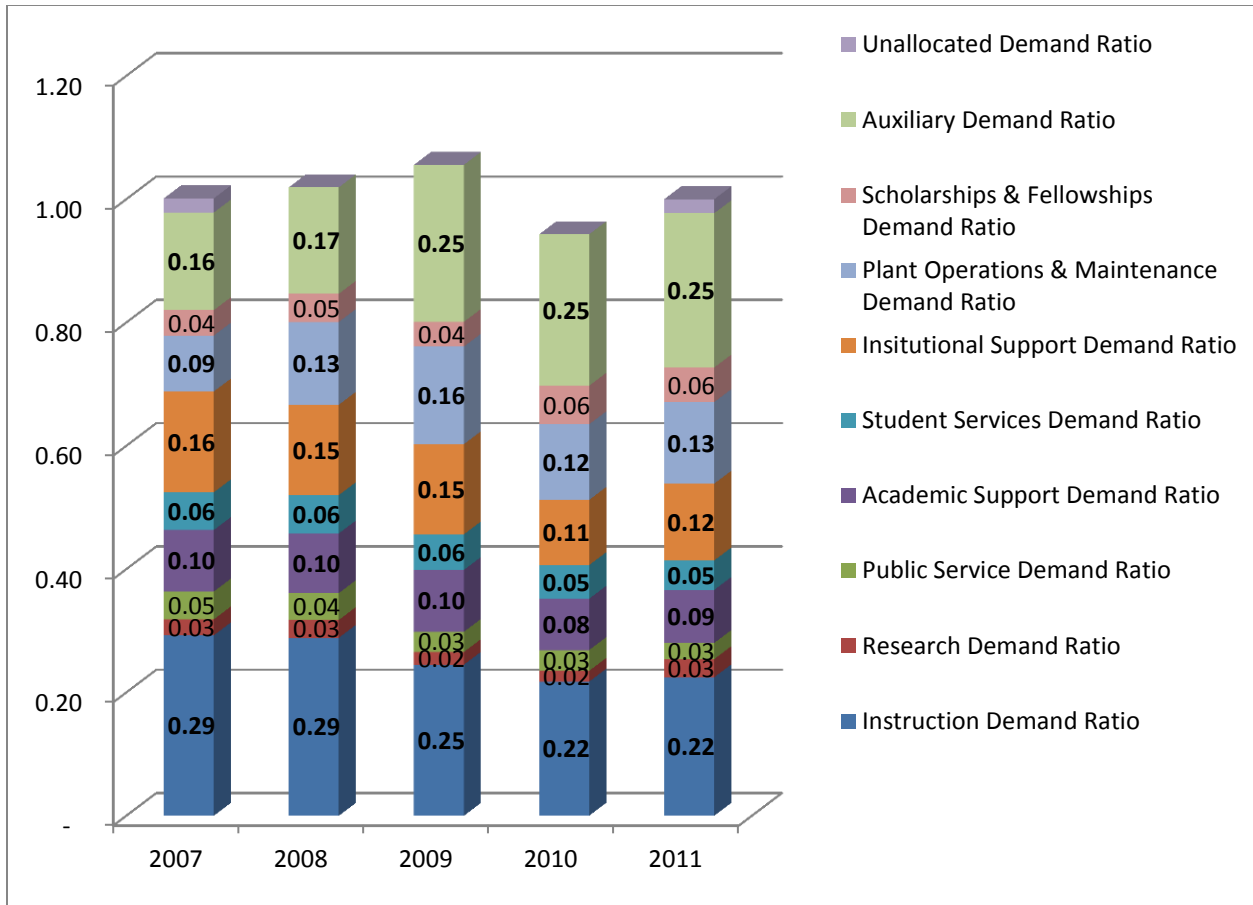
Contribution and demand ratios compare particular revenues as a percentage of total operating expenses, and expenses by type with total operating income. These particular ratios address the impact of why other ratios are behaving in an observed manner by exposing the relationships between revenues and expenses. For example, the contribution ratio *net tuition and fees contribution* provides the percentage of tuition and fees, net of financial aid, as a percentage of total operating expense. The University's contribution ratios are presented as follows:



(See Summary Financial Data)

As shown in the previous chart, the University is reliant on significant state appropriations, which have declined as a percentage of revenue over the past several years. However, the University has been able to increase the contribution ratio related to grants and contracts, auxiliary, and net tuition and fees through student enrollment.

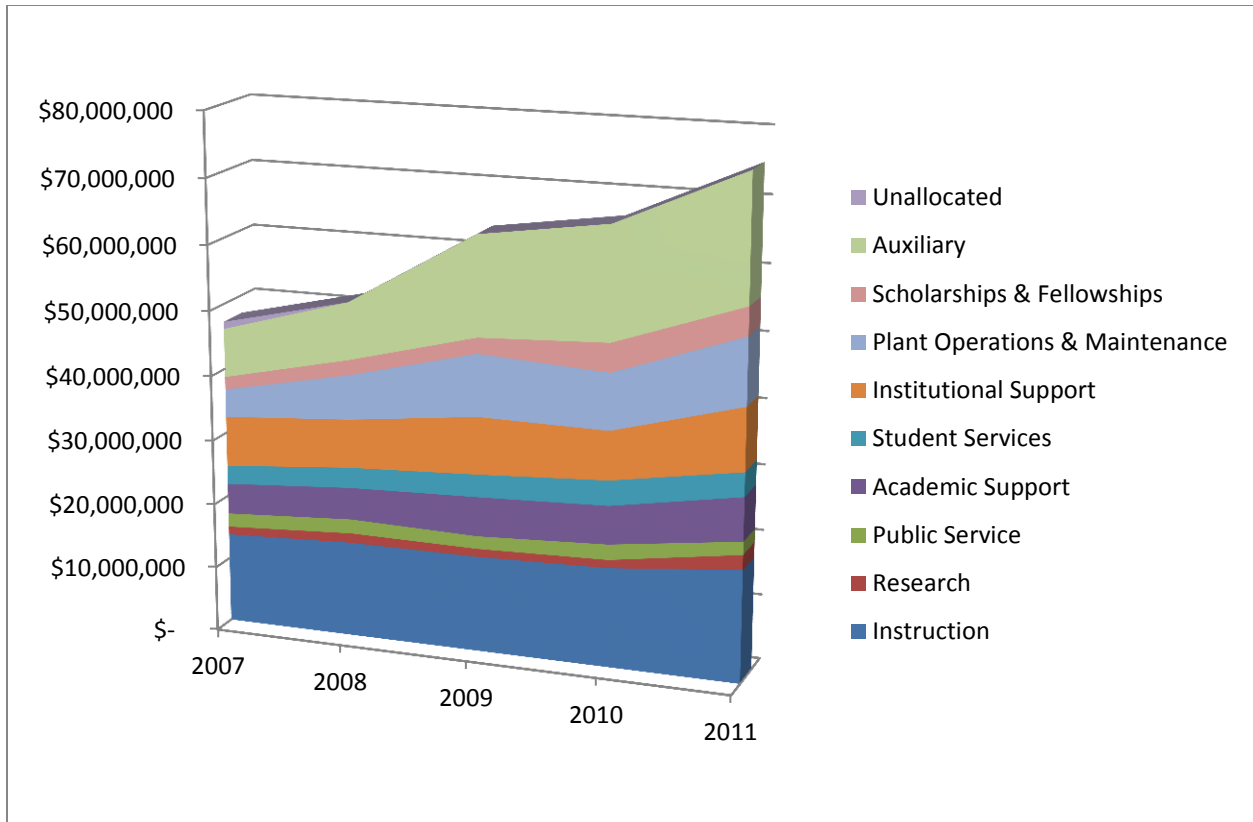
Demand ratios (by functional classification) on income are shown in the next table. It should be noted for purposes of this analysis that both operating and nonoperating income was used for the denominator. As the University is substantially supported by nonoperating income, such as state appropriations and federal grants and contracts, it would not be a relevant analysis unless these revenues were included.



