



UNIVERSITY OF
SOUTH CAROLINA



Comprehensive Annual Financial Report

For the Year Ended June 30, 2014

A Component Unit of the State of South Carolina



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For the Year Ended June 30, 2014

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Prepared by the Controller's Office

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Table of Contents

INTRODUCTORY SECTION

President's Letter	7
University Strategic Plan	9
Letter of Transmittal	11
Certificate of Achievement	20
University Board of Trustees	21
University Organizational Chart	22
University Officers and Financial Staff	23

FINANCIAL SECTION

Independent Auditor's Report	27
Management's Discussion and Analysis	30
Basic Financial Statements:	
Statement of Net Position	41
Statement of Revenues, Expenses and Changes in Net Position	42
Statement of Cash Flows	43
South Carolina Research Foundation - Statement of Net Position	45
South Carolina Research Foundation - Statement of Revenues, Expenses and Changes in Net Position	46
University of South Carolina School of Medicine Educational Trust - Statement of Net Position	47
University of South Carolina School of Medicine Educational Trust - Statement of Revenues, Expenses and Changes in Net Position	48
Beaufort-Jasper Higher Education Commission - Statement of Net Position	49
Beaufort-Jasper Higher Education Commission - Statement of Revenues, Expenses, and Changes in Net Position	50
Non-Governmental Discretely Presented Component Units - Statements of Financial Position	51
Non-Governmental Discretely Presented Component Units - Statements of Activities	52
Notes to the Financial Statements:	
Note 1 - Summary of Significant Accounting Policies	54
Note 2 - Cash and Cash Equivalents, Other Deposits, and Investments	58
Note 3 - Receivables	60
Note 4 - Capital Assets	62
Note 5 - Pension Plans	62
Note 6 - Postemployment and Other Employee Benefits	66
Note 7 - Contingencies, Litigation, and Project Commitments	67
Note 8 - Lease Obligations	67
Note 9 - Bonds and Notes Payable	69
Note 10 - Long-Term Liabilities	72
Note 11 - Component Units	72
Note 12 - Related Parties	76
Note 13 - Risk Management	79
Note 14 - Biomass Facility	80
Note 15 - Operating Expenses by Function	81
Note 16 - Endowments and Similar Funds	81
Supplementary Information to the Financial Statements:	
Columbia Campus Athletics Department Schedule of Funds Available for Debt Service	85

(Continued)

Table of Contents

(Continued)

STATISTICAL SECTION

Schedule of Revenues by Source	90
Schedule of Expenses by Use	92
Schedule of Expenses by Function	94
Schedule of Net Position and Changes in Net Position	97
Schedule of Ratios of Outstanding Debt	98
Schedule of Bond Coverage	99
Schedule of Capital Asset Information	100
Schedule of Enrollment Statistics	101
Schedule of Admissions Statistics	102
Schedule of Degree Data	103
Faculty and Staff Statistics	104
Undergraduate Required Tuition and Fees - Resident, Comparison to Peer Institutions	105
Undergraduate Required Tuition and Fees - Non-Resident, Comparison to Peer Institutions	106
State of South Carolina Demographic Statistics	107
State of South Carolina Employment by Industry	108
State of South Carolina Ten Largest Employers	109



Introductory Section

(Unaudited)

UNIVERSITY OF SOUTH CAROLINA

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UNIVERSITY OF
SOUTH CAROLINA

Office of the President

President's Letter

November 7, 2014

Dear Carolina Community,

I am pleased to report that throughout the University of South Carolina system our momentum continues to build. The Carolina curriculum and our holistic strategy of linking learning inside and beyond the classroom, has become a nationally recognized model.



University 101, USC Connect, the First-Year Reading Experience, service learning, the Magellan Scholars Program, the Magellan Voyagers, residential living and learning communities, Capstone Scholars and graduation with leadership distinction are but some of the educational innovations that contribute to this growing national reputation. In fact, the breadth of enrichment programs we offer is so large that students simply cannot sample them all. Still, I continue to encourage each and every one to take full advantage of as many opportunities as possible.

Our Honors College remains in the No. 1 spot, our undergraduate international business program and graduate international business program are also in first-place positions and 47 of our academic programs of study are ranked nationally—the highest number in our history. Clearly, nothing is more important to me than providing the best quality college education to the largest number of students in South Carolina's history.

We continue our push to create a new institutional culture regarding degree completion by developing new, flexible models for college access and affordability. On Your Time reflects our commitment to our students that they can obtain a degree within a timeframe that meets their personal, economic and life interests—not ours.

We now emphasize that eight semesters over four years is only one of many paths to degree completion. Over the summer we offered an impressive 500 courses in 110 subjects, more than ever before. Importantly, 153 of the courses were from the Carolina Core—classes that can be difficult to register for during fall or spring semesters. In addition, USC led the way in asking for more flexibility in the use of lottery scholarships. As a result a proviso was passed allowing lottery scholarships to be used year round.

This year we began offering accelerated degrees. With the advent of staggered summer courses, many of our freshmen are now working toward three-year bachelor of arts or bachelor of science

degrees in approximately 45 different majors—from economics to mechanical engineering, from psychology to marine science and from public health to tourism management.

Also, we will start offering more accelerated joint baccalaureate and master's degrees in 22 majors. Students will be able to spend five rather than six years receiving both degrees. Our medical school in Columbia will be starting a joint B.S./M.D. degree for students in the Honors College. Qualified students will be able to receive an M.D. in seven years of post-high school study rather than eight.

Higher education is the key to both workforce development and the growth of a strong economy in our state. A recent in-state opinion poll shows that South Carolinians agree: voter's top concerns were: jobs at 20.1 percent, followed closely by education at 18.3 percent and the economy at 10.9 percent. Our mandate is to educate more South Carolinians while making higher education more affordable for our students and their families. This requires an increased public investment.

Across the nation, the funding plight of public higher education has been well documented. A telling quote from the Chronicle of Higher Education revealed that, "College students and their families, who just a decade ago paid for about one-third of the cost of their education, are on track to pay for most of it. In nearly half of the states, they already do."

This is certainly the case in South Carolina as public colleges and universities have lost more than 40 percent of their state funding since 2008. At USC, our state funding has decreased from 23 percent of its total budget to just 10.8 percent today. In fact, South Carolina is one of just four states that reduced per-student funding by more than 40 percent (41.6 percent) since the start of the recession. Our state funding, as a percentage of USC's annual budget, has fallen behind out-of-state tuition, in-state tuition, auxiliaries, research grants and philanthropy.

Since 2008, USC has pursued an aggressive, proactive approach to cost reduction. Our strategic efficiency is reflected in terminating low-demand programs, reducing spending and reigning in costs including an administrative reorganization that saved \$400,000 in salaries. In addition, we enlisted the expertise of an independent company, Huron, who provided an efficiency audit. We have begun to implement many of the 33 recommendations from Huron that have or will result in millions in saving plus additional revenue. It is remarkable that our efficiency has been noted in many places including U.S. News & World Report which ranks Carolina as one of the 15 most efficient universities in the country even though we rank far lower in financial resources available.

Last year, because of our ongoing funding concerns, we started a serious conversation with those who govern our state about public investment in higher education. This year, I look forward to continued conversations with our legislators, business partners and students and their families as we prepare for what we all hope will be a good year for state revenues and productive discussions about funding higher education in our state.

It is an honor to serve as the president of this great university. As always, I will continue to fight for progress while encouraging greater access, flexibility and affordability to higher education for all South Carolinians.

Sincerely,



Harris Pastides

UNIVERSITY OF SOUTH CAROLINA Strategic Plan

Focus Carolina is a strategic plan that outlines key decision making for USC in the next decade and beyond. **Focus Carolina** is a comprehensive, system-wide strategic planning initiative announced by President Harris Pastides that involves the entire University family including hundreds of faculty, students, staff and alumni.

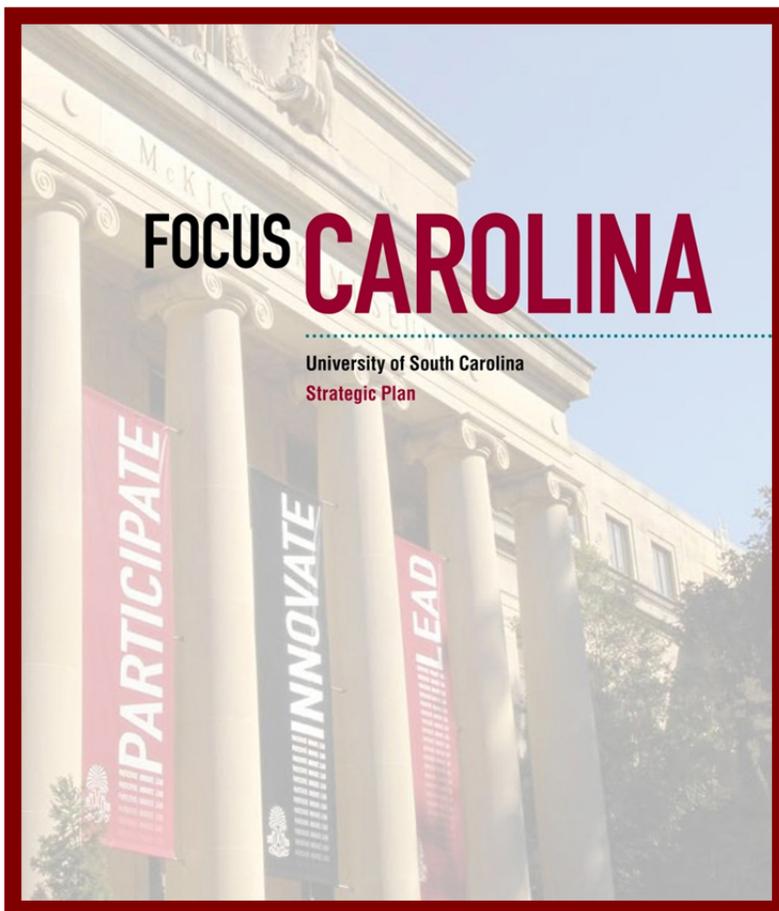
Focus Carolina articulates the university's quest for quality, leadership, innovation, diversity, access, global competition, and community engagement at all eight campuses of the university system. Specific initiatives include aerospace science and engineering; alternative fuels, materials science, composites technology and nanotechnology; sustainability and the environment; P-20 education; and Rule of Law. Other goals include improvement of student retention and on-time graduation, increasing access to baccalaureate degree through USC's regional campuses, and engaging further with communities.

The full Focus Carolina strategic plan is available on the web at this address:

<http://www.sc.edu/focuscarolina/>

The comprehensive update from December 2011 is available on the web at this address:

http://www.sc.edu/focuscarolina/pdfs/Focus_Carolina_Full_Planrev1.pdf







UNIVERSITY OF
SOUTH CAROLINA

Vice President for Finance &
Chief Financial Officer

Letter of Transmittal

November 7, 2014

President Pastides,
Members of the Board of Trustees, and
Friends of the University of South Carolina

We are pleased to present our Comprehensive Annual Financial Report of the University of South Carolina for the year ended June 30, 2014. This report includes the financial statements as well as other data that describes the University's financial position at the end of the year and helps ensure University accountability to the public. The annual report encompasses three major sections, Introductory, Financial, and Statistical, as well as all disclosures necessary for the reader to gain an understanding of the University's financial operations. The Financial Section presents management's discussion and analysis (MD&A) which, when read in conjunction with the financial statements and the notes to the financial statements, provides a more complete picture of the financial health of the USC System.

Responsibility for the accuracy of the information and for the completeness, reliability and fairness of all information contained in this report, rests with the University's administration. A comprehensive framework of internal controls has been established to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of controls should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. We believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors and to the Audit and Compliance Committee of the Board of Trustees and to provide management with reasonable, although not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition.

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 University's internal auditors also perform fiscal, compliance, and performance audits.

The reports resulting from these audits are shared with University administration. Internal and external audit reports are provided to the Audit and Compliance Committee of the Board of Trustees. As a lump sum agency of the State of South Carolina, the University is required to provide a complete set of audited financial statements by October of each year for incorporation into the statewide Comprehensive Annual Financial Report. This report fulfills that requirement for the fiscal year ending June 30, 2014. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. The letter of transmittal complements the MD&A and should be read in conjunction with it.

Profile of the University

The University of South Carolina is a state-supported, coeducational institution of higher education. The University of South Carolina is home to more than 200 years of history and tradition, rising from a single building in 1805 on what would become the heart of the campus, the Horseshoe. The Palmetto State established South Carolina College, the precursor to the University of South Carolina, on December 19, 1801, as part of an effort to unite South Carolinians in the wake of the American Revolution. Located in the Capital City, the University was purposefully located and positioned to become the State's higher education leader. Today the University of South Carolina is the state's flagship university and is one of 73 public universities, and the only university in South Carolina, listed by the Carnegie Foundation in the highest tier of research institutions in the United States. The University's mission is to educate the state's diverse citizens through teaching, research, creative activity, and service.

The University of South Carolina is governed by the Board of Trustees in accordance with Title 59 Chapter 117 of the State of South Carolina Code of Laws. The Board of the University of South Carolina is composed of 20 members including sixteen members elected by the General Assembly and one from each judicial circuit. Additionally, there are three *ex officio* members including the Governor (or designee), the State Superintendent of Education, and the President of the Greater University of South Carolina Alumni Association. The Governor also appoints one member at-large.

Ten separately chartered legal entities, whose activities are related to those of the University and whose primary purpose is to provide financial assistance and other support to the University and its education program, are discretely presented as component units of the University. These include the South Carolina Research Foundation, the University of South Carolina School of Medicine Educational Trust, the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the University of South Carolina Upstate Foundation; the University of South Carolina Upstate Capital Development Foundation; and the Educational Foundation of the University of South Carolina – Lancaster. Beginning with the 2014 year, the Beaufort-Jasper Higher Education Commission is included as a governmental discretely presented component unit. Because the activities and resources of these entities are significant, provide a

direct benefit, and are accessible to the University, they are considered component units of the University and are discretely presented in the University's financial statements. Additional information on the reporting entity can be found in the notes to the financial statements.

The University of South Carolina's Columbia campus has 324 unique degree programs through its 14 degree-granting colleges and schools. The University houses the only public law school in South Carolina and has two medical campuses. The University developed an innovative partnership with the Greenville Hospital System that addresses a critical workforce development issue and builds upon the successful twenty-year relationship with this health care delivery system. No state support is available for this initiative, but it is made possible by a significant commitment of funds from the Greenville Hospital System and through student tuition. The first cohort of medical students enrolled in fall 2012 following a year of start-up activities. As of the fall 2014 term, 188 students are enrolled at the Greenville campus of the medical school.

Access to the University is broad and deep. Joining the flagship campus in Columbia are four-year baccalaureate campuses in Aiken, Beaufort, and Upstate (Spartanburg-Greenville). Four two-year campuses-Lancaster, Sumter, Salkehatchie (Allendale and Walterboro), and Union help the University cover the state; making USC the most comprehensive and most affordable higher education system in South Carolina. Beginning in 2012, the Columbia campus welcomed the first class of 165 Gamecock Gateway students; a joint program with Midlands Technical College designed to provide a one-year residential program that offers access, affordability and the eventual opportunity to enroll at the University of South Carolina. This bridge program now enrolls 323 students with additional expansion likely for the fall 2015 term. Across the University System, the Palmetto College was launched in the fall of 2013 as an academic programs coordinating unit, with five million dollars of taxpayer support. This initiative will further expand baccalaureate degree programs to rural populations via expanded on-line learning. Palmetto College currently provides seven online bachelor's degree completion programs to 687 students, an increase of 37% over the founding year of the program.

The financial reporting entity for the financial statements is composed of the Columbia campus, including the School of Medicine with locations in Columbia and Greenville, and seven system campuses. The accompanying financial statements present all funds belonging to the University and its component units.

The University annually prepares a balanced operating budget. The budget development process is a comprehensive planning effort representative of the vision of the University to provide research, teaching, and service for the citizens of the State of South Carolina. Under the guidance of the Board of Trustees, the University establishes priorities, creates budgets and controls expenditures. The University President determines internal budget allocations under the advice of the Chancellors, Provost, Chief Operating Officer and the Chief Financial Officer. The process requires participation beginning at the department level and reaching out to all campuses as the

budget is developed to reflect the investments identified to significantly enhance the academic reputation, benefit students and contribute to the economic and societal health of the State of South Carolina. The budget includes all operating budgets of the University, including the educational and general activities, auxiliary enterprises, sponsored programs and capital projects. Upon approval of the annual operating budget each June, the Board of Trustees delegates authority for budget execution to University administration. Budget monitoring is performed on an ongoing basis. The Division of Administration and Finance prepares quarterly budget updates for the Board of Trustees and comprehensive reviews at mid-year and year-end. The budget update includes comparison of the approved budget to current budget, and comparison of budget to actual performance. Supplemental schedules of revenue and expenditures are prepared for each budget unit and by campus. Monthly financial reports are provided for each fund to individual managers responsible for each account.

Local Economy

The economic position of the University is loosely tied to the State of South Carolina. The economy remains in measured recovery from the depths of the Great Recession. State tax and revenue collections continue to rebound from the lows reached in 2010. From 2008-09, the state reduced its general fund budget by \$1.66 billion or 24 percent from the peak in fiscal year 2007. These reductions translated to losses in state appropriations of more than \$112 million or 50 percent, for the University of South Carolina. State General Funds available for the 2014 year increased by approximately \$300 million. The University received approximately \$6.2 million in new, recurring state funds for academic initiatives, system campus parity funding and fringe benefit adjustments. An additional \$9.5 million in non-recurring funding was received for deferred maintenance, parity and the On Your Time program. Modest increases in state funding are also provided for the 2015 fiscal year.

Higher education funding across South Carolina has been reduced as a proportion of total State General Fund Appropriations. The University has increased strategic efforts to collaborate with state business organizations, education advocacy groups and other state higher education institutions to rebuild relationships between the Universities and state legislators in an effort to place our institutions back to prominence.

Economists at the Darla Moore School of Business expected that state employment and income would slowly increase from 2012 through 2014, and those projections have proven true. At the end of June 2014, the state unemployment rate was 5.3 percent, compared to the national average of 6.1 percent. The 2014 fiscal year marks the first time since the Great Recession that the unemployment rate fell below the national average. The economic recovery in the state continues to be led by the manufacturing sector. As in 2013, South Carolina home sales have increased modestly as has the median home price. However, increasing mortgage rates may slow the housing recovery.

In budget development for 2014, the University expected reductions in Federal grant funding due to the ongoing impact of Sequestration, as part of the plan for dealing with

the Federal budget deficit. However, Federal grant awards for the prior year increased by approximately \$20 million across the system. The upcoming implementation of the Affordable Care Act will impact campus operating budgets by as much as \$24 million over a period of three years.

Long Term Financial Planning

The University of South Carolina engages in a systematic, integrated, system-wide process of planning and evaluation that seeks to ensure clarity regarding the institution's mission, goals and outcomes; provide data-based feedback and assessment to ensure continual improvement for the University; and demonstrate that the University is effectively fulfilling its three-fold mission of teaching, research, and service. The University accomplishes this through *Focus Carolina*, the system-wide strategic planning effort, and the Annual Blueprint for Academic and Service Excellence process, which is the structured method for annual planning, evaluation, and assessment for each academic and service unit for the University. The Board of Trustees participates in the planning process through the Ad Hoc Committee on Strategic Planning, the Buildings and Grounds Committee, and the Executive Committee. This commitment naturally encompasses the long-term financial, budgetary, and capital planning.

In August 2014, the University completed the new Darla Moore School of Business, a \$106.5 million facility with more than 250,000 square feet that includes more than 2,000 classroom seats in 35 classrooms, 40 meeting rooms and project spaces and 136 faculty offices. Ground has been broken for the future construction of an \$80 million new home for the School of Law designed to replace a 1970's era facility. Future renovation of the old Law School facility is expected to allow expansion of the undergraduate programs to meet the requirements of an increased student enrollment. The University is addressing deferred maintenance and expanding academic space through renovations of facilities located on the historic Horseshoe. This includes renovations of the Health Sciences Center and Hamilton College. These facilities will house the College of Mass Communications and Information Studies and the College of Social Work. Following years of planning and approvals, in the spring of 2015, construction will begin on a new Student Health Center. Planning and implementation of both the Housing Master Plan and Athletics Master Plan continues. In an effort to think ahead and plan for the future needs of facilities and facilities maintenance to support the growing academic mission of the University, the Division of Administration and Finance annually develops the University's Capital Renewal Plan and the Five-Year Facilities Plan. Upon approval by the President and Board of Trustees, these documents become the action plans for facilities projects.

The Division of Administration and Finance annually prepares a comprehensive capital budget document each spring and works with a financial underwriter to determine and revise the debt capacity and impact that capital plans will have on the financial standing of the University. The University maintains a comprehensive debt management strategy and manages debt on a portfolio basis to ensure the highest attainable credit rating and the lowest cost of capital.

Major Initiatives

In the 2014 fiscal year, the University expanded student programs designed to promote access and affordability for residents of South Carolina. These programs are the result of the President's goal to develop new models for college education. Palmetto College is a virtual college that provides higher education opportunities for students from all economic and geographic regions of the state to earn a bachelor's degree near or from their own homes. The Governor and the General Assembly provided \$5 million in new funds to begin this program which has now enrolled more than 500 students across the state. Each University campus is a participant in the Palmetto College through degree offerings originated at Columbia and the comprehensive campuses or by offering the general education requirements at the four two-year campuses. The Gamecock Gateway enrolled the first class of 165 students in Fall 2012 as a one-year residential bridge experience. The program continued in its second year starting in Fall 2013 with 168 students and then expanded to serve 323 students currently. The On Your Time Graduation Initiative was developed as an alternative to the traditional university calendar and allows students to attend a flexible summer session designed to reduce the time to degree completion. The Columbia campus experienced growth in summer course offerings and credit hours increased by 12% over the prior calendar year. South Carolina residents who have earned merit scholarships via the South Carolina Education Lottery will have access to their awards year round beginning with the Summer 2015 term. The University of South Carolina led the state's efforts to expand usage of these funds outside of the fall and spring academic calendar. Enhancing the summer offerings allows the University to better utilize academic space in all months of the year and provide students with different paths toward degree completion.

The University successfully continued progress toward the largest comprehensive fundraising campaign in the history of the state of South Carolina. *Carolina's Promise* seeks gifts and grants of one billion dollars for the University. As of June 30, 2014, the University had raised pledges and funds totaling \$871 million. Success of this campaign and continued diligent stewardship of state and tuition resources will enable the University to advance the *Focus Carolina* plan, as revised in December 2011. The University's strategic plans, as put forth by our President include major initiatives that focus on educational quality, leadership, innovation, diversity, access, global competitiveness and community engagement.

Within the strategic plan, the financing plans include allocating existing resources and focusing existing operations toward achieving many of the objectives. Other plans require new public and private sector resources to become fully implemented. University resources are committed mainly to adding to the hiring and retention of faculty while maintaining and improving the physical plant and technology infrastructure required to produce desired mission-oriented outcomes.

Highlights from 2013-2014

Total student headcount enrollment across the system increased to 46,672 in fall 2013, an all-time high and an increase of more than 400 students over the prior year. Critical student metrics including six year graduation rate, retention rate of first-time full-time

freshmen and average SAT score have increased and are targeted for improvement to ensure the quality of a USC education. The University Provost developed and maintains a comprehensive set of dashboard metrics designed to enhance academic quality. This dashboard enables the University to document and monitor progress, compare data with other institutions, set future targets, develop strategies to meet targets and detail the resource needs to support the strategies.

South Carolinians comprise approximately 73 percent of USC System enrollment, and their numbers have increased in the past 10 years. Conversely, South Carolinians' access to the University is never shortchanged by the admission of out-of-state students. In practical terms, the average out-of-state student pays three times as much in tuition at the USC Columbia campus as do in-state students. In addition, out-of state students pay two-and-a-half times the amount in-state students pay in fees for bond indebtedness, which is used to construct and renovate campus facilities.

Like many higher education institutions across the United States, the University relies on tuition as the primary source of funding. Both the regulatory and market environments will not tolerate future large tuition increases as a mechanism for funding the core mission. The University must gain access to new funding streams while enhancing existing revenues to more capably support the core mission. The President's Palmetto College initiative is the best opportunity for the comprehensive and two-year regional campuses to collaborate with each other and Columbia to devise the strategies and develop the tools to open new markets and new revenue streams for all the campuses. Cost reductions and cost containment are the focus of the General Assembly and the Board of Trustees. The University continues to implement initiatives highlighted by the comprehensive external assessment conducted by Huron Consulting and participates in the state Higher Education Efficiency, Effectiveness and Accountability Review Committee.

The University of South Carolina is investing in the information technology infrastructure with the implementation of OneCarolina across the Student Affairs Division and in student accounts and the conversion of the Finance, Human Resources and Payroll systems. In the prior two fiscal years Admissions, Financial Aid, the Registrar and the Bursar's Office met critical "go-live" dates in the conversion of the legacy student system. The period of post implementation and stabilization remain critical for developing tools and reports that provide students with a user friendly interface to the University and provide the administration with vital data to manage the University. In the Finance, Payroll and Human Resources offices, we continue to work with outdated systems and processes. Conversion of these systems will continue through the 2015- 2016 fiscal year.

In 2012, we hired new financial professionals in our Controller's and Budget Offices, reorganized our facilities administrative functions, and staffed our administrative systems implementation team to ensure we have the talent and the depth to continue current operations as we transition to newer systems and processes. Recognizing the need for career paths and business expertise in academic units as well as the central

administration, and acknowledging no reliable way to consistently develop finance and administration talent at the University using current structures, we developed a training associates program. This allows four new entry-level associates each year to go through a two-year program of training and practice designed to create the administrative leaders of tomorrow in the fields of finance, accounting, human resources, and business management. Once trained, these employees will take positions across the University. Acknowledging the gold-standard in financial reporting, we prepare the University's Comprehensive Annual Financial Report to bring our reporting in line with the quality the University deserves. Additionally, new management reports were developed for the administration and are followed by strategic meetings to address enrollment, budget, and long-term planning.

