



## **Five-Year Financial Analysis**

*Mary H. Loomis, CPA, MPA*

*Assistant Vice-President, Business & Finance/Comptroller*

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**Although audited or state auditor-reviewed financial information was used for calculations, the actual 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.**

By obtaining a broad knowledge base of financial analysis tools and applying them to a multitude of situations, Savannah State University can acquire deep insights into why the institution is performing as it does. Information can be transmitted to critical members of leadership along with recommendations for improvement that can enhance the University's overall financial performance. Fiscal analysis provides a better understanding of the inner workings of the institution and an enhanced roadmap to the direction the organization needs to be heading.

Financial analysis uses select 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 ranging from monthly to annually and have terms expiring in various years between 2014 and 2041. Expenditures for fiscal year 2014 were \$7.259 million of

which \$5.646 million represented interest. Total principal paid on capital leases was \$1, 613,321 for the fiscal year ended June 30, 2014. Interest rates range from 4.486 percent to 6.262 percent. Besides compensated absences, these capital leases are generally the only long-term debt reported in the University's financial statement.

Savannah State University has 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 a capital lease of \$29,229,205 for University Village with the LLC. In August, 2008, Savannah State University entered into a capital lease of \$24,586,826, for University Commons with the LLC.

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 the ground lease. The outstanding liability at June 30, 2014 on this capital lease is \$27,243,481.

The University 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 the month each February, May, August, and November. The 0.275 acre of land on which these buildings are located (previously known as 4750 LaRoche Avenue) is part of the capital lease agreement. The outstanding liability at June 30, 2014 on this capital lease is \$24,320,744.

Savannah State University, through the Savannah State University Foundation, established SSU Community Development I, LLC, hereafter referred to as LLC-I, a Georgia limited liability company, in fiscal year 2010 for the purposes of borrowing \$36.475 million through a Savannah Economic Development Authority Revenue Bond, Series 2010. Proceeds of the Series 2010 Bonds were used by LLC-I to finance in whole or in part the cost of (i) the purchase of land and its development for a sports and intramural complex conveyed for use by the University as athletic fields, (ii) the construction and furnishing of three new buildings and the renovation of an existing building, to be used as student housing facilities containing 683 beds and related amenities, (iii) the demolition of an existing building to create a site for one of the new student housing buildings, and (iv) renovations and improvements to existing buildings (collectively, the "Project") located on the campus of Savannah State. The land on which these buildings are located is owned by the Board of Regents, and was leased to the LLC-I for \$10 per year, payable in advance upon commencement of the ground lease. In July 2011, Savannah State University entered three capital leases with LLC-I for Tiger Point, Tiger Place, and Camilla Hubert housing facilities in the amounts of \$6,160,184, \$8,182,797, and \$4,821,572, respectively. The 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 the ground lease.

The University leases a 106-bed housing facility, Tiger Point, with LLC-I at an interest rate of 4.763 percent for a thirty-year period that began July 2011 and expires June 2041, with payments

due on the 1st of the month each June and December. The outstanding liability at June 30, 2014 on this capital lease is \$6,127,404.

The University leases a 173-bed housing facility, Tiger Place, with LLC-I at an interest rate of 4.763 percent for a thirty-year period that began July 2011 and expires June 2041, with payments due on the 1st of the month each June and December. The outstanding liability at June 30, 2014 on this capital lease is \$8,131,909.

The University leases a 77-bed building that was restored as a housing facility, Camilla Hubert Hall, with LLC-I at an interest rate of 4.763 percent for a thirty-year period that began July 2011 and expires June 2041, with payments due on the 1st of the month each June and December. The outstanding liability at June 30, 2014 on this capital lease is \$4,797,036.

The renovation of Adams Hall and Morgan Hall was included in the University's lease for Tiger Court. Tiger Court is a 327-bed housing facility leased with LLC-I at an interest rate of 5.847 percent for a thirty-year period that began December 2012 and expires June 2041, with payments due on the 1st of the month each June and December. The outstanding liability at June 30, 2014 on this capital lease is \$15,495,294.

The University leases a Sports and Intramural Complex with LLC-I at an interest rate of 6.262 percent for a thirty-year period that began December 2012 and expires June 2041, with payments due on the 1<sup>st</sup> of the month each June and December. The outstanding liability at June 30, 2014 on this capital lease is \$4,268,967.

The Georgia Higher Education Facilities Authority (GHEFA) issued \$94,210 million in revenue bonds associate with the USG Real Estate Foundation III, LLC, hereafter referred to as USGREF LLC, project. A portion of the proceeds of the Series 2010 Bonds were used to finance the acquisition, construction, and equipping of facilities in connection with the renovation of the existing University stadium and related improvements located on an approximately 1.373 acre site, including new bleachers with approximately 8,000 seats, restrooms, concessions, ticketing, locker room and elevators. A portion of the proceeds of the Series 2010 Bonds were used to finance the acquisition, construction, and equipping of an approximately 47,239 square foot student center located on approximately 0.746 acre site, including indoor and outdoor lounge spaces, food court, convenience store, meeting spaces, ballroom with stage, and other student and staff support spaces. The land on which these buildings are located is owned by the Board of Regents, and was leased for \$10 per year, payable in advance upon commencement of the ground lease.

The University leases the 47,239 square foot student center and the 8,000-seat stadium with the USGREF LLC at an interest rate of 5.234 percent for a thirty-year period that began July 2011 and expires June 2041, with payments due on the 15th of the month each June and December. The outstanding liability at June 30, 2014 on this capital lease is \$17,489,654.

In fiscal year 2013, Savannah State University purchased property in the amount of \$399,244, formerly known as the Savannah Italian Club situated at 2717 Livingston Avenue, Savannah, Georgia. This property is on the Chatham County records as "lots 20 thru 24, Bonna Bella Point

Subdivision, adjacent marsh, and lots 75 thru 81 of the Bonna Bella Improvement Company Subdivision and portions of a 20' lane and marsh area.” This property included a building under renovation to support the University’s Marine Sciences educational program.

Capital lease debt was incurred to support the mission of the institution by providing affordable, on-campus housing for students as well as upgrading existing facilities that serve the student population. Student life is important at the University as approximately sixty percent (60%) of SSU’s students choose to live on campus. The incurrence of debt was determined to be affordable because revenue streams generated by the acquisition of additional housing and student fees, as well as community support, were determined to be sufficient to cover the annual debt expense.



### **Overall Financial Health**

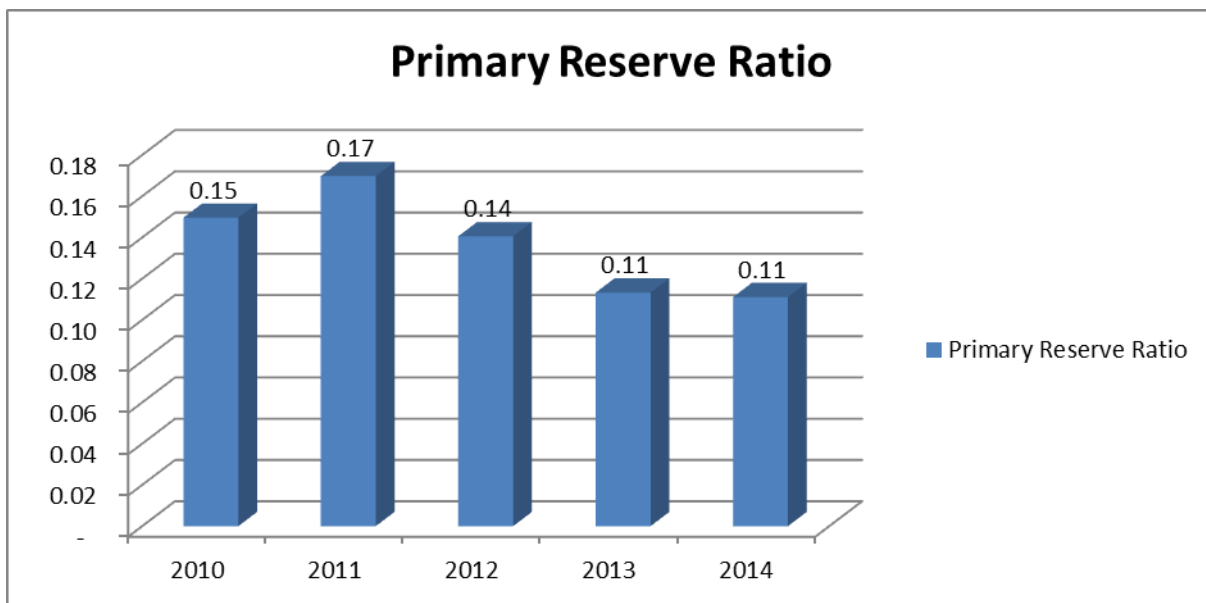
Financial ratios have been used to quantify the financial status of the University, to examine the sources and uses of financial resources, and to look at the ability to repay existing financial obligations. The financial information required to calculate the ratios for SSU may be found in the audited/reviewed financial statements. 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. Enrollment increased by 229 students or 5.3% in 2013, and has continued to increase according to 2014 estimates. Savannah State University is one of the few state universities still experiencing growth in its student population while at the same time continuing to enhance its educational and support programs as an access institution.

### ***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 private 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 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.** For fiscal years 2012 and 2013, respectively, the University decreased this coverage from 0.14 (14 percent of 12 months, or **1.70 months**) to 0.11 (11 percent of 12 months, or **1.32 months**) due primarily to interest expense on capital leases. This trend remained steady this year as there was little change in total expense compared to expendable net assets. Importantly, the University still remains above its target of 0.10x or 1.2 months. For all of the last five fiscal years the University has maintained the target goal. At all times the University has maintained sufficient expendable net assets (or resources) to covers it expenses (or obligations).



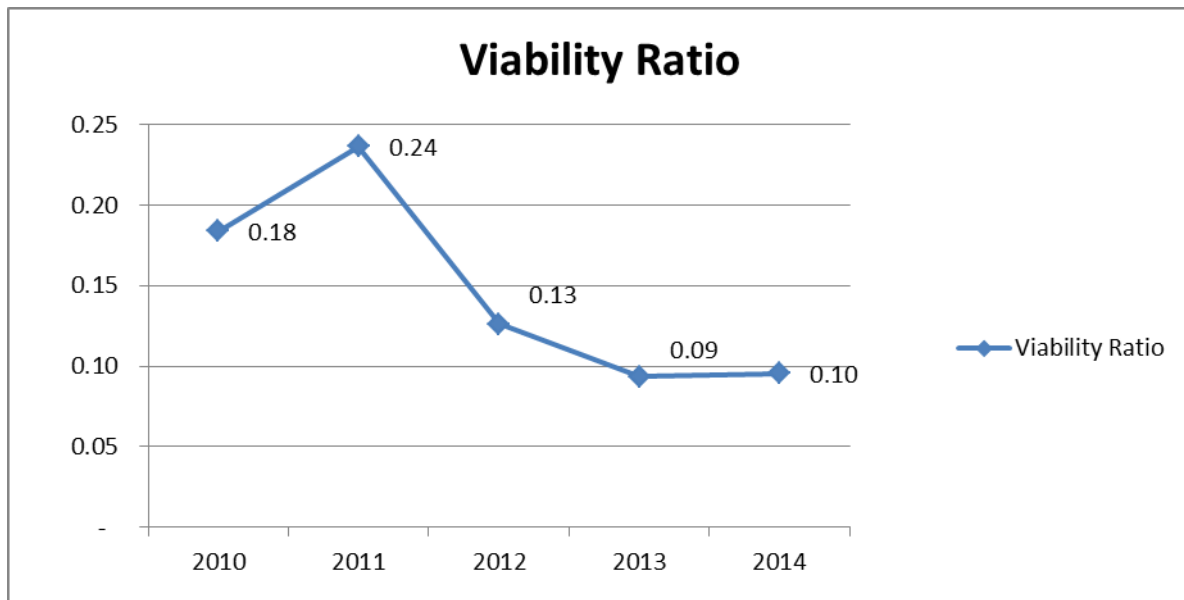
	2010	2011	2012	2013	2014
<b>Primary Reserve Ratio</b>	<b>0.15</b>	<b>0.17</b>	<b>0.14</b>	<b>0.11</b>	<b>0.11</b>
Expendable Net Assets	10,229,602	13,050,610	12,495,330	10,375,412	10,473,195
Total Expense (Operating & Nonoperating)	68,379,364	76,876,006	88,891,851	91,621,950	94,292,684

***Measuring Resources, including Debt***

SSU has managed debt (and all other sources of capital) strategically to advance the mission of the University, which is to graduate students who are prepared to perform at higher levels. As part of this mission, the University is committed to the teaching and 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 fiscal year 2012. Additionally, new housing facilities have been constructed as discussed under Debt Management to ensure that SSU can continue to meet the needs of the traditional student as enrollment continues to increase. In fiscal year 2013, the University purchased property which is adjacent to the marsh and includes a building to support the University's Marine Sciences educational program. In fiscal year 2014, the University focused on renovations of existing facilities, including the student cafeteria, the swimming pool, and roof replacement projects to name a few. The 2013 land purchase and the 2014 renovations were acquired using existing funds and did not increase the University's debt.

