Comprehensive Annual Financial Report

For the Year Ended June 30, 2007

Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina
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Prepared by the Comptrollers Office
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Introductory Section
(unaudited)
Dear Friends of Clemson:

As we ended the fiscal year 2006-2007, I was happy to report that Clemson University is the strongest it has ever been academically and financially. We reached an all-time record total of $113.9 million in private gifts for academics and athletics last year. We also set records for the percentage of alumni support and for total number of IPTAY donors.

The General Assembly increased our state funding for the second year in a row, allowing us to keep tuition increases low for the second straight year. This is strong confirmation of the State of South Carolina’s commitment to pursuing excellence in higher education while maintaining affordability and accessibility for students and families.

Clemson had a record number of 14,257 applicants for 2,800 spaces in the Fall 2007 freshman class. We also set new records for the number of Graduate School applications and for students participating in Study Abroad programs.

Our new students join a campus that now has a new direct fiber connection to the high-capacity computing networks needed for research, and where we have made upgrades in safety, security, IT and emergency communications technology. A new high performance computation center also opened at the Clemson University International Center for Automotive Research in Greenville, and work neared completion on the Carroll Campbell Graduate Education Center at CU-ICAR. These on-campus and off-campus initiatives are part of a larger mission to support innovation and the development of a knowledge-based economy for South Carolina.

Clemson is redefining the term “top-tier research university” by combining the best of two models: the scientific and technological horsepower of a major research university and the highly engaged academic and social environment of a small college. The strategic decisions that were made five or more years ago have begun to bear fruit as Clemson has moved into the Top-27 among the nation’s 164 public universities.

The purpose of setting an ambitious goal is to focus attention and effort on the things that affect quality, things like smaller classes, higher retention and graduation rates, and faculty resources, including faculty salaries. We have put our focus there and it has paid off.

Our Top-20 goal is a short-hand way of saying that Clemson wants to recruit and retain the best faculty and students, and then provide them with the best support system and the best environment possible for teaching, learning, research and service to the State of South Carolina and the Nation.

Sincerely,

James F. Barker, FAIA
President
University Goals

• Academics, research and service
  ➢ Excel in teaching, at both the undergraduate and graduate levels.
  ➢ Increase research and sponsored programs to exceed $150 million a year in research support.
  ➢ Set the standard in public service for land-grant universities by engaging the whole campus in service and outreach, including a focus on strategic emphasis areas.
  ➢ Foster Clemson’s academic reputation through strong academic programs, mission-oriented research and academic centers of excellence, relevant public service and highly regarded faculty and staff.
  ➢ Seek and cultivate areas where teaching, research and service overlap.

• Campus life
  ➢ Strengthen our sense of community and increase our diversity.
  ➢ Recognize and appreciate Clemson’s distinctiveness.
  ➢ Create greater awareness of international programs and increase activity in this area.
  ➢ Increase our focus on collaboration.
  ➢ Maintain an environment that is healthy, safe and attractive.

• Student performance
  ➢ Attract more students who are ranked in the top 10 percent of their high school classes and who perform exceptionally well on the SAT/ACT.
  ➢ Promote high graduation rates through increasing freshman retention, meeting expectations of high achievers and providing support systems for all students.
  ➢ Promote excellence in advising.
  ➢ Increase the annual number of doctoral graduates to the level of a top-20 public research university.
  ➢ Improve the national competitiveness of graduate student admissions and financial aid.

• Educational resources
  ➢ Campaign goal surpassed by 40 percent.
  ➢ Rededicate our energy and resources to improving the library.
  ➢ Increase faculty compensation to a level competitive with top-20 public universities.
  ➢ Increase academic expenditures per student to a level competitive with top-20 public universities.
  ➢ Manage enrollment to ensure the highest quality classroom experiences.

• Clemson’s national reputation
  ➢ Promote high integrity and professional demeanor among all members of the University community.
  ➢ Establish a Phi Beta Kappa chapter.
  ➢ Have at least two Clemson students win Rhodes Scholarships.
  ➢ Send student ensembles to perform at Carnegie Hall.
  ➢ Have at least two Clemson faculty win recognition by national academies.
  ➢ Publicize both national and international accomplishments of faculty, staff and students.
  ➢ While maintaining full compliance, achieve notable recognition with another national football championship, two championships in Olympic sports and two Final Four appearances in basketball.
LETTER OF TRANSMITTAL

October 12, 2007

To President Barker, 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, 2007. 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, 2007, the State Auditor contracted with the independent certified public accounting firm of KPMG, LLP, to perform the University’s annual audit. The auditors have issued an unqualified 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 Doctoral/Research University-Extensive, a category comprising less than 4 percent of all universities in America. Students can choose from more than 70 undergraduate and 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.

The University has adopted Governmental Accounting Standards Board Statement No. 39, Determining Whether Certain Organizations are Component Units, which provides criteria for determining whether certain organizations should
be reported as component units based on the nature and significance of their relationship with a related entity. Based on these criteria, the University has determined that the Clemson University Foundation and the Clemson University Research Foundation are indeed component units of the University. Consequently, the financial statements now include the accounts of these two entities as discretely presented component units.

**Local Economy**

According to *Vital Signs 2007 - Economic & Workforce Trends in South Carolina*, published by the South Carolina Employment Security Commission, potential obstacles to growth in the past year included the effects of higher energy prices, rising interest rates, and a significant slowdown in the housing market. Despite these obstacles, the State’s economy saw the fastest rate of net job growth since 1999 while total State personal income grew at its fastest pace since 2000.

Despite a record high average annual price per barrel of oil, personal consumption expenditures in South Carolina remained strong throughout 2006. Total gross sales in South Carolina rose by 12 percent, the fastest growth rate since the late 1970’s. This growth in spending was largely supported by a strong job market.

Total nonfarm employment grew by 1.9 percent in 2006, the fastest rate of net job growth since 1999, and outpaced the national average. This job growth was accompanied by a 6.2 percent increase in total State personal income, the fastest income growth since 2000.

This positive performance in retail sales, jobs and growth in personal income resulted in a slight decrease in the State’s jobless rate to 6.5%, compared to 6.7% for the previous year. Although the State’s average job growth has mirrored the U.S. average since 2003, the rate of labor force growth has nearly doubled the national rate. This rapid labor force growth has caused the unemployment rate to remain relatively high compared to national averages.

The Federal Reserve raised interest rates four times during 2006, triggering a 12 percent decline in U.S. housing starts. However, single family building permits declined only 6.8 percent in South Carolina, after rising between 10 and 23 percent during each of the four previous years. Although down in 2006, the number of single family building permits was still the second highest level ever recorded in the State.

Small businesses (less than 100 people) continue to employ the majority of workers in the State, with mid-sized and large businesses ranked second and third. More than 37,500 minority-owned businesses generated an estimated $4.6 billion in receipts.

*Vital Signs 2007 – Economic & Workforce Trends in South Carolina*, concluded that, “in terms of most indicators of short-term or cyclical performance, the State’s economy demonstrated strength and resilience in 2006”.

**Long-term Financial Planning**

The Academic Road Map is the University’s plan for academic excellence that calls for investments in three key areas: people and programs, infrastructure, and facilities. This plan is designed to identify academic areas that have the potential to become top-10 programs; core research initiatives that can generate substantial external funding; “niche” areas within departments that can allow for focused growth or development; and collaborative activities that increase public service, improve general education or fulfill other goals. This past year the University took several actions designed to enhance this plan.

After a nationwide search, Brett A. Dalton was selected as the University’s new Chief Financial Officer. This position was created through a restructuring of the University’s business and financial affairs division in order to enhance long-term financial strategic planning, develop new resources and increase efficiency and accountability. The Chief Financial Officer will report directly to the president as an executive officer of the University.

During the year-end meeting of faculty and staff, President Barker outlined a campus development plan that calls for an investment of $225 million in facility improvements, utility upgrades and information technology. The focus is on increasing and enhancing academic space; expanding research capacity; providing support systems to help faculty, staff and students achieve their goals; and improving the quality of life for the students. By leveraging existing or appropriated State funds, institutional bond capacity, auxiliary revenues and private gifts, Clemson expects to begin work on or complete some projects between now and 2010.

A consulting study in association with the University’s “Discovery” process designed to enhance University resources and reduce costs noted that the University had ample cash to implement an internal treasury function. This study noted that providing internal funds to departments and auxiliaries with independent revenue streams would avoid debt issuance costs and provide interest revenue on cash balances. As a result of this study, the University amended the ceiling and terms of its internal loan program from $500,000 and five years to $5 million and ten years. Ongoing analyses continue as the University strives to leverage its cash reserves.

**Major Initiatives**

In 2007, Clemson University commemorated the 200th anniversary of the birth of its founder, Thomas Green Clemson. The university began with one man and his dream for bettering educational opportunities for the state he came to call home.

Thomas Green Clemson was born in Philadelphia July 1, 1807. He was educated in the United States and Europe. He came to the South Carolina foothills in the 1830s after he married the daughter of Senator John C. Calhoun, Anna Maria Calhoun, in her father’s S.C. plantation house, Fort Hill. Clemson’s lifelong interest in farming was magnified by the influence of his father-in-law. Clemson served as ambassador to Belgium under four U.S. presidents and became the country’s first secretary of agriculture in 1860.

Clemson outlived his wife and children, finishing out his days at Fort Hill imagining the possibilities for higher education in the state of South Carolina. Upon his death on April 6, 1888,
most of his estate, including 814 acres of land, several houses and a considerable sum of personal assets, was willed for the establishment of a “high seminary of learning.” South Carolina’s governor signed a bill in 1889 accepting these gifts according to Clemson’s will, and Clemson Agricultural College officially opened its doors to 446 students and 15 faculty in 1893.

Over the years, the agriculture college grew and evolved with the times. The all-male military school became a “civilian,” coeducational institution in 1955. In 1964, the college became a university, expanding its academic offerings and research pursuit.

The legacy of Thomas and Anna Clemson lives today through South Carolina’s educational and economic opportunities.

**Academic reputation...**

Clemson University continues to be recognized as one of the nation’s best public, doctoral-granting institutions, with its highest placement to date — 27th — in the annual ranking by U.S. News & World Report. The university is improving in areas that directly impact faculty and students - smaller classes, lower student-to-faculty ratios and continued strong retention and graduation rates. “If we do the right things, make good decisions, are strategic about resource allocation and constantly focus on academic quality, the rankings would take care of themselves,” said President James F. Barker.

BusinessWeek magazine ranked Clemson’s undergraduate business program 19th among the public, doctoral-granting schools on “The Best Undergraduate Business Schools” list, and 45th on its comprehensive list of public and private institutions. These rankings are based on SAT scores, ratio of full-time faculty to students, average class size, the percentage of business majors with internships and the hours students spend each week on schoolwork, along with results of a survey of nearly 80,000 business majors at top schools and a poll of undergraduate recruiters.

An annual all-time record of $113.9 million in gifts to academics and athletics was set in the fiscal year that ended June 30. The total included a $39.3 million gift of land at the former naval base in North Charleston, the largest single gift in the school’s history, to the Clemson University Restoration Institute. The University and the Clemson University Foundation received $86 million for academic programs. IPTAY, which raises money for athletic scholarships, reported $15.1 million for the year as well as $189,827 given by members of the Tiger Cub Club and IPTAY Collegiate Club.

**Federal government agency support...**

The National Science Foundation selected Clemson University as a research site for the Center for Engineering Logistics and Distribution (CELDi), an Industry/University Cooperative Research Center (IUCRC). The center has the potential to affect the flow of raw materials, scheduling production and distributing finished goods for everything from homeland security and disaster preparedness to automobile production and distribution. As a CELDi university, Clemson will receive at least $1 million over a three-year period through industry projects and matching contributions.

The U.S. Department of Energy (DOE) awarded $2 million to Clemson to fund hydrogen research and development. The money will be used by chemical and biomolecular engineering professor James Goodwin, in collaboration with the Savannah River National Lab, for research on understanding impurities in the production of hydrogen and oxygen streams and the performance of hydrogen fuel cells. It is part of a $100 million fund for 25 hydrogen projects that support President Bush’s Advanced Energy Initiative, which seeks to reduce United States’ dependence on foreign sources of energy through new clean energy technologies.