(See Summary Financial Data)

Note from the graph above that instruction, research, public service, academic support, and student services account for 46%, 40% and 42% of fiscal years 2009, 2010, and 2011 demand, respectively. During this same time period it should be noted that the Auxiliary Demand Ratio increased from 17% in fiscal year 2008 to 25% for fiscal years 2009 through 2011. Both Plant Operations & Maintenance and Institutional Support increased by 1% in fiscal year 2011.

Function expense classifications are pictured next as amounts and percentages of total operating expenses. Note that the predominant spending patterns are similar to the presentation of demand on revenues, which reemphasizes the priorities of the University to educate and support students.

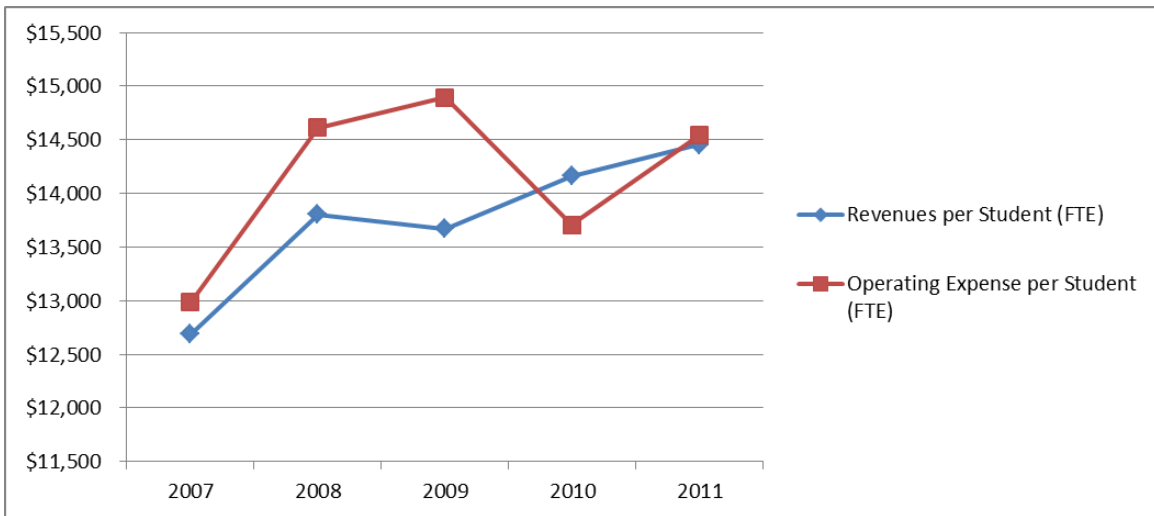


**Total Operating Expense by Functional Classifications**

|                                | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Instruction                    | \$ 13,817,068        | \$ 14,703,589        | \$ 14,753,388        | \$ 15,331,616        | \$ 17,347,910        |
| Research                       | 1,221,386            | 1,470,687            | 1,242,096            | 1,235,076            | 2,271,693            |
| Public Service                 | 2,131,159            | 2,219,032            | 1,971,089            | 2,376,890            | 2,019,660            |
| Academic Support               | 4,710,079            | 4,927,690            | 6,042,208            | 5,863,845            | 6,641,986            |
| Student Services               | 2,887,394            | 3,163,252            | 3,475,483            | 3,847,226            | 3,692,459            |
| Institutional Support          | 7,721,673            | 7,465,528            | 8,805,641            | 7,453,390            | 9,619,175            |
| Plant Operations & Maintenance | 4,279,048            | 6,836,889            | 9,526,057            | 8,650,437            | 10,207,353           |
| Scholarships & Fellowships     | 1,945,002            | 2,325,150            | 2,413,488            | 4,403,551            | 4,331,475            |
| Auxiliary                      | 7,479,364            | 8,791,037            | 15,330,990           | 17,313,034           | 19,323,158           |
| Unallocated                    | 1,083,165            | -                    | -                    | -                    | -                    |
| <b>TOTAL OPERATING EXPENSE</b> | <b>\$ 47,275,338</b> | <b>\$ 51,902,854</b> | <b>\$ 63,560,440</b> | <b>\$ 66,475,065</b> | <b>\$ 75,454,869</b> |

Looking at the total revenues (including nonoperating but excluding auxiliary) and total operating expenses (excluding auxiliary) as they apply to students (FTE count used), we determined the following:

|                                     | 2007      | 2008      | 2009       | 2010      | 2011      |
|-------------------------------------|-----------|-----------|------------|-----------|-----------|
| Revenues per Student (FTE)          | \$ 12,688 | \$ 13,804 | \$ 13,672  | \$ 14,164 | \$ 14,455 |
| Operating Expense per Student (FTE) | \$ 12,984 | \$ 14,614 | \$ 14,895  | \$ 13,706 | \$ 14,542 |
| Increase (Decrease) per Student FTE | \$ (296)  | \$ (810)  | \$ (1,223) | \$ 459    | \$ (87)   |



**NOTE:** FTEs were used as reported in the audited financial reports as these were not materially different than the FTEs utilized by the University System of Georgia, which calculates FTEs on credit hours (USG information was not available for all years analyzed). The measurements of expenditures per students is significantly different than USG's, because USG only looks at expenditures out of the General Fund and doesn't consider restricted funds which are also used to support students. For purposes of analytical review, SSU compares all revenues and operating expenditures (excluding auxiliary in both) to determine the increase (decrease) per student FTE. Depreciation has not been excluded as this is considered an economic cost to the University for providing services. The University considers this to be a better financial determinate as to how we are meeting our strategic initiatives internally over time.