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 fully 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 monthly support to operate. Therefore, 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 need to be 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 in fiscal year 2012 the major increase in capital lease debt reduced the viability ratio significantly, but it is still above the University's target of 0.08. In the current fiscal year, the University decreased long-term debt through principal payments while staying relatively the same in expendable net assets, thereby **increasing the viability ratio to 0.10**. The University is not anticipating any additional long-term debt in the immediate future and would expect this ratio to possibly increase over time.



	2010	2011	2012	2013	2014
<b>Viability Ratio</b>	<b>0.18</b>	<b>0.24</b>	<b>0.13</b>	<b>0.09</b>	<b>0.10</b>
Expendable Net Assets	10,229,602	13,050,610	12,495,330	10,375,412	10,473,195
Long-Term Debt (includes current portion)	55,619,571	55,223,897	99,088,195	111,131,870	109,689,954

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. **In prior reports, the University had set an internal standard to remain above 1:1.** While the University would like to always have \$1 of equity for every \$1 of debt that is *not always feasible in light of the State of Georgia's budgetary expectations to not hold significant equity balances with the University's need to incur debt for future growth.* Based on the information from analyzing the ratio since 2009, **the University has revised the internal standard for this ratio to remain above 0.60 or 0.60:1.** The leverage ratio for the last five fiscal years is as follows:

	2010	2011	2012	2013	2014
<b>Leverage Ratio</b>	<b>1.39</b>	<b>1.42</b>	<b>0.72</b>	<b>0.59</b>	<b>0.57</b>
Total Net Assets	75,748,255	76,483,121	69,907,583	63,683,936	60,946,799
Long Term Debt	54,461,537	53,908,018	97,075,650	108,822,406	107,095,748

Though the University fell slightly below this internal standard during the last two fiscal years, the University has maintained adequate liquidity to support this long-term debt as measured through ratio and cash analysis. Again, the reader is encouraged to read this financial analysis report in its entirety and to examine the financial report itself. SSU performs analytical review during the fiscal year and consistently monitors cash to ensure that liquidity is strong and that resources are sufficient to support all of the University's obligations in a timely manner. At no time during the year did the institution have insufficient cash resources to cover all current obligations along with substantial reserves to address emergencies should they occur.

***The University, through close management of its cash and marketable securities, maintains \$1.34 for every \$1 of current liabilities.***

	2010	2011	2012	2013	2014
<b>Cash Available to Current Liabilities</b>	<b>2.04</b>	<b>2.14</b>	<b>2.10</b>	<b>1.72</b>	<b>1.34</b>
Cash + Marketable Securities	8,753,256	10,999,752	11,370,583	10,233,366	9,850,877
Current Liabilities	4,288,492	5,142,478	5,409,273	5,959,545	7,354,442

Although this decreased from prior year due to the increase in liabilities, it should be noted that the University also moved approximately \$1.6 million from cash to noncurrent assets, about one half of this to investments. Further, there is ***\$1.43 in capital assets to every \$1.00 in noncurrent liabilities***, supporting the University's ability to leverage its debt in support of capital growth.

	2010	2011	2012	2013	2014
<b>Capital Assets to Noncurrent Liabilities</b>	<b>2.13</b>	<b>2.09</b>	<b>1.55</b>	<b>1.45</b>	<b>1.43</b>
Capital Assets	116,042,030	112,431,530	150,266,978	157,654,471	153,148,227
Noncurrent Liabilities	54,461,537	53,908,018	97,075,650	108,822,406	107,095,748

Although highly leveraged, the liquidity analysis represents the University's ability to meet its obligations. Since there are no current plans to enter into any additional long-term obligations



leverage ratios are expected to continue to improve over time. Additionally, the ratios support that the University is using its debt to support capital growth, which is in line with the strategic plan.

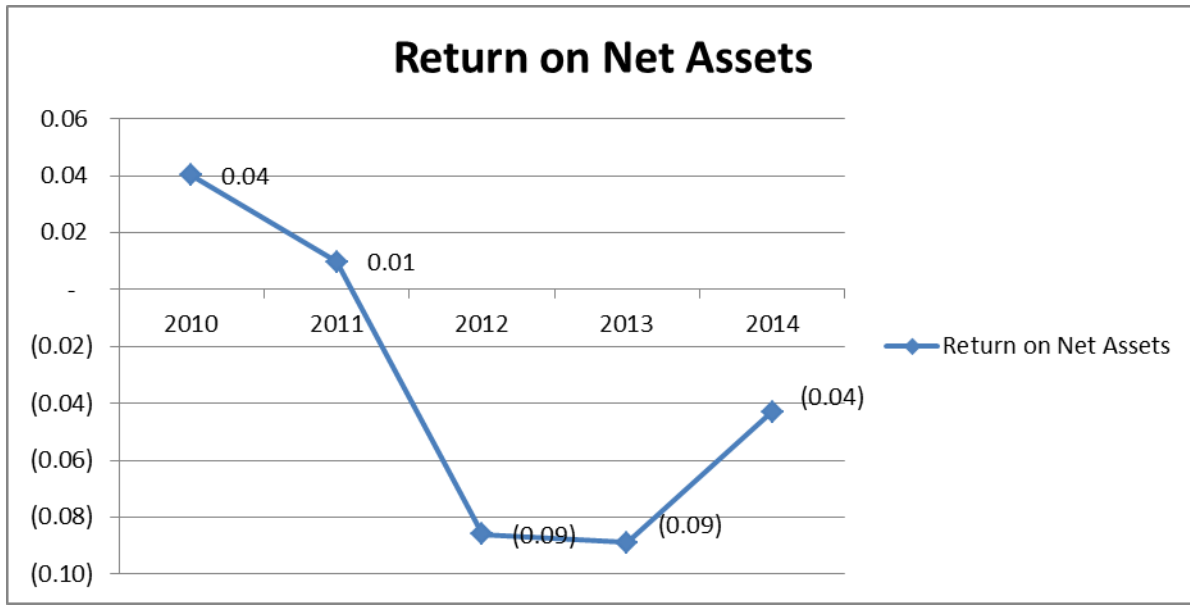


### *Measuring Physical Asset Performance*

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.

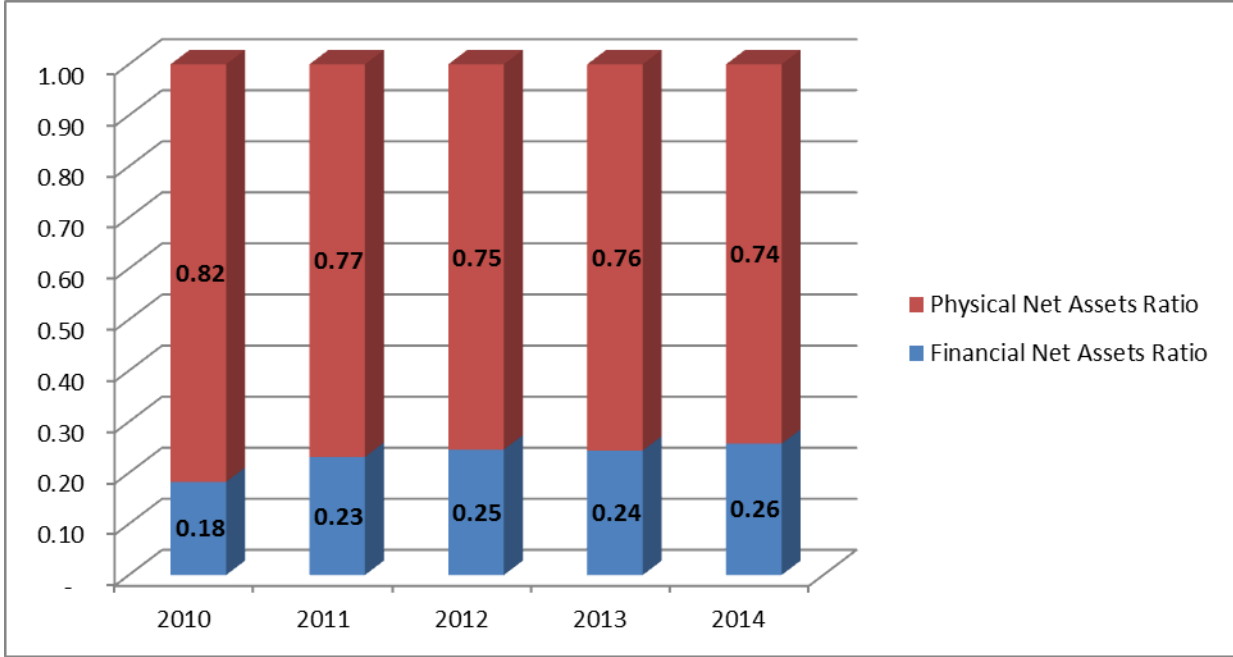
The institution is presumed wealthier each year that net assets grow, but the type of net asset growth in relation to commitments and the rate of growth are better determinants of whether the organization is improving its financial ability to achieve objectives.

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 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. Due to the use of institutional reserves to address major increases in various expenses in 2012, 2013, and 2014 (primarily interest and depreciation), there was a decrease in net assets, a negative return on assets for fiscal years 2012-2014. As with the leverage ratio, however, we do expect the return on net assets to improve somewhat over the next few years. The reader should keep in mind that ***this ratio is affected by significant non-cash items, such as depreciation, which can significantly reduce the return on net assets.***



	2010	2011	2012	2013	2014
<b>Return on Net Assets</b>	<b>0.04</b>	<b>0.01</b>	<b>(0.09)</b>	<b>(0.09)</b>	<b>(0.04)</b>
Change in Net Assets	2,915,623	734,866	(6,575,538)	(6,223,647)	(2,737,137)
Net Assets at the Beginning of the Year	72,832,632	75,748,255	76,483,121	69,907,583	63,683,936

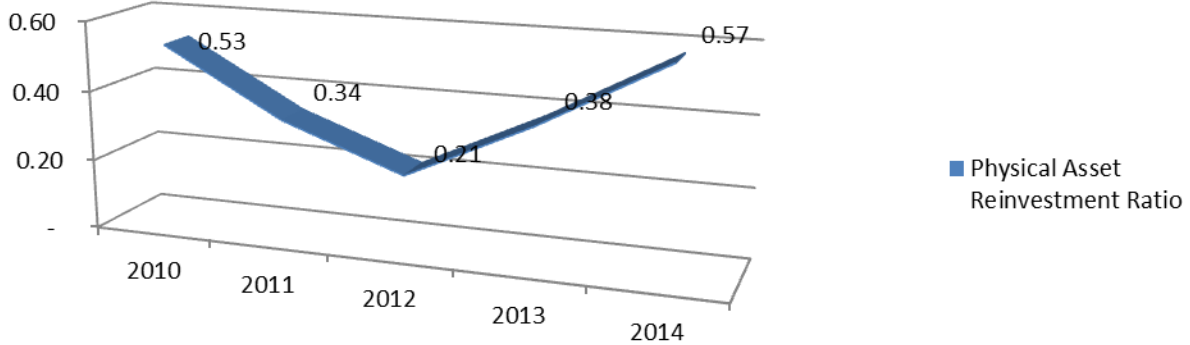
The *financial net assets* ratio and the *physical net assets* ratio provide useful insights into the allocation of equity between financial and physical net assets. Understanding these ratios helps the University analyze its financial flexibility and whether its asset and net asset structure are in equilibrium. Primarily due to the fact that SSU is a state-funded institution and is limited in the amount of financial net assets it can accumulate from educational and general operations, its equity is comprised primarily of physical assets (as can be seen in the chart below). 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*. The financial net assets ratio *has been significantly above that target for the last five years*. For the last four fiscal years approximately one quarter of the assets have been financial net assets, which again supports the fiscal strength and flexibility of the University.