Clemson University researchers will use a $1.6-million grant to pursue ways to ease the disability and pain experienced by 200,000 Americans. Clemson bioengineer Xuejun Wen is seeking to repair spinal cord nerves. Each year, 11,000 Americans suffer spinal cord injuries or other central nervous system disabilities that can be permanent and paralyzing. Wen will use his five-year grant from the National Institutes of Health and the National Institute of Neurological Disorders and Stroke for research in tissue engineering aimed at spinal cord regeneration.

Clemson University civil engineers conducted hurricane tests on campus homes set for demolition on the first day of hurricane season. Members of the Wind and Structural Engineering Research (WiSER) team showed what the forces of nature can do to a home, pushing it to the breaking point in a simulated high-wind event. The testing was part of a National Science Foundation research project to investigate roof capacities and better understand vulnerabilities of homes. Clemson University’s WiSER is a laboratory for the study of wind effects on structures. Testing and research performed at the facility provide information that is essential in designing and constructing more reliable and cost-effective buildings and bridges.

**Corporate partnerships...**

A gift from 3M Corporation makes Clemson the only university in the United States, and one of only a few in the world, to have industry-level optical fiber fabrication capabilities. The company has given Clemson a modified chemical vapor deposition (MCVD) lathe worth almost $900,000.

Clemson University is helping the United States transportation sector shift to a higher gear with the opening of its Computational Center for Mobility Systems (CU-CCMS), a technology anchor of the Clemson University International Center for Automotive Research (CU-ICAR) campus in Greenville, SC. Powered by a high-performance
computing system from Sun Microsystems, CU-CCMS will be a comprehensive, world-class computational center that encompasses a wide range of disciplines.

State and Region...

Clemson University researchers, along with scholars from Georgia Institute of Technology and North Carolina State University, met in Charleston to study the viability of wind power in the southeastern United States off the coasts of Georgia and the Carolinas. Nicholas Rigas, director of the S.C. Institute for Energy Studies at Clemson, says the potential for alternative energy sources has never been greater. Researchers set up wind monitoring stations in June, with plans for additional ones. Students and engineers from Clemson University, Coastal Carolina University, Santee Cooper and the Savannah River National Laboratory (SRNL) constructed the first station on Waties Island, a barrier island off the coast of Horry County, and then installed the North Charleston station adjacent to the Cooper River at the former Navy base. The stations are part of the South Carolina Wind for Schools project of the South Carolina Institute for Energy Studies (SCIES) at Clemson University.

Richard Swaja was named director of the Bioengineering Alliance of South Carolina. The alliance is a partnership between Clemson, the University of South Carolina (USC) and the Medical University of South Carolina (MUSC) to promote unified biomedical engineering research and education in the state. It also moves research advances in human health from the laboratory to the patient. Clemson bioengineer Martine LaBerge said Swaja will foster the integration of bioengineering research and training and build bridges to facilitate biomedical research to improve patient care.

Getting photonics technologies to the marketplace has gotten easier. The Carolinas Photonics Consortium (CPC) announced the CPC Inter-Institutional Agreement between Clemson University, North Carolina State University, the University of North Carolina at Charlotte, Western Carolina University and Duke University. The agreement provides the foundation for collaborative university work aimed at the commercialization of photonics (light-based technologies). Photonics are used in a wide array of products, including DVD players, long-distance communication, medical and dental surgeries, dashboard lighting, missile guidance and garage-door sensors.

In the Upstate...

The new Clemson Renaissance Center opened in downtown Greenville, housing the university’s program for entrepreneurial, experience-based graduate education. It serves as a portal between the College of Business and Behavioral Science and the Greenville business community. The center enables graduate students and faculty to work directly with area firms, entrepreneurs and leaders in innovative ways that will enrich and accelerate the learning experience. Initially, the Clemson Renaissance Center will house offices for the university’s Spiro Institute for Entrepreneurial Leadership, the Center for International Trade and the Small Business Development Center. It will link experience-based MBA and other business graduate education programs with area entrepreneurs to create a hub of intellectual activities. The center will offer students and the Greenville community executive education programs, new business development services, student projects for area companies, seminars, forums, a lecture series and the history of Southern entrepreneurs through a published journal.

Clemson’s board of trustees reaffirmed the creation of a bioengineering facility to develop medical technology that will help people live longer and more comfortably. The Translational Bioengineering Research Center will be at the Greenville Hospital System’s Patewood Campus. Fifty Clemson scientists and engineers will work with GHS doctors, nurses and business researchers at the center to develop new medical technology.

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, 2006. 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 Comptrollers 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
Chief Financial Officer
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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director
TRUSTEES

Leon J. (Bill) Hendrix, Jr., Chairman
Chairman of the Executive Committee

J. J. Britton, Vice Chairman
Sumter OB-GYN, P.A.

Bill L. Amick
Chairman and CEO, The Amick Company

Thomas C. Lynch, Jr.
Pharmacist, Retired

Louis B. Lynn
President, ENVIRO AgScience, Inc.

Patricia Herring McAbee
Vice President, Custom Development Solutions

Leslie G. (Les) McCraw
Chairman and CEO, Retired Fluor Corporation

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

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

Robert L. Peeler
President, Bob Peeler and Associates LLC

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

Joseph D. Swann
President, Retired Rockwell Automation Power Systems

David H. Wilkins
US Embassy

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Chairman, Retired Louis P. Batson Company

Fletcher C. Derrick, Jr.
Urologist

W. G. DesChamps, Jr.
President, Bishopville Petroleum Co., Inc.

Lawrence M. Gressette, Jr.
SCANA Corporation

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

Paul W. McAlister
Retired

D. Leslie Tindal
Retired
South Carolina Commissioner of Agriculture

Allen P. Wood
Retired, Mosley, Wilkins, Wood Associates, Ltd.
Clemson University Organization Chart

Board of Trustees

President
James F. Barker, FAIA

Vice President for Academic Affairs and Provost
Dr. Doris R. Helms

Vice President for Public Service and Agriculture
Dr. John W. Kelly, Jr.

Vice President for Research and Economic Development
Dr. Christian E. G. Przirembel

Vice President for Student Affairs
Dr. Gail A. DiSabatino

Director of Athletics
Dr. Terry Don Phillips

Interim Executive Secretary to the Board of Trustees
Clayton D. Steadman

Interim Chief Financial Officer
Brett A. Dalton

Interim Chief Business Officer
Steven E. Copeland

General Counsel and Assistant to the President
Clayton D. Steadman

Interim Chief Business Officer
Clayton D. Steadman

~ 14 ~
October 11, 2007

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
Clemson University
Clemson, South Carolina

This report on the audit of the financial statements of Clemson University for the fiscal year ended June 30, 2007, was issued by KPMG, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

[Signature]

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/trb
Independent Auditors' Report

Mr. Richard H. Gilbert, Jr., CPA
Interim State Auditor
State of South Carolina
Columbia, South Carolina

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Clemson University (the University), a department of the State of South Carolina, as of and for the year ended June 30, 2007, which collectively comprise the University's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the University's management. 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 and the Clemson University Foundation. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Clemson University Research Foundation and the Clemson University Foundation, is based 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 of material misstatement. The financial statements of Clemson University Foundation, a discretely presented component unit, were not audited in accordance with Government Auditing Standards. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in note I, the financial statements of Clemson University are intended to present the financial position, changes in financial position and cash flows, where applicable, of only that portion of the business-type activities and aggregate discretely presented component units of the State of South Carolina that are attributable to the transactions of Clemson University. They do not purport to, and do not, present fairly the financial position of the State of South Carolina as of June 30, 2007, the changes in its financial position, or its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.
In our opinion, 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 Clemson University as of June 30, 2007, and the respective changes in its financial position and its cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2007 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the result of our audit.

Management's discussion and analysis as listed in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, the supplementary information to the financial statements, 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 basic financial statements. The supplementary information to the financial statements has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

October 11, 2007
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 2007. While audited financial statements for fiscal year 2006 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 Assets; the Statement of Revenues, Expenses and Changes in Net Assets; 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 Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the University as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of Clemson University. The Statement of Net Assets presents end-of-year data concerning Assets (property that we own and what we are owed by others), Liabilities (what we owe to others and have collected from others before we have provided the service), and Net Assets (Assets minus Liabilities). 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 Assets 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 Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution.

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution’s equity in property, plant, and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. Restricted nonexpendable net assets consists solely of the University’s permanent endowment funds and are only available for investment purposes. Expendable restricted net assets are 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 assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution. Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of the University’s unrestricted net assets have been designated for various academic and research programs and initiatives.

Assets – increase of $137 million

- Current assets increased by $20.7 million. An unrestricted cash decrease mainly attributable to start-up packages for new faculty and upgrading the campus network was offset by a substantial increase in restricted cash balances. A late spring State general obligation bond issue of $14 million, donations for the second phase of the WestZone capital project, and increased efficiencies in negotiating and collecting amounts due from Sponsors were the main reasons for the increase in restricted cash. The grants and contracts receivable decline of $2.6 million resulted from decreases in amounts due from the National Science Foundation, the U.S. Department of Agriculture, and various other Federal agencies. The prepaid expenses decrease of $1.4 million was attributable to payment of library serial expenses in July this year. Similar amounts were prepaid in the previous fiscal year. Accounts receivable increased approximately $460,000 from the previous year. Increases in amounts due from state agencies for computer services and for the use of Camp Bob Cooper were offset by declines in amounts receivable from the Atlantic Coast Conference (received before June 30th this year) and the Educational Testing Service (the contract ended last year).

- The net capital assets increase of $77.2 million was attributable to a decrease in non-depreciable assets of approximately $2.8 million and an increase in depreciable assets of $80 million. Land increased $16.8 million, due to the donations for the Charleston Restoration Institute (see Capital Assets section for more details) and the purchase of the site for the Charleston Architectural Center. Construction in Progress declined by $19.6 million due to completion of Phase I of the WestZone project and the CU-ICAR parking structure. These building completions (WestZone Phase I and CU-ICAR parking structure), plus donations of buildings for the Charleston Restoration Institute contributed significantly to the $57.7 million increase in University buildings. The purchase of high-tech computing, testing and analysis equipment for CU-ICAR was primarily responsible for the increase in equipment of approximately $16.8 million. Also, infrastructure costs for the CU-ICAR plaza project were the main component of the $4.6 million increase in utilities and other nonstructural improvements.

- Other assets increased $39.1 million. The balance on loan to the Clemson University Foundation (CUF) increased $21 million due to a cash transfer from the University of $7 million and appreciation on the CUF loan of $14 million. Restricted cash balances increased approximately $17.9 million. The $7 million decline in restricted cash attributable to the transfer to CUF was offset by over $20 million in proceeds from the sale of property at Myrtle Beach (see Capital Assets section for more details), receipt of $3.5 million in demutualization proceeds from Prudential, and

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$1.8 million in proceeds from State lottery-funded endowments. Investments increased approximately $282,000 due to appreciation on Wachovia holdings for a single University endowment.

**Liabilities – increase of $13.3 million**
- Current liabilities increased by $10.4 million. The $3.4 million increase in deferred revenues stemmed from amounts collected in advance from Sponsors – mainly The U.S. Army and Anmed, and from Athletic ticket, suites, and sponsorship revenues collected in advance of the 2007 football season. The $3.9 million increase in accounts payable was attributable to equipment and construction costs for CU-ICAR. The State mandated 3 percent pay raise, coupled with increased hiring, was responsible for the $1.4 million increase in accrued compensated absences and related liabilities. The $14 million State general obligation bond issue was responsible for the increase in the current portion of bonds, capital leases and notes payable of approximately $600,000. A change in the method for accounting for the sale of “away game” football and basketball tickets was responsible for the increase in deposits of approximately $639,000. Previously, these receipts were accounted for as ticket revenue in the year of receipt, and a reduction in ticket revenue when amounts were remitted to the respective schools. The approximately $681,000 increase in funds held for others is primarily attributable to advanced premium balances received from Prudential upon demutualization and due to University employees who participated in the cancelled Prudential life insurance plan. Accrued payroll and related liabilities declined approximately $237,000. As with last year, 10 percent of the first July payday was attributable to the “old” fiscal year and was accrued, resulting in an increase in accrued salaries of $1.2 million. However, this increase was offset by declines in employer fringes resulting from accumulated balances in Workers Compensation and Blue Cross from previous years.
- Noncurrent liabilities increased by $2.9 million. The long-term portion of bonds payable increased $2.8 million as a result of the State general obligation bond issue of $14 million. There were no new capital or notes payable, and correspondingly, long-term liabilities for these items decreased by $1.1 million. The State mandated pay raise, coupled with increased hiring, was also responsible for an almost $900,000 increase in the long term portion of accrued absences and related liabilities. Longevity supplements for athletic coaches accounted for increases in the long term portion of funds held for others of approximately $300,000.