Our facilities plans provide us with the opportunity to address deferred maintenance, install a preventative maintenance program and grow the Columbia campus to address what has become an ever increasing demand for a USC education. In 2013-2014 the University completed the new Darla Moore School of Business. This iconic structure, designed by Raphael Viñoly Architects of New York, will enhance learning, research and collaboration and sets a new standard for innovation and energy efficiency in higher-education facilities. Priced at \$106.5 million, this is the largest and most complex capital project ever taken on by the University. As the University core shifts to the west, and in conjunction with the City of Columbia and the Department of Transportation, the University also completed a pedestrian safety project for the Assembly Street Corridor that leads to the new Darla Moore School of Business and the Innovista District. In September 2014, the University broke ground on a new home for the School of Law that will house the state's only public law school. Last year the University entered into a public-private partnership agreement with Holder Properties to develop additional student housing that will be available for the fall 2015 term.

Academic highlights from our more than 650 student athletes include a 3.22 average GPA with 336 student athletes on the SEC Academic Honor Roles. Student Athletes give back to the community by providing more than 5,000 hours of community service. On the field, successes for the year include the third consecutive 11-win season in football and a victory in the Capital One Bowl over the University of Wisconsin, followed by a national ranking as the number four team in the country. Football boasted the number one overall draft pick in the NFL with the selection of Jadeveon Clowney. USC earned two SEC Championships in Women's Basketball and Women's Equestrian. Other athletic achievements include the fifteenth consecutive NCAA baseball tournament appearance. Our student athletes represent the best of the University and the Carolinian Creed. Athletics capital projects underway include the football indoor practice facility, outdoor practice fields, renovations to the plaza surrounding Williams-Brice Stadium, renovation of the Field House, development of the track and field areas and improvements to Stone Soccer Stadium.

Within the Division of Administration and Finance, the focus remains on service and technical excellence to support the academic enterprise. Our Division upholds the Carolinian Creed as the guiding principles with teamwork, knowledge, and expertise

forming the framework for service. The leadership team understands these concepts, and the long term mission is to infuse all levels of Administration and Finance management and staff with these principles and framework. Our staff has the responsibility to work those concepts into daily activities and practices.

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 the University of South Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the third consecutive year that the University has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this Comprehensive Annual Financial Report in a timely manner was made possible with the support of the University President and the Board of Trustees. The concerted efforts of professional staff in the Controller's Office and other University financial staff brought the report to conclusion. We appreciate the coordinated efforts of the University community, with special assistance from the Office of Institutional Assessment, Student Affairs, University Athletics, and University Communications. We wish to thank the Board of Trustees and the President for their continued commitment to the fiscal management of the University.

Sincerely,



Leslie Brunelli
Chief Financial Officer



Government Finance Officers Association

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

Presented to

University of South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



UNIVERSITY OF
SOUTH CAROLINA

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Attorney



Miles Loadholt, Chairman Emeritus
2nd Judicial Circuit
Attorney



Hubert F. "Hugh" Mobley
6th Judicial Circuit
Pharmacist/Business Owner



Chuck Allen
10th Judicial Circuit
Attorney



Leah B. Moody
16th Judicial Circuit
Attorney



Robert E. "Eddie" Brown
President, USC Alumni Association
Retired Bank Executive



C. Dorn Smith, III
3rd Judicial Circuit
Physician



J. Egerton Burroughs
15th Judicial Circuit
Real Estate Developer



Thad H. Westbrook
11th Judicial Circuit
Attorney



Mark W. Buyck, Jr.
Governor's Designee
Attorney



Mack I. Whittle, Jr.
13th Judicial Circuit
Retired Bank President



Thomas C. Cofield
Governor's Appointee
Attorney



Charles H. Williams
1st Judicial Circuit
Attorney



A. C. "Bubba" Fennell, III
8th Judicial Circuit
Retired CPA



Mitchell M. Zais
State Superintendent of Education



C. Edward Floyd
12th Judicial Circuit
Surgeon



Amy E. Stone
Secretary



William C. Hubbard
5th Judicial Circuit
Attorney



Nikki R. Haley
Governor of South Carolina

University of South Carolina Officers

Harris Pastides	President
Michael Amiridis	Executive Vice President for Academic Affairs and Provost
Leslie Brunelli	Vice President for Finance and Chief Financial Officer
Chris Byrd	Vice President for Human Resources
Susan Elkins	Chancellor, Palmetto College
Bobby Gist	Executive Assistant to the President for EEO Programs
Susan Hanna	University Treasurer
Cantey Heath	Chief of Staff and Special Assistant to the President
William Hogue	Vice President and Chief Information Officer
Jancy Houck	Vice President for University Development and Alumni Relations
Derrick Huggins	Vice President for Facilities & Transportation
Sandra Jordan	Chancellor, USC Aiken
Thomas Moore	Chancellor, USC Upstate
Prakash Nagarkatti	Vice President for Research
Walter Parham	General Counsel and Executive Director of Compliance Programs
Dennis Pruitt	Vice President for Student Affairs and Vice Provost for Academic Support
Amy Stone	University Secretary and Secretary of the Board of Trustees
Ray Tanner	Athletics Director
Jane Upshaw	Chancellor, USC Beaufort
Edward Walton	Senior Vice President for Administration and Chief Operating Officer

University of South Carolina Financial Staff

Harry Bell	University Budget Director
Pamala Cope	Director of Payroll
Pamela Doran	Executive Director of Audit and Advisory Services
Charles FitzSimons	Director of Capital Budgets and Financing
Janis Hoffman	Director of Business Process Improvement
Tony Huggins	Director of Contract and Grant Accounting
Patrick Lardner	Director of Special Finance Projects
Venis Manigo	Director of Purchasing
Jennifer Muir	University Controller
Mary Peak	Director of General Ledger Accounting
Jeffrey Perkins	Associate Vice President for Business & Finance, and Medical Business Affairs
Venessa Samuel	University Bursar
Sandra Smith	Director of Financial Reporting
Helen Zeigler	Associate Vice President for Business Affairs

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Financial Section

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Independent Auditor's Report

The Board of Trustees
University of South Carolina
Columbia, South Carolina

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University of South Carolina (the University), a discretely presented 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 South Carolina Research Foundation; the University of South Carolina School of Medicine Educational Trust; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the USC Upstate Foundation; the USC Upstate Capital Development Foundation; and the Educational Foundation of the University of South Carolina - Lancaster, which represent approximately 84 percent, 92 percent, and 94 percent, respectively, of the assets, net position/assets, and revenues of the University's aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University 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 of America. 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 University of South Carolina School of Medicine Educational Trust; the Beaufort-Jasper Higher Education Commission; the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the USC Upstate Foundation; the USC Upstate Capital Development Foundation; and the Educational Foundation of the University of South Carolina - Lancaster 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 financial statement 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 report 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 1 to the financial statements, in fiscal year 2014 the University adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 30 through 39 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 (GASB), 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 and other auditors 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 about the methods of preparing the information and comparing the information for consistency with management's responses 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 evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The introductory section, Columbia Campus Athletics Department Schedule of Funds Available for Debt Service, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Columbia Campus Athletics Department Schedule of Funds Available for Debt Service is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Columbia Campus Athletics Department Schedule of Funds Available for Debt Service is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 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 style with a long, sweeping underline.

Columbia, South Carolina
October 17, 2014

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

Management's Discussion and Analysis provides an overview and analysis of the University of South Carolina's financial activities for the fiscal year ended June 30, 2014, with comparative information for the fiscal year ended June 30, 2013. This information should be read in conjunction with the financial statements and accompanying footnotes that follow this section. Condensed fiscal year 2014 and 2013 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. In addition, this discussion will focus on operations and financial position of the primary institution, the University of South Carolina (the University). This discussion will not include the discretely presented component units, the South Carolina Research Foundation, the University of South Carolina School of Medicine Educational Trust, the Beaufort - Jasper Higher Education Commission, the University of South Carolina's Development Foundation, Educational Foundation, Business Partnership Foundation, Alumni Association, the Upstate Foundation, the Upstate Capital Development Foundation, and the Educational Foundation of the University of South Carolina - Lancaster.

This report includes a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Codification Sections 2100-2900, *Financial Reporting*, and Co5, *Colleges and Universities*. The financial statements presented focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole.

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. The University's net position is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, liabilities, deferred outflows/inflows, and net position of the University as of the end of the fiscal year. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the University. The Statement of Net Position presents end-of-year data concerning the following:

- Assets - Property that we own and what we are owed by others.
- Deferred Outflows of Resources - Consumption of net resources 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 assets by the government that is applicable to a future reporting period.
- Net Position - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

The Statement of Net Position 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.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

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 and its availability for expenditure by the institution. Net position is divided into the following three major categories:

- Net investment in capital assets - Provides the institution's equity in property, plant, and equipment owned by the institution.
- Restricted net position -
 - a. Nonexpendable restricted net position consists solely of the University's permanent endowment funds and is only available for investment purposes.
 - b. 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.
- Unrestricted net position - Represents resources available to the institution for any lawful purpose of the institution.

Summary of Net Position

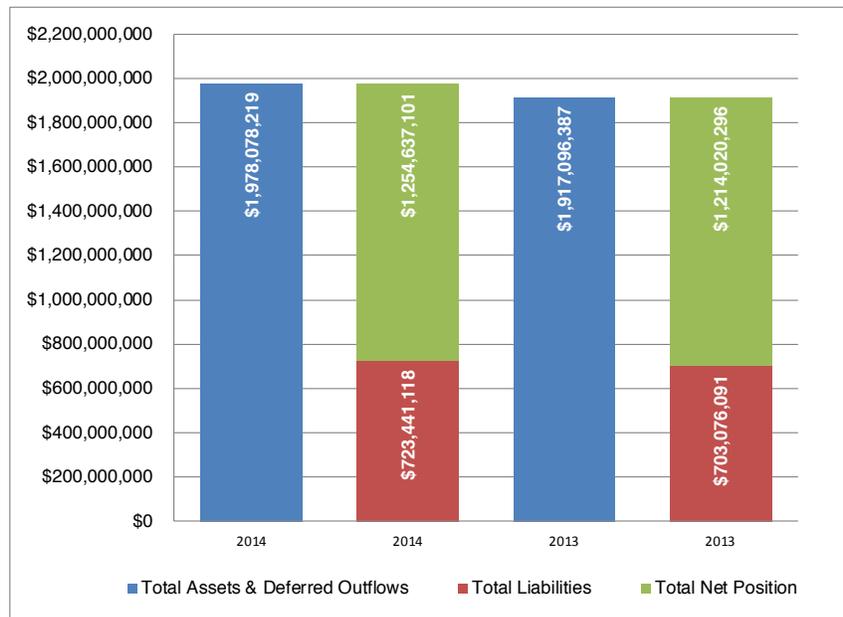
	2014	RECLASSIFIED 2013*	Increase/ (Decrease)	Percent Change
Assets				
Current assets	\$ 595,052,399	\$ 615,105,939	\$ (20,053,540)	-3.26%
Capital assets, net	1,261,158,803	1,176,896,081	84,262,722	7.16%
Other noncurrent assets	117,053,678	125,094,367	(8,040,689)	-6.43%
Total assets	<u>1,973,264,880</u>	<u>1,917,096,387</u>	<u>56,168,493</u>	<u>2.93%</u>
Deferred Outflows of Resources				
Deferred loss on debt refunding	4,813,339	-	4,813,339	0.00%
Liabilities				
Current liabilities	140,549,296	117,084,507	23,464,789	20.04%
Noncurrent liabilities	582,891,822	585,991,584	(3,099,762)	-0.53%
Total liabilities	<u>723,441,118</u>	<u>703,076,091</u>	<u>20,365,027</u>	<u>2.90%</u>
Net Position				
Net investment in capital assets	701,292,402	663,737,088	37,555,314	5.66%
Restricted - nonexpendable	79,285,311	73,766,341	5,518,970	7.48%
Restricted - expendable	137,628,764	125,049,932	12,578,832	10.06%
Unrestricted	336,430,624	351,466,935	(15,036,311)	-4.28%
Total net position	<u>\$ 1,254,637,101</u>	<u>\$ 1,214,020,296</u>	<u>\$ 40,616,805</u>	<u>3.35%</u>

*Reclassifications - Prior period Net Position amounts have been reclassified to conform to current period presentation.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

- Total assets of the University increased by \$56.2 million. Current assets decreased \$20.1 million and other noncurrent assets decreased by \$8 million while capital assets increased by \$84.3 million. Due to the implementation of a new student administrative system that includes increased access to payment plans for students, accounts receivable has increased. Also, a change to the structure of the summer term and expansion of program offerings during that term to encourage students to attend full time led to increased tuition and accounts receivable at fiscal year-end. The allowance for doubtful accounts was calculated using the prior methodology, but for fiscal year 2015, the methodology will be revised and updated. Furthermore, capital assets increased due to the completion of the Darla Moore School of Business, several athletic facility projects, and residence hall renovations during fiscal year 2014. (See Note 3 – Accounts Receivable and Note 4 - Capital Assets).
- Deferred outflows of resources consist of the unamortized loss on prior year's debt refunding due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. See Note 1 - Summary of Significant Accounting Policies for further information.
- The increase in total liabilities of \$20.4 million is primarily attributable to an increase in current liabilities. Accounts payable increased \$11.1 million due to the completion of several capital projects at the end of the fiscal year, including the Darla Moore School of Business. Also, unearned revenues increased \$9.4 million due to deferral of fiscal year 2015 tuition revenue for the second portion of the summer term. This deferral is necessary due to the change to summer course offerings that extend over the fiscal year end.

Assets, Deferred Outflows, Liabilities and Net Position



UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

The net position of the University increased during the year by \$40.6 million. The increase is driven by the following:

- \$37.6 million increase in net investment in capital assets - Net investment in capital assets shows the difference between capital assets and the outstanding debt incurred to finance those capital assets. Not all long-term debt may be deducted from capital assets; only the debt issued to finance the University's capital assets is subtracted. Long-term debt associated with unspent bond proceeds is subtracted from the restricted capital project component of net position. Net investment in capital assets increased due to the start-up and completion of various capital projects, including Darla Moore School of Business, several athletic facility projects, residence hall renovations and continued upgrades to campus technology systems.
- \$12.6 million increase in expendable restricted - Expendable restricted net position represents resources that are constrained to a particular purpose by externally imposed stipulations. These constraints may be derived from the donor of the resources or from an external entity. Also, restrictions can be imposed as a result of enabling legislation. Expendable restricted net position increased by \$25.8 million due to various internally funded capital projects including the Close/Hipp building renovation. Furthermore, expendable restricted net position decreased by \$14 million due to debt service.
- \$15 million decrease in unrestricted net position - Unrestricted net position results from accumulated excesses of revenue over expenses derived from University operations. The University's unrestricted current funds are derived from state appropriations, student fees, institutional revenue and auxiliary operations that are not restricted for specific purposes. Unrestricted net position includes balances from operation of education and general activities, auxiliary enterprises, quasi-endowments and unexpended plant funds. Although unrestricted net position is not subject to externally imposed stipulations, most of these resources have been committed for specific University activities including academic and research programs, capital projects and significant upgrades to the campus technology network. During fiscal year 2014, the University continued to use unrestricted funding towards significant upgrades to campus technology systems and start up packages for new faculty to support increased enrollment at the Columbia campus. The reduction in unrestricted net position for the fiscal years 2012, 2013, and 2014 is planned for capital and programmatic improvements. Unrestricted net position will decrease in 2015 as the strategic plan implementation continues.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

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. A public university's dependency on state aid and gifts will result in operating deficits. 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 net position as presented on the Statement of Net Position are 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.

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.

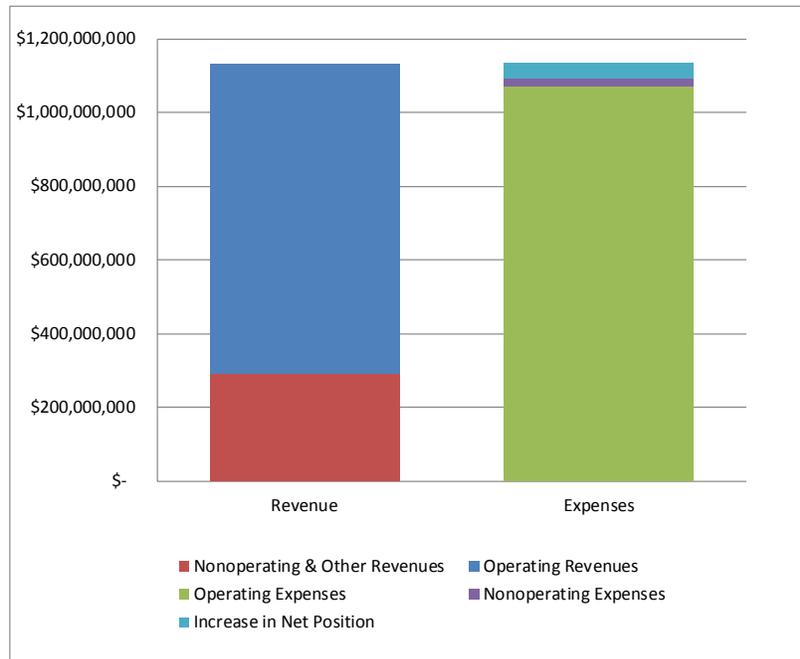
UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

Summary of Revenues, Expenses and Changes in Net Position

	2014	2013	Increase/ (Decrease)	Percent Change
Operating Revenues:				
Student tuition and fees	\$ 656,383,335	\$ 614,877,690	\$ 41,505,645	6.75%
Less: scholarship allowance	(248,469,457)	(231,512,064)	(16,957,393)	7.32%
Federal grants and contracts	128,484,438	128,745,138	(260,700)	-0.20%
State grants and contracts	88,353,867	85,610,620	2,743,247	3.20%
Local grants and contracts	1,167,220	1,328,967	(161,747)	-12.17%
Nongovernmental grants and contracts	38,818,002	34,931,649	3,886,353	11.13%
Sales and services of educational and other activities	29,608,596	27,262,728	2,345,868	8.60%
Sales and services of auxiliary enterprises	136,614,294	133,025,559	3,588,735	2.70%
Less: scholarship allowance	(4,777,656)	(4,804,751)	27,095	-0.56%
Interest collected on student loans	333,104	300,870	32,234	10.71%
Other fees	9,142,897	5,981,759	3,161,138	52.85%
Other operating revenues	3,629,411	5,450,334	(1,820,923)	-33.41%
Total operating revenues	<u>839,288,051</u>	<u>801,198,499</u>	<u>38,089,552</u>	<u>4.75%</u>
Nonoperating Revenues:				
State appropriations	144,295,047	136,401,129	7,893,918	5.79%
Federal grants	52,113,444	52,618,573	(505,129)	-0.96%
Gifts	46,444,101	43,917,602	2,526,499	5.75%
Investment income	2,341,819	2,464,792	(122,973)	-4.99%
Endowment income	6,250,350	3,391,690	2,858,660	84.28%
Biomass termination agreement	12,270,000	-	12,270,000	0.00%
Total nonoperating revenues	<u>263,714,761</u>	<u>238,793,786</u>	<u>24,920,975</u>	<u>10.44%</u>
Total revenues	<u>1,103,002,812</u>	<u>1,039,992,285</u>	<u>63,010,527</u>	<u>6.06%</u>
Operating Expenses:				
Salaries and wages	545,731,304	524,812,195	20,919,109	3.99%
Fringe benefits	161,584,611	152,344,803	9,239,808	6.07%
Services and supplies	248,900,315	235,706,732	13,193,583	5.60%
Utilities	34,604,552	31,090,710	3,513,842	11.30%
Scholarships and fellowships	18,946,028	19,960,232	(1,014,204)	-5.08%
Depreciation expense	62,340,212	53,333,856	9,006,356	16.89%
Total operating expenses	<u>1,072,107,022</u>	<u>1,017,248,528</u>	<u>54,858,494</u>	<u>5.39%</u>
Nonoperating Expenses:				
Loss on disposals of capital assets	720,043	14,313,047	(13,593,004)	-94.97%
Interest on capital asset related debt	18,648,299	18,761,581	(113,282)	-0.60%
Total nonoperating expenses	<u>19,368,342</u>	<u>33,074,628</u>	<u>(13,706,286)</u>	<u>-41.44%</u>
Total expenses	<u>1,091,475,364</u>	<u>1,050,323,156</u>	<u>41,152,208</u>	<u>3.92%</u>
Other revenues	29,089,357	21,111,457	7,977,900	37.79%
Increase in net position	<u>40,616,805</u>	<u>10,780,586</u>	<u>29,836,219</u>	<u>276.76%</u>
Net position at beginning of year	<u>1,214,020,296</u>	<u>1,203,239,710</u>	<u>10,780,586</u>	<u>0.90%</u>
Net position at end of year	<u>\$ 1,254,637,101</u>	<u>\$ 1,214,020,296</u>	<u>\$ 40,616,805</u>	<u>3.35%</u>

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

Revenues, Expenses, and Changes in Net Position



The 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 summary are as follows:

- A net \$24.5 million increase in student tuition and fees and a \$3.6 million increase in sales and services of auxiliary enterprises along with a \$6.2 million increase in grants and contracts and an increase of \$3.2 million in other fees were largely responsible for the overall \$38.1 million increase in operating revenues.
 - Student tuition and fee revenue, net of the scholarship allowance, increased by \$24.5 million primarily due to a 3.12% tuition increase for USC System campuses. Additionally, student demand for enrollment at the Columbia campus continued to increase with growth of 3.4% in full time equivalent students. The combined tuition and enrollment increase for Columbia campus accounts for the majority of the fiscal year 2014 change in student tuition and fee revenue.
 - Sales and services of auxiliary enterprises are driven by an increase in football ticket revenue for Gamecock Athletics and a 5% increase in residence hall rates.
 - Contracts and grants increased due to additional state match dollars for the Experimental Program to Stimulate Competitive Research, Epscor, grant which the University had been a subrecipient in prior years. Additionally, the Greenville School of Medicine received \$3.3 million in grants during fiscal year 2014 due to increased activity in the second full year of operation.
 - Other fees increased due to an increase in football ticket revenue for bond fees.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

- Operating expenses increased \$54.9 million, 5.4% over the prior year. The majority of the increase, approximately \$30.2 million, is due to the increase in personnel and fringe benefits from additional faculty and staff to serve the increased student enrollment as well as increases in employer retirement contributions and health insurance. Services and supplies increased \$13.2 million due to inflationary and enrollment increases and completion of various capital projects. Depreciation expense increased \$9 million due to the University's completion of strategic and deferred maintenance projects over the past several fiscal years.
- Nonoperating revenue and expense changes are primarily due to the Biomass termination agreement. The Biomass Facility's remaining net book value of \$14 million was written off during fiscal year 2013 due to impairment. During fiscal year 2014, the University recognized \$12.3 million in settlement proceeds. For further details on the Biomass Facility, please refer to Note 14 in the Notes to the Financial Statements.

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 the following five parts.

- Operating Activities - the net cash provided by (used for) the operating activities of the institution.
- Noncapital Financing Activities - the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes.
- Capital and Related Financing Activities - the cash used for the acquisition and construction of capital and related items.
- Investing Activities - the purchases, proceeds, and interest received from investing activities.
- Reconciliation - reconciles the net cash provided by (used for) to the operating income (loss) reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

CAPITAL ASSET AND DEBT ADMINISTRATION

During the year, various projects on the Columbia campus were in progress including renovations to the Health Sciences building and the Women's Quad dormitories, construction of the Darla Moore School of Business, and several projects addressing deferred maintenance. The Athletics department also had several projects in progress including completion of the new softball stadium.

The University's indebtedness consists of bonds payable of \$556.3 million and notes payable of \$400,000. During the current year, \$15.2 million in state institution bonds were issued to fund various capital projects. Due to several refundings in the previous years that took advantage of existing low interest rates, no bonds were refunded in the current year.

For more detailed information on capital asset and debt activity please refer to Note 4 - Capital Assets and Note 9 - Bonds and Notes Payable in the Notes to the Financial Statements.

UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

ECONOMIC OUTLOOK

The economic position of the University continues to be loosely tied to that of the State of South Carolina (the State) as evidenced by the University's sustained strong financial performance despite significant reductions in state appropriations following the Great Recession for the period 2008 through 2012. The University system received additional recurring state funding to begin the 2014 fiscal year to support a portion of state employee health insurance increases and provide parity funding for University system campuses to address the base state funding per student inequities. Additionally the State provided new funding to fulfill a previous non-recurring commitment to the Palmetto College, a virtual college that provides higher education opportunities for students from all economic and geographic regions to earn a bachelor's degree near or from their own homes. The State has invested \$5 million in recurring funding for this important initiative. As support for a new initiative developed by the University's President, the State provided \$2.5 million in non-recurring funds in the 2014 fiscal year for the On Your Time Graduation Initiative, a program that recognizes that the traditional university academic calendar has become antiquated and inflexible for today's student, many times impeding timely degree completion, costing students more in tuition and student loans, and delaying employment in South Carolina's economy. By redefining the traditional university academic calendar, providing flexibility and maximizing assets, the University will provide a model for colleges and universities in the State and beyond her borders.

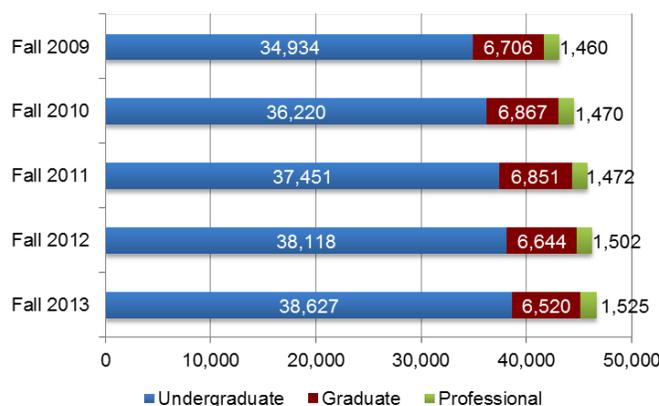
The State finished the 2014 fiscal year on a positive note with full funding of the State's Rainy Day Fund at 5% of the prior year's General Fund Revenues and also fully funded the Capital Reserve Account at 2% of the prior year's General Fund Revenues. The University is a beneficiary of the fifth straight year of state surpluses, with just more than \$7 million in non-recurring state funds and excess lottery proceeds available for operations and critical equipment replacements in 2015. The State is funding a higher education efficiency, effectiveness and accountability review for all public higher education institutions and supporting this initiative through allocation of \$2.7 million. Additionally, the Comprehensive and Palmetto College system campuses received new funds to further address the lack of parity funding.

