

CLEMSON[®]

U N I V E R S I T Y

CLEMSON, SOUTH CAROLINA



Comprehensive Annual Financial Report For the Year Ended June 30, 2017

A component unit of the State of South Carolina

On the cover: Core Campus

Core Campus is the newest addition to the Clemson University campus. It is a mixed-use facility which includes student housing, dining facilities, convenience store and a retail restaurant. Also included is an academic oriented facility that has shared-use seminar and meeting space for faculty and students as well as space for administrative support.



Comprehensive Annual Financial Report

A component unit of the State of South Carolina

For the Year Ended June 30, 2017

Prepared by the Controller's Office



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Introductory Section
(unaudited)

Clemson Forward Strategic Plan

ClemsonForward is built on four key foundations: Research, Engagement, the Academic Core and Living, which spells the acronym REAL. Specific goals and tactics will guide each of those four areas.

RESEARCH

ClemsonForward sets a new bar for research funding and scholarly work. Clemson's goal is to continuously improve its research quality, quantity and impact; to foster a rich, curiosity-driven intellectual environment; to solve real problems; and to create more opportunities for graduates and alumni. This includes continuing unique public/private partnerships driven by the University's Innovation Campuses, building a culture of innovation and entrepreneurship, and focusing on six strategic innovation areas — advanced materials; cyberinfrastructure and big data science; energy, transportation and advanced manufacturing; human resilience; health innovation; and the sustainable environment.

ENGAGEMENT

Engagement was a cornerstone of the 2020 Road Map and is at the heart of the land-grant mission. ClemsonForward capitalizes on existing strengths and opportunities to emphasize high-impact, evidence-based academic and global engagement. It also emphasizes rigorous assessment so that we are better able to understand and measure the links between these engagement experiences and student learning and success.

ACADEMIC CORE

We will create an optimal path for academic programs — both undergraduate and graduate — to achieve national prominence. ClemsonForward enhances the undergraduate academic core with initiatives in interdisciplinary curricula, a new approach to general education, and enhanced advising. ClemsonForward also extends the focus on quality to the arena of graduate education and contains a greater commitment to graduate education and the graduate student experience at both the main campus and the innovation campuses.

LIVING

ClemsonForward will strengthen the cherished sense of community and connectedness that defines the Clemson Family by creating an environment that is diverse, respectful and inclusive, further enhancing the quality of student life and developing policies, facilities and support systems that will make Clemson a great place to work, study and live.

KEY ENABLERS

Together these pieces will support the real impact, real experience, real intellect, and real family that make up the heart of today's Clemson. The research, engagement, academic and living goals of ClemsonForward plan rest on four critical enablers:

- ***Strategic Revenue Growth*** — Manage enrollment, entrepreneurial activities, development priorities, operational efficiencies and revenue allocation to support ClemsonForward initiatives.
- ***College reorganization*** — Enhance the learning and working environment in the seven academic colleges.
- ***Building Futures*** — Build state-of-the-art new facilities, renovate aging structures and create multi-function spaces that provide a vibrant academic environment.
- ***Focus and Accountability*** — Prudently manage existing resources. Concentrate metrics on measuring impact rather than activity.



Dear Friends of Clemson:

Clemson University continues to be a leader in academics, research and athletics. This past year was another record-setting year for Clemson in admissions, enrollment, graduation and retention rates, research funding, private fundraising, athletics, and facilities development. We were ranked among the top-25 public universities by *U.S. News & World Report* for the ninth consecutive year, and we were once again designated as a Research 1 University by Carnegie Classification for Institutions of Higher Education. We are also ranked number one in South Carolina, and in the Top 10 nationally by Princeton Review in five categories — students love their college, career services, town-gown relations, students pack the stadium and play intramural sports.

Several major construction projects were completed this year, ribbons were cut, and many organizations and programs moved into renovated spaces.

We are moving forward with our new Clemson Forward Strategic Plan, which has now been endorsed by the Board of Trustees. The plan builds upon the strong foundation of the existing 2020 Road Map and focuses on enhancing four primary areas — research, the academic core, engagement, and living. The plan advances the university's land-grant mission of providing a practical and intellectual education and serving as a "high seminary of learning" for the State of South Carolina, as originally outlined in Thomas Green Clemson's will. It also provides the flexibility and forward thinking that will allow the university to evolve to meet the needs of the generations that follow.

The priorities of Clemson Forward will be funded, in part, by the money raised during the Will to Lead capital campaign, and I am proud to report that we successfully completed the campaign last year, raising a total of \$1,062,528,346! I am extremely grateful to all of the alumni, friends, corporate partners, and foundations for their generosity and support over the past 10 years. Not only did we complete the largest campaign for an institution with an alumni base smaller than 150,000, but we also completed the largest fundraising campaign ever in the state of South Carolina! The money raised during the campaign will benefit students, faculty, and staff for generations to come.

Thank you for supporting Clemson University as we work together for a great future.

Sincerely,

James P. Clements, Ph.D.
President

LETTER OF TRANSMITTAL

September 30, 2017

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

We are pleased to present to you the Comprehensive Annual Financial Report of Clemson University for the year ended June 30, 2017. The report provides financial information about the University's operations during the year and describes its financial position at the end of the year.

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

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. For the fiscal year ended June 30, 2017, the University contracted with the independent certified public accounting firm of Elliott Davis Decosimo, LLC, to perform the University's annual audit. The auditors have issued an unmodified opinion, the most favorable outcome of the audit process. The independent auditor's report is located at the front of the financial section.

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

Profile of the University

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

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

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

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

Finance and Operations

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

Local Economy

South Carolina's seasonally adjusted unemployment rate dropped to 4% at the end of June, its lowest level since December 2000. The state's unemployment rate has remained below the national average for the past twelve consecutive months. A report published by the South Carolina Department of Employment and Workforce reports increases in employment across almost all sectors of the economy over the past year with the strongest growth occurring in Manufacturing and Trade, Transportation, and Utilities. Almost 30,000 nonfarm jobs were added over the past year, outpacing the national job growth rate for the past several years. According to the South Carolina Economic Outlook published by the South Carolina Department of Commerce, the state has also experienced increases in personal income and a strong South Carolina stock index.

The state's steady employment rate and wage growth have led to a strong housing market. For the month of June, the state experienced a 4.5 percent increase in real estate closings, a 4.8 percent increase in median sales price, an 8.9 percent increase in building permits, and a 24 percent increase in the valuation of building permits over the prior year. Chief economist Dr. Frank Nothaft with CoreLogic, a property information provider, predicts that the state's home price index will reach its previous 2006 peak rate during the second half of the year.

At the state's most recent Annual Economic Outlook Conference, economists Doug Woodward and Joseph Von Nessen cautioned that the state's economy is in the midst of a "paradigm shift" and warned that employers may soon experience struggles in finding qualified employees for new positions. The impact of changes to current trade and military policies by the Trump administration could also impact the state's historically strong manufacturing export industry as well as the strong military presence in South Carolina.

Long-Term Financial Planning

The University's long-term financial plan focuses on a continued commitment to a Top 20 vision as outlined in the ClemsonForward Plan with investments in key areas including:

- Providing core academic and living investments to ensure quality education, programming, student engagement, and leadership

- Managing state mandated cost increases
- Enhancing safety and security with investments in Police, Fire and EMS as well as building control and monitoring systems to ensure a safe learning campus environment
- Protecting Clemson's physical assets with a strategic capital plan, maintenance and stewardship of facilities, preventative maintenance, and IT infrastructure
- Supporting research investments to recruit and retain top researchers, growing externally funded research, and building a world-class research environment
- Providing for auxiliary enterprise growth
- Enhancing scholarship opportunities for students
- Supporting entrepreneurial growth

The University plans for investments totaling \$13.9 million in core academic and living environments on campus. State mandated cost increases related to retirement funding, increased insurance costs, and other regulatory and compliance costs will require an expected \$12.3 million investment. Additional investments totaling \$3.1 million will support campus safety measures as well as the University's facility stewardship and capital plan. Investments of \$4.8 million in scholarships are expected to enhance student quality and performance. Auxiliary Enterprise growth of \$17.5 million is expected in scholarships as well as capital investments in Athletics, Housing, and Dining facilities. Investments totaling \$15.7 million will provide support for growth in the research area as well as support for endowments and endowed chairs. Investments of \$4.6 million will support expenditures related to entrepreneurial growth.

The State Legislature has exhibited its support of these priorities with renewed investment to support academic and agriculture programs. State appropriations are expected to grow by \$5.3 million in the coming fiscal year. The state has provided \$1.1 million in recurring funding for Agriculture and Natural Resources Programming and \$1.2 million in recurring funding for support of Statewide Extension programs. In addition, the state has provided funding of \$1.6 million for retirement and fringe benefit increases for employees and \$1.4 million in funding for education and general operations.

The University issued General Obligation State Institution Bonds totaling \$52,395,000 during 2017 to fund the construction of a main campus electrical distribution system and to construct a water tower and utility infrastructure at Douthit Hills.

Major Initiatives

Clemson has continued to raise the bar in admissions, enrollment, research, facilities development, athletics, graduation and retention rates, and fundraising.

The 2016-17 academic and fiscal year was a very productive year for Clemson, which was once again designated a Research 1 university by the Carnegie Classification for Institutions of Higher Education. Clemson was once again ranked in the Top 25 of all national public universities as announced by *U.S. News & World Report* for the ninth consecutive year.

President Clements welcomed two new leaders to his administrative team during the course of the year including Mark Land, Vice President of University Relations; and Russell Kaurlo, Vice President for Information Technology and Chief Information Officer. As the university reorganized from the five-college structure to seven colleges, Cynthia Young was named the founding Dean for the College of Science.

All university departments and programs began implementing the Clemson Forward Strategic Plan. Clemson Forward advances the mission of providing a practical and intellectual education while also providing the flexibility and forward thinking to allow the university to evolve to meet the needs of the generations that follow. The plan focuses on research, engagement, academic core, and living, and will serve to further the vision of Clemson as a Top 20 university.

Diversity and inclusive excellence continue to be major factors in the Clemson Forward Strategic Plan. President Clements' appointed implementation committee continues to work towards implementing the recommendations from the Board of Trustees task force on the history of the university. As a national leader among public universities, Clemson University is committed to diversity, inclusiveness and historical accuracy and the Board of Trustees Task Force on the history of Clemson was created in 2015 to work with the university administration to help tell the full, accurate history of Clemson.

Private gifts to the university in the first fiscal year post-Will to Lead capital campaign set an annual private giving record totaling \$151.3 million. Clemson's second-annual Give Day contributed over \$2 million to this total from 3,265 donors. In 2016, Clemson celebrated the successful completion of the Will to Lead capital campaign for Clemson raising over \$1.06 billion to support students, faculty and staff with scholarships, professorships, facilities, technology and enhanced opportunities for learning and research. This is the sixth consecutive year that annual fundraising at Clemson has exceeded \$100 million.

Highlights, news and major milestones of the year include:

- Several new facilities opened including the Core Campus complex, the renovated Littlejohn Coliseum, Pitner Center at the Pee Dee Research and Education Center, and Self Regional Hall, which is the new research facility at the Greenwood Genetic Center.
- Ribbon-cuttings were held for the Barnes Center for student activities, One Research Drive at CU-ICAR, the Zucker Family Graduate Education Center in North Charleston, the Allen N. Reeves Football Operations Center, and the Clemson Design Center in the historic Cigar Factory in Charleston.
- Several on-campus programs moved into new and improved spaces for students to enjoy including the Calhoun Honors College, the Gantt Multicultural Center which now also includes Emerging Scholars, and the PEER and WISE program study hall.

- A groundbreaking was held for the new building at the Greenville Hospital System that will be the home to our Center for Nursing, Health Innovation and Research. And work continues on the Douthit Hills complex and the Snow Family Outdoor Fitness and Wellness Center.
- Many special events were held and notable speakers welcomed to Clemson including Convocation keynote speaker, Dr. May Jemison, a former astronaut and first African-American woman in space; The President's Forum on Inclusive Excellence with keynote speaker Fred Whitfield, President of the Charlotte Hornets; and the 35th Annual Martin Luther King Jr. commemorative service featuring Dr. Walter Kimbro, President of Dillard University.
- The Clemson History in Plain Sight event was held on campus and featured historical building tours, storytellers, and other informative speakers. Clemson also held the first ever CU United Luncheon on Bowman Field where more than 1500 students, faculty, and staff came together for food and fellowship. And the inaugural year of the President's Leadership Institute graduated 25 faculty and staff members
- Two of the significant events hosted by Clemson were the Regional Women's Leadership Forum for the American Council on Education and the first Clemson University Men of Color National Summit.
- Clemson University received a \$3 million ADVANCE grant from the National Science Foundation that will help increase the number of women – especially minority women – in STEM fields. The rigorous application process lasted two years and took a dedicated team of more than 40 students, faculty and staff.

Statewide Initiatives

- At the Clemson University Restoration Institute located in North Charleston, construction was completed on the \$21.5 million Zucker Family Graduate Education Center. The center offers masters and Ph.D. degrees in engineering, eventually growing to accommodate 200 students, 12 faculty, 40 researchers and staff. The center serves as the academic anchor in the CURI applied technology park.
- Clemson University, in conjunction with the Greenwood Genetic Center, expanded existing facilities of the J.C. Self Research Institute adding a 17,000-square-foot research and education center in human genetics on nearly 15 acres donated by Greenwood County and the Greenwood Commission of Public Works. The site is located adjacent to the Greenwood Genetic Center within the Greenwood Research Park and represents a cornerstone of economic development in Greenwood County. The research being conducted as a result of this partnership has the potential to identify better treatments for chronic disorders, such as diabetes, cancer and cardiovascular disease — known for high prevalence in South Carolina.

- Clemson implemented a new accelerated degree program options with our partners at MUSC in which students will be able to apply to nine health-related graduate programs. This program will save students time and money while producing highly skilled and highly educated professionals for South Carolina's health care workforce.
- In February, Clemson Day at the State House was held in Columbia and included a celebration of the College Football National Championship.
- During the impending threat of Hurricane Matthew, Clemson's housing and dining staff accommodated 47 students and 11 staff members who had to evacuate from Coastal Carolina University.

Awards and Acknowledgements

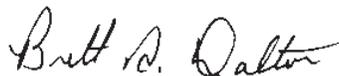
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clemson University for its comprehensive annual financial report for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Sincerely,



Brett A. Dalton
Vice President for Finance and Operations



Government Finance Officers Association

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

Presented to

**Clemson University
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

CLEMSON UNIVERSITY BOARD OF TRUSTEES

(as of June 30, 2017)

TRUSTEES

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CEO, Alice Manufacturing Company, Inc.

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

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

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

Louis B. Lynn
President, ENVIRO AgScience, Inc.

Patricia Herring McAbee
Vice President, Custom Development Solutions

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

Cheri M. Phyfer,
President and General Manager, Diversified Brands
The Sherwin-Williams Company

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

William (Bill) C. Smith, Jr.,
CEO, Red Rock Developments

Joseph D. Swann
President, Retired
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Kim Wilkerson
President, South Carolina Bank of America

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

TRUSTEE EMERITI

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

J. J. Britton
Sumter Family Health Center

Fletcher C. Derrick, Jr.
Urologist

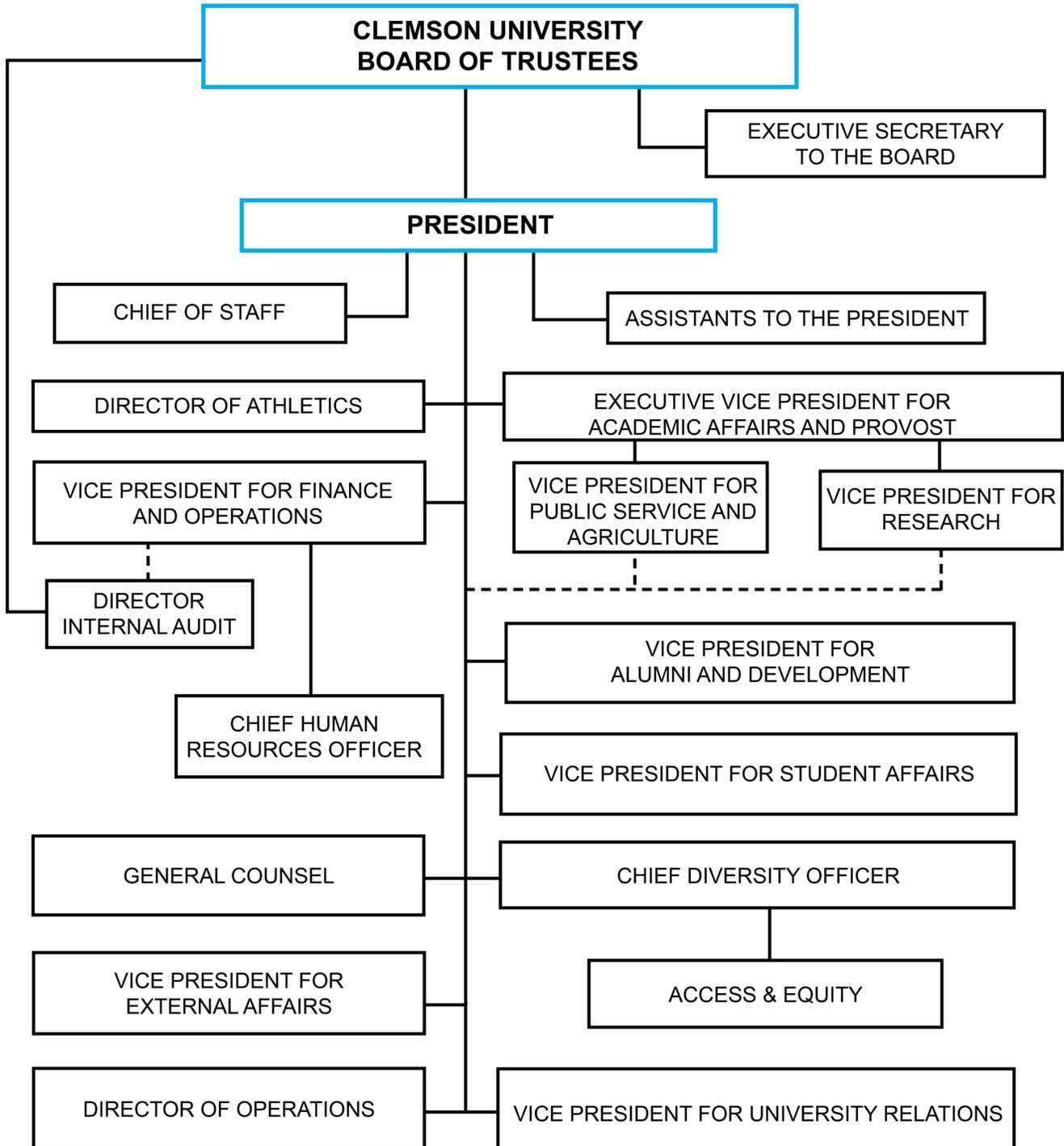
Leon (Bill) J. Hendrix, Jr.
Chairman, Retired
Remington Arms Company

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

Thomas (Tom) B. McTeer, Jr.
President, McTeer Real Estate, Inc.

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

CLEMSON UNIVERSITY ORGANIZATION CHART





Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Clemson University (the University), a component unit of the State of South Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Auditor's Responsibility, Continued

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2017, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 22-29, Schedule of University's Proportionate Share of Net Pension Liability on page 69 and Schedule of University Contributions on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient audit evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Introductory Section, Schedule of Pledged Net Revenues – Auxiliary Revenue Bonds (Series 2005, 2012, 2015 and 2015B), Schedule of Pledged Net Revenues – Athletic Facilities Revenue Bonds (Series 2012, 2014A, 2014B, 2014C, 2015 and 2015B), Clemson University Reporting Entity – Combined Statement of Net/Financial Position, and Clemson University Reporting Entity – Combined Statement of Revenues, Expenses, Activities and Changes in Net Position and Statistical Section, as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 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.

Elliott Davis Decosimo, LLC

Greenville, South Carolina
September 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements and Financial Analysis

Clemson University is pleased to present its financial statements for fiscal year 2017. While audited financial statements for fiscal year 2016 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on current year data.

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

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

Statement of Revenues, Expenses and Changes in Net Position

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

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

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

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

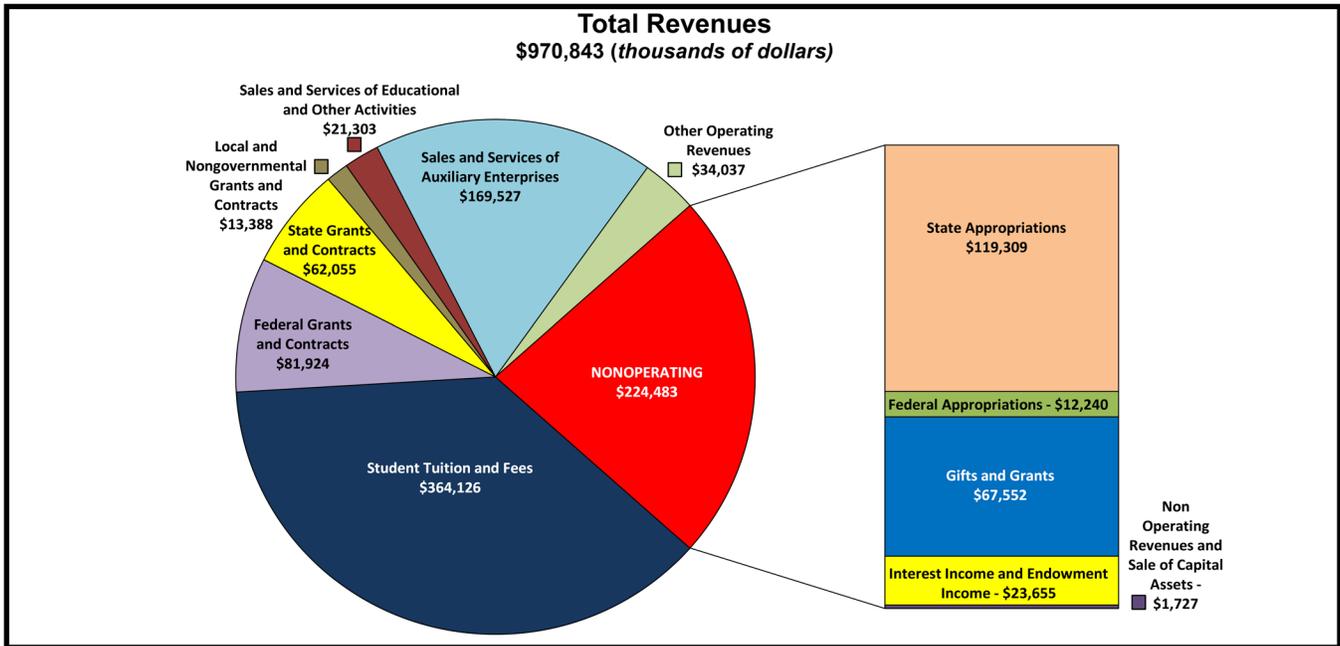
Total Revenues – increase of \$99.9 million

- Operating revenues increased \$45.5 million, based on the following:
 - Student tuition and fees increased \$23 million, the result of a Board approved increase of 3.14 percent for resident students, 4.27 percent for nonresident students, and an average of 6.09 percent for graduate students. Enrollment also increased by approximately three percent over the prior year.
 - Sales and services revenues increased \$6.8 million. Sales and services of pledged auxiliaries increased \$17.3 million. Athletics revenue increased as a result of post-season play including the ACC championship and National Championship games, regular season ticket sales, and an increase in ACC distributions. A board approved 5 percent average increase in room and board and dining fees and increased enrollment led to increased Housing and Food Service revenues. Non-pledged auxiliary sales and services decreased \$11.4 million as the result of a reduction in scope of Information Systems Development contractual commitments for Medicaid IT Services with the Department of Health and Human Services. Sales and services of educational activities increased \$862,000 as the result of Youth Learning Institute camp revenues.
 - Grants and contracts revenues increased \$13.3 million. Revenues from federal grants and contracts increased \$10.4 million. Grants from the National Science Foundation, the Department of Energy, and the Department of Health and Human Services contributed to the increase. Lottery funded Palmetto Fellows, Life, and Hope scholarships contributed to a \$3.2 million increase in state grants and contracts. County funds supporting the Greenwood Genetics Center contributed to an \$860,000 increase in local grants. Nongovernmental grants and contracts decreased \$1.2 million due to a decrease in grants from private foundations.
 - Other operating revenues increased \$2.4 million. Increases in study abroad fees, student health fees, fraternity and sorority affiliation fees, and registration revenue for various University programs contributed to the increase.
- Nonoperating revenues increased \$54.4 million, based on the following:
 - State appropriations increased \$10.5 million. Base appropriations for Educational & General (E&G) activities increased \$5.5 million. Base appropriations for Public Service Activities (PSA) increased \$2.6 million. An additional \$2.3 million was appropriated to cover health and dental costs, increased retirement contributions, and a state mandated 3.25 percent cost of living adjustment for employees.