**Net Assets – increase of $123.7 million**
- Capital assets, net of related debt contributed $74.9 million of the $123.7 million increase. This resulted from increases in net capital assets of $77.2 million as discussed above, along with an increase in capital debt of $2.2 million.
- Restricted for expendable net assets increased $58.9 million, based on the following:
  - Restricted – expendable net assets for scholarships and fellowships increased $42.9 million due to proceeds from the Myrtle Beach land sale of approximately $20 million, appreciation of the loan to CUF of approximately $14 million, increased scholarship donations to IPTAY of approximately $5 million, and proceeds from the demutualization of Prudential of approximately $3.5 million.
  - Restricted – expendable assets for instruction/departmental use increased $8.1 million due to IPTAY contributions designated by the IPTAY board for Phase II of the WestZone project, Prudential advance premium amounts to be refunded to employees and increased contributions to the Call Me Mister program.
  - Restricted – expendable assets for capital projects increased $7.2 million due to cash on hand from the April, 2007, State general obligation bond issue.
  - Restricted – expendable assets for debt service increased $1.1 million due to increased and maturing capital debt and an increase in tuition and matriculation and stadium admission fees designated for payment of this debt.
  - Restricted – expendable assets for research decreased approximately $450,000, resulting from a decrease in accounts receivable of $2.5 million, an increase in deferred revenues of $2.3 million, and an accrual for a refund due to a grantor of approximately $650,000.
  - Restricted – expendable assets for student loans exhibited no material change.
- The $2.1 million increase in restricted – nonexpendable net assets for scholarships and fellowships resulted from $1.8 million in State lottery funding for five University endowed professorships, and approximately $282,000 in appreciation of Wachovia investments supporting scholarships and fellowships.
- Unrestricted net assets decreased $12.2 million, based on the following:
  - Unrestricted - educational and general net assets decreased $13.3 million due to hiring and start-up packages for new faculty and extensive upgrades to the campus network.
  - Unrestricted – funds designated for plant fund projects increased approximately $825,000, primarily attributable to a $700,000 increase in investment income earnings.
  - Unrestricted – public service activities net assets increased approximately $200,000 due to increases in regulatory and soil testing fees.
  - Unrestricted – auxiliaries increased approximately $35,000. Significant increases in Athletics and Food Services were offset by declines in summer conference revenues and enterprise application (primarily mainframe computer services) fees from other State agencies.
Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. 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 assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. 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 Assets reflects a positive year with an increase in Net Assets at the end of the year. Some highlights of the information presented on this Statement are as follows:

Total Revenues – increase of $64.8 million
- Operating revenues increased $16 million, based on the following:
  - Student tuition and fees increased $9.3 million, the result of a Board approved increase of 5.8 percent for residents, 7.1 percent for nonresidents, and an increase in enrollment of 182 students.
  - Sales and services revenues increased $5.3 million. Sales and services of pledged auxiliaries actually increased $8.2 million, primarily as a result of Athletics ticket sales, executive suite rentals, licensing revenue and bowl receipts. Food services revenues, driven by a Board approved 5 percent price increase, Parking services revenues, assisted by a Board approved new transit fee, and an increase in Bookstore revenues, partially as a result of extensive remodeling by Barnes & Noble, were the major contributors to this increase. The $2.6 million decrease in non-pledged sales and services of auxiliaries resulted from decreased enterprise application (mainframe computer services) fees from other State agencies, and a decline in summer conference revenue due to the end of the contract with Educational Testing Services. In addition, a decline in land and timber sales resulted in a decrease of almost $324,000 in sales and services of educational activities
  - Grants and contracts revenues decreased $1.4 million. Federal grants and contracts revenues actually declined $2.4 million. This decrease was mainly attributable to Department of Defense funded projects for advanced materials, including: photonics; fibers; and robotics. Despite a $1.4 million increase in State lottery funded scholarships, State grants and contracts revenues declined by approximately $234,000. Of this decline, $1.3 million was attributable to a change in classification for the Call

<table>
<thead>
<tr>
<th>Assets</th>
<th>2007</th>
<th>2006</th>
<th>Increase/ (Decrease)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$249,807</td>
<td>$229,087</td>
<td>$20,720</td>
<td>9.04%</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>548,226</td>
<td>471,071</td>
<td>77,155</td>
<td>16.38%</td>
</tr>
<tr>
<td>Other assets</td>
<td>146,392</td>
<td>107,287</td>
<td>39,105</td>
<td>36.45%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>944,425</td>
<td>807,445</td>
<td>136,980</td>
<td>16.96%</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>91,931</td>
<td>81,534</td>
<td>10,397</td>
<td>12.75%</td>
</tr>
<tr>
<td>Noncurrent Liabilities</td>
<td>162,556</td>
<td>159,652</td>
<td>2,904</td>
<td>1.82%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>254,487</td>
<td>241,186</td>
<td>13,301</td>
<td>5.51%</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of debt</td>
<td>390,891</td>
<td>315,987</td>
<td>74,904</td>
<td>23.70%</td>
</tr>
<tr>
<td>Restricted - nonexpendable</td>
<td>28,291</td>
<td>26,184</td>
<td>2,107</td>
<td>8.05%</td>
</tr>
<tr>
<td>Restricted - expendable</td>
<td>191,603</td>
<td>132,724</td>
<td>58,879</td>
<td>44.36%</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>79,153</td>
<td>(12,211)</td>
<td>(12,211)</td>
<td>(13.37)%</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$689,938</td>
<td>$566,259</td>
<td>$123,679</td>
<td>21.84%</td>
</tr>
</tbody>
</table>
Me Mister program. In fiscal year 2006, the $1.3 million received was accounted for as State grants and contracts revenue. In fiscal year 2007, the State legislature voted the same $1.3 million as a special non-recurring appropriation to the University. Consequently, that amount is classified as State appropriations this fiscal year. A decline in amounts received by county extension offices resulted in a decrease in local grants and contract revenues of approximately $460,000. Nongovernmental grants and contracts revenues increased $1.7 million, led by funded sponsored projects for: life sciences; sustainable environment; health care; and automotive improvements.

- Other operating revenues increased $2.8 million. Increases in study abroad fees, educational program fees and student activities fees contributed almost $1.8 million of this amount. Also contributing were registration fees, orientation fees, student health fees and fees for other student services. These increases offset a decline in computer services of approximately $500,000.

- Nonoperating revenues increased $48.8 million, based on the following:
  - State appropriations increased $15.7 million. Appropriations for Educational & General (E&G) activities increased $11 million, including a base appropriation increase of $4 million, almost $3.6 million in recurring funding for State mandated pay increases, and $500,000 in recurring funding for CU-ICAR. In addition, there were supplemental non-recurring appropriations increases of: $1.5 million for CU-ICAR; $1.3 million for the Call Me Mister program; and almost $500,000 for the Center for Optical Materials, Science and Technology (COMSET). Appropriations for Public Service activities (PSA) increased $4.7 million, including a base appropriation increase of approximately $2.3 million.

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

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>Increase/Decrease</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student tuition and fees</td>
<td>$176,240</td>
<td>$166,912</td>
<td>$9,328</td>
<td>5.59%</td>
</tr>
<tr>
<td>Sales and services</td>
<td>91,386</td>
<td>86,125</td>
<td>5,261</td>
<td>6.11%</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>105,139</td>
<td>106,516</td>
<td>(1,377)</td>
<td>(1.29)%</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>19,206</td>
<td>16,438</td>
<td>2,768</td>
<td>16.84%</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>391,971</td>
<td>375,991</td>
<td>15,980</td>
<td>4.25%</td>
</tr>
<tr>
<td>State appropriations</td>
<td>150,335</td>
<td>134,678</td>
<td>15,657</td>
<td>11.63%</td>
</tr>
<tr>
<td>Federal appropriations</td>
<td>9,667</td>
<td>11,338</td>
<td>(1,671)</td>
<td>(14.74)%</td>
</tr>
<tr>
<td>Gifts</td>
<td>34,413</td>
<td>31,381</td>
<td>3,032</td>
<td>9.66%</td>
</tr>
<tr>
<td>Investment income</td>
<td>22,588</td>
<td>11,144</td>
<td>11,444</td>
<td>102.69%</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>755</td>
<td>483</td>
<td>270</td>
<td>55.90%</td>
</tr>
<tr>
<td>Proceeds from the sale of land</td>
<td>20,061</td>
<td>20,061</td>
<td>0</td>
<td>100.00%</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues</strong></td>
<td>237,817</td>
<td>189,024</td>
<td>48,793</td>
<td>25.81%</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>629,788</td>
<td>565,015</td>
<td>64,773</td>
<td>11.46%</td>
</tr>
</tbody>
</table>

| **Expenses:**        |            |            |                   |                |
| Compensation and employee benefits | 366,732    | 341,740    | 24,992            | 7.31%          |
| Services and supplies | 148,409    | 140,594    | 7,815             | 5.56%          |
| Utilities            | 16,483     | 13,884     | 2,599             | 18.72%         |
| Depreciation         | 29,946     | 25,829     | 4,117             | 15.94%         |
| Scholarships and fellowships | 6,794      | 6,319      | 475               | 7.52%          |
| **Total operating expenses** | 568,364    | 528,366    | 39,998            | 7.57%          |
| Interest expense     | 7,211      | 7,014      | 197               | 2.81%          |
| Loss on disposal of capital assets, excluding proceeds from the sale of land | 744       | 686        | 58                | 8.45%          |
| Refunds to grantees  | 697        | 182        | 515               | 282.97%        |
| **Total nonoperating expenses** | 8,652      | 7,882      | 770               | 9.77%          |
| **Total expenses**   | 577,016    | 536,248    | 40,768            | 7.60%          |
| Income before other revenues, expenses, gains or losses | 52,772     | 28,767     | 24,005            | 83.45%         |
| State capital appropriations | 44,149    | 19,938     | 24,211            | 121.43%        |
| Capital grants and gifts | 25,563     | 2,727      | 22,836            | 837.49%        |
| Additions to permanent endowments | 1,839     | 7,508      | (5,669)           | (75.51)%       |
| Transfers to state general fund | (644)      | (347)      | (297)             | 85.59%         |
| Change in net assets | 123,679    | 58,593     | 65,086            | 111.08%        |
| Net assets, beginning | 566,259    | 507,666    | 58,593            | 11.54%         |
| **Net assets, ending** | $689,938   | $566,259   | $123,679          | 21.84%         |
million, and approximately $1.4 million in recurring funding for State mandated pay increases. In addition, PSA also received $1 million in non-recurring funding for repairs and renovations at the Edisto Research and Education Center.

- The $1.7 million decline in federal appropriations resulted from a dramatic turnover of faculty researchers. The long lead time for the proposal submission/peer review/USDA approval process for new faculty researchers resulted in new faculty researchers being paid from State funds this past year. Federal land-grant appropriations remain substantially the same and are available for future proposals.
- The $3 million increase in gifts was almost totally attributable to $3.5 million in demutualization proceeds received from Prudential. These funds, resulting from a former University-sponsored life insurance program, were placed in a quasi-endowment project for the benefit of University employees.
- Investment income increased $11.4 million. Realized gains and unrealized appreciation from the CUF notes receivable and Wachovia investment accounted for $7.3 million of this increase. The rest of the increase was attributable to amounts received and accrued from the State Treasurer’s Office due to significantly higher cash balances.
- The other nonoperating revenues increase of $270,000 was attributable to an increase in land-use restricted timber sales.
- The $20.1 million increase in proceeds from the sale of land resulted in the sale of 257 acres of University-owned Myrtle Beach property.