As noted in this chart, operating expenses significantly outpaced total revenues per student for most fiscal years. This calculation includes depreciation of economic resources (with the exception of auxiliary depreciation), which is clearly a cost of doing business but is not considered in the cost per student as recognized by the state. As was shown in fall of fiscal year 2011, student enrollment is continuing to grow and is pivotal to strategic decisions made within the University, including the use of academic and administrative assets to support a growing student body. It should be noted that summer revenues were significantly higher than prior years due to federal grants and contracts. Revenues in excess of expenditures, if any, at June 30<sup>th</sup>



are utilized within the first quarter of the new fiscal year to fund the second session of summer school and start the process for expected enrollment increases in the fall.

### ***Conclusion***

The strategic planning goals at Savannah State University (see Vision 2018) are:

- Enhance the Institution's competitive advantage by offering clear and distinct advantage for students not shared by competing organizations.
- Build capacity by enhancing efficiency and effectiveness of SSU's services to students.
- Recruitment and retention – sponsors demand growth, increased retention, and graduation to justify resources.
- Image & communication – enhance effectiveness both internally on campus and regionally in the external community environment.
- Professional development by ensuring that all employees maintain currency with state of the art practices in their respective fields.

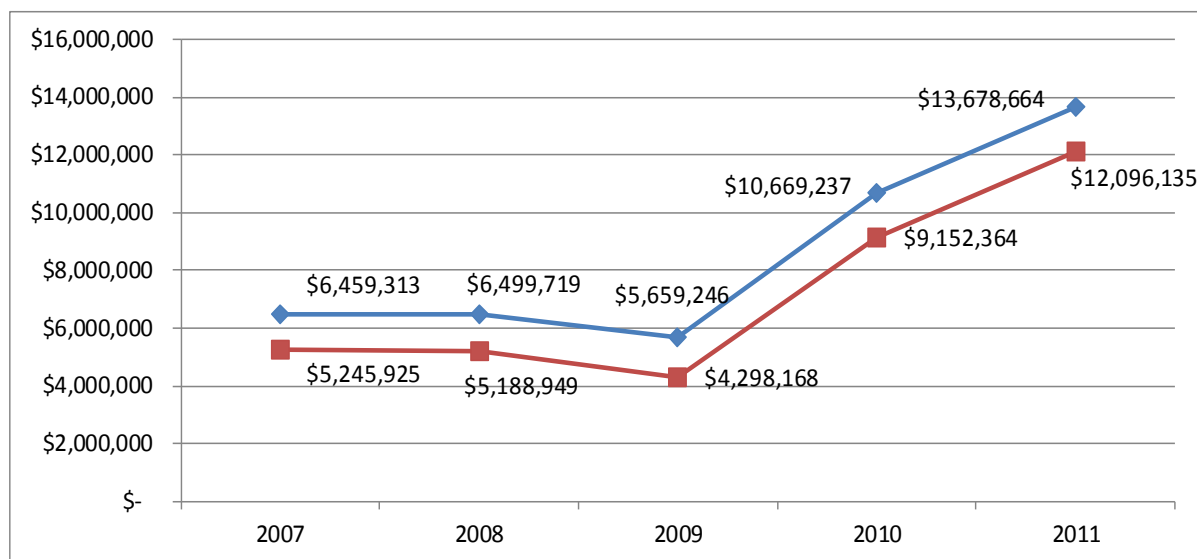
The financial indicators show that Savannah State University is positioning itself to continue to move forward in meeting these goals, despite the economic downturn in the economy and budget cuts from the state. The University is positioned to move forward in supporting its campus environment, acquiring technology to advance educational purposes, and pursuing excellence and responsiveness, with a strong commitment to the teaching and learning environment, high quality education, public service, and scholarly and creative works. Savannah State University will increase the scope and quality of service to diverse populations by developing and array of excellent programs.

Savannah State University has a sound financial base and demonstrated financial stability, as well as adequate resources, to support the mission of the Institution and the scope of its programs and services.

For any questions regarding the development of these ratios, please contact Mary H. Loomis, CPA, Comptroller, Savannah State University, [MLoomis@SavannahState.edu](mailto:MLoomis@SavannahState.edu).

## Additional Analysis as of June 30,

|   | 2007                | 2008                | 2009                | 2010                | 2011                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>TOTAL NET ASSETS</b>                                     | <b>\$61,535,620</b> | <b>\$64,272,609</b> | <b>\$72,832,632</b> | <b>\$75,748,255</b> | <b>\$76,483,121</b> |
| <b>LESS</b> Invested in Capital Assets, net of related debt | (52,722,785)        | (55,085,635)        | (64,235,126)        | (61,939,332)        | (58,790,162)        |
| Restricted - Nonexpendable                                  | (2,305,790)         | (2,586,254)         | (3,240,577)         | (3,579,321)         | (4,642,349)         |
| Restricted - Expendable                                     | (1,261,120)         | (1,411,771)         | (1,058,761)         | (1,077,238)         | (954,475)           |
| <b>UNRESTRICTED NET ASSETS (URNA)</b>                       | <b>\$ 5,245,925</b> | <b>\$ 5,188,949</b> | <b>\$ 4,298,168</b> | <b>\$ 9,152,364</b> | <b>\$12,096,135</b> |
| <b>ADD</b> Compensated Absences Liability                   | 1,213,388           | 1,310,770           | 1,361,078           | 1,516,873           | 1,582,529           |
| <b>URNA w/o plant, or compensated absences</b>              | <b>\$ 6,459,313</b> | <b>\$ 6,499,719</b> | <b>\$ 5,659,246</b> | <b>\$10,669,237</b> | <b>\$13,678,664</b> |