	2010	2011	2012	2013	2014
<b>Financial Net Assets Ratio</b>	<b>0.18</b>	<b>0.23</b>	<b>0.25</b>	<b>0.24</b>	<b>0.26</b>
Financial Net Assets	13,808,923	17,692,959	17,172,489	15,517,273	15,673,061
Total Net Assets	75,748,255	76,483,121	69,907,583	63,683,936	60,946,799
<b>Physical Net Assets Ratio</b>	<b>0.82</b>	<b>0.77</b>	<b>0.75</b>	<b>0.76</b>	<b>0.74</b>
Invested in Capital Assets, net of related debt	61,939,332	58,790,162	52,735,094	48,166,663	45,273,738
Total Net Assets	75,748,255	76,483,121	69,907,583	63,683,936	60,946,799

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. It is important to note that *this ratio doesn't consider debt-funded capital asset acquisitions*. In most recent years the University has been acquiring a significant amount of new construction through capital leases. Therefore, the *acquisition of capital assets purchased would not be comparable to depreciation expense for Savannah State University as the majority of assets are acquired through debt rather than directly purchased*. In light of the expenditures made in fiscal year 2014 toward renovations of existing facilities and infrastructure it is reasonable that this ratio has increased from prior year. Based on these variables, the physical asset reinvestment ratio for SSU is considered satisfactory. For fiscal year 2014 the University expended 0.57 cents reinvesting in its capital assets for every \$1 dollar of depreciation expense recognized.

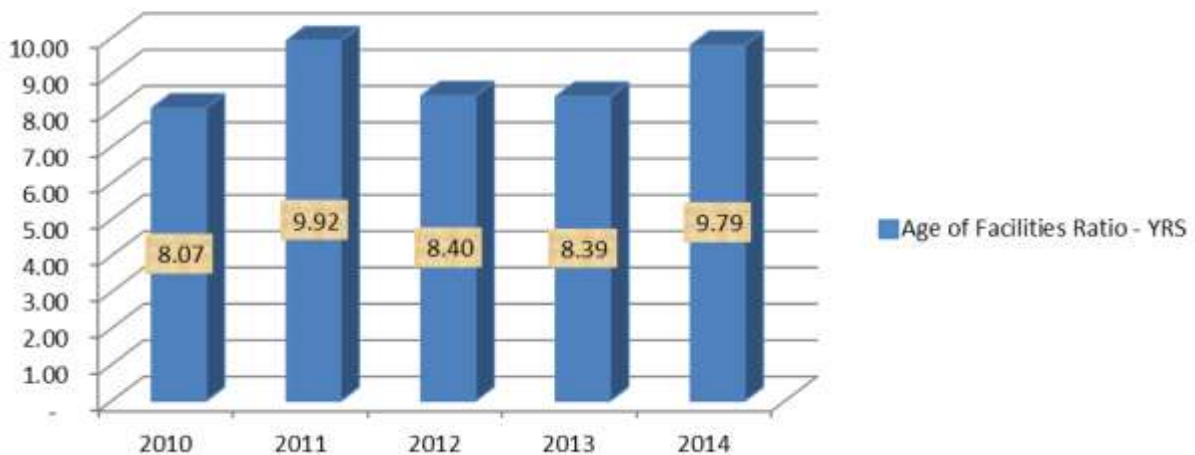
## Physical Asset Reinvestment Ratio



	2010	2011	2012	2013	2014
<b>Physical Asset Reinvestment Ratio</b>	<b>0.53</b>	<b>0.34</b>	<b>0.21</b>	<b>0.38</b>	<b>0.57</b>
Capital Expenditures plus Capital Assets Gifts	2,913,830	1,679,667	1,383,516	2,806,247	4,049,876
Depreciation Expense	5,525,067	4,980,560	6,510,193	7,389,919	7,060,300

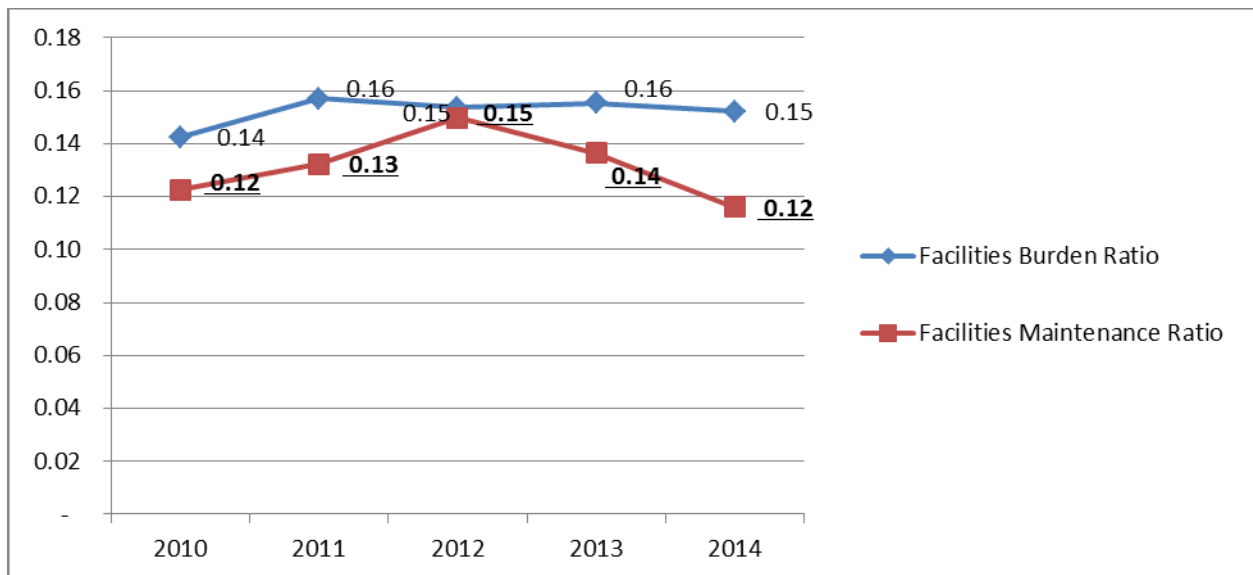
The current average age of SSU's plant facilities is calculated as approximately 9.79 years, as determined by the *age of facilities* ratio. This ratio divides accumulated depreciation by depreciation expense to get a rough sense of the age of facilities, and is primarily utilized to determine resource projections for future plant investment. The computed average age of almost ten (9.79) years is significantly impacted by recent capital activity. The University has several buildings that were constructed prior to 1980. The significantly lower cost to construct the pre 1980 buildings are reflected in the accumulated depreciation amount, but is not being represented well in the almost ten (9.79) year average computed below. An acceptable level for this ratio for predominantly undergraduate institutions is **14 years or less**.

## Age of Facilities Ratio - YRS



With the acquisition and construction of housing facilities, the renovation of various buildings, and the construction of the Social Sciences building, the new Student Center, and the Stadium renovation within the last several 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. Additionally, the age of existing facilities, such as the aforementioned pre 1980 buildings must be considered in light of maintenance costs and other factors.

When determining the impact of capital investment, we often look at debt service or interest expense. Of particular concern, however, should be the facilities burden ratio as that will capture the extent of the continuing burden of the facilities investment on the institution. It costs money to maintain and operate facilities once the University has acquired them. Savannah State University must carefully consider the reinvestment into these existing facilities and the burden that places on the use of its net capital assets. The *facilities burden ratio* calculates the *comprehensive cost of facilities investments* on the institutional budget. For example, in the chart above the *University has recognized \$0.15 cost of facilities (facilities burden) in fiscal year 2014 for every \$1 in net capital assets* on the balance sheet as of June 30, 2014.



	2010	2011	2012	2013	2014
<b>Facilities Burden Ratio</b>	<b>0.14</b>	<b>0.16</b>	<b>0.15</b>	<b>0.16</b>	<b>0.15</b>
Depreciation Expense plus Interest Expense plus O&M Maintenance expense	16,527,797	17,649,997	23,083,311	24,489,958	23,322,783
Capital Assets, Net	116,042,030	112,431,530	150,266,978	157,654,471	153,148,227
<b>Facilities Maintenance Ratio</b>	<b>0.12</b>	<b>0.13</b>	<b>0.15</b>	<b>0.14</b>	<b>0.12</b>
Operations & Maintenance of Plant	8,650,437	10,207,353	12,273,070	11,645,835	10,616,769
Total Operating & Nonoperating Revenues	70,497,022	77,208,868	82,010,010	85,398,303	91,555,547

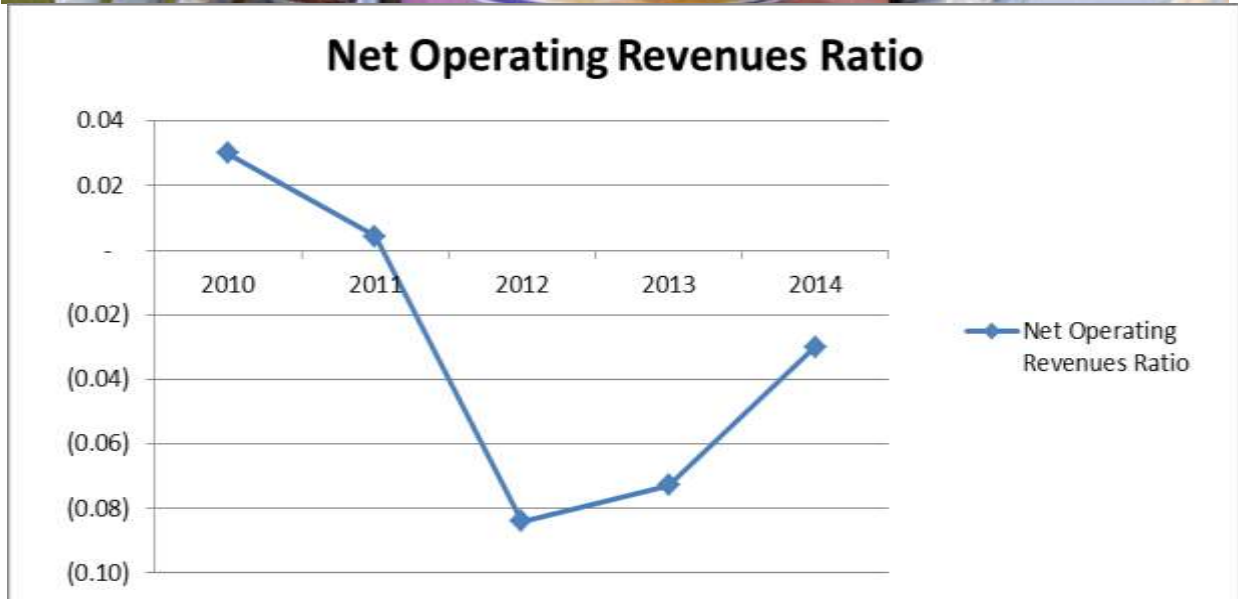
The *facilities maintenance ratio* assumes that the organization must generate a sufficient stream of income to support operation and maintenance on plant, so it divides operation and

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 2014 *SSU spent \$0.12 of each \$1 of total revenue on plant*, which is considered an adequate investment by the University.