**Total Expenses – increase of $40.8 million**

- Operating expenses increased $40.8 million, based on the following:
  - Compensation and employee benefits increased $25 million. A State mandated 3 percent cost-of-living pay raise, plus faculty turnover as anticipated by the Academic Road Map were the primary reasons for this increase. Unclassified faculty salaries increased $11.7 million over the previous year. Employer fringes increased $8.3 million, a reflection of rising benefits costs, and the decision to extend benefits to graduate assistants. Classified salaries for staff increased $2.5 million. Salaries and wages for part-time workers and graduate assistant salaries increased $1.3 million and $1.2 million, respectively.
  - Services and supplies expenses increased $7.8 million. Instruction costs accounted for $3.4 million of this increase due to increased information technology costs of $1.5 million, increases in study abroad program costs of $1.3 million, and a new Math & Science grant of almost $600,000. Research costs increased $3.2 million. Sponsored projects costs accounted for only $200,000 of this amount. Most of the increase in research services and supplies expense was attributable to State funded non-recurring appropriations for COMSET, the Call Me Mister program and the Edisto Research and Education Center. Auxiliaries costs increased $2.4 million. Football game day operations expense and Athletic facilities improvements contributed almost $1.6 million to this increase. In addition, parking shuttle operations costs increased $1 million. Institutional support costs increased $1.7 million. Repairs to the University airplane were
responsible for almost half of this increase. Also contributing were: increases in software maintenance contracts; increases in bank and credit card processing fees; increases in legal fees; increases in consulting fees; and increases in web design costs. Student services costs increased $1.6 million. Primary contributors were: concert expenses; student health center expenses; information technology expenses; campus recreation facility expenses; and student financial aid expenses.

Public service costs increased $908,000. Increases in Youth Learning Institute expenses and information technology costs offset decreases in repairs and renovations to camps and leadership centers that occurred last year. Operation and maintenance of plant costs decreased $4.1 million. Last year, considerable resources were devoted to repairs and renovation projects, which were expensed, while this year, resources were devoted to capital projects. Academic support costs decreased $1.3 million. Increases in network upgrade expenses and costs associated with the new Chief Information Officer position were offset by a substantial increase in recoveries of previously incurred costs from other functional categories (i.e., instruction, research, etc.).

- Utilities expenses increased $2.6 million. Rising energy costs resulted in a $2 million increase in heat, light and power charges. Wiring and infrastructure costs associated with upgrading the campus network also contributed to this increase.
- Depreciation expenses increased $4.1 million. Approximately $17 million in new equipment, mainly for CU-ICAR projects, resulted in an increase of equipment depreciation of approximately $2.2 million. In addition, approximately $57.7 million in new buildings resulted in an increase in depreciation expense of $1.8 million.
- Scholarships and fellowships expenses increased $475,000. This increase was partially attributable to the $1.4 million increase in State funded scholarships.

- Nonoperating expenses increased $769,000, based on the following:
  - Interest expense increased $197,000 due to previously maturing debt and payments on the new Series 2007 State general obligation bond.
  - Losses on disposal of capital assets, excluding proceeds from the sale of land, increased $58,000, primarily due to the write-off of 257 acres of Myrtle Beach property sold at a historical cost of approximately $32,000.
  - Refunds to grantors increased $514,000. University staff determined that costs for a sponsored project were improperly reimbursed and recorded an accrual at fiscal year end to return the funds.

- The State capital appropriations increase of $24.2 million was attributable to Research Infrastructure and Economic Development bond proceeds for CU-ICAR projects.
- Capital grants and gifts increased $22.8 million. In kind gifts of land, buildings and equipment totaling $19.7 million (see Capital Assets section for more details) comprised the bulk of this increase. Also contributing were $1.9 million from IPTAY donors for Phase II of the WestZone project, and an increase of almost $800,000 in capital projects funded by the Clemson University Foundation.
- The $5.7 million decrease in additions to permanent endowments resulted from a decline in State lottery funded endowed professorships from the previous year.
- Transfers to the state general fund increased $297,000 due to a new State meat inspection sponsored project that required the return of facilities and administrative costs to the State.
Total Expenses by Function

$577,016 (thousands of dollars)

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 non-operating, 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 Assets.

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2007 and June 30, 2006 were as follows:

<table>
<thead>
<tr>
<th>Capital Assets (net of accumulated depreciation)</th>
<th>2007</th>
<th>2006</th>
<th>Increase/ (Decrease)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$26,734,383</td>
<td>$9,971,751</td>
<td>$16,762,632</td>
<td>168.10%</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>31,768,849</td>
<td>51,365,515</td>
<td>(19,596,666)</td>
<td>(38.15)%</td>
</tr>
<tr>
<td>Utilities systems and other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>non-structural improvements</td>
<td>21,281,312</td>
<td>16,674,661</td>
<td>4,606,651</td>
<td>27.63%</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>408,738,163</td>
<td>351,007,991</td>
<td>57,730,172</td>
<td>16.45%</td>
</tr>
<tr>
<td>Computer software</td>
<td></td>
<td>110,341</td>
<td>(110,341)</td>
<td>(100.00)%</td>
</tr>
<tr>
<td>Equipment</td>
<td>52,922,315</td>
<td>36,077,307</td>
<td>16,845,008</td>
<td>46.69%</td>
</tr>
<tr>
<td>Vehicles</td>
<td>6,780,897</td>
<td>5,863,424</td>
<td>917,473</td>
<td>15.65%</td>
</tr>
<tr>
<td>Total</td>
<td>$548,225,919</td>
<td>$471,070,990</td>
<td>$77,154,929</td>
<td>16.38%</td>
</tr>
</tbody>
</table>

The University had several significant land transactions this past fiscal year. Myrtle Beach property totaling 257 acres, and valued at $32,360, was sold for $20,060,800. Proceeds from the sale were earmarked as follows: $15 million for support of the Clemson University International Center for Automotive Research (CU-ICAR) project; and the remainder to be used for other University programs as directed by the Board of Trustees. The Clemson University Restoration Institute (CURI) was initiated with a donation of 65 acres of land in North Charleston on the former Charleston Navy Base, and in the heart of South Carolina’s...
historic Lowcountry. Total donations received from the city of North Charleston, the Hunley Commission, Friends of the Hunley and the State of South Carolina for CURI exceeded $19.7 million. Of this amount, $11,224,000 was allocated to land. In addition, the University purchased property on Meeting Street as the future home of the Clemson Architectural Center in Charleston. The value of this property, acquired with State General Obligation bond proceeds and Clemson University Foundation (CUF) gifts was $5,625,000, of which $5,368,330 was allocated to land. Also, the University purchased approximately two acres from the Clemson University Real Estate Foundation for the CU-ICAR project at a cost of $202,662.

Approximately $8.5 million of the CURI property donation at the site of the former Charleston Navy Base consisted of buildings, including dry dock and research space. In addition, the University completed two major building projects this past year. The WestZone project in Memorial Stadium was completed at a cost of approximately $40 million. Also, the parking complex at CU-ICAR was completed at a cost of approximately $20 million.

Almost $26 million of the approximately $31.8 million in construction in progress were costs associated with the Carroll A. Campbell, Jr. Graduate Engineering Center at CU-ICAR. This building was scheduled to be completed and occupied in the fall of 2007.

The $4.6 million increase in Utilities Systems and Other Non-Structural Improvements was attributable to the replacement of water lines at Calhoun Courts and infrastructure costs associated with the construction of the Plaza at CU-ICAR.

The increase in equipment of almost $17 million was directly attributable to computing, testing, research and other equipment for CU-ICAR.

Debt Administration

The University’s financial statements indicate $154,175,104 in bonds payable, $1,920,050 in capital leases payable and $2,335,083 in notes payable at June 30, 2007.

The University’s bonded indebtedness consisted of:

- General Obligation Bonds of $53,475,000, Plant Improvement Bonds of $3,080,104 and various Revenue Bond issues totaling $97,620,104.
- General Obligation Bonds are obligations of the State of South Carolina and are secured as to principal and interest by a pledge of full faith, credit, and taxing power of the State and are paid with tuition and matriculation fees. Plant Improvement Bonds are secured by a pledge of a special student fee designated for the improvement of plant. Revenue bonds issued for student and faculty housing, plant improvement, parking and various auxiliary facilities are paid with pledged net revenues, special imposed student fees, and stadium seat taxes.

- The $1,920,050 in capital leases is comprised of four leases for land and real estate and an equipment lease. Two of these leases are with the Clemson University Research Foundation, a component unit.

- The $2,335,083 in notes payable is comprised of a note from the South Carolina State Energy Office to upgrade campus lighting, a construction loan with the Clemson University Foundation, a component unit, and a note with Bank of America used to construct a new scoreboard in Memorial Stadium.

For additional information on 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 2007 with a $570 million surplus. Collections for individual income taxes were up almost 11 percent. Earnings on State investments increased 84 percent.

In his end-of-the-year news release, State Comptroller General, Richard Eckstrom, noted that actual revenues for May and June fell approximately $81 million short of projections. The State’s economic growth over the past two to three years has provided the opportunity for State government to prepare for an economic slowdown. The Budgetary General Fund has historically high fund balances totaling $1.1 billion, including $167.7 million in the General Reserve Fund and $111.8 million in the Capital Reserve Fund.

State capital appropriations increased almost $24.2 million in fiscal year 2007. This increase was mainly attributable to State Research Infrastructure and Economic Development Bond proceeds used for the Clemson University International Center for Automotive Research (CU-ICAR), in Greenville, SC. This commitment indicates the State’s desire to move towards a diversified, knowledge-based economy.

State appropriations, used to fund operations, increased $15.7 million, a significant increase over recent years, but still remains almost 5 percent below their peak level of July, 2001. State Lottery proceeds were responsible for $1.8 million in endowed professorships, and an increase of $1.4 million for state-funded scholarships.

To offset rising costs and support continued investment in academic quality, the 2008 budget approved by the Board of Trustees reflected a 5 percent tuition increase for residents, and a 10 percent increase for non-residents. This was the second consecutive year for “single-digit” increases.