## Operational Outcomes:

|   | 2007                | 2008                | 2009                  | 2010                | 2011                |
|---|---------------------|---------------------|-----------------------|---------------------|---------------------|
| <b>TOTAL Operating Revenues</b>                                   | <b>\$28,811,878</b> | <b>\$30,793,401</b> | <b>\$30,340,497</b>   | <b>\$36,920,515</b> | <b>\$41,945,852</b> |
| <b>ADD</b> Nonoperating Revenues                                  | 18,928,239          | 20,609,950          | 29,624,187            | 34,024,501          | 36,303,963          |
| <b>LESS</b> Operating Expenses                                    | (47,275,338)        | (51,902,854)        | (63,560,440)          | (66,475,065)        | (75,454,869)        |
| <b>Operational Bottom Line</b>                                    | <b>\$ 464,779</b>   | <b>\$ (499,503)</b> | <b>\$ (3,595,756)</b> | <b>\$ 4,469,951</b> | <b>\$ 2,794,946</b> |
| <b>ADD</b> Depreciation   | 2,417,986           | 3,125,238           | 5,651,637             | 5,525,067           | 4,980,560           |
| <b>Operational Bottom Line w/o Depreciation</b>                   | <b>\$ 2,882,765</b> | <b>\$ 2,625,735</b> | <b>\$ 2,055,881</b>   | <b>\$ 9,995,018</b> | <b>\$ 7,775,506</b> |
| <b>Operational Cash Flows</b>                                     |                     |                     |                       |                     |                     |
| <b>Net Cash Provided (Used) by Operating Activities</b>           | (16,666,913)        | (17,595,173)        | (25,347,213)          | (27,111,815)        | (29,163,464)        |
| <b>Net Cash Flow Provided by Non-capital Financing Activities</b> | 18,264,497          | 20,309,941          | 30,021,408            | 33,663,142          | 35,191,773          |
| <b>Cash Flows Before Capital Items</b>                            | <b>\$ 1,597,584</b> | <b>\$ 2,714,768</b> | <b>\$ 4,674,195</b>   | <b>\$ 6,551,327</b> | <b>\$ 6,028,309</b> |

# SUMMARY FINANCIAL DATA

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The following is summary comparative financial data taken from audited reports to support the calculations presented in this analysis report.

**Statement of Net Assets - Last Five Fiscal Years**

|   | 2007                 | 2008                 | 2009                  | 2010                  | 2011                  |
|---|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| <b>Current Assets</b>                           |                      |                      |                       |                       |                       |
| Cash & Cash Equivalents                         | \$ 4,499,964         | \$ 5,177,617         | \$ 6,617,001          | \$ 8,344,980          | \$ 10,591,476         |
| Short-Term Investments                          | 408,276              | 408,276              | 408,276               | 408,276               | 408,276               |
| Accounts Receivable, NET:                       |                      |                      |                       |                       |                       |
| Federal Financial Assistance                    | 1,500,747            | 1,181,568            | 1,833,799             | 2,204,859             | 1,920,639             |
| Other   | 2,110,618            | 2,507,893            | 1,295,309             | 2,696,967             | 4,205,125             |
| Inventories                                     | 45,511               | 55,548               | 52,041                | 62,318                | 49,768                |
| Prepaid Items                                   | 19,757               | 37,291               | 93,264                | 205,371               | 448,451               |
| <b>TOTAL Current Assets</b>                     | <b>8,584,873</b>     | <b>9,368,193</b>     | <b>10,299,690</b>     | <b>13,922,771</b>     | <b>17,623,735</b>     |
| <b>Noncurrent Assets</b>                        |                      |                      |                       |                       |                       |
| Noncurrent Cash                                 | 234,845              | 226,136              | 26,282                | 25,826                | 41,268                |
| Short-term Investments                          | 1,254,211            | 1,613,623            | 847,812               | 62,044                | 22,418                |
| Investments                                     | 1,109,390            | 1,061,970            | 2,375,041             | 3,641,074             | 4,578,663             |
| Notes Receivable, Net                           | 818,870              | 868,170              | 837,844               | 804,539               | 836,003               |
| Noncurrent Assets, before Capital               | 3,417,316            | 3,769,899            | 4,086,979             | 4,533,483             | 5,478,352             |
| <b>Capital Assets, Net</b>                      |                      |                      |                       |                       |                       |
| Land and Land Improvements                      | 575,975              | 575,975              | 575,975               | 575,975               | 575,975               |
| Buildings and Bldg. Improvements                | 46,551,844           | 49,766,510           | 61,113,897            | 59,372,905            | 57,923,236            |
| Facilities & Other Improvements                 | 1,151,416            | 1,053,782            | 956,148               | 1,174,908             | 1,068,387             |
| Library Collections                             | 1,460,712            | 1,456,150            | 1,433,287             | 1,378,325             | 1,331,431             |
| Equipment                                       | 2,491,923            | 2,515,900            | 2,373,381             | 2,442,293             | 2,907,879             |
| Capital Leases                                  | -                    | 28,827,429           | 51,307,410            | 49,111,876            | 46,916,342            |
| Collections                                     | 46,726               | 45,344               | 43,963                | 42,580                | 41,198                |
| Construction in Progress                        | 444,189              | -                    | -                     | 1,943,168             | 1,667,082             |
| Capital Assets, Net                             | 52,722,785           | 84,241,090           | 117,804,061           | 116,042,030           | 112,431,530           |
| <b>TOTAL Noncurrent Assets</b>                  | <b>56,140,101</b>    | <b>88,010,989</b>    | <b>121,891,040</b>    | <b>120,575,513</b>    | <b>117,909,882</b>    |
| <b>TOTAL ASSETS</b>                             | <b>\$ 64,724,974</b> | <b>\$ 97,379,182</b> | <b>\$ 132,190,730</b> | <b>\$ 134,498,284</b> | <b>\$ 135,533,617</b> |
| <b>LIABILITIES:</b>                             |                      |                      |                       |                       |                       |
| <b>Current Liabilities:</b>                     |                      |                      |                       |                       |                       |
| Accounts Payable                                | \$ 525,803           | \$ 569,600           | \$ 2,504,278          | \$ 1,252,973          | \$ 1,443,485          |
| Salaries Payable                                | 104,147              | 246,136              | 207,861               | 37,947                | 339,632               |
| Deposits  | 153,026              | 397,980              | -                     | -                     | 14,724                |
| Deferred Revenue                                | 338,235              | 389,879              | 523,747               | 568,650               | 846,714               |
| Other Liabilities                               | -                    | -                    | 282                   | 267                   | 550                   |
| Deposits Held for Other Organizations           | 854,755              | 1,036,753            | 1,191,917             | 1,270,621             | 1,181,494             |
| Lease Purchase Obligations - current portion    | -                    | 173,346              | 226,358               | 461,329               | 571,351               |
| Compensated Absences - current portion          | 545,189              | 585,442              | 636,115               | 696,705               | 744,528               |
| <b>Total Current Liabilities</b>                | <b>2,521,155</b>     | <b>3,399,136</b>     | <b>5,290,558</b>      | <b>4,288,492</b>      | <b>5,142,478</b>      |
| <b>Noncurrent Liabilities:</b>                  |                      |                      |                       |                       |                       |
| Lease Purchase Obligations                      | -                    | 28,982,109           | 53,342,577            | 53,641,369            | 53,070,017            |
| Compensated Absences                            | 668,199              | 725,328              | 724,963               | 820,168               | 838,001               |
| <b>Total Noncurrent Liabilities</b>             | <b>668,199</b>       | <b>29,707,437</b>    | <b>54,067,540</b>     | <b>54,461,537</b>     | <b>53,908,018</b>     |
| <b>TOTAL LIABILITIES</b>                        | <b>3,189,354</b>     | <b>33,106,573</b>    | <b>59,358,098</b>     | <b>58,750,029</b>     | <b>59,050,496</b>     |
| <b>NET ASSETS:</b>                              |                      |                      |                       |                       |                       |
| Invested in Capital Assets, net of related debt | 52,722,785           | 55,085,635           | 64,235,126            | 61,939,332            | 58,790,162            |
| Restricted - Nonexpendable                      | 2,305,790            | 2,586,254            | 3,240,577             | 3,579,321             | 4,642,349             |
| Restricted - Expendable                         | 1,261,120            | 1,411,771            | 1,058,761             | 1,077,238             | 954,475               |
| Unrestricted                                    | 5,245,925            | 5,188,949            | 4,298,168             | 9,152,364             | 12,096,135            |
| <b>TOTAL NET ASSETS</b>                         | <b>61,535,620</b>    | <b>64,272,609</b>    | <b>72,832,632</b>     | <b>75,748,255</b>     | <b>76,483,121</b>     |
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b>       | <b>\$ 64,724,974</b> | <b>\$ 97,379,182</b> | <b>\$ 132,190,730</b> | <b>\$ 134,498,284</b> | <b>\$ 135,533,617</b> |