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- Federal appropriations increased \$608,000 as the result of an increase in federal government funding for the University's land-grant Smith Lever appropriations, Hatch, and McIntire Stennis funding.
- Gifts and grants increased \$19.4 million as the result of IPTAY gifts for qualifying scholarships and operating expenses.
- Investment income increased \$22.5 million. Improved market conditions led to an increase in earnings on endowment balances held by the Clemson University Foundation and Wells Fargo.
- Other nonoperating revenues increased \$252,000 due to an increase in timber sales.
- Proceeds from the sale of capital assets increased \$1.1 million. Approximately 518 acres of land in Laurens County was sold to the Department of Natural Resources.

Condensed Summary of Net Revenues, Expenses and Changes in Net Position (thousands of dollars)				
Description	2017	2016	Increase/ Decrease	Percent Change
Revenues:				
Student tuition and fees, net	\$ 364,126	\$ 341,077	\$ 23,049	6.76%
Sales and services, net	190,830	184,076	6,754	3.67%
Grants and contracts	157,367	144,084	13,283	9.22%
Other operating revenues	34,037	31,638	2,399	7.58%
Total operating revenues	<u>746,360</u>	<u>700,875</u>	<u>45,485</u>	6.49%
State appropriations	119,309	108,812	10,497	9.65%
Federal appropriations	12,240	11,632	608	5.23%
Gifts and grants	67,552	48,189	19,363	40.18%
Investment income	23,655	1,092	22,563	2066.21%
Other nonoperating revenues	330	78	252	323.08%
Proceeds from the sale of capital assets	1,397	252	1,145	454.37%
Total nonoperating revenues	<u>224,483</u>	<u>170,055</u>	<u>54,428</u>	32.01%
Total revenues	<u>970,843</u>	<u>870,930</u>	<u>99,913</u>	11.47%
Expenses:				
Compensation and employee benefits	556,537	513,401	43,136	8.40%
Services and supplies	265,758	267,423	(1,665)	(0.62)%
Utilities	19,730	18,910	820	4.34%
Depreciation	51,759	49,872	1,887	3.78%
Scholarships and fellowships	27,269	27,726	(457)	(1.65)%
Total operating expenses	<u>921,053</u>	<u>877,332</u>	<u>43,721</u>	4.98%
Interest on capital asset related debt	21,471	17,091	4,380	25.63%
Loss on disposal of capital assets	1,965	340	1,625	477.94%
Refunds to grantors	120	71	49	69.01%
Facilities and administrative remittances to the State	317	450	(133)	(29.56)%
Total nonoperating expenses	<u>23,873</u>	<u>17,952</u>	<u>5,921</u>	32.98%
Total expenses	<u>944,926</u>	<u>895,284</u>	<u>49,642</u>	5.54%
Income before other revenues, expenses, gains or losses	25,917	(24,354)	50,271	(206.42)%
State capital appropriations	5,240	15,886	(10,646)	(67.01)%
Capital grants and gifts	56,006	37,580	18,426	49.03%
Additions to permanent endowments	20	567	(547)	(96.47)%
Change in net position	<u>87,183</u>	<u>29,679</u>	<u>57,504</u>	193.75%
Net position, beginning of year	<u>695,931</u>	<u>666,252</u>	<u>29,679</u>	4.45%
Net position, ending	<u>\$ 783,114</u>	<u>\$ 695,931</u>	<u>\$ 87,183</u>	12.53%



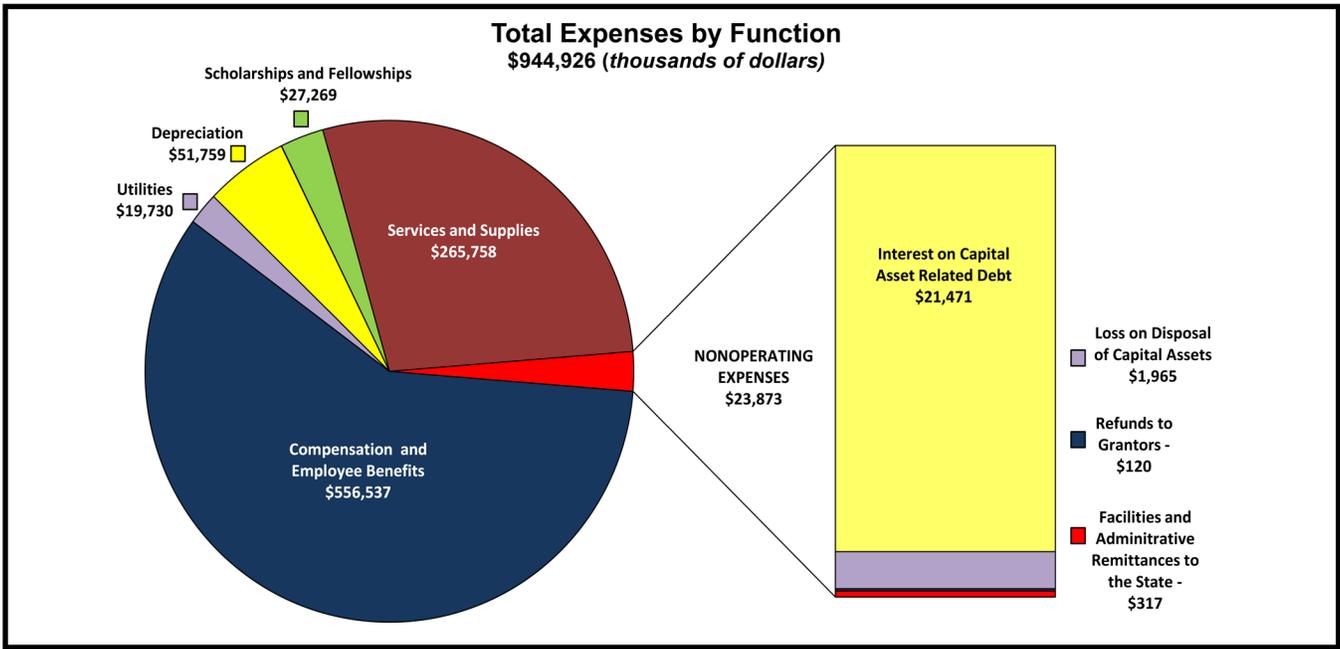
Total Expenses – increase of \$49.6 million

- Operating expenses increased \$43.7 million, based on the following:
 - Compensation and employee benefits increased \$43.1 million. Pension expense related to the amortization of the University’s proportionate share of the state’s net pension liability increased by \$10 million. A state mandated 3.25 percent cost of living adjustment for qualified faculty and staff, increased faculty and staff headcount, and an increase in fringe benefit expenses and supplemental pay for athletic coaches also contributed to the increase.
 - Services and supplies expenses decreased \$1.7 million. Instruction costs increased \$828,000. Costs associated with the Clemson Design Center and the Campbell Graduate Engineering program were offset by a reduction in allocated information technology costs. Research costs increased \$4.7 million over the prior year related to federal sponsored research projects with the National Science Foundation, Department of Health and Human Services, and the Department of Energy. Public service costs increased \$250,000. Literacy and after school programs through the School of Education and new mobile medical unit costs contributed to the increase. Academic support costs decreased \$6.1 million related to the reduction in information technology costs related to the reduced scope of contractual commitments with the Department of Health and Human Services. An increase in student health fees, various campus events and concerts, and Tiger Paw Production costs led to a \$1.1 million increase in Student Services. The institutional support increase of \$915,000 is the result of Kronos time keeping upgrade costs, diversity and inclusion initiatives, and candidate search costs. Operation and maintenance of plant costs related to non-capitalized repairs and renovations

decreased \$1 million. Scholarship and Fellowship costs increased \$28,000. Auxiliary services costs decreased \$2.4 million. Increased Athletic costs related to post-season play were offset by the reduction in information systems development fees for Medicaid IT Services.

- Utility expenses increased \$820,000 driven by increased power costs for new housing and dining facilities.
- Depreciation expense increased \$1.9 million as the result of the capitalization of major construction projects in the prior year and current year. A full year of depreciation was calculated on prior year projects including Watt Innovation Center, Memorial Stadium, Kingsmore Stadium and Freeman Hall. Current year projects include Core Campus, Littlejohn Coliseum, and the Football Operations facility.
- Scholarship and fellowship expenses decreased \$457,000 due to decreases in state veteran tuition differentials.

- Nonoperating expenses increased \$5.9 million based on the following:
 - Interest expense increased \$4.4 million as the result of the issuance of new State Institution bond debt of \$52 million in the current year as well as Revenue and Athletic Facilities bond debt totaling approximately \$210 million in the prior year.
 - Losses on disposal of capital assets increased \$1.6 million. Contributing factors include the sale of approximately 518 acres of land in Laurens County to the Department of Natural Resources, the demolition of a wharf in North Charleston, and disposals of obsolete equipment.
 - Refunds to grantors increased \$49,000 due to fixed payment amounts that had to be returned to sponsors when the cost of work performed was less than amounts previously received.



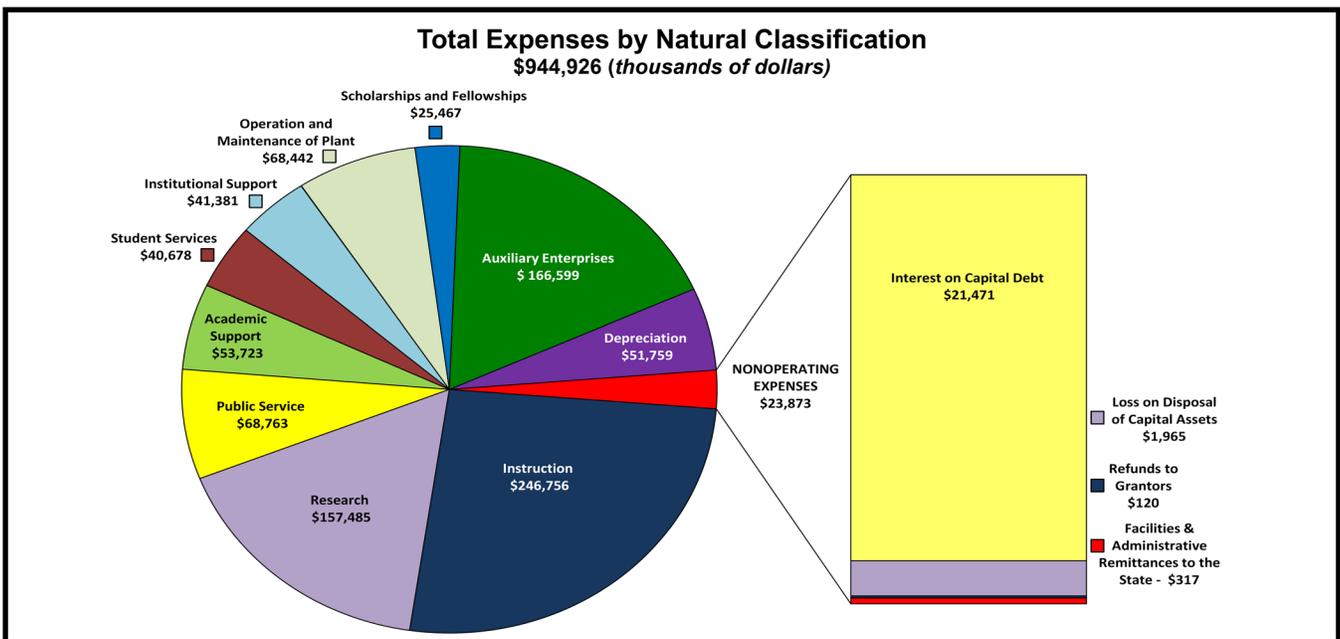
- Facilities and administrative costs remitted to the State decreased \$133,000. The State requires such costs collected for non-research sponsored projects in excess of \$200,000 to be remitted. Education and General program remittances decreased \$100,000 and Public Service Activities program remittances decreased \$33,000.
- The State capital appropriations decrease of \$10.6 million was attributable to amounts received in the prior year. Appropriations totaling \$2.4 million were received in the current year for outdoor lab renovations. State Capital Reserve Fund appropriations decreased \$4 million. Funds supporting the new Garrison Arena were offset by funds received in the prior year for the College of Business building. Research Infrastructure and Economic

Development bond proceeds decreased \$8.7 million related to prior year awards for the Clemson University Restoration Institute and Greenwood Genetic Center.

- Capital grants and gifts increased \$18.4 million. The largest contributing factor included IPTAY gifts to the University to fund the construction of the Football Operations facility.
- A \$547,000 decrease in additions to permanent endowments was the result of private donor gifts in the prior year.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net



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

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

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the institution. The next category is restricted net position, which is divided into two categories, nonexpendable and

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

**Assets and Deferred Outflows of Resources—
increase of \$161.8 million**

- Current assets decreased \$64.8 million. Unrestricted cash balances increased \$28.7 million and restricted cash decreased \$89.2 million. The unrestricted cash increase was driven by an increase in student fee collections, maintenance, repairs, and renovation funding, and an increase in investment income earnings. Restricted cash decreased as a result of the spend down of proceeds generated from the issuance of prior year Revenue and Athletic Facilities Bonds for construction costs at Douthitt Hills and the Football Operations facility. Interest income receivable increased \$11,000. Accounts receivable decreased \$2.9 million as the result of the receipt of prior year receivables for state capital appropriations for construction of a College of Business building and projects at the Clemson University

Condensed Summary of Net Position (thousands of dollars)				
Description	2017	2016	Increase/ (Decrease)	Percent Change
Assets				
Current assets	\$ 518,647	\$ 583,485	\$ (64,838)	(11.11)%
Capital assets, net	1,270,387	1,106,591	163,796	14.80%
Other noncurrent assets	<u>228,355</u>	<u>208,028</u>	<u>20,327</u>	9.77%
Total assets	<u>2,017,389</u>	<u>1,898,104</u>	<u>119,285</u>	6.28%
Deferred outflows of resources	<u>93,319</u>	<u>50,789</u>	<u>42,530</u>	83.74%
Total assets and deferred outflows of resources	<u>2,110,708</u>	<u>1,948,893</u>	<u>161,815</u>	8.30%
Liabilities				
Current liabilities	138,221	162,388	(24,167)	(14.88)%
Noncurrent liabilities	<u>1,187,621</u>	<u>1,089,645</u>	<u>97,976</u>	8.99%
Total liabilities	<u>1,325,842</u>	<u>1,252,033</u>	<u>73,809</u>	5.90%
Deferred inflows of resources	<u>1,751</u>	<u>929</u>	<u>822</u>	0.00%
Total liabilities and deferred inflows of resources	<u>1,327,593</u>	<u>1,252,962</u>	<u>74,631</u>	5.96%
Net Position				
Net investment in capital assets	770,325	759,323	11,002	1.45%
Restricted - nonexpendable	58,867	58,698	169	0.29%
Restricted - expendable	144,460	99,062	45,398	45.83%
Unrestricted	<u>(190,538)</u>	<u>(221,152)</u>	<u>30,614</u>	(13.84)%
Total net position	<u>\$ 783,114</u>	<u>\$ 695,931</u>	<u>\$ 87,183</u>	12.53%

Restoration Institute. Grants and contracts receivable increased \$964,000 due to receivables for grants and contracts on sponsored projects. Contributions receivable decreased \$274,000. An increase in pledges of \$631,000 was offset by the payment of existing pledges. Prepaid items decreased \$2.6 million primarily due to the timing of liability insurance premium payments. Premiums were paid before June 30 in the prior year, but after June 30 in the current year. Inventories increased \$32,000. Increases in telecommunication supplies and blue cheese inventory were offset by decreases in computer store inventory. Other current assets increased \$453,000 as a result of an under-recovery of pooled fringes for the fiscal year ending June 30, 2016 that will be absorbed through the approved pooled fringe rate established for the fiscal year ending June 30, 2018.

- Net capital assets increased \$163.8 million. Non-depreciable assets decreased \$68.5 million. Construction in Progress decreased by \$68 million as construction was finalized on several major building projects across campus including the Core Campus development, Littlejohn Coliseum, and the Football Operations facility. Land decreased \$457,000. Approximately 518 acres of land in Laurens County was sold to the Department of Natural Resources. Depreciable capital assets increased \$232.3 million. An increase of \$236.1 million in buildings was driven by the capitalization of Core Campus, Littlejohn Coliseum, and the Football Operations facility. The new West Campus Energy Plant, upgrades at the Waste Water Treatment Plant, security enhancements, and stormwater enhancement projects resulted in an increase of \$593,000 in utilities and other non-structural improvements. The decrease in software of \$2.8 million was driven by depreciation of current software assets. Equipment decreased \$4.1 million. Additions totaling \$16.4 million were offset by disposals and depreciation expense. Vehicles increased \$2.6 million. Vehicle additions totaling \$3.7 million included the purchase of a ladder truck, a new bus, and a mobile health clinic. Additions were offset by depreciation expense and disposals or trade-ins of previously owned departmental vehicles.
- Other noncurrent assets increased \$20.3 million. The balance on loan to the Clemson University Foundation (CUF) increased \$20.9 million as the result of appreciation, income, and realized gains. Noncurrent contributions receivable decreased \$144,000 as the result of the payment of existing pledges. Investments increased \$165,000 due to gains on endowment assets held by Wells Fargo. Restricted noncurrent cash balances decreased \$112,000. A decrease in Perkins loan funds was offset by an increase in endowment cash balances. Student loans receivable decreased \$89,000 due to collections of Perkins Federal student loans. Other assets decreased \$597,000 due to the under-recovery of pooled fringe benefit costs that will be absorbed/adjusted through the approved pooled fringe rate established for the fiscal year ending June 30, 2019.
- Deferred outflows of resources increased \$42.5 million. Deferred losses on bond refundings decreased \$499,000

due to amortization. Deferred outflows related to the University's proportionate share of the state's net pension liability increased \$43 million.

Liabilities and Deferred Inflows of Resources – increase of \$74.6 million

- Current liabilities decreased \$24.2 million. The decrease in accounts payable of \$31.9 million was largely attributable to amounts due at the end of the prior fiscal year for capital projects including Douthitt Hills, Core Campus, the Football Operations facility, and Littlejohn Coliseum. Accrued payroll and related liabilities increased \$887,000 as the result of increased salaries and retirement contributions applied to the final payroll of the fiscal year. The increase in unearned revenues of \$7.2 million was attributable to ticket sales for the upcoming football season, deferred student payments for the summer semester, and unapplied admissions deposits for the fall semester. Current deposits increased by \$791,000. Amounts include advanced football ticket sales due to other schools for away games. The increases in the current portion of long-term debt totaling \$2.3 million and increased interest expense payable totaling \$31,000 resulted from the issuance of State Institution bonds this year. Total compensated absences decreased \$3.4 million as a result of the removal of the retirement contribution component of the calculation. The allocation of current and noncurrent liabilities resulted in a decrease of \$3.5 million in the current amount. The current portion of funds held for others increased \$7,000.
- Noncurrent liabilities increased by \$98 million. The University's proportionate share of the net pension liability increased by \$63.4 million to \$573.2 million at the end of the current fiscal year. Net investment income and plan contributions were not substantial enough to offset the plan's benefit payments and administrative costs, resulting in an increase to the plan's overall net pension liability. Long-term debt increased \$34.5 million driven by the issuance of State Institution bonds this fiscal year. The long-term liability for compensated absences and related liabilities increased \$118,000. The noncurrent portion of funds held for others related to Perkins loans decreased \$37,000.
- Deferred inflows of resources related to the University's net pension liability increased by \$822,000. Deferred inflows of resources include the calculated difference between actual and projected investment earnings on the state's pension plans.

Net Position – increase of \$87.2 million

- Net investment of capital assets increased \$11 million. This increase resulted from an increase in capital assets of \$163.8 million, less an increase in capital debt of \$36.8 million, a decrease in unspent bond proceeds of \$115.5 million, and a \$498,000 decrease in deferred outflows of resources as discussed above.
- Restricted – nonexpendable net position for scholarships and fellowships increased \$169,000 as the result of investment earnings on endowment balances held by Wells Fargo.