The University finished the year better off than the previous year. President James Barker welcomed students for the fall 2007 semester, including 2,800 freshmen chosen from a record 14,257 applicants, with the message that the University is “the strongest it has ever been academically and financially”. Clemson rose from 30th to 27th in the US News & World Report rankings of the nation’s 164 public research universities.
## CLEMSON UNIVERSITY
### STATEMENT OF NET ASSETS
#### June 30, 2007

**ASSETS**

<table>
<thead>
<tr>
<th>Current Assets:</th>
<th>Clemson University</th>
<th>Clemson University Research Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$132,349,892</td>
<td>$6,006,494</td>
</tr>
<tr>
<td>Restricted Assets - Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>82,296,432</td>
<td>21,939</td>
</tr>
<tr>
<td>Accounts receivable (Net of provision for doubtful accounts of $104,801)</td>
<td>9,245,000</td>
<td>2,644,927</td>
</tr>
<tr>
<td>Grants and contracts receivable</td>
<td>19,847,736</td>
<td></td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>525,228</td>
<td></td>
</tr>
<tr>
<td>Interest and income receivable</td>
<td>1,854,417</td>
<td></td>
</tr>
<tr>
<td>Student loans receivable</td>
<td>8,078</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>809,200</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>2,803,408</td>
<td>30,744</td>
</tr>
<tr>
<td>Investment in direct financing lease</td>
<td></td>
<td>72,176</td>
</tr>
<tr>
<td>Other</td>
<td>67,730</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>249,807,121</td>
<td>8,776,280</td>
</tr>
<tr>
<td>Noncurrent Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes receivable</td>
<td>98,385,593</td>
<td></td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>559,901</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>2,927,647</td>
<td></td>
</tr>
<tr>
<td>Restricted Assets - Noncurrent:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>35,867,907</td>
<td></td>
</tr>
<tr>
<td>Student loans receivable</td>
<td>8,019,800</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>630,720</td>
<td>148</td>
</tr>
<tr>
<td>Capital assets, not being depreciated</td>
<td>58,503,232</td>
<td>193,882</td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>489,722,687</td>
<td>1,767,157</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>694,617,487</td>
<td>1,961,187</td>
</tr>
</tbody>
</table>

**Total assets**                                      | $944,424,608       | $10,737,467                             |

**LIABILITIES**

| Current Liabilities:                                |                    |                                         |
| Accounts and retainages payable                     | $26,341,314        | $2,745,111                              |
| Accrued payroll and related liabilities             | 9,953,935          |                                         |
| Accrued compensated absences and related liabilities| 13,868,230         |                                         |
| Accrued interest payable                            | 1,007,498          | 7,901                                   |
| Deferred revenues                                   | 27,188,502         | 822,534                                 |
| Bonds payable                                       | 10,036,420         |                                         |
| Capital leases payable                              | 635,341            |                                         |
| Notes payable                                       | 458,582            | 646,763                                 |
| Deposits                                            | 1,065,324          |                                         |
| Funds held for others                               | 1,375,552          | 21,650                                  |
| **Total current liabilities**                       | 91,930,698         | 4,243,959                               |

| Noncurrent Liabilities:                             |                    |                                         |
| Accrued compensated absences and related liabilities| 7,187,770          |                                         |
| Funds held for others                               | 8,068,325          |                                         |
| Bonds payable                                       | 144,138,684        |                                         |
| Capital leases payable                              | 1,284,709          |                                         |
| Notes payable                                       | 1,876,501          |                                         |
| **Total noncurrent liabilities**                    | 162,555,989        |                                         |

**Total liabilities**                                | $254,486,687       | $4,243,959                              |

**NET ASSETS**

| Invested in capital assets, net of related debt     | $390,890,786       | $2,405,276                              |
| Restricted for nonexpendable purposes:              |                    |                                         |
| Scholarships and fellowships                        | 28,291,300         |                                         |
| Restricted for expendable purposes:                 |                    |                                         |
| Scholarships and fellowships                        | 131,921,022        |                                         |
| Research                                            | 1,725,943          |                                         |
| Instructional/departmental use                      | 22,037,438         | 2,882,152                               |
| Loans                                               | 1,719,572          |                                         |
| Capital projects                                    | 29,399,089         |                                         |
| Debt service                                        | 4,799,471          |                                         |
| Unrestricted                                        | 79,153,300         | 1,706,080                               |
| **Total net assets**                                | $689,937,921       | $6,493,508                              |

See accompanying notes to basic financial statements.
Clemson University

Statement of Revenues, Expenses and Changes in Net Assets
For the year ended June 30, 2007

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Clemson University</th>
<th>Clemson University Research Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student tuition and fees (net of scholarship allowances of $48,079,502)</td>
<td>$176,239,577</td>
<td>$ —</td>
</tr>
<tr>
<td>Federal grants and contracts</td>
<td>57,202,962</td>
<td>2,885,260</td>
</tr>
<tr>
<td>State grants and contracts</td>
<td>35,947,404</td>
<td>—</td>
</tr>
<tr>
<td>Local grants and contracts</td>
<td>851,234</td>
<td>—</td>
</tr>
<tr>
<td>Nongovernmental grants and contracts</td>
<td>11,137,878</td>
<td>1,923,637</td>
</tr>
<tr>
<td>Sales and services of educational and other activities</td>
<td>14,026,911</td>
<td>—</td>
</tr>
<tr>
<td>Sales and services of auxiliary enterprises - pledged for revenue bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(net of scholarship allowances of $10,267,036)</td>
<td>71,119,510</td>
<td>—</td>
</tr>
<tr>
<td>Sales and services of auxiliary enterprises - not pledged</td>
<td>6,239,873</td>
<td>—</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>19,206,186</td>
<td>4,669,193</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>391,971,535</td>
<td>9,478,090</td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation and employee benefits</td>
<td>366,732,022</td>
<td>243,034</td>
</tr>
<tr>
<td>Services and supplies</td>
<td>148,409,429</td>
<td>9,133,362</td>
</tr>
<tr>
<td>Utilities</td>
<td>16,483,024</td>
<td>132,744</td>
</tr>
<tr>
<td>Depreciation</td>
<td>29,946,385</td>
<td>255,176</td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>6,794,163</td>
<td>—</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>568,365,023</td>
<td>9,700,484</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(176,393,488)</td>
<td>(222,394)</td>
</tr>
</tbody>
</table>

| NONOPERATING REVENUES (EXPENSES) | | |
| State appropriations | 150,334,988 | — |
| Federal appropriations | 9,666,846 | — |
| Gifts | 34,412,854 | 240,742 |
| Interest income | 6,584,873 | 276,699 |
| Endowment income | 16,003,244 | — |
| Interest on capital asset related debt | 7,211,125 | (52,721) |
| Other nonoperating revenues | 753,490 | — |
| Gain/loss on disposal of capital assets | 19,316,596 | 46,926 |
| Refunds to grantors | (696,525) | — |
| Total nonoperating revenues | 229,165,241 | 511,646 |
| Income before other revenues, expenses, gains or losses | 52,771,753 | 289,252 |
| State capital appropriations | 44,148,504 | — |
| Capital grants and gifts | 25,563,237 | — |
| Additions to permanent endowments | 1,838,852 | — |
| Facilities and administrative remittances to the State | (643,850) | — |
| Increase in net assets | 123,678,496 | 289,252 |

| NET ASSETS | | |
| Net assets, Beginning of Year | 566,259,425 | 6,204,256 |
| Net assets, End of Year | $689,937,921 | $6,493,508 |

See accompanying notes to basic financial statements.
CLEMSON UNIVERSITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments from customers</td>
<td>$248,227,963</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>$99,070,371</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>$(187,901,379)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>$(285,792,899)</td>
</tr>
<tr>
<td>Payments for benefits</td>
<td>$(65,912,220)</td>
</tr>
<tr>
<td>Payments to students</td>
<td>$(30,371,790)</td>
</tr>
<tr>
<td>Inflows from Stafford loans</td>
<td>$38,871,456</td>
</tr>
<tr>
<td>Outflows from Stafford loans</td>
<td>$(5,053,289)</td>
</tr>
<tr>
<td>Loans to students</td>
<td>$(39,690)</td>
</tr>
<tr>
<td>Collection of loans</td>
<td>$2,047,116</td>
</tr>
<tr>
<td>Net cash used by operating activities</td>
<td>$(186,874,361)</td>
</tr>
</tbody>
</table>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriations</td>
<td>$150,334,988</td>
</tr>
<tr>
<td>Federal appropriations</td>
<td>$10,173,128</td>
</tr>
<tr>
<td>Gifts</td>
<td>$66,778,531</td>
</tr>
<tr>
<td>Net cash flow provided by noncapital financing activities</td>
<td>$227,286,647</td>
</tr>
</tbody>
</table>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from capital debt</td>
<td>$14,000,000</td>
</tr>
<tr>
<td>State capital appropriations</td>
<td>$43,883,508</td>
</tr>
<tr>
<td>Capital grants and gifts received</td>
<td>$5,360,545</td>
</tr>
<tr>
<td>Purchase from the sale of property</td>
<td>$20,060,675</td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>$(64,721,928)</td>
</tr>
<tr>
<td>Principal paid on capital debt and leases</td>
<td>$(11,748,808)</td>
</tr>
<tr>
<td>Interest and fees</td>
<td>$(7,011,014)</td>
</tr>
<tr>
<td>Net cash used by capital activities</td>
<td>$(177,022)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on investments</td>
<td>$8,157,023</td>
</tr>
<tr>
<td>Transfer to Clemson University Foundation</td>
<td>$(7,000,000)</td>
</tr>
<tr>
<td>Proceeds from stock sales</td>
<td>$415,503</td>
</tr>
<tr>
<td>Net cash flows provided by investing activities</td>
<td>$1,572,526</td>
</tr>
<tr>
<td>Net change in cash</td>
<td>$41,807,790</td>
</tr>
<tr>
<td>Cash beginning of year</td>
<td>$208,706,441</td>
</tr>
<tr>
<td>Cash end of year</td>
<td>$250,514,231</td>
</tr>
</tbody>
</table>

Reconciliation of net operating loss to net cash used by operating activities:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td>$(176,393,488)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating loss to net cash used by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>$29,946,385</td>
</tr>
</tbody>
</table>

Change in asset and liabilities:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables net</td>
<td>$(32,580,723)</td>
</tr>
<tr>
<td>Grants and contracts receivable</td>
<td>$(1,472,035)</td>
</tr>
<tr>
<td>Student loans receivable</td>
<td>$206,832</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$1,424,612</td>
</tr>
<tr>
<td>Inventories</td>
<td>$4,027</td>
</tr>
<tr>
<td>Other</td>
<td>$(130,474)</td>
</tr>
<tr>
<td>Accounts and retaiages payable</td>
<td>$(13,530,936)</td>
</tr>
<tr>
<td>Accrued payroll and related liabilities</td>
<td>$(144,337)</td>
</tr>
<tr>
<td>Accrued compensated absences and related liabilities</td>
<td>$2,242,000</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$2,710,600</td>
</tr>
<tr>
<td>Deposits held for others</td>
<td>$843,376</td>
</tr>
<tr>
<td>Net cash used by operating activities</td>
<td>$(186,874,361)</td>
</tr>
</tbody>
</table>

NON-CASH TRANSACTIONS

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in fair value of investments</td>
<td>$12,367,478</td>
</tr>
<tr>
<td>Assets acquired through gifts</td>
<td>$20,196,200</td>
</tr>
</tbody>
</table>

RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$132,349,892</td>
</tr>
<tr>
<td>Payments for benefits</td>
<td>$82,296,432</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>$35,867,907</td>
</tr>
<tr>
<td>Total cash and cash equivalent balances</td>
<td>$250,514,231</td>
</tr>
</tbody>
</table>

See accompanying notes to basic financial statements.
**CLEMSON UNIVERSITY FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2007

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$30,381,429</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>29,630,571</td>
</tr>
<tr>
<td>Other receivables</td>
<td>108,306</td>
</tr>
<tr>
<td>Due from related organizations</td>
<td>2,093,851</td>
</tr>
<tr>
<td>Investments</td>
<td>291,857,550</td>
</tr>
<tr>
<td>Investments held for Clemson University</td>
<td>98,385,593</td>
</tr>
<tr>
<td>Cash surrender value of life insurance</td>
<td>1,145,920</td>
</tr>
<tr>
<td>Land held for resale</td>
<td>11,900</td>
</tr>
<tr>
<td>Land, buildings and equipment, net</td>
<td>9,376,266</td>
</tr>
<tr>
<td>Investments held in trust for affiliate</td>
<td>2,658,995</td>
</tr>
<tr>
<td>Other assets</td>
<td>317,267</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$465,967,648</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$468,169</td>
</tr>
<tr>
<td>Due to related organizations</td>
<td>65,063</td>
</tr>
<tr>
<td>Accrued liability to Clemson University due to net investment appreciation</td>
<td>33,958,917</td>
</tr>
<tr>
<td>Note payable to Clemson University</td>
<td>64,426,676</td>
</tr>
<tr>
<td>Deferred royalty revenue</td>
<td>353,833</td>
</tr>
<tr>
<td>Actuarial liability of annuities payable</td>
<td>7,600,630</td>
</tr>
<tr>
<td>Trust funds administered for affiliate</td>
<td>2,658,995</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>109,532,283</strong></td>
</tr>
</tbody>
</table>