### ***Measuring Operating Results***

Institutions must be able to operate in a surplus position over the long term, 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.



	2010	2011	2012	2013	2014
<b>Net Operating Revenues Ratio</b>	<b>0.03</b>	<b>0.004</b>	<b>(0.084)</b>	<b>(0.073)</b>	<b>(0.030)</b>
Income (Loss) Before Capital Items	2,117,658	332,862	(6,881,841)	(6,223,647)	(2,737,137)
Operating and Nonoperating Revenues	70,497,022	77,208,868	82,010,010	85,398,303	91,555,547

As part of its strategic plan, the University made significant investments during fiscal years 2012 and 2013 in student housing. Additionally, in 2012 a new student center, renovated stadium, and other major facilities that were built or renovated utilizing capital lease dollars. All of these capital leases generated a significant increase in depreciation expense as well as interest expense, which significantly contributed to the deficit in net operating ratios. Depreciation and interest expense continue to be the major factors affecting costs with no significant overall change in the operating loss for fiscal year 2014. The primary difference in 2014 from the prior year was the \$3,554,468 or 12.27% increase in nonoperating revenues. Of this increase, \$1,459,379 was from federal grants and contracts, \$1,398,857 was from state appropriations, and the balance was from increases in gifts, investment income, and other.

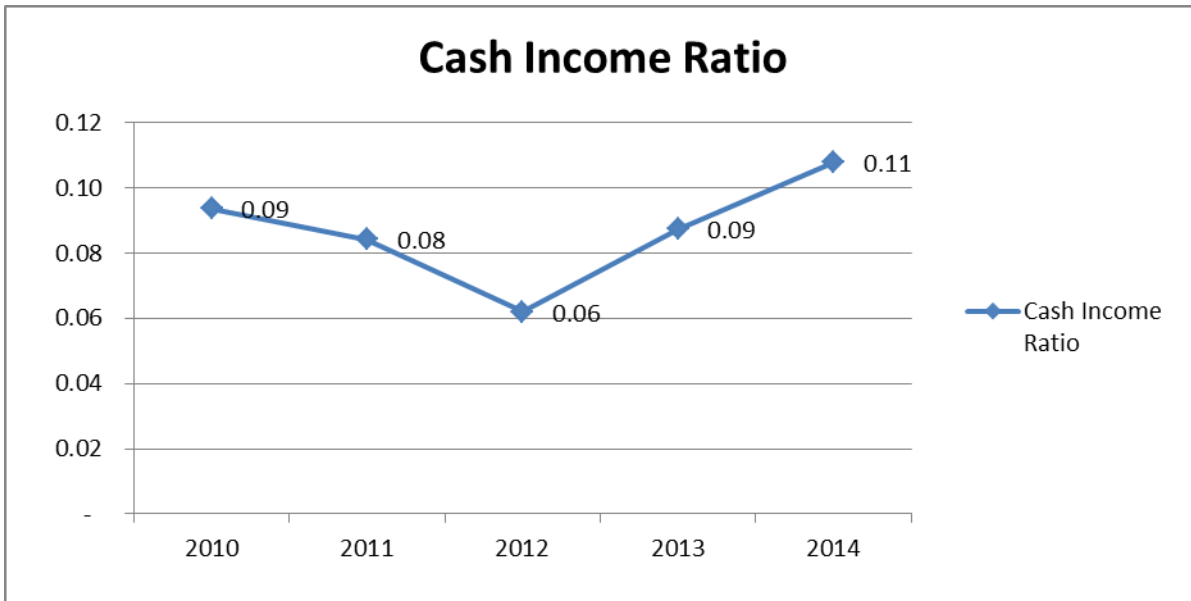
Although athletic operations experienced expenditure increases through fiscal year 2013, expenditures for 2014 remained fairly stable and more in line with budget. However, this was part of the University's strategic planning initiative and there is an active plan in place to resolve this deficit through increased enrollment, game revenues, sponsorships, and other related revenues.

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.

As a target, the University would like to **remain between \$0.05 and \$0.10** as our intention is to:

- Retain sufficient cash for operations,
- Continue to reinvest in the strategic plan, and
- Maintain minimum surpluses as it relates to state funding.

(It should be noted that surplus funds returned to the state were minimal for the last several fiscal years.) The University has maintained an excellent cash income ratio for all of the last five years, with the ratio approaching or exceeding the range in four out of five years. Exceeding would not be a bad thing unless too much surplus is created, but going below the ratio would definitely mean that the University is not maintaining sufficient cash to support its operational needs. The University did not return a significant amount of surplus again this year.

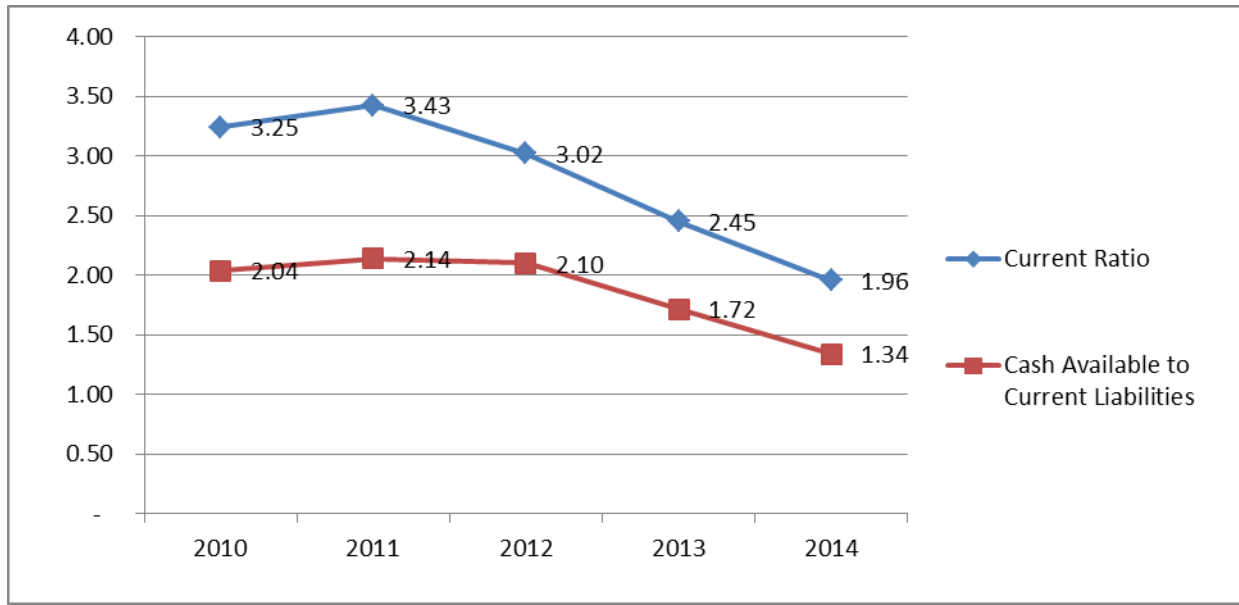


	2010	2011	2012	2013	2014
<b>Cash Income Ratio</b>	<b>0.09</b>	<b>0.08</b>	<b>0.06</b>	<b>0.09</b>	<b>0.11</b>
Cash flows from operations plus appropriations, gifts, and grants received for operating purposes (cash flows from noncapital financing) plus investment income	6,608,506	6,503,744	5,077,494	7,454,982	9,874,528
Operating and nonoperating revenues	70,497,022	77,208,868	82,010,010	85,398,303	91,555,547



Other operational ratios that are important to consider are the **current ratio** and **cash available to current liabilities ratio**. 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 current liabilities ratio** results in the actual cash available per \$1 of current liabilities. For example, in 2014 the **University had \$1.96 in current assets to represent each \$1 in current liabilities, and of that \$1.96 cash represented \$1.34**. See the figures presented after the next graph that support the *strength of the University's cash and marketable securities as compares to its current liabilities*. In simple terms, at June 30, 2014 the University had \$1.34 available in cash and marketable securities to pay every \$1.00 of its current liabilities.

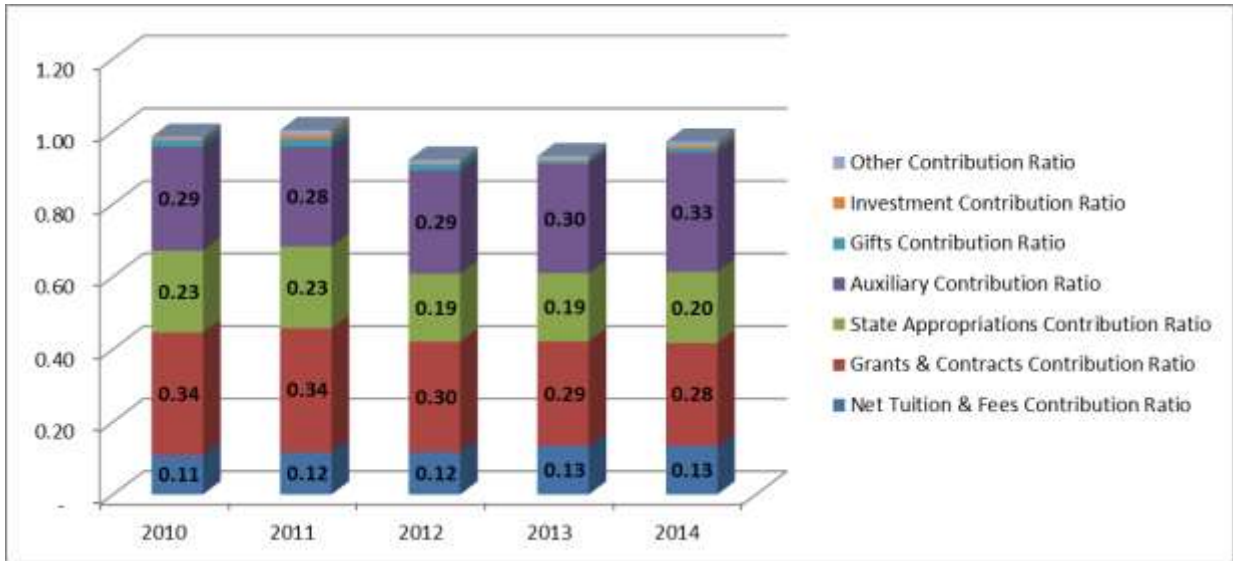




	2010	2011	2012	2013	2014
<b>Current Ratio</b>	<b>3.25</b>	<b>3.43</b>	<b>3.02</b>	<b>2.45</b>	<b>1.96</b>
Current Assets	13,922,771	17,623,735	16,356,278	14,613,404	14,387,338
Current Liabilities	4,288,492	5,142,478	5,409,273	5,959,545	7,354,442
<b>Cash Available to Current Liabilities</b>	<b>2.04</b>	<b>2.14</b>	<b>2.10</b>	<b>1.72</b>	<b>1.34</b>
Cash + Marketable Securities	8,753,256	10,999,752	11,370,583	10,233,366	9,850,877
Current Liabilities	4,288,492	5,142,478	5,409,273	5,959,545	7,354,442