The University's overall financial position remains strong. The University relies on tuition and fees to support the general operating budget and is aware of State funding support when tuition and fees are set. Tuition increases for the 2014 year are in line with the Higher Education Price Index (HEPI) but will not cover the full impact of all inflationary needs and new initiatives. Resident undergraduate tuitions for two other public institutions in the State exceed the tuition rate for the USC Columbia campus. System campus tuitions are comparable with similar institutions in the State. Demand for enrollment and interest in the University remains strong with record numbers of applications received and a freshman class enrolled at the USC Columbia campus for Fall 2014 of nearly 5,000 students. Preliminary data indicates that this entering class is also the most academically talented in the University's history with an average SAT score of 1210 and an average ACT score of 27.1. The University continues to cultivate both student quality and access through the development of innovative programs such as the Gamecock Gateway. The Gamecock Gateway is a program in its third year designed as a bridge to enrollment at the University. This one-year residential program is offered by invitation only to students who begin their course work at a local technical college and have access to University programs before transferring in their second year. For the Fall 2014 semester 328 new students are enrolled in the Gamecock Gateway and 230 students from the first two years of the bridge program are now fully enrolled at USC Columbia.

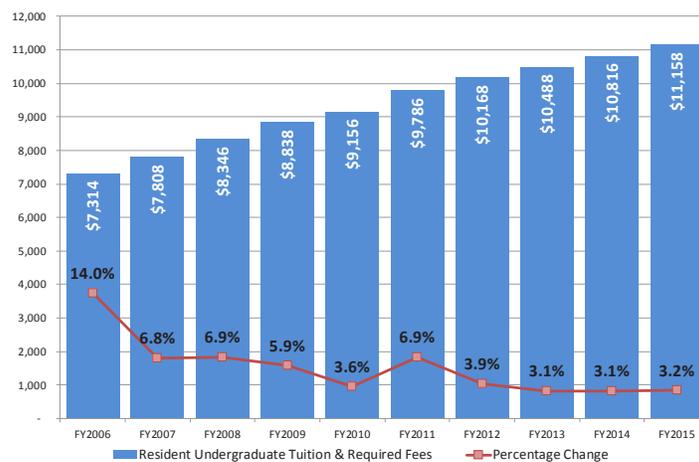
UNIVERSITY OF SOUTH CAROLINA
Management's Discussion and Analysis
(Unaudited)

University fundraising is nearing the completion of Carolina's Promise, the largest capital campaign in University history with a \$1 billion goal. As of June 30, 2014 the University has raised \$870.9 million and expects to meet the goal during the 2015 calendar year. Research grant awards were \$230.2 million in the 2014 fiscal year, a \$10 million increase over the prior year. The University research award experience is counter to the national trend of declining Federal awards due to Sequestration.

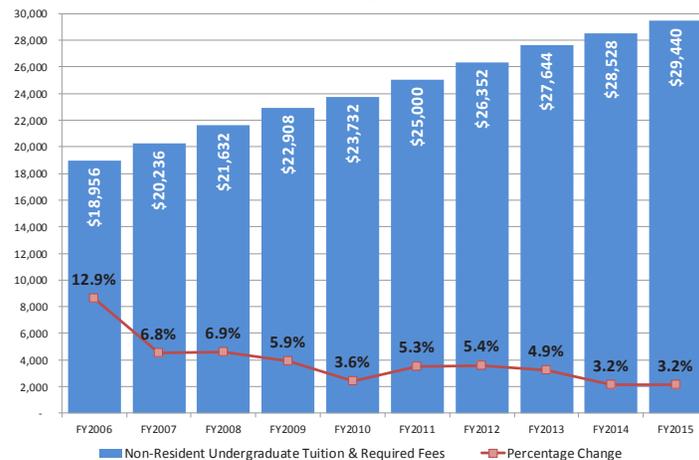
USC System Headcount Enrollment



USC Columbia Resident Undergraduate Tuition & Required Fees



USC Columbia Non-Resident Undergraduate Tuition & Required Fees



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UNIVERSITY OF SOUTH CAROLINA
Statement of Net Position
June 30, 2014

ASSETS

Current assets:

Cash and cash equivalents	\$ 365,823,816
Restricted - cash and cash equivalents	154,098,837
Accounts receivable, net	50,686,446
Student loans receivable, current	3,111
Capital improvement bonds proceeds receivable	2,849,938
Inventories	2,772,732
Prepaid items	12,045,103
Funds due from others	6,772,416
	<hr/>
Total current assets	595,052,399

Noncurrent assets:

Restricted - cash and cash equivalents	82,163,090
Investments	5,073,617
Prepaid items	2,200,000
Notes receivable	6,445,101
Restricted - federal student loans receivable	18,497,272
Capital assets, net of accumulated depreciation	1,261,158,803
Other assets	2,674,598
	<hr/>
Total noncurrent assets	1,378,212,481

Total assets

1,973,264,880
DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on debt refunding	4,813,339
	<hr/>

LIABILITIES

Current liabilities:

Accounts payable	31,903,266
Retainage payable - current portion	4,215,814
Accrued interest payable	3,849,852
Accrued payroll and related liabilities	13,965,227
Accrued compensated absences - current portion	18,174,249
Capital lease obligations - current portion	745,247
Long-term debt - current portion	22,344,071
Unearned revenues	41,993,997
Deposits	2,297,116
Other liabilities	684,831
Funds held for others	375,626
	<hr/>
Total current liabilities	140,549,296

Noncurrent liabilities:

Retainage payable	167,435
Accrued compensated absences	15,481,767
Federal loan liability	17,085,717
Capital lease obligations	15,845,221
Long-term debt	534,311,682
	<hr/>
Total noncurrent liabilities	582,891,822

Total liabilities

723,441,118
NET POSITION

Net investment in capital assets	701,292,402
Restricted for:	
Nonexpendable	79,285,311
Expendable	
Scholarships, research, instruction, and other	27,944,025
Loans	3,326,091
Capital projects	95,972,657
Debt service	10,385,991
Unrestricted	336,430,624
	<hr/>
Total net position	\$ 1,254,637,101

UNIVERSITY OF SOUTH CAROLINA
Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2014

OPERATING REVENUES	
Student tuition and fees (\$30,501,430 pledged for bonds)	\$ 656,383,335
Less: scholarship allowance	(248,469,457)
Federal grants and contracts	128,484,438
State grants and contracts	88,353,867
Local grants and contracts	1,167,220
Nongovernmental grants and contracts	38,818,002
Sales and services of educational and other activities	29,608,596
Sales and services of auxiliary enterprises (\$20,635,739 pledged for bonds)	136,614,294
Less: scholarship allowance	(4,777,656)
Interest collected on student loans	333,104
Other fees (\$4,072,001 pledged for bonds)	9,142,897
Other operating revenues	3,629,411
	<hr/>
Total operating revenues	839,288,051
OPERATING EXPENSES	
Salaries and wages	545,731,304
Fringe benefits	161,584,611
Services and supplies	248,900,315
Utilities	34,604,552
Scholarships and fellowships	18,946,028
Depreciation expense	62,340,212
	<hr/>
Total operating expenses	1,072,107,022
	<hr/>
Operating loss	(232,818,971)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	144,295,047
Federal grants	52,113,444
Gifts	46,444,101
Investment income	2,341,819
Endowment income	6,250,350
Loss on disposal of capital assets	(720,043)
Interest on capital asset related debt	(18,648,299)
Biomass termination agreement	12,270,000
	<hr/>
Net nonoperating revenues	244,346,419
	<hr/>
Income before other revenues	11,527,448
State capital appropriations	13,809,227
Capital grants and gifts	10,555,204
Additions to permanent endowments	4,724,926
	<hr/>
Change in net position	40,616,805
	<hr/>
NET POSITION, BEGINNING OF YEAR	1,214,020,296
	<hr/>
NET POSITION, END OF YEAR	\$ 1,254,637,101
	<hr/> <hr/>

See Notes to Basic Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Statement of Cash Flows
For the year ended June 30, 2014

OPERATING ACTIVITIES	
Student tuition and fees	\$ 418,336,769
Research grants and contracts	261,261,266
Sales and services of educational and other activities	29,306,672
Sales and services of auxiliary enterprises	131,134,013
Student loans disbursed	(3,910,340)
Student loans collected	3,247,646
Interest collected on student loans	333,104
Inflows from federal direct student loans	264,070,806
Outflows from federal direct student loans	(265,689,333)
Payments to employees for services	(543,065,736)
Payments to employees for benefits	(162,728,603)
Payments to suppliers	(286,752,423)
Payments to students for scholarships and fellowships	(18,946,028)
Other receipts	13,186,740
Inflows from agency funds	75,068,217
Outflows from agency funds	<u>(73,606,597)</u>
Net cash used for operating activities	<u>(158,753,827)</u>
NONCAPITAL FINANCING ACTIVITIES	
State appropriations	144,294,592
Federal grants	52,113,444
Gifts and grants	46,150,436
Additions to permanent endowments	3,224,926
Biomass termination agreement	12,270,000
Federal loan liability	<u>(487,682)</u>
Net cash provided by noncapital financing activities	<u>257,565,716</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	16,667,836
Proceeds from state capital appropriations	13,008,329
Capital grants and gifts	981,064
Proceeds from sale of capital assets	15,195
Purchase and construction of capital assets	(130,043,040)
Principal paid on capital asset related debt	(19,308,980)
Interest paid on capital asset related debt	<u>(25,115,602)</u>
Net cash used for capital and related financing activities	<u>(143,795,198)</u>
INVESTING ACTIVITIES	
Proceeds from note receivable	2,974,187
Investment Income	5,413,972
Endowment Income	<u>5,303,162</u>
Net cash provided by investing activities	<u>13,691,321</u>
Net decrease in cash and cash equivalents	(31,291,988)
Cash and cash equivalents, beginning of year	<u>633,377,731</u>
Cash and cash equivalents, end of year	<u>\$ 602,085,743</u>
Reconciliation of cash and cash equivalents	
Cash and cash equivalents	\$ 365,823,816
Restricted - cash and cash equivalents, current	154,098,837
Restricted - cash and cash equivalents, noncurrent	<u>82,163,090</u>
	<u>\$ 602,085,743</u>

See Notes to Basic Financial Statements

(Continued)

UNIVERSITY OF SOUTH CAROLINA
Statement of Cash Flows
For the year ended June 30, 2014

**Reconciliation of net operating loss to net cash used
for operating activities**

Operating loss	\$ (232,818,971)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation expense	62,340,212
Student loans cancelled	212,892
Change in current assets and liabilities	
Accounts receivable, net	4,691,766
Student loans receivable	(662,694)
Inventories	162,669
Prepaid items	(6,207,511)
Accounts payable	2,576,326
Retainage payable - noncapital	8,068
Accrued payroll	455,221
Accrued benefits	(1,143,992)
Accrued compensated absences	2,210,347
Unearned revenues	9,757,219
Deposits	(360,536)
Other liabilities	182,064
Funds due from/held for others, net	(156,907)
Net cash used for operating activities	<u>\$ (158,753,827)</u>

NONCASH TRANSACTIONS

Gifts of capital assets reducing proceeds of capital grants and gifts	<u>\$ 4,719,461</u>
Loss on disposal of capital assets, net	<u>\$ (720,043)</u>
Capital assets acquired through a capital lease	<u>\$ 548,000</u>
Change in value of other assets for cash surrender value of life insurance recognized in endowment income	<u>\$ 153,474</u>
Change in value of investments recognized in endowment and investment income	<u>\$ 793,714</u>
Change in State capital appropriations receivable	<u>\$ 800,898</u>

UNIVERSITY OF SOUTH CAROLINA
South Carolina Research Foundation
Governmental Discretely Presented Component Unit
Statement of Net Position
June 30, 2014

ASSETS

Current assets

Cash and cash equivalents	\$ 433,720
Restricted cash and cash equivalents	21,045,122
Accounts receivable, net	36,206,553
Prepaid items and deposits	<u>56,508</u>
Total current assets	<u>57,741,903</u>

Noncurrent assets

Capital assets, net of accumulated depreciation	<u>94,109</u>
Total noncurrent assets	<u>94,109</u>
Total assets	<u>57,836,012</u>

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	45,641,654
Unearned revenue	11,166,250
Current portion of notes payable	<u>59,309</u>
Total current liabilities	<u>56,867,213</u>

Noncurrent liabilities

Long term notes payable	<u>20,640</u>
Total noncurrent liabilities	<u>20,640</u>
Total liabilities	<u>56,887,853</u>

NET POSITION

Net investment in capital assets	10,809
Unrestricted	<u>937,350</u>
Total net position	<u><u>\$ 948,159</u></u>

See Notes to Basic Financial Statements

UNIVERSITY OF SOUTH CAROLINA
South Carolina Research Foundation
Governmental Discretely Presented Component Unit
Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2014

REVENUES

Operating revenues	
Federal grants and contracts	\$ 50,429,446
Nongovernmental grants and contracts	81,880,262
Management fees and recoveries	9,446,999
Royalty income	48,567
Other operating revenues	<u>20,491</u>
Total operating revenues	<u>141,825,765</u>

EXPENSES

Operating expenses	
Salaries and benefits	982,838
Services and supplies	1,210,381
Research and development direct costs	<u>139,629,314</u>
Total operating expenses	<u>141,822,533</u>
Operating income	<u>3,232</u>

NONOPERATING REVENUES (EXPENSES)

Private gifts and donations	(215,117)
Interest income	<u>7,024</u>
Net nonoperating expenses	<u>(208,093)</u>
Change in net position	(204,861)
NET POSITION, BEGINNING OF YEAR	<u>1,153,020</u>
NET POSITION, END OF YEAR	<u><u>\$ 948,159</u></u>

See Notes to Basic Financial Statements

UNIVERSITY OF SOUTH CAROLINA
School of Medicine Educational Trust
Governmental Discretely Presented Component Unit
Statement of Net Position
June 30, 2014

ASSETS

Current assets	
Cash and cash equivalents	\$ 18,779,001
Investments	9,642,167
Patient accounts receivable, less allowance for doubtful accounts of \$2,703,000	2,752,000
Other accounts receivable	9,358,440
Limited use assets	<u>354,169</u>
Total current assets	<u>40,885,777</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>10,899,355</u>
Total noncurrent assets	<u>10,899,355</u>
Total assets	<u>51,785,132</u>

LIABILITIES

Current liabilities	
Accounts payable and accrued expenses	6,912,391
Accrued compensated balances	1,069,341
Current portion of revenue bonds	5,100,000
Current portion of capital lease obligations	<u>163,025</u>
Total current liabilities	<u>13,244,757</u>
Noncurrent liabilities	
Long term capital lease obligations	<u>102,061</u>
Total noncurrent liabilities	<u>102,061</u>
Total liabilities	<u>13,346,818</u>

NET POSITION

Net investment in capital assets	5,534,269
Unrestricted	<u>32,904,045</u>
Total net position	<u><u>\$ 38,438,314</u></u>

See Notes to Basic Financial Statements

UNIVERSITY OF SOUTH CAROLINA
School of Medicine Educational Trust
Governmental Discretely Presented Component Unit
Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2014

REVENUES

Operating revenues	
Patient charges, net of contractual allowances and discounts	\$ 35,839,172
Less provision for bad debts	<u>(2,703,000)</u>
Net patient service revenue less provision for bad debts	33,136,172
Other contract and professional income	27,133,820
Realized investment income, net	582,007
Rental income	223,376
Other income	<u>9,546,167</u>
Total operating revenues	<u>70,621,542</u>

EXPENSES

Operating expenses	
Support of medical school and clinical facilities	7,305,916
Operation of clinical facilities	55,740,470
Operation of building and equipment	2,434,305
Management and general	<u>503</u>
Total operating expenses	<u>65,481,194</u>
Operating income	5,140,348

NONOPERATING REVENUES

Unrealized gain on investment holdings, net	<u>750,025</u>
Change in net position	5,890,373

NET POSITION, BEGINNING OF YEAR

32,547,941

NET POSITION, END OF YEAR

\$ 38,438,314

UNIVERSITY OF SOUTH CAROLINA
Beaufort-Jasper Higher Education Commission
Governmental Discretely Presented Component Unit
Statement of Net Position
June 30, 2014

ASSETS

Current assets

Cash and cash equivalents	\$ 3,857,482
Restricted cash and cash equivalents	948,929
Investments	1,432,590
Accounts receivable, net	259,064
Prepaid expenses	<u>27,090</u>
Total current assets	<u>6,525,155</u>

Noncurrent assets

Capital assets, net of accumulated depreciation	<u>36,312,202</u>
Total noncurrent assets	<u>36,312,202</u>
Total assets	<u>42,837,357</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on debt refunding	<u>817,435</u>
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LIABILITIES

Current liabilities

Accounts payable and accrued expenses	122,042
Retainage payable	108,407
Accrued compensated balances	15,000
Current portion of long term debt	<u>1,430,453</u>
Total current liabilities	<u>1,675,902</u>

Noncurrent liabilities

Long term debt	<u>32,822,906</u>
Total noncurrent liabilities	<u>32,822,906</u>
Total liabilities	<u>34,498,808</u>

NET POSITION

Net investment in capital assets	3,216,800
Restricted for capital projects and debt service	948,929
Unrestricted	<u>4,990,255</u>
Total net position	<u>\$ 9,155,984</u>

See Notes to Basic Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Beaufort-Jasper Higher Education Commission
Governmental Discretely Presented Component Unit
Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2014

REVENUES

Operating revenues	
Housing	\$ 3,595,521
Dining	1,876,126
Other operating revenues	<u>83,147</u>
Total operating revenues	<u>5,554,794</u>

EXPENSES

Operating expenses	
Cost of sales and services	2,587,205
Administrative expenses	790,509
Depreciation and amortization	<u>1,110,861</u>
Total operating expenses	<u>4,488,575</u>
Operating income	<u>1,066,219</u>

NONOPERATING REVENUES (EXPENSES)

County appropriations	2,125,000
Investment income	9,344
Interest on capital asset debt	(652,214)
Gift to USC Beaufort	<u>(1,400,000)</u>
Net nonoperating revenues	<u>82,130</u>
Change in net position	1,148,349
NET POSITION, BEGINNING OF YEAR	<u>8,007,635</u>
NET POSITION, END OF YEAR	<u><u>\$ 9,155,984</u></u>

See Notes to Basic Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Non-Governmental Discretely Presented Component Units
Statements of Financial Position
June 30, 2014

	University of South Carolina Development Foundation	University of South Carolina Educational Foundation	University of South Carolina Business Partnership Foundation	Greater University of South Carolina Alumni Association	USC Upstate Foundation	USC Upstate Capital Development Foundation	Educational Foundation of the University of South Carolina Lancaster	Total
ASSETS								
Cash and cash equivalents	\$ 3,226,414	\$ 7,153,730	\$ 4,149,820	\$ 2,316,240	\$ 2,291,047	\$ 625,693	\$ 344,948	\$ 20,107,892
Investments	31,387,655	336,232,894	51,672,198	6,052,467	7,730,583	7,387,360	7,736,278	448,199,435
Real estate held for investment	28,631,363	2,384,646	-	-	-	-	-	31,016,009
Assets held in trust	-	69,772,950	5,045,510	-	247,384	-	-	75,065,844
Accounts receivable	332,739	4,494,893	1,005,355	1,128,324	-	-	-	6,961,311
Contributions receivable, net	2,183,627	35,733,376	4,354,516	-	2,935,729	201,246	514,324	45,922,818
Prepaid expenses	21,857	-	23,308	230,727	-	3,132,884	-	3,408,776
Other assets	172,735	1,250	131,265	41,355	-	-	-	346,605
Fixed assets, net of depreciation	21,706,986	-	-	5,378,647	139,673	17,964,830	8,619,662	53,809,798
Total assets	<u>\$ 87,663,376</u>	<u>\$ 455,773,739</u>	<u>\$ 66,381,972</u>	<u>\$ 15,147,760</u>	<u>\$ 13,344,416</u>	<u>\$ 29,312,013</u>	<u>\$ 17,215,212</u>	<u>\$ 684,838,488</u>
LIABILITIES								
Accounts payable and accrued expenses	\$ 3,238,248	\$ 9,770,108	\$ 1,651,756	\$ 1,230,494	\$ 2,098	\$ -	\$ 7,314	\$ 15,900,018
Lines-of-credit	19,563,616	-	-	-	-	-	-	19,563,616
Deferred revenues	-	-	-	300,345	-	-	-	300,345
Bonds and notes payable	20,565,914	12,201,619	-	2,085,336	2,723,473	16,277,953	4,222,004	58,076,299
Interest rate swap	2,417,379	-	-	-	-	2,121,637	-	4,539,016
Other liabilities	17,866	7,880,875	1,334,850	-	116,635	3,217,095	-	12,567,321
Total liabilities	<u>45,803,023</u>	<u>29,852,602</u>	<u>2,986,606</u>	<u>3,616,175</u>	<u>2,842,206</u>	<u>21,616,685</u>	<u>4,229,318</u>	<u>110,946,615</u>
NET ASSETS								
Unrestricted	15,635,099	76,863,037	12,794,019	7,710,592	912,889	7,695,328	5,551,083	127,162,047
Temporarily restricted	23,317,790	149,438,612	24,258,040	3,820,993	3,584,856	-	2,469,575	206,889,866
Permanently restricted	3,365,928	199,619,488	26,343,307	-	6,004,465	-	4,965,236	240,298,424
Total Foundation net assets	<u>42,318,817</u>	<u>425,921,137</u>	<u>63,395,366</u>	<u>11,531,585</u>	<u>10,502,210</u>	<u>7,695,328</u>	<u>12,985,894</u>	<u>574,350,337</u>
Noncontrolling interest	(458,464)	-	-	-	-	-	-	(458,464)
Total net assets	<u>41,860,353</u>	<u>425,921,137</u>	<u>63,395,366</u>	<u>11,531,585</u>	<u>10,502,210</u>	<u>7,695,328</u>	<u>12,985,894</u>	<u>573,891,873</u>
Total liabilities and net assets	<u>\$ 87,663,376</u>	<u>\$ 455,773,739</u>	<u>\$ 66,381,972</u>	<u>\$ 15,147,760</u>	<u>\$ 13,344,416</u>	<u>\$ 29,312,013</u>	<u>\$ 17,215,212</u>	<u>\$ 684,838,488</u>

See Notes to Basic Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Non-Governmental Discretely Presented Component Units
Statements of Activities
For the year ended June 30, 2014

	University of South Carolina Development Foundation	University of South Carolina Educational Foundation	University of South Carolina Business Partnership Foundation	Greater University of South Carolina Alumni Association	USC Upstate Foundation	USC Upstate Capital Development Foundation	Educational Foundation of the University of South Carolina Lancaster	Total
CHANGES IN UNRESTRICTED NET ASSETS:								
Revenues, gains and other support								
Contributions	\$ 20,203	\$ 25,505,927	\$ 1,624,395	\$ 1,850,008	\$ 282,335	\$ 1,420,611	\$ 944,547	\$ 31,648,026
Investment returns	4,904,578	2,786,559	1,695,846	101,527	170,608	174,700	167,608	10,001,426
Net realized and unrealized gains	-	19,159,876	-	928,541	1,109,916	170,450	-	21,368,783
Earned income	4,252,324	-	1,779,259	511,760	2,710	776,598	-	7,322,651
Other	385,711	958,878	-	1,097,257	180,004	-	112,409	2,734,259
Gain (loss) on disposal of assets	2,121,424	-	-	-	(10,465)	(162,000)	-	1,948,959
Net assets released from restrictions:								
Transfers	8,020	-	909,386	-	1,571	-	86,035	1,005,012
Reclassification based on law change	-	-	3,162	-	-	-	-	3,162
Satisfaction of program restrictions	-	4,887,683	3,604,161	-	205,541	-	421,033	9,118,418
Expiration of time restrictions	-	7,875,125	-	176,799	-	-	-	8,051,924
Total revenues, gains and other support	11,692,260	61,174,048	9,616,209	4,665,892	1,942,220	2,380,359	1,731,632	93,202,620
Expenses								
Scholarships and student assistance	-	9,142,461	792,899	176,750	139,643	-	166,735	10,418,488
Program services	1,678,898	20,640,797	5,540,092	1,600,822	408,714	-	166,427	30,035,750
Supporting services	3,948,269	3,664,747	276,155	959,088	1,197,449	-	307,606	10,353,314
Contribution to USC Upstate Capital Development Foundation	-	-	-	-	1,420,611	-	-	1,420,611
Other expenses	-	-	-	-	82,955	1,631,337	-	1,714,292
Total expenses	5,627,167	33,448,005	6,609,146	2,736,660	3,249,372	1,631,337	640,768	53,942,455
Excess revenues over (under) expenses	6,065,093	27,726,043	3,007,063	1,929,232	(1,307,152)	749,022	1,090,864	39,260,165
Interest rate swap fair value adjustment	(1,206,717)	-	-	-	-	73,072	-	(1,133,645)
Change in unrestricted net assets	4,858,376	27,726,043	3,007,063	1,929,232	(1,307,152)	822,094	1,090,864	38,126,520

See Notes to Basic Financial Statements

(Continued)

UNIVERSITY OF SOUTH CAROLINA
Non-Governmental Discretely Presented Component Units
Statements of Activities
For the year ended June 30, 2014

	University of South Carolina Development Foundation	University of South Carolina Educational Foundation	University of South Carolina Business Partnership Foundation	Greater University of South Carolina Alumni Association	USC Upstate Foundation	USC Upstate Capital Development Foundation	Educational Foundation of the University of South Carolina Lancaster	Total
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS								
Contributions	826,695	14,954,393	6,894,747	80,708	1,305,470	-	222,259	24,284,272
Investment returns	168,882	2,521,857	-	-	882	-	999,066	3,690,687
Net realized and unrealized gains	-	28,485,576	-	-	-	-	-	28,485,576
Other	126,048	134,750	1,582,594	251,013	92,602	-	-	2,187,007
Net assets released from restrictions:								
Transfers	(8,020)	-	(1,409,386)	-	37,429	-	(111,104)	(1,491,081)
Reclassification based on law change	-	-	(3,162)	-	-	-	-	(3,162)
Satisfaction of program restrictions	-	(7,798,025)	(3,604,161)	(176,799)	(205,541)	-	(421,033)	(12,205,559)
Expiration of time restrictions	-	(11,572,780)	-	-	-	-	-	(11,572,780)
Change in temporarily restricted net assets	1,113,605	26,725,771	3,460,632	154,922	1,230,842	-	689,188	33,374,960
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS								
Contributions	-	9,555,664	2,263,671	-	118,625	-	84,895	12,022,855
Net assets released from restrictions:								
Transfers	-	-	500,000	-	(39,000)	-	25,069	486,069
Satisfaction of program restrictions	-	2,910,342	-	-	-	-	-	2,910,342
Expiration of time restrictions	-	3,697,655	-	-	-	-	-	3,697,655
Change in permanently restricted net assets	-	16,163,661	2,763,671	-	79,625	-	109,964	19,116,921
Change in net assets	5,974,981	70,615,475	9,231,366	2,084,154	3,315	822,094	1,890,016	90,618,401
Net change attributable to noncontrolling interest	(42,774)	-	-	-	-	-	-	(42,774)
NET ASSETS, BEGINNING OF YEAR	36,389,610	355,305,662	54,164,000	9,447,431	10,498,895	6,873,234	11,095,878	483,774,710
NET ASSETS, END OF YEAR	<u>\$ 42,318,817</u>	<u>\$ 425,921,137</u>	<u>\$ 63,395,366</u>	<u>\$ 11,531,585</u>	<u>\$ 10,502,210</u>	<u>\$ 7,695,328</u>	<u>\$ 12,985,894</u>	<u>\$ 574,350,337</u>

See Notes to Basic Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - The University of South Carolina (the University) is a State-supported, coeducational institution of higher education. The University's primary purpose is to provide undergraduate, graduate, and professional education to students and conduct research and other activities that advance fundamental knowledge.