**Net Assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>33,589,269</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>135,442,134</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>187,403,962</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>356,435,365</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$465,967,648</strong></td>
</tr>
<tr>
<td></td>
<td>UNRESTRICTED</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>REVENUES, GAINS AND OTHER SUPPORT:</td>
<td></td>
</tr>
<tr>
<td>Gifts and bequests</td>
<td>4,033,393</td>
</tr>
<tr>
<td>Income on investments</td>
<td>3,434,916</td>
</tr>
<tr>
<td>Net realized and unrealized gains on investments</td>
<td>3,754,096</td>
</tr>
<tr>
<td>Program income</td>
<td>728,810</td>
</tr>
<tr>
<td>Other income</td>
<td>694,891</td>
</tr>
<tr>
<td>Change in value of split-interest agreements</td>
<td>64,608</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues and gains</td>
<td>12,710,714</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>11,441,401</td>
</tr>
<tr>
<td></td>
<td>24,152,115</td>
</tr>
<tr>
<td>EXPENSES:</td>
<td></td>
</tr>
<tr>
<td>Program expenses - Block grant to CU</td>
<td>1,140,642</td>
</tr>
<tr>
<td>Program expenses - Alumni operations</td>
<td>288,446</td>
</tr>
<tr>
<td>Program expenses - endowments</td>
<td>4,997,410</td>
</tr>
<tr>
<td>Program expenses - operations</td>
<td>5,238,879</td>
</tr>
<tr>
<td>Program expenses - capital projects</td>
<td>1,488,567</td>
</tr>
<tr>
<td>Total program expenses</td>
<td>13,153,944</td>
</tr>
<tr>
<td>General administrative</td>
<td>1,057,509</td>
</tr>
<tr>
<td>Fundraising</td>
<td>1,590,519</td>
</tr>
<tr>
<td>Total expenses</td>
<td>15,801,972</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>8,350,143</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>25,239,126</td>
</tr>
<tr>
<td>Net assets at end of year</td>
<td>$ 33,589,269</td>
</tr>
</tbody>
</table>

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 part of the primary government of the State of South Carolina and its funds are reported in the State’s higher education funds in the Comprehensive Annual Financial Report of the State of South Carolina. Generally all State departments, agencies, and colleges are included in the State’s reporting entity. These entities are financially accountable to and fiscally dependent on the State. Although the State-supported universities operate somewhat autonomously, they lack full corporate powers. In addition, the Governor and/or the General Assembly appoints some of their board members and budgets a significant portion of their funds.

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) Statement No. 14, The Financial Reporting Entity, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

The University follows GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units which 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 clarifies reporting requirements for those organizations. Based on these criteria, the financial statements include the accounts of the University, as the primary government, and the accounts of the following two entities as discretely presented component units.

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

The Clemson University 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, P.O. Box 946, Clemson, SC 29633.

Financial Statement Presentation

The financial statements of the University are presented in accordance with GASB Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Government, Statement No. 35, Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities, and Statement No. 37, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus. The financial statement presentation provides a comprehensive, entity-wide perspective of the University’s assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows.

Measurement Focus and Basis of Accounting

For financial reporting purposes, the University, along with 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.

The Clemson University Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Non-Profit Organizations*. 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’s financial information in the University’s financial reporting entity for these differences.

The University applies all applicable GASB pronouncements and, in accordance with GASB Statement No. 20, the State of South Carolina has elected to apply only those Financial Accounting Standards Board (“FASB”) pronouncements issued on or before November 30, 1989, not in conflict with GASB standards.

The preparation of financial statements in conformity with accounting principles in the United States of America to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures/expenses, and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**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 Wachovia.

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

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

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

**Investments**

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

**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 charted
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, telecommunications supplies and medical supplies.

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

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. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Deferred Revenues
Deferred 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. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits
Deposits represent 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 from the University acting as an agent, or fiduciary, for another entity. These include amounts due to other universities in the National Textile Consortium, and amounts due for various study abroad programs. Noncurrent balances represent the Federal liability for the Perkins Loan Program and accrued longevity supplements for athletic coaches.

Prepaid Expenses
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.

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

**Noncurrent Liabilities**

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

**Net Assets**

The University’s net assets are classified as follows:

**Invested in Capital Assets, Net of Related Debt:** 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 invested in capital assets, net of related debt.

**Restricted Net Assets - Nonexpendable:** Nonexpendable restricted net assets consist 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 Assets - Expendable:** Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

**Unrestricted Net Assets:** Unrestricted net assets represent 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.

The Internal Revenue Service has determined that both the Clemson University Foundation and the Clemson University Research Foundation qualify as exempt organizations under Internal Revenue Code Section 501(a) as organizations described in 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 Federal appropriations, 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 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 assets. 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.

Deferred Charges
Deferred charges connected with bond issuance costs are reported as an asset titled “Other” and are amortized over the lives of the bond issues on a straight-line basis.

Rebatable Arbitrage
Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate, resulting in income in excess of interest costs.

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:

<table>
<thead>
<tr>
<th>Reconciliation of Deposits and Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Net Assets</td>
</tr>
<tr>
<td>Cash and cash equivalents $250,514,231</td>
</tr>
<tr>
<td>Investments $2,927,647</td>
</tr>
<tr>
<td>Total $253,441,878</td>
</tr>
<tr>
<td>Footnotes</td>
</tr>
<tr>
<td>Cash on hand $237,422</td>
</tr>
<tr>
<td>Deposits held by State Treasurer $250,232,165</td>
</tr>
<tr>
<td>Other deposits $44,644</td>
</tr>
<tr>
<td>Investments held by State Treasurer $154,439</td>
</tr>
<tr>
<td>Other investments $2,773,208</td>
</tr>
<tr>
<td>Total $253,441,878</td>
</tr>
</tbody>
</table>

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 ended June 30, 2007, $1,264,911 of the $250,232,165 identified above as “Deposits held by State Treasurer” is attributable to unrealized losses.

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 6 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 $2,773,208, are held, and invested by, Wachovia, Inc., as trustee in accordance with the endowment agreement specified by the donor.
The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

“Other Investments” are stated at fair value and include unrealized appreciation of $1,491,903. 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.

NOTE 3. RECEIVABLES

University receivables reported in the Statement of Net Assets as of June 30, 2007, were as follows:

<table>
<thead>
<tr>
<th>University Receivables</th>
<th>Current</th>
<th>Noncurrent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>$9,425,000</td>
<td>—</td>
<td>$9,425,000</td>
</tr>
<tr>
<td>Grants and contracts receivable</td>
<td>19,847,736</td>
<td>—</td>
<td>19,847,736</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>—</td>
<td>98,385,593</td>
<td>98,385,593</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>525,228</td>
<td>559,901</td>
<td>1,085,129</td>
</tr>
<tr>
<td>Interest and income receivable</td>
<td>1,854,417</td>
<td>—</td>
<td>1,854,417</td>
</tr>
<tr>
<td>Student loans receivable</td>
<td>8,078</td>
<td>8,019,800</td>
<td>8,027,878</td>
</tr>
<tr>
<td><strong>Total university receivables</strong></td>
<td><strong>$31,660,459</strong></td>
<td><strong>$106,965,294</strong></td>
<td><strong>$138,625,753</strong></td>
</tr>
</tbody>
</table>

Accounts receivable are reported net of allowances for doubtful accounts of $104,801 based on credit losses experienced in prior years and evaluation of current portfolios. Student payment allowances of $72,000, parking services allowances of $27,801, and telecommunications allowances of $5,000 comprise this amount. Contributions receivable are reported net of allowances for current uncollectible pledges of $68,821 and allowances for noncurrent uncollectible pledges of $95,084.

Accounts receivable for the year ended June 30, 2007, were comprised of the following balances:

<table>
<thead>
<tr>
<th>Accounts Receivable</th>
<th>State bond proceeds</th>
<th>Students/scholarships</th>
<th>Computer services</th>
<th>Auxiliaries</th>
<th>Fees</th>
<th>Camps</th>
<th>Educational programs</th>
<th>Professional development/conferences</th>
<th>Other</th>
<th>Municipal services</th>
<th>Total accounts receivable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,955,506</td>
<td>1,449,631</td>
<td>1,315,651</td>
<td>898,651</td>
<td>712,787</td>
<td>596,860</td>
<td>588,863</td>
<td>484,315</td>
<td>204,735</td>
<td>38,001</td>
<td>$9,245,000</td>
</tr>
</tbody>
</table>

Grants and contracts receivable are comprised of amounts due for sponsored research projects, federal land-grant appropriations, and federal scholarship programs. Grants and contract receivable for the year ended June 30, 2007, were comprised of the following balances:

<table>
<thead>
<tr>
<th>Grants and Contracts Receivable</th>
<th>Federal</th>
<th>State</th>
<th>Local</th>
<th>Nongovernmental</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsored research</td>
<td>$13,484,786</td>
<td>$1,499,384</td>
<td>$292,320</td>
<td>$2,692,452</td>
<td>$17,968,942</td>
</tr>
<tr>
<td>Land-grant appropriations</td>
<td>1,434,418</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,434,418</td>
</tr>
<tr>
<td>Scholarship programs</td>
<td>444,376</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>444,376</td>
</tr>
<tr>
<td><strong>Total grants and contracts receivable</strong></td>
<td><strong>$15,363,580</strong></td>
<td><strong>$1,499,384</strong></td>
<td><strong>$292,320</strong></td>
<td><strong>$2,692,452</strong></td>
<td><strong>$19,847,736</strong></td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Contributions Receivable</th>
<th>Current</th>
<th>Noncurrent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>University programs</td>
<td>$159,894</td>
<td>$130,823</td>
<td>$290,717</td>
</tr>
<tr>
<td>Athletic scholarships</td>
<td>$365,334</td>
<td>$429,078</td>
<td>$794,412</td>
</tr>
<tr>
<td>Total contributions receivables</td>
<td>$525,228</td>
<td>$559,901</td>
<td>$1,085,129</td>
</tr>
</tbody>
</table>

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, 2007, the University had notes receivable from the Clemson University Foundation, a related party, totaling $98,385,593. This amount includes the original loan of $35,358,188, additional amounts totaling $29,068,488 loaned since the fiscal year 1999 original loan, plus related income and appreciation. Funds loaned to the Clemson University Foundation will be paid back to the University with interest at a rate equal to that which is necessary to produce a sum which is equal to the total return (consisting of appreciation and income), provided, however, such rate will not be less than zero. The Memorandum of Understanding between Clemson University and the Clemson University Foundation is for a ten year period. It is reviewed annually by both parties and may be extended automatically for an additional twelve month period unless either party provides written notice of objection to the extension, in which case, the Memorandum of Understanding will not automatically extend for an additional twelve month period. The above notwithstanding, either party may terminate the Memorandum of Understanding at any time without cause upon one hundred eighty days written notice to the other party.

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

Interest and income receivable consists of amounts due from the State Treasurer relating to holdings in the State’s internal cash management pool and cash invested in various short-term investments by that agency.
NOTE 4.
CAPITAL ASSETS
Capital Asset activity for the year ended June 30, 2007, is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets not being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land and improvements</td>
<td>9,971,751</td>
<td>16,794,992</td>
<td>32,360</td>
<td>26,734,383</td>
</tr>
<tr>
<td>*Construction in progress</td>
<td>51,365,151</td>
<td>42,364,812</td>
<td>61,961,478</td>
<td>31,768,849</td>
</tr>
<tr>
<td>Total capital assets not being depreciated</td>
<td>61,337,266</td>
<td>59,159,804</td>
<td>61,993,838</td>
<td>58,503,232</td>
</tr>
<tr>
<td>Depreciable capital assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities systems and other non-structural improvements</td>
<td>28,832,887</td>
<td>6,039,244</td>
<td></td>
<td>34,872,131</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>547,190,260</td>
<td>72,623,410</td>
<td></td>
<td>619,813,670</td>
</tr>
<tr>
<td>Computer software</td>
<td>938,422</td>
<td></td>
<td></td>
<td>938,422</td>
</tr>
<tr>
<td>Equipment</td>
<td>134,858,792</td>
<td>30,815,415</td>
<td>8,292,391</td>
<td>157,381,816</td>
</tr>
<tr>
<td>Vehicles</td>
<td>13,882,423</td>
<td>1,177,242</td>
<td>466,440</td>
<td>14,593,225</td>
</tr>
<tr>
<td>Total depreciable capital assets at historical cost</td>
<td>725,702,784</td>
<td>110,655,311</td>
<td>8,758,831</td>
<td>827,599,264</td>
</tr>
<tr>
<td>Less accumulated depreciation for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities systems and other non-structural improvements</td>
<td>12,158,226</td>
<td>1,432,593</td>
<td></td>
<td>13,590,819</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>196,182,269</td>
<td>14,893,238</td>
<td></td>
<td>211,075,507</td>
</tr>
<tr>
<td>Computer software</td>
<td>828,081</td>
<td>110,341</td>
<td></td>
<td>938,422</td>
</tr>
<tr>
<td>Equipment</td>
<td>98,781,485</td>
<td>13,314,006</td>
<td>7,635,990</td>
<td>104,459,501</td>
</tr>
<tr>
<td>Vehicles</td>
<td>8,018,999</td>
<td>196,207</td>
<td>402,878</td>
<td>7,812,328</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>315,969,060</td>
<td>29,946,385</td>
<td>8,038,831</td>
<td>337,876,577</td>
</tr>
<tr>
<td>Depreciable capital assets, net</td>
<td>409,733,724</td>
<td>80,708,926</td>
<td>719,963</td>
<td>489,722,687</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$ 471,070,990</td>
<td>$ 139,868,730</td>
<td>$ 62,713,801</td>
<td>$ 548,225,919</td>
</tr>
</tbody>
</table>

* Includes current fiscal year capitalized interest of $744,565

NOTE 5.
DEFERRED REVENUES
Deferred revenues consist primarily of athletic ticket sales and related fees and unearned student revenues for the second summer session and fall semester. These monies were collected in advance and were not earned at June 30, 2007.