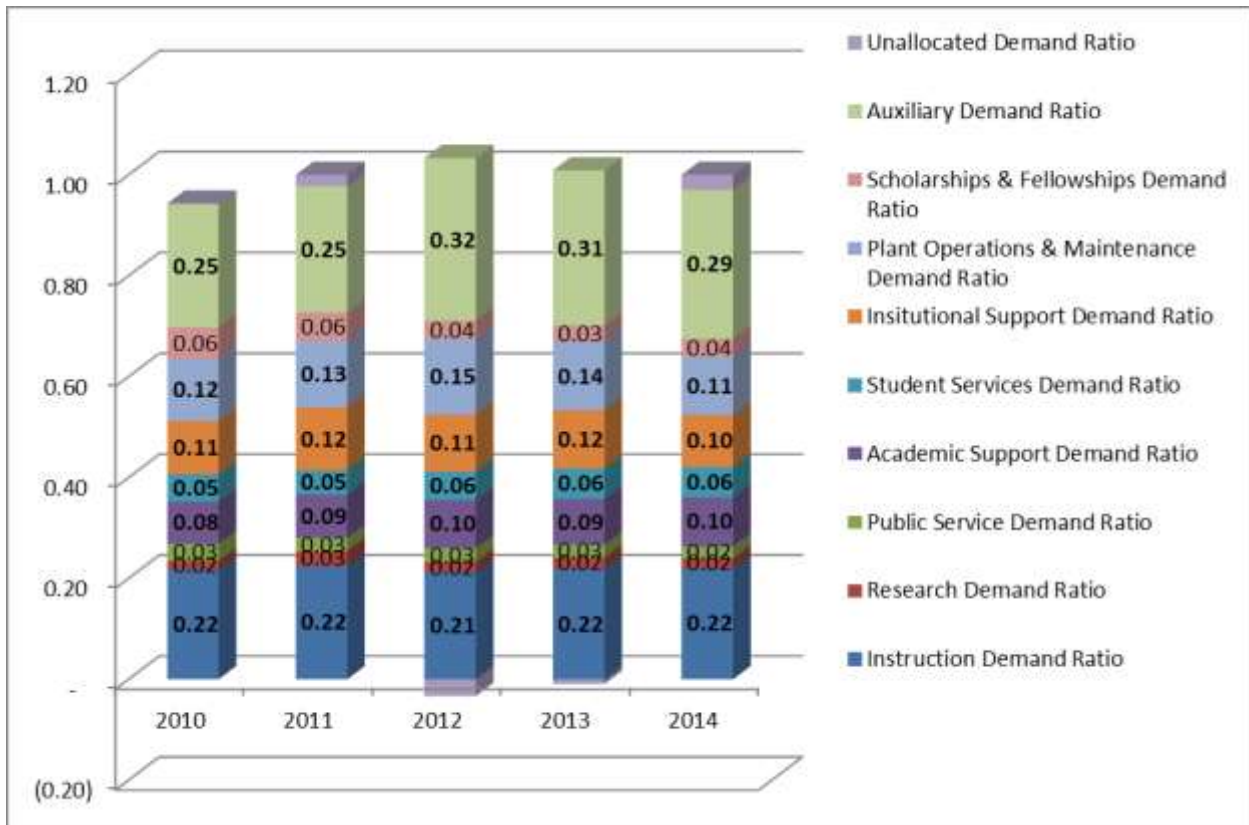
Contribution and demand ratios compare particular revenues as a percentage of total operating expenses, and expenses by type with total operating income. These particular ratios address the impact of why other ratios are behaving in an observed manner by exposing the relationships between revenues and 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. To restate in simpler terms, the percentage shown is the contribution that the related revenue provided to support total operating and nonoperating expenses.

The University is reliant on significant *state appropriations, which have declined from a percentage of thirty-six percent (36%) of revenue since 2008* (refer to prior year analysis for this percentage). 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. The University's contribution ratios are presented as follows:



(See Summary Financial Data)

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.



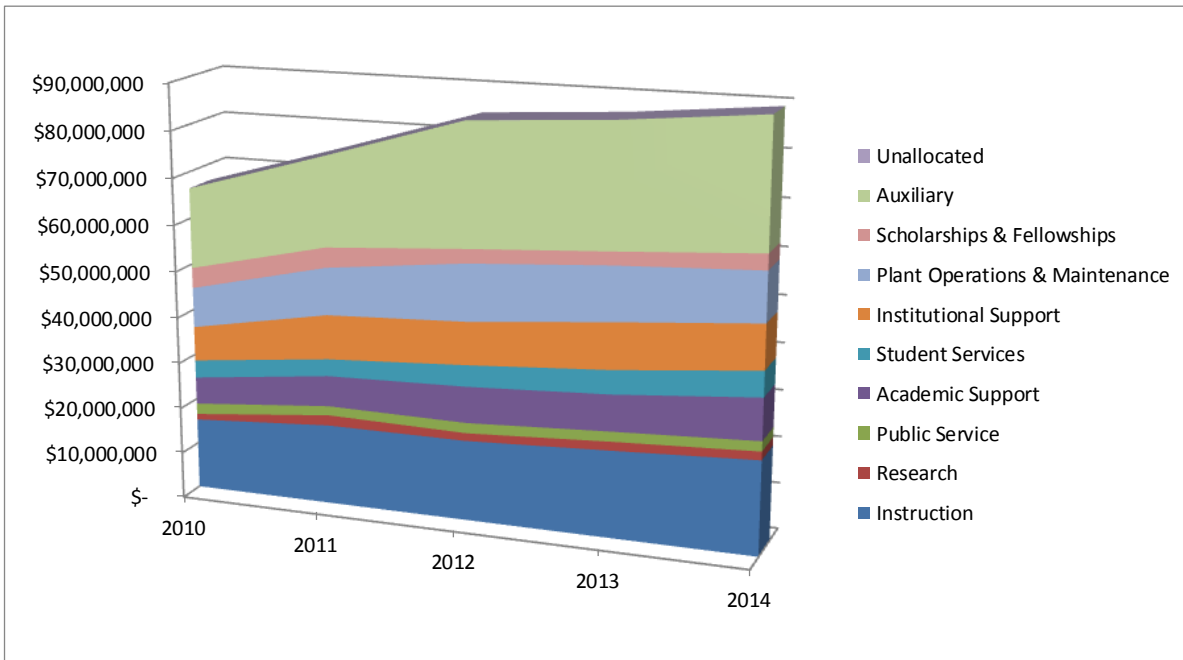
(See Summary Financial Data)

Note from the graph above that *instruction, research, public service, academic support, and student services account for 42% demand the last four consecutive fiscal years*. During this same time period it should be noted that the Auxiliary Demand Ratio increased from 25% to 32% in 2012 and 31% in 2013, supporting management’s investment in housing and athletics operation. Also note that institutional support has decreased from 15% in 2009 to support other University objectives. In fiscal year 2014, the unallocated demand (which was \$2,791,333) represents nonoperating revenues available to cover nonoperating expenses after operational demands are met.

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.

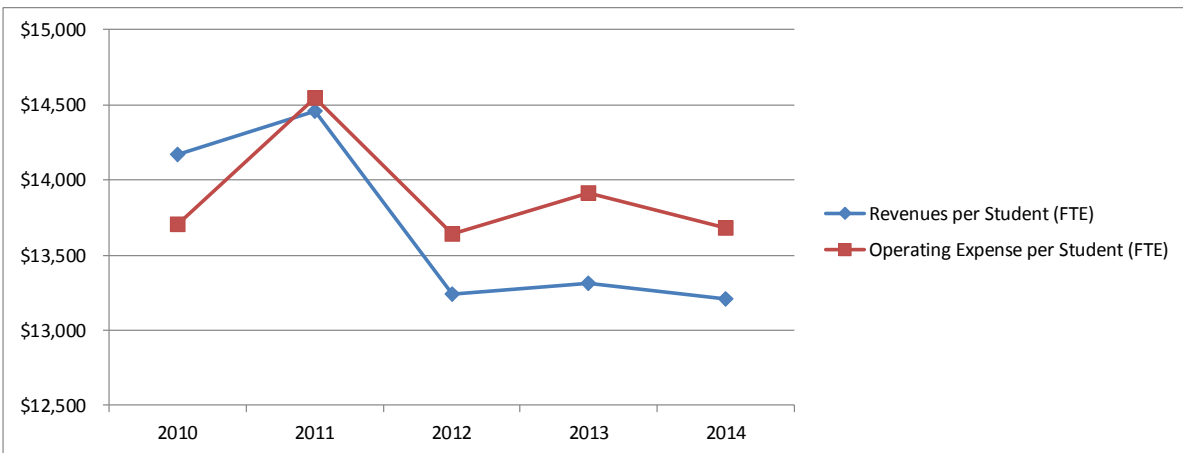
**Total Operating Expense by Functional Classifications**

	2010	2011	2012	2013	2014
<b>Instruction</b>	\$ 15,331,616	\$ 17,347,910	\$ 17,391,711	\$ 18,816,294	\$ 20,351,563
<b>Research</b>	1,235,076	2,271,693	1,683,508	1,913,101	1,823,266
<b>Public Service</b>	2,376,890	2,019,660	2,233,121	2,151,924	2,153,460
<b>Academic Support</b>	5,863,845	6,641,986	7,830,053	7,835,588	9,012,679
<b>Student Services</b>	3,847,226	3,692,459	4,644,393	5,132,626	5,502,055
<b>Institutional Support</b>	7,453,390	9,619,175	9,235,929	9,960,002	9,566,733
<b>Plant Operations &amp; Maintenance</b>	8,650,437	10,207,353	12,273,070	11,645,835	10,616,769
<b>Scholarships &amp; Fellowships</b>	4,403,551	4,331,475	3,029,567	2,844,950	3,389,672
<b>Auxiliary</b>	17,313,034	19,323,158	26,405,308	26,334,038	27,156,404
<b>Unallocated</b>	-	-	-	-	-
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 66,475,065</b>	<b>\$ 75,454,869</b>	<b>\$ 84,726,660</b>	<b>\$ 86,634,358</b>	<b>\$ 89,572,601</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:

	2010	2011	2012	2013	2014
Revenues per Student (FTE)	\$ 14,164	\$ 14,455	\$ 13,238	\$ 13,311	\$ 13,212
Operating Expense per Student (FTE)	\$ 13,706	\$ 14,542	\$ 13,642	\$ 13,913	\$ 13,679
Increase (Decrease) per Student FTE	\$ 459	\$ (87)	\$ (404)	\$ (603)	\$ (467)
Students (FTE)	3,587	3,860	4,275	4,334	4,563



**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, which is clearly a cost of doing business but is not considered in the cost per student as recognized by the state.** Although enrollment did increase for fiscal year 2014, the expenditures above, as already noted previously in the report, include not only depreciation but the significant increases in interest expense due to the capital leases as well as other increases incurred to support the University's strategic plan. Although Savannah State University has recognized a reduction in net assets the last three fiscal years, the current year was much less than before and was significant less than depreciation. To reiterate the point again *the University is fiscally strong*

*from a liquidity standpoint and able to meet its obligations both currently and in the long-term.*

### ***Conclusion***

The University is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. The University's overall financial position is strong.

The decrease in Net Position is a direct result of depreciation expense and reflects the University's ability to utilize its resources to support its overall mission. The University anticipates the current fiscal year will be even better than the last in that there is no more debt planned in the immediate future and current enrollment indications are that the University will continue the trend of the last decade and will exceed budget expectations. Savannah State University will continue to perform ratio analysis and maintain a close watch over resources to sustain the University's ability to react to unknown internal and external issues.

