

# CLEMSON<sup>®</sup>

## U N I V E R S I T Y

CLEMSON, SOUTH CAROLINA



## Comprehensive Annual Financial Report

For the Year Ended June 30, 2014

*A component unit of the State of South Carolina*

**On the cover: Tillman Hall**

*Tillman Hall was dedicated in 1891 and was originally called "The Agricultural Building." Much of the building was destroyed in a fire on May 22, 1894 but was rebuilt and was then known as the "Main Building." It was formally named Tillman Hall in honor of Benjamin Ryan Tillman (Governor of South Carolina, 1890-95; United States Senator, 1895-1918; life trustee of Clemson Agricultural College, 1888-1918) by the Board of Trustees in July, 1946. Tillman Hall is listed on the National Register of Historic Places. Photo by Steve Bynum, Information Tech Manager I, Customer Relations & Learning Technologies, Clemson University.*



# *Comprehensive Annual Financial Report*

*A component unit of the State of South Carolina*

*For the Year Ended June 30, 2014*

*Prepared by the Controller's Office*



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*Introductory Section*  
(unaudited)







## *President's Letter*

### *2014*

Dear Friends of Clemson:

The 2014 academic and fiscal year was one of transition and new beginnings for Clemson University, and for me. The first half of the year saw Clemson rise to #21 among national public universities in the U.S. News rankings as President Jim Barker prepared to retire after 14 years as the University's 14th president.

My service began on December 31, 2013, and it has been an honor and a privilege to be elected by the Clemson Board of Trustees to this duty. My family and I have been embraced by a vibrant community of students, faculty, staff, alumni, friends and neighbors. My "first semester" as Clemson's new president was a busy and challenging learning experience. Key takeaways are:

- Clemson deserves its reputation as a top national public university. It is well-managed and financially sound. Demand is strong, and we have outstanding students, teachers and researchers, along with a top-5 ranking among university supercomputing centers.
- People in South Carolina are proud of this university. They know that Clemson is the total package -- number 1 in the state for academic quality, value, return on investment and a great student experience. We have made substantial improvements in undergraduate education, and that will continue.
- Clemson is poised for even greater things as a national leader in graduate education, research, innovation and economic development.

There are challenges ahead, including the need to:

- Fill key leadership positions and continuously hire great faculty.
- Significantly upgrade facilities and campus infrastructure.
- Complete our Will to Lead capital campaign. We have raised more than \$800 million toward our \$1 Billion goal.

Clemson is building on its national academic reputation as an institution that educates and innovates to solve problems and drive economic growth.

Everywhere I go, I find people ready and willing to help Clemson reach its full potential. They know that higher education is the key to a better future for South Carolina. Our university's success will mean greater success for individuals and for society.

Sincerely,

A handwritten signature in black ink that reads "James P. Clements". The script is fluid and cursive, with a large, stylized 'J' and 'C'.

James P. Clements, Ph.D.  
President



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# *The Clemson 2020 Road Map*

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## **VISION**

Clemson will be one of the nation's top-20 public universities. Hallmarks to include:

- commitment to students
- investment in academic resources
- focus on eight emphasis areas:
  - advanced materials
  - automotive and transportation technology
  - biotechnology and biomedical science
  - family and community living
  - general education
  - information and communication technology
  - leadership and entrepreneurship
  - sustainable environment
- research-driven economic development

## **GOALS**

Fulfill Clemson's responsibility to students and the state of South Carolina:

- to provide talent for the new economy by recruiting and retaining outstanding students and faculty and providing an exceptional educational experience grounded in engagement
- to drive innovation, through research and service, that stimulates economic growth and solves problems
- to serve the public good by focusing on emphasis areas that address some of the great challenges of the 21st century — national priorities such as health, energy, transportation and sustainable environment

## **OBJECTIVES**

Invest in four strategic priorities:

- Enhance student quality and performance:
  - Implement a strategic enrollment management plan
  - Increase student performance in energy, environment, transportation, health and other focus areas
  - Offer competitive scholarships and stipends
- Provide engagement and leadership opportunities for all students:
  - Create a university culture that values engaged learning
  - Provide real-world, problem-solving, creative engagement and leadership opportunities for every undergraduate
- Attract, retain and reward top people:
  - Strategically address competitive compensation to retain outstanding faculty and staff
  - Recruit faculty to fill Centers of Economic Excellence endowed chairs and add 80 faculty researchers/teams over the next 5 years
  - Ensure strong, dedicated leadership for critical university initiatives
- Build to compete — facilities, infrastructure and technology:
  - Complete major projects currently under way
  - Double annual expenditures for maintenance, routine renovation and repairs
  - Complete phase 1 of utility system upgrade, including elimination of coal
  - Complete major HVAC and air-quality projects in high-use buildings
  - Enhance teaching and research facilities
  - Expand and enhance student housing and student life facilities
  - Expand and enhance athletics facilities
  - Provide support systems that reduce transaction costs and increase productivity, including a new student information and enhanced business systems
  - Increase the number and quality of technology-enhanced classrooms and conference facilities
  - Enhance digital library resources and technology

## LETTER OF TRANSMITTAL

October 2, 2014

To President Clements,  
Members of the Board of Trustees, and  
Citizens of South Carolina

We are pleased to present to you the Comprehensive Annual Financial Report of Clemson University for the year ended June 30, 2014. The report provides financial information about the University's operations during the year and describes its financial position at the end of the year.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that was established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. For the fiscal year ended June 30, 2014, the University contracted with the independent certified public accounting firm of Elliott Davis, LLC, to perform the University's annual audit. The auditors have issued an unmodified opinion, the most favorable outcome of the audit process. The independent auditor's report is located at the front of the financial section.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### Profile of the University

Clemson University was founded in 1889, a legacy of Thomas Green Clemson, who willed his Fort Hill plantation home, its surrounding farmlands and forest, and other property to the state of South Carolina to establish a technical and scientific institution for South Carolina. Clemson opened its doors to 446 students as a military college in 1893.

Today, Clemson is classified by the Carnegie Foundation as a Research/High University, a category attained by approximately 4 percent of all universities in America. Students can choose from more than 70 undergraduate and over 100 graduate degree programs in five colleges. As the state's land-grant university, Clemson reaches out to citizens, communities, and businesses all over South Carolina through county-based Cooperative Extension offices, five off-campus Research and Education Centers, and critical regulatory responsibilities for plant and animal health.

Clemson University is governed by a board of thirteen members, including six elected by the State General Assembly and seven appointed self-perpetuating life members. Clemson University operates as a unit of the State of South Carolina (the primary government) as a state assisted institution of higher education.

The State Budget and Control Board requires the University to submit an annual balanced budget for both its Educational and General and Extension and Public Service components. Each recognized college or budget center of the University is provided with a level of appropriation. This appropriation limits total annual expenditures. Budgetary controls are incorporated into both the University's accounting system and the State's financial management system to ensure that imposed expenditure constraints are observed. Periodic financial reports comparing actual results with budgeted amounts are provided at both the University and State level.

#### Finance and Operations

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Governmental Accounting Standards Board (GASB) Codification Section 2100: *Defining the Financial Reporting Entity*, and Section 2600: *Reporting Entity and Component Unit Presentation and Disclosure*, provides criteria for whether certain organizations should be reported as component units based on the nature and significance of their relationship to the related entity. Based on this criteria, the University determined that the Clemson University Foundation, the Clemson University Research Foundation and the Clemson University Land Stewardship Foundation are indeed component units of the University. Consequently, the financial statements include the accounts of these three entities as discretely presented component units.

### Local Economy

South Carolina's unemployment rate at the end of June was 5.3 percent, a decline of 2.5 percent since June, 2013. Nationally, the unemployment rate was 6.1 percent, and South Carolina ranked 17th, tied with Virginia, according to *Insights*, published by the South Carolina Department of Employment and Workforce.

The *South Carolina Economic Outlook*, published by the South Carolina Department of Commerce, reported an increase in nonfarm employment of 41,600 jobs over the past year. For the month of June, seasonal employment gains in the Leisure and Hospitality sector, and non-seasonally adjusted gains in the Trade, Transportation and Utilities and Professional and Business Services sectors, were able to offset losses in the Educational and Health Services and Government sectors (due to summer break for teachers). Overall, South Carolina has seen a net gain of 121,700 jobs over the past year with increases in most sectors.

Median home sale prices in South Carolina are at a record high, up 6 percent over the past year. Residential closings were up almost 4 percent compared to a year ago, and foreclosures were down 30 percent from the previous year. Building permit activity in South Carolina was up over 13 percent. The State added 1,800 construction jobs in the last year.

South Carolina continues to rank among the fastest growing manufacturing sectors in the nation. Clemson economist Bruce Yandle expects strong growth to continue in 2014 and 2015 due to three factors: "the state is a heavy exporter as the world economy grows; manufacturing is expanding with investments in existing and new plants; and benefits from a strong services economy, linked to manufacturing, should continue."

### Long-Term Financial Planning

This year the University completed year two of its 10-year strategic plan – the Clemson 2020 Road Map. The four strategic priorities in the Road Map are to:

- Enhance student quality and performance
- Provide engagement opportunities to students
- Recruit and retain top faculty and staff
- Build to compete – in terms of facilities and technology

Encouragingly, the State Legislature has exhibited its support of these priorities with renewed investment in Clemson University to support student success, along with growth in agricultural research. The state has renewed its commitment to the Student Career Opportunity Program, providing \$1 million in recurring support, which will provide additional internship and co-op opportunities to students to enable them to work collaboratively, accept responsibility, assume leadership and take on new challenges as part of South Carolina's future workforce. In addition, the State Legislature provided \$200K for Focus on Student Success, which will help the University towards its goal of improving the four-year graduation rate. The University's budget for 2014-15 includes \$3 million in non-recurring funding for PSA Agriculture Research Equipment, \$500K for Agribusiness and Emerging Farmers, and \$250K for Precision Agriculture and Environmental technology.

The University's budget for 2014-15 provides \$4 million for investments in strategic and critical faculty hires.

University capital investments resulted in the completion and dedication of the Wind Turbine Drive-Train Test Facility and Grid Simulator in North Charleston. In addition, the University completed the implementation of a \$16 million new student ERP system. State Institution Bonds totaling \$33 million were issued in 2014 for construction of the Watt Innovation Center, a center for teaching and research in science, technology and engineering, and expansion of Freeman Hall to provide classroom and office space for Industrial Engineering.

The Board of Trustees has passed Bond Resolutions to partially finance renovations to the suites in Memorial Stadium, construction of a pedestrian walkway and oculus feature in the Westzone of Memorial Stadium, and additions to the Doug Kingsmore Baseball stadium. The State Budget and Control Board has given final approval of the issuance of Athletic Facilities Revenue Bonds to finance the projects.

### Major Initiatives

The 2013-14 academic and fiscal year was a year of transition for Clemson University, a year that began by honoring retiring President Jim Barker after 14 years of service and news that the University had reached its highest US News ranking ever — Number 21 — among national public universities. The Barker Scholars Endowment was set up to honor the Barkers and to support need-based scholarships. It received more than \$2.6 million in donations from more than 1,800 individual donors.

In November, Dr. James P. Clements was introduced as Clemson's new president. The former president of West Virginia University, Clements is a national thought-leader in higher education who is Chair-elect of the Association of Public and Land-grant Universities. He assumed his Clemson duties on December 31, 2013, and was inaugurated during Commencement ceremonies in May.

2014 also brought celebrations of the 100th anniversary of the Smith-Lever Act, which created the land-grant university system of Cooperative Extension education. It was co-authored

by Clemson Trustee and SC Congressman Frank Lever, and based on the “Clemson model” of extension education. The fiscal year concluded with news that, as of June 30, 2014, the University had passed the \$800 million mark toward its goal of \$1 Billion for The Will to Lead capital campaign. Also, an active search was nearing completion for the University’s next chief academic officer - the Executive VP for Academic Affairs and Provost.

Highlights, news and major milestones of the year include:

- Groundbreaking for construction and/or renovation of two major academic facilities -- the a Watt Family Innovation Center, a multi-disciplinary learning & discovery space, and Freeman Hall, home of the Industrial Engineering program.
- Five Clemson faculty members received competitive National Science Foundation Early CAREER Development grants. Since 2005, Clemson has been home to more than 30 of these NSF grant recipients.
- Year-end private giving totals for 2013-14 were \$115 million in gifts, pledges, gifts-in-kind and planned gifts. Through June 30, 2014, gifts to The Will to Lead Campaign had created 509 new scholarships and fellowships, supported 110 faculty positions, (including endowed chairs and professorships) and added \$160 million to the University’s permanent endowment.
- The U.S. Department of Energy selected a multi-disciplinary Clemson University team, led by engineering and architecture students, to compete in the Solar Decathlon 2015. This is a national challenge to build solar-powered houses that are affordable, innovative and highly energy efficient.
- TOP500 ranked Clemson University’s Palmetto Cluster No. 81 in the world for supercomputing, and within the Top 5 for university supercomputer systems. NSF awarded Clemson a \$5.3 million grant to enable a national network of Advanced Cyberinfrastructure Research and Education Facilitators (ACI-REFs) to broaden the impact of advanced computing resources at campuses across the country. And, Adobe announced that Clemson University will be its first campus collaborator to provide campus-wide access to Adobe’s world-class Creative Cloud tools for all Clemson faculty, staff and students.
- The Call Me MISTER program, born at Clemson, will expand to Mississippi with the help of a \$1.3 million grant from the W.K. Kellogg Foundation. The program is now in 28 institutions in 8 states. MISTER is an acronym for Mentors Instructing Students Toward Effective Role Models. The goal is to increase the number of teachers from a broader, more diverse background to serve the states’ lowest performing elementary schools and educationally at-risk communities.

- Clemson was among 12 universities nationwide cited for helping drive economic growth in the new book *Innovation U 2.0: Reinventing University Roles in a Knowledge Economy*. The authors call Clemson an “enlightening example” of progress. Other universities profiled in the book include Cal Tech, Georgia Tech, Stanford, Purdue, MIT and Carnegie Mellon.
- Clemson hosted hundreds of city and university leaders from all over the country when the International Town-Gown Association held its national conference here at the Madren Center in June 2014. They were blown away from what they saw at Clemson, and Clemson retained its Number 1 ranking for Town-Gown Relations.

### Statewide initiatives

In Greenville, the College of Business and Behavioral Science celebrated the grand opening of its new facilities in the Greenville ONE Building on Main Street. This move locates Clemson’s graduate programs, including the MBA, in Greenville’s Main Street business neighborhood. The Clemson Center for Visual Arts-Greenville also opened a new gallery and multi-purpose educational space in the Village at West Greenville.

U.S. Secretary of Commerce Penny Pritzker visited Greenville and toured the Clemson University International Center for Automotive Research (CU-ICAR), which put a spotlight on the cutting-edge research and world-class education that are helping South Carolina lead the nation’s manufacturing revival. She participated in a panel discussion on developing a qualified workforce for advanced manufacturing companies, and announced a \$2 million Commerce Department’s Economic Development Administration (EDA) grant to build a new research building at CU-ICAR. The Center for Emerging Technologies (CET) at CU-ICAR was awarded the LEED-Gold certification for sustainable, energy-efficient building.

In Charleston in November, U.S. Department of Energy officials helped Clemson dedicate the world’s most-advanced energy systems testing and research center. The SCE&G Energy Innovation Center is a world-class facility at the Clemson University Restoration Institute (CURI) campus. SCE&G supported the center with a \$3.5 million gift. Duke Energy provided support to name the 15-megawatt grid simulator the Duke Energy eGRID — Electrical Grid Research Innovation and Development — center. The eGRID can simulate the electrical grid of any country in the world, and will help speed new electrical technologies to market. Duke Energy is also contributing \$5 million to support programs, fund a Smart Grid Technology Endowed Chair, and establish two distinguished professorships. Together, these three positions will form a focused smart-grid technology research team that will lead to new innovations and help educate the workforce of the future.



Self Regional Healthcare announced a gift of \$5.6 million to help establish and support the Clemson University Center for Human Genetics in Greenwood. The gift consists of an initial contribution of \$2 million for the center's facilities and a subsequent contribution of \$3.6 million to support research in genetics and human diagnostics at the facility located on the Greenwood Genetic Center campus. Clemson had previously established the Self Family Foundation Endowed Chair in Human Genetics, a \$4 million endowed chair jointly funded by The Self Family Foundation and the State of South Carolina.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clemson University for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Clemson University has received the Certificate of Achievement annually since the fiscal year ended June 30, 1993. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of the Comprehensive Annual Financial Report in a timely manner would not have been possible without the coordinated efforts of the Comptroller's Office and other University financial staff. Each member has our sincere appreciation for their contributions in the preparation of the report.

Sincerely,

A handwritten signature in black ink that reads "Brett A. Dalton". The signature is written in a cursive, flowing style.

Brett A. Dalton  
*Vice President for Finance and Operations*



Government Finance Officers Association

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

Presented to

**Clemson University  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



# CLEMSON UNIVERSITY BOARD OF TRUSTEES

(as of June 30, 2014)

## TRUSTEES

David H. Wilkins., *Chairman*  
Partner, Nelson Mullins Riley & Scarborough LLP

John N. (Nicky) McCarter, Jr., *Vice Chairman*  
President, Defender Services, Inc.

David E. Dukes  
Partner, Nelson Mullins Riley & Scarborough LLP

Leon J. (Bill) Hendrix, Jr.  
Chairman, Retired  
Remington Arms Company

Ronald D. (Ronnie) Lee  
Ronald D. Lee, DMD, P.C.

Louis B. Lynn  
President, ENVIRO AgScience, Inc.

Patricia Herring McAbee  
Vice President, Custom Development Solutions

E. Smyth McKissick, III  
CEO, Alice Manufacturing Company, Inc.

Robert L. Peeler  
Manager, Community and Municipal Relations  
Waste Management Inc.

Mark S. Richardson,  
Owner, MAR Real Estate, LLC

William C. Smith, Jr.,  
CEO, Red Rock Developments

Joseph D. Swann  
President, Retired  
Rockwell Automation Power Systems

Kim Wilkerson  
President, South Carolina Bank of America

## TRUSTEE EMERITI

Louis P. Batson, Jr.  
Chairman, Retired  
Louis P. Batson Company

J. J. Britton  
Sumter Family Health Center

Fletcher C. Derrick, Jr.  
Urologist

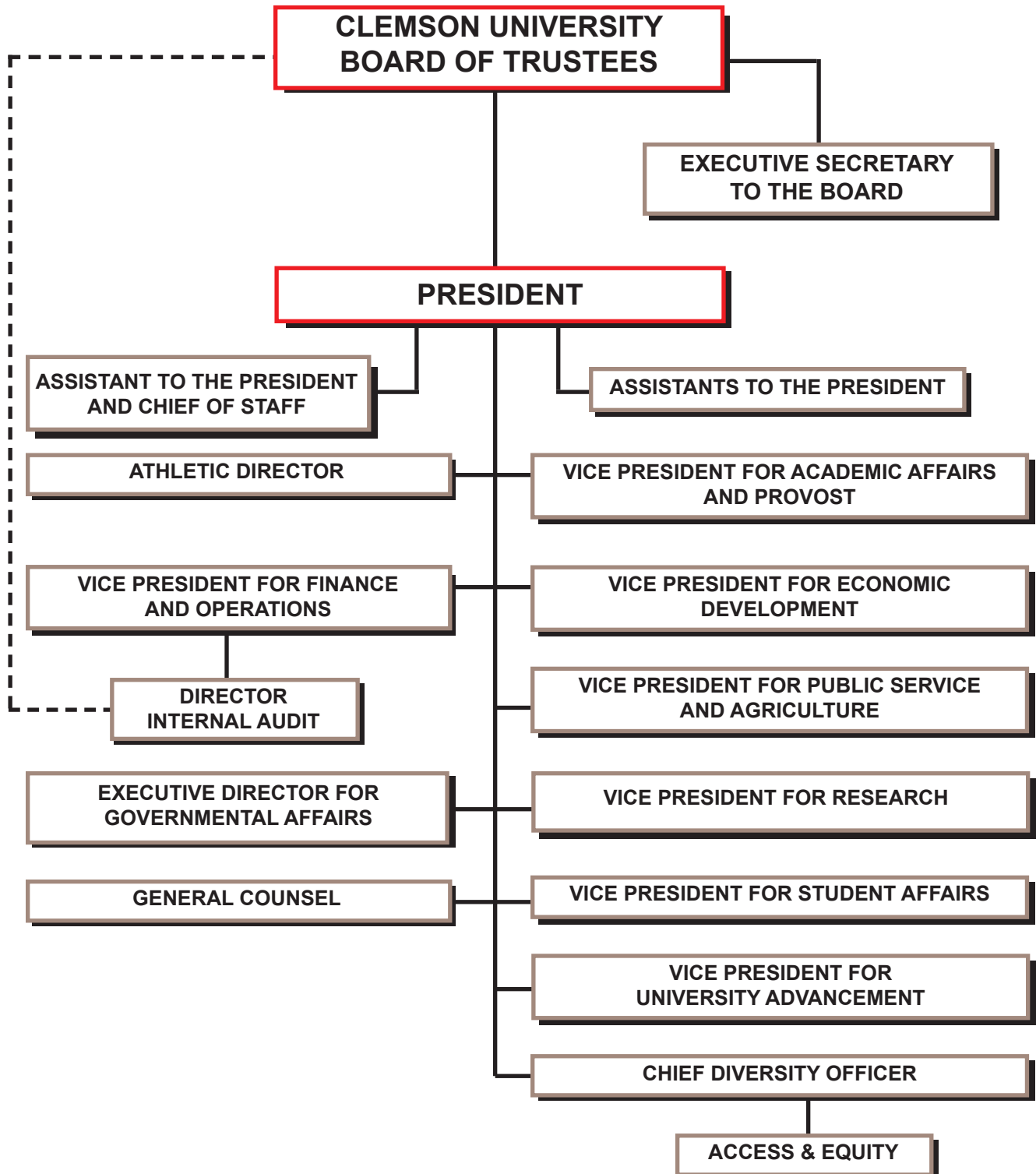
Harold D. (Doug) Kingsmore  
Chairman of the Board, Southern Weaving Company

Thomas B. McTeer, Jr.  
President, McTeer Real Estate, Inc.

D. Leslie Tindal  
Retired  
South Carolina Commissioner of Agriculture

Allen P. Wood  
Retired  
Mosley, Wilkins, Wood Associates, Ltd.

# CLEMSON UNIVERSITY ORGANIZATION CHART





*Financial Section*





## **Independent Auditor's Report**

Members of the Board of Trustees  
Clemson University  
Clemson, South Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Clemson University (the University), a component unit of the State of South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Clemson University Research Foundation (a discretely presented component unit), the Clemson University Foundation (a discretely presented component unit), and the Clemson University Land Stewardship Foundation (a discretely presented component unit). The Clemson University Research Foundation, the Clemson University Foundation, and the Clemson University Land Stewardship Foundation represent 100% of total assets, 100% of net assets or position, and 100% of total revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these discretely presented components units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Clemson University Foundation and the Clemson University Land Stewardship Foundation were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

### ***Opinions***

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

### ***Emphasis of Matter***

As discussed in Note 21 to the financial statements, the University adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Our audit opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient audit evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Introductory Section, Schedule of Pledge Net Revenues – Auxiliary Revenue Bonds (Series 2005 and 2012), Schedule of Intercollegiate Athletic Program – Statement of Revenues, Expense and Transfers, and Statistical Section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2014 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Greenville, South Carolina  
October 1, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Overview of the Financial Statements and Financial Analysis

Clemson University is pleased to present its financial statements for fiscal year 2014. While audited financial statements for fiscal year 2013 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on current year data.