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

Public Service Program receipts result from letter-of-credit draw-downs of federal appropriations for Hatch and Smith Lever funds for the University’s agricultural research and extension programs. Fees collected in advance for municipal services, professional development and continuing education courses, contract credit courses, and various departmental accounts comprise the remaining balance of deferred revenues.

A summary listing of deferred revenue follows:

<table>
<thead>
<tr>
<th>Deferred Revenues</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletic event receipts - fall semester</td>
<td>$ 15,664,165</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsored research programs</td>
<td>7,044,054</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic and other fees - second summer semester</td>
<td>3,541,864</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admission fees - fall semester</td>
<td>245,595</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational programs</td>
<td>277,042</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public service programs</td>
<td>159,634</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>128,208</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other auxiliary fees - second summer session</td>
<td>103,612</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional development fees</td>
<td>24,328</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total deferred revenues</td>
<td>$ 27,188,502</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTE 6.
BONDS PAYABLE AND NOTES PAYABLE

Bonds Payable
At June 30, 2007, bonds payable consisted of the following:

<table>
<thead>
<tr>
<th>Bonds Payable</th>
<th>Interest Rate</th>
<th>Maturity Dates</th>
<th>June 30, 2007 Balance</th>
<th>Debt Retired in Fiscal Year 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Obligation Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds dated 4/01/95 (Series 1995A)</td>
<td>5.25%</td>
<td>6/1/2010</td>
<td>$ 845,000</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>Bonds dated 6/01/97 (Series 1997B)</td>
<td>4.30%</td>
<td>6/1/2010</td>
<td>3,355,000</td>
<td>630,000</td>
</tr>
<tr>
<td>Bonds dated 7/01/02 (Series 2002B)</td>
<td>4.00-4.375%</td>
<td>6/1/2017</td>
<td>19,395,000</td>
<td>575,000</td>
</tr>
<tr>
<td>Bonds dated 3/01/03 (Series 2003B)</td>
<td>2.50-4.50%</td>
<td>6/1/2017</td>
<td>9,050,000</td>
<td>765,000</td>
</tr>
<tr>
<td>Bonds dated 12/01/03 (Series 2003F)</td>
<td>3.00-4.25%</td>
<td>6/1/2018</td>
<td>7,955,000</td>
<td>835,000</td>
</tr>
<tr>
<td>Bonds dated 4/01/07 (Series 2007B)</td>
<td>2.50-4.50%</td>
<td>6/1/2021</td>
<td>12,875,000</td>
<td>1,125,000</td>
</tr>
<tr>
<td><strong>Subtotal bonds payable</strong></td>
<td></td>
<td></td>
<td>53,475,000</td>
<td></td>
</tr>
<tr>
<td><strong>Plant Improvement Refunding Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds dated 3/01/98 (Series 1998)</td>
<td>4.30-4.50%</td>
<td>5/1/2011</td>
<td>3,080,000</td>
<td>690,000</td>
</tr>
<tr>
<td><strong>Revenue Bonds</strong></td>
<td></td>
<td></td>
<td>3,080,000</td>
<td></td>
</tr>
<tr>
<td>Bonds dated 1/01/98 (Series 1998A)</td>
<td>4.75%</td>
<td>5/1/2012</td>
<td>10,405,000</td>
<td>1,905,000</td>
</tr>
<tr>
<td>Bonds dated 5/01/00 (Series 2000)</td>
<td>5.30%</td>
<td>5/1/2009</td>
<td>2,125,000</td>
<td>975,000</td>
</tr>
<tr>
<td>Bonds dated 8/01/03 (Series 2003)</td>
<td>4.00-5.00%</td>
<td>5/1/2018</td>
<td>25,875,000</td>
<td>715,000</td>
</tr>
<tr>
<td>Bonds dated 12/1/05 (Series 2005)</td>
<td>4.00-5.00%</td>
<td>5/1/2020</td>
<td>21,655,000</td>
<td>405,000</td>
</tr>
<tr>
<td><strong>Subtotal bonds payable</strong></td>
<td></td>
<td></td>
<td>60,060,000</td>
<td></td>
</tr>
<tr>
<td><strong>Athletic Facilities Revenue Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds dated 6/01/01 (Series 2001)</td>
<td>4.00-4.75%</td>
<td>5/1/2016</td>
<td>14,465,000</td>
<td>1,220,000</td>
</tr>
<tr>
<td>Bonds dated 6/01/03 (Series 2003)</td>
<td>3.00-5.00%</td>
<td>5/1/2023</td>
<td>7,000,000</td>
<td></td>
</tr>
<tr>
<td>Bonds dated 12/1/05 (Series 2005)</td>
<td>4.00-6.00%</td>
<td>5/1/2025</td>
<td>15,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal bonds payable</strong></td>
<td></td>
<td></td>
<td>36,465,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unamortized revenue bond premium</td>
<td>1,724,538</td>
<td></td>
<td>141,138</td>
</tr>
<tr>
<td></td>
<td>Less deferred amount on revenue bond refunding</td>
<td>(629,434)</td>
<td></td>
<td>(314,718)</td>
</tr>
<tr>
<td><strong>Total bonds payable</strong></td>
<td></td>
<td></td>
<td>$ 154,175,104</td>
<td>$ 9,916,420</td>
</tr>
</tbody>
</table>

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. Plant Improvement Refunding Bonds are limited obligations of the University payable solely from, and secured by a pledge of a special student fee for plant improvements. 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 believes that it was in compliance with all restrictive covenants as of June 30, 2007.


Tuition fees for the fiscal year ended June 30, 2006 were $8,733,093 which results in a legal annual debt service limit at June 30, 2007 of $7,859,784. This amount is equal to 90% of tuition fees collected for the prior fiscal year.

The series 1995A General Obligation Bonds maturing on and after June 1, 2006, are subject to redemption in whole or in part, but if redeemed in part on June 1, 2005, and all subsequent payment dates in inverse chronological order of maturity, at the option of the State of South Carolina at par.

The series 1997B General Obligation Bonds maturing on and after June 1, 2008, are subject to redemption at the option of the State, in whole or in part, but if in part, in inverse chronological order of maturity, on and after June 1, 2007, and on all subsequent bond payment dates at the following redemption prices: June 1, 2007 and December 1, 2007 at 102 percent; June 1, 2008 and December 1, 2008 at 101%
percent; June 1, 2009 and thereafter at par.

The series 1998A Auxiliary Revenue Bonds maturing on or after May 1, 2008 are subject to redemption at the option of the University on and after May 1, 2007 in whole or in part at any time upon 30 days notice, at a declining premium. After May 1, 2007, the Auxiliary Revenue Bonds can be redeemed at 101% through April 30, 2008 and from May 1, 2008 through April 30, 2009 at 100.5% of par. After April 30, 2009 they can be redeemed at par.

The Series 1998 Plant Improvement Refunding Bonds are not subject to redemption prior to maturity.

The Series 2000 Auxiliary Revenue Bonds maturing prior to May 1, 2010 shall not be subject to redemption; however, they shall be subject to redemption prior to maturity on or after May 1, 2010 at the option of the University on and after May 1, 2009, in whole or in part at any time, and if in part in those maturities designated by the University and by lot within a maturity, upon 30 days notice at the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption, plus the following redemption premium: May 1, 2009 through April 30, 2010 at 101 percent and May 1, 2010 and thereafter at 100 percent.

The Series 2001 Athletic Facilities Revenue Bonds maturing prior to May 1, 2012 shall not be subject to redemption; however, they shall be subject to redemption prior to maturity on or after May 1, 2011 at the option of the University on or after May 1, 2012, in whole or in part for the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption, plus the following redemption premium: May 1, 2011 through April 30, 2012 at 101 percent and May 1, 2012 and thereafter at 100 percent.

The Series 2002B General Obligation Bonds maturing on and after June 1, 2013, are subject to redemption, in whole or in part, at any time in any order of maturity to be determined by the State, on or after June 1, 2012, at the redemption prices expressed as a percentage of the principal amount to be redeemed at the following redemption prices: June 1, 2012 through May 31, 2013 at 101 percent and June 1, 2013 and thereafter at 100 percent.

The Series 2003B General Obligation Bonds maturing on and after June 1, 2013, are subject to redemption, in whole or in part, at any time in any order of maturity to be determined by the State, on or after June 1, 2012, at the redemption prices expressed as a percentage of the principal amount to be redeemed at the following redemption prices: June 1, 2012 through May 31, 2013 at 101 percent and June 1, 2013 and thereafter at 100 percent.

The Series 2003 Athletic Facilities Revenue Bonds maturing prior to May 1, 2014 shall not be subject to redemption; however, they shall be subject to redemption prior to maturity on or after May 1, 2014 at the option of the Board of Trustees on or after May 1, 2013, in whole or in part for the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption, plus the following redemption premium: May 1, 2013 through April 30, 2014 at 101 percent and May 1, 2014 and thereafter at 100 percent.

The Series 2003F General Obligation Bonds maturing on and after June 1, 2014, 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, 2013, at the redemption price of par plus accrued interest to the date fixed for redemption.

The Series 2003 Revenue Bonds maturing prior to May 1, 2014 shall not be subject to redemption; however, they shall be subject to redemption prior to maturity on or after May 1, 2014 at the option of the Board of Trustees on or after May 1, 2013, in whole or in part for the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption, plus the following redemption premium: May 1, 2013 through April 30, 2014 at 101 percent and May 1, 2014 and thereafter at 100 percent.