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 as the primary government and other related entities as discretely presented component units.

The University is composed of the Columbia campus, including the Columbia School of Medicine, the Greenville School of Medicine, and seven system campuses. The University is a component unit of the State of South Carolina (the State). As a discretely presented component unit of the State, the University is financially accountable to and fiscally dependent on the State. Its Board of Trustees is appointed by the Governor and/or the General Assembly of the State.

The University implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*, for the fiscal year ended June 30, 2013. As a result of the reevaluation of the University's financial reporting entity, the Beaufort-Jasper Higher Education Commission, previously reported as a related party of the University, is reported as a discretely presented component unit beginning with the 2014 fiscal year. The University's discretely presented component units are discussed in Note 11.

Financial Statements - The financial statement presentation for the University meets the requirements of GASB Codification Sections 2100-2900, *Financial Reporting*, and Co5, *Colleges and Universities*. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's net position, revenues, expenses and 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, revenues and expenses and affect disclosure of contingent assets and liabilities at the date of the financial statements. Significant estimates used include separation of accrued compensated absences between current and noncurrent and depreciation expense. Actual results could differ from those estimates.

Basis of Accounting - For financial reporting purposes, the University is considered to be engaged only in business-type activities. Accordingly, the University's financial statements have been 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 stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Cash Equivalents - For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The University participates in the State's internal cash management pool, administered by the State Treasurer. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. 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 reports its deposits in the general deposit account at cost and its special deposit accounts at fair value. Interest earned, including interest income, realized gains (losses) and unrealized gains (losses), by the University's special deposit accounts is posted at the end of each month based on the percentage of the University's accumulated daily income receivable to the total income receivable of 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.

Investments - The University accounts for its investments at fair value in accordance with GASB Codification Section 150, *Investments*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment or endowment income in the statement of revenues, expenses and changes in net position.

Accounts Receivable - Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal, State, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories - Inventories are carried at the lower of cost or market as determined by various methods.

Noncurrent Cash and Investments - Noncurrent cash and investments primarily consist of permanently endowed funds, debt service reserve funds and federal student loan funds. These funds are externally restricted and are classified as restricted noncurrent assets in the statement of net position.

Prepaid Items - Expenditures for services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. Amounts reported in this asset account consist primarily of rent, subscriptions, library periodicals, maintenance and service agreements, and travel reservations and deposits.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. 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 two years and depreciable land improvements, buildings and improvements, and intangible assets 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 55 years for buildings and improvements and land improvements; 2 to 25 years for machinery, equipment, and vehicles; and 3 to 10 years for intangibles. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken in the month of disposition.

The University capitalizes as a component of construction in progress interest cost in excess of earnings on invested debt proceeds associated with the capital projects. Therefore, asset values in capital assets include such interest costs. Capitalized interest for fiscal year 2014 was \$4,905,579.

Unearned Revenues and Deposits - Unearned revenues include amounts billed for tuition and fees and certain auxiliary activities (including, but not limited to, athletic ticket sales and parking revenues) 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 represent dormitory room deposits, security deposits for possible room damage and key loss, and other miscellaneous deposits. 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.

Compensated Absences - Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net position.

Noncurrent Liabilities - Noncurrent liabilities include (1) principal amounts of 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 - Components of the University's 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.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Restricted - nonexpendable: The restricted nonexpendable component of 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 - expendable: The restricted expendable component of net position includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted: The unrestricted component of net position represents resources derived from student tuition and fees, 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.

The University policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources then to unrestricted resources.

Income Taxes - The University is a political subdivision of the State and, is therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations on related income. Certain activities of the University may be subject to taxation as unrelated business income.

Classification of Revenues - The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues generally result from exchange transactions to provide goods or services related to the University's principal ongoing operations.

These revenues include:

- (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students;
- (2) receipts for scholarships including federal grants and contract revenue where the governmental agency has identified the qualified student recipients;
- (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and
- (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Scholarship Allowance - 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.

Rebatable Arbitrage - Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued.

Governmental units that issue no more than \$5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. The University had no rebatable arbitrage liability at June 30, 2014.

Donor-Restricted Endowments - Endowments are subject to restrictions requiring that the principal be invested and that only the income be used for specific purposes. If a donor has not provided specific timing instructions, state law permits the Board of Trustees to authorize for expenditure the endowment's net appreciation. Any net appreciation that is spent is required to be spent for the purpose for which the endowment was established. The University has a total return policy for authorizing and spending endowment income.

At June 30, 2014, \$11,789,016 of the amount reported as *net position, restricted expendable - scholarships, research, instruction and other*, represented net appreciation of donor-restricted endowments.

Adoption of new accounting standard - Effective for the fiscal year ending June 30, 2014 the University adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. There were no capitalized debt issuance costs recorded in the Statement of Net Position for the year ended June 30, 2013.

NOTE 2 - CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS

Most 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 deposits and investments are deposited with or managed by financial institutions and brokers as restricted by donors.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 2 - CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, Continued

The following schedule reconciles deposits and investments within the notes to the statement of net position amounts:

Statement of Net Position		Notes	
Cash and cash equivalents (current)	\$ 365,823,816	Cash on hand	\$ 504,157
Restricted cash and cash equivalents (current) for:		Deposits held by State Treasurer	601,439,063
Debt service	8,614,595	Other deposits	142,523
Scholarship, research, instruction, and other	32,980,289	Investments held by State Treasurer	3,123,862
University administered loans	236,668	Other investments	1,949,755
Capital projects	<u>112,267,285</u>		
	<u>154,098,837</u>		
Restricted cash and cash equivalents (noncurrent) for:			
Endowments	72,756,004		
Federal student loans	1,577,981		
Debt service reserves	<u>7,829,105</u>		
	<u>82,163,090</u>		
Investments (noncurrent)	<u>5,073,617</u>		
	<u><u>\$ 607,159,360</u></u>		<u><u>\$ 607,159,360</u></u>

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. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to the 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 agents in the State's name. Information pertaining to the reported amounts, fair values, and the 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, \$11,268,655 of the \$601,439,062 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 were fully collateralized by securities held by the pledging bank's trust department.

Investments Held by State Treasurer and Other Investments - The University's investments include common stock held by the State Treasurer for the University.

The University has other investments which are managed by financial institutions or brokers as specified by the donors. Purchased investments are valued at fair value. Investments received from donors are valued at the lesser of their fair value on the date promised or received or fair value as of fiscal year-end.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 2 - CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, Continued

Custodial credit risk is the risk that in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investments or collateral securities that are in possession of an outside party.

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 totaling \$1,757,754 were collateralized by securities held by the pledging bank's trust department but not in the University's name.

The net change in unrealized appreciation of investments for the current fiscal year was \$793,714.

NOTE 3 - RECEIVABLES

Accounts Receivable - Accounts receivable consisted of the following:

Student and sponsors	\$ 23,664,725
Auxiliary enterprises	6,435,319
Federal grants and contracts	20,820,288
State grants and contracts	270,223
Local grants and contracts	116,584
Non-governmental grants and contracts	2,874,830
Accrued interest	1,297,255
	<u>55,479,224</u>
Less allowance for doubtful accounts	<u>(4,792,778)</u>
Accounts receivable, net	<u><u>\$ 50,686,446</u></u>

Allowances for doubtful accounts are based upon actual losses experienced in prior years and evaluations of the current accounts.

Student Loans Receivable and Federal Loan Liability- Student loans made through the Federal Perkins and the Federal Nursing and Health Professions loan programs comprise substantially all of the student loans receivable, and are restricted for such loans. The loan programs provide various repayment options: students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise.

The amount reported as a federal loan liability is the amount of federal contributions and net earnings on the loans that would have to be repaid to the federal government if the University ceased to participate in the programs.

As the University determines that loans are uncollectible, the loans are assigned to the federal agency administering the loan programs.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 3 - RECEIVABLES, Continued

Capital Improvement Bonds Proceeds Receivable - This amount represents outstanding state capital improvement and infrastructure bond fund proceeds, and capital reserve fund appropriations that have been expended but not yet drawn.

The State has authorized capital improvement bonds, research infrastructure bonds, university infrastructure bonds and capital reserve fund appropriations to fund improvements and expansion of state facilities. The University is not obligated to repay these funds to the State. Authorized funds can be requested once the State authorities have given approval to begin specific projects and project expenditures have been incurred.

At June 30, 2014 the University had \$4,210,537 of outstanding state capital improvement bond authorization, \$8,335,335 of outstanding research infrastructure bond authorization, \$28,445 of outstanding university infrastructure bond authorization and \$14,356,436 of capital reserve fund appropriations. These funds are available from the State but have not been drawn down yet because the expenditures have not been incurred.

Notes Receivable - As authorized by South Carolina Code of Laws, the University may lend certain of its endowment and auxiliary funds to the University of South Carolina Educational Foundation (the Foundation), a discretely presented component unit. Under the terms of the agreement, the University will earn interest on the principal and cumulative interest balance at a monthly rate as determined by the State Treasurer.

During fiscal year 2014, the Foundation made principal payments of \$2,974,187. The remaining principal balance of \$6,445,101 and the related cumulative accrued interest receivable of \$23,847, respectively are included in notes receivable and accounts receivable, net. Interest payments of \$3,426,113 were received from the Foundation in fiscal year 2014.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 4 - CAPITAL ASSETS

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>
Capital assets not being depreciated				
Land and improvements	\$ 79,919,429	\$ -	\$ -	\$ 79,919,429
Construction in progress	90,458,565	114,227,342	157,334,019	47,351,888
Works of art and historical treasures	22,220,083	5,201,779	-	27,421,862
	<u>192,598,077</u>	<u>119,429,121</u>	<u>157,334,019</u>	<u>154,693,179</u>
Other capital assets				
Land improvements	103,679,592	1,254,671	-	104,934,263
Buildings and improvements	1,382,047,266	160,991,384	-	1,543,038,650
Machinery, equipment and other	174,709,711	13,267,084	6,040,355	181,936,440
Vehicles	15,971,249	1,124,706	580,950	16,515,005
Intangibles	34,582,121	8,605,225	516,767	42,670,579
	<u>1,710,989,939</u>	<u>185,243,070</u>	<u>7,138,072</u>	<u>1,889,094,937</u>
Less accumulated depreciation for				
Land improvements	23,296,071	4,186,914	-	27,482,985
Buildings and improvements	556,407,178	41,851,982	-	598,259,160
Machinery, equipment and other	132,859,641	11,009,216	5,271,508	138,597,349
Vehicles	10,602,894	1,032,113	614,560	11,020,447
Intangibles	3,526,151	4,259,987	516,766	7,269,372
	<u>726,691,935</u>	<u>62,340,212</u>	<u>6,402,834</u>	<u>782,629,313</u>
Other capital assets, net	<u>984,298,004</u>	<u>122,902,858</u>	<u>735,238</u>	<u>1,106,465,624</u>
Capital assets, net	<u><u>\$ 1,176,896,081</u></u>	<u><u>\$ 242,331,979</u></u>	<u><u>\$ 158,069,257</u></u>	<u><u>\$ 1,261,158,803</u></u>

NOTE 5 - PENSION PLANS

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 Retirement Division and the five pension plans are included in the State of South Carolina's CAFR.

These plans are administered by the Retirement Benefits Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the South Carolina Retirement System (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).

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

South Carolina Retirement System - The majority of employees of the University are covered by a retirement plan through SCRS, a cost-sharing multiple-employer defined benefit pension plan. The SCRS plan provides a life-time monthly retirement annuity benefits to eligible members as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental death benefits to eligible employees and retired members. 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 benefits 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).

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.

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. The University's actual retirement and incidental death program contributions to the SCRS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year <u>Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2014	10.450%	\$26,410,000	0.150%	\$379,000
2013	10.450%	\$26,289,000	0.150%	\$377,000
2012	9.385%	\$22,892,000	0.150%	\$366,000

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

Teacher and Employee Retention Incentive - 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 cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. The TERI program will end effective June 30, 2018 and a member's participation may not continue after this date. 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.

Police Officers Retirement System - The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement system. 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 lifetime monthly annuity benefits as well as disability, survivor benefits and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund 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 effective since July 1, 1989 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 contributions, and a 4.92% surcharge that will fund retiree health and dental insurance coverage. The University's actual retirement, incidental death program and accidental death program contributions to the PORS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2014	12.440%	\$ 791,000	0.200%	\$ 12,700	0.200%	\$ 12,700
2013	11.900%	\$ 706,000	0.200%	\$ 11,900	0.200%	\$ 11,900
2012	11.385%	\$ 617,000	0.200%	\$ 10,900	0.200%	\$ 10,900

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

Optional Retirement Program - As an alternative to membership to SCRS, newly hired employees of the University may elect to participate in the State Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. 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 ORP other than for payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. The employer contribution rate for ORP was 10.07% plus the retiree insurance surcharge of 4.92% from the employee in fiscal year 2014. Of the 10.07% employer retirement contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 4.92% employee base rate contribution and .15% incidental death program contribution amounts are remitted to SCRS.

For fiscal year 2014, total contributions requirements to the ORP were approximately \$21,316,000 (excluding the surcharge) from the University as employer and approximately \$15,643,000 from its employees as plan members.

Funding Policies - 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, the 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, the University recognizes no contingent liability for unfunded costs associated with participation in the plans.

The amounts paid by the 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.

Deferred Compensation Plans - Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. 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 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. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 5 - PENSION PLANS, Continued

For the fiscal year ended June 30, 2015, as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the University will be required to recognize a proportionate share of the net pension liability of the cost sharing plans. As of the date of this report, the estimated net pension liability that will be recognized in fiscal year 2015 is approximately \$753.8 million for SCRS and \$11.2 million for PORS.

NOTE 6 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

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. The 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 postemployment healthcare, and long-term disability plans administered by the Insurance Benefits Division (IB), a part 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 postemployment 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 Retiree Medical Plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.92% of annual 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. The University paid approximately \$23,474,000 and \$20,794,000 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. The University recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$243,000 and \$238,000 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.

One may obtain a copy of the complete financial statements for the benefit plans and the trust funds from PEBA Retirement Benefits and Insurance Benefits, 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 7 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The University is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of University management, there are no material claims or lawsuits against the University that are not covered by insurance or whose settlement would materially affect the University's financial position.

The University participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

The University had outstanding commitments under construction contracts of \$69,883,492 for capital and \$46,550,469 for noncapital projects. The University anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and state capital improvement bond proceeds.

NOTE 8 - LEASE OBLIGATIONS

The future minimum lease payments for noncancelable operating leases are as follows:

Real Property Operating Leases

2015	\$ 2,959,853
2016	1,636,695
2017	1,156,288
2018	1,092,790
2019	987,120
2020-2024	3,904,762
2025-2029	3,750,000
2030-2034	1,041,667
2035-2038	<u>400,000</u>
Total minimum lease payments	<u><u>\$ 16,929,175</u></u>

The preceding payment schedule relates to noncancelable operating leases having remaining terms of more than one year and expiring in various fiscal years from 2015-2038. These noncancelable operating leases include agreements between the University and third party vendors as well as other State agencies and related parties. Certain operating leases provide for renewal options at their fair rental value at the end of their lease term. Total real property operating lease payments were \$3,891,845 for fiscal year 2014. Of this amount, \$551,934 was paid to other State agencies. In the current fiscal year, the University incurred expenses of \$1,021,030 for office copier contingent rentals on a cost per copy basis.

The University also has a 35 year operating lease agreement for two city blocks of parking surrounding the Colonial Life Arena for \$100,000 per year. In accordance with the terms of the lease, in fiscal year 2003, the University paid \$3,500,000, representing rent due for the entire term. As of June 30, 2014, the remaining unamortized prepaid balance related to the parking lease agreement was \$2,300,000 with \$100,000 reflected as a current asset.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 8 - LEASE OBLIGATIONS, Continued

The University also has a 36 month operating lease agreement for a storefront at 258 King Street in Charleston for \$6,370 per month. In accordance with the terms of the lease, in fiscal year 2012, the University paid \$229,320, representing rent due for the entire term. As of June 30, 2014, the remaining unamortized prepaid balance related to the lease agreement was \$70,070. This amount is reflected as a current asset.

Capital Leases

Buildings, land, and equipment held by the University under capital leases as of June 30, 2014:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings	\$ 18,815,394	\$ 3,014,562	\$ 15,800,832
Land	270,000	-	270,000
Equipment	548,000	11,417	536,583

The future minimum capital lease obligations and the net present value of the minimum capital lease payments are as follows:

2015	\$ 1,627,779
2016	1,637,946
2017	5,505,425
2018	1,226,831
2019	1,220,417
2020-2024	4,989,386
2025-2029	4,972,802
2030-2031	<u>1,717,546</u>
Total minimum lease payments	22,898,132
Less amount representing interest	<u>(6,307,664)</u>
Present value of minimum lease payments	<u><u>\$ 16,590,468</u></u>

Capital lease obligations consist of:

Agreement with USC Upstate Foundation for land and building, dated February 2010, payable in monthly principal payments of \$6,500, with a fixed interest rate of 4.11%. This agreement expires in December 2019. \$ 383,384

Agreement with USC Upstate Foundation for land and building, dated August 2011, payable in monthly principal payments of \$4,050, with a fixed interest rate of 3.57%. This agreement expires in August 2020. 306,897

Agreement with the Columbia Parking Facilities Corporation payable in monthly principal payments ranging from \$30,000 to \$80,000 and a payment of approximately \$4,000,000 due in March 2017. Interest rates range from 5.085% to 6.815%. This agreement expires in March 2031. 15,369,142

Agreement with Hewlett Packard payable in monthly principal interest payments of \$9,859 with a fixed interest rate of 3.05%. This agreement expires in April 2019. 531,045

\$ 16,590,468

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 9 - BONDS AND NOTES PAYABLE

Bonds Payable - Bonds payable consisted of the following:

	<u>Original Debt</u>	<u>Interest Rates (Outstanding)</u>	<u>Maturity Dates</u>	<u>June 30, 2014 Balance</u>	<u>Debt Retired in Fiscal Year 2014</u>
State Institution Bonds					
Series 2003I	\$ 7,000,000	3.75%	10/01/13	\$ -	\$ 330,000
Series 2006B	58,000,000	3.25% to 5.25%	04/01/26	39,420,000	2,475,000
Series 2009B	8,550,000	3.0% to 5.0%	04/01/29	6,810,000	350,000
Series 2011A Refunding	20,085,000	2.25% to 5.0%	03/01/22	16,395,000	1,765,000
Series 2011E	23,955,000	2.25% to 5.0%	03/01/31	21,395,000	875,000
Series 2012A Refunding	21,475,000	2.5% to 5.0%	04/01/23	16,825,000	2,715,000
Series 2014A	15,190,000	3.0% to 5.0%	04/01/34	15,190,000	-
Total State Institution Bonds				116,035,000	8,510,000
Revenue Bonds					
Series 2005A	12,400,000	3.725% to 5.0%	05/01/35	10,130,000	300,000
Series 2005A Refunding	48,075,000	4.0% to 5.0%	06/01/30	31,960,000	2,415,000
Series 2006A	13,995,000	4.0% to 4.375%	06/01/26	9,660,000	615,000
Series 2008A	64,335,000	3.25% to 5.25%	06/01/38	58,180,000	1,280,000
Series 2008A Athletic	27,395,000	4.0% to 5.5%	05/01/38	26,710,000	605,000
Series 2009A	28,920,000	3% to 5.0%	06/01/39	26,090,000	600,000
Series 2010A	28,510,000	3.0% to 5.0%	06/01/40	26,390,000	555,000
Series 2010A Athletic	65,855,000	4.0% to 5.0%	05/01/40	61,730,000	1,190,000
Series 2010B Refunding Athletic	12,840,000	3.0% to 5.0%	05/01/27	11,410,000	585,000
Series 2012	61,945,000	3.0% to 5.0%	05/01/35	61,945,000	-
Series 2012 Refunding	28,110,000	2.0% to 5.0%	05/01/34	26,925,000	1,185,000
Series 2012A Athletic	13,580,000	2.0% to 4.0%	05/01/42	13,050,000	285,000
Series 2012B Refunding Athletic	6,350,000	3.5%	05/01/32	6,350,000	-
Series 2013	37,185,000	3.0% to 5.0%	05/01/43	36,860,000	325,000
Total Revenue Bonds				407,390,000	9,940,000
Subtotal bonds payable				523,425,000	18,450,000
Plus unamortized bond premiums				33,459,617	1,924,669
Less unamortized bond discounts				(628,325)	(28,745)
Total Bonds Payable				\$ 556,256,292	\$ 20,345,924

State institution bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged up to the amount of the annual debt requirements for the payment of principal and interest on state institution bonds. The legal debt margin for state institution bonds shall not exceed ninety percent of tuition fees received from the preceding fiscal year for the University as a whole.

Tuition fees used to calculate the University's debt service limit on bond indebtedness for the preceding year were \$27,777,552, which results in a legal annual debt service at June 30, 2014 of \$24,999,797. The annual debt service payments for the fiscal year were \$13,226,113. Tuition revenue pledged in fiscal year 2014 was \$28,810,276 for state institution bonds.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 9 - BONDS AND NOTES PAYABLE, Continued

General revenue bonds are payable from a pledge of net revenues derived by the University from the operation of the facilities constructed with the bond proceeds. General revenue bonds may also be payable from a pledge of additional funds. Additional funds are all available funds and academic fees of the University which are not (i) otherwise designated or restricted; (ii) funds derived from appropriations; and (iii) tuition funds pledged to the repayment of state institution bonds. Pledged net revenues for general revenue bonds in fiscal year 2014 were \$18,055,006.

Athletic facilities revenue bonds are payable from a pledge of net revenues of the athletic department, gross receipts of a special admission fee to facilities and a special student fee as authorized by the governing board. Pledged revenues for athletic facilities revenue bonds in fiscal year 2014 were \$1,691,154 of special student fees, \$4,072,001 of special admission fees and \$2,580,733 of athletic department revenues.

The University believes it is in compliance with all related bond covenants of its issued debt.

On June 1, 2014 the University issued \$15,190,000 in State Institution bonds for the renovation of classroom and administrative facilities at the Columbia and Upstate campuses.