There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and, the Statement of Cash Flows. These statements present financial information in a format similar to that used by private corporations.

This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year.

### Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. All things being equal, a public University's dependency on state aid and gifts will result in operating deficits. The GASB requires state appropriations and gifts to be classified as nonoperating revenues. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Changes in total net position as presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. State capital appropriations and capital grants and gifts are considered neither operating nor nonoperating revenues and are reported after "Income before other revenues, expenses, gains or losses."

The Condensed Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in Net Position at the end of the year. Some highlights of the information presented on this Statement are as follows:

### Total Revenues – increase of \$50.4 million

- Operating revenues increased \$26.3 million, based on the following:
  - Student tuition and fees increased \$11.9 million, the result of a Board approved increase of three percent for resident and nonresident students. Enrollment also increased over the prior year.
  - Sales and services revenues increased \$8.9 million. Sales and services of pledged auxiliaries increased \$1.9 million. Athletics revenue increased as a result of an increase in ACC conference distributions as well as ticket sales. A board approved three percent increase in room and board fees and increased enrollment led to increased Housing revenues. Non-pledged auxiliaries sales and services increased \$5.4 million as the result of an increase in Information Systems Development contractual commitments for Medicaid IT Services. Sales and services of educational activities increased \$1.6 million as the result of Youth Learning Institute camp revenues and cooperative extension service sales.
  - Grants and contracts revenues increased \$2 million. Revenues from federal grants and contracts decreased \$2.4 million. Revenues from the Department of Agriculture, the Department of Health and Human Services, and the Clemson University Research Foundation contributed to the decline. State grants increased \$1.8 million primarily due to Greenville Schools Summer Enrichment program funding, as well as lottery funded Palmetto Fellows scholarships. Local grants increased \$844,000 due to an increase in county grants. Nongovernmental grants and contracts increased \$1.7 million due to an increase in grants from private foundations and international sources.
  - Other operating revenues increased \$3.5 million largely due to increases in computer service fees, primarily for amounts charged to other State agencies. The Clemson University/Greenville Hospital System research collaboration and CU-ICAR testing fees also contributed to the increase.
- Nonoperating revenues increased \$24.1 million, based on the following:
  - State appropriations increased \$6.8 million. Appropriations for Educational & General (E&G) activities increased \$4.7 million. Appropriations for Public Service Activities (PSA) increased \$2.1 million.
  - Federal appropriations decreased \$382,000. Federal government funding for the University's land-grant Smith Lever, Hatch, McEntire Stennis and Animal Health appropriations decreased in the current year.
  - Gifts and grants increased \$6.5 million. The increase is the result of pledged gifts, an increase in IPTAY scholarships, and a Duke Energy gift for the CU Center for Workforce Development.



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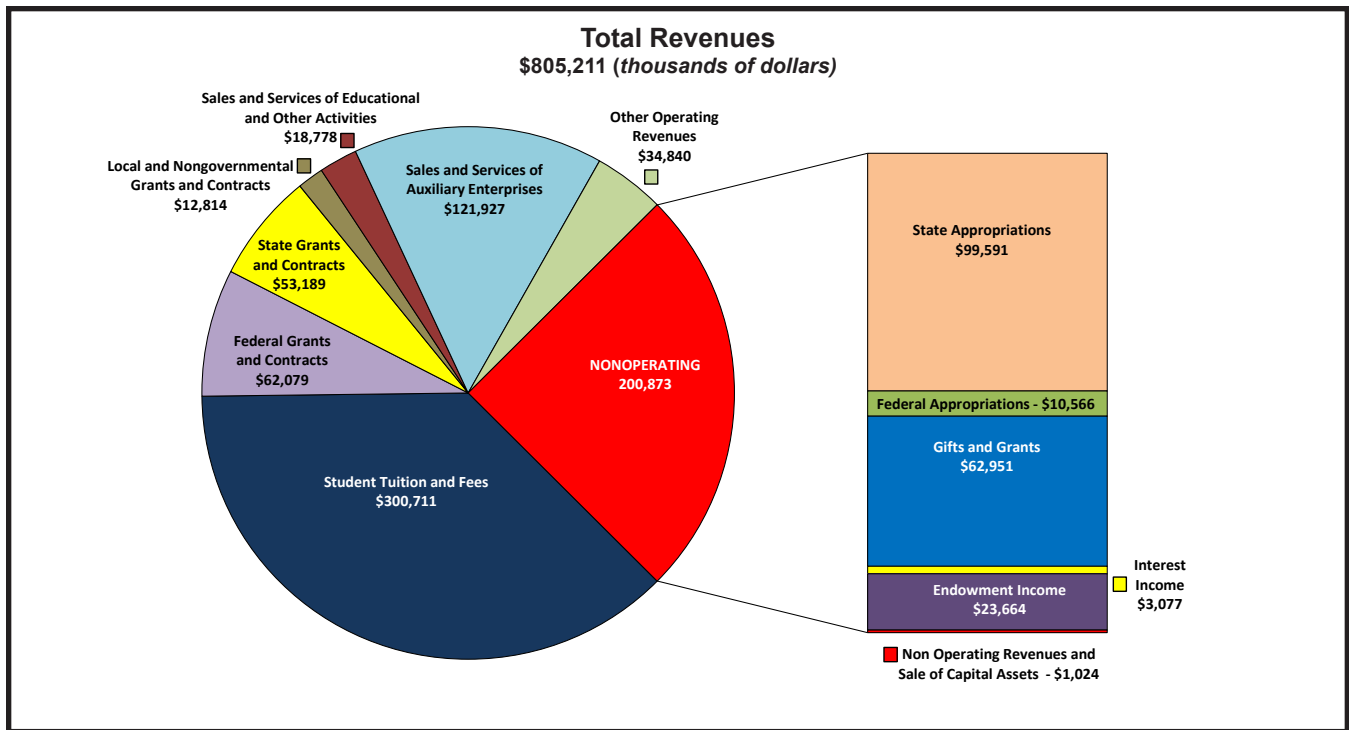
- Investment income increased \$10.9 million. An \$8.8 million increase in realized and unrealized gains on amounts held by the Clemson University Foundation and Wells Fargo and an increase in investment income earned on amounts held by the State Treasurer contributed to the increase.
- Other nonoperating revenues increased \$338,000 due to an increase in land and timber sales.
- Proceeds from the sale of equipment decreased \$83,000.

## Condensed Summary of Net Revenues, Expenses and Changes in Net Position (*thousands of dollars*)

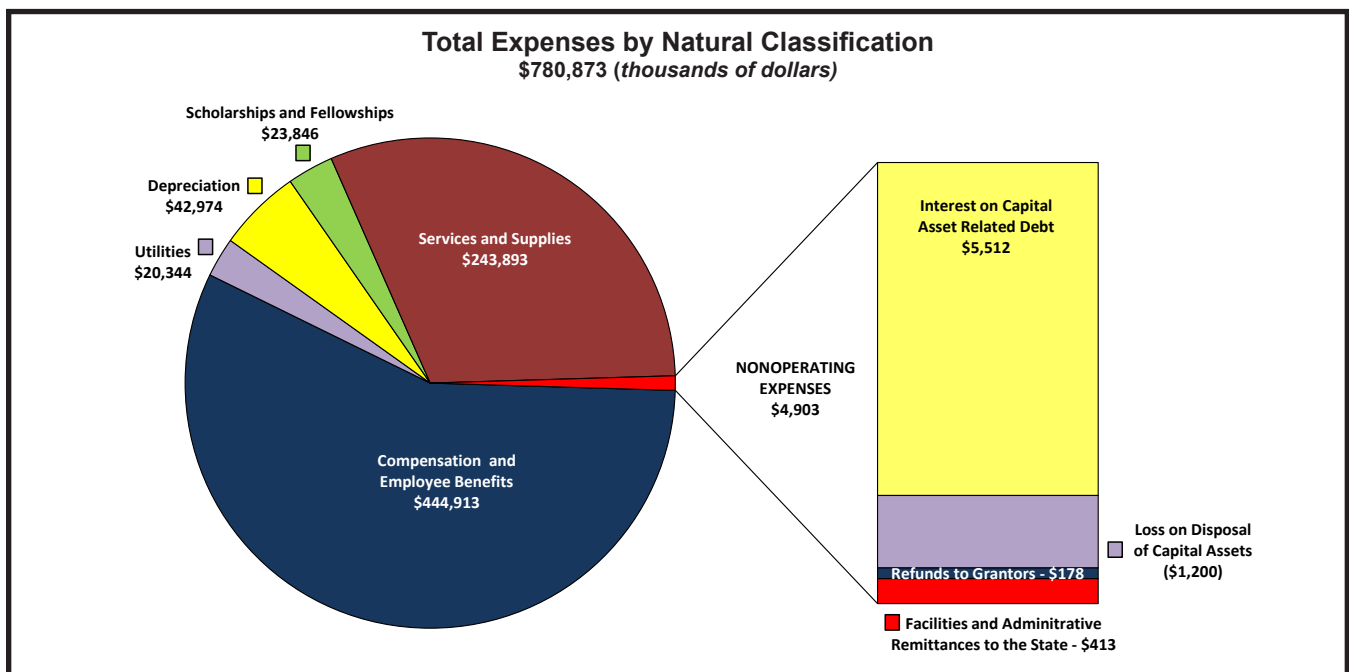
	2014	2013 as restated	Increase/ (Decrease)	Percent Change
<b>Revenues:</b>				
Student tuition and fees	\$ 300,711	\$ 288,778	\$ 11,933	4.13%
Sales and services	140,705	131,821	8,884	6.74%
Grants and contracts	128,082	126,086	1,996	1.58%
Other operating revenues	34,840	31,372	3,468	11.05%
Total operating revenues	604,338	578,057	26,281	4.55%
State appropriations	99,591	92,784	6,807	7.34%
Federal appropriations	10,566	10,948	(382)	(3.49)%
Gifts and grants	62,951	56,403	6,548	11.61%
Investment income	26,741	15,817	10,924	69.06%
Other nonoperating revenues	648	310	338	109.03%
Proceeds from the sale of capital assets	376	458	(82)	(17.90)%
Total nonoperating revenues	200,873	176,720	24,153	13.67%
Total revenues	805,211	754,777	50,434	6.68%
<b>Expenses:</b>				
Compensation and employee benefits	444,913	419,665	25,248	6.02%
Services and supplies	243,893	219,962	23,931	10.88%
Utilities	20,344	17,961	2,383	13.27%
Depreciation	42,974	32,715	10,259	31.36%
Scholarships and fellowships	23,846	26,380	(2,534)	(9.61)%
Total operating expenses	775,970	716,683	59,287	8.27%
Interest on capital asset related debt	5,512	5,875	(363)	(6.18)%
Loss on disposal of capital assets	(1,200)	254	(1,454)	(572.44)%
Refunds to grantors	178	515	(337)	(65.44)%
Facilities and administrative remittances to the State	413	339	74	21.83%
Total nonoperating expenses	4,903	6,983	(2,080)	(29.79)%
Total expenses	780,873	723,666	57,207	7.91%
Income before other revenues, expenses, gains or losses	24,338	31,111	(6,773)	(21.77)%
State capital appropriations	9,397	9,612	(215)	(2.24)%
Capital grants and gifts	6,198	21,945	(15,747)	(71.76)%
Additions to permanent endowments	123	2,710	(2,587)	(95.46)%
Change in net position	40,056	65,378	(25,322)	(38.73)%
Net position, beginning (as restated)	1,116,369	1,050,991	65,378	6.22%
<b>Net position, ending</b>	<b>\$ 1,156,425</b>	<b>\$ 1,116,369</b>	<b>\$ 40,056</b>	<b>3.59%</b>

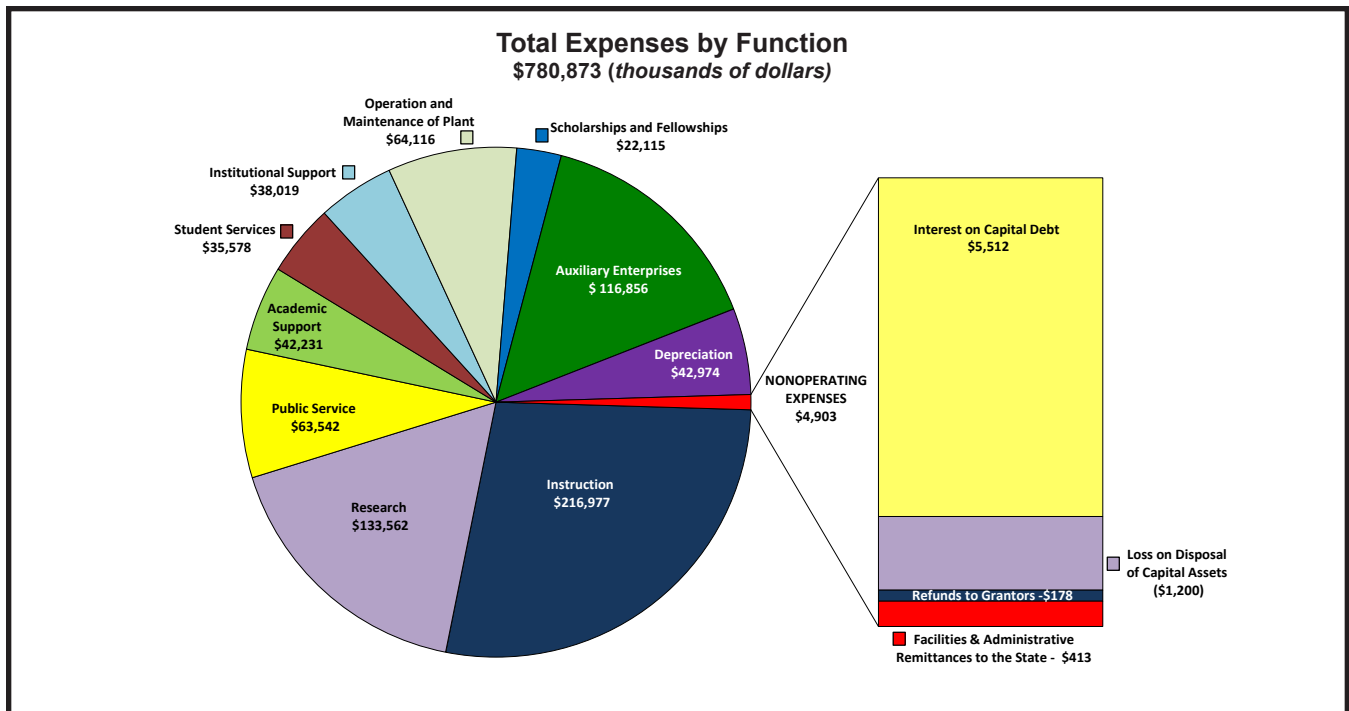
## Total Expenses – increase of \$57.2 million

- Operating expenses increased \$59.3 million, based on the following:
  - Compensation and employee benefits increased \$25.2 million. The increase is attributable to the continuation of performance based salary increases for identified faculty and staff. As part of the Academic Road Map, funding for new faculty hiring also increased in the current year.



- Services and supplies expenses increased \$23.9 million. Instruction costs increased \$2 million largely related to increases in information technology costs and distributed distance education. Research costs increased \$2.4 million over the prior year primarily due to a new operating agreement with the Clemson University Research Foundation, a lab renovation in the Duke Energy Innovation Center, and increased information technology costs. The \$2.7 million increase in public service costs are largely comprised of increases in Youth Learning Institute programs, the new Clemson University Broadcast Productions facility at the Madren Center, and Edisto Research and Education Center costs. Academic support costs increased \$1.7 million related to information technology costs for hosting and other CCIT strategic initiatives. Student services costs increased approximately \$2.9 million due to an increase in concert and event costs, Student Health Center costs, and new student orientation. The institutional support increase of \$1.7 million resulted from implementation costs related to the new Hyperion budgeting software and an upgrade of the Peoplesoft Financials system. Operation and maintenance of plant costs increased \$445,000 million as a result of increased repairs and renovations projects and deferred





maintenance projects. Scholarship and Fellowship costs decreased \$167,000 as a result of a decline in IPTAY related expenses. Auxiliary services costs increased \$10.2 million due to an increase in information systems development fees for Medicaid IT Services offset by an increase in Athletic costs.

- Utility expenses increased \$2.4 million primarily due to increased heat, light, and power costs. Telephone costs increased due to network rewiring and other costs related to the implementation of the new Banner student ERP system.
- Depreciation expense increased \$10.3 million as the result of the capitalization of the Wind Turbine Drive Train Test Facility and Grid Simulator in North Charleston as well as the Banner student ERP system.
- Scholarship and fellowship expenses decreased \$2.5 million. An increase in the calculated student scholarship allowance was offset by increases in the Trustee Scholarship program, athletic scholarships, and state lottery funded scholarships.
- Nonoperating expenses decreased \$2.1 million based on the following:
  - Interest expense decreased \$363,000 as the result of the paydown of existing debt as well as amortization expense of the bond premium on newly issued 2014 State Institution Bond debt during the fiscal year.
  - Losses on disposal of capital assets decreased \$1.5 million as the result of the recognition of a recovery of a University airplane written off in a previous accounting period.
- Refunds to grantors decreased \$337,000 due to fixed payment amounts that had to be returned to sponsors when the cost of work performed was less than amounts previously received.
- Facilities and administrative costs remitted to the State increased \$74,000. The State requires such costs collected for non-research sponsored projects in excess of \$200,000 to be remitted. Education and General program remittances increased \$118,000 and Public Service Activities program remittances decreased \$44,000.
- The State capital appropriations decrease of \$215,000 was attributable to a \$1.5 million decrease in State Capital Reserve Fund appropriation for deferred maintenance offset by increases in Research Infrastructure and Economic Development bond proceeds the Clemson University Research Institute and North Charleston land and renovation costs.
- Capital grants and gifts decreased \$15.7 million. Decreases in capital gifts supporting major building projects including the Wind Turbine Drive-Train Test Facility, Grid Simulator, and Highway 93 Pedestrian safety improvement projects contributed to the decline.
- The \$2.6 million decrease in additions to permanent endowments resulted from the return of a Regenerative Medicine endowment to the Medical University of South Carolina as directed by the SmartState Review Board.

### Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of Clemson University. The Statement of Net Position presents end-of-year data concerning Assets (property that we own and what we are owed by others), Deferred Outflows of Resources (consumption of net position by the University that is applicable to a future reporting period), Liabilities (what we owe to others and have collected from others before we have provided the service), Deferred Inflows of Resources (acquisition of net position by the University that is applicable to a future reporting period), and Net Position (Assets and Deferred Outflows of Resources, minus Liabilities and Deferred Inflows of Resources). It is prepared under the accrual basis of accounting, where revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to us, regardless of when cash is exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) and their availability for expenditure by the institution.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the institution. The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. Restricted nonexpendable net position consists solely of the University's permanent endowment funds and is only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the institution for any lawful purpose of the institution. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for various academic and research programs and initiatives.

### Assets and Deferred Outflows of Resources— increase of \$61.9 million

- Current assets increased \$3.8 million. Unrestricted cash balances decreased \$24.8 million and restricted cash increased \$20.2 million. The unrestricted cash decrease was driven by spending for the new Banner student ERP system and Greenville One furnishing and IT costs. Auxiliary cash decreased as a result of transfers to Housing Improvement funds and increased Athletic expenses. Restricted cash increased as a result of the proceeds from the issuance of 2014 State Institution Bonds for the construction of Watt Innovation Center and the expansion of Freeman Hall.

### Condensed Summary of Net Position (*thousands of dollars*)

	2014	2013 as restated	Increase/ (Decrease)	Percent Change
<b>Assets</b>				
Current assets	\$ 433,066	\$ 429,264	\$ 3,802	0.89%
Capital assets, net	791,664	770,599	21,065	2.73%
Other assets	235,918	198,459	37,459	18.87%
<b>Total assets</b>	<u>1,460,648</u>	<u>1,398,322</u>	<u>62,326</u>	4.46%
<b>Deferred outflows of resources</b>	<u>1,907</u>	<u>2,381</u>	<u>(474)</u>	(19.91)%
<b>Total assets and deferred outflows of resources</b>	<u>1,462,555</u>	<u>1,400,703</u>	<u>61,852</u>	4.42%
<b>Liabilities</b>				
Current liabilities	114,557	113,046	1,511	1.34%
Noncurrent liabilities	191,573	171,288	20,285	11.84%
<b>Total liabilities</b>	<u>306,130</u>	<u>284,334</u>	<u>21,796</u>	7.67%
<b>Deferred inflows of resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	0.00%
<b>Total liabilities and deferred inflows of resources</b>	<u>306,130</u>	<u>284,334</u>	<u>21,796</u>	7.67%
<b>Net Position</b>				
Net investment in capital assets	639,236	604,854	34,382	5.68%
Restricted - nonexpendable	58,241	57,880	361	0.62%
Restricted - expendable	343,997	320,544	23,453	7.32%
Unrestricted	114,951	133,091	(18,140)	(13.63)%
<b>Total net position</b>	<u>\$ 1,156,425</u>	<u>\$ 1,116,369</u>	<u>\$ 40,056</u>	3.59%

Accounts receivable increased \$9.3 million and included state capital appropriations, amounts due from Aramark, and Athletic licensing, corporate sponsorships, and ACC distribution amounts due. The grants and contracts receivable decrease of \$147,000 resulted from a decrease of \$742,000 in sponsored program amounts due offset by an increase in federal scholarship receivables. Contributions receivable increased \$224,000. An increase in pledges of \$5.8 million was offset by the payment of existing pledges. Interest and income receivable decreased \$211,000 due to a decrease in unrestricted cash balances held by the state treasurer. Prepaid items decreased \$892,000 primarily due to a change in invoice due dates for library subscriptions.

- Net capital assets increased \$21.1 million. Non-depreciable assets decreased \$71.3 million as construction was finalized on the Wind Turbine Drive-Train Test Facility in North Charleston and the new Banner student ERP system was placed into service. Depreciable capital assets increased \$92.4 million, driven by the addition of \$70.5 million in equipment and \$45.1 million in buildings, largely attributable to the Wind Turbine Drive Train Test Facility. Depreciation of new and existing utilities and other non-structural improvements resulted in a decrease of \$72,000. The increase in vehicles of \$445,000 was attributable to current year purchases of departmental vehicles and the trade-in of previously owned vehicles. The completion of the student ERP system resulted in a \$12 million increase in software.
- Other noncurrent assets increased \$37.5 million. The balance on loan to the Clemson University Foundation (CUF) increased \$23.6 million as the result of appreciation, income, and realized gains. Noncurrent contributions receivable increased \$3.1 million due to an increase in university pledges. Investments increased \$271,000 due to appreciation gains on endowment assets held by Wells Fargo. Restricted noncurrent cash balances increased \$8 million, largely attributable a transfer of IPTAY scholarship funds to the newly established Clemson Athletics Facilities Trust endowment. Student loans receivable decreased \$45,000 (with a corresponding increase in restricted noncurrent cash) due to collections of Perkins Federal student loans. Other assets increased \$2.6 million due to an under-recovery of pooled fringe benefit costs that will be absorbed/adjusted through the approved pooled fringe rate established for the fiscal year ending June 30, 2016.
- Deferred outflows of resources decreased \$474,000 due to the amortization of deferred losses on revenue bond refundings.