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- Restricted for expendable net position increased \$45.4 million, based on the following:
 - Restricted – expendable net position for scholarships and fellowships decreased \$333,000 due to scholarship spending for endowed chair programs and federal and state scholarship funding.
 - Restricted – expendable net position for research decreased \$332,000 resulting primarily from Sponsored Program research projects.
 - Restricted – expendable net position for instructional/departmental use decreased \$2.1 million due to the funding for a mobile medical unit, a decrease in contributions, and the transfer of previously recognized gift amounts to sponsored projects.
 - Restricted – expendable net position for student loans decreased \$25,000 as the result of a slight decrease in Clemson student loans.
 - Restricted – expendable net position for capital projects increased \$47.4 million resulting, in large part, from bond proceeds for Douthit Hills projects, an increase in funding for Foundation commitments, and an increase in maintenance and stewardship funds.
 - Restricted – expendable net position for debt service increased \$758,000 as the result of debt service reserve fund requirements for new Revenue and State Institution bond debt.
- Unrestricted net position increased \$30.6 million, based on the following:
 - The University’s proportionate share of the state’s net pension liability and accompanying deferred inflows and outflows of resources resulted in a \$21.2 million reduction of unrestricted net position.
 - Unrestricted - educational and general increased \$32.7 million as the result of increased student fee revenues.
 - Unrestricted – unexpended plant increased \$6.2 million. Transfers of auxiliary operating funds for project costs related to the Douthit Hills construction, proceeds from the Laurens County land sale, and increased repair and renovation balances contributed to the increase.
 - Unrestricted – board designated endowments increased \$10.8 million as the result of an increase in earnings on endowment balances held by the Clemson University Foundation and Wells Fargo.
 - Unrestricted – public services net position increased \$17,000.
 - Unrestricted – auxiliaries net position increased \$2.1 million. Increased balances in housing were offset by athletic costs associated with post-season play.

Statement of Cash Flows

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

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2017 and June 30, 2016 were as follows:

Capital Assets (net of accumulated depreciation)				
Description	2017	2016	Increase/ Decrease	Percent Change
Capital Assets:				
Land and improvements	\$ 34,293,526	\$ 34,750,526	\$ (457,000)	(1.32)%
Construction in progress	193,607,016	261,664,562	(68,057,546)	(26.01)%
Utilities systems and other non-structural improvements	38,035,150	37,442,058	593,092	1.58%
Buildings and improvements	871,708,010	635,656,862	236,051,148	37.13%
Computer software	2,920,549	5,746,303	(2,825,754)	(49.18)%
Equipment	124,099,068	128,166,890	(4,067,822)	(3.17)%
Vehicles	5,724,105	3,163,380	2,560,725	80.95%
Total Capital Assets	<u>\$ 1,270,387,424</u>	<u>\$ 1,106,590,581</u>	<u>\$ 163,796,843</u>	14.80%

The \$68.5 million decrease in non-depreciable capital assets was attributable to a decrease in land and a decrease in Construction in Progress. During the fiscal year, the University sold approximately 518 acres of land located in Laurens County to the Department of Natural Resources. The land sale resulted in a decrease in capital assets of \$457,000. Construction in Progress decreased approximately \$68 million as construction was completed on several major building projects including the Core Campus project, Littlejohn Coliseum, and the Football Operations facility.

Utilities Systems and Other Non-Structural Improvements increased approximately \$593,000. The construction of the West Campus Energy Plant, the Waste Water Treatment Plant, and enhancements to the University's security and stormwater programs were offset by depreciation expense on new and existing assets.

Buildings increased \$236.1 million due to the capitalization of several major projects including the Core Campus project, Littlejohn Coliseum, and the Football Operations facility.

Capitalized Computer Software decreased \$2.8 million as a result of depreciation on existing software.

Equipment decreased \$4.1 million. Net additions totaling approximately \$16.4 million were offset by depreciation and disposals totaling \$20.4 million.

Vehicles increased \$2.6 million. Vehicle additions totaling \$3.7 million including a new mobile medical unit, ladder truck, and bus, were offset by depreciation expense and disposals or trade-ins of previously owned departmental vehicles.

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

Debt Administration

The University's financial statements indicate \$606,256,958 in bonds payable and \$11,989,717 in capital leases payable at June 30, 2017.

The University's bonded indebtedness consisted of: General Obligation Bonds of \$160,163,402, Athletic Facilities Revenue Bond issues totaling \$136,769,056, and Revenue Bonds of \$309,324,500. General Obligation Bonds are obligations of the State of South Carolina and are secured as to principal and interest by a pledge of the full faith, credit, and taxing power of the State and are paid with tuition and matriculation fees. Athletic Facilities Revenue Bonds are payable solely from the net revenues of the University's Athletic Department and gross receipts from the imposition of any admissions fee and any special student fee. Revenue bonds are payable solely from and secured by a pledge of revenues of the University's housing facilities, bookstore, dining services, parking, vending and from additional funds from the academic "University fee" imposed by the Board of Trustees. In October 2016, the University issued General Obligation bonds totaling \$52,395,000 for the construction of the main campus electrical distribution system and to construct a water tower and utility infrastructure at Douthit Hills.

Capital leases totaling \$11,989,717 include a capital lease with the Clemson University Land Stewardship Foundation

(CULSF), its component unit, for space in the Greenville One Building in downtown Greenville, SC. The outstanding liability on this lease as of June 30, 2017 was \$11,851,378. Also included is a capital lease with an unrelated corporate leasing entity to finance the purchase of an electron microscope for the Advanced Materials Research Laboratories. The outstanding liability on this lease as of June 30, 2017, was \$138,339.

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

Economic Outlook

As a state supported higher education institution, the University's economic position is closely tied to the State of South Carolina. The State ended fiscal year 2017 with a \$60 million budgetary surplus. In his end-of-the-year press release, State Comptroller General Richard Eckstrom noted that the state experienced revenue growth of 4.3 percent. While positive, revenue growth has been slowing over the past two fiscal years. The General Fund surplus fell short of projections and as a result, supplemental appropriations totaling \$11.8 million will not be disbursed in the next fiscal year. Eckstrom addressed the issues surrounding the state's mounting pension liabilities while remaining optimistic that the state's survival of the past economic downturn has demonstrated that the state has been able to operate during tight economic times.

State appropriations to fund University operations increased \$10.5 million for fiscal year 2017, an increase of 9.7 percent from the previous year. Appropriations for Education and General activities increased \$7 million while Public Service activities increased \$3.5 million.

State scholarship programs funded with lottery proceeds increased by approximately \$3.3 million, to \$57.6 million, for 2017. In addition, the University received \$1.75 million from the State Commission on Higher Education to fund the Science, Technology, Engineering, and Math (STEM) program. State capital appropriations decreased \$10.6 million as a result of prior year State Capital Reserve Funds for a new College of Business building and Research Infrastructure bond proceeds for the Clemson University Restoration Institute and the Greenwood Genetic Center. Current year appropriations included \$2.4 million in funding for outdoor lab renovations, \$1.4 million for agriculture and natural resource renovations, and \$1 million for Garrison Arena construction.

The University's Board of Trustees adopted a budget for 2018 that included a 2.75 percent tuition increase for in-state undergraduate students, the lowest percentage increase in twenty years, and a 4.25 percent increase for out-of-state undergraduate students. An average increase of 4.8 percent in student housing and dining plans will be used to improve dining, housing, and student life facilities.

CLEMSON UNIVERSITY STATEMENT OF NET POSITION

June 30, 2017

Description	Clemson University	Clemson University Research Foundation
ASSETS		
<i>Current Assets:</i>		
Cash and cash equivalents.....	\$ 202,409,684	\$ 6,673,403
<i>Restricted Assets - Current:</i>		
Cash and cash equivalents.....	255,950,728	1,979,498
Accounts receivable (net of provision for doubtful accounts of \$580,980).....	21,779,643	387,407
Grants and contracts receivable.....	22,959,761	—
Contributions receivable, net.....	833,988	—
Interest and income receivable.....	1,455,192	—
Student loans receivable.....	12,918	—
Inventories.....	3,230,435	—
Note receivable.....	—	137,500
Prepaid items.....	9,012,246	140,547
Other current assets.....	1,002,744	—
Total current assets.....	<u>518,647,339</u>	<u>9,318,355</u>
<i>Noncurrent Assets:</i>		
Notes receivable.....	198,902,686	206,250
Contributions receivable, net.....	980,232	—
Investments.....	2,542,152	—
<i>Restricted Assets - Noncurrent:</i>		
Cash and cash equivalents.....	18,059,168	—
Student loans receivable.....	7,463,904	—
Other assets.....	406,168	953,866
Capital assets, not being depreciated.....	227,900,542	530,972
Capital assets, net of accumulated depreciation.....	<u>1,042,486,882</u>	<u>179,864</u>
Total noncurrent assets.....	<u>1,498,741,734</u>	<u>1,870,952</u>
Total assets.....	<u>2,017,389,073</u>	<u>11,189,307</u>
<i>Deferred Outflows of Resources:</i>		
Deferred losses on bond refunding.....	1,154,715	—
Deferred outflows on net pension liability.....	92,164,098	—
Total deferred outflows of resources.....	<u>93,318,813</u>	<u>—</u>
Total assets and deferred outflows of resources.....	<u>\$ 2,110,707,886</u>	<u>\$ 11,189,307</u>
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts and retainages payable.....	\$ 26,756,948	\$ 303,441
Accrued payroll and related liabilities.....	20,310,087	—
Accrued compensated absences and related liabilities.....	14,967,394	—
Accrued interest payable.....	4,309,690	—
Unearned revenues.....	46,744,821	83,048
Bonds payable.....	21,402,558	—
Capital leases payable.....	708,862	—
Deposits.....	2,208,020	—
Funds held for others.....	812,926	—
Total current liabilities.....	<u>138,221,306</u>	<u>386,489</u>
<i>Noncurrent Liabilities:</i>		
Accrued compensated absences and related liabilities.....	10,603,606	—
Funds held for others.....	7,714,012	—
Net pension liability.....	573,168,554	—
Bonds payable.....	584,854,400	—
Capital leases payable.....	11,280,855	—
Total noncurrent liabilities.....	<u>1,187,621,427</u>	<u>—</u>
Total liabilities.....	<u>1,325,842,733</u>	<u>—</u>
<i>Deferred Inflows of Resources:</i>		
Deferred inflows on net pension liability.....	1,750,844	—
Total deferred inflows of resources.....	<u>1,750,844</u>	<u>—</u>
Total liabilities and deferred inflows of resources.....	<u>\$ 1,327,593,577</u>	<u>\$ 386,489</u>
NET POSITION		
Net investment in capital assets.....	\$ 770,324,745	\$ 1,638,206
Restricted for nonexpendable purposes:		
Scholarships and fellowships.....	58,866,602	—
Restricted for expendable purposes:		
Scholarships and fellowships.....	16,587,632	—
Research.....	1,041,782	1,986,721
Instructional/departmental use.....	14,372,124	—
Loans.....	2,109,820	—
Capital projects.....	101,566,077	—
Debt service.....	8,783,959	—
Unrestricted.....	(190,538,432)	7,177,891
Total net position.....	<u>\$ 783,114,309</u>	<u>\$ 10,802,818</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2017

Description	Clemson University	Clemson University Research Foundation
REVENUES		
Operating Revenues::		
Student tuition and fees (net of scholarship allowances of \$99,415,007)	\$ 364,125,796	\$ —
Federal grants and contracts	81,923,483	1,104,265
State grants and contracts	62,055,230	—
Local grants and contracts	1,771,818	—
Nongovernmental grants and contracts	11,616,470	32,189
Sales and services of educational and other activities	21,303,080	—
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$15,538,475)	124,492,211	—
Sales and services of auxiliary enterprises - not pledged	45,035,160	—
Other operating revenues	34,036,616	1,508,477
Total operating revenues	<u>746,359,864</u>	<u>2,644,931</u>
EXPENSES:		
Operating Expenses:		
Compensation and employee benefits	556,537,090	—
Services and supplies	265,758,294	2,552,981
Utilities	19,730,055	—
Depreciation	51,759,019	142,396
Scholarships and fellowships	27,269,239	—
Total operating expenses	<u>921,053,697</u>	<u>2,695,377</u>
Operating (loss)	<u>(174,693,833)</u>	<u>(50,446)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	119,308,662	—
Federal appropriations	12,239,506	—
Gifts and grants	67,551,660	—
Interest income	3,699,622	61,651
Endowment income	19,955,244	—
Interest on capital asset related debt	(21,470,993)	—
Other nonoperating revenues	329,517	—
Gain/loss on disposal of capital assets	(566,539)	—
Refunds to grantors	(119,773)	—
Facilities and administrative remittances to the State	(316,624)	—
Net nonoperating revenues	<u>200,610,282</u>	<u>61,651</u>
Income before other revenues, expenses, gains or losses	25,916,449	11,205
State capital appropriations	5,240,195	—
Capital grants and gifts	56,006,584	—
Additions to permanent endowments	20,510	—
Increase in net position	<u>87,183,738</u>	<u>11,205</u>
NET POSITION		
Net position, beginning of year	695,930,571	10,791,613
Net position, end of year	<u>\$ 783,114,309</u>	<u>\$ 10,802,818</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

DESCRIPTION	AMOUNT
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from customers.....	\$ 554,531,414
Grants and contracts.....	148,633,067
Payments to suppliers.....	(285,314,018)
Payments to employees.....	(422,708,184)
Payments for benefits.....	(120,162,395)
Payments to students.....	(45,785,560)
Inflows from Stafford loans.....	68,064,906
Outflows from Stafford loans.....	(7,261,706)
Loans to students.....	(43,205)
Collection of loans.....	1,681,360
Net cash used by operating activities.....	<u>(108,364,321)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations.....	119,308,662
Federal appropriations.....	12,123,301
Gifts and grants.....	70,454,323
Net cash flow provided by noncapital financing activities.....	<u>201,886,286</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt.....	56,800,478
State capital appropriations.....	4,324,600
Capital grants and gifts received.....	54,318,214
Proceeds from sale of property.....	1,398,481
Purchases of capital assets.....	(234,576,026)
Principal payments and redemption premiums on long term debt.....	(17,697,454)
Interest and fees.....	(23,259,929)
Net cash used by capital activities.....	<u>(158,691,636)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments.....	4,636,675
Transfer to Clemson University Foundation.....	91,073
Proceeds from stock sales.....	(165,061)
Net cash flows provided by investing activities.....	<u>4,562,687</u>
Net change in cash.....	(60,606,984)
Cash beginning of year.....	537,026,564
Cash end of year.....	<u>\$ 476,419,580</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss).....	\$ (174,693,833)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense.....	51,759,019
Amortization of net pension liability.....	21,209,339
Change in asset and liabilities:	
Receivables, net.....	(592,807)
Grants and contracts receivable.....	(854,770)
Student loans receivable.....	(67,487)
Prepaid items.....	2,276,983
Inventories.....	(24,814)
Pooled fringe adjustment.....	146,957
Accounts and retainages payable.....	(12,375,342)
Accrued payroll and related liabilities.....	897,879
Accrued compensated absences and related liabilities.....	(3,385,000)
Unearned revenue.....	6,707,792
Deposits held for others.....	631,763
Net cash used by operating activities.....	<u>\$ (108,364,321)</u>
NON-CASH TRANSACTIONS	
Increase in fair value of investments.....	\$ (21,364,316)
Assets acquired through gifts.....	1,688,370
State capital appropriations receivable.....	4,774,653
Collection of capital gift receivable.....	(6,334,894)
RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES	
Current assets:	
Cash and cash equivalents.....	\$ 202,409,684
Restricted cash and cash equivalents.....	255,950,728
Noncurrent assets.....	18,059,168
Total cash and cash equivalent balances.....	<u>\$ 476,419,580</u>

See accompanying notes to basic financial statements.

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

June 30, 2017

DESCRIPTION	AMOUNT
ASSETS	
Cash and cash equivalents.....	\$ 60,342,269
Contributions receivable, net.....	25,004,479
Due from related organizations.....	1,540,670
Investments.....	471,266,812
Investments held for Clemson University.....	198,902,686
Cash surrender value of life insurance.....	2,005,682
Land held for resale.....	11,900
Land, buildings and equipment, net.....	9,347,585
Funds held in trust for affiliates:	
Non-pooled assets, net.....	5,565,769
Pooled investments.....	23,879,997
Contributions receivable, net.....	26,528,753
Other assets.....	639,098
Total assets.....	\$ 825,035,700
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued liabilities.....	\$ 705,498
Due to related organizations.....	419,697
Accrued liability to Clemson University due to net investment appreciation.....	95,983,370
Note payable to Clemson University.....	102,919,316
Actuarial liability of annuities payable.....	4,713,212
Funds administered for affiliates.....	55,974,519
Total liabilities.....	260,715,612
Net Assets:	
Unrestricted.....	30,543,950
Temporarily restricted.....	228,988,403
Permanently restricted.....	304,787,735
Total net assets.....	564,320,088
Total liabilities and net assets.....	\$ 825,035,700

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2017

DESCRIPTION	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:				
Gifts and bequests	\$ 1,550,245	\$ 18,725,962	\$ 8,785,646	\$ 29,061,853
Income on investments	5,026,792	424,379	—	5,451,171
Net realized and unrealized gains on investments.....	2,687,998	45,800,305	139,947	48,628,250
Program income	1,946,331	589,414	—	2,535,745
Other income	3,020,947	12,103	43,606	3,076,656
Change in value of split-interest agreements	25,665	71,083	735,034	831,782
Reclassification of donor intent.....	766,481	(970,340)	203,859	—
Total.....	15,024,459	64,652,906	9,908,092	89,585,457
Net assets released from restrictions.....	24,309,148	(24,280,650)	(28,498)	—
Total revenues, gains and other support.....	39,333,607	40,372,256	9,879,594	89,585,457
EXPENSES:				
Program expenses:				
Grants to Clemson University.....	1,515,903	—	—	1,515,903
Alumni operations	2,148,840	—	—	2,148,840
Endowments.....	5,839,351	—	—	5,839,351
Operations.....	15,051,438	—	—	15,051,438
Capital projects.....	3,865,102	—	—	3,865,102
Total program expenses.....	28,420,634	—	—	28,420,634
General and administrative	3,044,749	—	—	3,044,749
Fundraising.....	4,160,310	—	—	4,160,310
Total expenses.....	35,625,693	—	—	35,625,693
Change in net assets before other changes	3,707,914	40,372,256	9,879,594	53,959,764
OTHER CHANGES:				
Contributions to a related entity.....	(122,767)	—	—	(122,767)
Transfer to temporarily restricted funds due to underwater endowments.....	59,337	(59,337)	—	—
Total other changes	(63,430)	(59,337)	—	(122,767)
Change in net assets.....	3,644,484	40,312,919	9,879,594	53,836,997
Net assets at beginning of year	26,899,466	188,675,484	294,908,141	510,483,091
Net assets at end of year.....	\$ 30,543,950	\$ 228,988,403	\$ 304,787,735	\$ 564,320,088

See accompanying notes to basic financial statements.

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

June 30, 2017

DESCRIPTION	AMOUNT
ASSETS	
Cash and cash equivalents	\$ 3,180,632
Receivables	8,008
Real estate investments.....	45,657,439
Real estate and equipment, net.....	11,205,769
Direct financing lease	11,892,715
Investments held in trust by affiliate.....	900,000
Development costs	1,335,452
Prepaid expense	1,416
Total assets	<u>\$ 74,181,431</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable.....	\$ 225,527
Accrued interest payable.....	28,639
Deposits held for others	28,495
Unearned revenue.....	131,877
Deferred rent revenue	2,800,097
Due to Clemson University Foundation	20,932,472
Notes payable.....	22,887,894
Total liabilities	<u>47,035,001</u>
Unrestricted net assets	27,146,430
Total net assets	<u>27,146,430</u>
Total liabilities and net assets	<u>\$ 74,181,431</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2017

DESCRIPTION	AMOUNT
REVENUES, GAINS AND OTHER SUPPORT:	
Gifts and contributions at fair value	\$ 915,859
Rental revenues	3,353,751
Direct financing.....	4,064
Federal grant.....	278,543
Common area fees	364,113
Loss on sale of real estate and equipment	(4,294)
Total revenues and gains	<u>4,912,036</u>
EXPENSES:	
Program expenses:	
Administrative and other	315,358
Greenville One.....	307,888
CU-ICAR campus	<u>1,477,182</u>
Total program expenses	2,100,428
Interest expense.....	<u>604,933</u>
Total expenses	<u>2,705,361</u>
Change in net assets.....	2,206,675
Unrestricted net assets, beginning of year.....	<u>24,939,755</u>
Unrestricted net assets, end of year	<u><u>\$ 27,146,430</u></u>

See accompanying notes to basic financial statements.

IPTAY

NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF FINANCIAL POSITION

For the year ended June 30, 2017

DESCRIPTION	AMOUNT
ASSETS	
Cash and cash equivalents	\$ 29,444,903
Due from related organizations	94,953
Annual fund receivable, net	564,818
Funds held in trust by an affiliate:	
Non-pooled assets	4,308,378
Pooled investments	21,471,401
Contributions receivable, net	26,219,617
Total assets	\$ 82,104,070
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued expenses	\$ 105,488
Due to related organizations	1,526,767
Total liabilities	1,632,255
Net assets	
Unrestricted	52,884,442
Temporarily restricted	27,182,450
Permanently restricted	404,923
Total net assets	80,471,815
Total liabilities and net assets	\$ 82,104,070

See accompanying notes to basic financial statements.

IPTAY
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2017

DESCRIPTION	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions from the public.....	\$ 46,314,501	\$ 9,456,558	\$ 404,923	\$ 56,175,982
Net realized and unrealized gains on investments...	2,363,850	—	—	2,363,850
Investment income, net.....	186,708	—	—	186,708
Interest income.....	96,339	—	—	96,339
	<u>48,961,398</u>	<u>9,456,558</u>	<u>404,923</u>	<u>58,822,879</u>
Net assets released from restrictions -				
Satisfaction of purpose restrictions	7,998,950	(7,998,950)	—	—
Total revenues, gains and other support	<u>56,960,348</u>	<u>1,457,608</u>	<u>404,923</u>	<u>58,822,879</u>
EXPENSES:				
Program services:				
Support of Clemson University:				
Athletic operations	22,519,522	—	—	22,519,522
Football operations building	33,731,905	—	—	33,731,905
Debt service	5,091,889	—	—	5,091,889
Other construction costs	10,478,315	—	—	10,478,315
Other	3,935,570	—	—	3,935,570
Management and general.....	644,137	—	—	644,137
Total expenses	<u>76,401,338</u>	<u>0</u>	<u>0</u>	<u>76,401,338</u>
Excess (deficit) of revenues over expenses.....	(19,440,990)	1,457,608	404,923	(17,578,459)
Contributions of net assets from a related party (Note 7)	77,553	—	—	77,553
Change in net assets.....	(19,363,437)	1,457,608	404,923	(17,500,906)
Net assets, beginning of year.....	72,247,879	25,724,842	—	97,972,721
Net assets, end of year	<u>\$ 52,884,442</u>	<u>\$ 27,182,450</u>	<u>\$ 404,923</u>	<u>\$ 80,471,815</u>

See accompanying notes to basic financial statements.