The scheduled maturities of the University bonds payable by type are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
State Institution Bonds			
2015	\$ 9,395,000	\$ 4,900,667	\$ 14,295,667
2016	9,700,000	4,595,575	14,295,575
2017	7,725,000	4,180,725	11,905,725
2018	8,065,000	3,825,438	11,890,438
2019	8,395,000	3,462,000	11,857,000
2020-2024	41,990,000	11,078,688	53,068,688
2025-2029	22,365,000	3,979,506	26,344,506
2030-2034	8,400,000	785,113	9,185,113
Total	<u>\$ 116,035,000</u>	<u>\$ 36,807,712</u>	<u>\$ 152,842,712</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Revenue Bonds			
2015	\$ 10,845,000	\$ 19,079,044	\$ 29,924,044
2016	12,595,000	18,641,719	31,236,719
2017	13,105,000	18,136,644	31,241,644
2018	13,295,000	17,581,106	30,876,106
2019	13,820,000	17,056,656	30,876,656
2020-2024	77,330,000	75,357,031	152,687,031
2025-2029	88,530,000	56,152,038	144,682,038
2030-2034	94,605,000	34,451,194	129,056,194
2035-2039	69,425,000	12,667,825	82,092,825
2040-2043	13,840,000	1,027,600	14,867,600
Total	<u>\$ 407,390,000</u>	<u>\$ 270,150,857</u>	<u>\$ 677,540,857</u>

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 9 - BONDS AND NOTES PAYABLE, Continued

Notes Payable- Notes payable consisted of the following:

Note payable secured by printing press equipment, dated September 2007, payable in semi-annual installments of \$43,008, matures September 2014, fixed interest rate of 3.6%.	\$	42,246
Note payable to acquire rare Indian pottery collection, dated December 2008, payable in annual installments of \$31,458, matures December 2012, imputed fixed interest rate of 2.15%.		61,001
Note payable to acquire energy savings equipment and lighting retrofit, dated December 2008, payable in annual installments of \$51,581 subject to amount drawn at any given time, matures April 2020, fixed interest rate of 3.00%.		277,366
Note payable for energy efficiency projects, dated January 2011, payable in annual installments of \$5,831, at no interest, matures January 2015.		5,747
Note payable for energy efficiency projects, dated September 2009, payable in annual installments of \$3,289, at no interest, matures September 2014.		3,289
Note payable for energy efficiency projects, dated September 2010, payable in annual installments of \$9,811, at no interest, matures September 2014.		9,812
		9,812
	\$	399,461

The scheduled maturities of the notes payable are as follows:

	Principal	Interest	Total
2015	\$ 134,469	\$ 10,455	\$ 144,924
2016	75,319	7,750	83,069
2017	45,830	5,752	51,582
2018	47,204	4,377	51,581
2019	48,621	2,961	51,582
2020	48,018	1,502	49,520
	48,018	1,502	49,520
Total	\$ 399,461	\$ 32,797	\$ 432,258

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 10 - LONG-TERM LIABILITIES

Long-term liability activity was as follows:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Due Within One Year</u>
Bonds Payable:					
State Institution Bonds	\$ 109,355,000	\$ 15,190,000	\$ 8,510,000	\$ 116,035,000	\$ 9,395,000
Revenue Bonds	417,330,000	-	9,940,000	407,390,000	10,845,000
Subtotal Bonds Payable	526,685,000	15,190,000	18,450,000	523,425,000	20,240,000
Unamortized Bond Premiums	33,906,450	1,477,836	1,924,669	33,459,617	1,998,347
Unamortized Bond Discounts	(657,070)	-	(28,745)	(628,325)	(28,745)
Total Bonds Payable	559,934,380	16,667,836	20,345,924	556,256,292	22,209,602
Notes Payable	603,683	-	204,222	399,461	134,469
Total Bonds and Notes Payable	<u>\$ 560,538,063</u>	<u>\$ 16,667,836</u>	<u>\$ 20,550,146</u>	<u>\$ 556,655,753</u>	<u>\$ 22,344,071</u>
Capital Lease Obligations	\$ 16,697,226	\$ 548,000	\$ 654,758	\$ 16,590,468	\$ 745,247
Accrued Compensated Absences	\$ 31,445,669	\$ 20,390,409	\$ 18,180,062	\$ 33,656,016	\$18,174,249

Additional information regarding bonds and notes payable is included in Note 9.

NOTE 11 - COMPONENT UNITS

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. They include the South Carolina Research Foundation, the University of South Carolina School of Medicine Educational Trust (the Trust), and the Beaufort-Jasper Higher Education Commission, all of which are considered governmental component units. In addition, the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the University of South Carolina Upstate Foundation; the University of South Carolina Upstate Capital Development Foundation; and the Educational Foundation of the University of South Carolina – Lancaster are considered nongovernmental component units because they do not meet the definition of a governmental entity. Because the activities and resources of these entities are significant, provide a direct benefit, and are accessible to the University, they are considered component units of the University and are discretely presented in the University's financial statements accordingly as governmental or non-governmental reporting entities.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 11 - COMPONENT UNITS, Continued

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

Governmental Discretely Presented Component Units

The South Carolina Research Foundation (the Foundation) operates as a supporting organization of the University of South Carolina's teaching, research, and public service missions. It will support research programs of clear relevance to the state and nation. The research areas focus on the environment, new technologies, economic development, health sciences and social issues. The Foundation receives research funding from private sources and also competes for federal funds. The University receives funds for research from the Foundation. In 2013, University and Research Foundation management agreed to administrative process changes that allowed the University to resume its historic role of directly processing new federal grant and contract transactions. The University expects that over a period of five years this decision will result in the University processing all federal grant and contract transactions and an equal reduction in the federal grant activities processed by the Research Foundation. Complete financial statements for the Foundation can be obtained at USC Foundations, 208 Osborne Building, USC, Columbia, SC 29208, Attention: Russell Meekins.

The University of South Carolina School of Medicine Educational Trust (the Trust) is organized and operates exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the University of South Carolina School of Medicine. The Trust is governed by a board consisting of the Dean of the University's School of Medicine, the Chairman of each of the twelve departments of the School of Medicine, as well as other employees of the University School of Medicine. The Trust is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described under Section 501(c)(3). Complete financial statements for the Trust can be obtained at the University of South Carolina School of Medicine Educational Trust, Post Office Box 413, Columbia, South Carolina 29202.

The Beaufort-Jasper Higher Education Commission (the Commission) was created in 1994 by the General Assembly of South Carolina. The Commission's primary purpose is to provide support and encouragement for all undertakings to improve the higher education opportunities for the benefit of the citizens and residents of Beaufort and Jasper Counties. The Commission serves as the liaison between the University of South Carolina Beaufort campus (USC Beaufort) and the Beaufort and Jasper communities as well as the oversight committee for campus dormitories and the student center including the construction and management of those facilities. Complete financial statements for the Commission can be obtained at 1 University Boulevard, Bluffton, SC 29909.

Non-Governmental Discretely Presented Component Units

The University of South Carolina Development Foundation (the Foundation) operates exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the University including, but not limited to, promoting, encouraging, and aiding scientific research and investigation at the University. The University receives funds for rent and reimbursement for computer and personnel services provided by the University from the Foundation. The University also pays the Foundation for the lease of real property and for research programs. Complete financial statements for the Foundation can be obtained at USC Foundations, 208 Osborne Building, USC, Columbia, SC 29208, Attention: Russell Meekins.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 11 - COMPONENT UNITS, Continued

The University of South Carolina Educational Foundation (the Foundation) operates for the benefit and support of the University of South Carolina. Its objectives include the establishment and implementation of long-range fundraising programs to assist in the expansion and improvement of the educational functions of the University. The University receives from the Foundation funds for scholarships, awards and stipends to students, faculty and administrative staff; library collections; reimbursement for computer and personnel services provided by the University; and interest earnings on notes receivable from the Foundation (See Note 3). As of June 30, 2014 the Foundation held approximately \$267,854,257 in endowment funds for the University. Complete financial statements for the Foundation can be obtained at USC Foundations, 208 Osborne Building, USC, Columbia, SC 29208, Attention: Russell Meekins.

The University of South Carolina Business Partnership Foundation (the Foundation) was formed to bring together representatives of business and government to assist in conducting conferences, seminars, and management programs to further the education, development and effectiveness of management personnel in the State and region. The University receives funds for scholarships, reimbursement of personnel services, fringe benefit and other administrative costs from the Foundation. Complete financial statements for the Foundation can be obtained at USC Foundations, 208 Osborne Building, USC, Columbia, SC 29208, Attention: Russell Meekins.

The Greater University of South Carolina Alumni Association (the Association) was formed to serve the students after they graduate. The Association's objectives are providing job placement and counseling, communicating the aspirations and needs of the University, helping graduates keep in touch with one another, and providing programs of continuing education. The University receives funds for scholarships from the Association and provides office and meeting space at no cost to the Association. Complete financial statements for the Association can be obtained at USC Foundations, 208 Osborne Building, USC, Columbia, SC 29208, Attention: Russell Meekins.

The USC Upstate Foundation (the Foundation) was established to accept gifts for charitable, benevolent, cultural, and education purposes and to provide student housing and other real property for the exclusive use and benefit of USC Upstate. The University receives funds from the Foundation for scholarships and reimbursement for personnel and student housing services provided by the University. Complete financial statements for the Foundation can be obtained at USC Upstate Foundation, 800 University Way, Spartanburg, SC 29303.

The USC Upstate Capital Development Foundation (the Foundation) was established to accept real property donated to USC Upstate, serve as the purchasing agent for property on behalf of USC Upstate that is integral to the growth of the campus, and to manage property under leasing agreements to the University. Complete financial statements for the Foundation can be obtained at USC Upstate Capital Development Foundation, 800 University Way, Spartanburg, SC 29303.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 11 - COMPONENT UNITS, Continued

The Educational Foundation of the University of South Carolina - Lancaster (the Foundation) operates for the benefit and support of the University of South Carolina at Lancaster. Its objectives include the establishment and implementation of long-range fund-raising programs to assist in the expansion and improvement of the educational functions of the University. The University receives from the Foundation funds for scholarships, rent, and reimbursement for computer and personnel services provided by the University. Complete financial statements for the Foundation can be obtained at PO Box 809, Lancaster, SC 29721.

Various transactions occur between the University and the component units. A summary of those transactions follows:

Funds Received from Component Units

South Carolina Research Foundation	\$ 18,932,981
USC School of Medicine Educational Trust	5,324,437
Beaufort-Jasper Higher Education Commission	1,400,000
USC Development Foundation	87,732
USC Educational Foundation	24,144,057
USC Business Partnership Foundation	1,309,553
Greater USC Alumni Association	104,419
USC Upstate Foundation	317,256
Educational Foundation of USC Lancaster	<u>28,844</u>
	<u><u>\$ 51,649,279</u></u>

The majority of the South Carolina Research Foundation revenues are recorded by the University as federal grants and contracts revenues and the majority of revenues from the other component units are recorded as private gifts revenue. Federal grants and contracts receivables include \$5,707,980 due from the South Carolina Research Foundation at June 30, 2014.

Funds Paid to Component Units

South Carolina Research Foundation	\$ 125,461
USC School of Medicine Educational Trust	2,812,633
Beaufort-Jasper Higher Education Commission	3,526,740
USC Development Foundation	375,037
USC Educational Foundation	234,899
USC Business Partnership Foundation	340
USC Upstate Foundation	500
USC Upstate Capital Development Foundation	126,598
Educational Foundation of USC Lancaster	<u>1,786</u>
	<u><u>\$ 7,203,994</u></u>

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 12 - RELATED PARTIES

There are several separately chartered legal entities which do not meet the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - An Amendment of GASB Statement No. 14*, to be treated as component units of the University. These entities are the local higher education commissions. While they are not financially accountable to the University, these organizations exist primarily to provide financial assistance and other support to the University system campuses and the educational programs. The activities of these entities are not included in the University's financial statements. However, the University's statements for the year ended June 30, 2014 include significant transactions between them and the University which are as follows:

Aiken County Commission for Higher Education Commission - The Aiken County Commission for Higher Education (the Commission) was created under Act 103 of the 1961 Session of the General Assembly of South Carolina. The Commission is composed of eight members who are appointed by the Governor on the recommendation of a majority of the Aiken County Legislative Delegation. In addition, the Superintendent of Education for Aiken County and the Chair of the Aiken Commission for Technical Education are ex-officio members of the Commission. The Commission's purpose is the establishment and maintenance of an institution of higher education in Aiken County and it is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and generally, to take such actions in its name necessary to secure for Aiken County and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Aiken County to accomplish these objectives. During the year ended June 30, 2014, the Commission made grants to the University of South Carolina Aiken (USC Aiken) totaling \$100,000 for campus maintenance and enhancements. USC Aiken provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. The Commission leases its land and buildings to USC Aiken for \$1 annually. At June 30, 2014, the Commission had a net position of \$1,864,554.

Lancaster County Commission for Higher Education - The Lancaster County Commission for Higher Education (the Commission) was created under Act 126 of the 1959 Session of the General Assembly of South Carolina. The Commission is composed of seven members who are appointed by the Governor on the recommendation of a majority of the Lancaster County Legislative Delegation, including the Senator. The Commission's purpose is the encouragement of higher education in Lancaster and adjacent areas and, more specifically, the establishment in Lancaster County of facilities to offer standard freshman and sophomore college courses, and such other courses as deemed desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for Lancaster County and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Lancaster County designated specifically for the University of South Carolina Lancaster (USC Lancaster). During the fiscal year ended June 30, 2014, the Commission received an annual appropriation of \$1,255,153. The Commission disbursed \$1,100,000 to USC Lancaster for operations and maintenance of the physical plant and \$10,474 to vendors for insurance, professional services, and commencement expenses. USC Lancaster provides accounting and cash management services to the Commission at no charge. At June 30, 2014, the Commission had a net position of \$147,906.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 12 - RELATED PARTIES, Continued

Western Carolina Higher Education Commission - The Western Carolina Higher Education Commission (the Commission) was created under Act 270 in the 1984 Session of the General Assembly of South Carolina. The Commission is composed of ten members, two of whom are from each of the following counties: Allendale, Bamberg, Barnwell, Colleton, and Hampton. The members are appointed by the Governor upon the recommendation of a majority of the Legislative Delegations from the respective counties. The Commission's purpose is the encouragement of higher education in the respective counties and adjacent areas and, more specifically, the establishment of facilities to offer standard freshman and sophomore college courses, and such other courses as deemed desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for its respective counties and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Allendale, Bamberg, Barnwell, Colleton, and Hampton counties to accomplish these objectives. The Commission paid expenditures on behalf of the University of South Carolina Salkehatchie (USC Salkehatchie) of \$97,951 for the fiscal year ended June 30, 2014. The Commission allows the use of its land and buildings to USC Salkehatchie at no cost. USC Salkehatchie provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. At June 30, 2014, the Commission had a net position of \$110,964.

Mid-Carolina Commission for Higher Education, formerly known as Sumter County Commission for Higher Education - The Sumter County Commission for Higher Education was created under Act 50 of the 1965 Session of the General Assembly of South Carolina. In 1996, by an act of the state legislature, the Sumter County Commission for Higher Education was restructured as the Mid-Carolina Commission for Higher Education (the Commission) representing Sumter, Lee, and Clarendon Counties. The nine commission members are appointed by the Governor upon recommendation by the respective county legislative delegations, with one each from Lee and Clarendon Counties, and the remaining seven members from Sumter County. The purpose of the Commission is the encouragement of higher education in Sumter County and adjacent areas and, more specifically, the establishment in Sumter County of facilities to offer standard freshman and sophomore college courses, and such other courses as deemed desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for its respective counties and adjacent areas the necessary educational facilities to provide higher education. The University of South Carolina Sumter (USC Sumter) operates the Sumter Campus under contract with the Commission at a cost of \$1 annually. During the fiscal year ended June 30, 2014, the Commission made payments to USC Sumter totaling \$264,264 for the operation and maintenance of the campus. At June 30, 2014, the Commission had a net position of \$264,003.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 12 - RELATED PARTIES, Continued

Union Laurens Commission for Higher Education - The Union County Commission for Higher Education was created by Act 23 in the 1965 Session of the General Assembly of South Carolina and was repealed by Act 288 of the 1987 Session of the General Assembly of South Carolina which created the Union Laurens Commission for Higher Education (the Commission). The Commission is composed of nine members, with seven being residents of Union County and two being residents of Laurens County. The members are appointed by the Governor upon recommendation by the Union and Laurens County Legislative Delegations. The Commission is responsible for the encouragement of higher education in Union and Laurens Counties and adjacent areas and, more specifically, the establishment in Union and Laurens Counties of facilities to offer standard freshman and sophomore college courses and those other courses considered desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for its respective counties and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Union and Laurens counties of \$153,040 to accomplish these objectives. During the year ended June 30, 2014, the Commission made grants to the University of South Carolina Union (USC Union) totaling \$165,830 for campus projects and maintenance, rental of facilities, community service and institutional support. The Commission provides its land and buildings to USC Union at no cost. USC Union provides clerical, accounting, and cash management services to the Commission at no charge. At June 30, 2014, the Commission had a net position of \$2,346,275.

Spartanburg County Commission for Higher Education - The Spartanburg County Commission for Higher Education (the Commission) was created under Act 36 of the 1967 Session of the General Assembly of South Carolina. The Commission is composed of fifteen members who are appointed by the Governor on the recommendation of a majority of the Spartanburg County Legislative Delegation. The Commission is responsible for the encouragement of higher education in Spartanburg County and adjacent areas and, more specifically, the establishment in Spartanburg County of facilities to offer standard freshman and sophomore college courses and those other courses considered desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for Spartanburg County and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Spartanburg County to accomplish these objectives. During the year ended June 30, 2014, the Commission made grants to the University of South Carolina Upstate (USC Upstate) totaling \$1,000. The Commission paid expenditures on behalf of USC Upstate of \$14,421 for the fiscal year ended June 30, 2014. The Commission controls land owned by the County and provides the land to USC Upstate at no cost. USC Upstate provides accounting and record maintenance services to the Commission at no charge. At June 30, 2014, the Commission had a net position of \$780,000.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 13 - RISK MANAGEMENT

The University has a comprehensive risk management program which incorporates the fundamentals of risk identification, risk evaluation, risk control and risk financing alternatives in reducing loss potential. The risk management office mitigates the financial consequences of physical, human, and financial loss by purchasing insurance through the State Budget and Control Board Office of the Insurance Reserve Fund (IRF). As needed, the IRF policies are supplemented by the purchase of policies through the private insurance market. Several sections of the South Carolina Code of Laws authorize and require the State Budget and Control Board, through the IRF, to provide insurance to governmental entities. These statutes in turn require most state entities to purchase insurance through the IRF. These sections include:

Title 1 - Administration of Government, Section 1-11-140 - 141. Authority to provide tort liability insurance to governmental entities, their employees, and charitable medical facilities.

Title 1 - Administration of Government: Section 1-11-147. Automobile Liability Reinsurance.

Title 10 - Public Buildings and Property: Section 10-7-10 through 10-7-40. Authority to insure public buildings and contents.

Title 10 - Public Buildings and Property: Section 10-7-12. Authority to purchase reinsurance.

Title 10 - Public Buildings and Property: Section 10-7-130. Authority to hold monies paid as premiums for the purpose of paying Insured losses.

Title 11 - Public Finance: Section 11-9-75. Debt Collection Procedures.

Title 15 - Civil Remedies and Procedures: Section 15-78-10 through 15-78-150. S.C. Governmental Tort Claims Act. Authority to provide liability insurance.

Title 38 - Insurance: Section 38-13-190. Requires South Carolina Insurance Department Audits of Insurance Reserve Fund Finance.

Title 59 - Education: Section 59-67-710 & 59-67-790. Authority to insure school buses and pupils transported by school bus.

Title 59 - Education: Section 59-67-790. Pupil Injury Fund.

The IRF functions as a governmental insurance operation with the mission to provide insurance specifically designed to meet the needs of governmental entities at the lowest possible cost. The IRF operates like an insurance company, by issuing policies, collecting premiums (based on actuarially calculated rates), and by paying claims from the accumulated premiums in accordance with the terms and conditions of the insurance policies it has issued.

All premiums received by the IRF are deposited with the Office of the State Treasurer where the funds are maintained as the IRF Trust Account. By statutory requirement, these funds are to be used to pay claims and operating expenses of the fund. The Office of the State Treasurer is responsible for investing these funds. The costs of settled claims have not exceeded the University's insurance coverage in any of the past three years.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 13 - RISK MANAGEMENT, Continued

The IRF uses no agents, brokers, or advertising, and does not actively solicit accounts. The lack of a profit motive and the lack of acquisition expenses such as agents' commissions, along with the use of the investment income in rate determination allow the IRF to maintain the lowest possible rate structure. Not all governmental entities elect to purchase their insurance through the IRF. The South Carolina Tort Claims Act allows political subdivisions of the State access to other mechanisms to meet their insurance needs at their discretion. Some entities participate in other self-insurance pools, some purchase commercial insurance, and some elect to self-insure their insurance exposures.

The various types of property insurance policies maintained by the University include: Building and Personal Property, Inland Marine, Data Processing Equipment, Business Interruption and Builders' Risk. Additionally, Risk Management maintains a variety of casualty insurance policies including Automobile and Aircraft Property Damage and Liability, Directors and Officers Liability, General Tort Liability, Medical Professional Liability, an Employee Fidelity Bond, and Student Workers' Compensation.

NOTE 14 - BIOMASS FACILITY

In August 2004, the University entered into an agreement with Johnson Controls Incorporated (JCI) to construct and operate a Biomass facility. The purpose of the facility was to gasify woodchips for the production of steam at a cost below what would be required using conventional methods. Construction of the facility was completed in June 2007 at which time it was placed in service at a cost of approximately \$19.2 million. Since being placed in service the facility operated intermittently and was deemed inoperable. During fiscal year 2013, the University determined that the existing technology employed to operate the facility was not viable and recorded an impairment loss in the amount of the remaining net book value of \$13,990,218. This impairment loss was included within the "Loss on disposal of capital assets" on the Statement of Revenues, Expenses and Changes in Net Position for fiscal year 2013. During fiscal year 2014, the University received approximately \$14.4 million from JCI as a financial settlement for the Biomass facility termination agreement. Approximately \$2.1 million was applied to an existing receivable from JCI. The remaining \$12.3 million was recognized as "Biomass termination agreement" on the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2014.

UNIVERSITY OF SOUTH CAROLINA
Notes to the Financial Statements

NOTE 15 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification are summarized as follows:

	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Services and Supplies</u>	<u>Utilities</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$248,731,644	\$ 73,412,067	\$ 38,279,571	\$ 92,935	\$ 605,975	\$ -	\$ 361,122,192
Research	62,389,917	21,427,259	34,160,593	6,350	289,532	-	118,273,651
Public service	31,883,098	8,838,867	13,557,197	27,455	171,528	-	54,478,145
Academic support	51,075,724	14,606,767	26,598,602	23,366	13,716	-	92,318,175
Student services	36,095,262	9,926,674	27,850,701	868,687	64,230	-	74,805,554
Institutional support	41,624,920	12,623,737	3,745,990	172,794	24,718	-	58,192,159
Operation & plant maintenance	26,889,674	8,987,216	42,983,144	24,255,484	1,950	-	103,117,468
Auxiliary enterprises	46,910,768	10,141,827	61,534,450	9,157,481	643,766	-	128,388,292
Scholarships and fellowships	130,297	1,620,197	190,067	-	17,130,613	-	19,071,174
Depreciation	-	-	-	-	-	62,340,212	62,340,212
Total operating expenses	<u>\$545,731,304</u>	<u>\$161,584,611</u>	<u>\$248,900,315</u>	<u>\$34,604,552</u>	<u>\$ 18,946,028</u>	<u>\$62,340,212</u>	<u>\$1,072,107,022</u>

NOTE 16 - ENDOWMENTS AND SIMILAR FUNDS

The University's endowment funds and type consist of the following:

<u>Net Position Classification</u>	<u>True Endowment</u>	<u>Quasi Endowment</u>	<u>Total</u>
Restricted - nonexpendable	\$ 79,285,311	\$ -	\$ 79,285,311
Restricted - expendable			
Scholarships, research, instruction and other	-	1,818,049	1,818,049
Unrestricted	-	33,766,942	33,766,942
Total	<u>\$ 79,285,311</u>	<u>\$ 35,584,991</u>	<u>\$ 114,870,302</u>

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Supplementary Information

to the Financial Statements

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UNIVERSITY OF SOUTH CAROLINA
Columbia Campus Athletics Department
Schedule of Funds Available for Debt Service
For the year ended June 30, 2014

REVENUES

Admissions/ticket sales ⁽¹⁾	\$ 21,346,746
Student athletic fees	2,592,673
Guarantees	302,500
Contributions	30,203,751
NCAA/Conference (SEC) distributions	22,903,539
Broadcast, television, radio and internet rights	6,010,000
Direct institutional support	3,039,303
Program, concession, novelty sales and parking	4,162,143
Royalties, licensing, advertisements and sponsorships	4,267,844
Sports camp revenues	31,049
Endowment and investment income	405,198
Other operating revenues	<u>3,354,733</u>
Total revenues	<u>98,619,479</u>

EXPENSES

Scholarships and fellowships	12,430,711
Guarantees	1,587,843
Compensation and employee benefits	35,887,161
Recruiting	1,198,126
Team travel	6,162,410
Equipment, uniforms and supplies	3,182,187
Game expenses	5,532,120
Fund raising, marketing and promotion	3,581,317
Sports camp expenses	97,637
Direct facilities, maintenance and rental	7,171,358
Spirit groups	326,968
Medical expenses and insurance	931,642
Memberships and dues	86,168
Other operating expenses	<u>8,450,043</u>
Total expenses	<u>86,625,691</u>

Net revenues 11,993,788

MANDATORY TRANSFERS

2,388,039

Net revenues after mandatory transfers 9,605,749

OTHER RECEIPTS

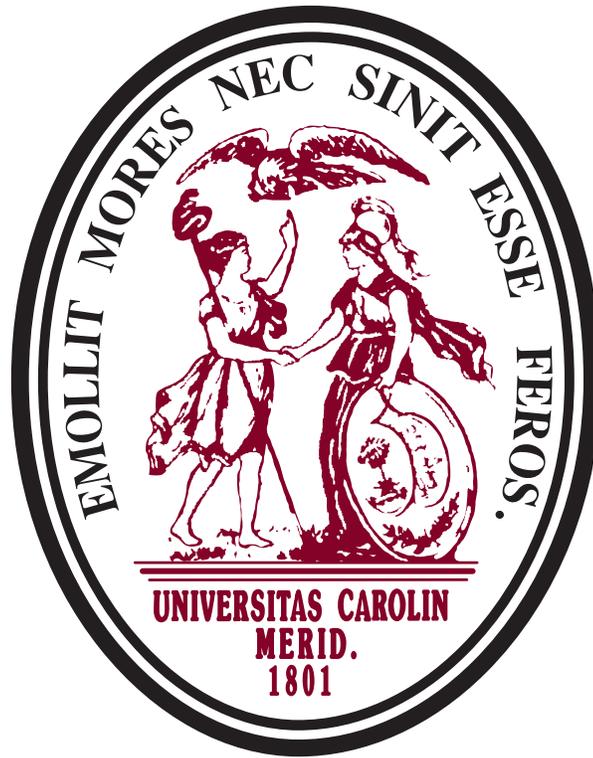
Admissions fees	4,072,000
Special student fees	1,691,154
Interest and other	<u>161,074</u>
Total other receipts	<u>5,924,228</u>

Total funds available for debt service **\$ 15,529,977**

⁽¹⁾ Excludes Admission fees



All photos provided by University Creative Services



Statistical Section

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UNIVERSITY OF SOUTH CAROLINA
Statistical Section

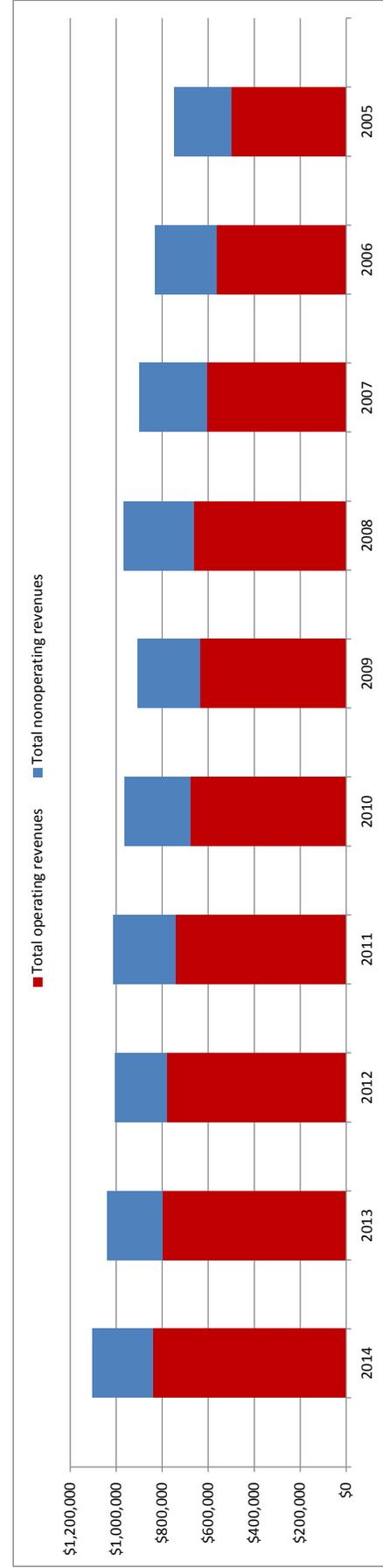
This section of the University of South Carolina Comprehensive Annual Financial Report presents detailed data as context for understanding and analyzing the information provided in the financial statements, note disclosures and required supplementary information. This supporting documentation conveys a broad perspective on the University's and State of South Carolina's financial condition.