#### **Liabilities and Deferred Inflows of Resources – increase of \$21.8 million**

- Current liabilities increased \$1.5 million. The decrease in accounts payable of \$4.1 million was largely attributable to amounts due at the end of the fiscal year for capital projects. Accrued payroll and related liabilities increased \$819,000 as the result of increased salaries including a two percent cost of living adjustment on the final payroll of the fiscal

year. The increase in unearned revenues of \$4.5 million was attributable to an increase in advance football ticket sales. Current deposits decreased by \$1.9 million due to a decrease in the over-recovery of pooled fringes for the fiscal year ending June 30, 2013 that will be absorbed/adjusted through the approved pooled fringe rate established for the fiscal year ending June 30, 2015. The increase in the current portion of long-term debt totaling \$1.8 million resulted from the issuance of State Institution Bonds this year. The increase in the current portion of compensated absences and related liabilities of \$631,000 resulted from increased salaries as the result of performance pay increases in the current year. Interest expense payable increased \$30,000. Interest expense on the newly issued State Institution Bonds was offset by declining balances on other University debt. The current portion of funds held for others decreased \$340,000 as a result of the termination settlement amount owed to a former athletics coach.

- Noncurrent liabilities increased by \$20.3 million. Long-term debt increased \$20.4 million driven by the issuance of State Institution Bonds this year. The long-term liability for compensated absences and related liabilities increased \$852,000. Noncurrent deposits decreased \$746,000 as a result of pooled fringe over-recoveries for the fiscal year ending June 30, 2013 that will be absorbed/adjusted through the federally approved rate for the fiscal year ending June 30, 2015. The noncurrent portion of funds held for others decreased \$279,000 as a result of the termination settlement amount owed to a former athletics coach that will be paid in full in the next fiscal year.

#### **Net Position – increase of \$40.1 million**

- Net investment of capital assets increased \$34.4 million. This increase resulted from an increase in capital assets of \$21.1 million, an increase in unspent bond proceeds of \$36.1 million offset by an increase in capital debt of \$22.3 million and a \$474,000 decrease in deferred outflows of resources as discussed above.
- Restricted – nonexpendable net position for scholarships and fellowships increased \$361,000 as the result of amounts received from the lottery-funded South Carolina Endowed Chairs program as well as individual donor gifts.
- Restricted for expendable net position increased \$23.5 million, based on the following:
  - Restricted – expendable net position for scholarships and fellowships increased \$24.4 million due, in part, to unrealized appreciation on endowment investments and an increase in IPTAY balances.
  - Restricted – expendable net position for research increased \$673,000 resulting primarily from Sponsored Program research projects.
  - Restricted – expendable net position for instructional/departmental use increased \$4.9 million due to pledges and the Greenville Schools Summer Enrichment program.
  - Restricted – expendable net position for student loans increased \$16,000 as the result of a slight increase in



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- investment income on loan amounts held by the State Treasurer.
- Restricted – expendable net position for capital projects decreased \$4.2 million resulting, in large part, from the completion of capital projects, including the Wind Turbine Drive-Train Test Facility and Grid Simulator projects.
- Restricted – expendable net position for debt service decreased \$2.3 million as the result of decreased transfer amounts for debt service.
- Unrestricted net position decreased \$18.2 million, based on the following:
  - Unrestricted - educational and general net position decreased \$872,000.
  - Unrestricted – funds designated for plant fund projects decreased \$14.6 million primarily due to the completion of the Banner student ERP software system and Greenville One furnishing and IT costs.
  - Unrestricted – public service activities net position decreased \$30,000.
  - Unrestricted – auxiliaries net position decreased \$2.7 million. A Board mandated 3 percent room and board increase and increases in Information Systems Development fees were offset by declines in investment income on auxiliary cash and transfers to the Housing Improvement Fund.

### Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

### Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2014 and June 30, 2013 were as follows:

<b>Capital Assets (net of accumulated depreciation)</b>				
	<b>2014</b>	<b>2013</b>	<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
<b>Capital Assets:</b>				
Land	\$ 32,702,685	\$ 32,702,685	\$ —	0.00%
Construction in progress	23,201,848	94,522,162	(71,320,314)	(75.45)%
Utilities systems and other non-structural improvements	24,180,837	24,252,357	(71,520)	(0.29)%
Buildings and improvements	577,418,197	552,749,048	24,669,149	4.46%
Computer software	12,072,286	95,514	11,976,772	12,539.28%
Equipment	111,208,899	55,842,759	55,366,140	99.15%
Vehicles	10,879,528	10,434,252	445,276	4.27%
<b>Total Capital Assets</b>	<b>\$ 791,664,280</b>	<b>\$ 770,598,777</b>	<b>\$ 21,065,503</b>	<b>2.73%</b>

The \$71.3 million decrease in non-depreciable capital assets was attributable to a decrease in Construction in Progress. Construction was finalized at the Wind Turbine Drive-Train Test Facility at the Clemson University Restoration Institute (CURI) in North Charleston (decrease of \$68.6 million). The implementation of a new student ERP system was also completed in the current fiscal year and led to a decrease of \$13.6 million in Construction in Progress. Continuing construction projects include the Watt Innovation Center and core campus development.

Utilities Systems and Other Non-Structural Improvements decreased approximately \$71,000. New additions including the Highway 93 pedestrian safety improvements, the Scroll of Honor walkway, and a Lightsey Bridge sidewalk extension totaling approximately \$2 million were offset by depreciation expense on new and existing assets of \$2.1 million.

Buildings increased \$24.7 million as the Wind Turbine Drive-Train Test Facility and Grid Simulator projects were completed. The University also incurred costs related to the upfit and furnishing of the Greenville One building located in downtown Greenville, SC.

Capitalized Computer Software increased \$12 million due to the implementation of the new Banner student ERP system.

Equipment increased \$55.4 million. Net transfers totaling approximately \$67.5 million included major equipment costs for the Wind Turbine Drive-Train Test Facility. Depreciation and disposals totaled \$11.2 million.

Vehicles increased \$445,000. Vehicle additions totaling \$509,000 were offset by depreciation expense and disposals or trade-ins of previously owned departmental vehicles.

For more detailed information on capital asset activity, please refer to Note 4 – Capital Assets in the Notes to the Financial Statements.

## Debt Administration

The University's financial statements indicate \$175,422,405 in bonds payable and \$14,963,009 in capital leases payable at June 30, 2014.

The University's bonded indebtedness consisted of: General Obligation Bonds of \$124,705,493, Athletic Facilities Revenue Bond issues totaling \$23,022,608, and Revenue Bonds of \$27,694,304. General Obligation Bonds are obligations of the State of South Carolina and are secured as to principal and interest by a pledge of the full faith, credit, and taxing power of the State and are paid with tuition and matriculation fees. Athletic Facilities Revenue Bonds are payable solely from the net revenues of the University's Athletic Department and gross receipts from the imposition of any admissions fee and any special student fee. Revenue bonds are payable solely from and secured by a pledge of revenues of the University's housing facilities, bookstore, dining services, parking, vending and from additional funds from the academic "University fee" imposed by the Board of Trustees. In June, 2014, the State of South Carolina issued on behalf of the University, General Obligation State Institution Bonds in the amount of \$33,030,000 for the construction of Watt Innovation Center and an expansion of Freeman Hall to provide additional classroom and office space for Industrial Engineering.

Capital leases totaling \$14,963,009 include a capital lease with the Clemson University Land Stewardship Foundation (CULSF), its component unit, for space in the Greenville One Building in downtown Greenville, SC. The outstanding liability on this lease as of June 30, 2014 was \$13,561,801. Also included is a capital lease with an unrelated corporate leasing entity to finance the purchase of an electron microscope for the Advanced Materials Research Laboratories. The outstanding liability on this lease as of June 30, 2014, was \$1,401,208.

For additional information on this new notes payable, and Debt Administration, see Notes 6 and 7 in the notes to the financial statements.

## Economic Outlook

As a State supported higher education institution, the University's economic position is closely tied to the State of South Carolina. The State ended fiscal year 2014 with a \$266 million budgetary surplus. In his end-of-the-year news release, State Comptroller General Richard Eckstrom noted that the budgetary surplus exceeded previous estimates by \$32 million. The surplus of \$32 million will be deposited into the Contingency Reserve Fund, increasing its balance to \$101 million. In addition, the state has increased the General Fund balance to \$293 million and the Capital Reserve Fund balance to \$117 million.

State appropriations to fund University operations increased \$6.8 million for fiscal year 2014, an increase of more than seven percent from the previous year. Appropriations for Educational and General activities accounted for \$4.7 million of this increase, and Public Service Activities appropriations accounted for the remaining \$2.1 million.

State scholarship programs funded with lottery proceeds increased by approximately \$1.1 million, to \$48.4 million, for 2014. In addition, the University received \$1.75 million from the State Commission on Higher Education to fund the Science, Technology, Engineering and Math (STEM) program. The University received \$2 million through the State's Smart State program which matches private contributions for endowed professorships, with lottery proceeds. State capital appropriations were approximately the same as the prior fiscal year and included \$2.7 million in one-time appropriations for deferred maintenance needs, \$3 million for a renovation of the Advanced Plant Technology Lab, and \$2 million for a Grid Simulator at the Wind Turbine Drive-Train Test Facility in North Charleston.

The University's Board of Trustees adopted a budget for fiscal year 2015 that included a 3 percent tuition increase for in-state students and a 3.19 percent increase for out-of-state students. A 2.3 percent room and board increase will be used to improve dining, housing and student life facilities.

# CLEMSON UNIVERSITY

## STATEMENT OF NET POSITION

June 30, 2014

	Clemson University	Clemson University Research Foundation
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents.....	\$ 176,957,250	\$ 6,031,553
Restricted Assets - Current:		
Cash and cash equivalents .....	199,574,818	3,126,091
Accounts receivable (Net of provision for doubtful accounts of \$333,189).....	25,163,807	1,673,390
Grants and contracts receivable .....	18,997,043	—
Contributions receivable, net.....	2,334,662	—
Interest and income receivable.....	1,254,966	—
Student loans receivable.....	113,173	—
Inventories.....	2,222,734	—
Prepaid items.....	6,447,107	35,851
Total current assets.....	433,065,560	10,866,885
Noncurrent Assets:		
Notes receivable .....	175,541,046	—
Contributions receivable, net.....	5,761,349	—
Investments.....	2,753,096	—
Restricted Assets - Noncurrent:		
Cash and cash equivalents .....	40,809,683	—
Student loans receivable.....	8,454,146	—
Other assets.....	2,598,922	1,335,879
Capital assets, not being depreciated.....	55,904,533	975,732
Capital assets, net of accumulated depreciation .....	735,759,747	1,875,344
Total noncurrent assets.....	1,027,582,522	4,186,955
Total assets .....	1,460,648,082	15,053,840
<b>DEFERRED OUTFLOWS OF RESOURCES .....</b>	<b>1,906,761</b>	<b>0</b>
<b>Total assets and deferred outflows of resources.....</b>	<b>\$ 1,462,554,843</b>	<b>\$ 15,053,840</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts and retainages payable.....	\$ 21,542,816	\$ 1,560,427
Accrued payroll and related liabilities.....	17,193,699	—
Accrued compensated absences and related liabilities .....	17,027,982	—
Accrued interest payable .....	1,425,034	3,715
Unearned revenues .....	39,177,637	511,017
Bonds payable .....	14,721,484	—
Capital leases payable .....	969,931	—
Notes payable.....	—	109,500
Deposits.....	1,922,351	—
Funds held for others .....	575,832	1,674
Total current liabilities .....	114,556,766	2,186,333
Noncurrent Liabilities:		
Accrued compensated absences and related liabilities.....	9,314,018	—
Funds held for others .....	7,565,450	—
Bonds payable .....	160,700,921	—
Capital leases payable .....	13,993,078	—
Notes payable.....	—	2,559,233
Total noncurrent liabilities.....	191,573,467	2,559,233
Total liabilities .....	306,130,233	4,745,566
<b>DEFERRED INFLOWS OF RESOURCES .....</b>	<b>0</b>	<b>0</b>
<b>Total liabilities and deferred inflows of resources.....</b>	<b>\$ 306,130,233</b>	<b>\$ 4,745,566</b>
<b>NET POSITION</b>		
Net investment in capital assets .....	\$ 639,236,201	\$ 1,518,222
Restricted for nonexpendable purposes:		
Scholarships and fellowships.....	58,240,694	—
Restricted for expendable purposes:		
Scholarships and fellowships.....	197,026,723	—
Research.....	1,396,051	2,973,483
Instructional/departmental use.....	25,712,495	—
Loans .....	1,920,003	—
Capital projects .....	111,244,340	—
Debt service.....	6,697,491	—
Unrestricted.....	114,950,612	5,816,569
<b>Total net position .....</b>	<b>\$ 1,156,424,610</b>	<b>\$ 10,308,274</b>

See accompanying notes to basic financial statements.



# CLEMSON UNIVERSITY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2014

	Clemson University	Clemson University Research Foundation
<b>REVENUES</b>		
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of \$77,131,639) .....	\$ 300,711,230	\$ —
Federal grants and contracts .....	62,078,915	2,944,910
State grants and contracts .....	53,189,169	—
Local grants and contracts .....	1,640,203	—
Nongovernmental grants and contracts .....	11,173,570	778,514
Sales and services of educational and other activities .....	18,777,424	—
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$12,321,639) .....	96,334,127	—
Sales and services of auxiliary enterprises - not pledged .....	25,593,222	—
Other operating revenues .....	34,840,137	5,163,583
Total operating revenues .....	604,337,997	8,887,007
<b>EXPENSES</b>		
Operating Expenses:		
Compensation and employee benefits .....	444,913,309	—
Services and supplies .....	243,893,076	8,220,602
Utilities .....	20,344,463	178,542
Depreciation .....	42,974,138	415,833
Scholarships and fellowships .....	23,845,894	—
Total operating expenses .....	775,970,880	8,814,977
Operating loss/income .....	(171,632,883)	72,030
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations .....	99,591,087	—
Federal appropriations .....	10,566,435	—
Gifts and grants .....	62,951,046	—
Interest income .....	3,076,654	13,276
Endowment income .....	23,664,291	—
Interest on capital asset related debt .....	(5,512,275)	(123,776)
Other nonoperating revenues .....	647,917	—
Gain/loss on disposal of capital assets .....	1,576,447	—
Refunds to grantors .....	(178,238)	—
Facilities and administrative remittances to the State .....	(413,207)	—
Net nonoperating revenues .....	195,970,157	(110,500)
Income before other revenues, expenses, gains or losses .....	24,337,274	(38,470)
State capital appropriations .....	9,397,423	—
Capital grants and gifts .....	6,197,794	—
Additions to permanent endowments .....	122,973	—
Increase/decrease in net position .....	40,055,464	(38,470)
<b>NET POSITION</b>		
Net position, beginning of year as restated .....	1,116,369,146	10,346,744
Net position, end of year .....	<u>\$ 1,156,424,610</u>	<u>\$ 10,308,274</u>

See accompanying notes to basic financial statements.

# CLEMSON UNIVERSITY

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2014

### CASH FLOWS FROM OPERATING ACTIVITIES

Payments from customers.....	\$ 414,265,685
Grants and contracts .....	114,166,049
Payments to suppliers .....	(245,184,160)
Payments to employees .....	(379,900,745)
Payments for benefits .....	(91,310,569)
Payments to students .....	(33,957,460)
Inflows from Stafford loans.....	65,047,523
Outflows from Stafford loans .....	(7,412,876)
Loans to students .....	(31,954)
Collection of loans .....	754,165
Net cash used by operating activities .....	<u>(163,564,342)</u>

### CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations .....	99,591,087
Federal appropriations .....	10,809,016
Gifts and grants .....	82,793,718
Net cash flow provided by noncapital financing activities .....	<u>193,193,821</u>

### CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital debt .....	36,313,666
State capital appropriations .....	6,243,038
Capital grants and gifts received.....	6,146,737
Proceeds from sale of property .....	376,128
Purchases of capital assets.....	(61,429,508)
Principal payments and redemption premiums on long term debt.....	(13,012,546)
Interest and fees.....	(6,049,645)
Net cash used by capital activities .....	<u>(31,412,130)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments .....	4,925,862
Proceeds from stock sales.....	210,805
Net cash flows provided by investing activities .....	<u>5,136,667</u>
Net change in cash .....	3,354,016
Cash beginning of year .....	413,987,735
<b>Cash end of year .....</b>	<b><u>\$ 417,341,751</u></b>

### Reconciliation of net operating expense to net cash used by operating activities:

Operating income (loss) .....	\$ (171,632,883)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense .....	42,974,138

### Change in asset and liabilities:

Receivables net .....	(32,070,156)
Grants and contracts receivable .....	(1,466,862)
Student loans receivable .....	(5,859)
Prepaid items .....	1,261,916
Inventories.....	(86,880)
Accounts and retainages payable.....	(3,153,820)
Accrued payroll and related liabilities.....	895,852
Accrued compensated absences and related liabilities.....	1,483,000
Unearned revenue .....	4,210,307
Funds held for others .....	(5,973,095)

**Net cash used by operating activities .....** **\$ (163,564,342)**

### NON-CASH TRANSACTIONS

Increase in fair value of investments .....	\$ 13,748,029
Capital assets acquired through gifts.....	321,117
State capital appropriations receivable .....	3,154,384
Collection of capital gift receivable.....	(270,060)

### RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES

Current assets:	
Cash and cash equivalents .....	\$ 176,957,250
Restricted cash and cash equivalents.....	199,574,818
Noncurrent assets .....	40,809,683
<b>Total cash and cash equivalent balances.....</b>	<b><u>\$ 417,341,751</u></b>

See accompanying notes to basic financial statements.

# **CLEMSON UNIVERSITY FOUNDATION** **NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT** **STATEMENT OF FINANCIAL POSITION**

June 30, 2014

## **ASSETS**

Cash and cash equivalents .....	\$ 36,833,151
Contributions receivable, net .....	37,864,656
Due from related organizations .....	1,500,587
Investments.....	420,715,149
Investments held for Clemson University.....	175,541,046
Cash surrender value of life insurance.....	1,858,611
Land held for resale.....	11,900
Land, buildings and equipment, net.....	9,465,346
Investments held in trust for affiliate.....	2,701,147
Other assets .....	249,791
<b>Total assets.....</b>	<b>\$ 686,741,384</b>

## **LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable and accrued liabilities.....	\$ 555,306
Due to related organizations.....	132,795
Accrued liability to Clemson University due to net investment appreciation .....	72,621,730
Note payable to Clemson University.....	102,919,316
Actuarial liability of annuities payable.....	5,527,849
Trust funds administered for affiliate .....	2,701,147
<b>Total liabilities .....</b>	<b>184,458,143</b>
Net Assets:	
Unrestricted .....	26,369,732
Temporarily restricted.....	217,099,896
Permanently restricted.....	258,813,613
<b>Total net assets .....</b>	<b>502,283,241</b>
<b>Total liabilities and net assets.....</b>	<b>\$ 686,741,384</b>

*See accompanying notes to basic financial statements.*

**CLEMSON UNIVERSITY FOUNDATION**  
**NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>				
Gifts and bequests.....	\$ 1,345,875	\$ 26,684,767	\$ 14,370,292	\$ 42,400,934
Income on investments.....	4,932,638	683,147	4,933	5,620,718
Net realized and unrealized gains on investments..	3,605,252	48,329,532	226,964	52,161,748
Program income.....	1,581,877	463,356	—	2,045,233
Other income.....	2,583,835	1,631	34,971	2,620,437
Change in value of split-interest agreements.....	47,795	220,869	1,050,755	1,319,419
Reclassification of donor intent.....	301,521	(952,983)	651,462	0
Total .....	14,398,793	75,430,319	16,339,377	106,168,489
Net assets released from restrictions .....	21,765,167	(21,765,167)	—	0
Total revenues, gains and other support.....	36,163,960	53,665,152	16,339,377	106,168,489
<b>EXPENSES:</b>				
Program expenses:				
Grants to Clemson University.....	1,515,903	—	—	1,515,903
Alumni operations.....	1,494,111	—	—	1,494,111
Endowments.....	6,886,907	—	—	6,886,907
Operations.....	12,810,462	—	—	12,810,462
Capital projects .....	2,061,891	—	—	2,061,891
Total program expenses .....	24,769,274	0	0	24,769,274
General administrative.....	2,086,668	—	—	2,086,668
Fundraising.....	4,508,533	—	—	4,508,533
Total expenses.....	31,364,475	0	0	31,364,475
Change in net assets before other changes .....	4,799,485	53,665,152	16,339,377	74,804,014
<b>OTHER CHANGES:</b>				
Transfer to temporarily restricted funds due to underwater endowments.....	80,996	(80,996)	—	0
Total other changes .....	80,996	(80,996)	0	0
Change in net assets .....	4,880,481	53,584,156	16,339,377	74,804,014
Net assets at beginning of year.....	21,489,251	163,515,740	242,474,236	427,479,227
<b>Net assets at end of year.....</b>	<b>\$ 26,369,732</b>	<b>\$ 217,099,896</b>	<b>\$ 258,813,613</b>	<b>\$ 502,283,241</b>

See accompanying notes to basic financial statements.

# **CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION** **NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT** **STATEMENT OF FINANCIAL POSITION**

June 30, 2014

## **ASSETS**

Cash and cash equivalents .....	\$ 1,422,793
Receivables .....	6,898
Real estate investments .....	29,331,388
Real estate, net .....	11,754,961
Direct financing lease .....	13,615,939
Loan issue costs, net .....	92,113
Development costs .....	1,335,452
Equipment, net .....	9,757
Prepaid expense .....	69,008
<b>Total assets.....</b>	<b>\$ 57,638,309</b>

## **LIABILITIES AND NET ASSETS**

### Liabilities:

Accounts payable .....	\$ 283,580
Accrued interest payable .....	20,819
Deposits held for others.....	30,005
Retainage payable.....	32,406
Unearned revenue .....	424,131
Deferred rent revenue.....	3,710,359
Due to Clemson University Foundation.....	20,932,472
Notes payable .....	11,920,009
<b>Total liabilities .....</b>	<b>37,353,781</b>

Unrestricted net assets .....	20,284,528
<b>Total net assets .....</b>	<b>20,284,528</b>
<b>Total liabilities and net assets.....</b>	<b>\$ 57,638,309</b>

*See accompanying notes to basic financial statements.*

# CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION

## NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT

### STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

#### REVENUES, GAINS AND OTHER SUPPORT:

Rental revenues .....	\$ 2,295,839
Direct financing.....	4,619
Common area fees.....	459,957
Total revenues, gains and other support .....	<u>2,760,415</u>

#### EXPENSES:

Program expenses:	
Administrative and other .....	303,903
One Greenville.....	266,366
CU-ICAR campus.....	1,090,036
Total program expenses .....	<u>1,660,305</u>
Interest expense.....	445,923
Total expenses.....	<u>2,106,228</u>
Change in unrestricted net assets.....	654,187
Unrestricted net assets at beginning of year .....	19,630,341
Unrestricted net assets at end of year .....	<u><u>\$ 20,284,528</u></u>

See accompanying notes to basic financial statements.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Organization

Clemson University is a State-supported, coeducational institution of higher education. The University is granted an annual appropriation for operating purposes as authorized by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the institution. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total operating funds. The laws of the State and the policies and procedures specified by the State for State agencies and institutions are applicable to the activities of the University. The University was established as an institution of higher education by Section 59-119-20 of the Code of Laws of South Carolina in accordance with the will of Thomas Green Clemson and the Act of Acceptance of the General Assembly of South Carolina. The University is a component unit of the State of South Carolina and its financial statements are included in the Comprehensive Annual Financial Report of the State of South Carolina. The University is governed by a board of thirteen members, including six elected by the State Legislature and seven self-perpetuating life members. Accordingly, as such it administers, has jurisdiction over, and is responsible for the management of the University.

### Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. GASB Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and classifies reporting requirements for those organizations. Based on these criteria, the financial statements include the University and its blended component unit as the primary government, and other related entities as discretely presented component units.

The Clemson Research Facilities Corporation (CRFC) is a separately chartered not-for-profit corporation established to construct certain facilities for the University. CRFC is a fully blended component unit of the University. Although legally separate from the University, CRFC's activities are so intertwined with the University's that they are, in substance, the same as the primary entity. CRFC's activities are governed by its Board of Directors which is wholly comprised of University representatives. Its balances and transactions are blended with those of the University and reported as if they were balances and transactions of the University.

The Clemson University Foundation (CUF) is a separately chartered corporation organized exclusively to promote the development and welfare of Clemson University in its educational and scientific purposes. CUF's activities are governed by its Board of Directors. CUF is considered a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. CUF is considered a nongovernmental component unit since it does not meet the definition of a governmental entity. None of the following characteristics of a governmental entity apply to CUF: a) Organization is a public corporation; b) Organization is a body corporate and politic; c) A controlling majority of the members of the organization are elected or appointed by governmental officials; d) There is potential for unilateral dissolution by a government with the net assets reverting to the government; and e) The organization has the power to enact and enforce a tax levy. Because CUF is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements. Copies of the separately issued financial statements of the Clemson University Foundation can be obtained by sending a request to the following address: Clemson University Foundation, 110 Daniel Drive, Clemson, SC, 29634.

The Clemson University Land Stewardship Foundation (CULSF) is a separately chartered corporation, established to serve the needs of Clemson University in the management, development, and investment of real property and related assets. CULSF's activities are governed by its Board of Directors. CULSF is considered a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. CULSF is considered a nongovernmental component unit since it does not meet the definition of a governmental entity (as described above). Copies of the separately issued financial statements of the Clemson University Land Stewardship Foundation can be obtained by sending a request to the following address: Clemson University Land Stewardship Foundation, P.O. Box 1889, Clemson, SC 29633.

The Clemson University Research Foundation (CURF) is a separately chartered corporation established to solicit research grants and contracts, then contract the University to perform the research. CURF's activities are governed by its Board of Directors. CURF is considered a component unit, and is discretely presented in the financial statements, because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. Copies of the separately issued financial statements of the Clemson University Research Foundation can be obtained by sending a request to the following address: Clemson University Research Foundation, 155 Old Greenville Highway, Suite 105, Clemson, SC 29633.

The University's discretely presented component units are discussed in Note 20.



## NOTES TO FINANCIAL STATEMENTS

### Financial Statement Presentation

The financial statement presentation for the University meets the requirements of GASB Codification Sections 2100-2900, *Financial Reporting Entity, and CoS, Colleges and Universities*. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, revenues and expenses, and affect disclosure of contingent assets and liabilities at the date of the financial statements. Significant estimates include separation of accrued compensated absences between current and non-current and depreciation expense. Actual results could differ from those estimates.

### Basis of Accounting

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

The Clemson University Foundation (CUF) and the Clemson University Land Stewardship Foundation (CULSF) are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to CUF or CULSF's financial information in the University's financial reporting entity for these differences.

### Cash and Cash Equivalents

The amounts shown in the financial statements in University funds as "cash and cash equivalents" represent petty cash, cash on deposit in banks, cash on deposit with the State Treasurer, cash invested in various instruments by the State Treasurer as part of the State's internal cash management pool, cash invested in various short-term instruments by the State Treasurer and held in separate agency accounts, and certain

funds invested with Wells Fargo.

Most State agencies, including the University, participate in the State's internal cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds. For credit risk information pertaining to the cash management pool, see the deposits disclosures in Note 2.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State. The University records and reports its deposits in the general deposit account at cost. It records and reports its special deposit account at fair value. Investments held by the pool are recorded at fair value. Interest earned by the University's special deposit accounts is posted to its account at the end of each month and is retained. Interest earnings are allocated based on the percentage of the University's accumulated daily income receivable to the total income receivable of the pool. Reported interest income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in the fair value of investments held by the pool. Realized gains and losses are allocated daily and are included in the accumulated income receivable. Unrealized gains and losses are allocated at year end based on the percentage of ownership in the pool.

Some State Treasurer accounts are not included in the State's internal cash management pool because of restrictions on the use of the funds. For those accounts, cash equivalents include investments in short-term, highly liquid securities having an internal maturity of three months or less at the time of acquisition. For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered to be cash equivalents.

### Investments

The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

### Receivables

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of South Carolina. Accounts receivable are recorded net of



## NOTES TO FINANCIAL STATEMENTS

estimated uncollectible amounts.

Grants and contracts receivable include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grant and contracts. Also included are amounts due for Federal loan and scholarships programs and reimbursements for Federal land-grant expenditures.

Contributions receivable are accounted for at their estimated net realizable value. The estimated net realizable value comprehends the present value of long-term pledges and reductions for any allowance for uncollectible pledges. Pledges vary from one to ten years and are used to support specifically identified University programs and initiatives.

Amounts due from the Clemson University Foundation are pursuant to a Memorandum of Understanding between the University and that entity prompted by a 1999 change in the South Carolina Code of Laws that allowed state-supported universities to lend endowment balances to separately chartered not-for-profit entities whose existence is primarily providing financial assistance and other support to the institution and its educational programs. For additional information regarding this loan, see Note 3.

Student loans receivable consists of amounts due from the Federal Perkins Loan Program, and from other loans administered by the University.

Interest and income receivable consists of amounts due from the State Treasurer relating to holdings in the State's internal cash management pool and cash invested in various short-term investments by that agency.

### **Inventories**

Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market. Items accounted for as University inventories using the moving weighted average method include: maintenance supplies, housing supplies, janitorial and auto supplies, printing and graphic supplies, office supplies, computer parts and accessories, telecommunications supplies and medical supplies.

### **Prepaid Items**

Expenditures for insurance and similar services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. For the University, amounts reported in this asset account consist primarily of prepaid insurance, prepaid postage, prepaid airline tickets, and advance payments for maintenance and service agreements.

### **Noncurrent Cash and Investments**

Noncurrent cash and investments primarily consist of permanently endowed funds and federal student loan funds. These funds are externally restricted and are classified as noncurrent assets in the statement of net position.

### **Other Assets**

The University submits a pooled fringe benefit rate proposal to its cognizant agency, the U.S. Department of Health & Human Services two years in advance of actual charges. For the year ended June 30, 2014, the University recognized an under-recovery of costs. The under-recovery will be considered in the rate proposal for the fiscal year ending June 30, 2016. For additional details, see Note 5 Unearned Revenues, Deposits, and Funds Held for Others.

### **Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year and depreciable land improvements, buildings and improvements, and intangible assets, including internally developed software, costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 40 years for buildings and improvements and land improvements and 6 to 20 years for machinery, equipment, and vehicles. Internally developed software is depreciated using the straight-line method over a three year period. Depreciation expense is charged monthly, with a mid-month convention utilized for the initial month that the asset is placed in service.

### **Deferred Outflows of Resources**

Deferred outflows of resources represent consumption of net position that applies to a future period. For the University, this balance is comprised of refunds related to debt defeasance. The deferred amount will be amortized over the remaining life of the debt refunded.

### **Unearned Revenues**

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

### **Deposits**

Deposits represent pooled fringe benefits over-recoveries, football-related guarantees and conference settlement amounts, and various student-related amounts including: dormitory room deposits, security deposits for possible room damage and key

## NOTES TO FINANCIAL STATEMENTS

loss, other deposits, and student fee refunds. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

### Funds Held for Others

Current balances in Funds Held for Others result primarily from the University acting as an agent, or fiduciary, for another entity. These include amounts due to other entities and amounts due for various study abroad programs. Current balances also include negotiated termination settlement amounts due in the next fiscal year for a former athletics coach. Noncurrent balances represent the Federal liability for the Perkins Loan Program.

### Internal Service and Auxiliary Enterprise Activities

Both revenue and expenses relating to internal service (including information technology costs) and auxiliary enterprise activities including print shop, office equipment, maintenance, transportation services, telecommunications, institutional computing, bookstores, and cafeterias have been eliminated.

### Compensated Absences

Generally all permanent full-time State employees and certain part-time employees scheduled to work at least one-half of the agency's workweek are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and 45 days annual vacation leave, except that faculty members do not accrue annual leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum, but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave and compensatory overtime leave earned for which the employees are entitled to paid time off or payment at termination. The University calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through paid time off or cash payments at termination. That liability is inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments net change in the liability is recorded in the current year in the applicable functional expenditure categories.

### Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

### Net Position

The University's components of net position are classified as follows:

**Net Investment in Capital Assets:** This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

**Restricted Net Position - Nonexpendable:** Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

**Restricted Net Position - Expendable:** Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

**Unrestricted Net Position:** Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards unrestricted resources and then towards restricted resources.

### Income Taxes

The University is a political subdivision of the State of South Carolina and is consequently exempt from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

The Internal Revenue Service has determined that both the Clemson University Foundation and the Clemson University Research Foundation qualify as exempt organizations under Internal Revenue Code Section 501(c)(3) and as such are exempt from taxation on related income.

## NOTES TO FINANCIAL STATEMENTS

### Classification of Revenues and Expenses

The University has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

**Operating revenues and expenses:** Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, state and local grants and contracts, and (4) interest on institutional loans. Operating expenses include all expense transactions incurred other than those related to investing, capital or noncapital financing activities.

**Nonoperating revenues and expenses:** Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state and federal appropriations and investment income. Nonoperating expenses include interest paid on capital asset related debt, losses on the disposal of capital assets, and refunds to grantors.

### Educational Activities Revenue

Revenues from sales and services of educational activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The University receives such revenues primarily from various activities related to the University's agricultural public service mission, including pesticide registration and licensing fees, livestock, poultry and health test fees, extension service fees, forest product sales, and youth camp fees. These unrestricted revenues are collectively labeled "Sales and Services of Educational Departments".

### Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

### Adoption of New Accounting Standards

Effective for the fiscal year ending June 30, 2014, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

A companion to Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, implemented the previous fiscal year, Statement No. 65 provides an inventory of items that are to be considered deferred inflows and outflows rather than assets and liabilities. For the University, this resulted in the reclassification of refunds related to debt defeasance, previously reported as a contra-bonds payable liability, as a Deferred Outflow of Resources. In addition, debt issuance costs, also previously reported as a contra-bonds payable liability, have been written off through Net investment in capital assets in accordance with Statement 60, which states that these costs "should be recognized in the period incurred". Details of these restatements are presented in Note 21 Accounting Changes.

Although not effective until next fiscal year, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment to GASB Statement No. 27*, will significantly impact the University's financial statements. Essentially, Statement No. 68 indicates that if a pension plan has an unfunded liability all participating employers in the plan must share a portion of the liability. The State of South Carolina's pension plans are administered by the Public Employee Benefit Authority (PEBA). University officials are working in conjunction with PEBA staff to quantify the unfunded liability and allocate the appropriate amount to the University to be recorded in next year's financial statements.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2.

### CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

All deposits and investments of the University are under the control of the State Treasurer who, by law, has sole authority for investing State funds. Certain monies are deposited or invested with or managed by financial institutions and brokers.

The following schedule reconciles deposits and investments within the footnotes to the balance sheet amounts:

Reconciliation of Deposits and Investments			
Statement of Net Position		Footnotes	
Cash and cash equivalents:		Cash on hand	\$ 491,426
Current - unrestricted	\$ 176,957,250	Deposits held by State Treasurer	416,390,973
Current - restricted	199,574,818	Other deposits	459,352
Noncurrent - restricted	40,809,683	Investments held by State Treasurer	154,439
Investments	2,753,096	Other investments	2,598,657
<b>Total</b>	<b>\$ 420,094,847</b>	<b>Total</b>	<b>\$ 420,094,847</b>

#### Deposits Held by State Treasurer

State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina. For the fiscal year ending June 30, 2014, \$7,754,443 of the \$416,390,973 identified above as "Deposits held by State Treasurer" is attributable to unrealized appreciation.

#### Other Deposits

The University's other deposits at year-end were entirely covered by federal depository insurance or collateral held by custodial banks.

#### Investments Held by State Treasurer

Investments held by State Treasurer comprise investments held for the University and the State of South Carolina which are legally restricted, and earnings thereon become revenue of the specific fund from which the investment was made. These investments are specific, identifiable investment securities. Investments consist of Agricultural College stock with a carrying amount of \$95,900 and Perpetual stock with a carrying amount of \$58,539 held by the State Treasurer as Trustee in Perpetuity on which they are required to pay the University six percent per year. Since there is no readily determinable fair value for these investments, they have been assigned a fair value equal to their historical cost value.

#### Other Investments

The University also has investments in mutual funds as authorized by a single donor. The mutual funds with a fair value of \$2,598,657 are held and invested by Wells Fargo, as trustee in accordance with the endowment agreement specified by the donor.

The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

"Other Investments" are stated at fair value and include unrealized appreciation of \$1,524,718. Purchases and sales are accounted for on the trade date. Both unrealized and realized gains and losses on investments have been recorded. Earnings are recorded on an accrual basis.

Other investments as of June 30, 2014 were as follows:

Other Investments			
	Effective Fair Value	Maturity (Years)	Credit Rating
Domestic bond fund	\$ 347,898	7.7	N/A
International bond fund	148,006	8.7	N/A
Equity funds	2,102,753	N/A	N/A
<b>Total other investments</b>	<b>\$ 2,598,657</b>		

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. RECEIVABLES

University receivables reported in the Statement of Net Position as of June 30, 2014, were as follows:

<b>University Receivables</b>			
	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Accounts receivable	\$ 25,163,807	\$ —	\$ 25,163,807
Grants and contracts receivable	18,997,043	—	18,997,043
Notes receivable	—	175,541,046	175,541,046
Contributions receivable, net	2,334,662	5,761,349	8,096,011
Interest and income receivable	1,254,966	—	1,254,966
Student loans receivable	113,173	8,454,146	8,567,319
<b>Total university receivables</b>	<b>\$ 47,863,651</b>	<b>\$ 189,756,541</b>	<b>\$ 237,620,192</b>

Accounts receivable are reported net of allowances for doubtful accounts of \$333,189 based on credit losses experienced in prior years and evaluation of current portfolios. Student payment allowances of \$138,000, parking services allowances of \$153,490, emergency medical service allowances of \$32,961, Sullivan Center allowances of \$3,738, and telecommunications allowances of \$5,000 comprise this amount. Contributions receivable are reported net of allowances for current uncollectible pledges of \$513,603 and allowances for noncurrent uncollectible pledges of \$1,021,742.

Accounts receivable for the year ended June 30, 2014, were comprised of the following balances:

<b>Accounts Receivable</b>	
State capital appropriations	\$ 9,011,136
Students/scholarships	5,480,090
Auxiliaries	7,387,656
Educational programs	838,241
Federal funding for capital projects	199,594
Camps	508,976
Fees	560,469
State bond proceeds	255,923
Other	921,722
<b>Total accounts receivable</b>	<b>\$ 25,163,807</b>

Grants and contracts receivable are comprised of amounts due for sponsored research projects, federal land-grant appropriations, and federal scholarship programs. Grants and contracts receivable for the year ended June 30, 2014, were comprised of the following balances:

<b>Grants and Contracts Receivable</b>					
	<b>Federal</b>	<b>State</b>	<b>Local</b>	<b>Nongovernmental</b>	<b>Total</b>
Sponsored research	\$ 11,653,072	\$ 465,550	\$ 57,064	\$ 2,640,203	\$ 14,815,889
Land-grant appropriations	3,261,004	—	—	—	3,261,004
Scholarship programs	920,150	—	—	—	920,150
<b>Total grants and contracts receivable</b>	<b>\$ 15,834,226</b>	<b>\$ 465,550</b>	<b>\$ 57,064</b>	<b>\$ 2,640,203</b>	<b>\$ 18,997,043</b>



## NOTES TO FINANCIAL STATEMENTS

Contributions receivable are comprised of pledges for gifts to support specifically identified University programs and to provide athletic scholarships. Contributions receivable are accounted for at their estimated net realizable value, or the present value of long-term pledges and reductions for allowances for uncollectible pledges. Pledges vary from one to ten years.

<b>Contributions Receivable</b>			
	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
University programs	\$ 1,982,795	\$ 5,729,263	\$ 7,712,058
Athletic scholarships	351,867	32,086	383,953
<b>Total contributions receivable</b>	<b>\$ 2,334,662</b>	<b>\$ 5,761,349</b>	<b>\$ 8,096,011</b>

Part II, Section 9 of the 1998-99 State Appropriations Act amended the South Carolina Code of Laws by adding Section 59-101-410. This amendment allowed the governing boards of state-supported universities to lend their endowment and auxiliary enterprise funds on deposit with the State Treasurer's Office to separately chartered not-for-profit legal entities whose existence is primarily providing financial assistance and other support to the institution and its educational program.

Accordingly, as of June 30, 2014, the University had notes receivable from the Clemson University Foundation, a related party, totaling \$175,541,046. This amount includes the original loan of \$35,358,188, additional amounts totaling \$67,561,127 loaned since the fiscal year 1999 original loan, plus related income and appreciation. Funds loaned to the Clemson University Foundation will be paid back to the University with interest at a rate equal to that which is necessary to produce a sum which is equal to the total return (consisting of appreciation and income), provided, however, such rate will not be less than zero. The Memorandum of Understanding between Clemson University and the Clemson

University Foundation is for a ten year period. It is reviewed annually by both parties and may be extended automatically for an additional twelve month period unless either party provides written notice of objection to the extension, in which case, the Memorandum of Understanding will not automatically extend for an additional twelve month period. The above notwithstanding, either party may terminate the Memorandum of Understanding at any time without cause upon one hundred eighty days written notice to the other party.

With minor exceptions, losses for loans to students are not estimated or recorded in allowances for uncollectible accounts. At the time a loan is considered uncollectible it is charged to principal. Any account receivable written off is recognized in the period in which the receivable is considered uncollectible. Based on past experience, potential losses are not deemed material.

Interest and income receivable consists of amounts due from the State Treasurer relating to holdings in the State's internal cash management pool and cash invested in various short-term investments by that agency.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, is summarized as follows:

<b>Capital Assets</b>					
	<b>Beginning Balance June 30, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance June 30, 2014</b>
Capital assets not being depreciated:					
Land and improvements	\$ 32,702,685	\$ —	\$ —	\$ —	\$ 32,702,685
Construction in progress	94,522,162	44,646,560	—	(115,966,874)	23,201,848
Total capital assets not being depreciated	<u>127,224,847</u>	<u>44,646,560</u>	<u>0</u>	<u>(115,966,874)</u>	<u>55,904,533</u>
Depreciable capital assets:					
Utilities systems and other non-structural improvements	48,678,883	1,599,646	—	385,349	50,663,878
Buildings and improvements	867,061,029	292,689	224,567	45,100,095	912,229,246
Computer software	2,679,986	—	—	16,400,085	19,080,071
Equipment	217,743,658	17,444,818	4,586,494	54,081,345	284,683,327
Vehicles	15,574,508	508,989	574,547	—	15,508,950
Total depreciable capital assets at historical cost	<u>1,151,738,064</u>	<u>19,846,142</u>	<u>\$ 5,385,608</u>	<u>115,966,874</u>	<u>1,282,165,472</u>
Less accumulated depreciation for:					
Utilities systems and other non-structural improvements	24,426,526	2,056,514	—	—	26,483,040
Buildings and improvements	314,311,981	20,702,396	203,328	—	334,811,049
Computer software	2,584,472	4,423,314	—	—	7,007,786
Equipment	161,900,899	15,732,271	4,158,742	—	173,474,428
Vehicles	5,140,256	59,643	570,477	—	4,629,422
Total accumulated depreciation	<u>508,364,134</u>	<u>42,974,138</u>	<u>4,932,547</u>	<u>0</u>	<u>546,405,725</u>
Depreciable capital assets, net	<u>643,373,930</u>	<u>(23,127,996)</u>	<u>453,061</u>	<u>115,966,874</u>	<u>735,759,747</u>
<b>Capital assets, net</b>	<b>\$ <u>770,598,777</u></b>	<b>\$ <u>21,518,564</u></b>	<b>\$ <u>453,061</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>791,664,280</u></b>

**NOTE:** The University received \$376,128 in proceeds from the sale of capital assets.

### NOTE 5. UNEARNED REVENUES, DEPOSITS AND FUNDS HELD FOR OTHERS

Unearned revenues consist primarily of athletic ticket sales and related fees and unearned student revenues for summer session and fall semester. These monies were collected in advance and were not earned at June 30, 2014.

Athletic sales and related event receipts include: advance sales of football tickets, executive box rental fees, and program advertising fees. Unearned student revenues consist mainly of student tuition and fees, room and board, and other fees related to the long summer session and fall semester. Also included are amounts received in advance for sponsored research programs.

Fees collected in advance for municipal services, contract credit courses, and various departmental accounts comprise the remaining balance of unearned revenues.

A summary listing of unearned revenue follows:

<b>Unearned Revenues</b>	
Athletic event receipts - fall semester	\$ 19,028,209
Sponsored research programs	5,721,333
Academic and other fees	12,270,529
Educational programs	1,711,819
Public service programs	158,368
Other	287,379
<b>Total unearned revenues</b>	<b>\$ <u>39,177,637</u></b>



## NOTES TO FINANCIAL STATEMENTS

Pooled fringe benefit over-recoveries represent the largest current deposit balance. The University submits a pooled fringe benefit rate proposal to its cognizant agency, the U.S. Department of Health & Human Services (DHHS), two years in advance of actual charges. DHHS has approved the University's pooled fringe benefit rates through the fiscal year ending June 30, 2015. Actual under-recovery or over-recovery of costs are reflected in future rate proposals and approvals. The \$745,564 balance in current deposits represents over-recoveries for the fiscal year ending June 30, 2013, and will be absorbed/adjusted through the pooled fringe rate established for the fiscal year ending June 30, 2015. For the fiscal year ending June 30, 2014, the University recognized an under-recovery of costs. The under-recovery totaling \$2,598,922 is classified as Other Assets. This under-recovery will be absorbed/adjusted through the pooled fringe rate established for the fiscal year ending June 30, 2016. Other current deposits are comprised of: football game guarantees and amounts due to the Atlantic Coast Conference, student campus card balances, funds held on deposit for concert promoters, and miscellaneous departmental amounts.

### Deposits

	<u>Current</u>
Pooled fringe benefits over-recoveries	\$ 745,564
Football guarantees/conference settlement	714,198
Student campus card balances	236,214
Miscellaneous departmental	226,375
<b>Total deposits</b>	<b><u>\$ 1,922,351</u></b>

Funds held for others consist of both current and noncurrent components. Negotiated termination settlement amounts due in the next fiscal year to a former athletic coach comprise \$296,810 of the current amount. The balance of current funds held for others is comprised of agency funds held in trust for others.

The federal Perkins loan liability balance represents the noncurrent funds held for others.