The strategic planning priorities at Savannah State University are:

- ***Academic Engagement and Achievement***
- ***Community and Economic Development***
- ***Global Education Experiences***
- ***Sustainability and Resources***
- ***Technological Competitiveness***

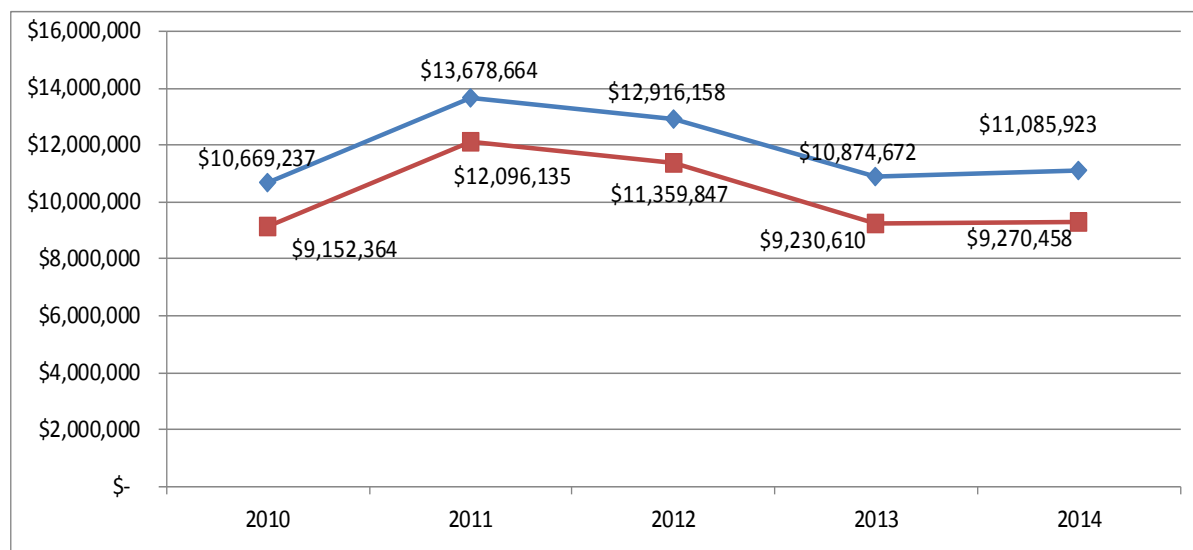
Savannah State University is positioned to move forward in supporting its campus environment, acquiring technology to advance educational purposes, and pursuing excellence and responsiveness. The University has a strong commitment to the teaching and learning environment, high quality education, public service, and scholarly and creative works.

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, MPA, Assistant Vice-President, Business & Finance/Comptroller, Savannah State University, [MLoomis@SavannahState.edu](mailto:MLoomis@SavannahState.edu).

## Additional Analysis as of June 30,

	2010	2011	2012	2013	2014
<b>TOTAL NET ASSETS</b>	<b>\$ 75,748,255</b>	<b>\$ 76,483,121</b>	<b>\$ 69,907,583</b>	<b>\$ 63,683,936</b>	<b>\$ 60,946,799</b>
<b>LESS Invested in Capital Assets, net of related debt</b>	(61,939,332)	(58,790,162)	(52,735,094)	(48,166,663)	(45,273,738)
<b>Restricted - Nonexpendable</b>	(3,579,321)	(4,642,349)	(4,677,159)	(5,141,861)	(5,199,866)
<b>Restricted - Expendable</b>	(1,077,238)	(954,475)	(1,135,483)	(1,144,802)	(1,202,737)
<b>UNRESTRICTED NET ASSETS (URNA)</b>	<b>\$ 9,152,364</b>	<b>\$ 12,096,135</b>	<b>\$ 11,359,847</b>	<b>\$ 9,230,610</b>	<b>\$ 9,270,458</b>
<b>ADD Compensated Absences Liability</b>	1,516,873	1,582,529	1,556,311	1,644,062	1,815,465
<b>URNA w/o plant, or compensated absences</b>	<b>\$ 10,669,237</b>	<b>\$ 13,678,664</b>	<b>\$ 12,916,158</b>	<b>\$ 10,874,672</b>	<b>\$ 11,085,923</b>



## Operational Outcomes:

	2010	2011	2012	2013	2014
<b>TOTAL Operating Revenues</b>	<b>\$ 36,920,515</b>	<b>\$ 41,945,852</b>	<b>\$ 47,598,737</b>	<b>\$ 51,442,110</b>	<b>\$ 54,312,395</b>
<b>ADD Nonoperating Revenues</b>	34,024,501	36,303,963	34,546,130	34,426,941	38,051,539
	70,945,016	78,249,815	82,144,867	85,869,051	92,363,934
<b>LESS Operating Expenses</b>	<b>(66,475,065)</b>	<b>(75,454,869)</b>	<b>(84,726,660)</b>	<b>(86,634,358)</b>	<b>(89,572,601)</b>
<b>Operational Bottom Line</b>	<b>\$ 4,469,951</b>	<b>\$ 2,794,946</b>	<b>\$ (2,581,793)</b>	<b>\$ (765,307)</b>	<b>\$ 2,791,333</b>
<b>ADD Depreciation</b>	5,525,067	4,980,560	6,510,193	7,389,919	7,060,300
<b>Operational Bottom Line w/o Depreciation</b>	<b>\$ 9,995,018</b>	<b>\$ 7,775,506</b>	<b>\$ 3,928,400</b>	<b>\$ 6,624,612</b>	<b>\$ 9,851,633</b>

	2010	2011	2012	2013	2014
<b>Operational Cash Flows</b>					
<b>Net Cash Provided (Used) by Operating Activities</b>	(27,111,815)	(29,163,464)	(29,758,217)	(26,829,590)	(28,320,769)
<b>Net Cash Flow Provided by Non-capital Financing Activities</b>	33,663,142	35,191,773	34,657,417	33,948,385	37,648,034
<b>Cash Flows Before Capital Items</b>	<b>\$ 6,551,327</b>	<b>\$ 6,028,309</b>	<b>\$ 4,899,200</b>	<b>\$ 7,118,795</b>	<b>\$ 9,327,265</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/Net Position - Last Five Fiscal Years**

	2010	2011	2012	2013	2014	\$ Difference	% Difference
<b>Current Assets</b>							
Cash & Cash Equivalents	\$ 8,344,980	\$ 10,591,476	\$ 10,962,307	\$ 9,825,090	\$ 9,442,601	(382,489)	-3.89%
Short-Term Investments	408,276	408,276	408,276	408,276	408,276	-	0.00%
Accounts Receivable, NET:							
Federal Financial Assistance	2,204,859	1,920,639	1,573,705	1,396,471	1,546,917	150,446	10.77%
Other	2,696,967	4,205,125	2,841,192	2,428,311	2,568,251	139,940	5.76%
Due from Affiliated Organizations	-	-	-	34,221	-	(34,221)	-100.00%
Inventories	62,318	49,768	49,281	49,053	44,785	(4,268)	-8.70%
Prepaid Items	205,371	448,451	521,517	471,982	376,508	(95,474)	-20.23%
<b>TOTAL Current Assets</b>	<b>13,922,771</b>	<b>17,623,735</b>	<b>16,356,278</b>	<b>14,613,404</b>	<b>14,387,338</b>	<b>(226,066)</b>	<b>-1.55%</b>
<b>Noncurrent Assets</b>							
Noncurrent Cash	25,826	41,268	47,600	26,466	40,009	13,543	51.17%
Short-term Investments	62,044	22,418	27,453	30,007	21,863	(8,144)	-27.14%
Investments	3,641,074	4,578,663	4,770,891	5,255,780	6,055,395	799,615	15.21%
Due from USO – Capital Liability Reserve Fund.					844,039	844,039	100.00%
Notes Receivable, Net	804,539	836,003	923,306	885,759	900,118	14,359	1.62%
Noncurrent Assets, before Capital	4,533,483	5,478,352	5,769,250	6,198,012	7,861,424	1,663,412	26.84%
<b>Capital Assets, Net</b>							
Land and Land Improvements	575,975	575,975	575,975	975,219	975,219	-	0.00%
Buildings and Bldg. Improvements	59,372,905	57,923,236	55,719,584	53,414,509	51,929,720	(1,484,789)	-2.78%
Facilities & Other Improvements	1,174,908	1,068,387	2,345,373	2,192,140	2,267,774	75,634	3.45%
Library Collections	1,378,325	1,331,431	1,296,074	1,291,465	1,243,087	(48,378)	-3.75%
Equipment	2,442,293	2,907,879	2,929,971	3,457,228	3,567,060	109,832	3.18%
Capital Leases	49,111,876	46,916,342	80,653,598	96,285,476	92,507,757	(3,777,719)	-3.92%
Collections	42,580	41,198	39,817	38,434	37,052	(1,382)	-3.60%
Construction in Progress	1,943,168	1,667,082	6,706,586	-	620,558	620,558	100.00%
Capital Assets, Net	116,042,030	112,431,530	150,266,978	157,654,471	153,148,227	(4,506,244)	-2.86%
<b>TOTAL Noncurrent Assets</b>	<b>120,575,513</b>	<b>117,909,882</b>	<b>156,036,228</b>	<b>163,852,483</b>	<b>161,009,651</b>	<b>(2,842,832)</b>	<b>-1.73%</b>
<b>TOTAL ASSETS</b>	<b>\$ 134,498,284</b>	<b>\$ 135,533,617</b>	<b>\$ 172,392,506</b>	<b>\$ 178,465,887</b>	<b>\$ 175,396,989</b>	<b>(3,068,898)</b>	<b>-1.72%</b>
<b>LIABILITIES:</b>							
<b>Current Liabilities:</b>							
Accounts Payable	\$ 1,252,973	\$ 1,443,485	\$ 883,722	\$ 1,128,919	\$ 1,548,336	419,417	37.15%
Salaries Payable	37,947	339,632	246,248	109,238	110,353	1,115	1.02%
Deposits	-	14,724	-	-	-	-	0.00%
Deferred Revenue	568,650	846,714	848,705	983,465	1,533,787	550,322	55.96%
Other Liabilities	267	550	1,177	459	1,300	841	183.22%
Deposits Held for Other Organizations	1,270,621	1,181,494	1,416,876	1,428,000	1,566,460	138,460	9.70%
Lease Purchase Obligations - current portion	461,329	571,351	1,276,302	1,573,591	1,826,596	253,005	16.08%
Compensated Absences - current portion	696,705	744,528	736,243	735,873	767,610	31,737	4.31%
<b>Total Current Liabilities</b>	<b>4,288,492</b>	<b>5,142,478</b>	<b>5,409,273</b>	<b>5,959,545</b>	<b>7,354,442</b>	<b>1,394,897</b>	<b>23.41%</b>
<b>Noncurrent Liabilities:</b>							
Lease Purchase Obligations	53,641,369	53,070,017	89,548,996	107,914,217	106,047,893	(1,866,324)	-1.73%
Compensated Absences	820,168	838,001	820,068	908,189	1,047,855	139,666	15.38%
Notes and Loans Receivable	-	-	6,706,586	-	-	-	0.00%
<b>Total Noncurrent Liabilities</b>	<b>54,461,537</b>	<b>53,908,018</b>	<b>97,075,650</b>	<b>108,822,406</b>	<b>107,095,748</b>	<b>(1,726,658)</b>	<b>-1.59%</b>
<b>TOTAL LIABILITIES</b>	<b>58,750,029</b>	<b>59,050,496</b>	<b>102,484,923</b>	<b>114,781,951</b>	<b>114,450,190</b>	<b>(331,761)</b>	<b>-0.29%</b>
<b>NET ASSETS:</b>							
Invested in Capital Assets, net of related debt	61,939,332	58,790,162	52,735,094	48,166,663	45,273,738	(2,892,925)	-6.01%
Restricted - Nonexpendable	3,579,321	4,642,349	4,677,159	5,141,861	5,199,866	58,005	1.13%
Restricted - Expendable	1,077,238	954,475	1,135,483	1,144,802	1,202,737	57,935	5.06%
Unrestricted	9,152,364	12,096,135	11,359,847	9,230,610	9,270,458	39,848	0.43%
<b>TOTAL NET ASSETS</b>	<b>75,748,255</b>	<b>76,483,121</b>	<b>69,907,583</b>	<b>63,683,936</b>	<b>60,946,799</b>	<b>(2,737,137)</b>	<b>-4.30%</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 134,498,284</b>	<b>\$ 135,533,617</b>	<b>\$ 172,392,506</b>	<b>\$ 178,465,887</b>	<b>\$ 175,396,989</b>	<b>(3,068,898)</b>	<b>-1.72%</b>