Contents	Pages
Financial Trends	90-97
These schedules contain trend information to help the reader understand how the University's financial performance has changed over time.	
Debt Capacity	98-99
These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and its ability to issue additional debt in the future.	
Operating Information	100-106
These schedules contain information about the University's operations and resources to help the reader understand how the University's financial information relates to the services it provides.	
Demographic and Economic Information	107-109
These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's financial activities take place and to help make comparisons over time.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Financial Statements for the relevant years.

UNIVERSITY OF SOUTH CAROLINA
Schedule of Revenues By Source
 Last Ten Fiscal Years
 (amounts in thousands)

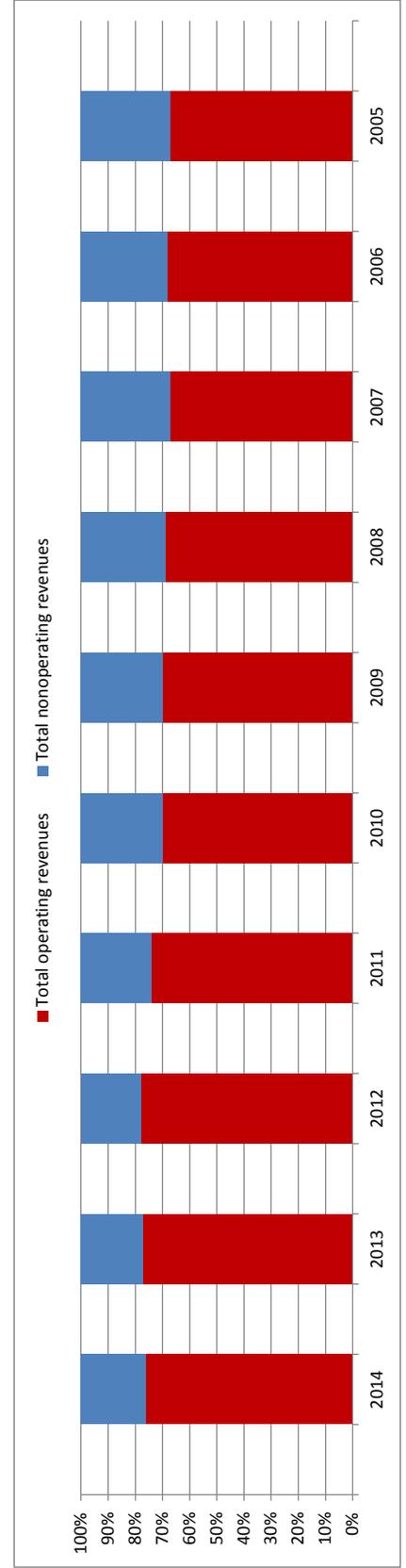
	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Student tuition and fees (net of scholarship allowances)	\$ 407,914	\$ 383,366	\$ 359,234	\$ 331,713	\$ 296,871	\$ 275,408	\$ 314,960	\$ 282,389	\$ 253,542	\$ 214,415
Federal grants and contracts	128,485	128,745	135,957	147,393	130,115	118,854	113,668	107,406	110,853	106,206
State grants and contracts	88,354	85,610	80,832	78,346	76,985	75,997	73,803	65,858	63,023	59,456
Local grants and contracts	1,167	1,329	1,337	1,439	1,245	1,061	960	774	728	702
Nongovernmental grants and contracts	38,818	34,932	38,481	26,027	26,196	26,988	28,606	25,471	23,998	19,324
Sales and services of educational and other activities	29,609	27,263	26,500	27,938	24,217	25,429	22,682	20,082	19,171	17,057
Sales and services of auxiliary enterprises (net of scholarship allowances)	131,836	128,220	125,215	116,176	110,315	102,288	99,436	92,736	81,886	74,067
Interest collected on student loans	333	301	328	309	303	253	224	224	245	283
Other fees	9,143	5,982	5,967	6,099	6,151	7,035	6,439	6,928	6,319	5,744
Other operating revenues	3,629	5,450	5,465	7,034	5,618	4,440	4,213	4,238	4,499	3,063
Total operating revenues	839,288	801,198	779,316	742,474	678,016	637,753	664,991	606,106	564,264	500,317
State appropriations	144,295	136,401	118,333	124,637	160,184	173,279	230,508	215,046	199,309	186,771
Federal grants	52,113	52,618	53,320	94,125	65,552	28,952	25,152	22,269	22,078	22,484
Gifts	46,444	43,918	38,401	37,967	42,086	53,780	37,848	45,754	38,351	34,036
Investment income	2,342	2,465	7,823	5,570	9,420	10,898	8,496	7,217	4,085	3,619
Endowment income	6,250	3,392	6,679	6,120	8,383	3,067	1,762	3,704	1,752	2,053
Other nonoperating revenues	12,270	-	-	14	14	-	-	-	-	146
Proceeds from the sale of capital assets	-	-	-	-	-	936	-	-	-	-
Total nonoperating revenues	263,714	238,794	224,556	268,433	285,639	270,912	303,766	293,990	265,575	249,109
Total revenues	\$ 1,103,002	\$ 1,039,992	\$ 1,003,872	\$ 1,010,907	\$ 963,655	\$ 908,665	\$ 968,757	\$ 900,096	\$ 829,839	\$ 749,426



Source: University of South Carolina Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Schedule of Revenues By Source
 Last Ten Fiscal Years
 (percent of total revenues)

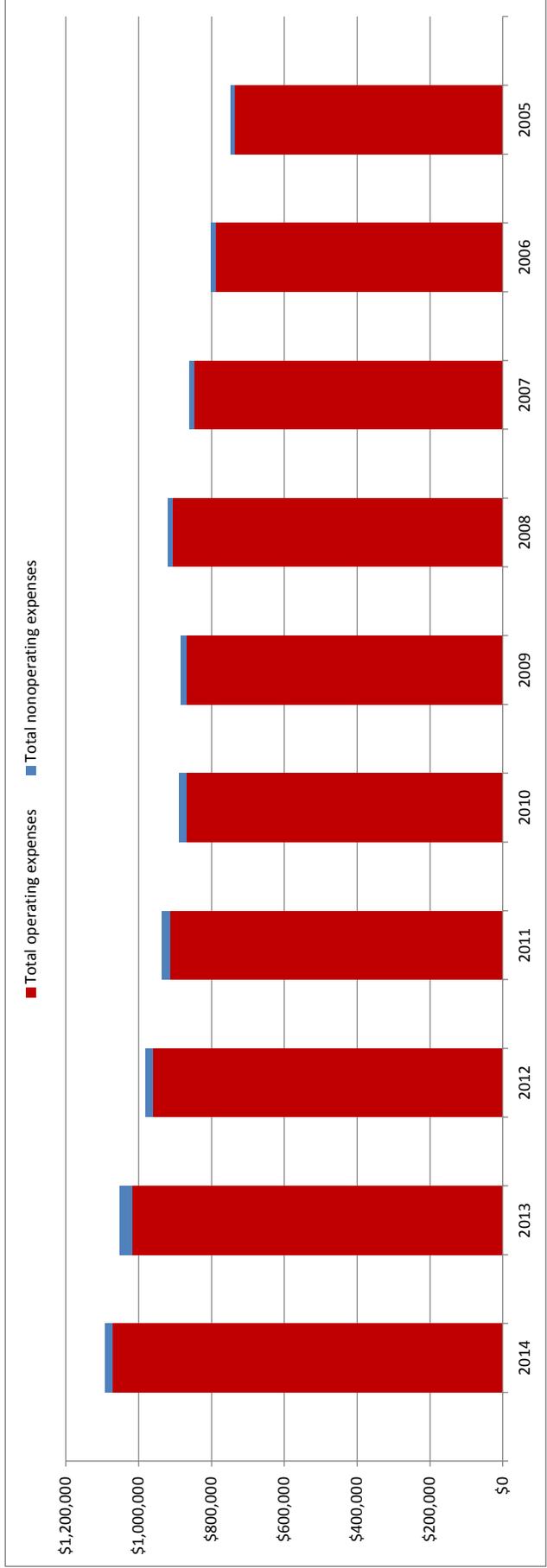
	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Student tuition and fees (net of scholarship allowances)	37%	37%	36%	33%	31%	30%	33%	31%	31%	29%
Federal grants and contracts	12%	12%	13%	15%	13%	13%	12%	12%	13%	14%
State grants and contracts	8%	8%	8%	8%	8%	8%	8%	7%	8%	8%
Local grants and contracts	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Nongovernmental grants and contracts	3%	3%	4%	2%	3%	3%	3%	3%	3%	3%
Sales and services of educational and other activities	3%	3%	3%	3%	2%	3%	2%	2%	2%	2%
Sales and services of auxiliary enterprises (net of scholarship allowances)	12%	12%	12%	11%	11%	11%	10%	10%	10%	10%
Interest collected on student loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other fees	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Other operating revenues	0%	1%	1%	1%	1%	1%	0%	1%	0%	0%
Total operating revenues	76%	77%	78%	74%	70%	70%	69%	67%	68%	67%
State appropriations	13%	14%	11%	12%	17%	19%	24%	24%	24%	25%
Federal grants	5%	5%	5%	9%	7%	3%	2%	3%	3%	3%
Gifts	4%	4%	4%	4%	4%	6%	4%	5%	5%	5%
Investment income	0%	0%	1%	0%	1%	1%	1%	1%	0%	0%
Endowment income	1%	0%	1%	1%	1%	1%	0%	0%	0%	0%
Other nonoperating revenues	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Proceeds from the sale of capital assets	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total nonoperating revenues	24%	23%	22%	26%	30%	30%	31%	33%	32%	33%
Total revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



Source: University of South Carolina Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Schedule of Expenses By Use
 Last Ten Fiscal Years
 (amounts in thousands)

	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Compensation and employee benefits	\$ 707,316	\$ 677,157	\$ 636,503	\$ 595,861	\$ 574,398	\$ 574,690	\$ 575,610	\$ 529,085	\$ 498,933	\$ 461,706
Services and supplies	248,900	235,707	223,142	216,733	197,044	202,315	187,876	186,502	175,269	171,564
Utilities	34,605	31,090	29,515	29,803	28,061	26,938	26,601	24,703	25,111	23,074
Scholarships and fellowships	18,946	19,960	20,206	21,792	21,378	17,129	74,854	63,858	54,953	47,588
Depreciation	62,340	53,334	51,253	50,819	49,324	46,495	40,889	42,769	34,204	33,096
Total operating expenses	1,072,107	1,017,248	960,619	915,008	870,205	867,567	905,830	846,917	788,470	737,028
Loss on disposal of capital assets	720	14,313	575	1,760	717	-	777	716	2,800	895
Interest on capital asset related debt	18,648	18,762	19,025	19,579	19,040	16,154	12,800	12,492	10,489	10,420
Other nonoperating expenses	-	-	-	-	-	4	-	-	-	-
Total nonoperating expenses	19,368	33,075	19,600	21,339	19,757	16,158	13,577	13,208	13,289	11,315
Total expenses	\$ 1,091,475	\$ 1,050,323	\$ 980,219	\$ 936,347	\$ 889,962	\$ 883,725	\$ 919,407	\$ 860,125	\$ 801,759	\$ 748,343



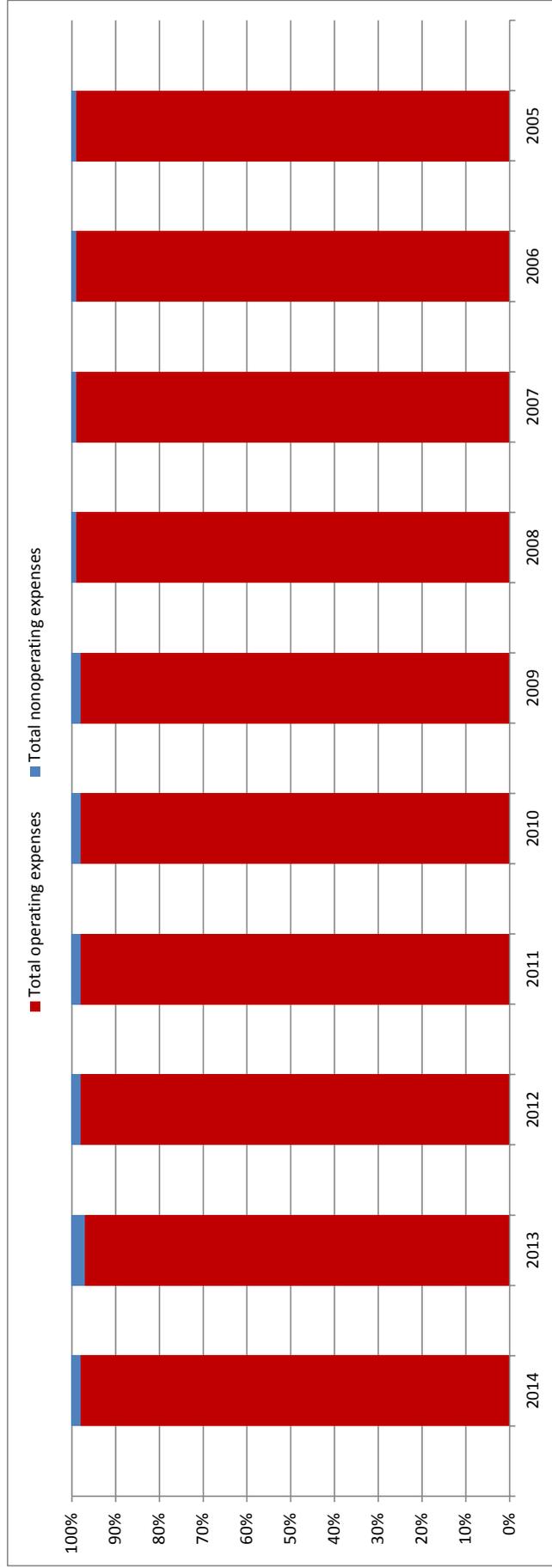
Source: University of South Carolina Financial Statements

UNIVERSITY OF SOUTH CAROLINA

Schedule of Expenses By Use

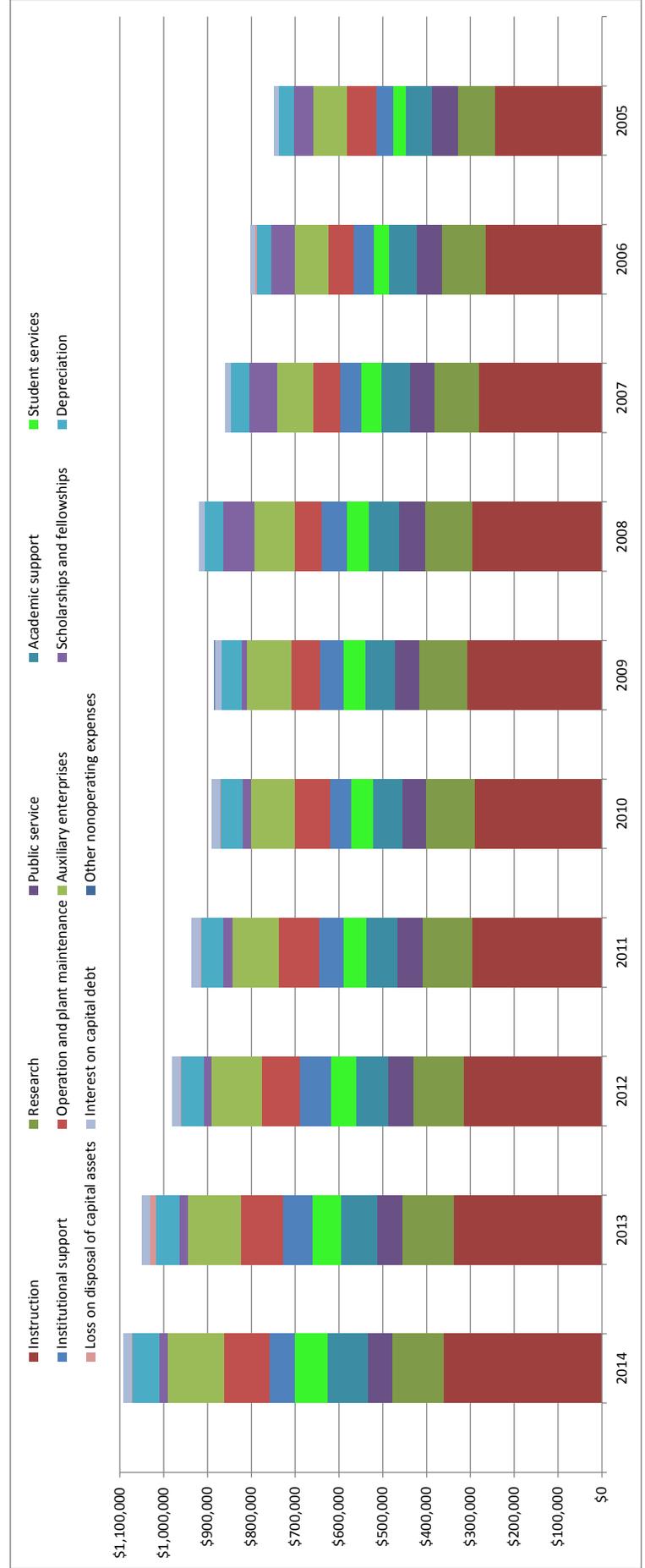
Last Ten Fiscal Years
(percent of total expenses)

	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Compensation and employee benefits	65%	65%	65%	64%	65%	65%	63%	62%	63%	62%
Services and supplies	23%	22%	23%	23%	22%	23%	20%	22%	22%	23%
Utilities	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Scholarships and fellowships	2%	2%	2%	2%	2%	2%	8%	7%	7%	6%
Depreciation	5%	5%	5%	6%	6%	5%	5%	5%	4%	5%
Total operating expenses	98%	97%	98%	98%	98%	98%	99%	99%	99%	99%
Loss on disposal of capital assets	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Interest on capital asset related debt	2%	2%	2%	2%	2%	2%	1%	1%	1%	1%
Other nonoperating expenses	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total nonoperating expenses	2%	3%	2%	2%	2%	2%	1%	1%	1%	1%
Total expenses	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



UNIVERSITY OF SOUTH CAROLINA
Schedule of Expenses By Function
 Last Ten Fiscal Years
 (amounts in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Instruction	\$ 361,122	\$ 338,336	\$ 315,093	\$ 296,837	\$ 291,267	\$ 307,708	\$ 297,188	\$ 280,626	\$ 266,123	\$ 243,434
Research	118,274	117,024	116,169	113,563	109,769	108,456	106,506	101,333	99,207	86,054
Public service	54,478	57,162	57,305	55,876	53,664	57,125	58,835	55,724	56,940	58,044
Academic support	92,318	82,072	71,975	71,651	68,890	65,885	69,991	66,280	63,563	61,378
Student services	74,806	67,066	58,241	52,225	50,011	49,844	48,821	44,940	36,204	29,186
Institutional support	58,192	65,870	70,397	54,839	47,090	54,638	58,453	49,788	44,499	36,355
Operation and plant maintenance	103,118	97,133	86,999	93,328	81,146	65,453	60,896	59,964	57,878	69,166
Auxiliary enterprises	128,388	119,908	114,216	105,454	98,964	102,344	92,027	84,104	77,976	74,964
Scholarships and fellowships	19,071	19,343	18,971	20,416	20,080	9,619	72,224	61,389	51,876	45,351
Depreciation	62,340	53,334	51,253	50,819	49,324	46,495	40,889	42,769	34,204	33,096
Loss on disposal of capital assets	720	14,313	575	1,760	717	-	777	716	2,800	895
Interest on capital debt	18,648	18,762	19,025	19,579	19,040	16,154	12,800	12,492	10,489	10,420
Other nonoperating expenses	-	-	-	-	-	4	-	-	-	-
Total expenses	\$ 1,091,475	\$ 1,050,323	\$ 980,219	\$ 936,347	\$ 889,962	\$ 883,725	\$ 919,407	\$ 860,125	\$ 801,759	\$ 748,343

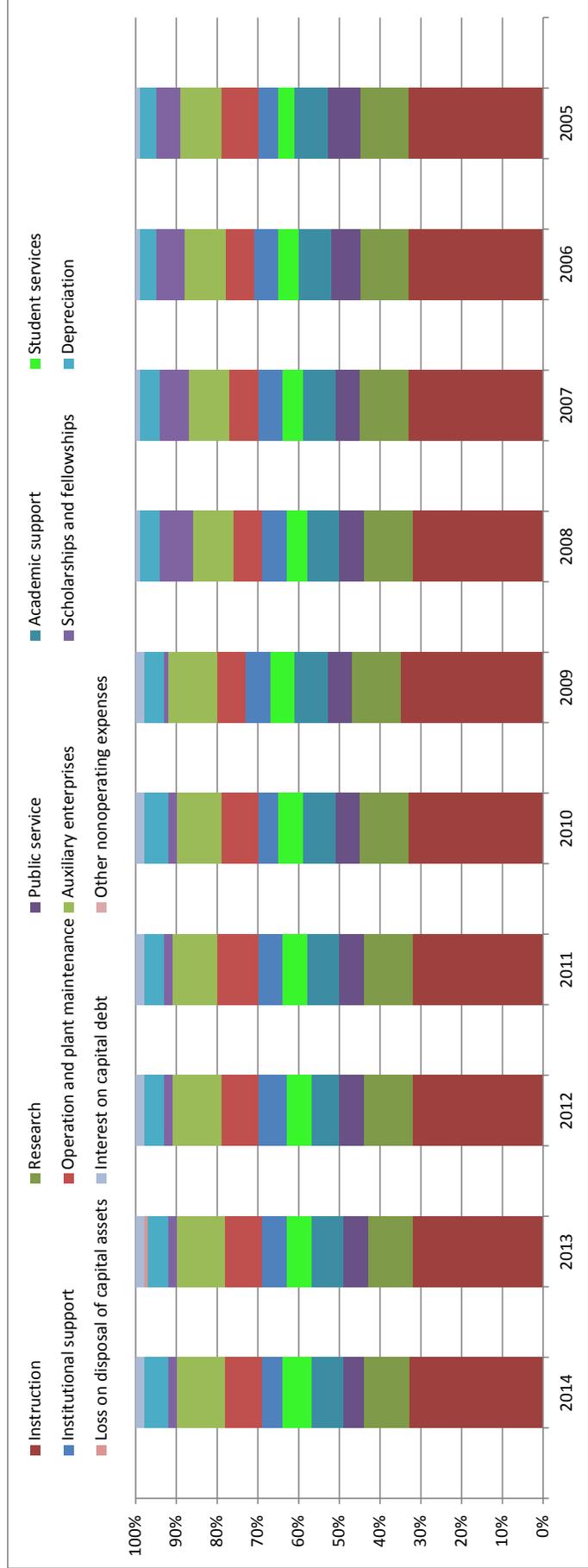


Source: University of South Carolina Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Schedule of Expenses By Function

Last Ten Fiscal Years
(percent of total expenses)