### Funds Held for Others

	<u>Current</u>	<u>Noncurrent</u>
Federal Perkins Loans	\$ —	\$ 7,565,450
Coach's termination settlement	296,810	—
Amounts held in trust	279,022	—
<b>Total funds held for others</b>	<b><u>\$ 575,832</u></b>	<b><u>\$ 7,565,450</u></b>

# NOTES TO FINANCIAL STATEMENTS

## NOTE 6. BONDS PAYABLE AND NOTES PAYABLE

### Bonds Payable

At June 30, 2014, bonds payable consisted of the following:

<b>BONDS PAYABLE</b>					
	<b>Original Debt</b>	<b>Interest Rate (outstanding)</b>	<b>Maturity Dates</b>	<b>June 30, 2014 Balance</b>	<b>Debt Retired in Fiscal Year 2014</b>
<b>General Obligation Bonds</b>					
Bonds dated 4/01/07 (Series 2007B)	\$ 14,000,000	2.50-4.50%	6/1/2021	\$ 7,530,000	\$ 880,000
Bonds dated 3/01/11 (Series 2011B)	62,370,000	2.25-5.00%	3/1/2031	61,770,000	200,000
Bonds dated 5/1/12 (Series 2012C)	21,135,000	4.00-5.00%	4/1/2018	14,440,000	3,600,000
Bonds dated 6/1/14 (Series 2014B)	33,030,000	3.00-5.00%	6/1/2034	33,030,000	—
				<u>116,770,000</u>	
<b>Revenue Bonds</b>					
Bonds dated 12/1/05 (Series 2005)	22,130,000	4.00-5.00%	5/1/2020	7,200,000	4,235,000
Bonds dated 2/1/12 (Series 2012)	21,200,000	2.00%	5/1/2018	19,385,000	1,530,000
				<u>26,585,000</u>	
<b>Athletic Facilities Revenue Bonds</b>					
Bonds dated 12/1/05 (Series 2005)	15,000,000	4.00-6.00%	5/1/2025	13,600,000	200,000
Bonds dated 2/1/12 (Series 2012)	12,335,000	2.00-3.00%	5/1/2023	9,080,000	1,270,000
				<u>22,680,000</u>	
Subtotal bonds payable				166,035,000	11,915,000
Plus unamortized bond premium				9,387,405	1,041,484
<b>Total Bonds Payable</b>				<u><b>\$ 175,422,405</b></u>	<u><b>\$ 12,956,484</b></u>

Bonds issued by the University include certain restrictive covenants. General Obligation Bonds of the State are backed by the full faith, credit and taxing power of the State. Tuition and matriculation fees paid to the University are pledged for the payment of principal and interest on these bonds. Auxiliary Revenue Bonds are payable solely from and secured by a pledge of revenues of the University's housing facilities, bookstores, dining services, parking and vending, and from additional funds from the academic "University" fee imposed by the Board of Trustees. Athletic Facilities Revenue Bonds are payable solely from the net revenues of the University's Athletic Department and the gross receipts from the imposition of any admissions fee and any special student fee.

The University purchased a bond insurance policy payable to the bond trustee for the Revenue Bonds, Series 2003 and Series 2005; and the Athletic Facilities Revenue Bonds, Series 2003 and 2005. In addition, a surety bond was purchased for the Athletic Facilities Revenue Bonds, Series 2003 and 2005. The insurance guarantees payment of principal and interest until all debt has been retired.

Tuition fees for the fiscal year ended June 30, 2013 were \$24,702,793 which results in a legal annual debt service limit at June 30, 2014 of \$22,232,514. This amount is equal to 90% of tuition fees collected for the prior fiscal year.

The Series 2005 Improvement and Refunding Revenue Bonds maturing prior to May 1, 2017, shall not be subject to redemption prior to their stated maturities. The Series 2005 Bonds maturing on or after May 1, 2017, shall be subject to

redemption at the option of the Board of Trustees on or after May 1, 2016, in whole or part, at any time, and if in part in those maturities designated by the University and by lot within a maturity (but only in integral multiples of \$5,000) upon 30 days notice at the par amount of the principal to be redeemed, plus accrued interest thereon.

The Series 2005 Athletic Facilities Revenue Bonds maturing prior to May 1, 2017 shall not be subject to redemption; however, they shall be subject to redemption prior to maturity on or after May 1, 2017 at the option of the University, on or after May 1, 2016, in whole or in part for the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption.

The Series 2007B General Obligation Bonds maturing on and after June 1, 2018, are subject to redemption, in whole or in part, at any time in any order of maturity to be determined by the State, on and after June 1, 2017, at par plus accrued interest to the date fixed for redemption.

The Series 2011B General Obligation State Institution Bonds maturing on and after March 1, 2022, are subject to redemption, in whole or in part, at any time in any order of maturity to be determined by the State, on and after March 1, 2021 at par plus accrued interest to the date fixed for redemption.

The Series 2012 Refunding Revenue Bonds mature as serial bonds on May 1 of each of the years 2012 through 2018 and are not subject to redemption prior to maturity.

The Series 2012 Athletic Facilities Refunding Revenue

## NOTES TO FINANCIAL STATEMENTS

Bonds mature as serial bonds on May 1 of each of the years 2012 through 2023 and are not subject to redemption prior to maturity.

The Series 2012C General Obligation State Institution Bonds mature on April 1 in each of the years 2013 through 2018 and are not subject to redemption prior to maturity.

During the fiscal year ending June 30, 2014, the State of South Carolina issued on behalf of the University, General Obligation State Institution Bonds, Series 2014B, in the amount of \$33,030,000. The Series 2014B General Obligation State Institution Bonds were issued to (i) plan, develop, construct, and equip an approximately 70,000 square foot facility to provide flexible space for teaching and research in science, technology, and engineering and (ii) plan, develop, and construct an expansion to Freeman Hall in order to provide additional classroom and office space for the Industrial Engineering Department and to enhance accessibility and site infrastructure (to include chill water and steam, among other systems). The Series 2014B Bonds are not subject to redemption prior to maturity. The Series 2014B General Obligation Bonds are secured by a pledge of the full faith, credit, and taxing power of the State and are additionally secured by a pledge of the revenues derived from the tuition fees of the University. The \$3,283,666 bond premium associated with this issuance is being amortized over the twenty year life of the bonds using the straight line method.

All of the bonds are payable in semiannual installments plus interest. Amounts including interest required to complete payment of the Revenue and Athletic Facilities Revenue bond obligations as of June 30, 2014, are as follows:

### Revenue Bonds

	Principal	Interest	Total
Year Ending June 30			
2015	\$ 6,010,000	\$ 723,612	\$ 6,733,612
2016	6,260,000	470,063	6,730,063
2017	6,395,000	336,063	6,731,063
2018	6,535,000	199,063	6,734,063
2019	680,000	58,862	738,862
2020	705,000	29,962	734,962
<b>Total Revenue Bonds</b>	<b>\$ 26,585,000</b>	<b>\$ 1,817,625</b>	<b>\$ 28,402,625</b>

### Athletic Facilities Revenue Bonds

	Principal	Interest	Total
Year Ending June 30			
2015	\$ 1,515,000	\$ 812,700	\$ 2,327,700
2016	1,555,000	778,400	2,333,400
2017	1,860,000	743,300	2,603,300
2018	1,925,000	664,500	2,589,500
2019	1,985,000	601,925	2,586,925
2020 through 2024	11,200,000	1,924,031	13,124,031
2025	2,640,000	118,800	2,758,800
<b>Total Athletic Facilities Revenue Bonds</b>	<b>\$ 22,680,000</b>	<b>\$ 5,643,656</b>	<b>\$ 28,323,656</b>

## NOTES TO FINANCIAL STATEMENTS

Amounts including interest required to complete payment of the General Obligation Bonds as of June 30, 2014, are as follows:

<b>General Obligation Bonds</b>			
Year Ending June 30	Principal	Interest	Total
2015	\$ 6,155,000	\$ 5,114,777	\$ 11,269,777
2016	6,180,000	5,054,188	11,234,188
2017	6,480,000	4,755,538	11,235,538
2018	5,095,000	4,444,463	9,539,463
2019	4,800,000	4,204,413	9,004,413
2020 through 2024	33,195,000	16,503,012	49,698,012
2025 through 2029	34,105,000	8,764,712	42,869,712
2030 through 2034	20,760,000	1,889,212	22,649,212
<b>Total General Obligation Bonds</b>	<b>\$ 116,770,000</b>	<b>\$ 50,730,315</b>	<b>\$ 167,500,315</b>

The University reported net principal retirements and interest expenditures related to the bonds as follows for the year ended June 30, 2014:

<b>Net Principal Retirements and Interest Expenses</b>		
Bond Type	Net Principal	Interest
General obligation bonds	\$ 4,680,000	\$ 3,483,587
Revenue bonds	5,765,000	691,253
Athletic facilities revenue bonds	1,470,000	802,466
<b>Total Net Principal Retirements and Interest Expenses</b>	<b>\$ 11,915,000</b>	<b>\$ 4,977,306</b>

### Notes Payable

Notes payable to the SC Energy Office were paid in full as of June 30, 2014. Total principal paid on notes payable was \$149,607 for the year ended June 30, 2014. Total interest expense for notes payable was \$514.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LEASE OBLIGATIONS

The University is obligated under various operating leases for the use of real property (land, buildings, office space) and equipment and also is obligated under capital leases and installment purchase agreements for the acquisition of real property. All capital and operating leases are with parties outside state government.

Future commitments for capital leases (which here and on the Statement of Net Position include other installment purchase agreements) and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2014, were as follows:

<b>Capital and Operating Lease Commitments</b>		
	<b>Capital Leases</b>	<b>Operating Leases</b>
Year Ending June 30:		
2015	\$ 1,042,910	\$ 1,292,399
2016	1,042,910	1,119,861
2017	1,027,293	812,700
2018	722,767	434,904
2019	574,408	173,104
2020 through 2024	2,872,040	700,825
2025 through 2029	2,872,040	—
2030 through 2034	2,872,040	—
2035 through 2038	2,127,780	—
<b>Total minimum lease payments</b>	<b>15,154,188</b>	<b>\$ 4,533,793</b>
Less: Interest	191,179	
<b>Principal outstanding - Clemson University</b>	<b>\$ 14,963,009</b>	

#### Capital Leases

The Capital Leases are payable in monthly installments and will expire in 2038. Expenditures for fiscal year 2014 were \$1,042,910 of which \$947,939 was principal and \$94,971 was interest. The following is a summary of the carrying values of the assets held under capital leases at June 30, 2014:

<b>Assets Held Under Capital Lease</b>			
	<b>Value at Lease Inception</b>	<b>Accumulated Depreciation</b>	<b>Net</b>
Buildings	\$ 14,300,000	\$ 610,291	\$ 13,689,709
Equipment	2,023,216	408,580	1,614,636
<b>Total assets held under capital lease</b>	<b>\$ 16,323,216</b>	<b>\$ 1,018,871</b>	<b>\$ 15,304,345</b>

Certain capital leases provide for renewal and/or purchase options. Generally purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

In October 2012, the University entered into a capital lease of \$14,300,000 at less than .1 percent interest whereby the University leases space in the Greenville One Building for a twenty-five year period which began in March 2013 and extends to March 2038. The Greenville One Building is located in downtown Greenville, SC and the space consists of four floors and space on the ground floor and exclusive use of an exterior green roof.

The University entered into this lease with Clemson University Land Stewardship Foundation, Inc. (CULSF), a component unit. The outstanding liability on this lease as of June 30, 2014 is \$13,561,801.

In October 2012 the University entered into a Capital

Lease of \$2,023,216 at 5.703 percent interest with First Financial Corporate Leasing, LLC, an unrelated party, (whereby the University leases) a Hitachi NB5000 Duabeam FIB Microscope for use in the Advanced Materials Research Laboratories. Lease payments are for five years with bargain purchase options after the first twelve months. Lease payments are \$39,041.84 for 48 months and \$37,089.74 for the final twelve months.

The outstanding liability on this lease as of June 30, 2014 is \$1,401,208.

#### Operating Leases

The University's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2014 through 2024. Certain operating leases provide for renewal options for periods from one to three

## NOTES TO FINANCIAL STATEMENTS

years at their fair rental value at the time of renewal. All agreements are cancelable if the State of South Carolina does not provide adequate funding but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis.

In 1996, the University entered into a real property operating lease with the Clemson University Research Foundation (CURF), a component unit, for office space. The current lease extends through February 2018. Under this agreement, the University paid CURF \$136,264 in the current year.

In December 2009, the University entered into a real property operating lease with CURF, a component unit, for Clemson-at-the-Falls. Under this agreement, the University paid CURF \$337,219 for the space through December 2013, whereupon the MBA program was transferred to the newly established Greenville One Building.

In December 2010, the University entered into a real property operating lease with CURF, a component unit, for space in the Emerging Technologies Center located in Anderson, SC. Under this agreement, Clemson pays CURF lease and building operating expenses, based upon occupancy. The University paid CURF \$170,929 in the current fiscal year.

In June 2011, the University's Computing and Information Technology division entered into a real property operating lease with the Clemson University Land Stewardship Foundation (CULSF), a component unit, for space in the building located at 3 Research Drive, Greenville, SC, at the Clemson University Center for Automotive Research (CU-ICAR) Campus. This agreement extends through September 2016. Under this agreement, the University paid CULSF \$98,287 in the current fiscal year.

In January 2012, Clemson University entered into a real property operating lease with CULSF, a component unit, for space locate in the building at 3 Research Drive, Greenville, SC, at the CU-ICAR Campus. This agreement to establish a component testing laboratory extends through February 2017. Under this lease, the University paid CULSF \$156,899 in the current fiscal year.

In September 2011, the University entered into an agreement with CULSF, a component unit, for space in the building located at 3 Research Drive, Greenville, SC, at the CU-ICAR Campus. This agreement is on a month-to-month basis and extends indefinitely. Under this lease, the University paid \$12,000 in the current fiscal year.

In November 2013, the University entered into an agreement with CULSF for space in the building located at 3 Research Drive, Greenville, SC at the CU-ICAR Campus. This agreement is on a month to month basis and extends indefinitely. Under this lease, the University paid \$10,000 in the current fiscal year.

In January 2014, the University entered into an agreement with CULSF for space in the building located at 3 Research Drive, Greenville, SC at the CU-ICAR Campus. This agreement is on a month to month basis and extends indefinitely. Under this lease, the University paid \$15,000 this fiscal year.

In the current fiscal year, Clemson University incurred expenses of \$730,202 for office copier contingent rentals on a cost-per-copy basis.

### NOTE 8. PENSION PLANS

The majority of employees of Clemson University are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Benefits Division of the South Carolina Public Employee Benefit Authority (PEBA). Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides life-time monthly retirement annuity benefits to eligible members as well as disability, survivor options, annual benefit adjustments, and incidental death benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

Under the SCRS, Class II members are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full service retirement annuity effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).



## NOTES TO FINANCIAL STATEMENTS

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member's job and they have a minimum of eight years of credited service. For disability applications received after December 31, 2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits.

An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018 and a member's participation may not continue after this date.

Effective July 1, 2013, employees participating in the SCRS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for SCRS was 15.52%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45%, .15% for the incidental death benefit program and a 4.92% surcharge that will fund retiree health and dental insurance coverage. Clemson University's actual retirement and incidental death benefit program contributions to the SCRS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year Ended	Retirement		Incidental Death	
	Rate	Contribution	Rate	Contribution
2014	10.450%	\$ 17,516,809	0.15%	\$ 251,437
2013	10.450%	\$ 17,286,091	0.15%	\$ 248,126
2012	9.390%	\$ 14,448,591	0.15%	\$ 230,931

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement plan. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides for lifetime monthly annuity benefits as well as disability, survivor benefits and incidental death benefits to eligible employees and retirees. In addition, participating employers in the PORS may elect to contribute to the accidental death program which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Under the PORS, Class II members are eligible for a full service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits for the PORS is 2.14 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2013, employees participating in the PORS were required to contribute 7.84% of all earnable compensation. The employer contribution rate for PORS was 17.76%. Included in the total PORS employer contribution rate is a base retirement contribution of 12.44%, .20% for the incidental death benefit program, .20% for the accidental death program, and a 4.92% surcharge that will fund retiree health and dental insurance coverage. Clemson University's actual retirement, incidental death benefit program and accidental death program contributions to the PORS for the years ended June 30, 2014, 2013, and 2012 were:



## NOTES TO FINANCIAL STATEMENTS

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2014	12.440%	\$ 400,155	0.20%	\$ 6,433	0.20%	\$ 6,433
2013	11.900%	\$ 352,498	0.20%	\$ 5,924	0.20%	\$ 5,924
2012	11.385%	\$ 265,973	0.20%	\$ 4,681	0.20%	\$ 4,681

As an alternative to membership in the SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution retirement plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for the State ORP plan other than for the employer's payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.60% plus the retiree surcharge of 4.92% from the employer in fiscal year 2014. Of the 10.60% employer contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.45% retirement contribution and .15% incidental death benefit program contribution amounts are remitted to SCRS.

For fiscal year 2014, total contributions requirements to the ORP vendors were approximately \$6,481,597 (excluding the surcharge) from Clemson University as employer and approximately \$9,722,396 from its employees as plan members. The remaining employer contribution amounts sent to SCRS (excluding the surcharge) were \$7,064,940 for the employer contribution rate and \$194,447 for the incidental death program.

The amounts paid by Clemson University for pension, incidental death benefit program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

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

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

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

### NOTE 9. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

#### Plan Description

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

Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have

established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding.

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

#### Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.92% of annual

## NOTES TO FINANCIAL STATEMENTS

covered payroll for 2014 and 4.55% of annual covered payroll for 2013. The IB sets the employer contribution rate based on a pay-as-you-go basis. Clemson University paid approximately \$14,783,300 and \$12,988,807 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2014 and 2013, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2014 and 2013. Clemson University recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$153,278 and \$145,840 for the years ended June 30, 2014 and 2013, respectively.

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

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

### NOTE 10. DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. All Clemson University employees may participate in the deferred compensation plans, except those in student employment positions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the Section 401(k), 457 and 403(b) plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment if permitted by the plan. Eligibility rules and penalties may apply. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan. In accordance with IRS regulations effective January 1, 2009, Clemson University adopted a 403b plan document. Under the plan, loans and financial hardship distributions are permitted. Fifteen years of service catch-up contributions are not permitted.

### NOTE 11. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2014 was as follows:

<b>Long-Term Liabilities</b>					
	<b>June 30, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2014</b>	<b>Due Within One Year</b>
Bonds payable, notes payable and capital lease obligations:					
General obligation bonds	\$ 88,420,000	\$ 33,030,000	\$ 4,680,000	\$ 116,770,000	\$ 6,155,000
Revenue bonds	32,350,000	—	5,765,000	26,585,000	6,010,000
Athletic facilities revenue bonds	24,150,000	—	1,470,000	22,680,000	1,515,000
Subtotal bonds payable	144,920,000	33,030,000	11,915,000	166,035,000	13,680,000
Unamortized revenue bond premium	7,145,223	3,283,666	1,041,484	9,387,405	1,041,484
Total bonds payable	152,065,223	36,313,666	12,956,484	175,422,405	14,721,484
Capital leases payable	15,910,948	—	947,939	14,963,009	969,931
Notes payable	149,607	—	149,607	—	—
Total bonds and notes payable	168,125,778	36,313,666	14,054,030	190,385,414	15,691,415
Other liabilities:					
Accrued compensated absences	24,859,000	17,635,429	16,152,429	26,342,000	17,027,982
Funds held for others	8,444,067	—	878,617	7,565,450	—
Total other liabilities	33,303,067	17,635,429	17,031,046	33,907,450	17,027,982
<b>Total long-term liabilities</b>	<b>\$ 201,428,845</b>	<b>\$ 53,949,095</b>	<b>\$ 31,085,076</b>	<b>\$ 224,292,864</b>	<b>\$ 32,719,397</b>

Additional information regarding Bonds and Notes Payable is included in Note 6. The balance in the long-term liability account "Funds held for others" represents the Federal liability for the Perkins Loan program.

## NOTE 12. CONSTRUCTION COSTS AND COMMITMENTS

### Capitalized

The University has obtained or has plans to obtain the necessary funding for the acquisition, construction, renovation, and equipping of certain facilities which will be capitalized in the applicable capital asset categories upon completion. Management estimates that the University has sufficient resources available and/or future resources identified to satisfactorily complete the construction of such projects which are expected to be completed in varying phases over the next 2 or 3 years at an estimated cost of \$373,301,975. The \$373,301,975 includes estimated costs of \$217,528,211 for capital projects currently in progress plus \$155,773,764 estimated costs for other capital projects already in service. Of the total estimated cost, \$198,218,938 was unexpended at June 30, 2014. Of the total expended through June 30, 2014, the University has capitalized substantially complete and in use projects in the amount of \$99,468,169. Of the unexpended balance the University has remaining commitment balances of \$22,390,747 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Retainages payable on these capitalized projects as of June 30, 2014 was \$121,511. Capital projects at June 30, 2014 which constitute construction in progress that are to be capitalized when completed are listed below.

### Construction Costs and Commitments

Project	Approximate Cost	Amount Expended
Agricultural regulatory software	\$ 218,708	\$ 123,708
Charleston Architecture Center	17,578,023	1,302,349
Core campus development	96,000,000	3,493,176
CURI - GEC	20,300,000	856,777
Douthitt Hills development	3,697,780	2,170,974
Edisto Peanut Lab construction	300,000	220,914
Freeman Hall expansion	10,000,000	936,318
Golf practice facility addition	499,000	482,731
Greenwood Genetic Center construction	6,500,000	206,796
Housing management software	175,000	128,625
Hunnicutt stormwater runoff study	50,000	48,739
Hyperion budgeting software	1,447,365	1,151,505
ICAR Advanced Powertrain Lab	2,300,000	272,750
Kingsmore Stadium addition	8,850,000	824,406
Kronos acquisition	2,292,684	2,198,809
Memorial Stadium III construction	8,000,000	497,944
North Charleston land & renovation	3,220,000	1,852,332
Tiger Band Plaza	555,000	193,949
Watt Innovation Center construction	30,655,751	4,720,708
Waste water treatment plant emergency generators	88,900	75,367
Waste water treatment plant upgrade	4,800,000	1,442,971
<b>Total Construction Costs and Commitments</b>	<b>\$ 217,528,211</b>	<b>\$ 23,201,848</b>

The amount expended includes only capitalized project expenses and capitalized interest on construction debt for projects less than substantially complete and not in service at June 30, 2014. No noncapitalized expenditures are included in these totals.

### Non-Capitalized

At June 30, 2014 the University had in progress other capital projects which will not be capitalized when complete. These projects are for replacements, repairs, and/or renovations to existing facilities. Estimated costs on these non-capitalized projects total \$49,474,355. This amount includes costs incurred to date of \$24,409,828 and estimated costs to complete of \$25,064,527. The University has remaining commitment balances with certain parties related to these projects of \$9,756,336. Retainages payable on the non-capitalized projects as of June 30, 2014, was \$167,636. The University anticipates funding these projects out of current resources, current and future bond issues, state capital improvement bond proceeds, private gifts and student fees.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 13. RELATED PARTIES

Certain separately chartered legal entities whose activities are related to those of the University exist primarily to provide financial assistance and other support to the University and its educational program.

The activities of these entities are not included in the University's financial statements. However, the University's statements include transactions between the University and its related parties.

In accordance with Governmental Accounting Standards Board (GASB) Codification Sections 2100, *Defining the Financial Reporting Entity*, and Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, management annually reviews its relationships with the related parties described in this note. The University excluded these related parties from the reporting entity because it is not financially accountable for them.

Following is a more detailed discussion of each of these entities and a summary of significant transactions (if any) between these entities and Clemson University.

#### **Clemson University Real Estate Foundation**

The Clemson University Real Estate Foundation, Inc., is a separately chartered entity organized to hold, and invest acquired real estate property. The Real Estate Foundation's actions are governed by its Board of Directors. This entity had no transactions with the University and did not significantly require the time or service of any University employees.