**Statement of Revenues, Expenses, and Changes in Net Assets - Last Five Fiscal Years**

|   | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Operating Revenues:</b>                |                      |                      |                      |                      |                      |
| Student Tuition & Fees                    | \$ 11,210,313        | \$ 11,750,281        | \$ 13,912,811        | \$ 18,092,646        | \$ 22,200,417        |
| Scholarship Allowances                    | (5,466,297)          | (5,384,832)          | (7,667,874)          | (10,660,680)         | (13,134,564)         |
| <b>NET</b>                                | <b>5,744,016</b>     | <b>6,365,449</b>     | <b>6,244,937</b>     | <b>7,431,966</b>     | <b>9,065,853</b>     |
| Grants & Contracts:                       |                      |                      |                      |                      |                      |
| Federal                                   | 13,757,058           | 13,315,557           | 7,447,503            | 9,033,568            | 9,950,357            |
| State                                     | 170,067              | 107,383              | 98,925               | 121,183              | 250,959              |
| Other (Local, nongovernmental, etc.)      | 570,907              | 378,987              | 376,724              | 276,292              | 230,972              |
| Sales & Services                          | 90,243               | 348,107              | 161,135              | 210,562              | 835,791              |
| Rents & Royalties                         | 20,878               | 5,004                | 8,682                | 50,155               | 42,130               |
| Auxiliary Enterprises:                    |                      |                      |                      |                      |                      |
| Residence Halls                           | 2,294,867            | 4,464,020            | 8,240,776            | 9,975,351            | 10,387,930           |
| Bookstore                                 | 111,260              | 108,770              | 76,207               | 325,831              | 264,685              |
| Food Services                             | 3,286,383            | 3,332,030            | 4,795,031            | 5,515,028            | 6,253,988            |
| Parking/Transportation                    | 15,128               | 5,722                | 268,361              | 547,453              | 641,503              |
| Health Services                           | 431,838              | 413,574              | 481,944              | 569,464              | 591,377              |
| Intercollegiate Athletics                 | 2,151,211            | 1,856,592            | 2,051,092            | 2,731,091            | 3,238,246            |
| Other Organizations                       | 33,237               | 18,539               | 22,592               | 25,753               | 36,427               |
| Other Operating Revenues                  | 134,785              | 73,667               | 66,588               | 106,818              | 155,634              |
| <b>TOTAL Operating Revenues</b>           | <b>28,811,878</b>    | <b>30,793,401</b>    | <b>30,340,497</b>    | <b>36,920,515</b>    | <b>41,945,852</b>    |
| <b>Operating Expenses:</b>                |                      |                      |                      |                      |                      |
| Faculty Salaries                          | 8,061,985            | 8,343,305            | 9,469,824            | 10,025,487           | 11,272,746           |
| Staff Salaries                            | 12,373,132           | 13,486,063           | 14,422,543           | 14,880,770           | 16,498,006           |
| Employee Benefits                         | 6,008,024            | 6,627,341            | 7,151,324            | 7,276,903            | 8,308,835            |
| Other Personal Services                   | 289,508              | 368,040              | 420,591              | 387,421              | 415,061              |
| Travel                                    | 591,528              | 567,919              | 467,375              | 548,630              | 682,974              |
| Scholarships & Fellowships                | 3,526,391            | 3,826,020            | 4,023,342            | 6,174,419            | 6,824,220            |
| Utilities                                 | 2,710,378            | 2,995,775            | 3,804,309            | 3,836,370            | 3,403,007            |
| Supplies & Other Services                 | 11,296,406           | 12,563,153           | 18,149,495           | 17,819,998           | 23,069,460           |
| Depreciation                              | 2,417,986            | 3,125,238            | 5,651,637            | 5,525,067            | 4,980,560            |
| <b>TOTAL Operating Expenses</b>           | <b>47,275,338</b>    | <b>51,902,854</b>    | <b>63,560,440</b>    | <b>66,475,065</b>    | <b>75,454,869</b>    |
| <b>OPERATING INCOME (LOSS)</b>            | <b>(18,463,460)</b>  | <b>(21,109,453)</b>  | <b>(33,219,943)</b>  | <b>(29,554,550)</b>  | <b>(33,509,017)</b>  |
| <b>Nonoperating Revenues (Expenses):</b>  |                      |                      |                      |                      |                      |
| State Appropriations                      | 17,906,362           | 18,892,885           | 18,894,240           | 15,502,685           | 17,547,199           |
| Federal Stimulus - Stabilization Funds    |                      |                      | 190,831              | 3,105,050            | -                    |
| Grants & Contracts                        |                      |                      |                      |                      |                      |
| Federal                                   |                      |                      | 8,879,787            | 13,818,499           | 16,148,607           |
| State                                     |                      |                      | -                    | 25,221               | 11,400               |
| Gifts                                     | 493,243              | 1,235,059            | 1,901,386            | 1,125,052            | 1,555,810            |
| Investment Income                         | 530,524              | 517,761              | 471,186              | 366,553              | 933,246              |
| Interest Expense (capital assets)         | -                    | (440,103)            | (2,352,336)          | (2,352,293)          | (2,462,084)          |
| Other Nonoperating Revenues (Expenses)    | (1,890)              | (35,755)             | (713,243)            | 81,441               | 107,701              |
| <b>Net Nonoperating Rev. (Exp)</b>        | <b>18,928,239</b>    | <b>20,169,847</b>    | <b>27,271,851</b>    | <b>31,672,208</b>    | <b>33,841,879</b>    |
| <b>Income (Loss) Before Other</b>         | <b>464,779</b>       | <b>(939,606)</b>     | <b>(5,948,092)</b>   | <b>2,117,658</b>     | <b>332,862</b>       |
| <b>Revenues, Expenses, Gains, Losses</b>  |                      |                      |                      |                      |                      |
| Capital Grants & Gifts - State            | 3,527,228            | 3,676,595            | 14,508,115           | 797,965              | 402,004              |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>  | <b>\$ 3,992,007</b>  | <b>\$ 2,736,989</b>  | <b>\$ 8,560,023</b>  | <b>\$ 2,915,623</b>  | <b>\$ 734,866</b>    |
| <b>Prior Period Adjustment</b>            | -                    | -                    | -                    | -                    | -                    |
| <b>NET ASSETS - BEGINNING OF THE YEAR</b> | <b>57,543,613</b>    | <b>61,535,620</b>    | <b>64,272,609</b>    | <b>72,832,632</b>    | <b>75,748,255</b>    |
| <b>NET ASSETS - END OF YEAR</b>           | <b>\$ 61,535,620</b> | <b>\$ 64,272,609</b> | <b>\$ 72,832,632</b> | <b>\$ 75,748,255</b> | <b>\$ 76,483,121</b> |