**Statement of Revenues, Expenses, and Change in Net Position - Last Five Fiscal Years**

	2010	2011	2012	2013	2014	Change	
<b>Operating Revenues:</b>							
Student Tuition & Fees	\$ 18,092,646	\$ 22,200,417	\$ 25,264,991	\$ 27,155,380	\$ 28,724,374	1,568,994	5.78%
Scholarship Allowances	(10,660,680)	(13,134,564)	(14,850,731)	(14,839,006)	(16,018,513)	(1,179,507)	7.95%
<b>NET</b>	<b>7,431,966</b>	<b>9,065,853</b>	<b>10,414,260</b>	<b>12,316,374</b>	<b>12,705,861</b>	<b>389,487</b>	<b>3.16%</b>
<b>Grants &amp; Contracts:</b>							
Federal (includes stimulus)	9,033,568	9,950,357	10,198,282	10,125,457	8,966,826	(1,158,631)	-11.44%
State	121,183	250,959	351,218	173,859	160,245	(13,614)	-7.83%
Other (Local, nongovernmental, etc.)	276,292	230,972	245,649	252,314	365,491	113,177	44.86%
Sales & Services	210,562	835,791	744,460	648,561	630,187	(18,374)	-2.83%
Rents & Royalties	50,155	42,130	49,482	52,702	65,330	12,628	23.96%
<b>Auxiliary Enterprises:</b>							
Residence Halls	9,975,351	10,387,930	12,489,948	13,357,733	14,316,102	958,369	7.17%
Bookstore	325,831	264,685	357,677	307,737	238,678	(69,059)	-22.44%
Food Services	5,515,028	6,253,988	7,696,485	8,486,639	10,622,130	2,135,491	25.16%
Parking/Transportation	547,453	641,503	645,833	657,786	824,777	166,991	25.39%
Health Services	569,464	591,377	663,957	666,753	662,794	(3,959)	-0.59%
Intercollegiate Athletics	2,731,091	3,238,246	3,525,046	4,189,425	4,570,746	381,321	9.10%
Other Organizations	25,753	36,427	37,088	43,249	35,148	(8,101)	-18.73%
Other Operating Revenues	106,818	155,634	179,352	163,521	148,080	(15,441)	-9.44%
<b>TOTAL Operating Revenues</b>	<b>36,920,515</b>	<b>41,945,852</b>	<b>47,598,737</b>	<b>51,442,110</b>	<b>54,312,395</b>	<b>2,870,285</b>	<b>5.58%</b>
<b>Operating Expenses:</b>							
Faculty Salaries	10,025,487	11,272,746	11,202,482	12,198,501	13,346,504	1,148,003	9.41%
Staff Salaries	14,880,770	16,498,006	16,875,234	18,310,993	18,959,967	648,974	3.54%
Employee Benefits	7,276,903	8,308,835	8,349,972	9,518,514	10,224,598	706,084	7.42%
Other Personal Services	387,421	415,061	368,304	392,811	384,266	(8,545)	-2.18%
Travel	548,630	682,974	867,102	1,153,471	1,177,327	23,856	2.07%
Scholarships & Fellowships	6,174,419	6,824,220	6,005,163	5,803,170	6,274,498	471,328	8.12%
Utilities	3,836,370	3,403,007	3,557,021	3,426,933	3,507,414	80,481	2.35%
Supplies & Other Services	17,819,998	23,069,460	30,991,189	28,440,046	28,637,727	197,681	0.70%
Depreciation	5,525,067	4,980,560	6,510,193	7,389,919	7,060,300	(329,619)	-4.46%
<b>TOTAL Operating Expenses</b>	<b>66,475,065</b>	<b>75,454,869</b>	<b>84,726,660</b>	<b>86,634,358</b>	<b>89,572,601</b>	<b>2,938,243</b>	<b>3.39%</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(29,554,550)</b>	<b>(33,509,017)</b>	<b>(37,127,923)</b>	<b>(35,192,248)</b>	<b>(35,260,206)</b>	<b>(67,958)</b>	<b>0.19%</b>
<b>Nonoperating Revenues (Expenses):</b>							
State Appropriations	15,502,685	17,547,199	16,655,138	17,256,227	18,655,084	1,398,857	8.11%
Federal Stimulus - Stabilization Funds	3,105,050	-	-	-	-	-	0.00%
<b>Grants &amp; Contracts</b>							
Federal	13,818,499	16,148,607	16,332,106	16,032,877	17,492,256	1,459,379	9.10%
State	25,221	11,400	-	-	-	-	0.00%
Gifts	1,125,052	1,555,810	1,424,029	667,089	1,095,812	428,723	64.27%
Investment Income	366,553	933,246	209,782	470,748	808,387	337,639	71.72%
Interest Expense (capital assets)	(2,352,293)	(2,462,084)	(4,300,048)	(5,454,204)	(5,645,714)	(191,510)	3.51%
Other Nonoperating Revenues (Expenses)	81,441	107,701	(74,925)	(4,136)	117,244	121,380	-2934.72%
<b>Net Nonoperating Rev. (Exp)</b>	<b>31,672,208</b>	<b>33,841,879</b>	<b>30,246,082</b>	<b>28,968,601</b>	<b>32,523,069</b>	<b>3,554,468</b>	<b>12.27%</b>
<b>Income (Loss) Before Other</b>	<b>2,117,658</b>	<b>332,862</b>	<b>(6,881,841)</b>	<b>(6,223,647)</b>	<b>(2,737,137)</b>	<b>3,486,510</b>	<b>-56.02%</b>
<b>Revenues, Expenses, Gains, Losses</b>							
Capital Grants & Gifts - State	797,965	402,004	306,303	-	-	-	0.00%
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 2,915,623</b>	<b>\$ 734,866</b>	<b>\$ (6,575,538)</b>	<b>\$ (6,223,647)</b>	<b>\$ (2,737,137)</b>	<b>3,486,510</b>	<b>-56.02%</b>
<b>Prior Period Adjustment</b>	-	-	-	-	-	-	-
<b>NET ASSETS - BEGINNING OF THE YEAR</b>	<b>72,832,632</b>	<b>75,748,255</b>	<b>76,483,121</b>	<b>69,907,583</b>	<b>63,683,936</b>		
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 75,748,255</b>	<b>\$ 76,483,121</b>	<b>\$ 69,907,583</b>	<b>\$ 63,683,936</b>	<b>\$ 60,946,799</b>	<b>(2,737,137)</b>	<b>-4.30%</b>

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

	2010	2011	2012	2013	2014
<b>CASH FLOWS FROM OPERATING ACITIVIES</b>					
Tuition and Fees	\$ 8,027,694	\$ 8,805,662	\$ 10,944,591	\$ 11,788,267	\$ 12,889,165
Federal Appropriations	-	-	-	-	-
Grants and Contracts (Exchange)	9,066,787	10,666,837	11,017,460	10,852,759	9,355,656
Sales and Services	210,562	835,791	744,460	648,561	630,187
Payments to Suppliers	(29,904,312)	(35,591,776)	(44,676,680)	(42,854,155)	(43,918,313)
Payments to Employees	(24,700,988)	(27,543,093)	(28,228,341)	(30,480,206)	(32,102,350)
Payments for Scholarships and Fellowships	(7,184,958)	(6,824,220)	(6,005,163)	(5,803,170)	(6,274,498)
Loans Issued to Students and Employees	-	(31,464)	(87,303)	-	(14,614)
Collection of Loans to Students and Employees	33,306	-	-	37,547	-
Auxiliary Enterprise Charges:					
Residence Halls	8,363,905	10,292,357	12,157,435	13,530,249	13,786,421
Bookstore	325,831	264,685	358,039	308,114	237,939
Food Services	5,573,817	6,216,811	7,693,380	8,332,364	10,595,285
Parking/Transportation	482,484	610,820	604,005	666,551	846,292
Health Services	552,520	591,571	664,923	670,278	652,605
Intercollegiate Athletics	2,685,513	3,224,590	3,487,385	4,139,302	4,601,210
Other Organizations	25,175	36,607	37,206	41,325	33,362
Other receipts (payments)	(669,151)	(718,642)	1,530,386	1,292,624	360,884
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(27,111,815)</b>	<b>(29,163,464)</b>	<b>(29,758,217)</b>	<b>(26,829,590)</b>	<b>(28,320,769)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACITIVITIES</b>					
State Appropriations	15,502,685	17,547,199	16,655,138	17,256,227	18,655,084
Federal Stimulus - Stabilization Funds	3,105,050	(71,244)	-	-	-
Agency Funds Transactions	86,636	-	246,144	11,124	404,882
Gifts and Grants Received for Other Than Capital Purposes	14,968,771	17,715,818	17,756,135	16,681,034	18,588,068
Other Nonoperating Receipts (Disbursements)	-	-	-	-	-
<b>Net Cash Flow Provided by Non-capital Financing Activities</b>	<b>33,663,142</b>	<b>35,191,773</b>	<b>34,657,417</b>	<b>33,948,385</b>	<b>37,648,034</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Gifts and Grants Received	364,090	334,235	306,303	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-
Purchases of Capital Assets	(3,447,593)	(1,218,337)	(812,165)	(1,866,324)	(2,436,555)
Principal Paid on Capital Debt and Leases	533,763	(461,330)	(571,351)	(939,923)	(1,613,321)
Interest Paid on Capital Debt and Leases	(2,352,293)	(2,462,084)	(3,460,092)	(5,454,204)	(5,645,714)
<b>Net Cash used by Capital and Related Financing Activities</b>	<b>(4,902,033)</b>	<b>(3,807,516)</b>	<b>(4,537,305)</b>	<b>(8,260,451)</b>	<b>(9,695,590)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from Sales and Maturities of Investments	191,941	457,811	31,488	134,561	261,123
Interest on Investments	57,179	475,435	178,294	336,187	547,263
Purchase of Investments	(170,891)	(892,101)	(194,514)	(487,443)	(809,007)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>78,229</b>	<b>41,145</b>	<b>15,268</b>	<b>(16,695)</b>	<b>(621)</b>
<b>Net Increase/Decrease in Cash</b>	<b>1,727,523</b>	<b>2,261,938</b>	<b>377,163</b>	<b>(1,158,351)</b>	<b>(368,946)</b>
<b>Cash &amp; Cash Equivalents - Beginning of Year</b>	<b>6,643,283</b>	<b>8,370,806</b>	<b>10,632,744</b>	<b>11,009,907</b>	<b>9,851,556</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 8,370,806</b>	<b>\$ 10,632,744</b>	<b>\$ 11,009,907</b>	<b>\$ 9,851,556</b>	<b>\$ 9,482,610</b>