#### **Clemson University Continuing Education and Conference Complex Corporation**

The Clemson University Continuing Education and Conference Complex Corporation (Finance Corporation), is a separately chartered corporation established in September, 1993, to construct, operate and manage the golf course and hotel components of the Clemson University Continuing Education and Conference Complex. The Finance Corporation's actions are governed by its Board of Directors. The Finance Corporation reimbursed the University \$150,759 for salaries for time devoted by University employees to the Finance Corporation.

#### **Clemson Advancement Foundation for Design and Building**

The Clemson Advancement Foundation for Design and Building (CAFDB) is a separately chartered eleemosynary corporation established to support and enrich the professional programs in the College of Architecture, Arts and Humanities. CAFDB's actions are governed by its Board of Trustees.

The University's financial statements reflect \$679,242 in expenses primarily to reimburse CAFDB for administrative, educational, and facilities expenses incurred at the Charles E. Daniel Center for Building Research and Urban Studies in Genoa, Italy, which is owned by CAFDB, and at the Barcelona facility, which is operated for the University by CAFDB.

### NOTE 14. TRANSACTIONS WITH STATE ENTITIES

The University is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the University receives authorization from the General Assembly to carry the funds over to the next year.

The original appropriation is the University's base budget amount presented in the General Funds column of Sections 14 and 45 of Part 1A of the 2013-14 Appropriation Act. The following is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2014:

#### **State Appropriations**

	<b>Educational and General</b>	<b>Public Service</b>	<b>Total</b>
Original appropriation	\$ 65,682,592	\$ 31,012,634	\$ 96,695,226
Employer contributions health and dental insurance allocation	708,012	269,552	977,564
Nonrecurring funding for undergraduate student engagement programs	1,000,000	—	1,000,000
Appropriation allocations from the State Commission on Higher Education:			
For Academic Endowment Match	28,539	—	28,539
For Clemson Agriculture Education Teachers - teacher recruitment	—	889,758	889,758
<b>Total state appropriations</b>	<b>\$ 67,419,143</b>	<b>\$ 32,171,944</b>	<b>\$ 99,591,087</b>

## NOTES TO FINANCIAL STATEMENTS

The University received substantial funding from the Commission on Higher Education (“CHE”) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and nonoperating revenues, depending upon the requirement of deliverables with a current or potential future economic value. The University also receives State funds from various other State agencies for sponsored research and public service projects. Following is a summary of amounts received from State agencies for scholarships, sponsored research, capital and public service projects for the fiscal year ended June 30, 2014:

### Other Amounts Recognized from State Agencies

	Operating Revenues	Nonoperating Revenues	Capital and Endowment Proceeds	Total
Received from the Commission on Higher Education (CHE):				
LIFE Scholarships	\$ 25,220,463	\$ —	\$ —	\$ 25,220,463
Palmetto Scholarships	21,391,431	—	—	21,391,431
Need-Based Grants	1,683,728	—	—	1,683,728
HOPE Scholarships	76,418	—	—	76,418
Received from the Department of Education - STEM	1,750,000	—	—	1,750,000
Received from the Department of Education - Other	2,017,078	—	—	2,017,078
Received from Department of Health and Environmental Control	272,943	—	—	272,943
Received from various other state agencies	428,121	—	—	428,121
Received from agencies outside South Carolina	348,987	—	—	348,987
State lottery funding for permanent endowments	—	—	2,000,000	2,000,000
Research infrastructure bond proceeds	—	—	1,659,836	1,659,836
Capital reserve fund proceeds	—	—	7,737,587	7,737,587
<b>Total other amounts recognized from state agencies</b>	<b>\$ 53,189,169</b>	<b>\$ 0</b>	<b>\$ 11,397,423</b>	<b>\$ 64,586,592</b>

The University provided no significant services free of charge to any State agency during the fiscal year; however, the University did provide computer services and information systems development for a fee to other State agencies during the fiscal year. Total fees received were \$28,444,784, comprised of \$9,926,189 in fees for computer services classified as other operating revenues, and \$18,518,595 in information and systems development fees classified as sales and services of auxiliary enterprises.

Also, the University collected and remitted \$26,810 in pesticide penalties and other fees to the State General Fund.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee and investment services from the State Treasurer; legal services from the Attorney General; and grants services from the Governor's Office.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

The University had financial transactions with various State agencies during the fiscal year. Significant payments were made to divisions of the State Budget and Control Board for pension and insurance plans employee and employer contributions, insurance coverage, office supplies, and interagency mail. Significant payments were also made for unemployment and workers' compensation coverage for employees to the Employment Security Commission and State Accident Fund. The amounts of 2014 expenditures

applicable to related transactions with state entities are not readily available.

### NOTE 15. RISK MANAGEMENT

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. The costs of settled claims have not exceeded this coverage in any of the past three years. The University pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits.

State management believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

- (1) Claims of State employees for unemployment compensation benefits (Employment Security Commission);
- (2) Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund);
- (3) Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services); and



## NOTES TO FINANCIAL STATEMENTS

- (4) Claims of covered public employees for long-term disability and group-life insurance benefits (Office of Insurance Services).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums are remitted to commercial carriers.

The University and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following University assets, activities, and/or events:

- (1) Theft of, damage to, or destruction of assets;
- (2) Real property, its contents, and other equipment;
- (3) Motor vehicles, aircraft, and watercraft (inland marine);
- (4) Torts;
- (5) Business interruptions;
- (6) Natural disasters; and
- (7) Medical malpractice claims against covered infirmaries and employees.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability insurance. Also, the IRF purchases reinsurance for catastrophic property and medical professional liability insurance. Reinsurance permits partial recovery of losses from reinsurers, but the IRF remains primarily liable. The IRF purchases insurance for aircraft and ocean marine coverage. The IRF's rates are determined actuarially.

State agencies and other entities are the primary participants in the State's Health and Disability Insurance Fund and in the IRF.

The University obtains coverage through commercial insurers for employee fidelity bond insurance. All employees are covered for \$1,000,000 for Commercial Crime. This coverage includes the following:

- (1) Blanket employee dishonesty;
- (2) Forgery/alterations;
- (3) Theft, disappearance of money and security; and
- (4) Computer fraud

In addition, the Vice President for Finance and Operations is covered for \$250,000 under a specific public official bond. The Clemson University Vice President for Finance and Operations, Clemson University Controller, Clemson University Foundation President/CEO, Clemson University Foundation CFO, Clemson University Foundation Senior Financial Analyst and Project Manager and Manager for Cash & Treasury Services are each covered under a \$2,000,000 bond.

The University has recorded insurance premium expenses and expenses for deductibles in applicable functional expense categories.

The University has not transferred the portion of the risk of loss related to insurance policy deductibles, and policy limits for all coverage to a State or commercial insurer. The University has not reported an estimated claims loss expenditure, and the related liability at June 30, 2014, based on the requirements of GASB Statement's No. 10 and No. 30, which state that a liability for claims must be reported only if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2014, and the amount of the loss is reasonably estimable.

In management's opinion, claims losses in excess of insurance coverage are unlikely and, if incurred, would be insignificant to the University's financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded at year-end. Therefore no loss accrual has been recorded.

### NOTE 16. CONTINGENCIES AND LITIGATION

The University is involved in a number of legal proceedings and claims with various parties which arose in the normal course of business and cover a wide range of matters. Because, in the opinion of management and counsel, the risk of material loss in excess of insurance coverage for these items is remote, the outcome of the legal proceedings and claims is not expected to have a material effect on the financial position of the University. Therefore, an estimated liability has not been recorded.

The various federal programs administered by the University for fiscal year 2014 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts, if any, which may be due federal grantors have not been determined but the University believes that any such amounts in the aggregate would not have a material adverse effect on the financial position of the University. Therefore, an estimated loss has not been recorded.

The University was notified of a legal (condemnation) action by a division of the SC Commerce Department concerning land at the site of the Clemson University Restoration Institute (CURI) in North Charleston. The Charleston County School District (CCSD) has filed an action against Clemson University, the city of North Charleston and the Commerce Department claiming rights to a portion of the condemned land, or any proceeds from the condemnation action related to the portion. The CCSD claims and the original condemnation action could be scheduled for trial in late 2014 or early 2015, if not resolved sooner. Pending a resolution of this matter, the property remains in the possession of Clemson University. However, Clemson University has, pursuant to a request of the Department of Commerce, executed a Consent of Possession in favor of the Department and, while it retains legal title, it no longer has possession or control of the property, including the portion claimed by the CCSD.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 17. OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2014 are summarized as follows:

<b>Operating Expenses by Function</b>						
	<b>Compensation and Employee Benefits</b>	<b>Services and Supplies</b>	<b>Utilities</b>	<b>Depreciation</b>	<b>Scholarships and Fellowships</b>	<b>Total</b>
Instruction	\$ 182,397,587	\$ 32,918,463	\$ 1,152,767	\$ —	\$ 507,939	\$ 216,976,756
Research	85,289,594	45,542,988	1,245,152	—	1,485,278	133,563,012
Public Service	39,875,189	21,710,292	1,937,290	—	19,676	63,542,447
Academic Support	30,180,138	10,452,563	1,598,249	—	—	42,230,950
Student Services	21,964,760	12,897,743	676,912	—	38,425	35,577,840
Institutional Support	28,568,854	9,124,381	325,521	—	—	38,018,756
Operation and Maintenance of Plant	12,845,105	43,380,357	7,890,426	—	—	64,115,888
Scholarships and Fellowships	11,440	309,181	—	—	21,794,576	22,115,197
Auxiliary Services	43,780,642	67,557,108	5,518,146	—	—	116,855,896
Depreciation	—	—	—	42,974,138	—	42,974,138
<b>Total Operating Expenses by Function</b>	<b>\$ 444,913,309</b>	<b>\$ 243,893,076</b>	<b>\$ 20,344,463</b>	<b>\$ 42,974,138</b>	<b>\$ 23,845,894</b>	<b>\$ 775,970,880</b>

### NOTE 18. DONOR-RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expense the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

In accordance with the spending policy adopted by the Clemson University Board of Trustees in 1998, endowment-derived program expenses are based on the endowment carrying value from the previous year at a percentage set by the Board. For fiscal year 2014, this rate was 4.0%. At June 30, 2014, net appreciation gains of \$15,864,698 were recorded, and were reported in the Statement of Net Position as restricted for expendable scholarships and fellowships.

### NOTE 19. DETAILS OF RESTRICTED ASSETS

The purposes and amounts of Restricted Assets are as follows:

<b>Details of Restricted Assets</b>	
<b>Current:</b>	
Cash and cash equivalents:	
As specified by sponsors/donors	\$ 48,672,080
University administered loans	210,233
Payment of maturing debt	8,067,601
Bond proceeds and other amounts restricted for capital projects	142,749,535
Funds held for others	(124,631)
	<u>\$ 199,574,818</u>
<b>Noncurrent:</b>	
Cash and cash equivalents:	
Endowments	\$ 40,101,591
Federal Perkins Loan Program	708,092
	<u>\$ 40,809,683</u>
Student Loans Receivable:	
Federal Perkins Loan Program	<u>\$ 8,454,146</u>



## NOTE 20. COMPONENT UNITS

### Clemson University Foundation

The Clemson University Foundation (CUF) is a separately chartered corporation organized exclusively to promote the development and welfare of Clemson University in its educational and scientific purposes.

As discussed in Note 1, CUF has been included in the reporting entity as a component unit. Because CUF is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements.

CUF transfers funds earmarked from private contributions to the University to support University scholarship, fellowship, professorship, and research programs and to reimburse the University for any purchases made by CUF. These transfers for fiscal year 2014 were recorded by the University as nonoperating gift revenues totaling \$18,149,184. CUF also reimbursed the University \$946,903 for salaries for time devoted by University employees to CUF and to fund other University initiatives.

Equipment donated by CUF to the University totaled \$39,111 and was recorded as capital grants and gifts in the Statement of Revenues, Expenses and Changes in Net Position. Also recorded as capital grants and gifts upon receipt were CUF donations totaling \$1,515,333 for University building projects. As of June 30, 2014, CUF had remaining commitments of approximately \$10,078,374 for University building projects.

As referenced in Note 3, a 1999 amendment to the South Carolina Code of Laws allowed state-supported universities to lend endowment balances on deposit with the State Treasurer to entities (like CUF) whose existence is primarily providing financial assistance and other support to the institution and its educational program. At fiscal year end, the amount loaned, including income and appreciation, totaled \$175,541,046.

CUF charges an annual fee of 1.25 percent for managing the University's endowments. For the fiscal year ending June 30, 2014, the management fee was \$1,747,797, net of current year income, gains and appreciation losses of \$25,331,960. At fiscal year-end, \$458,150 in accounts payable was due to CUF.

CUF investment securities and donated negotiable assets are stated at fair value as determined by quoted market prices. Real estate investments are stated primarily at the current appraised value.

CUF investment income, net of external and internal management expenses and fees, and gains and losses arising from the sale or other disposition of investments and other noncash assets is distributed to the various endowments using a pooled income approach. This approach distributes income following the market value unit method, which is based on the number of units each fund owns in the managed investment pool.

CUF Endowment and board-designated funds are invested on the basis of a total return policy to provide income and to realize appreciation in investment values. Under this policy,

earnings, not to exceed a specified percentage, could be used to support the intended purposes. Any such earnings used to support the intended purposes are allocated only from those funds which have a market value in excess of historical value.

A summary of investments at fair value at June 30, 2014 follows:

#### Investments

Money market funds	\$ 33,716,693
Treasury/agency	29,264,859
Mortgage backed securities	7,918,504
Corporate bonds	6,906,289
International bonds	1,184,493
U.S. Equities	262,581,203
Global equities	98,681,048
Commodities	13,378,368
Hedge funds	90,831,165
Private equity	22,059,510
Private real assets	9,802,278
Public real assets	1,243,627
Other	1,389,305
Subtotal - marketable investments	578,957,342
Subordinated note receivable from Clemson University Land Stewardship Foundation	20,000,000
	<u>\$ 598,957,342</u>

### Clemson University Research Foundation

The Clemson University Research Foundation (CURF) is a separately chartered corporation established to solicit research grants and contracts, then contract the University to perform the research. CURF's activities are governed by its Board of Directors.

As discussed in Note 1, CURF has been included in the reporting entity as a component unit and is discretely presented in the financial statements.

The University performs research and development under performance agreements for CURF, and receives payment for all direct and indirect costs which are incurred in accordance with the terms of the performance agreements. Revenues totaling \$2,377,590 from CURF were recorded by the University in the Statement of Revenues, Expenditures and Changes in Net Position as operating nongovernmental grants and contracts. Grants and contracts receivable in the Statement of Net Position include \$821,045 due from CURF at June 30, 2014.

The University remitted \$825,000 to CURF per the operating agreement between the two entities and remitted \$644,412 in operating lease payments to CURF for office space. CURF reimbursed the University \$89,245 for salaries for time devoted by University employees to CURF.

### Clemson University Land Stewardship Foundation

The Clemson University Land Stewardship Foundation (CULSF) is a separately chartered corporation established to serve the needs of Clemson University in the management, development, and investment of real property and related assets. CULSF's activities are governed by its Board of Directors.

## NOTES TO FINANCIAL STATEMENTS

As discussed in Note 1, CULSF has been included in the reporting entity as a component unit. Because CULSF is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements.

The University leases and utilizes several facilities owned and operated by CULSF at the Greenville, CU-ICAR campus. For the fiscal year ending June 30, 2014, \$21,834 was paid by the University to CULSF for building upfit costs, \$643,353 for common area maintenance costs, and \$292,186 for operating leases at the CU-ICAR campus. In addition, as described in Note 7, the previous fiscal year the University entered into a capital lease with CULSF for space in the Greenville One Building in downtown Greenville. For the fiscal year ending June 30, 2014, \$1,062,654 in capital lease-related principal, interest, and operating expense payments were made by the University to CULSF.

CULSF reimbursed the University \$175,248 for salaries for time devoted by University employees to CULSF.

### NOTE 21. ACCOUNTING CHANGES

Effective for the fiscal year ending June 30, 2014, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

A companion to Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, implemented the previous fiscal year, Statement No. 65 provides an inventory of items that are to be considered deferred inflows and outflows rather than assets and liabilities. For the University, this resulted in the reclassification of refunds related to debt defeasance, previously reported as a contra-bonds payable liability, as a Deferred Outflow of Resources. In addition, debt issuance costs, also previously reported as a contra-bonds payable liability, have been written off through Net Investment in Capital Assets in accordance with Statement 60, which states that these costs "should be recognized in the period incurred".

The following is a summary of prior period adjustments recorded during fiscal year 2014:

<b>Accounting Changes</b>		
<b>Deferred Outflows</b>	June 30, 2013, as previously presented	\$ 0
	Reclassify deferred amount on revenue bond refunding	<u>2,380,612</u>
	June 30, 2013, as restated	<u>\$ 2,380,612</u>
<b>Long-Term Liabilities</b>	June 30, 2013, as previously presented	\$ 198,235,278
	Write off unamortized bond issue costs	812,955
	Reclassify deferred amount on revenue bond refunding	<u>2,380,612</u>
	June 30, 2013, as restated	<u>\$ 201,428,845</u>
<b>Net Investment in Capital Assets</b>	June 30, 2013, as previously presented	\$ 605,666,565
	Write off unamortized bond issue costs	<u>(812,955)</u>
	June 30, 2013, as restated	<u>\$ 604,853,610</u>
<b>Net Position, as restated</b>	Net investment in capital assets	\$ 604,853,610
	Restricted for nonexpendable purposes:	
	Scholarships and Fellowships	57,880,194
	Restricted for expendable purposes:	
	Scholarships and Fellowships	172,606,403
	Research	723,101
	Instructional/departmental use	20,814,662
	Loans	1,903,961
	Capital projects	115,452,433
	Debt service	9,044,100
	Unrestricted	<u>133,090,682</u>
	Total net position, as restated	<u>\$ 1,116,369,146</u>

**NOTE 22.  
SUBSEQUENT EVENTS**

In the fiscal year beginning July 1, 2014, IPTAY, the University's athletic fundraising organization, began operating as an independent entity. Previously, although recognized as a tax-exempt organization by the Internal Revenue Service, all IPTAY receipts were deposited through the University into State Treasurer bank accounts and related disbursements were also made from these accounts. Amounts on deposit in State Treasurer bank accounts as of June 30, 2014, will remain until expended for qualifying athletic scholarship, capital and operations purposes and are reflected in University Net Position for restricted – expendable purposes for: Scholarships and Fellowships - \$52,294,893; Instructional/Departmental Use - \$4,677,474; and Capital Projects - \$414,794 as of June 30, 2014. IPTAY gifts, endowment and investment income and appreciation on IPTAY investments totaled approximately \$26.5 million for the fiscal year ending June 30, 2014. In addition, IPTAY incurred approximately \$700,000 in direct expenses this past fiscal year and transferred approximately \$21.8 million to athletics to fund scholarships, capital projects, the University's academic learning center, and other athletic operations.

As a separately chartered corporation organized exclusively to support University athletics, IPTAY's activities are governed by its Board of Directors. IPTAY

will be considered a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. IPTAY is considered a nongovernmental component unit since it does not meet the definition of a governmental entity. Because IPTAY is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions will be reported on separate financial statements in the University's Comprehensive Annual Financial Report for the fiscal year ending June 30, 2015.

In December 2014, Clemson University anticipates an Athletic Facilities Revenue Bond issue to partially finance renovations to the suites in Memorial Stadium, construct a pedestrian walkway and the "oculus" feature in the Westzone of Memorial Stadium, and to construct and equip an addition to the Doug Kingsmore Baseball stadium on campus. The Clemson University Board of Trustees adopted series resolutions authorizing issuance of the proposed bonds on February 7, 2014 (Westzone and Kingsmore projects), and on July 18, 2014 (Memorial Stadium suites). It is anticipated that Clemson University Athletic Facilities Revenue Bonds Series 2014, not-to-exceed \$40,300,000, will be comprised of \$25,000,000 in taxable bonds to fund the Memorial Stadium suites renovations, and \$15,300,000 in tax-exempt bonds to fund the Westzone and Kingsmore projects.



*Statistical Section*  
*(unaudited)*



## Statistical Section

This section of the Comprehensive Annual Financial Report provides additional information as a context for understanding what the information in the financial statements and note disclosures says about the University's and the State of South Carolina's overall financial health.

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These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.	
<b>Debt Capacity</b>	<b>71</b>
These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.	
<b>Operating Information</b>	<b>74</b>
These schedules contain service and capital asset data to help the reader understand how the information in the University's financial report relates to the services the University provides and the activities it performs.	
<b>Demographic and Economic Information</b>	<b>80</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's and the State's financial activities take place.	
<b>Supplementary Information to the Financial Statements</b>	
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## SCHEDULE OF REVENUES BY SOURCE

**For the Fiscal Year**  
(amounts expressed in thousands)

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Revenues:</b>										
Student tuition and fees (net of scholarship allowances)	\$ 300,711	\$ 288,778	\$ 269,671	\$ 252,924	\$ 223,036	\$ 205,488	\$ 188,530	\$ 176,240	\$ 166,912	\$ 149,405
Federal grants and contracts	62,079	64,467	63,962	65,045	63,792	59,205	56,165	52,318	54,641	53,203
State grants and contracts	53,189	51,377	46,868	50,679	48,683	47,248	43,414	35,947	36,181	35,052
Local grants and contracts	1,640	796	690	757	959	872	799	851	1,311	1,678
Nongovernmental grants and contracts	11,174	9,446	8,226	6,913	8,727	11,700	11,177	11,138	9,435	9,800
Sales and services of educational and other activities	18,778	17,203	15,845	15,843	15,917	16,543	16,268	14,027	14,351	13,646
Sales and services of auxiliary enterprises (net of scholarship allowances)	121,927	114,618	106,181	95,096	89,129	86,282	79,159	77,359	71,774	65,443
Other operating revenues	34,840	31,372	27,771	27,396	28,851	21,671	25,013	19,206	16,438	14,496
<b>Total operating revenues</b>	<b>604,338</b>	<b>578,057</b>	<b>539,214</b>	<b>514,653</b>	<b>479,094</b>	<b>449,009</b>	<b>420,525</b>	<b>387,086</b>	<b>371,043</b>	<b>342,723</b>
State appropriations	99,591	92,784	88,780	91,917	114,120	128,279	167,224	150,335	134,678	126,589
Federal appropriations	10,566	10,948	11,507	11,744	11,269	12,317	14,186	9,667	11,338	10,986
Gifts and grants	62,951	56,403	59,126	68,797	59,473	46,872	44,466	39,298	36,329	33,971
Interest income	3,077	1,073	6,948	7,752	12,408	10,029	8,462	6,585	3,340	5,102
Endowment income	23,664	14,744	(1,114)	22,236	10,085	(20,283)	(7,046)	16,003	7,804	6,252
Other nonoperating revenues	648	310	1,271	502	3,192	1,944	1,389	753	483	657
Proceeds from the sale of capital assets	376	458	636	137	57	715	—	20,061	—	5,029
<b>Total nonoperating revenues</b>	<b>200,873</b>	<b>176,720</b>	<b>167,154</b>	<b>203,085</b>	<b>210,604</b>	<b>179,873</b>	<b>228,681</b>	<b>242,702</b>	<b>193,972</b>	<b>188,586</b>
<b>Total revenues</b>	<b>\$ 805,211</b>	<b>\$ 754,777</b>	<b>\$ 706,368</b>	<b>\$ 717,738</b>	<b>\$ 689,698</b>	<b>\$ 628,882</b>	<b>\$ 649,206</b>	<b>\$ 629,788</b>	<b>\$ 565,015</b>	<b>\$ 531,309</b>



For the Fiscal Year (percent of total income)										
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Revenues:</b>										
Student tuition and fees (net of scholarship allowances)	37.4%	38.2%	38.2%	35.2%	32.3%	32.7%	29.0%	28.0%	29.5%	28.1%
Federal grants and contracts	7.7%	8.5%	9.1%	9.1%	9.2%	9.4%	8.7%	8.3%	9.8%	10.0%
State grants and contracts	6.6%	6.8%	6.6%	7.1%	7.1%	7.5%	6.7%	5.7%	6.4%	6.6%
Local grants and contracts	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%
Nongovernmental grants and contracts	1.4%	1.3%	1.2%	1.0%	1.3%	1.9%	1.7%	1.8%	1.7%	1.8%
Sales and services of educational and other activities	2.3%	2.3%	2.2%	2.2%	2.3%	2.6%	2.5%	2.2%	2.5%	2.6%
Sales and services of auxiliary enterprises (net of scholarship allowances)	15.1%	15.2%	15.0%	13.2%	12.9%	13.7%	12.2%	12.4%	12.7%	12.3%
Other operating revenues	4.3%	4.2%	3.9%	3.8%	4.2%	3.4%	3.9%	3.0%	2.9%	2.8%
Total operating revenues	75.0%	76.6%	76.3%	71.7%	69.4%	71.3%	64.8%	61.5%	65.7%	64.5%
State appropriations	12.5%	12.3%	12.6%	12.8%	16.5%	20.4%	25.8%	23.9%	23.8%	23.8%
Federal appropriations	1.3%	1.5%	1.6%	1.6%	1.6%	2.0%	2.2%	1.5%	2.1%	2.1%
Gifts and grants	7.8%	7.4%	8.4%	9.6%	8.6%	7.5%	6.8%	6.3%	6.3%	6.4%
Interest income	0.4%	0.1%	1.0%	1.1%	1.8%	1.6%	1.3%	1.0%	0.6%	1.0%
Endowment income	2.9%	2.0%	(0.2)%	3.1%	1.5%	(3.2)%	(1.1)%	2.5%	1.4%	1.2%
Other nonoperating revenues	0.1%	0.0%	0.2%	0.1%	0.5%	0.3%	0.2%	0.1%	0.1%	0.1%
Proceeds from the sale capital assets	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%	3.2%	0.0%	0.9%
Total nonoperating revenues	25.0%	23.4%	23.7%	28.3%	30.6%	28.7%	35.2%	38.5%	34.3%	35.5%
<b>Total revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Source:** Clemson University Comprehensive Annual Financial Reports.