**NOTE 1.
SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Nature of Organization

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

Reporting Entity

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

IPTAY is a separately chartered corporation established exclusively to support University athletics. IPTAY's activities are governed by its Board of Directors. IPTAY is considered a component unit, and is discretely presented in the financial statements, because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. IPTAY is considered a nongovernmental component unit since it does not meet the definition of a governmental entity (as described above). Copies of the separately issued financial statements of IPTAY can be obtained by sending a request to the following address: IPTAY, P.O. Box 1529, Clemson, SC 29633.

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

Financial Statement Presentation

The financial statement presentation for the University meets the requirements of GASB Codification Sections 2100-2900, *Financial Reporting Entity*, and Co5, *Colleges and Universities*. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

Use of Estimates

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

Basis of Accounting

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

The Clemson University Foundation (CUF), the Clemson University Land Stewardship Foundation (CULSF), and IPTAY are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification Topic 958,

Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to CUF, CULSF, or IPTAY's financial information in the University's financial reporting entity for these differences.

Cash and Cash Equivalents

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Receivables

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

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

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

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

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

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

Inventories

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

Prepaid Items

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

Investments

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

Noncurrent Cash and Investments

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

Other Assets

The University submits a pooled fringe benefit rate proposal to its cognizant agency, the U.S. Department of Health & Human Services two years in advance of actual charges. Under-recoveries of actual costs are recognized as an Other Asset. These under-recoveries will be considered in the rate proposal for the next review period.

Capital Assets

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

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

Unearned Revenues

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

NOTES TO FINANCIAL STATEMENTS

Deposits

Deposits represent football-related guarantees and conference settlement amounts, and various student-related amounts including: dormitory room deposits, security deposits for possible room damage and key loss, other deposits, and student fee refunds. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Funds Held for Others

Current balances in Funds Held for Others result primarily from the University acting as an agent, or fiduciary, for another entity. These include amounts due to other entities and amounts due for various study abroad programs. Noncurrent balances represent the Federal liability for the Perkins Loan Program.

Internal Service and Auxiliary Enterprise Activities

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

Compensated Absences

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

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable 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 Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS's and PORS' fiduciary net position have been determined on the same basis as they are reported by SCRS or PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period. For the University, refunds related to debt defeasance are included in deferred outflows of resources. The deferred amount will be amortized over the remaining life of the debt refunded. Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

Net Position

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

Income Taxes

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

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

Classification of Revenues and Expenses

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

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

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

Educational Activities Revenue

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

Scholarship Discounts and Allowances

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

Adoption of New Accounting Standards

The GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73*, in March 2016 which was effective for the year ended June 30, 2017. This statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements. See Note 8 for the impact of adoption.

NOTES TO FINANCIAL STATEMENTS

NOTE 2.

CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

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

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

Reconciliation of Deposits and Investments			
Statement of Net Position	Amount	Footnotes	Amount
Cash and cash equivalents:		Cash on hand	\$ 230,411
Current - unrestricted	\$ 202,409,684	Deposits held by State Treasurer	476,065,835
Current - restricted	255,950,728	Other deposits	123,334
Noncurrent - restricted	18,059,168	Investments held by State Treasurer	154,439
Investments	2,542,152	Other investments	2,387,713
Total	<u>\$ 478,961,732</u>	Total	<u>\$ 478,961,732</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.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina. For the fiscal year ending June 30, 2017, \$1,277,176 of the \$476,065,835 identified above as "Deposits held by State Treasurer" is attributable to unrealized appreciation.

Other Deposits

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

Investments Held by State Treasurer

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

Other Investments

The University also has investments in mutual funds as authorized by a single donor. The mutual funds with a fair value of \$2,387,713 are held and invested by Wells Fargo, as trustee in accordance with the endowment agreement specified by the donor.

The University has adopted applicable accounting standards for its financial assets and liabilities which clarify that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University utilizes market data or assumptions that market participants would use in pricing the asset or liability. The standards establish a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions. The University's investments consist entirely of mutual funds and other investments with readily determinable fair values in an active market. These investments have been categorized as Level 1.

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.

NOTES TO FINANCIAL STATEMENTS

"Other Investments" are stated at fair value and include unrealized appreciation of \$1,506,881. Purchases and sales are accounted for on the trade date. Both unrealized and realized gains and losses on investments have been recorded. Earnings are recorded on an accrual basis.

Other investments as of June 30, 2017 were as follows:

Other Investments			
<u>Description</u>	<u>Effective Fair Value</u>	<u>Maturity (Years)</u>	<u>Credit Rating</u>
Domestic bond fund	\$ 379,153	7.3	N/A
International bond fund	146,951	11.8	N/A
Equity funds	1,861,609	N/A	N/A
Total other investments	<u>\$ 2,387,713</u>		

NOTE 3. RECEIVABLES

University receivables reported in the Statement of Net Position as of June 30, 2017, were as follows:

University Receivables			
<u>Description</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Accounts receivable	\$ 21,779,643	\$ —	\$ 21,779,643
Grants and contracts receivable	22,959,761	—	22,959,761
Notes receivable	—	198,902,686	198,902,686
Contributions receivable, net	833,988	980,232	1,814,220
Interest and income receivable	1,455,192	—	1,455,192
Student loans receivable	12,918	7,463,904	7,476,822
Total university receivables	<u>\$ 47,041,502</u>	<u>\$ 207,346,822</u>	<u>\$ 254,388,324</u>

Accounts receivable are reported net of allowances for doubtful accounts of \$580,980 based on credit losses experienced in prior years and evaluation of current portfolios. Student payment allowances of \$320,000, parking services allowances of \$228,190, emergency medical service allowances of \$24,366, Sullivan Center allowances of \$2,979, telecommunications allowances of \$5,000, and other student services allowances of \$445 comprise this amount. Contributions receivable are reported net of allowances for current uncollectible pledges of \$346,837 and allowances for noncurrent uncollectible pledges of \$172,983.

Accounts receivable for the year ended June 30, 2017, were comprised of the following balances:

Accounts Receivable	
<u>Description</u>	<u>Amount</u>
State capital appropriations	\$ 4,780,067
Students/scholarships	5,607,106
Auxiliaries	7,722,138
Computer services	303,138
Professional development	108,784
Educational programs	1,226,543
Camps	11,077
Fees	819,040
Other	1,201,750
Total accounts receivable	<u>\$ 21,779,643</u>

NOTES TO FINANCIAL STATEMENTS

Grants and contracts receivable are comprised of amounts due for sponsored research projects, federal land-grant appropriations, and federal scholarship programs. Grants and contracts receivable for the year ended June 30, 2017, were comprised of the following balances:

Grants and Contracts Receivable					
<u>Description</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Nongovernmental</u>	<u>Total</u>
Sponsored research	\$ 17,684,613	\$ 347,075	\$ 67,660	\$ 2,298,026	\$ 20,397,374
Land-grant appropriations	1,428,591	—	—	—	1,428,591
Scholarship programs	1,133,796	—	—	—	1,133,796
Total grants and contracts receivable	<u>\$ 20,247,000</u>	<u>\$ 347,075</u>	<u>\$ 67,660</u>	<u>\$ 2,298,026</u>	<u>\$ 22,959,761</u>

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

Contributions Receivable			
<u>Description</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
University programs	\$ 833,988	\$ 980,232	\$ 1,814,220
Total contributions receivable	<u>\$ 833,988</u>	<u>\$ 980,232</u>	<u>\$ 1,814,220</u>

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

Accordingly, as of June 30, 2017, the University had notes receivable from the Clemson University Foundation, a related party, totaling \$198,902,686. This amount includes the original loan of \$35,358,188, additional amounts totaling \$67,561,127 loaned since the fiscal year 1999 original loan, plus related income and appreciation. Funds loaned to the Clemson University Foundation will be paid back to the University with interest at a rate equal to that which is necessary to produce a sum which is equal to the total return (consisting of appreciation and income), provided, however, such rate will not be less than zero. The Memorandum of Understanding between Clemson University and the Clemson

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

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

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

NOTES TO FINANCIAL STATEMENTS

**NOTE 4.
CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, is summarized as follows:

Capital Assets					
Description	Beginning Balance June 30, 2016	Increases	Decreases	Transfers	Ending Balance June 30, 2017
Capital assets not being depreciated:					
Land and improvements	\$ 34,750,526	\$ —	\$ 457,000	\$ —	\$ 34,293,526
Construction in progress*	261,664,562	114,609,944	62,767	(182,604,723)	193,607,016
Total capital assets not being depreciated	<u>296,415,088</u>	<u>114,609,944</u>	<u>519,767</u>	<u>(182,604,723)</u>	<u>227,900,542</u>
Depreciable capital assets:					
Utilities systems and other non-structural improvements	68,255,882	3,274,348	—	384,348	71,914,578
Buildings and improvements**	1,013,908,835	79,537,618	650,000	182,210,941	1,275,007,394
Computer software	24,247,269	26,606	—	9,434	24,283,309
Equipment	316,608,332	16,378,240	14,214,593	—	318,771,979
Vehicles	15,155,510	3,709,612	765,120	—	18,100,002
Total depreciable capital assets at historical cost	<u>1,438,175,828</u>	<u>102,926,424</u>	<u>15,629,713</u>	<u>182,604,723</u>	<u>1,708,077,262</u>
Less accumulated depreciation for:					
Utilities systems and other non-structural improvements	30,813,824	3,065,604	—	—	33,879,428
Buildings and improvements	378,251,973	25,176,970	129,559	—	403,299,384
Computer software	18,500,966	2,861,794	—	—	21,362,760
Equipment	188,441,442	19,507,665	13,276,196	—	194,672,911
Vehicles	11,992,130	1,146,986	763,219	—	12,375,897
Total accumulated depreciation	<u>628,000,335</u>	<u>51,759,019</u>	<u>14,168,974</u>	<u>0</u>	<u>665,590,380</u>
Depreciable capital assets, net	<u>810,175,493</u>	<u>51,167,405</u>	<u>1,460,739</u>	<u>182,604,723</u>	<u>1,042,486,882</u>
Capital assets, net	<u>\$ 1,106,590,581</u>	<u>\$ 165,777,349</u>	<u>\$ 1,980,506</u>	<u>\$ 0</u>	<u>\$ 1,270,387,424</u>
*Includes current fiscal year capitalized interest of \$6,305,384					
** Includes current fiscal year capitalized interest of \$6,965,327.					
NOTE: The University received \$1,398,481 in proceeds from the sale of capital assets					

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

Unearned revenues consist primarily of athletic ticket sales and related fees and unearned student revenues for summer session and fall semester. These monies were collected in advance and were not earned at June 30, 2017.

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

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

A summary listing of unearned revenue follows:

Unearned Revenues	
Description	Amount
Athletic event receipts	\$ 22,804,938
Sponsored research programs	6,594,254
Academic and other fees	16,021,722
Educational programs	867,650
Public service programs	98,584
Other	357,673
Total unearned revenues	<u>\$ 46,744,821</u>

NOTES TO FINANCIAL STATEMENTS

Current deposits are comprised of football game guarantees and amounts due to the Atlantic Coast Conference, student campus card balances, funds held on deposit for concert promoters, and miscellaneous departmental amounts.

Deposits	
<u>Description</u>	<u>Current Amount</u>
Football guarantees/conference settlement	\$ 1,818,206
Student campus card balances	257,989
Miscellaneous departmental	131,825
Total deposits	<u>\$ 2,208,020</u>

Funds held for others consist of both current and noncurrent components. The balance of current funds held for others is comprised of agency funds held in trust for others. The federal Perkins loan liability balance represents the noncurrent funds held for others

Funds Held for Others		
<u>Description</u>	<u>Current Amount</u>	<u>Noncurrent Amount</u>
Federal Perkins Loans	\$ —	\$ 7,714,012
Amounts held in trust	812,926	—
Total funds held for others	<u>\$ 812,926</u>	<u>\$ 7,714,012</u>

NOTE 6. BONDS PAYABLE

At June 30, 2017, bonds payable consisted of the following:

BONDS PAYABLE					
<u>Description</u>	<u>Original Debt</u>	<u>Interest Rate (outstanding)</u>	<u>Maturity Dates</u>	<u>June 30, 2017 Balance</u>	<u>Debt Retired in Fiscal Year 2017</u>
General Obligation Bonds					
Bonds dated 4/01/07 (Series 2007B)	\$ 14,000,000	2.50-4.00%	6/1/2021	\$ 4,615,000	\$ 1,020,000
Bonds dated 3/01/11 (Series 2011B)	62,370,000	3.00-5.00%	3/1/2031	61,170,000	200,000
Bonds dated 5/1/12 (Series 2012C)	21,135,000	5.00%	4/1/2018	2,635,000	4,130,000
Bonds dated 6/1/14 (Series 2014B)	33,030,000	3.00-5.00%	4/1/2034	29,535,000	1,130,000
Bonds dated 10/01/16 (Series 2016F)	52,395,000	2.00-5.00%	6/1/2036	52,395,000	—
				<u>150,350,000</u>	
Revenue Bonds					
Bonds dated 12/1/05 (Series 2005)	22,130,000	4.00-4.25%	5/1/2020	1,860,000	455,000
Bonds dated 2/1/12 (Series 2012)	21,200,000	2.00%	5/1/2018	6,060,000	5,940,000
Bonds dated 5/1/15 (Series 2015)	90,285,000	4.00-5.00%	5/1/2045	90,285,000	—
Bonds dated 12/1/15 (Series 2015B)	191,000,000	2.75-5.00%	5/1/2046	191,000,000	—
				<u>289,205,000</u>	
Athletic Facilities Revenue Bonds					
Bonds dated 2/1/12 (Series 2012)	12,335,000	2.00-3.00%	5/1/2023	5,590,000	820,000
Bonds dated 12/1/14 (Series 2014A)	30,695,000	3.00-5.00%	5/1/2045	30,695,000	—
Bonds dated 12/1/14 (Series 2014B)	9,240,000	2.40-4.00%	5/1/2027	7,670,000	795,000
Bonds dated 12/1/14 (Series 2014C)	10,545,000	2.00-5.00%	5/1/2025	9,635,000	780,000
Bonds dated 5/1/15 (Series 2015)	60,695,000	4.00-5.00%	5/1/2045	58,570,000	1,020,000
Bonds dated 12/1/15 (Series 2015B)	18,875,000	3.00-5.00%	5/1/2046	18,445,000	430,000
				<u>130,605,000</u>	
Subtotal bonds payable				\$ 570,160,000	\$ 16,720,000
Plus unamortized bond premium				36,096,958	2,292,558
Total Bonds Payable				<u>\$ 606,256,958</u>	<u>\$ 19,012,558</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Tuition fees for the fiscal year ended June 30, 2016 were \$29,578,944 which results in a legal annual debt service limit at June 30, 2017 of \$26,621,050. This amount is equal to 90% of tuition fees collected for the prior fiscal year.

The Series 2005 Improvement and Refunding Revenue Bonds maturing prior to May 1, 2017, shall not be subject to redemption prior to their stated maturities. The Series 2005 Bonds maturing on or after May 1, 2017, shall be subject to redemption at the option of the Board of Trustees on or after May 1, 2016, in whole or part, at any time, and if in part in those maturities designated by the University and by lot within a maturity (but only in integral multiples of \$5,000) upon 30 day notice at the par amount of the principal to be redeemed, plus accrued interest thereon.

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

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

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

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

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

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

The Series 2014B General Obligation State Institution Bonds mature on April 1 in each of the years 2015 through 2034 and are not subject to redemption prior to maturity.

The Series 2014A Athletic Facilities Revenue Bonds mature on May 1 in each of the years 2015 through 2045 and are subject to redemption prior to maturity.

The Series 2014B Taxable Athletic Facilities Revenue Bonds mature on May 1 in each of the years 2015 through 2027 and are subject to redemption prior to maturity.

The Series 2014C Athletic Facilities Revenue Refunding Bonds mature on May 1 in each of the years 2015 through 2025 and are subject to redemption prior to maturity.

The Series 2015B Athletic Facilities Revenue Bonds maturing prior to May 1, 2017 shall not be subject to redemption; however, they shall be subject to redemption prior to maturity on or after May 1, 2017 at the option of the University, on or after May 1, 2016, in whole or in part for the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption.

The Series 2015B Higher Education Revenue Bonds maturing prior to May 1, 2017 shall not be subject to redemption; however, they shall be subject to redemption prior to maturity on or after May 1, 2017 at the option of the University, on or after May 1, 2016, in whole or in part for the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption.

During the fiscal year ending June 30, 2017, the State of South Carolina issued on behalf of the University, General Obligation State Institution Bonds, Series 2016F, in the amount of \$52,395,000. The Series 2016F General Obligation State Institution Bonds were issued to (i) defray the costs of energy distribution and utility infrastructure on campus and (ii) to pay the costs of issuance of the bonds. The Series 2016F Bonds are not subject to redemption prior to maturity. The Series 2016F General Obligation Bonds are secured by a pledge of the full faith, credit, and taxing power of the State and are additionally secured by a pledge of the revenues derived from the tuition fees of the University. The \$4,405,478 bond premium associated with this issuance is being amortized over the twenty year life of the bonds using the straight line method.

NOTES TO FINANCIAL STATEMENTS

All of the bonds are payable in semiannual installments plus interest. Amounts including interest required to complete payment of the Revenue, Athletic Facilities Revenue, and General Obligation Bonds as of June 30, 2017, are as follows:

Revenue Bonds

Description	Principal	Interest	Total
Year Ending June 30			
2018	\$ 8,155,000	\$ 11,777,264	\$ 19,932,264
2019	6,580,000	11,556,064	18,136,064
2020	6,900,000	11,232,164	18,132,164
2021	6,505,000	10,892,451	17,397,451
2022	6,825,000	10,567,201	17,392,201
2023 through 2027	39,605,000	47,361,506	86,966,506
2028 through 2032	44,115,000	37,836,166	81,951,166
2033 through 2037	52,555,000	29,383,975	81,938,975
2038 through 2042	63,220,000	18,733,800	81,953,800
2043 through 2046	54,745,000	5,259,800	60,004,800
Total Revenue Bonds	<u>\$ 289,205,000</u>	<u>\$ 194,600,391</u>	<u>\$ 483,805,391</u>

Athletic Facilities Revenue Bonds

Description	Principal	Interest	Total
Year Ending June 30			
2018	\$ 4,005,000	\$ 5,194,460	\$ 9,199,460
2019	4,170,000	5,028,110	9,198,110
2020	4,345,000	4,854,610	9,199,610
2021	4,535,000	4,664,460	9,199,460
2022	4,715,000	4,480,890	9,195,890
2023 through 2027	21,580,000	19,557,535	41,137,535
2028 through 2032	18,475,000	15,383,838	33,858,838
2033 through 2037	22,300,000	11,565,688	33,865,688
2038 through 2042	26,825,000	7,035,418	33,860,418
2043 through 2046	19,655,000	1,621,350	21,276,350
Total Athletic Facilities Revenue Bonds	<u>\$ 130,605,000</u>	<u>\$ 79,386,359</u>	<u>\$ 209,991,359</u>

General Obligation Bonds

Description	Principal	Interest	Total
Year Ending June 30			
2018	\$ 6,950,000	\$ 6,261,412	\$ 13,211,412
2019	6,750,000	5,928,613	12,678,613
2020	9,535,000	5,602,363	15,137,363
2021	9,765,000	5,137,412	14,902,412
2022	7,995,000	4,680,163	12,675,163
2023 through 2027	45,700,000	17,058,612	62,758,612
2028 through 2032	45,440,000	7,310,794	52,750,794
2033 through 2036	18,215,000	1,237,344	19,452,344
Total General Obligation Bonds	<u>\$ 150,350,000</u>	<u>\$ 53,216,713</u>	<u>\$ 203,566,713</u>

NOTES TO FINANCIAL STATEMENTS

The University reported net principal retirements and interest expenditures related to the bonds as follows for the year ended June 30, 2017:

Principal Retirements and Interest Expenses		
<u>Bond Type</u>	<u>Net Principal</u>	<u>Interest</u>
General obligation bonds	\$ 6,480,000	\$ 5,057,622
Revenue bonds	6,395,000	10,970,056
Athletic facilities revenue bonds	3,845,000	4,945,732
Total Net Principal Retirements and Interest Expenses	<u>\$ 16,720,000</u>	<u>\$ 20,973,410</u>

NOTE 7. LEASE OBLIGATIONS

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

Future commitments for capital leases (which here and on the Statement of Net Position include other installment purchase agreements) and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2017, were as follows:

Capital and Operating Lease Commitments		
<u>Description</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
Year Ending June 30:		
2018	\$ 714,369	\$ 3,051,597
2019	574,408	2,770,752
2020	574,408	1,865,185
2021	574,408	1,562,538
2022	574,408	385,961
2023 through 2027	2,872,040	346,870
2028 through 2032	2,872,040	—
2033 through 2037	2,872,040	—
2038	404,556	—
Total minimum lease payments	<u>12,032,677</u>	<u>\$ 9,982,903</u>
Less: Interest	42,960	
Principal outstanding - Clemson University	<u>\$ 11,989,717</u>	

Capital Leases

The Capital Leases are payable in monthly installments and will expire in 2038. Expenditures for fiscal year 2017 were \$1,001,658 of which \$977,454 was principal and \$24,204 was interest. The following is a summary of the carrying values of the assets held under capital leases at June 30, 2017:

Assets Held Under Capital Lease			
<u>Description</u>	<u>Value at Lease Inception</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings	\$ 14,300,000	\$ 2,311,834	\$ 11,988,166
Equipment	1,908,694	1,103,463	805,231
Total assets held under capital lease	<u>\$ 16,208,694</u>	<u>\$ 3,415,297</u>	<u>\$ 12,793,397</u>

NOTES TO FINANCIAL STATEMENTS

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

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

The University entered into this lease with Clemson University Land Stewardship Foundation, Inc. (CULSF), a component unit. The outstanding liability on this lease as of June 30, 2017 is \$11,851,378.

In October 2012 the University entered into a Capital Lease of \$1,908,694 at 5.703 percent interest with First Financial Corporate Leasing, LLC, an unrelated party, (whereby the University leases) a Hitachi NB5000 Duabeam FIB Microscope for use in the Advanced Materials Research Laboratories. Lease payments are for five years with bargain purchase options after the first twelve months. Lease payments are \$39,042 for thirty-two months, \$36,832 for sixteen months, and \$34,990 for the final twelve months. The outstanding liability on this lease as of June 30, 2017 is \$138,339.

Operating Leases

The University's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2018 through 2024. Certain operating leases provide for renewal options for periods from one to five years at their fair rental value at the time of renewal. All agreements are cancelable if the State of South Carolina does not provide adequate funding but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis.

In June 2011, the University's Computer and Information Technology division entered into a real property operating lease with the Clemson University Land Stewardship Foundation (CULSF), a component unit, for space in the building located at 3 Research Drive, Greenville, SC, at the Clemson University Center for Automotive Research (CU-ICAR) Campus. This agreement extends through September 2016. Under this agreement, the University paid CULSF \$24,797 in the current fiscal year. This lease ended September 30, 2016.

