

## 13.2 Financial documents

The member institution provides the following financial statements:

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

**Compliance Judgment:** In Compliance

### Rationale

**Audited Statements.** The University operates on a July 1 through June 30 fiscal year and is annually audited in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. Audits are conducted by Elliott Davis, LLC, an independent certified public accounting firm.

**Financial Statements and Budgets.** Table 13.2 provides links to audited financial statements and budgets for the current and past 5 years. Budgets documents are created for the entire USC System which includes the Columbia campus, the School of Medicine, three comprehensive campuses, and four regional campuses. To facilitate a review of Aiken's budget and to present Aiken relative to other campuses within the

USC System, USC Aiken’s portion of each budget has been extracted and presented alone and within the overall system’s budget. Separate year-end, audited Financial Statements are prepared for each campus within the USC system. The USC Aiken Financial Statements presented in Table 13.2-1 include three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. Included in the annual Financial Statement are unaudited Management Discussion and Analyses (MD&A) to address the financial health of the institution. Included in the MD&A are summary schedules with year over year comparisons of Net Assets and Revenues, Expenses and Changes in Net Assets.

**Table 13.2 Financial Documents**

<b>USC System Budget</b>	<b>Extracted USC Aiken Budget</b>	<b>Audited Year-End Financial Statements</b>
<a href="#">FY 2020-21</a> <sup>[1]</sup>	<a href="#">FY 2020-21</a> <sup>[2]</sup>	-----
<a href="#">FY 2019-20</a> <sup>[3]</sup>	<a href="#">FY 2019-20</a> <sup>[4]</sup>	<i>will be available in October</i>
<a href="#">FY 2018-19</a> <sup>[5]</sup>	<a href="#">FY 2018-19</a> <sup>[6]</sup>	<a href="#">Financial Statements FY 2018-19</a> <sup>[7]</sup>
<a href="#">FY 2017-18</a> <sup>[8]</sup>	<a href="#">FY 2017-18</a> <sup>[9]</sup>	<a href="#">Financial Statements FY 2017-18</a> <sup>[10]</sup>
<a href="#">FY 2016-17</a> <sup>[11]</sup>	<a href="#">FY 2016-17</a> <sup>[12]</sup>	<a href="#">Financial Statements FY 2016-17</a> <sup>[13]</sup>
<a href="#">FY 2015-16</a> <sup>[14]</sup>	<a href="#">FY 2015-16</a> <sup>[15]</sup>	<a href="#">Financial Statements FY 2015-16</a> <sup>[16]</sup>
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**Annual Budget Development and Approval Process** USC Aiken uses a prescribed procedure in the development of its annual budget that incorporates sound planning, sound fiscal procedures, and approvals. The budgeting process is based on translating prioritized annual program review requests into financial resources. The development of a budget is a collaborative effort that involves the entire campus led by the Chancellor’s cabinet which makes recommendations to the Chancellor concerning issues related directly and indirectly to the budget. While broad guidance as to campus priorities and areas of special emphasis driven the Strategic Plan, the Cabinet is responsible for articulating identified needs from across the campus into a comprehensive financial plan for consideration by the Chancellor.

The budget development process begins in September of each year when a preliminary base budget for the following year is prepared by the Vice Chancellor for

Finance and Administration using expected state and fee revenue, annualized current year expenses, and known fixed cost increases. At this same time, departments prepare prioritized increase requests based on action plans driven by assessment activities reported in annual Program Reviews. Prioritized requests are forwarded to the appropriate Vice Chancellor who in turn prioritizes the requests within the division.

Between December and May, the budget is refined using projections of appropriations. Mid-spring, budgetary increase requests are presented to and discussed with the entire campus via Budget forums; an example of [2019 Budget Forum Presentation](#) <sup>[18]</sup> used to develop the FY 2020 budget is provided. Forums include an overview of all requests within a division, prioritization of the requests, the basis of the prioritization, and recommendations of which requests to fund. Based upon recommendations from each Vice Chancellor and discussions with the Chancellor, the budget is again refined using the top prioritized requested items for personnel, equipment, and operating fund increases.

In May, the USC Aiken Vice Chancellor for Finance and Administration prepares a budgetary report that includes the actual budget of the previous fiscal year, the projected actual budget for the current fiscal year, a proposed budget for the upcoming year, and a preliminary budget for the following year. The proposed budget is forwarded to the President and the Board of Trustees along with requests, when necessary, for tuition and other fee increases. The next fiscal year's budget is finalized and passed by the Board of Trustees when the appropriations bill is passed by the State Legislature in June.

In July, the new fiscal year's line item budget is uploaded into the on-line accounting system. Units are authorized to commit expenditure of current year operating budgets. Current year budgets are reviewed and adjusted for Fall enrollment revenues or other revenue changes in September. Should budget shortfalls occur, the Cabinet makes recommendations to the Chancellor regarding budgetary reductions. A similar review occurs in February with appropriate adjustments made based on spring enrollment and fixed-cost expenditures.

## Supporting Documentation

1. [USC System Budget FY 2020-21](#)
2. [USC Aiken's Budget FY 2020-21](#)
3. [USC System Budget FY 2019-20](#)
4. [USC Aiken's Budget FY 2019-20](#)
5. [USC System Budget FY 2018-19](#)
6. [USC Aiken's Budget FY 2018-19](#)
7. [Audited Financial Statements for 2018-19](#)
8. [USC System Budget FY 2017-18](#)
9. [USC Aiken's Budget FY 2017-18](#)
10. [Audited Financial Statements for 2017-18](#)
11. [USC System Budget FY 2016-17](#)
12. [USC Aiken's Budget FY 2016-17](#)
13. [Audited Financial Statements for 2016-17](#)
14. [USC System Budget FY 2015-16](#)
15. [USC Aiken's Budget FY 2015-16](#)
16. [Audited Financial Statements for 2015-16](#)
17. [Audited Financial Statements for 2014-15](#)
18. [2019 Budget Forum Presentation for FY 2020-21](#)