## SCHEDULE OF EXPENSES BY USE

For the Fiscal Year (amounts expressed in thousands)										
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Expenses:</b>										
Compensation and employee benefits	\$ 444,913	\$ 419,665	\$ 384,703	\$ 382,789	\$ 385,519	\$ 394,708	\$ 402,601	\$ 366,732	\$ 341,740	\$ 314,270
Services and supplies	243,893	219,962	198,747	182,049	174,958	158,556	174,642	148,409	140,594	134,961
Utilities	20,344	17,961	16,946	17,013	17,733	19,376	17,951	16,483	13,884	12,032
Depreciation	42,974	32,715	37,162	35,009	35,164	33,364	32,697	29,946	25,829	24,474
Scholarships and fellowships	23,846	26,380	20,942	23,402	9,175	13,382	10,845	6,794	6,319	8,115
Total operating expenses	<u>775,970</u>	<u>716,683</u>	<u>658,500</u>	<u>640,262</u>	<u>622,549</u>	<u>619,386</u>	<u>638,736</u>	<u>568,364</u>	<u>528,366</u>	<u>493,852</u>
Interest on capital asset related debt	5,512	5,875	5,799	6,034	5,799	6,637	7,196	7,211	7,014	6,743
Loss on disposal of capital assets	(1,200)	254	2,255	791	464	802	443	744	686	553
Refunds to grantors	178	515	381	296	95	213	386	697	182	256
Facilities and administrative remittances to the State	<u>413</u>	<u>339</u>	<u>386</u>	<u>450</u>	<u>185</u>	<u>608</u>	<u>710</u>	<u>644</u>	<u>347</u>	<u>198</u>
Total nonoperating expenses	<u>4,903</u>	<u>6,983</u>	<u>8,821</u>	<u>7,571</u>	<u>6,543</u>	<u>8,260</u>	<u>8,735</u>	<u>9,296</u>	<u>8,229</u>	<u>7,750</u>
<b>Total expenses</b>	<b><u>\$ 780,873</u></b>	<b><u>\$ 723,666</u></b>	<b><u>\$ 667,321</u></b>	<b><u>\$ 647,833</u></b>	<b><u>\$ 629,092</u></b>	<b><u>\$ 627,646</u></b>	<b><u>\$ 647,471</u></b>	<b><u>\$ 577,660</u></b>	<b><u>\$ 536,595</u></b>	<b><u>\$ 501,602</u></b>

For the Fiscal Year (percent of total income)										
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Expenses:</b>										
Compensation and employee benefits	57.0%	58.0%	57.6%	59.2%	61.3%	62.9%	62.2%	63.5%	63.7%	62.7%
Services and supplies	31.2%	30.4%	29.8%	28.1%	27.8%	25.3%	27.0%	25.7%	26.2%	26.9%
Utilities	2.6%	2.5%	2.5%	2.6%	2.8%	3.1%	2.8%	2.9%	2.6%	2.4%
Depreciation	5.5%	4.5%	5.6%	5.4%	5.6%	5.3%	5.0%	5.2%	4.8%	4.9%
Scholarships and fellowships	3.1%	3.7%	3.1%	3.6%	1.5%	2.1%	1.6%	1.2%	1.2%	1.6%
Total operating expenses	<u>99.4%</u>	<u>99.1%</u>	<u>98.6%</u>	<u>98.9%</u>	<u>99.0%</u>	<u>98.7%</u>	<u>98.6%</u>	<u>98.5%</u>	<u>98.5%</u>	<u>98.5%</u>
Interest on capital asset related debt	0.7%	0.8%	0.9%	0.9%	0.9%	1.1%	1.1%	1.2%	1.3%	1.3%
Loss on disposal of capital assets	(0.2)%	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Refunds to grantors	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%
Facilities and administrative remittances to the State	<u>0.1%</u>	<u>0.0%</u>	<u>0.1%</u>	<u>0.1%</u>	<u>0.0%</u>	<u>0.1%</u>	<u>0.1%</u>	<u>0.1%</u>	<u>0.1%</u>	<u>0.0%</u>
Total nonoperating expenses	<u>0.6%</u>	<u>0.9%</u>	<u>1.4%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>1.3%</u>	<u>1.4%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>
<b>Total expenses</b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>

Source: Clemson University Comprehensive Annual Financial Reports.

## SCHEDULE OF EXPENSES BY FUNCTION

	For the Fiscal Year (amounts expressed in thousands)									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Expenses:</b>										
Instruction	\$ 216,977	\$ 201,731	\$ 181,146	\$ 178,644	\$ 175,249	\$ 173,423	\$ 176,165	\$ 159,318	\$ 144,342	\$ 131,830
Research	133,562	130,787	123,594	124,837	126,972	125,623	127,427	112,141	106,608	104,580
Public service	63,542	59,837	57,890	59,083	62,390	68,508	72,649	60,951	56,912	52,772
Academic support	42,231	38,926	36,715	35,321	37,181	35,775	38,647	43,104	38,200	34,469
Student services	35,578	26,694	24,685	27,282	25,316	25,189	27,150	23,607	20,899	19,208
Institutional support	38,019	34,640	28,925	25,490	26,389	27,843	31,951	27,039	24,261	20,721
Operation and maintenance of plant	64,116	62,754	47,505	42,905	37,435	35,869	48,826	36,811	39,057	35,025
Scholarships and fellowships	22,115	25,179	19,503	22,143	8,124	12,488	10,006	6,165	5,956	7,727
Auxiliary enterprises	116,856	103,420	101,375	89,548	88,329	81,304	73,218	69,282	66,302	63,046
Depreciation	42,974	32,715	37,162	35,009	35,164	33,364	32,697	29,946	25,829	24,474
Interest on capital debt	5,512	5,875	5,799	6,034	5,799	6,637	7,196	7,211	7,014	6,743
Loss on disposal of capital assets	(1,200)	254	2,255	791	464	802	443	744	686	553
Refunds to grantors	178	515	381	296	95	213	386	697	182	256
Facilities and administrative remittances to the State	413	339	386	450	185	608	710	644	347	198
<b>Total expenses</b>	<b>\$ 780,873</b>	<b>\$ 723,666</b>	<b>\$ 667,321</b>	<b>\$ 647,833</b>	<b>\$ 629,092</b>	<b>\$ 627,646</b>	<b>\$ 647,471</b>	<b>\$ 577,660</b>	<b>\$ 536,595</b>	<b>\$ 501,602</b>

	For the Fiscal Year (percent of total income)									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Expenses:</b>										
Instruction	27.8%	27.8%	27.1%	27.7%	27.9%	27.7%	27.2%	27.5%	26.9%	26.3%
Research	17.1%	18.1%	18.5%	19.3%	20.2%	20.0%	19.7%	19.4%	19.9%	20.9%
Public service	8.1%	8.3%	8.7%	9.1%	9.9%	10.9%	11.2%	10.6%	10.6%	10.5%
Academic support	5.4%	5.4%	5.5%	5.5%	5.9%	5.7%	6.0%	7.5%	7.1%	6.9%
Student services	4.6%	3.7%	3.7%	4.2%	4.0%	4.0%	4.2%	4.1%	3.9%	3.8%
Institutional support	4.9%	4.8%	4.3%	3.9%	4.2%	4.4%	4.9%	4.7%	4.5%	4.1%
Operation and maintenance of plant	8.2%	8.7%	7.1%	6.6%	6.0%	5.7%	7.5%	6.4%	7.3%	7.0%
Scholarships and fellowships	2.8%	3.5%	2.9%	3.4%	1.3%	2.0%	1.6%	1.1%	1.1%	1.5%
Auxiliary enterprises	15.0%	14.3%	15.2%	13.8%	14.0%	13.0%	11.3%	12.0%	12.4%	12.6%
Depreciation	5.5%	4.5%	5.6%	5.4%	5.6%	5.3%	5.0%	5.2%	4.8%	4.9%
Interest on capital debt	0.7%	0.8%	0.9%	0.9%	0.9%	1.1%	1.1%	1.2%	1.3%	1.3%
Loss on disposal of capital assets	(0.2)%	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Refunds to grantors	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%
Facilities and administrative remittances to State	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Source:** Clemson University Comprehensive Annual Financial Reports.

## SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

	For the Fiscal Year									
	(amounts expressed in thousands)									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Total revenues (from schedule of revenues by source)	\$ 805,211	\$ 754,777	\$ 706,368	\$ 717,738	\$ 689,698	\$ 628,882	\$ 649,206	\$ 629,788	\$ 565,015	\$ 531,309
Total expenses (from schedule of expenses by use and function)	(780,873)	(723,666)	(667,321)	(647,833)	(629,092)	(627,646)	(647,471)	(577,660)	(536,595)	(501,602)
Income before other revenues, expenses, gains or losses	24,338	31,111	39,047	69,905	60,606	1,236	1,735	52,128	28,420	29,707
State capital appropriations	9,397	9,612	9,468	6,643	3,736	6,986	19,501	44,149	19,938	12,469
Capital grants and gifts	6,198	21,945	28,350	38,376	31,148	13,059	3,998	25,563	2,727	7,487
Additions to permanent endowments	123	2,710	4,259	2,765	11,846	2,491	5,898	1,839	7,508	2,170
Total changes in net position	40,056	65,378	81,124	117,689	107,336	23,772	31,132	123,679	58,593	51,833
Net position, beginning	1,116,369	1,050,991	969,867	852,178	744,842	721,070	689,938	566,259	507,666	455,833
<b>Net position, ending</b>	<b>\$ 1,156,425</b>	<b>\$ 1,116,369</b>	<b>\$ 1,050,991</b>	<b>\$ 969,867</b>	<b>\$ 852,178</b>	<b>\$ 744,842</b>	<b>\$ 721,070</b>	<b>\$ 689,938</b>	<b>\$ 566,259</b>	<b>\$ 507,666</b>
Net investment in capital assets	\$ 639,236	\$ 604,854	\$ 535,281	\$ 462,861	\$ 483,924	\$ 456,106	\$ 429,669	\$ 390,891	\$ 315,987	\$ 294,089
Restricted - expendable	343,997	320,544	317,716	334,901	237,490	207,228	207,042	191,603	132,724	117,212
Restricted - nonexpendable	58,241	57,880	55,045	50,959	47,853	35,785	33,916	28,291	26,184	18,632
Unrestricted	114,951	133,091	142,949	121,146	82,911	45,723	50,443	79,153	91,364	77,733
<b>Total</b>	<b>\$ 1,156,425</b>	<b>\$ 1,116,369</b>	<b>\$ 1,050,991</b>	<b>\$ 969,867</b>	<b>\$ 852,178</b>	<b>\$ 744,842</b>	<b>\$ 721,070</b>	<b>\$ 689,938</b>	<b>\$ 566,259</b>	<b>\$ 507,666</b>

Source: Clemson University Comprehensive Annual Financial Reports.

## SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	For the Fiscal Year									
	(amounts expressed in thousands except for outstanding debt per student)									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
General Obligation Bonds	\$ 116,770	\$ 88,420	\$ 93,075	\$ 99,610	\$ 41,550	\$ 45,685	\$ 49,660	\$ 53,475	\$ 43,655	\$ 46,605
Plant Improvement Bonds	—	—	—	—	820	1,610	2,360	3,080	3,770	4,435
Revenue Bonds	26,585	32,350	37,620	42,090	46,900	51,490	55,875	60,060	64,060	60,605
Athletic Facilities Revenue Bonds	22,680	24,150	25,600	30,045	31,770	33,410	34,975	36,465	37,685	23,840
Subtotal bonds payable	166,035	144,920	156,295	171,745	121,040	132,195	142,870	153,080	149,170	135,485
Unamortized bond premiums	9,387	7,145	8,078	4,954	1,301	1,442	1,583	1,725	1,866	717
Total bonds payable	175,422	152,065	164,373	176,699	122,341	133,637	144,453	154,805	151,036	136,202
Notes Payable	—	150	475	964	1,256	1,394	1,876	2,335	2,771	852
Capital Lease Obligations	14,963	15,911	—	—	430	873	1,285	1,920	3,143	4,276
<b>Total outstanding debt</b>	<b>\$ 190,385</b>	<b>\$ 168,126</b>	<b>\$ 164,848</b>	<b>\$ 177,663</b>	<b>\$ 124,027</b>	<b>\$ 135,904</b>	<b>\$ 147,614</b>	<b>\$ 159,060</b>	<b>\$ 156,950</b>	<b>\$ 141,330</b>
Full-time equivalent students	20,202	19,800	18,980	18,417	18,237	17,367	16,250	16,226	16,044	15,948
Outstanding debt per student	\$ 9,431	\$ 8,491	\$ 8,685	\$ 9,647	\$ 6,801	\$ 7,825	\$ 9,084	\$ 9,803	\$ 9,782	\$ 8,862

**Note:** Outstanding debt per student calculated using fall semester full-time equivalent student enrollment data for the last ten academic years (page 74).

**Source:** Clemson University Comprehensive Annual Financial Reports, Clemson University Office of Institutional Research

## SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years  
(amounts in thousands)

### General Obligation Bonds

Fiscal Year Ended June 30,	Tuition and Matriculation Fees	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
			Principal	Interest	Total	
2014	\$ 27,487	\$ 27,487	\$ 4,680	\$ 3,484	\$ 8,164	3.37
2013	24,703	24,703	4,655	3,823	8,478	2.91
2012	22,440	22,440	4,690	3,438	8,128	2.76
2011	21,028	21,028	4,310	2,746	7,056	2.98
2010	20,493	20,493	4,135	1,845	5,980	3.43
2009	19,607	19,607	3,975	2,006	5,981	3.28
2008	15,534	15,534	3,815	2,158	5,973	2.60
2007	11,941	11,941	4,180	1,876	6,056	1.97
2006	8,733	8,733	2,950	1,836	4,786	1.82
2005	7,120	7,120	2,855	1,932	4,787	1.49

### Revenue Bonds

Fiscal Year Ended June 30,	Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2014	\$ 56,749	\$ 36,310	\$ 20,439	\$ 5,765	\$ 691	\$ 6,456	3.17
2013	55,452	35,233	20,219	5,270	1,137	6,407	3.16
2012	50,466	31,636	18,830	5,320	1,968	7,288	2.58
2011	49,363	32,057	17,306	4,810	1,875	6,685	2.59
2010	49,943	32,386	17,557	4,590	2,293	6,883	2.55
2009	44,795	30,226	14,569	4,385	2,816	7,201	2.02
2008	43,043	26,913	16,130	4,185	3,016	7,201	2.24
2007	41,597	26,836	14,761	4,000	3,204	7,204	2.05
2006	39,855	26,706	13,149	3,505	3,233	6,738	1.95
2005	38,524	25,354	13,170	2,605	3,126	5,731	2.30

# Athletic Facilities Revenue Bonds

Fiscal Year Ended June 30,	Athletic Revenues	Athletic Operating Expenses	Net Athletic Revenues	Admissions Fee	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
						Principal	Interest	Total	
2014	\$ 82,087	\$ 72,762	\$ 9,325	\$ 667	\$ 9,992	\$ 1,470	\$ 802	\$ 2,272	4.40
2013	76,099	65,588	10,511	2,031	12,542	1,450	953	2,403	5.22
2012	73,151	66,988	6,163	2,015	8,178	975	1,054	2,029	4.03
2011	56,551	54,441	2,110	1,980	4,090	1,725	1,392	3,117	1.31
2010	53,175	51,474	1,701	1,883	3,584	1,640	1,460	3,100	1.16
2009	57,228	52,751	4,477	1,915	6,392	1,565	1,524	3,089	2.07
2008	55,140	48,455	6,685	2,062	8,747	1,490	1,585	3,075	2.84
2007	51,674	43,364	8,310	2,221	10,531	1,220	1,635	2,855	3.69
2006	42,877	39,059	3,818	2,057	5,875	1,155	1,404	2,559	2.30
2005	36,496	34,479	2,017	1,744	3,761	1,095	1,059	2,154	1.75

**Note:** The revenue bonds are secured by revenues from five sources: dining services, vending operations, the university bookstore, student housing and parking.

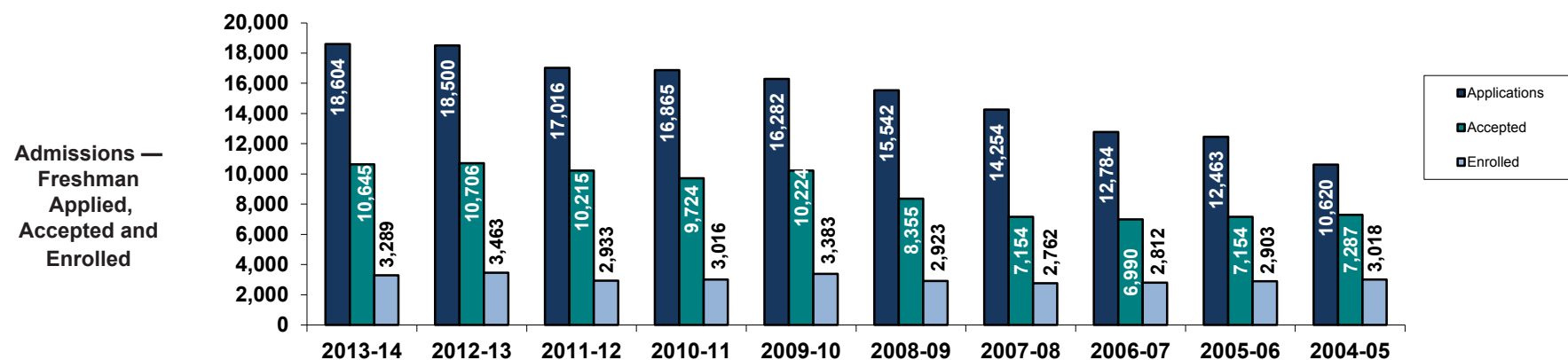
**Source:** Clemson University Comprehensive Annual Financial Reports



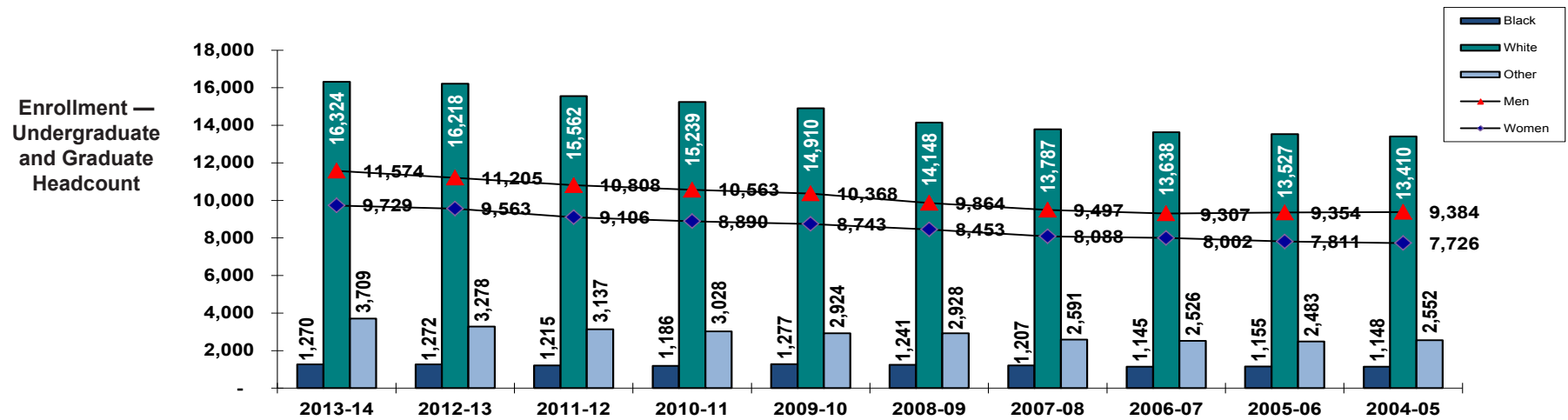
# ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

Last Ten Academic Years

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Admissions-Freshman</b>										
Accepted as a percentage of applications	57.2%	57.9%	60.0%	57.7%	62.8%	53.8%	50.2%	54.7%	57.4%	68.6%
Enrolled as a percentage of accepted	30.9%	32.3%	28.7%	31.0%	33.1%	35.0%	38.6%	40.2%	40.6%	41.4%
SAT scores-total	1,246	1,246	1,229	1,231	1,225	1,227	1,221	1,217	1,225	1,204
Verbal	609	610	599	599	597	597	595	592	600	589
Math	637	636	630	632	628	630	626	625	625	615
South Carolina average SAT score-total	971	969	972	979	982	985	984	985	993	986



	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Enrollment</b>										
Undergraduate and graduate FTE	20,202	19,800	18,980	18,417	18,237	17,367	16,250	16,226	16,043	15,948
Undergraduate and graduate headcount	21,303	20,768	19,914	19,453	19,111	18,317	17,585	17,309	17,165	17,110
Percentage of men	54.3%	53.9%	54.3%	54.3%	54.2%	53.9%	54.0%	53.8%	54.5%	54.8%
Percentage of women	45.7%	46.1%	45.7%	45.7%	45.8%	46.1%	46.0%	46.2%	45.5%	45.2%
Percentage of black	6.0%	6.1%	6.1%	6.1%	6.7%	6.8%	6.9%	6.6%	6.7%	6.7%
Percentage of white	76.6%	78.1%	78.2%	78.3%	78.0%	77.2%	78.4%	78.8%	78.8%	78.4%
Percentage of other	17.4%	15.8%	15.7%	15.6%	15.3%	16.0%	14.7%	14.6%	14.5%	14.9%

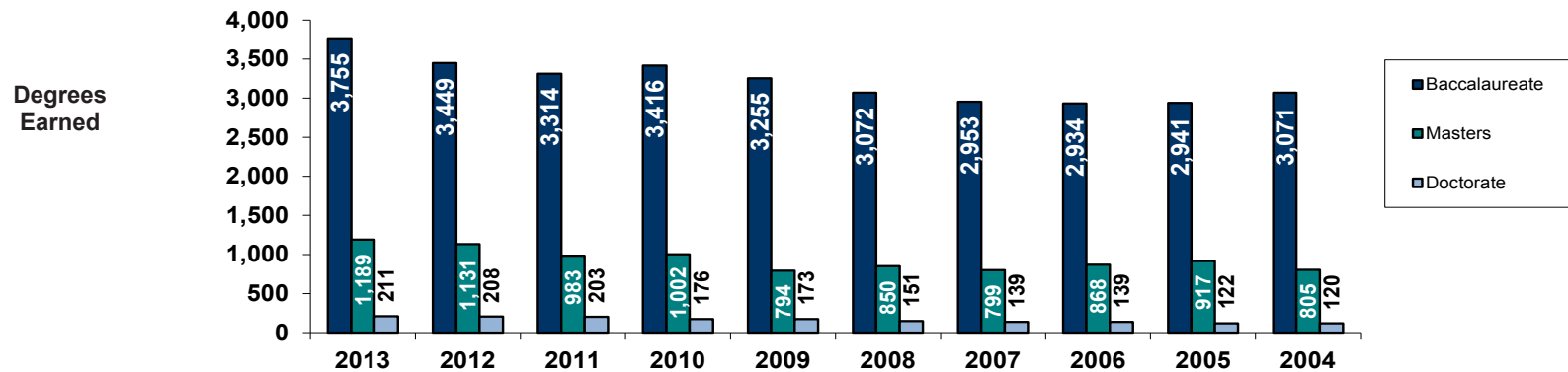


**Degrees Earned\***

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Baccalaureate	3,755	3,449	3,314	3,416	3,255	3,072	2,953	2,934	2,941	3,071
Masters**	1,189	1,131	983	1,002	794	850	799	868	917	805
Doctorate	211	208	203	176	173	151	139	139	122	120

\* Includes May and August of the current year and December graduation from the previous year.