In January 2012, Clemson University originally entered into a real property operating lease with CULSF, a component unit, for space locate in the building at 3 Research Drive, Greenville, SC, at the CU-ICAR Campus. This agreement to establish a component testing laboratory has been extended through April 2022. Under this lease, the University paid CULSF \$173,550 in the current fiscal year.

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

In November 2013, the University entered into an agreement with CULSF for space in the building located at 3 Research Drive, Greenville, SC at the CU-ICAR Campus. This agreement is on a month to month basis and extends indefinitely. Under this lease, the University paid \$1,250 in the current fiscal year. This lease ended July 31, 2016.

In January 2014, the University entered into an agreement with CULSF for space in the building located at 3 Research Drive, Greenville, SC at the CU-ICAR Campus. This agreement is on a month to month basis and extends indefinitely. Under this lease, the University paid \$3,000 this fiscal year. This lease ended July 31, 2016.

In June 2014, the University entered into a real property operating lease with CULSF for space in the building located at 110 Daniel Drive, Clemson, SC. This lease extends through June 2024. Under this lease, the University paid CULSF \$97,665 this fiscal year.

In June 2014, the University entered into a real property operating lease with CULSF for space in the building located at 114 Daniel Drive, Clemson, SC. This lease extends through June 2024. Under this lease, the University paid CULSF \$42,500 this fiscal year.

In December 2015, the University entered into a real property operating lease with CULSF for space in the building located at 1 Research Dr., Greenville, SC. This lease extends through June 2019. Under this lease, the University paid CULSF \$506,000 this current fiscal year.

In March 2016, the University entered into a real property operating lease with CULSF for space in the building located at 1 Research Dr., Greenville, SC. This lease extends through June 2019. Under this lease, the University paid CULSF \$525,782 this current fiscal year.

In the current fiscal year, Clemson University incurred expenses of \$107,853 for office copier contingent rentals on a cost-per-copy basis.

**NOTE 8.
PENSION PLANS**

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code

of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012 is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.

State ORP – As an alternative to membership in the SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for the State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is returned by SCRS.

PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.

NOTES TO FINANCIAL STATEMENTS

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent of five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

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 benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018 and a member's participation may not continue after this date.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

NOTES TO FINANCIAL STATEMENTS

Required employee contribution rates (1) are as follows:

Contribution Plan	Fiscal Year 2017	Fiscal Year 2016
SCRS		
Employee Class Two	8.66%	8.16%
Employee Class Three	8.66%	8.16%
State PORS		
Employee	8.66%	8.16%
PORS		
Employee Class Two	9.24%	8.74%
Employee Class Three	9.24%	8.74%

Required employer contribution rates (1) are as follows:

Contribution Plan	Fiscal Year 2017	Fiscal Year 2016
SCRS		
Employer Class Two	11.41%	10.91%
Employer Class Three	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
State PORS		
Employer Contribution (2)	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	13.84%	13.34%
Employer Class Three	13.84%	13.34%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

(1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

(2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

For the year ended June 30, 2017, the University's SCRS contributions totaled \$20,992,216. The University's PORS contributions totaled \$564,457. Total contributions directly to the ORPs were approximately \$8,064,833 (excluding the surcharge) from Clemson University as employer and approximately \$13,968,291 from its employees as plan members. The remaining employer contribution amounts sent to SCRS (excluding the surcharge) were \$10,574,426.

NOTES TO FINANCIAL STATEMENTS

Net Pension Liability

At June 30, 2017, the University reported liabilities of \$565,925,016 and \$7,243,538 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2015 projected forward to June 30, 2016. The University's proportionate shares of the net pension liabilities were based on a projection of the University's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The University's proportionate share of the SCRS plan decreased by 0.007714% over the prior year. The University's proportionate share of the PORS plan increased by 0.01982% over the prior year. At June 30, 2017, the University's proportionate shares of the SCRS and PORS plans were 2.649480% and 0.28558% respectively.

For the year ended June 30, 2017, the University recognized pension expense of \$52,475,711 and \$864,726 for SCRS and PORS, respectively.

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2016, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	52.9%
PORS	6,412,510,458	3,876,035,732	2,536,474,726	60.4%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net position liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

South Carolina Retirement System

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
University contributions subsequent to the measurement date	\$ 31,566,642	\$ —
Differences between expected and actual experience	5,866,478	614,596
Net difference between projected and actual earnings on pension plan investments	47,612,478	—
Differences due to changes in proportionate share of contributions	5,296,464	1,115,455
Total outflows and inflows of resources	<u>\$ 90,342,062</u>	<u>\$ 1,730,051</u>

Police Officers Retirement System

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
University contributions subsequent to the measurement date	\$ 564,457	\$ —
Differences between expected and actual experience	107,480	—
Net difference between projected and actual earnings on pension plan investments	821,354	—
Difference due to changes in proportionate share of contributions	328,745	20,793
Total outflows and inflows of resources	<u>\$ 1,822,036</u>	<u>\$ 20,793</u>

The \$31,566,642 and \$564,457 reported as deferred outflows of resources related to pensions resulting from University contributions paid subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2017 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

Year ended June 30:	SCRS	PORS
2018	\$ 15,213,098	\$ 291,393
2019	12,146,653	285,945
2020	19,020,667	412,399
2021	10,664,951	247,049

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at last once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by the Systems consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2015, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the Systems' fiscal year ended June 30, 2016, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2015 valuations for SCRS and PORS.

Actuarial cost method	SCRS Entry age	PORS Entry age
Actuarial assumptions:		
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return (1)	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
(1) Includes inflation at 2.75%		

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2015, valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Long Term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30 year capital markets outlook at the end of the third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

NOTES TO FINANCIAL STATEMENTS

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
Hedge Funds (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 705,975,963	\$ 565,925,016	\$ 449,337,882
PORS	9,493,277	7,243,538	5,221,725

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2016 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2016.

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

Plan Description

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

Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding.

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

Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 5.33% of annual covered payroll for 2017 and 2016. The IB sets the employer contribution rate based on a pay-as-you-go basis. Clemson University paid approximately \$18,487,843 and \$16,371,391 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2017 and 2016, 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, 2017 and 2016. Clemson University recorded

employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$167,768 and \$164,606 for the years ended June 30, 2017 and 2016, respectively.

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

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

**NOTE 10.
DEFERRED COMPENSATION PLANS**

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

NOTES TO FINANCIAL STATEMENTS

**NOTE 11.
LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2017 was as follows:

Long-Term Liabilities					
Description	July 1, 2016	Additions	Reductions	June 30, 2017	Due Within One Year
Bonds payable and capital lease obligations:					
General obligation bonds	\$ 104,435,000	\$ 52,395,000	\$ 6,480,000	\$ 150,350,000	\$ 6,950,000
Revenue bonds	295,600,000	—	6,395,000	289,205,000	8,155,000
Athletic facilities revenue bonds	134,450,000	—	3,845,000	130,605,000	4,005,000
Subtotal bonds payable	534,485,000	52,395,000	16,720,000	570,160,000	19,110,000
Unamortized revenue bond premium	33,984,038	4,405,478	2,292,558	36,096,958	2,292,558
Total bonds payable	568,469,038	56,800,478	19,012,558	606,256,958	21,402,558
Capital leases payable	12,967,171	—	977,454	11,989,717	708,862
Total bonds and capital leases payable	581,436,209	56,800,478	19,990,012	618,246,675	22,111,420
Other liabilities:					
Accrued compensated absences	28,956,000	10,647,585	14,032,585	25,571,000	14,967,394
Funds held for others	7,751,177	—	37,165	7,714,012	—
Net pension liability	509,741,860	117,199,052	53,772,358	573,168,554	—
Total other liabilities	546,449,037	127,846,637	67,842,108	606,453,566	14,967,394
Total long-term liabilities	<u>\$ 1,127,885,246</u>	<u>\$ 184,647,115</u>	<u>\$ 87,832,120</u>	<u>\$ 1,224,700,241</u>	<u>\$ 37,078,814</u>

Additional information regarding Bonds and Notes Payable is included in Note 6. Additional information regarding Capital Lease Obligations is included in Note 7. The balance in the long-term liability account “Funds held for others” represents the Federal liability for the Perkins Loan program and longevity incentives for athletic coaches.

NOTES TO FINANCIAL STATEMENTS

**NOTE 12.
CONSTRUCTION COSTS AND COMMITMENTS**

Capitalized

The University has obtained or has plans to obtain the necessary funding for the acquisition, construction, renovation, and equipping of certain facilities which will be capitalized in the applicable capital asset categories upon completion. Management estimates that the University has sufficient resources available and/or future resources identified to satisfactorily complete the construction of such projects which are expected to be completed in varying phases over the next 2 or 3 years at an estimated cost of \$874,227,034. The \$874,227,034 includes estimated costs of \$412,451,848 for capital projects currently in progress plus \$461,775,186 estimated costs for other capital projects already in service. Of the total estimated cost, \$236,276,611 was unexpended at June 30, 2017. Of the total expended through June 30, 2017, the University has capitalized substantially complete and in use projects in the amount of \$411,462,783. Of the unexpended balance the University has remaining commitment balances of \$58,110,635 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Retainages payable on these capitalized projects as of June 30, 2017 was \$6,796,473 Capital projects at June 30, 2017 which constitute construction in progress that are to be capitalized when completed are listed below.

Construction Costs and Commitments		
<u>Project</u>	<u>Approximate Cost</u>	<u>Amount Expended</u>
College of Business School Construction	\$ 87,500,000	\$ 1,960,952
Douthitt Hills development	227,892,375	182,411,161
Duke Innovation Building upfit	125,000	28,571
Electrical distribution upgrade	75,290,932	3,827,434
Electrical infrastructure maintenance and improvements	1,118,674	1,118,674
Fike Natatorium sauna and steam	615,800	164,030
Football Operations facility construction	492,900	144,064
Garrison Arena construction	1,000,000	84,405
IPTAY Center expansion & renovation	10,000,000	150,426
Jervey Championship Plaza	746,600	132,654
Outdoor Fitness Wellness construction	312,500	400
Parking lot expansion, R06	978,200	929,318
Parking lot expansion, R-1	461,500	143,028
Ravenel gravity sewer line	588,300	119,338
Ravenel Hugo McGregor parking lot	917,500	67,636
Recycle operations	500,000	73,994
Sanitary sewer infrastructure	998,000	860,107
Tennis facility	312,500	203,596
Transformer and switch gear replacement	353,400	292,027
Watt Family Innovation Center/fourth floor	999,900	895,199
Total construction costs and commitments	<u>\$ 411,204,081</u>	<u>\$ 193,607,014</u>

The amount expended includes only capitalized project expenses and capitalized interest on construction debt for projects less than substantially complete and not in service at June 30, 2017. No noncapitalized expenditures are included in these totals.

Non-Capitalized

At June 30, 2017 the University had in progress other capital projects which will not be capitalized when complete. These projects are for replacements, repairs, and/or renovations to existing facilities. Estimated costs on these non-capitalized projects total \$83,556,153. This amount includes costs incurred to date of \$47,607,298 and estimated costs to complete of \$35,948,855. The University has remaining commitment balances with certain parties related to these projects of \$8,480,866. Retainages payable on the non-capitalized projects as of June 30, 2017, was \$165,997. The University anticipates funding these projects out of current resources, current and future bond issues, state capital improvement bond proceeds, private gifts and student fees.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RELATED PARTIES

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

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

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

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

Clemson University Real Estate Foundation

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

Clemson University Continuing Education and Conference Complex Corporation

The Clemson University Continuing Education and Conference Complex Corporation (Finance Corporation), is a separately chartered corporation established in September, 1993, to construct, operate and manage the golf course and hotel components of the Clemson University Continuing Education and Conference Complex. The Finance Corporation's actions are governed by its Board of Directors. The University billed the Finance Corporation \$179,949 for salaries for time devoted by University employees to the Finance Corporation.

Clemson Advancement Foundation for Design and Building

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

The University's financial statements reflect \$573,195 in expenses primarily to reimburse CAFDB for administrative, educational, and facilities expenses incurred at the Charles E. Daniel Center for Building Research and Urban Studies in Genoa, Italy, which is owned by CAFDB, and at the Barcelona facility, which is operated for the University by CAFDB.

NOTE 14. TRANSACTIONS WITH STATE ENTITIES

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

The original appropriation is the University's base budget amount presented in the General Funds column of Sections 14 and 45 of Part IA of the 2016-17 Appropriation Act. The following is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2017:

State Appropriations			
Description	Educational and General	Public Service	Total
Original appropriation	\$ 77,291,817	\$ 36,511,692	\$ 113,803,509
Allocation for health and dental plan contributions	365,054	144,890	509,944
Allocation for 0.5% SCRS and POS retirement contributions	269,532	124,790	394,322
Allocation for cost of living adjustment - salary and fringe	2,104,724	974,466	3,079,190
One-time operations funding	—	500,000	500,000
Appropriation allocations from the State Commission on Higher Education:			
For Academic Endowment Match	31,939	—	31,939
For Clemson Agriculture Education Teachers - teacher recruitment	—	989,758	989,758
Total state appropriations	\$ 80,063,066	\$ 39,245,596	\$ 119,308,662

NOTES TO FINANCIAL STATEMENTS

The University received substantial funding from the Commission on Higher Education (“CHE”) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and nonoperating revenues, depending upon the requirement of deliverables with a current or potential future economic value. The University also receives State funds from various other State agencies for sponsored research and public service projects. Following is a summary of amounts received from State agencies for scholarships, sponsored research, capital and public service projects for the fiscal year ended June 30, 2017:

Other Amounts Recognized from State Agencies				
Description	Operating Revenues	Nonoperating Revenues	Capital and Endowment Proceeds	Total
Received from the Commission on Higher Education (CHE):				
LIFE Scholarships	\$ 29,087,010	\$ —	\$ —	\$ 29,087,010
Palmetto Scholarships	26,128,556	—	—	26,128,556
Need-Based Grants	2,303,105	—	—	2,303,105
HOPE Scholarships	86,800	—	—	86,800
Received from the Department of Education - STEM	1,750,000	—	—	1,750,000
Received from the Department of Education - Other	750,624	—	—	750,624
Received from various other state agencies	1,557,308	—	—	1,557,308
Received from agencies outside South Carolina	391,827	—	—	391,827
Proviso 118.16 Agricultural and Natural Resources Facilities	—	—	4,100,000	4,100,000
Research infrastructure bond proceeds	—	—	140,195	140,195
Capital reserve fund proceeds	—	—	1,000,000	1,000,000
Total other amounts recognized from state agencies	<u>\$ 62,055,230</u>	<u>\$ —</u>	<u>\$ 5,240,195</u>	<u>\$ 67,295,425</u>

The University provided no significant services free of charge to any State agency during the fiscal year; however, the University did provide computer services and information systems development for a fee to other State agencies during the fiscal year. Total fees received were \$39,642,262, comprised of \$594,129 in fees for computer services classified as other operating revenues, and \$39,048,133 in information and systems development fees classified as sales and services of auxiliary enterprises.

Also, the University collected and remitted \$8,416 in pesticide penalties and other fees to the State General Fund.

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

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

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

employees to the Employment Security Commission and State Accident Fund. The amounts of 2017 expenditures applicable to related transactions with state entities are not readily available

NOTE 15. RISK MANAGEMENT

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

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

- (1) Claims of State employees for unemployment compensation benefits (Employment Security Commission);

NOTES TO FINANCIAL STATEMENTS

- (2) Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund);
- (3) Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services); and
- (4) Claims of covered public employees for long-term disability and group-life insurance benefits (Office of Insurance Services).

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

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

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

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

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

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

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

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

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

The University has not transferred the portion of the risk of loss related to insurance policy deductibles, and policy limits for all coverage to a State or commercial insurer. The University has not reported an estimated claims loss expenditure, and the related liability at June 30, 2017, based on the requirements of GASB Statement's No. 10 and No. 30, which state that a liability for claims must be reported only if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2017, and the amount of the loss is reasonably estimable.

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

Enterprise Risk Management Initiative

Clemson University engages in an Enterprise Risk Management (ERM) program defined by The Committee of Sponsoring Organizations (COSO) as a "process, effected by an entity's board of directors, management and other personnel, applied in strategy-setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives". The Board of Trustees ensures appropriate ERM framework is in place and functional to appropriately manage risks at an enterprise level. The President and Executive Leadership Team establishes and manages the framework for a sustainable enterprise risk management process. The University's ERM process incorporates the fundamentals of risk identification, risk assessment, risk treatment, risk monitoring and risk review.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. CONTINGENCIES AND LITIGATION

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

The various federal programs administered by the University for fiscal year 2017 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts, if any, which may be due federal grantors have not been determined but the University believes that any such amounts in the aggregate would not have a material adverse effect on the financial position of the University. Therefore, an estimated loss has not been recorded.

The University settled a legal (condemnation) action with a division of the SC Commerce Department concerning land at the site of the Clemson University Restoration Institute (CURI) in North Charleston. The University has no further contingencies or liability related to this action.

NOTE 17. OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2017 are summarized as follows:

Operating Expenses by Function						
Description	Compensation and Employee Benefits	Services and Supplies	Utilities	Depreciation	Scholarships and Fellowships	Total
Instruction	\$ 215,595,109	\$ 29,367,287	\$ 1,330,972	\$ —	\$ 462,788	\$ 246,756,156
Research	106,528,598	47,731,362	1,834,145	—	1,390,815	157,484,920
Public Service	48,228,804	18,829,190	1,705,223	—	—	68,763,217
Academic Support	52,010,828	837,239	849,996	—	25,000	53,723,063
Student Services	26,008,691	14,273,999	357,227	—	38,749	40,678,666
Institutional Support	33,284,873	7,776,344	319,721	—	—	41,380,938
Operation and Maintenance of Plant	17,837,406	45,242,222	5,362,230	—	—	68,441,858
Scholarships and Fellowships	12,793	104,179	—	—	25,350,287	25,467,259
Auxiliary Enterprises	57,029,988	101,596,472	7,970,541	—	1,600	166,598,601
Depreciation	—	—	—	51,759,019	—	51,759,019
Total Operating Expenses by Function	<u>\$ 556,537,090</u>	<u>\$ 265,758,294</u>	<u>\$ 19,730,055</u>	<u>\$ 51,759,019</u>	<u>\$ 27,269,239</u>	<u>\$ 921,053,697</u>

NOTE 18. DONOR-RESTRICTED ENDOWMENTS

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

In accordance with the spending policy adopted by the Clemson University Board of Trustees in 1998, endowment-derived program expenses are based on the endowment carrying value from the previous year at a percentage set by the Board. For fiscal year 2017, this rate was 4.0%. At June 30, 2017, net appreciation gains of \$16,739,546 were recorded, and were reported in the Statement of Net Position as unrestricted.

**NOTE 19.
DETAILS OF RESTRICTED ASSETS**

The purposes and amounts of Restricted Assets are as follows:

Details of Restricted Assets	
Description	Amount
Current:	
Cash and cash equivalents:	
As specified by sponsors/donors	\$ 18,088,047
University administered loans	312,705
Payment of maturing debt	12,944,303
Unspent bond proceeds	117,029,281
Amounts restricted for capital projects	106,910,247
Funds held for others	666,145
Total of current restricted assets	\$ 255,950,728
Noncurrent:	
Cash and cash equivalents:	
Endowments	\$ 16,038,583
Federal Perkins Loan Program	2,020,585
Total of noncurrent restricted cash and cash equivalents	\$ 18,059,168
Student Loans Receivable:	
Total Federal Perkins Loan Program	\$ 7,463,904

**NOTE 20.
COMPONENT UNITS**

Clemson University Foundation

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

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

CUF transfers funds earmarked from private contributions to the University to support University scholarship, fellowship, professorship, and research programs and to reimburse the University for any purchases made by CUF. These transfers for fiscal year 2017 were recorded by the University as nonoperating gift revenues totaling \$18,370,103. CUF also reimbursed the University \$946,903 for salaries for time devoted by University employees to CUF and to fund other University initiatives.

CUF has two operating leases with the University and paid a total of \$140,165 for office space during fiscal year 2017. Equipment donated by CUF to the University totaled \$142,239 and was recorded as capital grants and gifts in the Statement of Revenues, Expenses and Changes in Net Position. Also recorded as capital grants and gifts upon receipt were CUF donations totaling \$4,095,890 for University building projects. As of June 30, 2017, CUF had remaining commitments of

approximately \$1,724,401 for University building projects.

As referenced in Note 3, a 1999 amendment to the South Carolina Code of Laws allowed state-supported universities to lend endowment balances on deposit with the State Treasurer to entities (like CUF) whose existence is primarily providing financial assistance and other support to the institution and its educational program. At fiscal year end, the amount loaned, including income and appreciation, totaled \$198,902,686.

CUF charges an annual fee of 1.25 percent for managing the University's endowments. For the fiscal year ending June 30, 2017, the management fee was \$1,944,452, net of current year income, gains and appreciation \$22,868,624. At fiscal year-end, \$487,837 in accounts payable was due to CUF.

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

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

CUF Endowment and board-designated funds are invested on the basis of a total return policy to provide income and to realize appreciation in investment values. Under this policy, earnings, not to exceed a specified percentage, could be used to support the intended purposes. Any such earnings used to

NOTES TO FINANCIAL STATEMENTS

support the intended purposes are allocated only from those funds which have a market value in excess of historical value.

A summary of investments at fair value at June 30, 2017 follows:

Investments	
Description	Amount
Money market funds	\$ 28,526,012
Treasury/agency	50,176,074
Mortgage backed securities	9,091,621
Corporate bonds	10,724,913
International bonds	858,329
U.S. Equities	309,746,771
Global equities	108,774,643
Commodities	5,530,518
Hedge funds	91,640,237
Private equity	45,996,847
Private real assets	10,166,496
Public real assets	807,680
Other	2,009,354
Subtotal - marketable investments	674,049,495
Subordinated note receivable from Clemson	
University Real Estate Foundation, Inc.	20,000,000
Total Investments	<u>\$ 694,049,495</u>

Clemson University Research Foundation

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

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

The University performs research and development under performance agreements for CURF, and receives payment for all direct and indirect costs which are incurred in accordance with the terms of the performance agreements. Revenues totaling \$786,358 from CURF were recorded by the University in the Statement of Revenues, Expenditures and Changes in Net Position as operating nongovernmental grants and contracts. Grants and contracts receivable in the Statement of Net Position include \$147,800 due from CURF at June 30, 2017.

The University remitted \$315,000 to CURF per the operating agreement between the two entities. CURF reimbursed the University \$98,105 for salaries for time devoted by University employees to CURF.

Clemson University Land Stewardship Foundation

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

As discussed in Note 1, CULSF has been included in the reporting entity as a component unit. Because CULSF is

deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements.