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

	2010	2011	2012	2013	2014
<b>Operating Revenues:</b>					
Net Student Tuition & Fees	7,431,966	9,065,853	10,414,260	12,316,374	12,705,861
Grants & Contracts	9,431,043	10,432,288	10,795,149	10,551,630	9,492,562
Sales & Services	210,562	835,791	744,460	648,561	630,187
Rents & Royalties	50,155	42,130	49,482	52,702	65,330
Auxiliary Enterprises	19,689,971	21,414,156	25,416,034	27,709,322	31,270,375
Other Operating Revenues	106,818	155,634	179,352	163,521	148,080
<b>TOTAL Operating Revenues</b>	<b>36,920,515</b>	<b>41,945,852</b>	<b>47,598,737</b>	<b>51,442,110</b>	<b>54,312,395</b>
<b>Operating Expenses:</b>					
Personal Services	32,570,581	36,494,648	36,795,992	40,420,819	42,915,335
Supplies, Services, Utilities, Travel	22,204,998	27,155,441	35,415,312	33,020,450	33,322,468
Scholarships & Fellowships	6,174,419	6,824,220	6,005,163	5,803,170	6,274,498
Depreciation	5,525,067	4,980,560	6,510,193	7,389,919	7,060,300
<b>TOTAL Operating Expenses</b>	<b>66,475,065</b>	<b>75,454,869</b>	<b>84,726,660</b>	<b>86,634,358</b>	<b>89,572,601</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(29,554,550)</b>	<b>(33,509,017)</b>	<b>(37,127,923)</b>	<b>(35,192,248)</b>	<b>(35,260,206)</b>
<b>Nonoperating Revenues (Expenses):</b>					
State Appropriations	15,502,685	17,547,199	16,655,138	17,256,227	18,655,084
Federal Stimulus - Stabiliation Funds	3,105,050	-	-	-	-
Grants & Contracts, and Gifts	14,968,772	17,715,817	17,756,135	16,699,966	18,588,068
Net Investment Income (Interest Expense)	(1,985,740)	(1,528,838)	(4,090,266)	(4,983,456)	(4,837,327)
Other Nonoperating Revenues (Expenses)	81,441	107,701	(74,925)	(4,136)	117,244
Net Nonoperating Rev. (Exp)	<b>31,672,208</b>	<b>33,841,879</b>	<b>30,246,082</b>	<b>28,968,601</b>	<b>32,523,069</b>
Income (Loss) Before Capital Grants & Gifts	<b>2,117,658</b>	<b>332,862</b>	<b>(6,881,841)</b>	<b>(6,223,647)</b>	<b>(2,737,137)</b>
Capital Grants & Gifts - State	797,965	402,004	306,303	-	-
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 2,915,623</b>	<b>\$ 734,866</b>	<b>\$ (6,575,538)</b>	<b>\$ (6,223,647)</b>	<b>\$ (2,737,137)</b>
Prior Period Adjustment	-	-	-	-	-
<b>NET ASSETS - BEGINNING OF THE YEAR</b>	<b>72,832,632</b>	<b>75,748,255</b>	<b>76,483,121</b>	<b>69,907,583</b>	<b>63,683,936</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 75,748,255</b>	<b>\$ 76,483,121</b>	<b>\$ 69,907,583</b>	<b>\$ 63,683,936</b>	<b>\$ 60,946,799</b>

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

	2010	2011	2012	2013	2014
<b>ASSETS:</b>					
Current Assets	13,922,771	17,623,735	16,356,278	14,613,404	14,387,338
Noncurrent Assets (excluding Capital)	4,533,483	5,478,352	5,769,250	6,198,012	7,861,424
Capital Assets, Net	116,042,030	112,431,530	150,266,978	157,654,471	153,148,227
<b>TOTAL ASSETS</b>	<b>134,498,284</b>	<b>135,533,617</b>	<b>172,392,506</b>	<b>178,465,887</b>	<b>175,396,989</b>
<b>LIABILITIES:</b>					
Current Liabilities	4,288,492	5,142,478	5,409,273	5,959,545	7,354,442
Noncurrent Liabilities	54,461,537	53,908,018	97,075,650	108,822,406	107,095,748
<b>TOTAL LIABILITIES</b>	<b>58,750,029</b>	<b>59,050,496</b>	<b>102,484,923</b>	<b>114,781,951</b>	<b>114,450,190</b>
<b>NET ASSETS:</b>					
Invested in Capital Assets, net of related debt	61,939,332	58,790,162	52,735,094	48,166,663	45,273,738
Restricted - Nonexpendable	3,579,321	4,642,349	4,677,159	5,141,861	5,199,866
Restricted - Expendable	1,077,238	954,475	1,135,483	1,144,802	1,202,737
Unrestricted	9,152,364	12,096,135	11,359,847	9,230,610	9,270,458
<b>TOTAL NET ASSETS</b>	<b>75,748,255</b>	<b>76,483,121</b>	<b>69,907,583</b>	<b>63,683,936</b>	<b>60,946,799</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>134,498,284</b>	<b>135,533,617</b>	<b>172,392,506</b>	<b>178,465,887</b>	<b>175,396,989</b>

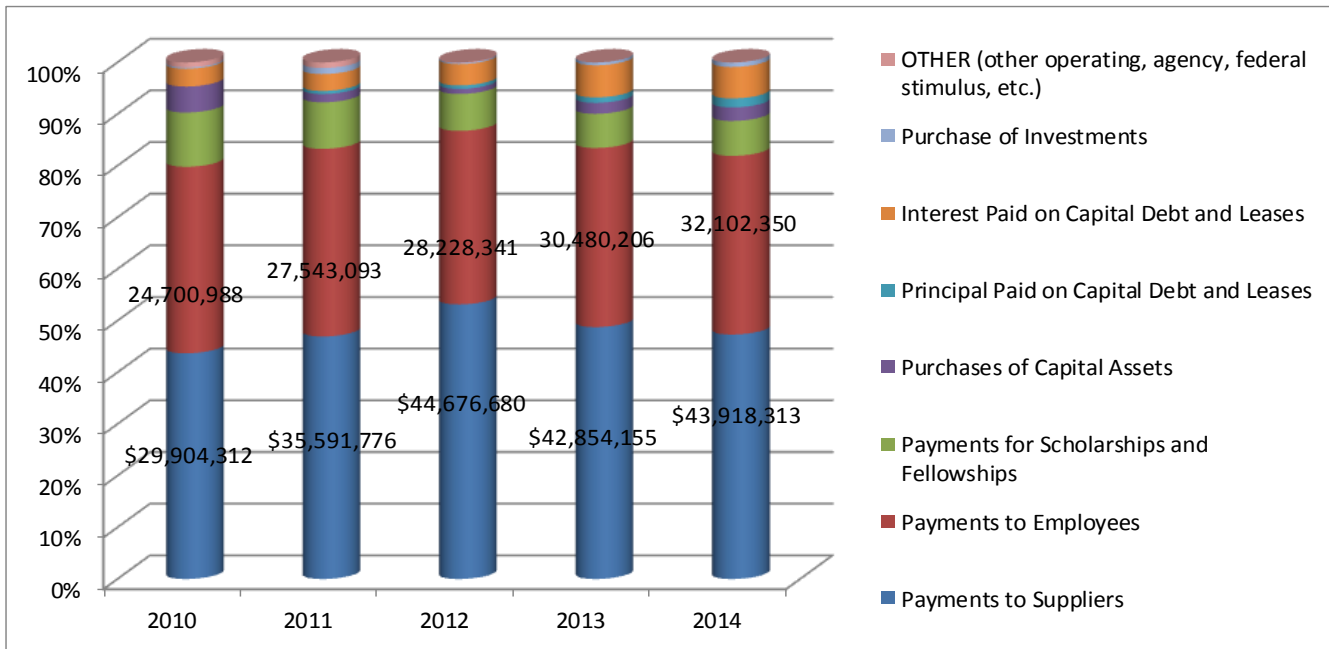
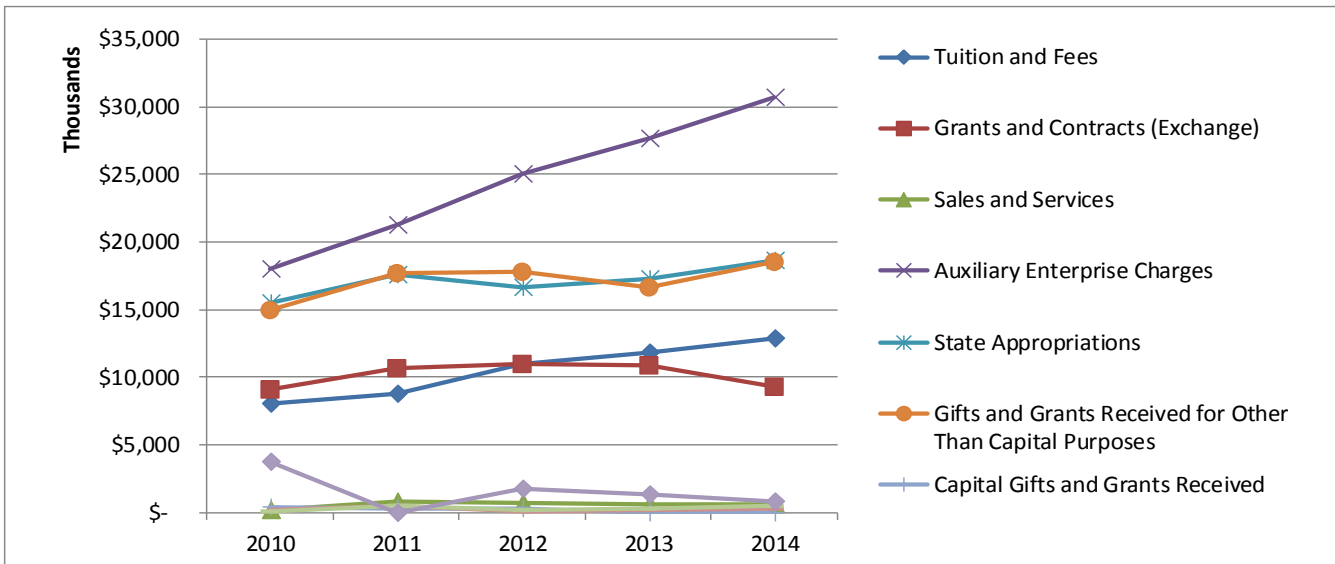
## Cash Flows In Versus Cash Flows Out

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Tuition and Fees	\$ 8,027,694	\$ 8,805,662	\$ 10,944,591	\$ 11,788,267	\$ 12,889,165
Grants and Contracts (Exchange)	9,066,787	10,666,837	11,017,460	10,852,759	9,355,656
Sales and Services	210,562	835,791	744,460	648,561	630,187
Auxiliary Enterprise Charges	18,009,245	21,237,441	25,002,373	27,688,183	30,753,114
State Appropriations	15,502,685	17,547,199	16,655,138	17,256,227	18,655,084
Gifts and Grants Received for Other Than Capital Purposes	14,968,771	17,715,818	17,756,135	16,681,034	18,588,068
Capital Gifts and Grants Received	364,090	334,235	306,303	-	-
Proceeds from Sales and Maturities of Investments	191,941	457,811	31,488	134,561	261,123
Interest on Investments	57,179	475,435	178,294	336,187	547,263
OTHER (other operating, agency, federal stimulus, etc.)	3,758,755	-	1,776,530	1,341,295	765,766
	<b>\$ 70,157,709</b>	<b>\$ 78,076,229</b>	<b>\$ 84,412,772</b>	<b>\$ 86,727,074</b>	<b>\$ 92,445,426</b>

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Payments to Suppliers	\$ 29,904,312	\$ 35,591,776	\$ 44,676,680	\$ 42,854,155	\$ 43,918,313
Payments to Employees	24,700,988	27,543,093	28,228,341	30,480,206	32,102,350
Payments for Scholarships and Fellowships	7,184,958	6,824,220	6,005,163	5,803,170	6,274,498
Purchases of Capital Assets	3,447,593	1,218,337	812,165	1,866,324	2,436,555
Principal Paid on Capital Debt and Leases	-	461,330	571,351	939,923	1,613,321
Interest Paid on Capital Debt and Leases	2,352,293	2,462,084	3,460,092	5,454,204	5,645,714
Purchase of Investments	170,891	892,101	194,514	487,443	809,007
OTHER (other operating, agency, federal stimulus, etc.)	669,151	821,350	87,303	-	14,614
	<b>\$ 68,430,186</b>	<b>\$ 75,814,291</b>	<b>\$ 84,035,609</b>	<b>\$ 87,885,425</b>	<b>\$ 92,814,372</b>

<b>NET CHANGE IN CASH</b>	<b>\$ 1,727,523</b>	<b>\$ 2,261,938</b>	<b>\$ 377,163</b>	<b>\$ (1,158,351)</b>	<b>\$ (368,946)</b>
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See Graphs on Next Page



For any questions regarding the development of these ratios, please contact Mary H. Loomis, CPA, MPA, Assistant Vice-President, Business & Finance/Comptroller, Savannah State University, [MLoomis@SavannahState.edu](mailto:MLoomis@SavannahState.edu).

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