**Statement of Cash Flows - Last Five Fiscal Years**

|   | 2007                | 2008                | 2009                | 2010                | 2011                 |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACITIVIES</b>                        |                     |                     |                     |                     |                      |
| Tuition and Fees  | \$ 6,499,192        | \$ 5,932,710        | \$ 6,406,708        | \$ 8,027,694        | \$ 8,805,662         |
| Federal Appropriations  | -                   | -                   | -                   | -                   | -                    |
| Grants and Contracts (Exchange)                                   | 14,197,229          | 14,173,243          | 7,241,186           | 9,066,787           | 10,666,837           |
| Sales and Services  | 90,243              | 348,107             | 161,135             | 210,562             | 835,791              |
| Payments to Suppliers   | (21,397,877)        | (22,949,915)        | (28,395,125)        | (29,904,312)        | (35,591,776)         |
| Payments to Employees   | (20,546,743)        | (21,591,367)        | (23,926,150)        | (24,700,988)        | (27,543,093)         |
| Payments for Scholarships and Fellowships                         | (3,526,391)         | (3,826,020)         | (4,023,342)         | (7,184,958)         | (6,824,220)          |
| Loans Issued to Students and Employees                            | (123,580)           | (49,300)            | -                   | -                   | (31,464)             |
| Collection of Loans to Students and Employees                     | 102,436             | -                   | 30,326              | 33,306              | -                    |
| Auxiliary Enterprise Charges:                                     |                     |                     |                     |                     |                      |
| Residence Halls   | 1,586,564           | 4,990,726           | 8,392,005           | 8,363,905           | 10,292,357           |
| Bookstore   | 110,453             | 108,770             | 76,207              | 325,831             | 264,685              |
| Food Services   | 3,937,372           | 3,213,671           | 4,823,281           | 5,573,817           | 6,216,811            |
| Parking/Transportation  | 15,328              | 5,722               | 278,815             | 482,484             | 610,820              |
| Health Services   | 429,731             | 407,875             | 495,916             | 552,520             | 591,571              |
| Intercollegiate Athletics   | 2,375,842           | 1,853,280           | 2,027,495           | 2,685,513           | 3,224,590            |
| Other Organizations   | 49,902              | (152,460)           | 22,873              | 25,175              | 36,607               |
| Other receipts (payments)   | (466,614)           | (60,215)            | 1,041,457           | (669,151)           | (718,642)            |
| <b>Net Cash Provided (Used) by Operating Activities</b>           | <b>(16,666,913)</b> | <b>(17,595,173)</b> | <b>(25,347,213)</b> | <b>(27,111,815)</b> | <b>(29,163,464)</b>  |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACITIVITIES</b>          |                     |                     |                     |                     |                      |
| State Appropriations  | 17,906,362          | 18,892,885          | 18,894,240          | 15,502,685          | 17,547,199           |
| Federal Stimulus - Stabilization Funds                            | -                   | -                   | 190,831             | 3,105,050           | (71,244)             |
| Agency Funds Transactions   | (133,218)           | 181,998             | 155,164             | 86,636              | -                    |
| Gifts and Grants Received for Other Than Capital Purposes         | 493,243             | 1,235,058           | 10,781,173          | 14,968,771          | 17,715,818           |
| Other Nonoperating Receipts (Disbursements)                       | (1,890)             | -                   | -                   | -                   | -                    |
| <b>Net Cash Flow Provided by Non-capital Financing Activities</b> | <b>18,264,497</b>   | <b>20,309,941</b>   | <b>30,021,408</b>   | <b>33,663,142</b>   | <b>35,191,773</b>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                     |                     |                     |                     |                      |
| Capital Gifts and Grants Received                                 | 3,361,531           | 3,676,595           | 984,136             | 364,090             | 334,235              |
| Proceeds from Sale of Capital Assets                              | -                   | 75,603              | -                   | -                   | -                    |
| Purchases of Capital Assets                                       | (3,727,005)         | (5,489,938)         | (1,917,727)         | (3,447,593)         | (1,218,337)          |
| Principal Paid on Capital Debt and Leases                         | -                   | (73,750)            | (173,346)           | 533,763             | (461,330)            |
| Interest Paid on Capital Debt and Leases                          | -                   | (440,103)           | (2,352,336)         | (2,352,293)         | (2,462,084)          |
| <b>Net Cash used by Capital and Related Financing Activities</b>  | <b>(365,474)</b>    | <b>(2,251,593)</b>  | <b>(3,459,273)</b>  | <b>(4,902,033)</b>  | <b>(3,807,516)</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |                     |                     |                     |                     |                      |
| Proceeds from Sales and Maturities of Investments                 | 388,396             | 420,063             | 516,916             | 191,941             | 457,811              |
| Interest on Investments   | 530,524             | 625,832             | 283,878             | 57,179              | 475,435              |
| Purchase of Investments   | (594,900)           | (840,126)           | (776,186)           | (170,891)           | (892,101)            |
| <b>Net Cash Provided (Used) by Investing Activities</b>           | <b>324,020</b>      | <b>205,769</b>      | <b>24,608</b>       | <b>78,229</b>       | <b>41,145</b>        |
| <b>Net Increase/Decrease in Cash</b>                              | <b>1,556,130</b>    | <b>668,944</b>      | <b>1,239,530</b>    | <b>1,727,523</b>    | <b>2,261,938</b>     |
| <b>Cash &amp; Cash Equivalents - Beginning of Year</b>            | <b>1,343,441</b>    | <b>2,899,571</b>    | <b>5,403,753</b>    | <b>6,643,283</b>    | <b>8,370,806</b>     |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                    | <b>\$ 2,899,571</b> | <b>\$ 3,568,515</b> | <b>\$ 6,643,283</b> | <b>\$ 8,370,806</b> | <b>\$ 10,632,744</b> |