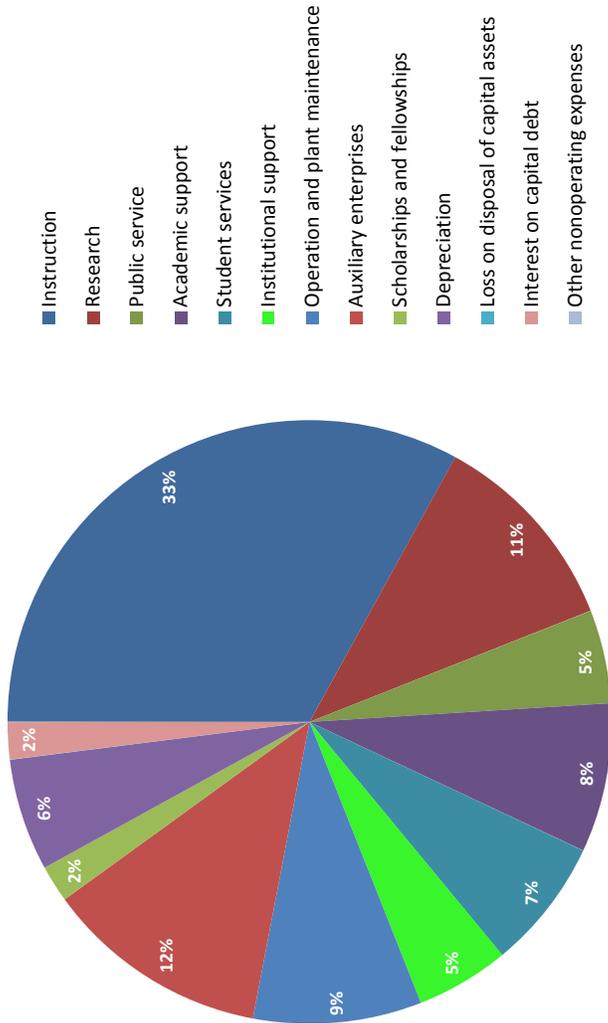
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Instruction	33%	32%	32%	32%	33%	35%	32%	33%	33%	33%
Research	11%	11%	12%	12%	12%	12%	12%	12%	12%	12%
Public service	5%	6%	6%	6%	6%	6%	6%	6%	7%	8%
Academic support	8%	8%	7%	8%	8%	8%	8%	8%	8%	8%
Student services	7%	6%	6%	6%	6%	6%	5%	5%	5%	4%
Institutional support	5%	6%	7%	6%	5%	6%	6%	6%	6%	5%
Operation and plant maintenance	9%	9%	9%	10%	9%	7%	7%	7%	7%	9%
Auxiliary enterprises	12%	12%	12%	11%	11%	12%	10%	10%	10%	10%
Scholarships and fellowships	2%	2%	2%	2%	2%	1%	8%	7%	7%	6%
Depreciation	6%	5%	5%	5%	6%	5%	5%	5%	4%	4%
Loss on disposal of capital assets	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Interest on capital debt	2%	2%	2%	2%	2%	2%	1%	1%	1%	1%
Other nonoperating expenses	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total expenses	100%									



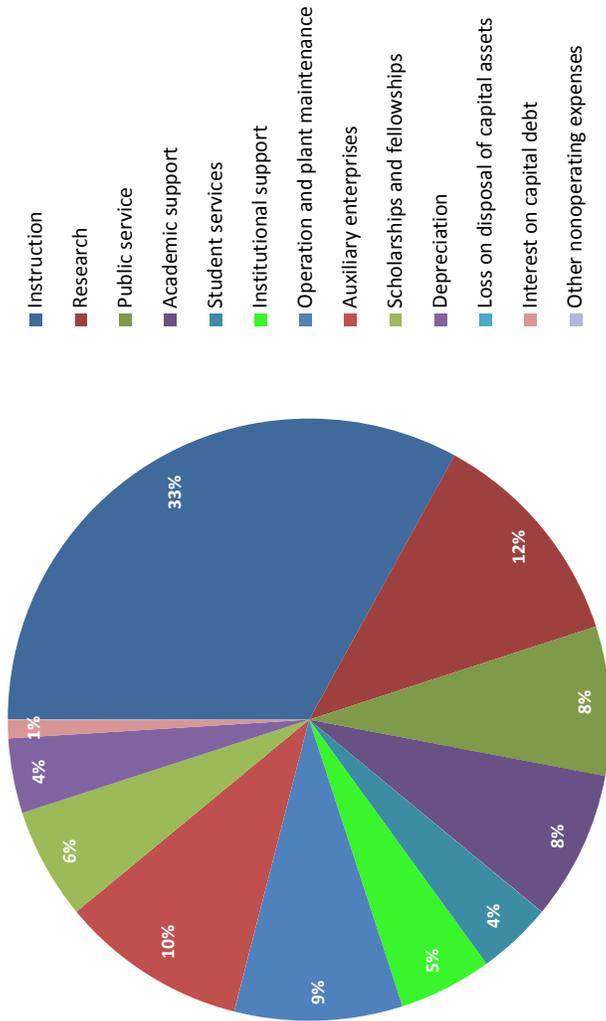
Source: University of South Carolina Financial Statements

UNIVERSITY OF SOUTH CAROLINA
Schedule of Expenses By Function
 Current Fiscal Year and Nine Years Prior
 (percent of total expenses)

2014



2005



UNIVERSITY OF SOUTH CAROLINA
Schedule of Net Position and Changes in Net Position
 Last Ten Fiscal Years
 (amounts in thousands)

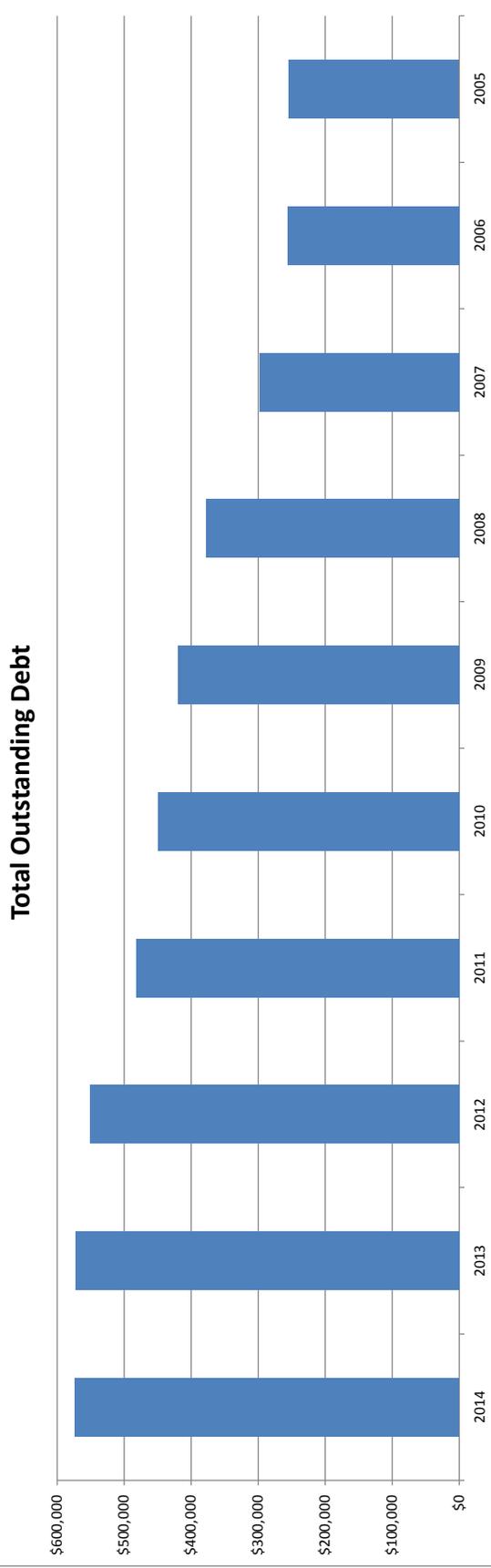
	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total revenues (from schedule of revenues by source)	\$ 1,103,002	\$ 1,039,992	\$ 1,003,872	\$ 1,010,907	\$ 963,655	\$ 908,665	\$ 968,757	\$ 900,096	\$ 829,839	\$ 749,426
Total expenses (from schedule of expenses by use and function)	(1,091,475)	(1,050,323)	(980,219)	(936,347)	(889,962)	(883,725)	(919,407)	(860,125)	(801,759)	(748,343)
Income (loss) before other revenues, and transfers	11,527	(10,331)	23,653	74,560	73,693	24,940	49,350	39,971	28,080	1,083
State capital appropriations	13,810	11,430	2,585	2,082	7,631	8,496	18,380	28,278	11,052	3,409
Capital grants and gifts	10,555	8,007	11,416	5,256	9,824	28,949	2,501	11,741	38,619	10,785
Additions to permanent endowments	4,725	1,674	5,384	18,090	6,446	17,594	101	6,537	2,664	2,822
Transfers to other state funds, net	-	-	(1,468)	(1,694)	(1,296)	(1,237)	(1,329)	(1,338)	(4,960)	(1,261)
Total changes in net position	40,617	10,780	41,570	98,294	96,298	78,742	69,003	85,189	75,455	16,838
Net position, beginning	1,214,020	1,203,240	1,161,670	1,063,376	967,078	888,336	819,333	734,144	658,689	641,851
Net position, ending	\$ 1,254,637	\$ 1,214,020	\$ 1,203,240	\$ 1,161,670	\$ 1,063,376	\$ 967,078	\$ 888,336	\$ 819,333	\$ 734,144	\$ 658,689
Net investment in capital assets	\$ 701,292	\$ 671,053	\$ 569,666	\$ 592,929	\$ 596,114	\$ 597,305	\$ 533,500	\$ 538,158	\$ 533,029	\$ 452,227
Restricted - nonexpendable	79,285	73,766	72,136	66,491	48,148	41,080	24,470	25,452	17,914	14,867
Restricted - expendable	137,629	121,396	200,308	140,672	92,909	70,678	67,378	41,062	12,645	43,719
Unrestricted	336,431	347,805	361,130	361,578	326,205	258,015	262,988	214,661	170,556	147,876
Total	\$ 1,254,637	\$ 1,214,020	\$ 1,203,240	\$ 1,161,670	\$ 1,063,376	\$ 967,078	\$ 888,336	\$ 819,333	\$ 734,144	\$ 658,689

UNIVERSITY OF SOUTH CAROLINA
Schedule of Ratios of Outstanding Debt

Last Ten Fiscal Years

(amounts in thousands except for the FTE students and outstanding debt per student)

	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
State Institution Bonds	\$ 116,035	\$ 109,355	\$ 117,715	\$ 128,435	\$ 112,130	\$ 118,800	\$ 116,270	\$ 122,015	\$ 70,675	\$ 74,080
Revenue Bonds	288,140	295,415	264,725	212,100	218,320	195,300	170,370	109,640	113,105	101,025
Athletic Facilities Revenue Bonds	119,250	121,915	124,450	112,700	47,175	48,130	48,965	19,530	19,925	20,300
Bond Anticipation Notes Payable	-	-	-	-	17,600	19,600	-	4,500	6,855	9,345
Subtotal Bonds Payable	523,425	526,685	506,890	453,235	395,225	381,830	335,605	255,685	210,560	204,750
Unamortized Bond Premiums	33,459	33,906	31,725	14,401	5,129	3,708	3,875	974	1,042	-
Unamortized Bond Discounts	(628)	(657)	(685)	(461)	(479)	(508)	(45)	(57)	(72)	(491)
Unamortized Loss on Bond Refunding ⁽¹⁾	-	(5,208)	(5,604)	(3,829)	(2,221)	(2,358)	(2,494)	(2,631)	(2,767)	-
Total Bonds Payable	556,256	554,726	532,326	463,346	397,654	382,672	336,941	253,971	208,763	204,259
Notes Payable	399	604	1,467	1,424	34,267	37,785	40,289	43,648	47,165	49,150
Capital Lease Obligation	16,590	16,697	17,291	17,448	17,942	-	208	326	440	542
Total Outstanding Debt	\$ 573,245	\$ 572,027	\$ 551,084	\$ 482,218	\$ 449,863	\$ 420,457	\$ 377,438	\$ 297,945	\$ 256,368	\$ 253,951
Full Time Equivalent Students	42,065	41,098	40,475	39,592	37,965	36,372	35,178	34,052	33,253	32,005
Outstanding Debt per Student	\$ 13,628	\$ 13,919	\$ 13,615	\$ 12,180	\$ 11,849	\$ 11,560	\$ 10,729	\$ 8,750	\$ 7,710	\$ 7,935



Note: Outstanding debt per student calculated using Fall semester full-time equivalent student enrollment data for the last ten academic years.
 Source: USC annual Bond Indebtedness Reports, annual Reports on Financial Statements, and USC Institutional Assessment & Compliance Office
⁽¹⁾ Due to the implementation of GASB 65, Unamortized Loss on Bond Refunding is no longer reported as part of the Bonds Payable liability. Beginning in fiscal year 2014, it is now classified as a Deferred Outflow of Resources on the Statement of Net Position.

UNIVERSITY OF SOUTH CAROLINA
Schedule of Bond Coverage
 Last Ten Fiscal Years
 (amounts in thousands)

State Institution Bonds

Fiscal Year Ended June 30,	Total Revenue Available for Debt Service				Debt Service Requirements				Coverage Ratio
	Tuition and Matriculation Fees	Principal	Interest	Other Fees	Principal	Interest	Other Fees	Total	
2014	\$ 28,810	\$ 8,510	\$ 4,600	\$ 4	\$ 13,114				2.20
2013	27,778	8,360	4,939	19	13,318				2.09
2012	26,111	8,255	4,955	103	13,313				1.96
2011	23,638	6,920	4,987	93	12,000				1.97
2010	23,074	6,670	5,229	2	11,901				1.94
2009	21,688	6,020	5,466	3	11,489				1.89
2008	19,121	5,745	5,431	2	11,178				1.71
2007	18,584	6,660	4,808	-	11,468				1.62
2006	15,709	3,405	3,310	3	6,718				2.34
2005	14,107	3,240	3,486	5	6,731				2.10

Athletic Facilities Revenue Bonds

Fiscal Year Ended June 30,	Athletic Operating Expenses & Mandatory Transfers				Debt Service Requirements				Coverage Ratio
	Athletic Revenues	Net Athletic Revenues	Special Student Fee	Interest Earnings & Miscellaneous	Principal	Interest	Other Fees	Total	
2014	\$ 98,620	\$ 9,606	\$ 1,691	\$ 4,072	\$ 161	\$ 5,639	\$ 6	\$ 8,310	1.87
2013	90,484	10,873	1,585	1,695	214	5,784	7	8,326	1.73
2012	87,608	7,980	1,551	1,709	262	5,436	36	7,667	1.50
2011	84,010	13,499	1,491	1,754	277	4,538	44	6,502	2.62
2010	79,879	16,909	1,498	1,803	362	2,875	19	5,849	3.52
2009	76,117	13,247	1,391	2,060	415	2,812	-	3,647	4.69
2008	66,546	9,900	1,316	2,024	101	1,140	-	6,055	2.20
2007	60,591	8,957	1,291	2,086	100	1,250	31	4,031	3.08
2006	52,120	3,477	766	2,172	58	1,277	51	4,193	1.54
2005	46,280	(260)	736	1,997	68	1,199	43	3,867	0.66

Revenue Bonds

Fiscal Year Ended June 30,	Net Revenue Available for Debt Service				Debt Service Requirements				Coverage Ratio
	Revenues	Operating Expenses	Principal	Interest	Principal	Interest	Other Fees	Total	
2014	\$ 58,008	\$ 33,586	\$ 24,422	\$ 7,275	\$ 10,861	\$ 3	\$ 18,139	1.35	
2013	54,711	31,895	22,816	6,495	9,398	6	15,899	1.44	
2012	53,705	30,519	23,186	6,505	9,731	140	16,376	1.42	
2011	49,345	29,438	19,907	6,220	10,071	5	16,296	1.22	
2010	48,667	29,582	19,085	5,490	9,079	3	14,572	1.31	
2009	43,764	25,675	18,089	3,990	8,241	2	12,233	1.48	
2008	40,385	23,452	16,933	3,605	5,361	6	8,972	1.89	
2007	37,736	21,285	16,451	3,465	4,960	4	8,429	1.95	
2006	35,826	21,778	14,048	3,333	4,139	338	7,810	1.80	
2005	32,256	20,099	12,157	4,439	4,535	111	9,085	1.34	

Special Revenue Bonds

Fiscal Year Ended June 30,	Total Revenue Available for Debt Service				Debt Service Requirements				Coverage Ratio
	Revenues	Additional Funds	Principal	Interest	Principal	Interest	Other Fees	Total	
2014	\$ 73,562	\$ 645,116	\$ 718,678	\$ -	\$ 3,018	\$ -	\$ -	\$ 3,018	238.13
2013	67,284	610,187	677,471	-	3,018	-	-	3,018	224.48
2012	70,425	579,634	650,059	-	159	-	-	159	4088.42

Note: The Special Revenue Bonds were issued in 2012, therefore there is not 10 years of historical data to present.
 Source: USC Annual Bond Indebtedness Reports and Annual Reports on Financial Statements.

UNIVERSITY OF SOUTH CAROLINA
Schedule of Capital Asset Information
 Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Assignable Area By Room Use/Function Use Codes ⁽¹⁾										
Classrooms	433,447	468,616	418,613	414,930	418,832	407,832	406,683	403,166	415,026	402,282
Laboratories	950,490	982,770	983,826	983,594	967,433	923,919	919,989	905,021	879,652	855,836
Office, Support and Other	4,306,921	4,193,336	4,164,334	4,240,663	4,054,742	4,014,410	3,884,131	3,876,890	3,747,032	3,657,811
Auxiliary Services	3,865,428	3,627,060	3,589,702	4,213,104	4,120,283	3,970,535	3,992,422	3,950,146	3,290,787	3,444,763
Total Assignable Square Feet	9,556,286	9,271,782	9,156,475	9,852,291	9,561,290	9,316,696	9,203,225	9,135,223	8,332,497	8,360,692
Student Housing ⁽²⁾										
Traditional Residence Hall Beds	1,206	1,521	1,481	1,481	2,086	2,082	2,179	2,191	3,018	3,118
Suite-Style Hall Beds	3,299	2,982	2,972	2,416	2,420	1,883	1,887	1,887	1,904	1,900
Apartments and Apartment-Style Hall Beds	2,198	2,277	2,269	2,274	2,274	2,274	2,271	2,275	2,274	2,290
Units available	6,703	6,780	6,722	6,171	6,780	6,239	6,337	6,353	7,196	7,308
Units in use	6,539	6,739	6,658	6,218	6,303	6,185	6,154	6,294	7,013	6,899
Percent occupancy	97.6%	99.4%	99.0%	100.8%	93.0%	99.1%	97.1%	99.1%	97.5%	94.4%
Dining Facilities ⁽³⁾										
Locations	26	28	27	26	27	26	25	25	26	26
Average daily customers	12,776	15,667	13,902	14,283	13,937	13,815	13,158	12,988	12,755	12,486
Parking Facilities ⁽⁴⁾										
Parking spaces available	15,058	15,509	15,801	16,822	16,822	16,822	14,447	13,959	13,309	13,893
Parking permits issued to students	18,522	17,049	18,085	17,533	16,742	16,380	16,102	15,486	15,155	15,504
Parking permits issued to faculty/staff	6,594	6,112	6,244	5,853	5,833	5,811	5,778	5,774	6,619	5,801

(1) Assignable Area by Room Use and Function Use Codes as annually reported to the South Carolina Commission on Higher Education. This is a combination of two reports.

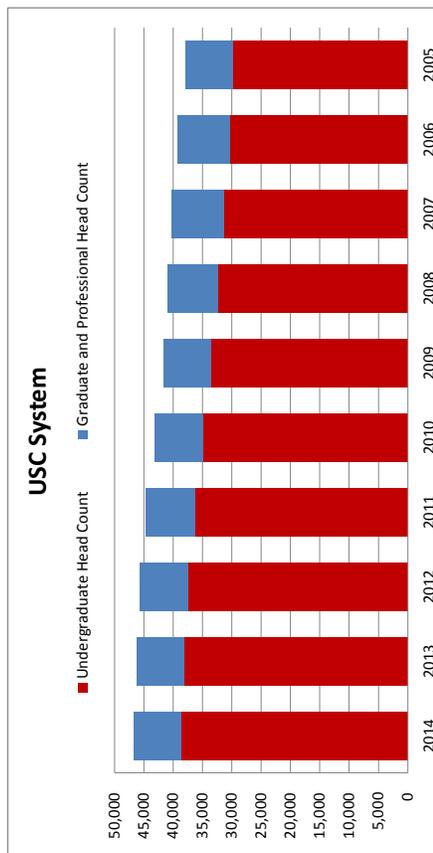
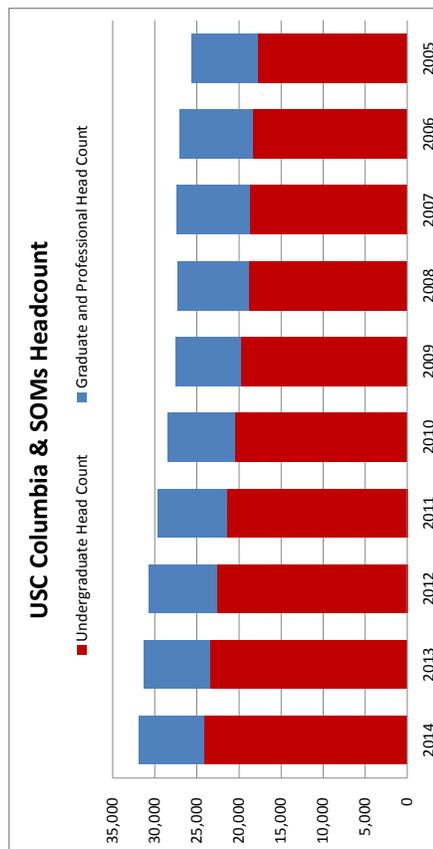
(2) Student Housing is on the USC Columbia, USC Aiken, USC Beaufort and USC Upstate campuses. All of USC Beaufort and a portion of USC Upstate are outsourced. This reporting is USC Columbia only. Columbia Student Housing bed count does not include 743 beds in the Greek Village. These facilities are on leased University land, but the facilities are not assets of the University.

(3) Dining Facilities are available on the USC Columbia, USC Aiken, USC Beaufort, and USC Upstate campuses. All dining facilities are outsourced. This reporting is USC Columbia only.

(4) Parking Facilities are available on all USC campuses. Only USC Columbia treats parking operations as an auxiliary enterprise. This reporting is USC Columbia only.

UNIVERSITY OF SOUTH CAROLINA
Schedule of Enrollment Statistics
Last Ten Academic Years

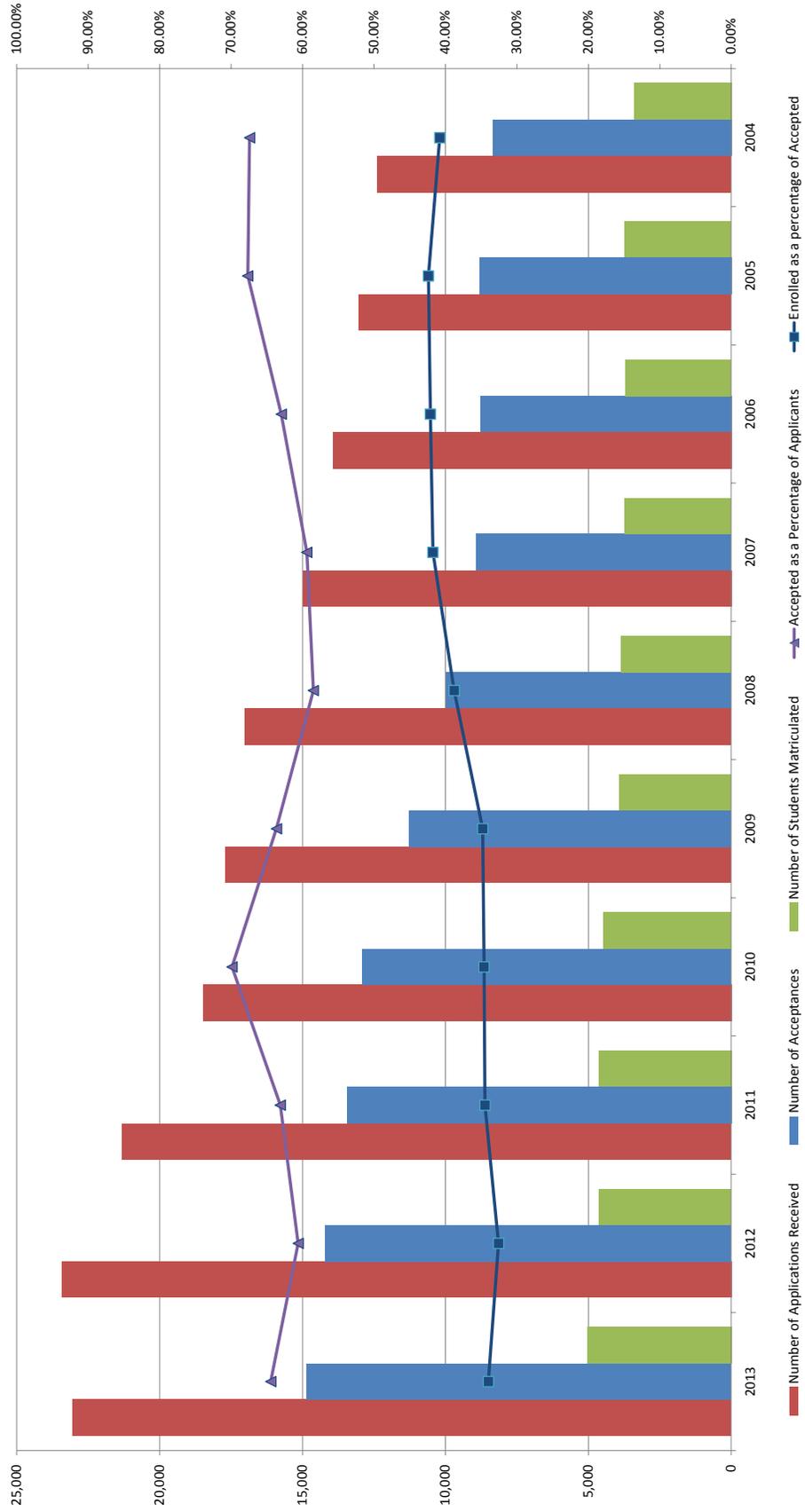
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
USC Columbia (including the SOMs)										
Undergraduate Head Count	24,180	23,363	22,556	21,383	20,494	19,765	18,827	18,648	18,362	17,689
Graduate and Professional Head Count	7,784	7,925	8,165	8,214	7,987	7,723	8,445	8,742	8,703	7,907
Total Enrollment Head Count	31,964	31,288	30,721	29,597	28,481	27,488	27,272	27,390	27,065	25,596
Percentage of Men	44.86%	44.79%	44.73%	44.70%	44.54%	43.83%	42.64%	42.00%	42.22%	43.37%
Percentage of Women	55.14%	55.21%	55.27%	55.30%	55.46%	56.17%	57.36%	58.00%	57.78%	56.63%
Percentage White	73.92%	74.88%	74.89%	75.36%	75.01%	71.32%	70.49%	69.93%	70.27%	70.15%
Percentage African American or Black	10.56%	11.08%	11.20%	10.95%	10.98%	11.67%	12.71%	13.13%	13.36%	14.03%
Percentage Other Race and Not Reported	15.52%	14.04%	13.91%	13.69%	14.01%	17.01%	16.80%	16.94%	16.37%	15.82%
Undergraduate FTE	23,790	22,890	22,167	21,130	20,156	19,463	18,422	17,851	17,640	16,858
Graduate and Professional FTE	5,974	5,891	5,917	6,020	5,784	5,614	5,768	5,916	5,925	5,698
Total Enrollment FTE	29,764	28,781	28,084	27,150	25,940	25,077	24,190	23,767	23,565	22,556
USC System										
Undergraduate Head Count	38,627	38,118	37,451	36,220	34,934	33,577	32,294	31,378	30,398	29,765
Graduate and Professional Head Count	8,045	8,146	8,323	8,337	8,166	7,941	8,605	8,915	8,931	8,114
Total Enrollment Head Count	46,672	46,264	45,774	44,557	43,100	41,518	40,899	40,293	39,329	37,879
Percentage of Men	42.62%	42.07%	42.06%	41.75%	41.76%	41.23%	40.16%	39.53%	39.78%	40.49%
Percentage of Women	57.38%	57.93%	57.94%	58.25%	58.24%	58.77%	59.84%	60.47%	60.22%	59.51%
% White	68.45%	68.94%	69.38%	69.67%	69.73%	67.95%	67.87%	67.51%	68.37%	68.72%
% African American or Black	15.16%	15.72%	16.24%	16.05%	15.58%	16.37%	16.86%	17.35%	17.07%	17.60%
% of Other Race and Not Reported	16.39%	15.34%	14.38%	14.28%	14.69%	15.68%	15.27%	15.14%	14.56%	13.68%
Undergraduate FTE	36,009	35,122	34,491	33,516	32,119	30,689	29,351	28,071	27,244	26,232
Graduate and Professional FTE	6,056	5,975	5,984	6,076	5,846	5,685	5,828	5,979	6,010	5,774
Total Enrollment FTE	42,065	41,097	40,475	39,592	37,965	36,374	35,179	34,050	33,254	32,006