The University leases and utilizes several facilities owned and operated by CULSF at the Greenville, CU-ICAR campus. In addition, the University entered into a capital lease with CULSF for space in the Greenville One Building in downtown Greenville. For the fiscal year ending June 30, 2017, \$304,393 was paid by the University to CULSF for common area maintenance costs and \$1,270,717 for operating leases at the CU-ICAR campus. An additional \$524,293 was paid in building upfit costs for space that will be leased by the University. Capital lease-related principal, interest, and operating expense payments totaling \$897,513 were paid to CULSF for the Greenville One building.

CULSF reimbursed the University \$180,967 for salaries for time devoted by University employees to CULSF.

IPTAY

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

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

In the fiscal year beginning July 1, 2014, IPTAY began operating as an independent entity. Previously, although recognized as a tax-exempt organization by the Internal Revenue Service, all IPTAY receipts were deposited through the University into State Treasurer bank accounts and related disbursements were also made from these accounts. During the fiscal year ended June 30, 2017, IPTAY contributed \$75,757,202 to the University for qualifying athletic scholarships, operating expenses, capital project funding, and debt service obligations. An additional \$40,000 of IPTAY funds remains in a CUF held endowment for future use by the University. At June 30, 2017, the Statement of Net Position includes accounts receivable from IPTAY of \$1,374,549 in deferred ticket sales and \$152,218 in expense reimbursements. At June 30, 2017, \$2,400 in accounts payable was due to IPTAY.

NOTE 21.
SUBSEQUENT EVENTS

On August 24, 2017, the State Treasurer's Office finalized the issuance of General Obligation State Institution Bonds on behalf of Clemson University to defray the costs of constructing and equipping an academic facility to house the University's College of Business and to refund the outstanding principal amount of Series 2011B General Obligation State Institution bonds. The Clemson University Board of Trustees adopted a series resolution authorizing issuance of bonds for the proposed refunding of Series 2011B bonds on July 15, 2016. The series resolution authorizing issuance of bonds for the proposed College of Business academic building was adopted on February 3, 2017. The \$120,885,000 bond issue includes \$75,005,000 for the College of Business project and \$45,880,000 to refund the Series 2011B bonds.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY

South Carolina Retirement System (SCRS)					
For the Year	University's Proportionate Share of the Net Pension Liability	University's Proportionate Share of the Net Pension Liability	University's Covered Employee Payroll During the Measurement Period	University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	2.649480%	\$ 565,925,016	\$ 336,425,269	168.22%	52.90%
2016	2.657194%	503,949,653	326,390,137	154.40%	56.99%
2015	2.601067%	447,817,506	308,864,854	144.99%	59.92%
2014	2.601067%	441,495,608	292,367,473	151.01%	56.39%

Police Officers Retirement System (PORS)					
For the Year	University's Proportionate Share of the Net Pension Liability	University's Proportionate Share of the Net Pension Liability	University's Covered Employee Payroll During the Measurement Period	University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.28558%	\$ 7,243,538	\$ 3,716,102	194.92%	60.40%
2016	0.26576%	5,792,207	3,358,977	172.44%	64.57%
2015	0.26743%	5,119,734	3,238,913	158.07%	67.55%
2014	0.26743%	5,127,588	2,973,675	172.43%	62.98%

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNIVERSITY CONTRIBUTIONS**

South Carolina Retirement System (SCRS)					
For the Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contribution Deficiency (excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 31,566,642	\$ 31,566,642	\$ —	\$ 359,507,113	8.78%
2016	28,386,836	28,376,288	10,548	336,425,269	8.44%
2015	27,147,096	27,156,699	(9,603)	326,390,137	8.32%
2014	25,031,158	25,031,158	—	308,864,854	8.10%
2013	24,089,283	24,089,283	—	292,367,473	8.24%
2012	19,221,300	19,221,300	—	263,508,916	7.29%
2011	18,869,713	18,869,713	—	258,961,093	7.29%
2010	19,245,843	19,245,843	—	263,089,467	7.32%
2009	19,549,484	19,549,484	—	264,118,753	7.40%
2008	19,163,400	19,163,400	—	262,969,373	7.29%

Police Officers Retirement System (PORS)					
For the Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contribution Deficiency (excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 564,457	\$ 564,457	\$ —	\$ 3,991,757	14.14%
2016	500,233	500,233	—	3,716,102	13.46%
2015	441,480	441,508	(28)	3,358,977	13.14%
2014	412,997	412,997	—	3,238,913	12.75%
2013	364,346	364,346	—	2,973,675	12.25%
2012	275,212	275,212	—	2,343,277	11.74%
2011	247,568	247,568	—	2,143,665	11.55%
2010	242,692	242,692	—	2,193,276	11.07%
2009	253,222	253,222	—	2,292,453	11.05%
2008	251,269	251,269	—	2,338,698	10.74%



Statistical Section
(unaudited)

Statistical Section

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

Contents	Page
Financial Trends	74
These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.	
Debt Capacity	79
These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.	
Operating Information	82
These schedules contain service and capital asset data to help the reader understand how the information in the University's financial report relates to the services the University provides and the activities it performs.	
Demographic and Economic Information	88
These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's and the State's financial activities take place.	

SCHEDULE OF REVENUES BY SOURCE

For the Year Ended June 30,
(amounts expressed in thousands)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 364,126	\$ 341,077	\$ 316,893	\$ 300,711	\$ 288,778	\$ 269,671	\$ 252,924	\$ 223,036	\$ 205,488	\$ 188,530
Federal grants and contracts	81,924	71,500	63,540	62,079	64,467	63,962	65,045	63,792	59,205	56,165
State grants and contracts	62,055	58,828	57,352	53,189	51,377	46,868	50,679	48,683	47,248	43,414
Local grants and contracts	1,772	912	882	1,640	796	690	757	959	872	799
Nongovernmental grants and contracts	11,616	12,844	11,223	11,174	9,446	8,226	6,913	8,727	11,700	11,177
Sales and services of educational and other activities	21,303	20,441	20,104	18,778	17,203	15,845	15,843	15,917	16,543	16,268
Sales and services of auxiliary enterprises (net of scholarship allowances)	169,527	163,635	129,119	121,927	114,618	106,181	95,096	89,129	86,282	79,159
Other operating revenues	34,037	31,638	38,322	34,840	31,372	27,771	27,396	28,851	21,671	25,013
Total operating revenues	746,360	700,875	637,435	604,338	578,057	539,214	514,653	479,094	449,009	420,525
State appropriations	119,309	108,812	106,345	99,591	92,784	88,780	91,917	114,120	128,279	167,224
Federal appropriations	12,240	11,632	11,338	10,566	10,948	11,507	11,744	11,269	12,317	14,186
Gifts and grants	67,552	48,189	33,586	62,951	56,403	59,126	68,797	59,473	46,872	44,466
Interest income	3,700	4,071	670	3,077	1,073	6,948	7,752	12,408	10,029	8,462
Endowment income (loss)	19,955	(2,979)	4,086	23,664	14,744	(1,114)	22,236	10,085	(20,283)	(7,046)
Other nonoperating revenues	330	78	340	648	310	1,271	502	3,192	1,944	1,389
Proceeds from the sale of capital assets	1,397	252	188	376	458	636	137	57	715	0
Total nonoperating revenues	224,483	170,055	156,553	200,873	176,720	167,154	203,085	210,604	179,873	228,681
Total revenues	\$ 970,843	\$ 870,930	\$ 793,988	\$ 805,211	\$ 754,777	\$ 706,368	\$ 717,738	\$ 689,698	\$ 628,882	\$ 649,206

**For the Year Ended June 30,
(percent of total revenues)**

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Revenues:										
Student tuition and fees (net of scholarship allowances)	37.4%	39.3%	40.0%	37.4%	38.2%	38.2%	35.2%	32.3%	32.7%	29.0%
Federal grants and contracts	8.4%	8.2%	8.0%	7.7%	8.5%	9.1%	9.1%	9.2%	9.4%	8.7%
State grants and contracts	6.4%	6.8%	7.2%	6.6%	6.8%	6.6%	7.1%	7.1%	7.5%	6.7%
Local grants and contracts	0.2%	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Nongovernmental grants and contracts	1.2%	1.5%	1.4%	1.4%	1.3%	1.2%	1.0%	1.3%	1.9%	1.7%
Sales and services of educational and other activities	2.2%	2.3%	2.5%	2.3%	2.3%	2.2%	2.2%	2.3%	2.6%	2.5%
Sales and services of auxiliary enterprises (net of scholarship allowances)	17.5%	18.8%	16.3%	15.1%	15.2%	15.0%	13.2%	12.9%	13.7%	12.2%
Other operating revenues	3.5%	3.6%	4.8%	4.3%	4.2%	3.9%	3.8%	4.2%	3.4%	3.9%
Total operating revenues	76.8%	80.6%	80.3%	75.0%	76.6%	76.3%	71.7%	69.4%	71.3%	64.8%
State appropriations	12.3%	12.5%	13.5%	12.5%	12.3%	12.6%	12.8%	16.5%	20.4%	25.8%
Federal appropriations	1.3%	1.3%	1.4%	1.3%	1.5%	1.6%	1.6%	1.6%	2.0%	2.2%
Gifts and grants	7.0%	5.5%	4.2%	7.8%	7.4%	8.4%	9.6%	8.6%	7.5%	6.8%
Interest income	0.4%	0.4%	0.1%	0.4%	0.1%	1.0%	1.1%	1.8%	1.6%	1.3%
Endowment income (loss)	2.1%	(0.3)%	0.5%	2.9%	2.0%	(0.2)%	3.1%	1.5%	(3.2)%	(1.1)%
Other nonoperating revenues	0.0%	0.0%	0.0%	0.1%	0.0%	0.2%	0.1%	0.5%	0.3%	0.2%
Proceeds from the sale capital assets	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%
Total nonoperating revenues	23.2%	19.4%	19.7%	25.0%	23.4%	23.7%	28.3%	30.6%	28.7%	35.2%
Total revenues	100.0%									

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SCHEDULE OF EXPENSES BY USE

	For the Year ended June 30, (amounts expressed in thousands)									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Expenses:										
Compensation and employee benefits	\$ 556,537	\$ 513,401	\$ 478,991	\$ 444,913	\$ 419,665	\$ 384,703	\$ 382,789	\$ 385,519	\$ 394,708	\$ 402,601
Services and supplies	265,758	267,423	262,955	243,893	219,962	198,747	182,049	174,958	158,556	174,642
Utilities	19,730	18,910	19,783	20,344	17,961	16,946	17,013	17,733	19,376	17,951
Depreciation	51,759	49,872	49,316	42,974	32,715	37,162	35,009	35,164	33,364	32,697
Scholarships and fellowships	27,269	27,726	25,411	23,846	26,380	20,942	23,402	9,175	13,382	10,845
Total operating expenses	<u>921,053</u>	<u>877,332</u>	<u>836,456</u>	<u>775,970</u>	<u>716,683</u>	<u>658,500</u>	<u>640,262</u>	<u>622,549</u>	<u>619,386</u>	<u>638,736</u>
Interest on capital asset related debt	21,471	17,091	7,341	5,512	5,875	5,799	6,034	5,799	6,637	7,196
(Gain) loss on disposal of capital assets	1,965	340	4,343	(1,200)	254	2,255	791	464	802	443
Refunds to grantors	120	71	137	178	515	381	296	95	213	386
Facilities and administrative remittances to the State	317	450	375	413	339	386	450	185	608	710
Total nonoperating expenses	<u>23,873</u>	<u>17,952</u>	<u>12,196</u>	<u>4,903</u>	<u>6,983</u>	<u>8,821</u>	<u>7,571</u>	<u>6,543</u>	<u>8,260</u>	<u>8,735</u>
Total expenses	<u>\$ 944,926</u>	<u>\$ 895,284</u>	<u>\$ 848,652</u>	<u>\$ 780,873</u>	<u>\$ 723,666</u>	<u>\$ 667,321</u>	<u>\$ 647,833</u>	<u>\$ 629,092</u>	<u>\$ 627,646</u>	<u>\$ 647,471</u>

	For the Year Ended June 30, (percent of total expenses)									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Expenses:										
Compensation and employee benefits	58.9%	57.3%	56.5%	57.0%	58.0%	57.6%	59.2%	61.3%	62.9%	62.2%
Services and supplies	28.1%	29.9%	31.0%	31.2%	30.4%	29.8%	28.1%	27.8%	25.3%	27.0%
Utilities	2.1%	2.1%	2.3%	2.6%	2.5%	2.5%	2.6%	2.8%	3.1%	2.8%
Depreciation	5.5%	5.6%	5.8%	5.5%	4.5%	5.6%	5.4%	5.6%	5.3%	5.0%
Scholarships and fellowships	2.9%	3.1%	3.0%	3.1%	3.7%	3.1%	3.6%	1.5%	2.1%	1.6%
Total operating expenses	<u>97.5%</u>	<u>98.0%</u>	<u>98.6%</u>	<u>99.4%</u>	<u>99.1%</u>	<u>98.6%</u>	<u>98.9%</u>	<u>99.0%</u>	<u>98.7%</u>	<u>98.6%</u>
Interest on capital asset related debt	2.3%	1.9%	0.9%	0.7%	0.8%	0.9%	0.9%	0.9%	1.1%	1.1%
(Gain) loss on disposal of capital assets	0.2%	0.0%	0.5%	(0.2)%	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%
Refunds to grantors	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
Facilities and administrative remittances to the State	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%
Total nonoperating expenses	<u>2.5%</u>	<u>2.0%</u>	<u>1.4%</u>	<u>0.6%</u>	<u>0.9%</u>	<u>1.4%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>1.3%</u>	<u>1.4%</u>
Total expenses	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF EXPENSES BY FUNCTION

For the Year Ended June 30,
(amounts expressed in thousands)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Expenses:										
Instruction	\$ 246,756	\$ 233,589	\$ 227,482	\$ 216,977	\$ 201,731	\$ 181,146	\$ 178,644	\$ 175,249	\$ 173,423	\$ 176,165
Research	157,485	146,516	139,399	133,562	130,787	123,594	124,837	126,972	125,623	127,427
Public service	68,763	65,362	65,814	63,542	59,837	57,890	59,083	62,390	68,508	72,649
Academic support	53,723	46,018	47,633	42,231	38,926	36,715	35,321	37,181	35,775	38,647
Student services	40,678	36,540	37,345	35,578	26,694	24,685	27,282	25,316	25,189	27,150
Institutional support	41,381	39,267	42,388	38,019	34,640	28,925	25,490	26,389	27,843	31,951
Operation and maintenance of plant	68,442	70,664	77,156	64,116	62,754	47,505	42,905	37,435	35,869	48,826
Scholarships and fellowships	25,467	26,006	23,773	22,115	25,179	19,503	22,143	8,124	12,488	10,006
Auxiliary enterprises	166,599	163,498	126,150	116,856	103,420	101,375	89,548	88,329	81,304	73,218
Depreciation	51,759	49,872	49,316	42,974	32,715	37,162	35,009	35,164	33,364	32,697
Interest on capital debt	21,471	17,091	7,341	5,512	5,875	5,799	6,034	5,799	6,637	7,196
(Gain) loss on disposal of capital assets	1,965	340	4,343	(1,200)	254	2,255	791	464	802	443
Refunds to grantors	120	71	137	178	515	381	296	95	213	386
Facilities and administrative remittances to the State	317	450	375	413	339	386	450	185	608	710
Total expenses	\$ 944,926	\$ 895,284	\$ 848,652	\$ 780,873	\$ 723,666	\$ 667,321	\$ 647,833	\$ 629,092	\$ 627,646	\$ 647,471

For the Year Ended June 30,
(percent of total expenses)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Expenses:										
Instruction	26.1%	26.0%	26.8%	27.8%	27.8%	27.1%	27.7%	27.9%	27.7%	27.2%
Research	16.7%	16.4%	16.4%	17.1%	18.1%	18.5%	19.3%	20.2%	20.0%	19.7%
Public service	7.3%	7.3%	7.8%	8.1%	8.3%	8.7%	9.1%	9.9%	10.9%	11.2%
Academic support	5.7%	5.1%	5.6%	5.4%	5.4%	5.5%	5.5%	5.9%	5.7%	6.0%
Student services	4.3%	4.1%	4.4%	4.6%	3.7%	3.7%	4.2%	4.0%	4.0%	4.2%
Institutional support	4.4%	4.4%	5.0%	4.9%	4.8%	4.3%	3.9%	4.2%	4.4%	4.9%
Operation and maintenance of plant	7.2%	7.9%	9.1%	8.2%	8.7%	7.1%	6.6%	6.0%	5.7%	7.5%
Scholarships and fellowships	2.7%	2.9%	2.8%	2.8%	3.5%	2.9%	3.4%	1.3%	2.0%	1.6%
Auxiliary enterprises	17.6%	18.3%	14.9%	15.0%	14.3%	15.2%	13.8%	14.0%	13.0%	11.3%
Depreciation	5.5%	5.6%	5.8%	5.5%	4.5%	5.6%	5.4%	5.6%	5.3%	5.0%
Interest on capital debt	2.3%	1.9%	0.9%	0.7%	0.8%	0.9%	0.9%	0.9%	1.1%	1.1%
(Gain) loss on disposal of capital assets	0.2%	0.0%	0.5%	(0.2)%	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%
Refunds to grantors	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
Facilities and administrative remittances to State	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%
Total Expenses	100.0%									

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

	For the Fiscal Year									
	<i>(amounts expressed in thousands)</i>									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Total revenues (from schedule of revenues by source)	\$ 970,843	\$ 870,930	\$ 793,988	\$ 805,211	\$ 754,777	\$ 706,368	\$ 717,738	\$ 689,698	\$ 628,882	\$ 649,206
Total expenses (from schedule of expenses by use and function)	(944,926)	(895,284)	(848,652)	(1,227,496)	(723,666)	(667,321)	(647,833)	(629,092)	(627,646)	(647,471)
Income (loss) before other revenues, expenses, gains or losses	25,917	(24,354)	(54,664)	(422,285)	31,111	39,047	69,905	60,606	1,236	1,735
State capital appropriations	5,240	15,886	4,457	9,397	9,612	9,468	6,643	3,736	6,986	19,501
Capital grants and gifts	56,006	37,580	6,448	6,198	21,945	28,350	38,376	31,148	13,059	3,998
Additions to permanent endowments	20	567	209	123	2,710	4,259	2,765	11,846	2,491	5,898
Total changes in net position	87,183	29,679	(43,550)	(406,567)	65,378	81,124	117,689	107,336	23,772	31,132
Net position, beginning	695,931	666,252	709,802	1,116,369	1,050,991	969,867	852,178	744,842	721,070	689,938
Net position, ending	\$ 783,114	\$ 695,931	\$ 666,252	\$ 709,802	\$ 1,116,369	\$ 1,050,991	\$ 969,867	\$ 852,178	\$ 744,842	\$ 721,070
Net investment in capital assets	\$ 770,325	\$ 759,323	\$ 680,331	\$ 639,236	\$ 604,854	\$ 535,281	\$ 462,861	\$ 483,924	\$ 456,106	\$ 429,669
Restricted - expendable	58,867	99,062	126,834	184,828	192,765	201,484	221,593	147,714	127,686	104,065
Restricted - nonexpendable	144,460	58,698	58,323	58,241	57,880	55,045	50,959	47,853	35,785	33,916
Unrestricted	(190,538)	(221,152)	(199,236)	(172,503)	260,870	259,181	234,454	172,687	125,265	153,420
Total	\$ 783,114	\$ 695,931	\$ 666,252	\$ 709,802	\$ 1,116,369	\$ 1,050,991	\$ 969,867	\$ 852,178	\$ 744,842	\$ 721,070

SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	For the Fiscal Year									
	<i>(amounts expressed in thousands except for outstanding debt per student)</i>									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
General Obligation Bonds	\$ 150,350	\$ 104,435	\$ 110,615	\$ 116,770	\$ 88,420	\$ 93,075	\$ 99,610	\$ 41,550	\$ 45,685	\$ 49,660
Plant Improvement Bonds	—	—	—	—	—	—	—	820	1,610	2,360
Revenue Bonds	289,205	295,600	110,860	26,585	32,350	37,620	42,090	46,900	51,490	55,875
Athletic Facilities Revenue Bonds	130,605	134,450	118,875	22,680	24,150	25,600	30,045	31,770	33,410	34,975
Subtotal bonds payable	570,160	534,485	340,350	166,035	144,920	156,295	171,745	121,040	132,195	142,870
Unamortized bond premiums	36,097	33,984	20,425	9,387	7,145	8,078	4,954	1,301	1,442	1,583
Total bonds payable	606,257	568,469	360,775	175,422	152,065	164,373	176,699	122,341	133,637	144,453
Notes Payable	—	—	—	—	150	475	964	1,256	1,394	1,876
Capital Lease Obligations	11,990	12,967	13,993	14,963	15,911	—	—	430	873	1,285
Total outstanding debt	\$ 618,247	\$ 581,436	\$ 374,768	\$ 190,385	\$ 168,126	\$ 164,848	\$ 177,663	\$ 124,027	\$ 135,904	\$ 147,614
Full-time equivalent students	22,307	21,654	20,823	20,202	19,800	18,980	18,417	18,237	17,367	16,250
Outstanding debt per student	\$ 27,715	\$ 26,851	\$ 17,998	\$ 9,424	\$ 8,491	\$ 8,685	\$ 9,647	\$ 6,801	\$ 7,825	\$ 9,084

Note: Outstanding debt per student calculated using fall semester full-time equivalent student enrollment data for the last ten academic years (page 82).