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## Statement of Revenues, Expenses, and Changes in Net Assets - Last Five Fiscal Years

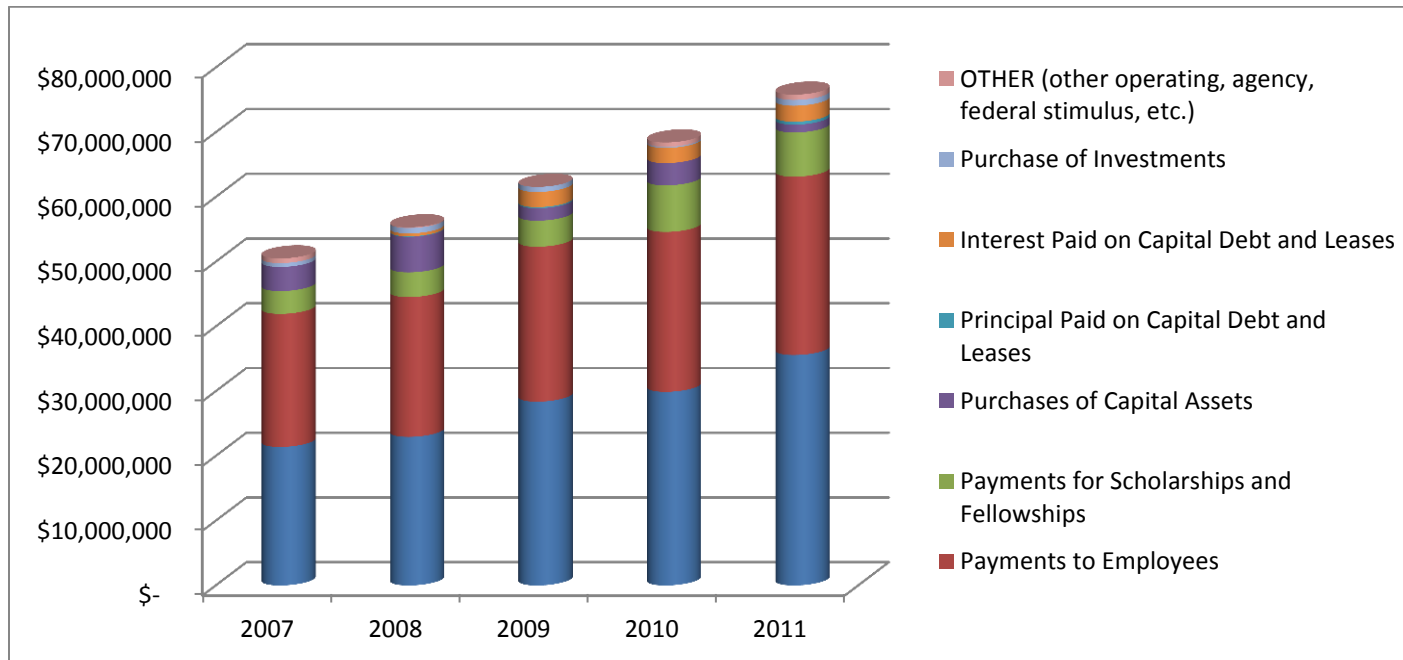
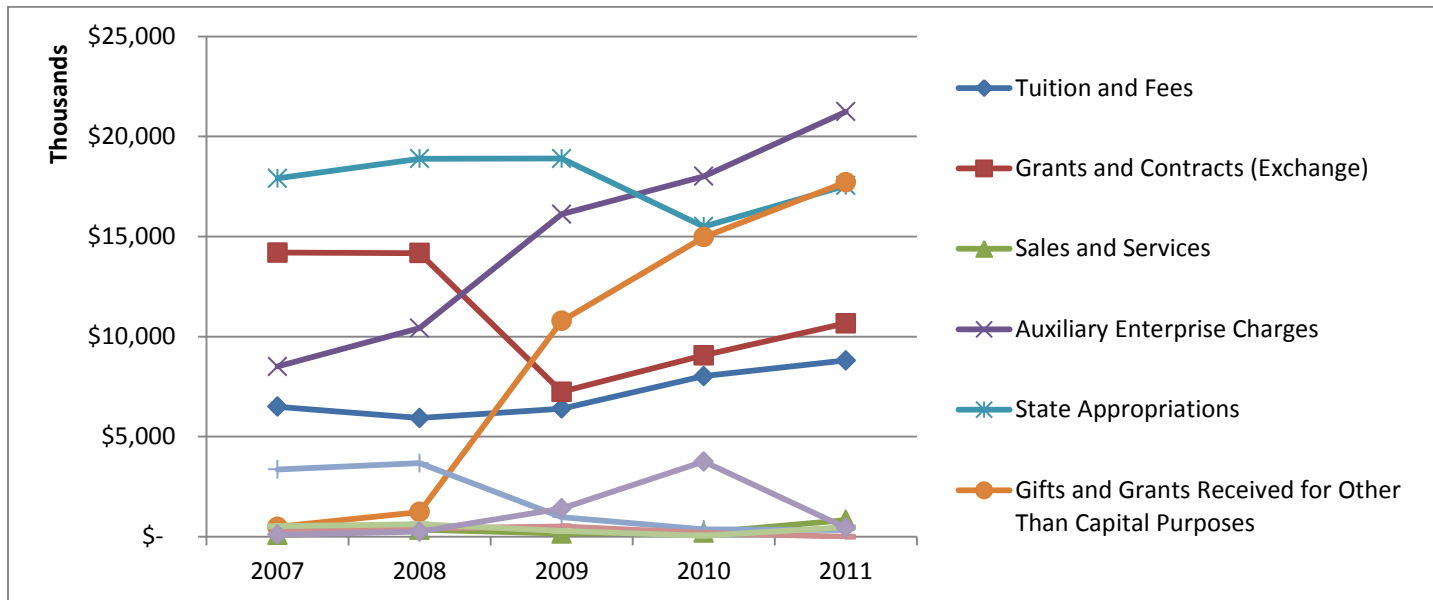
|   | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Operating Revenues:</b>                  |                      |                      |                      |                      |                      |
| Net Student Tuition & Fees                  | 5,744,016            | 6,365,449            | 6,244,937            | 7,431,966            | 9,065,853            |
| Grants & Contracts                          | 14,498,032           | 13,801,927           | 7,923,152            | 9,431,043            | 10,432,288           |
| Sales & Services                            | 90,243               | 348,107              | 161,135              | 210,562              | 835,791              |
| Rents & Royalties                           | 20,878               | 5,004                | 8,682                | 50,155               | 42,130               |
| Auxiliary Enterprises                       | 8,323,924            | 10,199,247           | 15,936,003           | 19,689,971           | 21,414,156           |
| Other Operating Revenues                    | 134,785              | 73,667               | 66,588               | 106,818              | 155,634              |
| <b>TOTAL Operating Revenues</b>             | <b>28,811,878</b>    | <b>30,793,401</b>    | <b>30,340,497</b>    | <b>36,920,515</b>    | <b>41,945,852</b>    |
| <b>Operating Expenses:</b>                  |                      |                      |                      |                      |                      |
| Personal Services                           | 26,732,649           | 28,824,749           | 31,464,282           | 32,570,581           | 36,494,648           |
| Supplies, Services, Utilities, Travel       | 14,598,312           | 16,126,847           | 22,421,179           | 22,204,998           | 27,155,441           |
| Scholarships & Fellowships                  | 3,526,391            | 3,826,020            | 4,023,342            | 6,174,419            | 6,824,220            |
| Depreciation                                | 2,417,986            | 3,125,238            | 5,651,637            | 5,525,067            | 4,980,560            |
| <b>TOTAL Operating Expenses</b>             | <b>47,275,338</b>    | <b>51,902,854</b>    | <b>63,560,440</b>    | <b>66,475,065</b>    | <b>75,454,869</b>    |
| <b>OPERATING INCOME (LOSS)</b>              | <b>(18,463,460)</b>  | <b>(21,109,453)</b>  | <b>(33,219,943)</b>  | <b>(29,554,550)</b>  | <b>(33,509,017)</b>  |
| <b>Nonoperating Revenues (Expenses):</b>    |                      |                      |                      |                      |                      |
| State Appropriations                        | 17,906,362           | 18,892,885           | 18,894,240           | 15,502,685           | 17,547,199           |
| Federal Stimulus - Stabilization Funds      |                      |                      | 190,831              | 3,105,050            | -                    |
| Grants & Contracts, and Gifts               | 493,243              | 1,235,059            | 10,781,173           | 14,968,772           | 17,715,817           |
| Net Investment Income (Interest Expense)    | 530,524              | 77,658               | (1,881,150)          | (1,985,740)          | (1,528,838)          |
| Other Nonoperating Revenues (Expenses)      | (1,890)              | (35,755)             | (713,243)            | 81,441               | 107,701              |
| Net Nonoperating Rev. (Exp)                 | <b>18,928,239</b>    | <b>20,169,847</b>    | <b>27,271,851</b>    | <b>31,672,208</b>    | <b>33,841,879</b>    |
| Income (Loss) Before Capital Grants & Gifts | <b>464,779</b>       | <b>(939,606)</b>     | <b>(5,948,092)</b>   | <b>2,117,658</b>     | <b>332,862</b>       |
| Capital Grants & Gifts - State              | 3,527,228            | 3,676,595            | 14,508,115           | 797,965              | 402,004              |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>    | <b>\$ 3,992,007</b>  | <b>\$ 2,736,989</b>  | <b>\$ 8,560,023</b>  | <b>\$ 2,915,623</b>  | <b>\$ 734,866</b>    |
| Prior Period Adjustment                     | -                    | -                    | -                    | -                    | -                    |
| <b>NET ASSETS - BEGINNING OF THE YEAR</b>   | <b>57,543,613</b>    | <b>61,535,620</b>    | <b>64,272,609</b>    | <b>72,832,632</b>    | <b>75,748,255</b>    |
| <b>NET ASSETS - END OF YEAR</b>             | <b>\$ 61,535,620</b> | <b>\$ 64,272,609</b> | <b>\$ 72,832,632</b> | <b>\$ 75,748,255</b> | <b>\$ 76,483,121</b> |