\*\* Masters awards include specialist degrees.



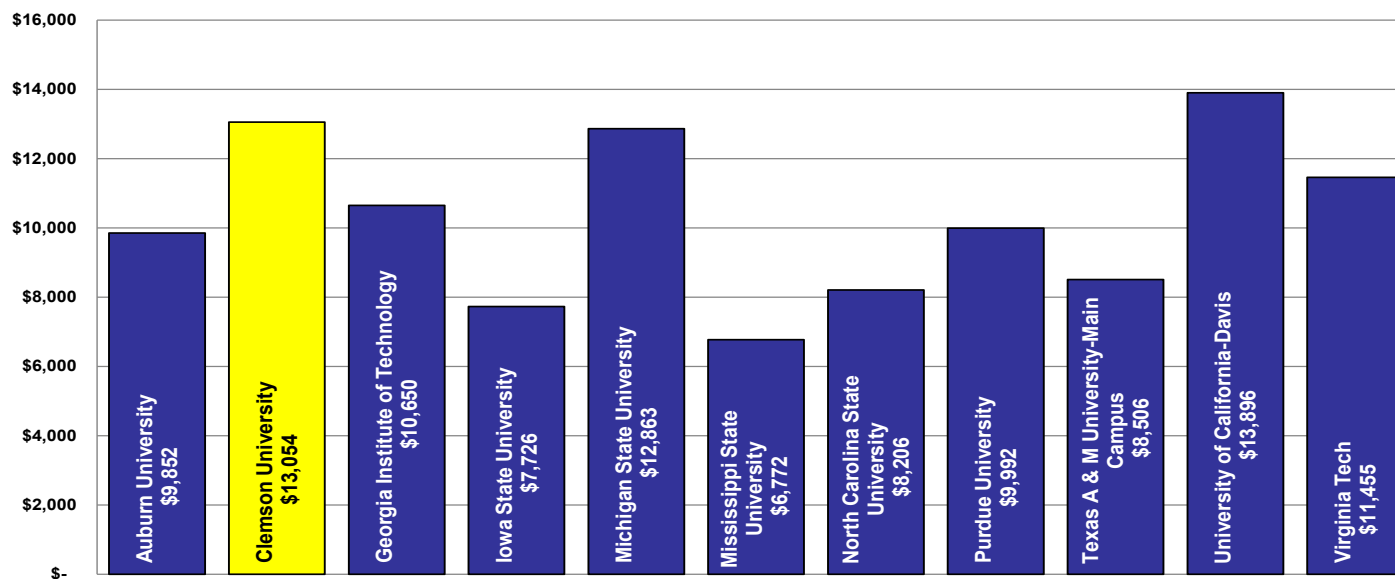
## UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES

Clemson University in Comparison to Ten Peer Land-Grant Institutions

Last ten fiscal years

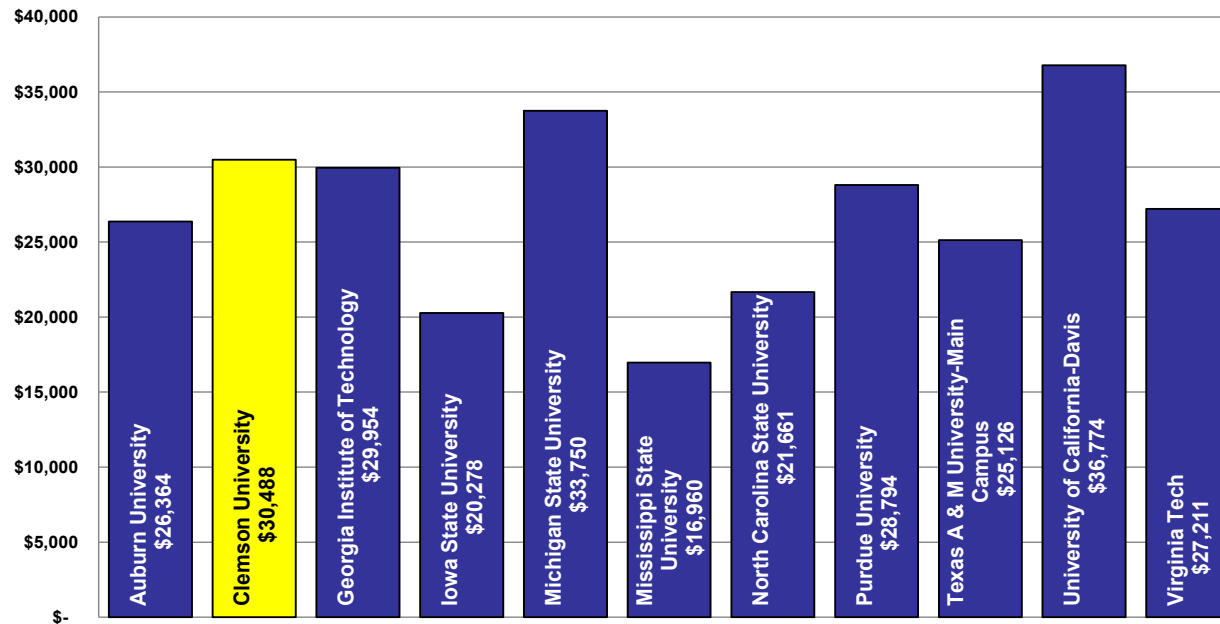
Institution - Resident	For the Fiscal Year									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Auburn University	\$ 9,852	\$ 9,446	\$ 8,698	\$ 7,900	\$ 6,972	\$ 6,500	\$ 5,834	\$ 5,496	\$ 5,278	\$ 4,828
<b>Clemson University</b>	<b>13,054</b>	<b>12,774</b>	<b>12,404</b>	<b>11,908</b>	<b>11,078</b>	<b>10,379</b>	<b>9,937</b>	<b>9,400</b>	<b>8,816</b>	<b>7,840</b>
Georgia Institute of Technology	10,650	10,098	9,652	8,716	7,506	6,040	5,642	4,926	4,648	4,278
Iowa State University	7,726	7,726	7,486	6,997	6,651	6,360	6,161	6,060	5,634	5,426
Michigan State University	12,863	12,623	12,203	11,153	10,880	10,214	9,640	8,793	7,945	7,000
Mississippi State University	6,772	6,264	5,805	5,461	5,151	5,151	4,929	4,596	4,312	3,874
North Carolina State University	8,206	7,788	7,018	6,529	5,474	5,274	5,117	4,783	4,338	4,260
Purdue University	9,992	9,900	9,478	9,070	8,638	7,750	7,416	7,096	6,458	6,092
Texas A & M University - Main Campus	8,506	8,506	8,421	8,387	8,177	7,844	7,335	6,966	6,399	5,955
University of California - Davis	13,896	15,257	15,123	13,080	10,405	9,497	8,925	8,323	8,129	7,557
Virginia Tech	11,455	10,923	10,509	9,459	8,605	8,198	7,397	6,973	6,378	5,838

Undergraduate Tuition and Fees - Resident — FY 2013-14



	For the Fiscal Year									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Institution - Non Resident</b>										
Auburn University	\$ 26,364	\$ 22,977	\$ 23,290	\$ 21,916	\$ 19,452	\$ 18,260	\$ 16,334	\$ 15,496	\$ 14,878	\$ 14,048
<b>Clemson University</b>	<b>30,488</b>	<b>29,700</b>	<b>28,562</b>	<b>27,420</b>	<b>25,388</b>	<b>23,401</b>	<b>21,867</b>	<b>19,824</b>	<b>18,440</b>	<b>16,404</b>
Georgia Institute of Technology	29,954	29,402	27,862	26,926	25,716	25,182	23,366	20,272	18,990	17,558
Iowa State University	20,278	19,838	19,358	18,563	17,871	17,350	16,919	16,554	15,724	15,128
Michigan State University	33,750	32,580	31,148	29,108	27,343	23,500	23,500	21,438	19,697	17,845
Mississippi State University	16,960	15,828	14,670	13,801	13,021	12,503	11,420	10,552	9,772	8,780
North Carolina State Univeristy	21,661	20,953	19,853	19,064	17,959	17,572	17,315	16,981	16,536	16,157
Purdue University	28,794	28,702	27,646	26,622	25,118	23,224	22,224	21,266	19,824	18,700
Texas A & M University - Main Campus	25,126	25,036	23,811	22,817	22,607	22,184	15,675	15,216	14,679	13,695
University of California - Davis	36,774	38,135	38,001	35,959	33,074	30,105	28,545	27,007	25,949	24,513
Virginia Tech	27,211	25,915	24,480	23,217	21,878	20,825	19,775	19,049	17,837	16,581

**Undergraduate Tuition and Fees - Non Resident — FY 2013-14**



These figures are for undergraduate first-time, full-time students with an academic year of 30 semester hours or 45 quarter hours.

**Source:** University of Wyoming ([oia.uwyo.edu/charges](http://oia.uwyo.edu/charges))

## FACULTY AND STAFF STATISTICS

*Last Ten Fiscal Years*

	For the Fiscal Year									
	<i>(Numbers are based on the October 1st Freeze date from the Clemson University Business System)</i>									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Faculty</b>										
Part-time	172	196	215	248	238	284	269	274	261	267
Full-time	1,157	1,111	1,110	1,150	1,153	1,205	1,205	1,155	1,104	1,032
Percentage tenured	46.7%	46.7%	43.8%	42.3%	42.7%	40.1%	39.5%	42.1%	46.0%	46.6%
<b>Staff and administrators with faculty rank</b>										
Part-time	856	783	682	668	687	581	506	491	543	548
Full-time	2,542	2,475	2,388	2,486	2,657	2,839	2,834	2,738	2,711	2,614
<b>Total employees</b>										
Part-time	1,028	979	897	916	925	865	775	765	804	815
Full-time	3,699	3,586	3,498	3,636	3,810	4,044	4,039	3,893	3,815	3,646
<b>Students per full-time</b>										
Faculty	18.4	18.7	17.9	16.9	16.8	15.2	14.6	15.0	15.5	16.6
Staff	8.4	8.4	8.3	7.8	5.0	6.5	6.2	6.3	6.3	6.5
<b>Average annual faculty salary*</b>	\$89,788	\$89,474	\$ 80,200	\$ 78,257	\$ 78,038	\$ 77,330	\$ 76,639	\$ 74,045	\$ 72,854	\$ 71,652

\*Full-time, permanent, instructional in Academic departments (AAUP definition)

**Note:** Full time includes all regular full time employees, and part time includes all part-time and all temporary employees.

**Source:** Clemson University Office of Institutional Research ([www.clemson.edu/oirweb1/fb/factbook/CUfactbook.cgi](http://www.clemson.edu/oirweb1/fb/factbook/CUfactbook.cgi))

## SCHEDULE OF CAPITAL ASSET INFORMATION

*Last Ten Fiscal Years*

	For the Fiscal Year									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Academic buildings:										
Net assignable square feet (in thousands)	1,427,870	1,391,955	1,292,391	1,286,350	1,675,560	1,310,706	1,169,179	1,032,554	1,030,574	991,148
Administrative and support buildings:										
Net assignable square feet (in thousands)	533,047	570,867	529,590	615,539	731,487	630,397	667,120	802,209	802,492	797,169
Laboratories:										
Net assignable square feet (in thousands)	674,059	604,045	644,171	598,763	986,055	725,166	715,677	711,254	530,723	562,792
Auxiliary and independent operations buildings:										
Net assignable square feet (in thousands)	1,719,202	1,726,207	1,618,671	1,527,397	1,674,427	1,637,796	1,782,291	1,782,291	1,781,931	1,753,852
Student housing:										
Residence halls	23	23	23	23	23	23	23	23	23	21
Suites	3	3	3	3	3	3	3	3	3	3
Apartments	4	4	4	4	4	4	4	4	4	4
Units available	6,248	6,162	6,080	6,074	6,145	6,145	6,198	6,215	6,346	6,346
Units in use	6,113	6,303	5,724	5,845	6,303	5,974	5,923	6,129	6,148	6,148
Percent occupancy	97.8%	102.3%	94.1%	96.2%	102.6%	97.2%	95.6%	98.6%	96.9%	96.9%
Dining facilities:										
Locations	17	17	17	17	17	16	16	16	15	14
Average daily customers	17,746	17,667	17,200	16,277	15,651	14,851	15,024	15,531	14,685	13,986
Parking facilities:										
Parking spaces available	12,303	12,159	12,533	11,939	12,679	12,993	12,839	13,302	13,302	13,312
Parking permits issued to students	16,007	15,547	16,294	15,379	13,292	12,555	15,358	13,086	14,891	15,983
Parking permits issued to faculty/staff	5,069	4,973	4,814	4,983	4,730	4,678	3,898	4,788	5,024	5,374

### Sources:

Building square footage	Clemson University Office of Institutional Research
Student housing	Clemson University Housing
Dining facilities	Clemson University Business Services
Parking facilities	Clemson University Parking Services



## DEMOGRAPHIC STATISTICS

State of South Carolina  
Last Ten Calendar Years

Year	Personal Income as of June 30 (a)	Population at July 1 (b)	Per Capita Income (c)	Average Annual Unemployment Rate (d)
2013	169,282,713,000	4,774,839	35,453	7.6%
2012	161,863,730,000	4,723,723	\$ 34,266	9.1%
2011	156,230,797,000	4,679,230	33,673	10.3%
2010	149,283,181,000	4,596,958	33,163	11.2%
2009	144,342,563,000	4,561,242	31,799	11.7%
2008	149,324,705,000	4,479,800	31,884	6.9%
2007	142,166,788,000	4,407,709	31,013	5.9%
2006	134,196,693,000	4,330,108	29,767	6.4%
2005	124,392,180,000	4,254,989	28,460	6.7%
2004	117,248,153,000	4,201,437	27,039	6.8%

(a) Source: U.S. Board of Economic Advisors

(a) Source: U.S. Census Bureau

(b) Source: U.S. Board of Economic Advisors

(c) Source: U.S. Department of Labor

TEN LARGEST EMPLOYERS

State of South Carolina  
Latest Completed Calendar Year and Ten Years Prior  
(Listed Alphabetically)

2013

Bi-Lo, Inc.  
Blue Cross/Blue Shield of South Carolina  
U. S. Department of Defense  
Greenville Hospital System  
Michelin North America, Inc.  
Palmetto Health Alliance, Inc.  
Greenville County School District  
University of South Carolina  
U.S. Postal Service  
Wal-Mart Associates, Inc.

2003

Bi-Lo, Inc.  
Blue Cross/Blue Shield of South Carolina  
U.S. Department of Defense  
Michelin North America, Inc.  
Palmetto Health Alliance, Inc.  
Greenville County School District  
University of South Carolina  
U.S. Postal Service  
Wal-Mart Associates, Inc  
Washington Savannah River Company

**Note:** Due to confidentiality issues, the number of employees for each company is not available, and the employers are listed alphabetically rather than in order of size.  
**Source:** South Carolina Department of Employment and Workforce



*Supplementary Information  
to the Financial Statements*

**CLEMSON UNIVERSITY**  
**SCHEDULE OF PLEDGED NET REVENUES**  
**AUXILIARY REVENUE BONDS (SERIES 2005 AND 2012)**  
For the year ended June 30, 2014

	<b>Dining Services</b>	<b>Vending Operations</b>	<b>Bookstore</b>	<b>Parking Services</b>	<b>Housing</b>	<b>Total</b>
<b>Revenues:</b>						
Student meal plans	\$ 17,643,699	\$ —	\$ —	\$ —	\$ —	\$ 17,643,699
Food service commissions	1,826,547	—	—	—	—	1,826,547
Other	—	164,841	—	—	129,018	293,859
Residence halls	—	—	—	—	30,296,905	30,296,905
Campus vending machines	—	300,000	—	—	—	300,000
ATM rental	—	83,818	—	585	—	84,403
Contract revenue	—	62,200	1,311,982	57,724	185,517	1,617,423
Parking permits	—	—	—	2,215,623	—	2,215,623
Transit fees	—	—	—	1,174,999	—	1,174,999
Parking citations	—	—	—	1,111,381	—	1,111,381
Investment income	77,025	8,631	8,464	10,792	79,354	184,266
Total revenues	<u>19,547,271</u>	<u>619,490</u>	<u>1,320,446</u>	<u>4,571,104</u>	<u>30,690,794</u>	<u>56,749,105</u>
<b>Expenses:</b>						
Salaries	280,905	—	19,326	765,305	5,980,312	7,045,848
Fringe benefits	89,203	—	6,201	240,389	1,534,735	1,870,528
Travel	4,411	—	—	22,498	70,150	97,059
Contractual services	12,336,637	—	—	1,418,491	696,407	14,451,535
Repairs	340,487	20	6,741	92,450	437,689	877,387
Telecommunications	4,293	1,813	—	7,279	222,872	236,257
Heat, light, and power	740,467	—	24,633	49,613	2,484,350	3,299,063
Water, sewer and garbage	127,576	—	—	60	529,363	656,999
Rents	110,575	—	—	58,437	16,690	185,702
Supplies and materials	213,972	2,111	5	95,215	740,645	1,051,948
Insurance	29,732	408	—	8,770	237,512	276,422
University debit card fees	444,044	4,603	—	—	99,596	548,243
Cable television	—	—	—	—	317,855	317,855
Other operating expenses	1,371,688	62,385	78,708	609,483	3,018,993	5,141,257
Capital outlay	188,654	—	—	32,902	32,279	253,835
Total expenses	<u>16,282,644</u>	<u>71,340</u>	<u>135,614</u>	<u>3,400,892</u>	<u>16,419,448</u>	<u>36,309,938</u>
<b>Net revenues</b>	<u><b>\$ 3,264,627</b></u>	<u><b>\$ 548,150</b></u>	<u><b>\$ 1,184,832</b></u>	<u><b>\$ 1,170,212</b></u>	<u><b>\$ 14,271,346</b></u>	<u><b>\$ 20,439,167</b></u>

**CLEMSON UNIVERSITY**  
**INTERCOLLEGIATE ATHLETIC PROGRAM**  
**STATEMENT OF REVENUES, EXPENSES AND TRANSFERS**

For the year ended June 30, 2014

	<b>Football</b>	<b>Basketball</b>	<b>Other Sports</b>	<b>Non Program Specific</b>	<b>Total</b>
<b>Revenues:</b>					
Ticket sales	\$ 21,645,341	\$ 1,470,871	\$ 569,581	\$ —	\$ 23,685,793
Away game sales and guarantees	250,000	—	4,000	—	254,000
Contributions	2,930,562	927,602	4,079,354	15,271,055	23,208,573
Direct institutional support	1,281,455	508,223	2,582,396	3,670	4,375,744
NCAA/Conference distributions including all tournament revenues	15,629,983	4,526,269	—	269,683	20,425,935
Broadcast, television, radio and internet rights	555,000	175,000	—	1,960,000	2,690,000
Program sales, concessions, novelty sales and parking	1,703,267	130,738	112,190	123,166	2,069,361
Royalties, advertisements and sponsorships	468,311	179,519	159,886	4,073,201	4,880,917
Endowment and investment income	—	—	—	306,026	306,026
Other	60	—	27,689	163,077	190,826
Total revenues	<u>44,463,979</u>	<u>7,918,222</u>	<u>7,535,096</u>	<u>22,169,878</u>	<u>82,087,175</u>
<b>Operating Expenditures and Mandatory Transfers:</b>					
<i>Expenses:</i>					
Athletic student aid	4,108,962	1,376,311	6,329,616	1,191,397	13,006,286
Guarantees	850,000	456,539	49,051	—	1,355,590
Coaching salaries, benefits and bonuses paid by the institution and related entities	8,122,016	3,051,174	3,766,278	302,589	15,242,057
Support staff/administrative salaries, benefits and bonuses paid by the institution and related entities	3,220,962	473,806	165,962	11,420,898	15,281,628
Recruiting	682,740	331,710	446,949	—	1,461,399
Team travel	2,758,253	1,442,568	1,814,371	—	6,015,192
Equipment, uniforms and supplies	824,086	252,347	759,924	473,727	2,310,084
Game expenses	2,766,439	589,053	443,193	—	3,798,685
Fund raising, marketing and promotion	—	—	—	2,924,359	2,924,359
Direct facilities, maintenance and rental	303,774	42,464	15,224	1,294,889	1,656,351
Indirect facilities and administrative support	—	—	—	1,181,770	1,181,770
Other operating expenses	1,614,290	275,076	810,364	5,828,994	8,528,724
Total expenses	<u>25,251,522</u>	<u>8,291,048</u>	<u>14,600,932</u>	<u>24,618,623</u>	<u>72,762,125</u>
<b>Excess (deficiency) of revenue over expenses and transfers</b>	<u><b>\$ 19,212,457</b></u>	<u><b>\$ (372,826)</b></u>	<u><b>\$ (7,065,836)</b></u>	<u><b>\$ (2,448,745)</b></u>	<u><b>\$ 9,325,050</b></u>







This Comprehensive Annual Financial Report is also available  
on the Clemson University Comptroller Office website located at  
<http://www.comptroller.clemson.edu>

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