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

SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years
(amounts in thousands)

General Obligation Bonds

Fiscal Year Ended June 30	Tuition and Matriculation Fees	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
			Principal	Interest	Total	
2017	\$ 35,823	\$ 35,823	\$ 6,480	\$ 5,058	\$ 11,538	3.10
2016	33,740	33,740	6,180	4,217	10,397	3.25
2015	29,579	29,579	6,155	4,544	10,699	2.76
2014	27,487	27,487	4,680	3,484	8,164	3.37
2013	24,703	24,703	4,655	3,823	8,478	2.91
2012	22,440	22,440	4,690	3,438	8,128	2.76
2011	21,028	21,028	4,310	2,746	7,056	2.98
2010	20,493	20,493	4,135	1,845	5,980	3.43
2009	19,607	19,607	3,975	2,006	5,981	3.28
2008	15,534	15,534	3,815	2,158	5,973	2.60

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Revenue Bonds

Fiscal Year Ended June 30	Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2017	\$ 68,185	\$ 42,855	\$ 25,330	\$ 6,395	\$ 10,970	\$ 17,365	1.46
2016	62,317	39,103	23,214	6,260	7,917	14,177	1.64
2015	58,653	38,667	19,986	6,010	890	6,900	2.90
2014	56,749	36,310	20,439	5,765	691	6,456	3.17
2013	55,452	35,233	20,219	5,270	1,137	6,407	3.16
2012	50,466	31,636	18,830	5,320	1,968	7,288	2.58
2011	49,363	32,057	17,306	4,810	1,875	6,685	2.59
2010	49,943	32,386	17,557	4,590	2,293	6,883	2.55
2009	44,795	30,226	14,569	4,385	2,816	7,201	2.02
2008	43,043	26,913	16,130	4,185	3,016	7,201	2.24

Athletic Facilities Revenue Bonds

Fiscal Year Ended June 30	Athletic Revenues	Athletic Operating Expenses	Net Athletic Revenues	Admissions Fee	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
						Principal	Interest	Total	
2017	\$ 117,150	\$ 101,322	\$ 15,828	\$ 2,214	\$ 18,042	\$ 3,845	\$ 4,946	\$ 8,791	2.05
2016	112,996	92,274	20,722	1,927	22,649	3,300	4,752	8,052	2.81
2015	85,185	77,052	8,133	2,046	10,179	1,380	1,616	2,996	3.40
2014	82,087	72,762	9,325	667	9,992	1,470	802	2,272	4.40
2013	76,099	65,588	10,511	2,031	12,542	1,450	953	2,403	5.22
2012	73,151	66,988	6,163	2,015	8,178	975	1,054	2,029	4.03
2011	56,551	54,441	2,110	1,980	4,090	1,725	1,392	3,117	1.31
2010	53,175	51,474	1,701	1,883	3,584	1,640	1,460	3,100	1.16
2009	57,228	52,751	4,477	1,915	6,392	1,565	1,524	3,089	2.07
2008	55,140	48,455	6,685	2,062	8,747	1,490	1,585	3,075	2.84

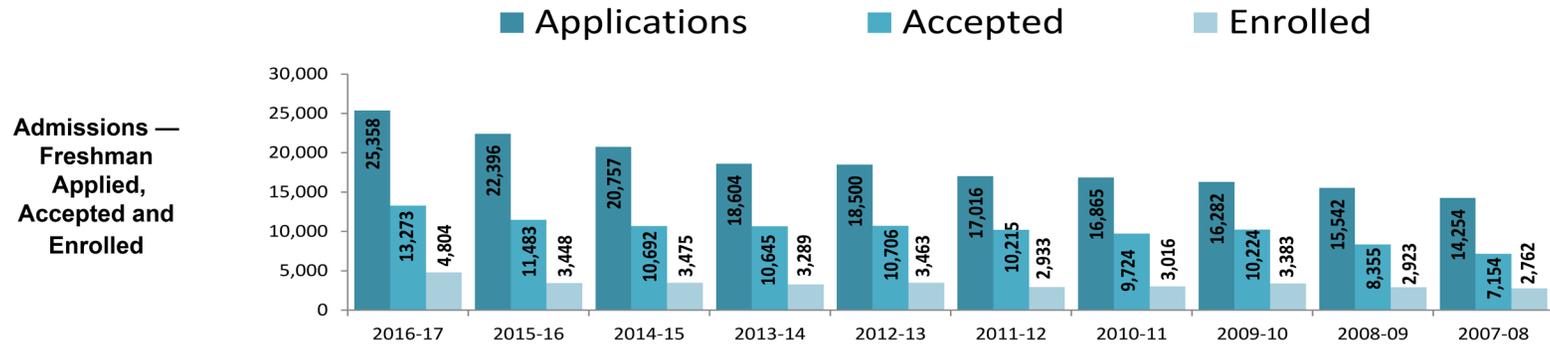
Note: The revenue bonds are secured by revenues from five sources: dining services, vending operations, the university bookstore, student housing and parking.
Source: Clemson University Comprehensive Annual Financial Reports.

ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

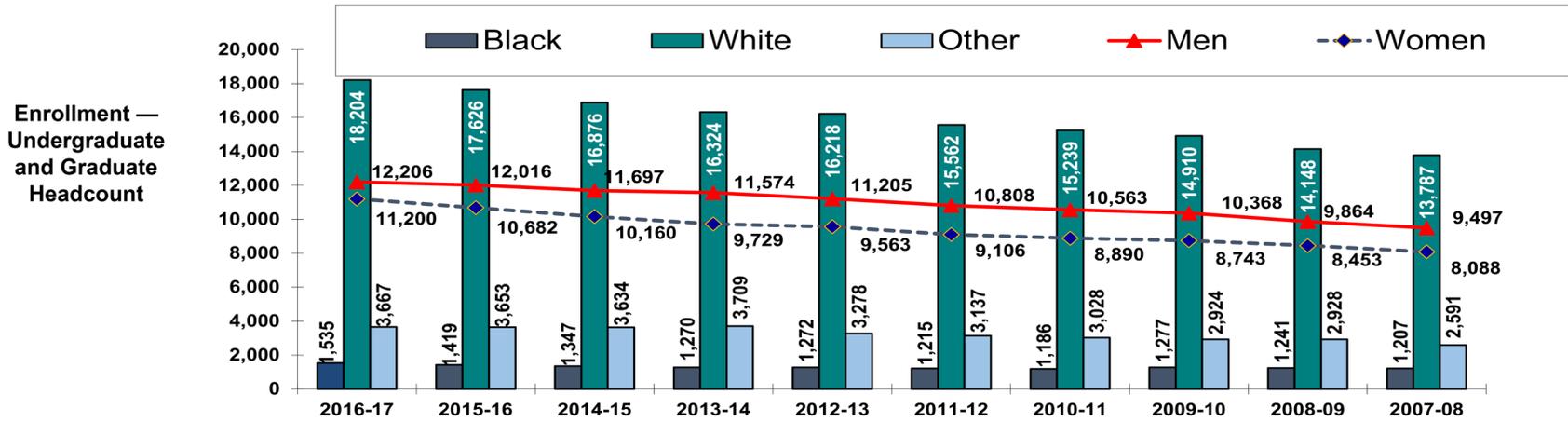
Last Ten Academic Years

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Admissions-Freshman										
Accepted as a percentage of applications	52.3%	51.3%	51.5%	57.2%	57.9%	60.0%	57.7%	62.8%	53.8%	50.2%
Enrolled as a percentage of accepted	36.2%	30.0%	32.5%	30.9%	32.3%	28.7%	31.0%	33.1%	35.0%	38.6%
SAT scores-total	1,242	1,251	1,252	1,246	1,246	1,229	1,231	1,225	1,227	1,221
Verbal	611	613	611	609	610	599	599	597	597	595
Math	631	638	641	637	636	630	632	628	630	626
South Carolina average SAT score-total	987	978	978	971	969	972	979	982	985	984

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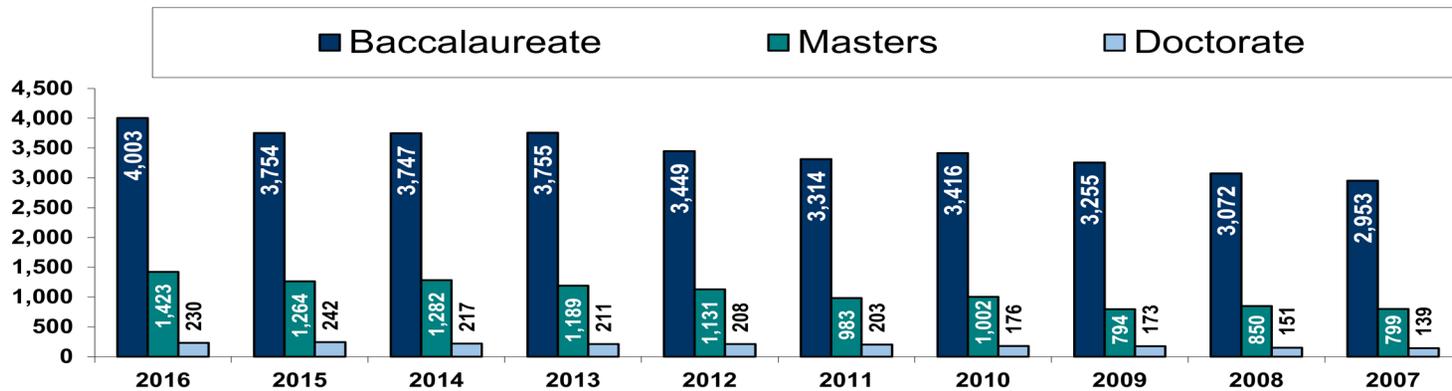
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Enrollment										
Undergraduate and graduate FTE	22,307	21,654	20,823	20,202	19,800	18,980	18,417	18,237	17,367	16,250
Undergraduate and graduate headcount	23,406	22,698	21,857	21,303	20,768	19,914	19,453	19,111	18,317	17,585
Percentage of men	52.1%	52.9%	53.5%	54.3%	53.9%	54.3%	54.3%	54.2%	53.9%	54.0%
Percentage of women	47.9%	47.1%	46.5%	45.7%	46.1%	45.7%	45.7%	45.8%	46.1%	46.0%
Percentage of black	6.6%	6.3%	6.2%	6.0%	6.1%	6.1%	6.1%	6.7%	6.8%	6.9%
Percentage of white	77.8%	77.6%	77.2%	76.6%	78.1%	78.2%	78.3%	78.0%	77.2%	78.4%
Percentage of other	15.7%	16.1%	16.6%	17.4%	15.8%	15.7%	15.6%	15.3%	16.0%	14.7%



	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Degrees Earned*										
Baccalaureate	4,003	3,754	3,747	3,755	3,449	3,314	3,416	3,255	3,072	2,953
Masters**	1,423	1,264	1,282	1,189	1,131	983	1,002	794	850	799
Doctorate	230	242	217	211	208	203	176	173	151	139

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

** Masters awards include specialist degrees.



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

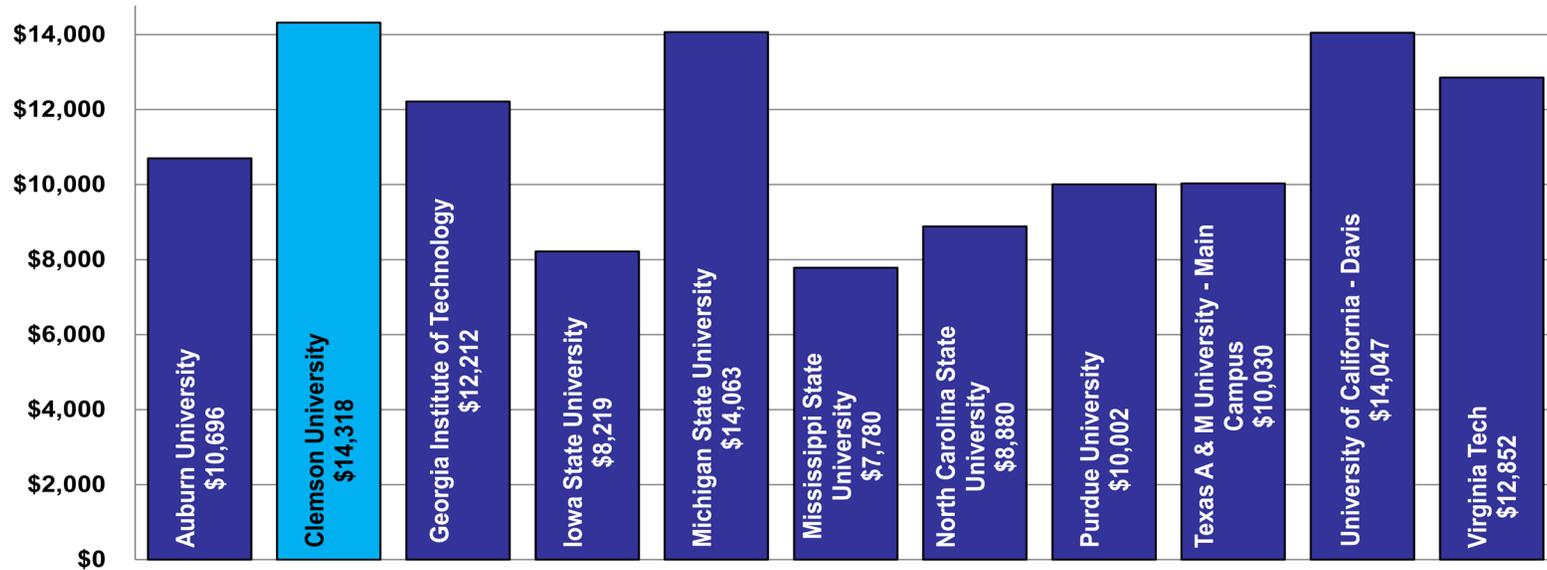
UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES

Clemson University in Comparison to Ten Peer Land-Grant Institutions

Last ten fiscal years

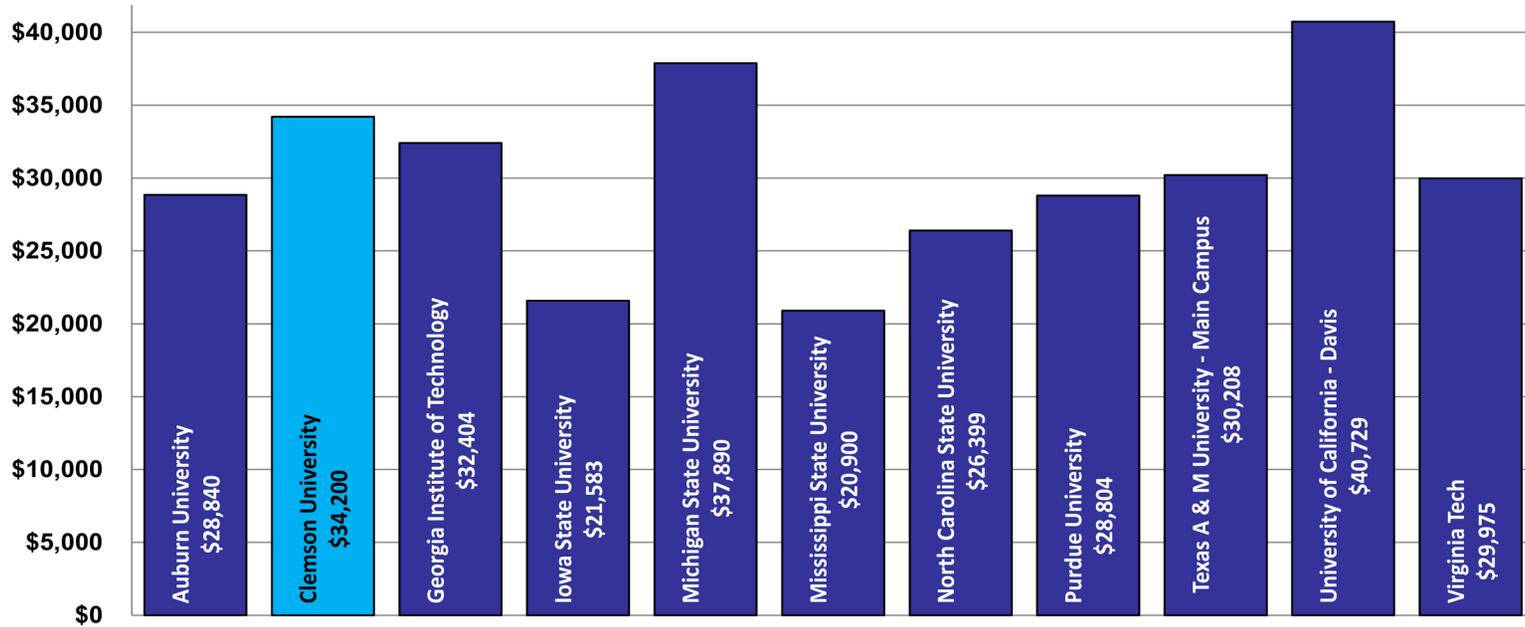
Institution - Resident	For the Fiscal Year									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Auburn University	\$ 10,696	\$ 10,424	\$ 10,200	\$ 9,852	\$ 9,446	\$ 8,698	\$ 7,900	\$ 6,972	\$ 6,500	\$ 5,834
Georgia Institute of Technology	12,212	12,204	11,394	10,650	10,098	9,652	8,716	7,506	6,040	5,642
Iowa State University	8,219	7,736	7,731	7,726	7,726	7,486	6,997	6,651	6,360	6,161
Michigan State University	14,063	13,560	13,200	12,863	12,623	12,203	11,153	10,880	10,214	9,640
Mississippi State University	7,780	7,502	7,140	6,772	6,264	5,805	5,461	5,151	5,151	4,929
North Carolina State University	8,880	8,581	8,296	8,206	7,788	7,018	6,529	5,474	5,274	5,117
Purdue University	10,002	10,002	10,002	9,992	9,900	9,478	9,070	8,638	7,750	7,416
Texas A & M University - Main Campus	10,030	9,428	9,179	8,506	8,506	8,421	8,387	8,177	7,844	7,335
University of California - Davis	14,047	13,952	13,896	13,896	15,257	15,123	13,080	10,405	9,497	8,925
Virginia Tech	12,852	12,485	12,017	11,455	10,923	10,509	9,459	8,605	8,198	7,397

Undergraduate Tuition and Fees - Resident — FY 2016-17



Institution - Non Resident	For the Fiscal Year									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Auburn University	\$ 28,840	\$ 28,040	\$ 27,384	\$ 26,364	\$ 22,977	\$ 23,290	\$ 21,916	\$ 19,452	\$ 18,260	\$ 16,334
Clemson University	34,200	32,800	31,462	30,488	29,700	28,562	27,420	25,388	23,401	21,867
Georgia Institute of Technology	32,404	32,396	30,698	29,954	29,402	27,862	26,926	25,716	25,182	23,366
Iowa State University	21,583	20,856	20,617	20,278	19,838	19,358	18,563	17,871	17,350	16,919
Michigan State University	37,890	36,360	34,965	33,750	32,580	31,148	29,108	27,343	23,500	23,500
Mississippi State University	20,900	20,142	18,478	16,960	15,828	14,670	13,801	13,021	12,503	11,420
North Carolina State University	26,399	24,932	23,551	21,661	20,953	19,853	19,064	17,959	17,572	17,315
Purdue University	28,804	28,804	28,804	28,794	28,702	27,646	26,622	25,118	23,224	22,224
Texas A & M University - Main Campus	30,208	28,021	26,356	25,126	25,036	23,811	22,817	22,607	22,184	15,675
University of California - Davis	40,729	38,660	36,774	36,774	38,135	38,001	35,959	33,074	30,105	28,545
Virginia Tech	29,975	29,129	28,048	27,211	25,915	24,480	23,217	21,878	20,825	19,775

Undergraduate Tuition and Fees - Non Resident — FY 2016-17



These figures are for undergraduate first-time, full-time students with an academic year of 24 semester hours or 30 quarter hours.

Source: University of Wyoming (oia.uwyo.edu/charges)

FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

Numbers are Based on the October 1st Freeze Date from the Clemson University Business System
For the Fiscal Year

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Faculty										
Part-time	287	244	217	172	196	215	248	238	284	269
Full-time	1,199	1,187	1,171	1,157	1,111	1,110	1,150	1,153	1,205	1,205
Percentage tenured	43.5%	43.4%	45.3%	46.7%	46.7%	43.8%	42.3%	42.7%	40.1%	39.5%
Staff and administrators with faculty rank										
Part-time	1,085	982	921	856	783	682	668	687	581	506
Full-time	2,651	2,650	2,591	2,542	2,475	2,388	2,486	2,657	2,839	2,834
Total employees										
Part-time	1,372	1,226	1,138	1,028	979	897	916	925	865	775
Full-time	3,850	3,837	3,762	3,699	3,586	3,498	3,636	3,810	4,044	4,039
Students per full-time										
Faculty	19.5	19.1	18.7	18.4	18.7	17.9	16.9	16.8	15.2	14.6
Staff	8.8	8.6	8.4	8.4	8.4	8.3	7.8	5.0	6.5	6.2
Average annual faculty salary*	\$ 94,510	\$ 92,110	\$ 91,984	\$ 89,788	\$ 89,474	\$ 80,200	\$ 78,257	\$ 78,038	\$ 77,330	\$ 76,639

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

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

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

SCHEDULE OF CAPITAL ASSET INFORMATION

Last Ten Fiscal Years

	For the Fiscal Year									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Academic buildings:										
Net assignable square feet (in thousands)	1,347,951	1,326,740	1,370,476	1,427,870	1,391,955	1,292,391	1,286,350	1,675,560	1,310,706	1,169,179
Administrative and support buildings:										
Net assignable square feet (in thousands)	589,243	579,205	534,617	533,047	570,867	529,590	615,539	731,487	630,397	667,120
Laboratories:										
Net assignable square feet (in thousands)	604,448	597,556	597,540	674,059	604,045	644,171	598,763	986,055	725,166	715,677
Auxiliary and independent operations buildings:										
Net assignable square feet (in thousands)	1,692,580	1,644,622	1,644,622	1,719,202	1,726,207	1,618,671	1,527,397	1,674,427	1,637,796	1,782,291
Student housing:										
Residence halls	20	23	23	23	23	23	23	23	23	23
Suites	5	3	3	3	3	3	3	3	3	3
Apartments	4	4	4	4	4	4	4	4	4	4
Units available	6,469	6,236	6,275	6,248	6,162	6,080	6,074	6,145	6,145	6,198
Units in use	6,469	6,122	6,140	6,113	6,303	5,724	5,845	6,303	5,974	5,923
Percent occupancy	100.0%	98.2%	97.8%	97.8%	102.3%	94.1%	96.2%	102.6%	97.2%	95.6%
Dining facilities:										
Locations	19	17	17	17	17	17	17	17	16	16
Average daily customers	18,701	18,316	18,020	17,746	17,667	17,200	16,277	15,651	14,851	15,024
Parking facilities:										
Parking spaces available	12,784	12,125	12,457	12,303	12,159	12,533	11,939	12,679	12,993	12,839
Parking permits issued to students	15,812	15,625	17,188	16,007	15,547	16,294	15,379	13,292	12,555	15,358
Parking permits issued to faculty/staff	5,106	5,001	5,093	5,069	4,973	4,814	4,983	4,730	4,678	3,898

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Sources:

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

DEMOGRAPHIC STATISTICS

State of South Carolina

Year	Personal Income as of June 30 (a)	Population at July 1 (b)	Per Capita Income (c)	Average Annual Unemployment Rate (d)
2016	\$ 198,762,651,000	4,987,575	\$ 39,852	4.8%
2015	186,285,746,000	4,869,991	38,041	6.0%
2014	178,485,001,000	4,832,482	36,934	6.6%
2013	169,282,713,000	4,774,839	35,453	7.6%
2012	161,863,730,000	4,723,723	34,266	9.1%
2011	156,230,797,000	4,679,230	33,673	10.3%
2010	149,283,181,000	4,596,958	33,163	11.2%
2009	144,342,563,000	4,561,242	31,799	11.7%
2008	149,324,705,000	4,479,800	31,884	6.9%
2007	142,166,788,000	4,407,709	31,013	5.9%

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

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

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

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

TEN LARGEST EMPLOYERS

State of South Carolina

Latest Completed Calendar Year and Ten Years Prior

(Listed Alphabetically)

2016	2006
Bi-Lo, Inc.	Bi-Lo, Inc.
Department of Defense	Blue Cross Blue Shield of South Carolina
Greenville Health System	Department of Defense
Michelin North America, Inc	Michelin North America Inc.
Palmetto Health	Palmetto Health
Publix Super Markets Inc.	Savannah River Company
School District of Greenville County	School District of Greenville County
University of South Carolina	University of South Carolina
US Postal Service	US Postal Service
Wal-Mart Associates, Inc.	Wal-Mart Associates, Inc.