UNIVERSITY OF SOUTH CAROLINA COLUMBIA
 Schedule of Admissions Statistics

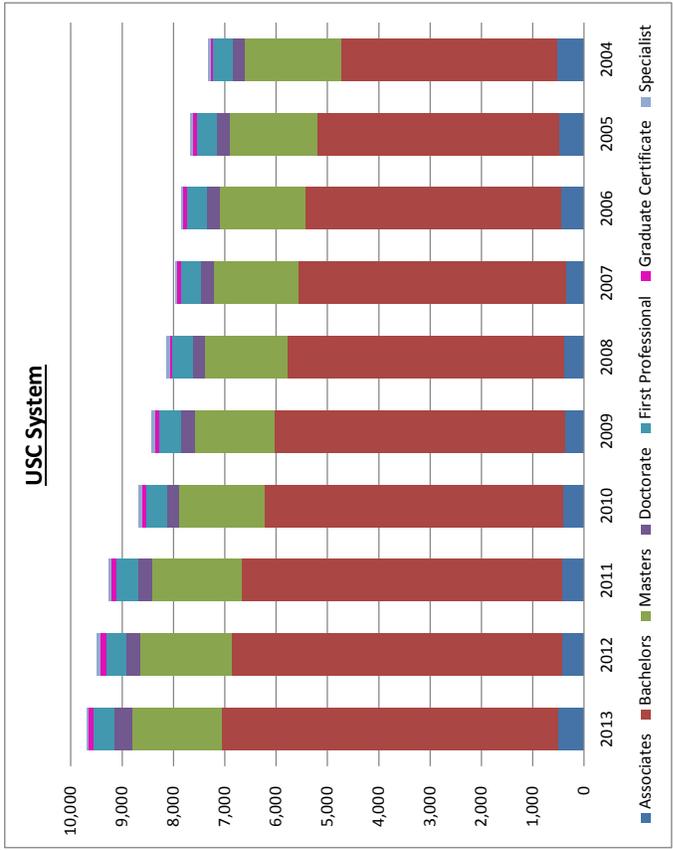
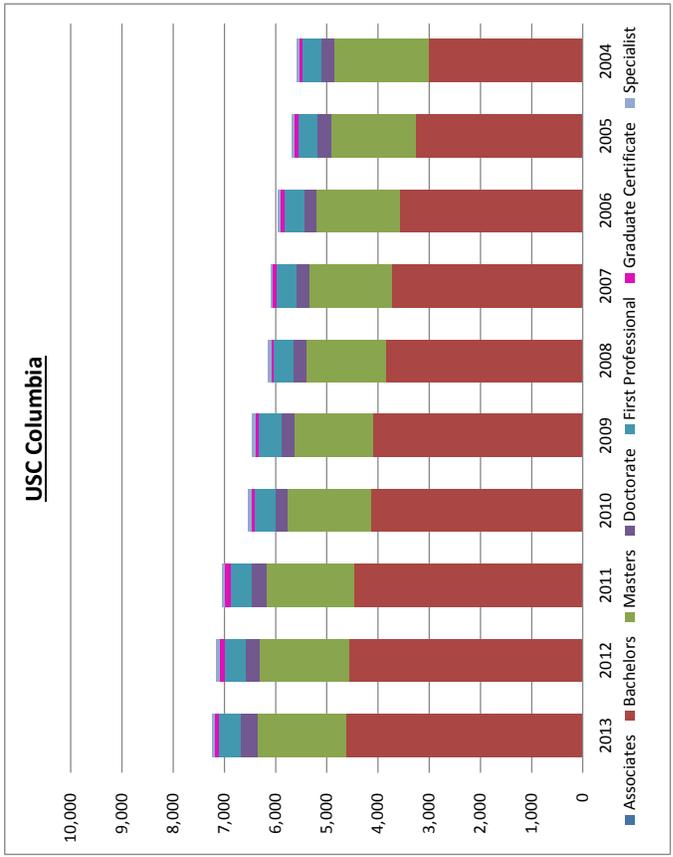
Last Ten Academic Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
USC Columbia										
Number of Applications Received	23,035	23,429	21,311	18,485	17,698	17,018	14,994	13,946	13,023	12,379
Number of Acceptances	14,844	14,199	13,451	12,914	11,264	9,954	8,908	8,782	8,812	8,344
Number of Students Matriculated	5,046	4,625	4,636	4,468	3,917	3,859	3,719	3,697	3,734	3,403
Accepted as a Percentage of Applicants	64.44%	60.60%	63.12%	69.86%	63.65%	58.49%	59.41%	62.97%	67.66%	67.40%
Enrolled as a Percentage of Accepted	33.99%	32.57%	34.47%	34.60%	34.77%	38.77%	41.75%	42.10%	42.37%	40.78%
Median Combined SAT Score	1207	1199	1190	1187	1192	1191	1183	1172	1166	1151



UNIVERSITY OF SOUTH CAROLINA
Schedule of Degree Data
 Last Ten Academic Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
USC Columbia (including the SOMs)										
Associates	4	7	6	8	5	11	11	8	4	12
Bachelors	4,622	4,556	4,462	4,135	4,092	3,823	3,725	3,571	3,260	2,991
Masters	1,735	1,749	1,719	1,623	1,525	1,574	1,612	1,622	1,663	1,861
Doctorate	334	279	289	249	270	243	244	246	253	241
First Professional	414	395	414	394	433	396	397	396	383	380
Graduate Certificate	92	112	103	76	77	47	66	64	77	45
Specialist	40	63	48	61	64	68	31	39	48	46
Total Degrees Awarded	7,241	7,161	7,041	6,546	6,466	6,162	6,086	5,946	5,688	5,576
USC System										
Associates	505	436	424	403	370	394	351	455	495	532
Bachelors	6,552	6,430	6,254	5,830	5,666	5,390	5,215	4,984	4,713	4,201
Masters	1,761	1,776	1,734	1,655	1,551	1,603	1,649	1,662	1,698	1,881
Doctorate	334	279	289	249	270	243	244	246	253	241
First Professional	414	395	414	394	433	396	397	396	383	380
Graduate Certificate	94	115	105	76	79	47	66	64	77	45
Specialist	40	63	48	61	64	68	31	39	48	46
Total Degrees Awarded	9,700	9,494	9,268	8,668	8,433	8,141	7,953	7,846	7,667	7,326



UNIVERSITY OF SOUTH CAROLINA
Faculty and Staff Statistics
 Last Ten Academic Years

Faculty	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
USC Columbia (including the SOMs)										
Number of FTE Faculty	2,360	2,037	1,976	1,893	1,861	1,931	1,876	1,841	1,804	1,826
Number of Full-time Faculty	1,732	1,635	1,598	1,517	1,525	1,576	1,524	1,621	1,653	1,576
Number of Part-time Faculty	706	632	581	568	533	557	580	649	552	580
Number of Tenured Faculty	1,178	1,110	1,072	1,028	1,034	1,061	1,011	1,054	1,100	1,056
Tenure Ratio (%) Full-time	68%	68%	67%	68%	68%	67%	66%	65%	67%	67%
Average Faculty Salary	\$88,005	\$86,552	\$83,236	\$80,577	\$79,615	\$78,089	\$77,139	\$75,263	\$72,570	\$71,209
USC System										
Number of FTE Faculty	3,237	2,875	2,827	2,748	2,678	2,745	2,632	2,592	2,485	2,509
Number of Full-time Faculty	2,317	2,175	2,153	2,078	2,078	2,142	2,037	2,165	2,179	2,095
Number of Part-time Faculty	1,043	1,109	1,036	1,037	977	962	974	1,076	926	967
Number of Tenured Faculty	1,562	1,463	1,438	1,401	1,395	1,439	1,368	1,415	1,476	1,419
Tenure Ratio (%) Full-time	67%	67%	67%	67%	67%	67%	67%	65%	68%	68%
Total Employees										
USC Columbia (including the SOMs)										
Full-Time FTE position	4,722	4,634	4,522	4,420	4,463	4,531	4,597	4,525	4,408	4,354
Part-Time FTE position	90	93	90	87	97	79	82	92	84	75
Temporary	1,791	1,768	1,806	1,643	1,524	1,449	1,495	1,432	1,451	1,325
Research Grant	807	732	671	642	557	491	475	410	409	378
Students	3,302	3,344	3,278	3,298	3,082	3,116	2,488	2,726	2,723	2,835
Total Employees	10,712	10,571	10,367	10,090	9,723	9,666	9,137	9,185	9,075	8,967
Total Employees										
USC System										
Full-Time FTE position	6,008	5,901	5,791	5,673	5,694	5,769	5,825	5,704	5,497	5,418
Part-Time FTE position	97	102	102	99	109	88	91	101	94	84
Temporary	2,171	2,157	2,196	2,072	1,951	1,799	1,882	1,805	1,827	1,670
Research Grant	839	764	705	682	602	536	516	451	451	428
Students	3,847	3,918	3,875	3,811	3,537	3,524	2,915	3,150	3,147	3,239
Total Employees	12,962	12,842	12,669	12,337	11,893	11,716	11,229	11,211	11,016	10,839
Students per Full-Time										
USC Columbia (including the SOMs)										
Faculty	17.18	17.60	17.57	17.90	17.01	15.91	15.87	14.66	14.26	14.31
Total Employees	6.30	6.21	6.21	6.14	5.81	5.53	5.26	5.25	5.35	5.18
Students per Full-Time										
USC System										
Faculty	18.15	18.90	18.80	19.05	18.27	16.98	17.27	15.73	15.26	15.28
Total Employees	7.00	6.96	6.99	6.98	6.67	6.31	6.04	5.97	6.05	5.91

UNIVERSITY OF SOUTH CAROLINA
Undergraduate Required Tuition and Fees - Resident
 Comparison to Peer Institutions - Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Undergraduate Resident										
University of South Carolina - Columbia	\$ 10,816	\$ 10,488	\$ 10,168	\$ 9,786	\$ 9,156	\$ 8,838	\$ 8,346	\$ 7,808	\$ 7,314	\$ 6,416
SEC Institutions - Public										
University of Alabama	9,450	9,200	8,600	7,900	7,000	6,400	5,700	5,278	4,864	4,630
University of Arkansas	7,818	7,554	7,174	6,768	6,460	6,400	6,038	5,808	5,494	5,135
Auburn University	9,852	9,446	8,698	7,900	6,972	6,500	5,834	5,496	5,278	5,068
University of Florida	6,263	6,143	5,657	5,045	4,373	3,777	3,257	3,206	3,094	2,955
University of Georgia	10,262	9,842	9,472	8,736	7,530	6,030	5,622	4,964	4,628	4,272
University of Kentucky	11,064	9,676	9,128	8,610	8,123	7,736	7,096	5,890	5,812	5,165
Louisiana State University	7,829	6,989	6,354	5,764	5,233	5,086	4,543	4,449	4,419	4,226
University of Mississippi	6,760	6,282	5,790	5,436	5,106	5,106	4,932	4,602	4,320	4,110
Mississippi State University	6,772	6,264	5,805	5,461	5,151	5,151	4,978	4,596	4,312	4,106
University of Missouri	9,415	9,257	8,989	8,501	8,501	8,467	8,098	7,784	7,415	7,100
University of Tennessee	11,194	9,092	8,396	7,382	6,850	6,250	5,932	5,622	5,290	4,748
Texas A&M University	8,506	8,506	8,419	8,386	8,177	7,844	7,335	6,966	6,399	5,955
ACC Institutions - Public										
Clemson University	13,054	12,674	12,304	11,908	11,078	10,608	9,870	9,400	8,886	7,840
Florida State University	6,507	6,402	5,826	5,238	4,566	3,988	3,355	3,307	3,208	3,038
Georgia Tech	10,650	10,098	9,652	8,716	7,606	6,040	5,642	4,926	4,648	4,278
University of Louisville	9,750	9,466	8,930	8,424	7,944	7,564	6,940	6,252	5,532	5,040
N.C. State University	8,206	7,788	7,018	6,529	5,474	5,286	5,117	4,784	4,367	4,044
University of North Carolina	8,340	7,693	7,008	6,665	5,625	5,397	5,340	5,033	4,613	4,451
University of Pittsburgh	17,100	16,590	16,132	14,936	14,154	13,642	12,876	12,138	11,436	10,830
Virginia Tech	11,455	10,923	10,509	9,459	8,605	8,189	7,397	6,973	6,378	5,838
University of Virginia	12,466	12,216	11,786	10,828	9,872	9,490	8,690	8,035	7,370	6,790
Other Peer Institutions										
University of Colorado - Boulder	10,347	9,482	9,152	8,511	7,932	7,278	6,635	5,643	5,372	4,341
University of Connecticut	12,022	11,242	10,670	10,416	9,886	9,338	8,852	8,362	7,912	7,490
University of Delaware	12,112	11,682	11,192	10,208	9,486	8,646	8,150	7,740	7,318	6,954
Indiana University	10,209	10,033	9,524	9,028	8,613	8,231	7,837	7,460	7,112	6,778
Rutgers University	13,499	13,073	12,754	12,559	11,886	11,540	10,686	9,958	9,221	8,564

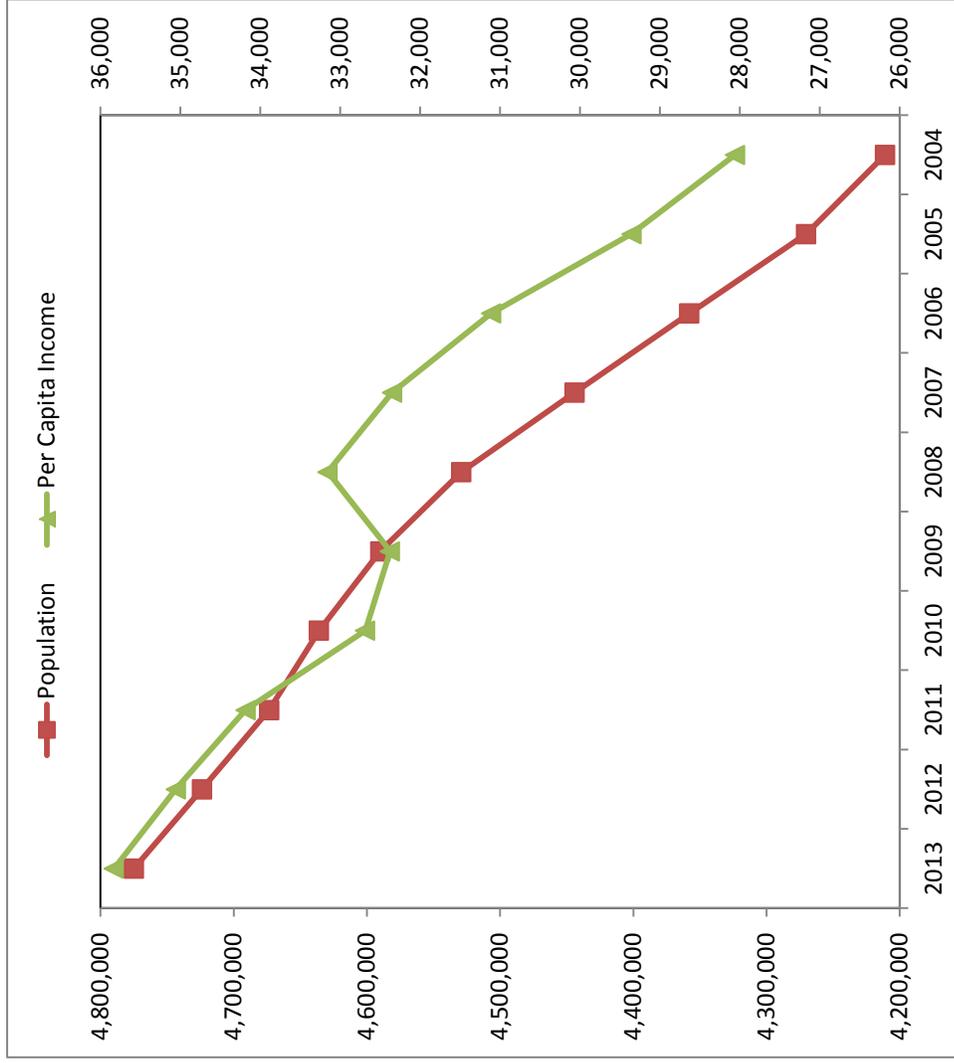
Source: Institutional websites and direct contact

UNIVERSITY OF SOUTH CAROLINA
Undergraduate Required Tuition and Fees - Nonresident
 Comparison to Peer Institutions - Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Undergraduate Nonresident										
University of South Carolina - Columbia	\$ 28,528	\$ 27,644	\$ 26,352	\$ 25,362	\$ 23,732	\$ 22,908	\$ 21,632	\$ 20,236	\$ 18,956	\$ 16,784
SEC Institutions - Public										
University of Alabama	23,950	22,950	21,900	20,500	19,200	18,000	16,518	15,294	13,516	12,664
University of Arkansas	19,074	18,434	17,606	16,000	15,338	15,278	14,492	13,942	13,222	12,425
Auburn University	26,364	25,190	23,920	21,916	19,452	18,260	16,334	15,496	14,878	14,288
University of Florida	28,540	28,420	27,934	27,322	23,744	20,622	17,841	17,791	17,222	15,827
University of Georgia	28,472	28,052	27,682	26,946	25,740	22,342	20,726	18,040	16,848	15,588
University of Kentucky	22,150	19,864	18,740	17,678	16,678	15,884	14,896	13,970	12,798	11,945
Louisiana State University	25,735	22,265	19,362	16,549	14,383	13,800	12,843	12,749	12,719	11,026
University of Mississippi	17,628	16,266	14,796	13,890	13,044	12,468	11,436	10,566	9,744	9,264
Mississippi State University	16,960	15,828	14,670	13,801	13,021	12,503	11,469	10,552	9,772	9,306
University of Missouri	23,764	23,366	21,784	20,516	19,592	19,558	18,754	18,050	17,192	16,547
University of Tennessee	29,684	27,582	25,538	22,720	20,946	19,208	18,174	17,188	16,360	14,528
Texas A&M University	25,126	25,036	23,809	22,816	22,607	22,184	15,675	15,216	14,679	13,695
ACC Institutions - Public										
Clemson University	30,488	29,600	28,462	27,420	25,388	23,630	21,800	19,824	18,440	16,404
Florida State University	21,673	21,569	20,992	19,772	18,804	18,432	16,486	16,438	16,340	15,444
Georgia Tech	29,954	29,402	27,862	26,926	26,016	25,182	23,366	20,272	18,990	17,558
University of Louisville	23,638	22,950	21,650	20,424	19,272	18,354	17,734	16,072	15,092	13,752
N.C. State University	21,661	20,953	19,853	19,064	17,959	17,584	17,315	16,982	16,565	15,982
University of North Carolina	30,122	28,445	26,834	25,280	23,513	22,295	20,988	19,681	18,411	17,549
University of Pittsburgh	27,106	26,280	25,540	24,592	23,852	23,290	22,386	21,456	20,784	20,200
Virginia Tech	27,211	25,915	24,480	23,217	21,878	20,825	19,775	19,049	17,837	16,581
University of Virginia	39,852	37,546	36,108	33,102	31,430	29,572	27,705	25,959	24,114	22,831
Other Peer Institutions										
University of Colorado - Boulder	32,115	31,378	30,330	29,493	28,186	26,756	24,797	23,539	22,826	21,813
University of Connecticut	30,970	29,074	27,566	26,880	25,486	24,050	22,796	21,562	20,416	19,322
University of Delaware	29,932	28,772	27,462	25,408	23,186	21,126	19,400	18,450	17,474	16,640
Indiana University	32,350	31,483	29,540	27,689	26,160	24,769	22,316	20,472	19,508	18,590
Rutgers University	27,523	26,393	25,417	24,021	22,518	21,488	19,854	18,463	16,819	15,599

UNIVERSITY OF SOUTH CAROLINA
State of South Carolina Demographic Statistics
 Last Ten Calendar Years

Year	Personal Income (In thousands) (a)	Population at July 1 (a)	Per Capita Income (a)	Average Annual Unemployment Rate (b)
2013	\$ 171,088,428	4,774,839	\$ 35,831	7.6%
2012	165,595,079	4,723,723	35,056	9.1%
2011	159,747,330	4,673,348	34,183	10.4%
2010	151,536,772	4,635,835	32,688	11.2%
2009	148,602,980	4,589,872	32,376	11.5%
2008	150,165,760	4,528,996	33,157	6.8%
2007	143,767,529	4,444,110	32,350	5.6%
2006	135,575,067	4,357,847	31,111	6.4%
2005	125,347,404	4,270,150	29,354	6.8%
2004	118,146,606	4,210,921	28,057	6.8%



(a) Source: U.S. Department of Commerce, Bureau of Economic Analysis

(b) Source: U.S. Department of Labor, Bureau of Labor Statistics

UNIVERSITY OF SOUTH CAROLINA
State of South Carolina Employment By Industry
 Latest Completed Calendar Year and Nine Years Prior

	2013		2004	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Construction	80,200	4.24%	114,400	6.28%
Manufacturing	225,000	11.89%	267,000	14.65%
Trade, Transportation and Utilities	361,600	19.10%	355,100	19.49%
Information	26,400	1.40%	26,800	1.47%
Financial Activities	95,600	5.05%	88,500	4.86%
Professional and Business Services	239,300	12.64%	196,800	10.80%
Education and Health Services	218,500	11.54%	181,300	9.95%
Leisure and Hospitality	223,400	11.80%	199,900	10.97%
Other Services	71,200	3.76%	69,200	3.80%
Government	351,700	18.58%	323,000	17.73%
Total	1,892,900	100.00%	1,822,000	100.00%

UNIVERSITY OF SOUTH CAROLINA
State of South Carolina Ten Largest Employers
 Latest Completed Calendar Year and Nine Years Prior
 Listed Alphabetically

2013	2004
Bi-Lo, LLC	Bi-Lo, LLC
Blue Cross Blue Shield of South Carolina	Greenville Hospital System
Greenville Hospital System	Michelin North America, Inc.
Michelin North America, Inc.	Palmetto Health Alliance, Inc.
Palmetto Health Alliance, Inc.	School District of Greenville County
School District of Greenville County	U.S. Department of Defense
U.S. Department of Defense	U.S. Postal Service
U.S. Postal Service	University of South Carolina
University of South Carolina	Wal-Mart Associates, Inc.
Wal-Mart Associates, Inc.	Westinghouse Savannah River

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.



This Comprehensive Annual Financial Report is also available on the University of South Carolina's Financial Reporting website located at: <http://web.admin.sc.edu/fr/>



UNIVERSITY OF SOUTH CAROLINA

The University of South Carolina, founded in 1801 serves the state from its flagship Columbia campus, three senior campuses, and four regional campuses. The University is committed to serving the citizens of South Carolina through its academic excellence and outreach. It has forged a variety of cooperative relationships with other academic institutions and health systems throughout the state, and a number of international connections for academic exchange and collaborative research.

The University of South Carolina does not discriminate in educational or employment opportunities or decisions for qualified persons on the basis of race, color, religion, sex, national origin, age, disability, genetics, sexual orientation or veteran status.