## Condensed Statement of Net Assets - Last Five Fiscal Years

| ASSETS:   | 2007              | 2008              | 2009               | 2010               | 2011               |
|---|-------------------|-------------------|--------------------|--------------------|--------------------|
| Current Assets                                  | 8,584,873         | 9,368,193         | 10,299,690         | 13,922,771         | 17,623,735         |
| Noncurrent Assets (excluding Capital)           | 3,417,316         | 3,769,899         | 4,086,979          | 4,533,483          | 5,478,352          |
| Capital Assets, Net                             | 52,722,785        | 84,241,090        | 117,804,061        | 116,042,030        | 112,431,530        |
| <b>TOTAL ASSETS</b>                             | <b>64,724,974</b> | <b>97,379,182</b> | <b>132,190,730</b> | <b>134,498,284</b> | <b>135,533,617</b> |
| <b>LIABILITIES:</b>                             |                   |                   |                    |                    |                    |
| Current Liabilities                             | 2,521,155         | 3,399,136         | 5,290,558          | 4,288,492          | 5,142,478          |
| Noncurrent Liabilities                          | 668,199           | 29,707,437        | 54,067,540         | 54,461,537         | 53,908,018         |
| <b>TOTAL LIABILITIES</b>                        | <b>3,189,354</b>  | <b>33,106,573</b> | <b>59,358,098</b>  | <b>58,750,029</b>  | <b>59,050,496</b>  |
| <b>NET ASSETS:</b>                              |                   |                   |                    |                    |                    |
| Invested in Capital Assets, net of related debt | 52,722,785        | 55,085,635        | 64,235,126         | 61,939,332         | 58,790,162         |
| Restricted - Nonexpendable                      | 2,305,790         | 2,586,254         | 3,396,519          | 3,579,321          | 4,642,349          |
| Restricted - Expendable                         | 1,261,120         | 1,411,771         | 902,819            | 1,077,238          | 954,475            |
| Unrestricted                                    | 5,245,925         | 5,188,949         | 4,298,168          | 9,152,364          | 12,096,135         |
| <b>TOTAL NET ASSETS</b>                         | <b>61,535,620</b> | <b>64,272,609</b> | <b>72,832,632</b>  | <b>75,748,255</b>  | <b>76,483,121</b>  |
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b>       | <b>64,724,974</b> | <b>97,379,182</b> | <b>132,190,730</b> | <b>134,498,284</b> | <b>135,533,617</b> |







For any questions regarding the development of these ratios, please contact Mary H. Loomis, CPA, Comptroller, Savannah State University, [MLoomis@SavannahState.edu](mailto:MLoomis@SavannahState.edu).

Resources:

**Prager, Sealy, & Co., & KPMG, LLP & BearingPoint, Inc.(2005). *Strategic Financial Analysis for Higher Education: Sixth Edition.***

**Hayes, Ray C. & Ballard, Brent (presenters) (2008). *Fullfilling SACS Core Requirement 2.11 and Comprehensive Standards 3.10 & 3.11*, a presentation in San Antonio, Texas, at the SACS conference.**