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

Source: South Carolina Department of Employment and Workforce



*Supplementary Information
to the Financial Statements
(unaudited)*

CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
AUXILIARY REVENUE BONDS (SERIES 2005 , 2012, 2015 AND 2015B)

For the year ended June 30, 2017

Description	Dining Services	Vending Operations	Bookstore	Parking Services	Housing	Total
Revenues:						
Student meal plans	\$ 20,602,055	\$ —	\$ —	\$ —	\$ —	\$ 20,602,055
Food service commissions	2,232,083	—	—	—	—	2,232,083
Other	—	199,257	—	—	49,017	248,274
Residence halls	—	—	—	—	37,176,873	37,176,873
Campus vending machines	—	300,000	—	—	—	300,000
ATM rental	—	138,140	—	5,607	—	143,747
Contract revenue	244,894	123,226	1,219,074	77,594	—	1,664,788
Parking permits	—	—	—	2,872,824	—	2,872,824
Transit fees	—	—	—	1,288,853	—	1,288,853
Parking citations	—	—	—	967,482	—	967,482
Meter revenue	—	—	—	450,002	—	450,002
Investment income	81,124	4,953	663	14,999	135,812	237,551
Total revenues	<u>23,160,156</u>	<u>765,576</u>	<u>1,219,737</u>	<u>5,677,361</u>	<u>37,361,702</u>	<u>68,184,532</u>
Expenses:						
Salaries	336,392	—	72,766	1,191,760	6,533,320	8,134,238
Fringe benefits	121,850	—	26,442	406,447	1,966,496	2,521,235
Travel	5,587	—	—	25,051	112,855	143,493
Contractual services	14,161,082	—	—	1,112,180	559,042	15,832,304
Repairs	332,465	349	3,940	112,585	607,713	1,057,052
Telecommunications	14,877	40	—	14,863	207,222	237,002
Heat, light, and power	1,181,381	—	16,599	69,725	3,378,459	4,646,164
Water, sewer and garbage	276,379	—	—	658	667,837	944,874
Rents	65,432	75	175	35,409	70,442	171,533
Supplies and materials	157,605	—	—	114,615	910,955	1,183,175
Insurance	38,110	346	—	15,430	263,058	316,944
University debit card fees	239,344	2,231	—	—	34,602	276,177
Cable television	—	—	—	—	300,608	300,608
Other operating expenses	2,070,595	62,763	98,004	839,867	3,852,558	6,923,787
Capital outlay	53,018	—	—	6,644	106,539	166,201
Total expenses	<u>19,054,117</u>	<u>65,804</u>	<u>217,926</u>	<u>3,945,234</u>	<u>19,571,706</u>	<u>42,854,787</u>
Net revenues	<u>\$ 4,106,039</u>	<u>\$ 699,772</u>	<u>\$ 1,001,811</u>	<u>\$ 1,732,127</u>	<u>\$ 17,789,996</u>	<u>\$ 25,329,745</u>

CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
ATHLETIC FACILITIES REVENUE BONDS (SERIES 2012, 2014A, 2014B, 2014C, 2015 AND 2015B)

For the year ended June 30, 2017

Description	Football	Basketball	Other Sports	Non Program Specific	Total
Revenues:					
Ticket sales	\$ 23,031,047	\$ 1,858,096	\$ 1,071,129	\$ —	\$ 25,960,272
Direct institutional support	1,534,725	607,612	3,287,768	42,783	5,472,888
Guarantees and away game sales	—	—	2,000	—	2,000
Contributions	4,964,420	1,361,678	5,173,630	27,033,968	38,533,696
In kind car leases	45,227	61,231	50,122	55,737	212,317
Media rights - broadcast, television, radio and internet	12,476,564	4,158,855	—	2,600,000	19,235,419
NCAA distributions including all tournament revenues	2,173,181	724,394	—	—	2,897,575
Conference distributions including all tournament revenues	2,106,565	2,653,828	138,673	166,186	5,065,252
Program sales, concessions, novelty sales and parking	1,044,023	142,180	141,190	584,912	1,912,305
Royalties, advertisements and sponsorships	750,000	200,000	133,750	10,430,721	11,514,471
Sports camp revenues	926,032	—	—	—	926,032
Endowment and investment income	7,786	—	—	34,452	42,238
Other revenue	—	—	60,125	180,022	240,147
Bowl revenues	5,134,925	—	—	—	5,134,925
Total revenues	54,194,495	11,767,874	10,058,387	41,128,781	117,149,537
Operating Expenditures:					
Athletic student aid	5,226,399	1,731,622	8,461,398	1,263,572	16,682,991
Guarantees	1,225,000	503,879	47,605	—	1,776,484
Coaching salaries, benefits and bonuses paid by the institution and related entities	10,931,675	3,500,686	4,657,555	—	19,089,916
Support staff/administrative salaries, benefits and bonuses paid by the institution and related entities	4,549,199	839,190	358,194	13,542,309	19,288,892
Severance pay	—	—	169,878	—	169,878
Recruiting	1,065,046	420,194	500,598	—	1,985,838
Team travel	1,930,086	1,025,166	2,584,424	—	5,539,676
Equipment, uniforms and supplies	1,528,545	326,101	1,097,991	228,516	3,181,153
Game expenses	2,913,850	605,900	647,858	207,006	4,374,614
Fund raising, marketing and promotion	261,927	209,659	155,518	4,591,456	5,218,560
Sports camp expenses	1,134,577	—	—	—	1,134,577
Spirit group expenses	—	—	—	342,912	342,912
Direct facilities, maintenance and rental	1,778,824	514,642	575,107	3,517,126	6,385,699
Medical and insurance expenses	89,761	22,504	206,930	173,632	492,827
Dues and membership expenses	4,760	4,082	14,607	40,979	64,428
Student-Athlete meals (non-travel)	848,789	112,705	120,639	—	1,082,133
Other operating expenses	1,883,179	361,726	705,853	4,333,581	7,284,339
Bowl expenses	7,227,197	—	—	—	7,227,197
Total operating expenditures	42,598,814	10,178,056	20,304,155	28,241,089	101,322,114
Net Revenues	\$ 11,595,681	\$ 1,589,818	\$ (10,245,768)	\$ 12,887,692	\$ 15,827,423

CLEMSON UNIVERSITY REPORTING ENTITY COMBINED STATEMENT OF NET/FINANCIAL POSITION

For the year ended June 30, 2017

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY17 Total	FY16 Total
Assets:									
<i>Current Assets:</i>									
Cash and cash equivalents	\$ 202,409,684	\$ 6,673,403	\$ 60,342,269	\$ 3,180,632	\$ 29,444,903	\$ 302,050,891	\$ —	\$ 302,050,891	\$ 291,824,952
<i>Restricted Assets - Current:</i>									
Cash and cash equivalents	255,950,728	1,979,498	—	—	—	257,930,226	—	257,930,226	347,290,822
Accounts receivable	21,779,643	387,407	1,540,670	8,008	94,953	23,810,681	(2,949,476)	20,861,205	24,574,316
Grants and contracts receivable	22,959,761	—	—	—	—	22,959,761	(147,800)	22,811,961	21,467,477
Contributions receivable, net	833,988	—	25,004,479	—	26,784,435	52,622,902	—	52,622,902	54,879,346
Interest and income receivable	1,455,192	—	—	—	—	1,455,192	—	1,455,192	1,444,015
Student loans receivable	12,918	—	—	—	—	12,918	—	12,918	34,427
Notes receivable	—	137,500	—	—	—	137,500	—	137,500	137,500
Inventories	3,230,435	—	—	—	—	3,230,435	—	3,230,435	3,198,586
Prepaid items	9,012,246	140,547	—	1,416	—	9,154,209	—	9,154,209	11,607,442
Other current assets	<u>1,002,744</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,002,744</u>	<u>—</u>	<u>1,002,744</u>	<u>549,337</u>
Total current assets	<u>518,647,339</u>	<u>9,318,355</u>	<u>86,887,418</u>	<u>3,190,056</u>	<u>56,324,291</u>	<u>674,367,459</u>	<u>(3,097,276)</u>	<u>671,270,183</u>	<u>757,008,220</u>
<i>Noncurrent Assets:</i>									
Notes receivable	198,902,686	206,250	198,902,686	—	—	398,011,622	(198,902,686)	199,108,936	178,317,702
Lease obligation receivable	—	—	—	11,892,715	—	11,892,715	(11,892,715)	—	—
Contributions receivable, net	980,232	—	—	—	—	980,232	—	980,232	1,123,759
Investments	2,542,152	—	527,241,331	45,657,439	25,779,779	601,220,701	(75,974,529)	525,246,172	463,425,060
Cash surrender value of life insurance	—	—	2,005,682	—	—	2,005,682	—	2,005,682	2,111,947
<i>Restricted Assets - Noncurrent</i>									
Cash and cash equivalents	18,059,168	—	—	—	—	18,059,168	—	18,059,168	18,171,383
Student loans receivable	7,463,904	—	—	—	—	7,463,904	—	7,463,904	7,374,908
Other assets	406,168	953,866	639,098	2,235,452	—	4,234,584	—	4,234,584	3,827,804
Real estate held for resale	—	—	11,900	11,205,769	—	11,217,669	—	11,217,669	11,488,274
Capital assets, not being depreciated	227,900,542	530,972	8,971,049	—	—	237,402,563	—	237,402,563	305,946,869
Capital assets, net of accumulated depreciation	<u>1,042,486,882</u>	<u>179,864</u>	<u>376,536</u>	<u>—</u>	<u>—</u>	<u>1,043,043,282</u>	<u>—</u>	<u>1,043,043,282</u>	<u>810,790,081</u>
Total noncurrent assets	<u>1,498,741,734</u>	<u>1,870,952</u>	<u>738,148,282</u>	<u>70,991,375</u>	<u>25,779,779</u>	<u>2,335,532,122</u>	<u>(286,769,930)</u>	<u>2,048,762,192</u>	<u>1,802,577,787</u>
Total assets	<u>2,017,389,073</u>	<u>11,189,307</u>	<u>825,035,700</u>	<u>74,181,431</u>	<u>82,104,070</u>	<u>3,009,899,581</u>	<u>(289,867,206)</u>	<u>2,720,032,375</u>	<u>2,559,586,007</u>
Deferred outflows of resources:									
Deferred losses on bond refunding	1,154,715	—	—	—	—	1,154,715	—	1,154,715	1,653,330
Deferred outflows on net pension liability	<u>92,164,098</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>92,164,098</u>	<u>—</u>	<u>92,164,098</u>	<u>49,135,897</u>
Total deferred outflows of resources	<u>93,318,813</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>93,318,813</u>	<u>—</u>	<u>93,318,813</u>	<u>50,789,227</u>
Total assets and deferred outflows of resources	<u>\$ 2,110,707,886</u>	<u>\$ 11,189,307</u>	<u>\$ 825,035,700</u>	<u>\$ 74,181,431</u>	<u>\$ 82,104,070</u>	<u>\$ 3,103,218,394</u>	<u>\$ (289,867,206)</u>	<u>\$ 2,813,351,188</u>	<u>\$ 2,610,375,234</u>

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY17 Total	FY16 Total
Liabilities:									
Current Liabilities									
Accounts and retainages payable	\$ 26,756,948	\$ 303,441	\$ 1,125,195	\$ 225,527	\$ 1,632,255	\$ 30,043,365	\$ (2,164,804)	\$ 27,878,561	\$ 60,321,557
Accrued payroll and related liabilities	20,310,087	—	—	—	—	20,310,087	—	20,310,087	19,422,755
Accrued compensated absences and related liabilities	14,967,394	—	—	—	—	14,967,394	—	14,967,394	18,470,397
Accrued interest payable	4,309,690	—	—	28,639	—	4,338,329	—	4,338,329	4,304,796
Unearned revenues	46,744,821	83,048	—	2,931,974	—	49,759,843	—	49,759,843	41,995,527
Bonds payable	21,402,558	—	—	—	—	21,402,558	—	21,402,558	18,792,284
Capital leases payable	708,862	—	—	—	—	708,862	(574,408)	134,454	403,046
Deposits	2,208,020	—	—	28,495	—	2,236,515	—	2,236,515	1,445,065
Funds held for others	812,926	—	—	—	—	812,926	—	812,926	805,540
Total current liabilities	<u>138,221,306</u>	<u>386,489</u>	<u>1,125,195</u>	<u>3,214,635</u>	<u>1,632,255</u>	<u>144,579,879</u>	<u>(2,739,212)</u>	<u>141,840,667</u>	<u>165,960,967</u>
Noncurrent Liabilities:									
Accrued compensated absences and related liabilities	10,603,606	—	—	—	—	10,603,606	—	10,603,606	10,485,603
Due to the University	—	—	198,902,686	—	—	198,902,686	(198,902,686)	—	—
Funds held for others	7,714,012	—	55,974,519	20,932,472	—	84,621,013	(76,907,001)	7,714,012	7,751,177
Net pension liability	573,168,554	—	—	—	—	573,168,554	—	573,168,554	509,741,860
Bonds payable	584,854,400	—	—	—	—	584,854,400	—	584,854,400	549,676,754
Capital leases payable	11,280,855	—	—	—	—	11,280,855	(11,318,307)	(37,452)	97,002
Notes payable	—	—	—	22,887,894	—	22,887,894	—	22,887,894	20,996,162
Annuities payable	—	—	4,713,212	—	—	4,713,212	—	4,713,212	4,618,507
Total noncurrent liabilities	<u>1,187,621,427</u>	<u>—</u>	<u>259,590,417</u>	<u>43,820,366</u>	<u>—</u>	<u>1,491,032,220</u>	<u>(287,127,994)</u>	<u>1,203,904,226</u>	<u>1,103,367,065</u>
Total liabilities	<u>1,325,842,733</u>	<u>386,489</u>	<u>260,715,612</u>	<u>47,035,001</u>	<u>1,632,255</u>	<u>1,635,612,099</u>	<u>(289,867,206)</u>	<u>1,345,744,893</u>	<u>1,269,328,032</u>
Deferred inflows of resources:									
Deferred inflows on net pension liability	1,750,844	—	—	—	—	1,750,844	—	1,750,844	929,451
Total deferred inflows of resources	<u>1,750,844</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,750,844</u>	<u>—</u>	<u>1,750,844</u>	<u>929,451</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,327,593,577</u>	<u>\$ 386,489</u>	<u>\$ 260,715,612</u>	<u>\$ 47,035,001</u>	<u>\$ 1,632,255</u>	<u>\$ 1,637,362,943</u>	<u>\$ (289,867,206)</u>	<u>\$ 1,347,495,737</u>	<u>\$ 1,270,257,483</u>
Net Position									
Net investment in capital assets	\$ 770,324,745	\$ 1,638,206	\$ 9,347,585	\$ —	\$ —	\$ 781,310,537	\$ —	\$ 781,310,537	\$ 770,520,370
Restricted for non expendable purposes:									
Scholarships and fellowships	58,866,602	—	304,787,735	—	404,923	363,654,337	—	363,654,337	353,605,729
Restricted for expendable purposes:									
Scholarships and fellowships	16,587,632	—	228,988,403	—	—	245,576,035	—	245,576,035	205,596,045
Research	1,041,782	1,986,721	—	—	—	3,028,503	—	3,028,503	3,452,013
Instructional/departmental use	14,372,124	—	—	—	—	14,372,124	—	14,372,124	16,458,838
Loans	2,109,820	—	—	—	—	2,109,820	—	2,109,820	2,134,737
Capital projects	101,566,077	—	—	—	—	105,665,526	—	105,665,526	54,424,817
Debt service	8,783,959	—	—	—	—	8,783,959	—	8,783,959	8,026,253
Unrestricted	(190,538,432)	7,177,891	21,196,365	27,146,430	80,066,892	(58,645,381)	—	(58,645,381)	(74,101,051)
Total net position	<u>\$ 783,114,309</u>	<u>\$ 10,802,818</u>	<u>\$ 564,320,088</u>	<u>\$ 27,146,430</u>	<u>\$ 80,471,815</u>	<u>\$ 1,465,855,460</u>	<u>\$ —</u>	<u>\$ 1,465,855,460</u>	<u>\$ 1,340,117,751</u>

CLEMSON UNIVERSITY REPORTING ENTITY COMBINED STATEMENT OF REVENUES, EXPENSES, ACTIVITIES AND CHANGES IN NET POSITION

For the year ended June 30, 2017

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY17 Total	FY16 Total
Revenues:									
<i>Operating Revenues:</i>									
Student tuition and fees (net of scholarship allowances of \$99,415,007)	\$ 364,125,796	\$ —	\$ —	\$ —	\$ —	\$ 364,125,796	\$ —	\$ 364,125,796	\$ 341,076,940
Federal grants and contracts	81,923,483	1,104,265	—	278,543	—	83,306,291	(786,358)	82,519,933	73,299,089
State grants and contracts	62,055,230	—	—	—	—	62,055,230	—	62,055,230	58,828,423
Local grants and contracts	1,771,818	—	—	—	—	1,771,818	—	1,771,818	911,966
Nongovernmental grants and contracts	11,616,470	32,189	—	—	—	11,648,659	—	11,648,659	12,876,820
Sales and services of educational and other activities	21,303,080	—	—	—	—	21,303,080	—	21,303,080	20,441,468
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$15,538,475)	124,492,211	—	—	—	—	124,492,211	—	124,492,211	107,230,229
Sales and services of auxiliary enterprises - not pledged	45,035,160	—	—	—	—	45,035,160	—	45,035,160	56,403,485
Other operating revenues	<u>34,036,616</u>	<u>1,508,477</u>	<u>5,612,401</u>	<u>3,721,928</u>	<u>—</u>	<u>44,879,422</u>	<u>(2,554,568)</u>	<u>42,324,854</u>	<u>42,113,490</u>
Total operating revenues	<u>746,359,864</u>	<u>2,644,931</u>	<u>5,612,401</u>	<u>4,000,471</u>	<u>—</u>	<u>758,617,667</u>	<u>(3,340,926)</u>	<u>755,276,741</u>	<u>713,181,910</u>
Expenses:									
<i>Operating Expenses:</i>									
Compensation and employee benefits	556,537,090	—	—	—	—	556,537,090	1,225,975	557,763,065	514,623,618
Services and supplies	265,758,294	2,552,981	35,625,693	2,100,428	76,401,338	382,334,261	(102,932,335)	279,401,926	284,407,194
Utilities	19,730,055	—	—	—	—	19,730,055	—	19,730,055	18,967,401
Depreciation	51,759,019	142,396	—	—	—	52,005,888	—	52,005,888	50,133,148
Scholarships and fellowships	<u>27,269,239</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>27,269,239</u>	<u>—</u>	<u>27,269,239</u>	<u>27,726,340</u>
Total operating liabilities	<u>921,053,697</u>	<u>2,695,377</u>	<u>35,625,693</u>	<u>2,100,428</u>	<u>76,401,338</u>	<u>1,037,876,533</u>	<u>(101,706,360)</u>	<u>936,170,173</u>	<u>895,857,701</u>
Operating income/(loss)	<u>(174,693,833)</u>	<u>(50,446)</u>	<u>(30,013,292)</u>	<u>1,900,043</u>	<u>(76,401,338)</u>	<u>(279,258,866)</u>	<u>98,365,434</u>	<u>(180,893,432)</u>	<u>(182,675,791)</u>

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY17 Total	FY16 Total
Nonoperating Revenues (Expenses):									
State appropriations	119,308,662	—	—	—	—	119,308,662	—	119,308,662	108,812,383
Federal appropriations	12,239,506	—	—	—	—	12,239,506	—	12,239,506	11,631,669
Gifts and grants	67,551,660	—	29,061,853	915,859	56,175,982	153,705,354	(60,518,167)	93,187,187	106,702,605
Interest income	3,699,622	61,651	5,451,172	(4,294)	283,047	9,491,198	—	9,491,198	10,195,769
Endowment income	19,955,244	—	49,460,033	—	2,363,850	71,779,127	—	71,779,127	(12,869,133)
Interest on capital asset related debt	(21,470,993)	—	—	(604,933)	—	(22,075,926)	—	(22,075,926)	(17,568,741)
Other nonoperating revenues	329,517	—	—	—	—	329,517	—	329,517	77,798
Gain/loss on disposal of capital assets	(566,539)	—	—	—	—	(566,539)	—	(566,539)	(87,192)
Refunds to grantorss	(119,773)	—	—	—	—	(119,773)	—	(119,773)	(70,675)
Facilities and administrative remittances to the State	(316,624)	—	—	—	—	(316,624)	—	(316,624)	(450,045)
Net nonoperating revenues	<u>200,610,282</u>	<u>61,651</u>	<u>83,973,058</u>	<u>306,632</u>	<u>58,822,879</u>	<u>343,774,502</u>	<u>(60,518,167)</u>	<u>283,256,335</u>	<u>206,374,438</u>
Income before other revenues, expenses, gains or losses	25,916,449	11,205	53,959,766	2,206,675	(17,578,459)	64,515,636	37,847,267	102,362,903	23,698,647
State capital appropriations	5,240,195	—	—	—	—	5,240,195	—	5,240,195	15,885,915
Capital grants and gifts	56,006,584	—	—	—	—	56,006,584	(37,970,034)	18,036,550	19,175,093
Intra-entity contributions	—	—	(122,767)	—	77,553	(45,214)	122,767	77,553	10,541
Additions to permanent endowments	20,510	—	—	—	—	20,510	—	20,510	567,036
Increase in net position	<u>87,183,738</u>	<u>11,205</u>	<u>53,836,999</u>	<u>2,206,675</u>	<u>(17,500,906)</u>	<u>125,737,711</u>	<u>—</u>	<u>125,737,711</u>	<u>59,337,232</u>
Net Position:									
Net position, beginning of year	695,930,571	10,791,613	510,483,089	24,939,755	97,972,721	1,340,117,749	—	1,340,117,749	1,280,780,519
Net position, end of year	<u>\$ 783,114,309</u>	<u>\$ 10,802,818</u>	<u>\$ 564,320,088</u>	<u>\$ 27,146,430</u>	<u>\$ 80,471,815</u>	<u>\$ 1,465,855,460</u>	<u>\$ —</u>	<u>\$ 1,465,855,460</u>	<u>\$ 1,340,117,751</u>

This Comprehensive Annual Financial Report is also available
on the Clemson University Comptroller Office website located at
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