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

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

During the fiscal year ending June 30, 2007, the State of South Carolina issued on behalf of the University, General Obligation State Institution Bonds in the amount of $14,000,000. The proceeds of these bonds are to be used to (i) acquire land for construction of the Clemson Architecture Center located in Charleston, South Carolina; (ii) improve chilled water systems; (iii) design and construct the Academic Success Center and (iv) design and construct the Bio Sciences/ Life Sciences Building. The Series 2007B General Obligation State Institution 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 2007B General Obligation Bonds are secured by a pledge of the full faith, credit and taxing power of the State and by a pledge of the tuition fees of the University.
All of the bonds are payable in semiannual installments plus interest. Amounts including interest required to complete payment of the General Obligation bond obligations as of June 30, 2007, are as follows:

### General Obligation Bonds

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$3,815,000</td>
<td>$2,170,630</td>
<td>$5,985,630</td>
</tr>
<tr>
<td>2009</td>
<td>$3,975,000</td>
<td>$2,019,047</td>
<td>$5,994,047</td>
</tr>
<tr>
<td>2010</td>
<td>$4,135,000</td>
<td>$1,858,725</td>
<td>$5,993,725</td>
</tr>
<tr>
<td>2011</td>
<td>$4,310,000</td>
<td>$1,689,540</td>
<td>$5,999,540</td>
</tr>
<tr>
<td>2012</td>
<td>$4,490,000</td>
<td>$1,513,678</td>
<td>$6,003,678</td>
</tr>
<tr>
<td>2013 through 2017</td>
<td>$25,400,000</td>
<td>$4,670,320</td>
<td>$30,070,320</td>
</tr>
<tr>
<td>2018 through 2021</td>
<td>$7,350,000</td>
<td>$514,637</td>
<td>$7,864,637</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$53,475,000</strong></td>
<td><strong>$14,436,577</strong></td>
<td><strong>$67,911,577</strong></td>
</tr>
</tbody>
</table>

Amounts including interest required to complete payment of the Plant Improvement bond obligations as of June 30, 2007, are as follows:

### Plant Improvement Refunding Bonds

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$720,000</td>
<td>$137,160</td>
<td>$857,160</td>
</tr>
<tr>
<td>2009</td>
<td>$750,000</td>
<td>$106,200</td>
<td>$856,200</td>
</tr>
<tr>
<td>2010</td>
<td>$790,000</td>
<td>$72,450</td>
<td>$862,450</td>
</tr>
<tr>
<td>2011</td>
<td>$820,000</td>
<td>$36,900</td>
<td>$856,900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,080,000</strong></td>
<td><strong>$352,710</strong></td>
<td><strong>$3,432,710</strong></td>
</tr>
</tbody>
</table>

Amounts including interest required to complete payment of the Revenue and Athletic Facilities Revenue bond obligations as of June 30, 2007, are as follows:

### Revenue and Athletic Facilities Revenue Bonds

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$5,675,000</td>
<td>$4,469,640</td>
<td>$10,144,640</td>
</tr>
<tr>
<td>2009</td>
<td>$5,950,000</td>
<td>$4,212,202</td>
<td>$10,162,202</td>
</tr>
<tr>
<td>2010</td>
<td>$6,230,000</td>
<td>$3,940,885</td>
<td>$10,170,885</td>
</tr>
<tr>
<td>2011</td>
<td>$6,535,000</td>
<td>$3,657,422</td>
<td>$10,192,422</td>
</tr>
<tr>
<td>2012</td>
<td>$6,845,000</td>
<td>$3,357,985</td>
<td>$10,202,985</td>
</tr>
<tr>
<td>2013 through 2017</td>
<td>$39,025,000</td>
<td>$11,676,383</td>
<td>$50,701,383</td>
</tr>
<tr>
<td>2018 through 2022</td>
<td>$18,690,000</td>
<td>$3,605,303</td>
<td>$22,295,303</td>
</tr>
<tr>
<td>2023 through 2025</td>
<td>$7,575,000</td>
<td>$8,271,181</td>
<td>$15,846,181</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$96,525,000</strong></td>
<td><strong>$35,616,001</strong></td>
<td><strong>$132,141,001</strong></td>
</tr>
</tbody>
</table>

In prior years the University defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the University’s financial statements. At June 30, 2007, $15,170,000 of bonds outstanding are considered defeased. The University was in compliance with all applicable bond covenants as of June 30, 2007.
The University reported principal retirements and interest expenditures related to the bonds as follows for the year ended June 30, 2007:

**Principal Retirements and Interest Expenses**

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>General obligation bonds</td>
<td>$ 4,180,000</td>
<td>$ 1,876,163</td>
</tr>
<tr>
<td>Plant improvement refunding bonds</td>
<td>690,000</td>
<td>161,597</td>
</tr>
<tr>
<td>Revenue bonds</td>
<td>4,000,000</td>
<td>3,204,173</td>
</tr>
<tr>
<td>Athletic facilities revenue bonds</td>
<td>1,220,000</td>
<td>1,635,157</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 10,090,000</strong></td>
<td><strong>$ 6,877,090</strong></td>
</tr>
</tbody>
</table>

At June 30, 2007, notes payable consisted of the following:

**Notes Payable**

<table>
<thead>
<tr>
<th>Notes Payable</th>
<th>Interest</th>
<th>Maturity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CU Foundation (CUF)</td>
<td>6.000%</td>
<td>6/30/2009</td>
<td>$ 280,838</td>
</tr>
<tr>
<td>SC Energy Office</td>
<td>1.000%</td>
<td>7/1/2013</td>
<td>347,779</td>
</tr>
<tr>
<td>Banc of America Leasing</td>
<td>5.420%</td>
<td>7/18/2012</td>
<td>1,706,466</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$ 2,335,083</strong></td>
</tr>
</tbody>
</table>

The note payable dated June 30, 2003 is with the Clemson University Foundation (CUF). Proceeds were used to construct a new building at the Apparel Research Facility.

Future payments on the note payable are to be funded from future operating revenues.

The aggregate debt service payments due on the notes payable at June 30, 2007 are as follows:

**Debt Service - Notes Payable**

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$ 458,582</td>
<td>$ 107,228</td>
<td>$ 565,810</td>
</tr>
<tr>
<td>2009</td>
<td>482,436</td>
<td>83,375</td>
<td>565,811</td>
</tr>
<tr>
<td>2010</td>
<td>354,255</td>
<td>60,449</td>
<td>414,704</td>
</tr>
<tr>
<td>2011</td>
<td>371,522</td>
<td>43,182</td>
<td>414,704</td>
</tr>
<tr>
<td>2012</td>
<td>389,716</td>
<td>24,988</td>
<td>414,704</td>
</tr>
<tr>
<td>2013 through 2014</td>
<td>278,572</td>
<td>6,331</td>
<td>284,903</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,335,083</strong></td>
<td><strong>$ 325,553</strong></td>
<td><strong>$ 2,660,636</strong></td>
</tr>
</tbody>
</table>

Total principal paid on notes payable was $435,996 for the year ended June 30, 2007. Total interest expense for notes payable was $123,494.

**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 Assets include other installment purchase agreements) and for noncancellable operating leases having remaining terms in excess of one year as of June 30, 2007, were as follows:

### Capital and Operating Lease Commitments

<table>
<thead>
<tr>
<th>Year Ending June 30:</th>
<th>Capital Leases</th>
<th>Operating Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$ 806,654</td>
<td>$ 759,458</td>
</tr>
<tr>
<td>2009</td>
<td>528,715</td>
<td>602,973</td>
</tr>
<tr>
<td>2010</td>
<td>528,715</td>
<td>295,644</td>
</tr>
<tr>
<td>2011</td>
<td>481,251</td>
<td>90,805</td>
</tr>
</tbody>
</table>

**Total minimum lease payments**: $2,345,335

Less: Interest 337,613

Less: Executory costs 87,672

**Principal outstanding - Clemson University**: $1,920,050

### Capital Leases

Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between 2007 and 2011. Expenditures for fiscal year 2007 were $1,475,254, of which $219,991 represented interest and $32,451 represented executory costs. Total principal paid on capital leases was $1,222,811 for the fiscal year ended June 30, 2007. Interest rates range from 5.50 percent to 7.58 percent.

The following is a summary of the carrying values of assets held under capital lease at June 30, 2007:

### Assets Held Under Capital Lease

<table>
<thead>
<tr>
<th>Value at Lease Inception</th>
<th>Accumulated Depreciation</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 122</td>
<td>$ —</td>
</tr>
<tr>
<td>Buildings</td>
<td>13,908,588</td>
<td>6,775,251</td>
</tr>
<tr>
<td>Equipment</td>
<td>16,206</td>
<td>3,241</td>
</tr>
<tr>
<td>Totals</td>
<td>$ 13,924,916</td>
<td>$ 6,778,492</td>
</tr>
</tbody>
</table>

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.

The University had two capital leases with the Clemson University Research Foundation (CURF), its component unit, in the current fiscal year. In March 1988, the University entered into a capital lease of $925,000 at 7.50 percent with CURF, a component unit, whereby the University leases land and a building for a twenty year period that began April 1988, and expires May 2008. The outstanding liability at June 30, 2007, on this capital lease is $64,929. The University at its option may terminate the lease and purchase CURF’s interest for the unamortized principal balance and the payment of $1. In December 1998, the University entered into a capital lease of $2,792,453 at 5.50 percent with CURF whereby the University leases a building for a nine year period that began December 1998, and expires December 2007. There is no outstanding liability at June 30, 2007, on this capital lease. The University at its option may terminate the lease and purchase CURF’s interest for the unamortized principal balance and the payment of $1.

The University had three capital leases with unrelated parties in the current fiscal year. In June 1991, the University entered into a capital lease of $5,186,861 at 7.58 percent whereby the University leases a building for a twenty year period that began June 1991, and expires June 2011. The outstanding liability at June 30, 2007 on this capital lease is $1,656,923. In December 1986, the University entered into a capital lease of $5,004,395 at 7.5 percent for a computer building whereby the University leases a building for a twenty-year period that began December 1987, and expires December 2007. The University may cancel the lease agreement at the end of any fiscal year when sufficient appropriations, revenues, income, grants or other funding sources are not available. The University has the option to purchase the property for the redemption price and the payment of $1. However, in the event of cancellation, the University has agreed not to purchase, lease or rent similar facilities for one year following such cancellation. The University is responsible for all operating costs such as repairs, utilities and insurance for this lease. The outstanding liability at June 30, 2007 for this capital lease was $187,801. In September 2005, the University entered into a capital lease of $16,206 at 7.33 percent for equipment whereby the University leases the property for a five year period that
began in September 2005, and expires September 2010. The University has the option to purchase the property for the payment of $1,00 at the expiration of the lease. The outstanding liability at June 30, 2007 for this capital lease was $10,397.

Operating Leases

The University’s noncancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2006 through 2010. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancelable if the State of South Carolina does not provide adequate funding but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis.

In 1996, the University entered into a real property operating lease with the Clemson University Research Foundation (CURF), a component unit, for office space. The current lease extends through February, 2008. Under this agreement, the University paid CURF $120,799 in the current year.

In 2000, the University entered into a real property operating lease with CURF, a component unit, for office space. The current lease renewal extends through June, 2008. Under this agreement, the University paid CURF $38,905 in the current year.

In 2001, the University entered into a real property operating lease with CURF, a component unit, for office space. The current lease extends through April, 2008. Under this agreement, the University paid CURF $11,326 in the current year.

Noncancellable operating lease expenditures in 2007 were $843,525 for real property and $165,382 for information technology equipment. The University reports these costs in functional expenditure categories.

Besides the real property operating leases with CURF mentioned above, the University had no other operating leases with related parties in the current fiscal year.

In the current fiscal year, Clemson University incurred expenses of $650,017 for office copier contingent rentals on a cost-per-copy basis.

NOTE 8.
RETIREE PLANS

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

The majority of employees of the University are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death and group-life insurance benefits to eligible employees and retirees.

Under the SCRS, employees are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years credited service regardless of age. The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 percent of an employee’s average final compensation multiplied by the number of years of credited service. Early retirement options with reduced benefits are available as early as age 55. Employees are vested for a deferred annuity after five years earned service (five years earned effective January 1, 2001) and qualify for a survivor’s benefit upon completion of 15 years credited service. Effective January 1, 2001 disability annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of five years earned service (this requirement does not apply if the disability is the result of a job-related injury). A group-life insurance benefit equal to an employee’s annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Participants are considered retired during the TERI period, they do make SCRS contributions, do not earn service credit, and are eligible to receive group life insurance benefits, but not eligible for disability retirement benefits.

From July 1, 1988 – June 30, 2005 employees participating in the SCRS were required to contribute 6 percent of eligible compensation. Effective July 1, 2006 the employee contribution rate increased to 6.50 percent of eligible compensation. Effective July 1, 2006, the employer contribution rate was 10.95 percent which includes a 3.25 percent surcharge to fund retiree health and dental insurance coverage. The University’s actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2007, 2006 and 2005, were approximately $12,617,721, $12,057,713, and $11,013,000 respectively, and equaled the required contributions of percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately $235,112 in the current fiscal year at the rate of .15 percent of compensation.
The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees covered under PORS are eligible for a monthly pension payable at age 55 with a minimum of five years service or 25 years credited service regardless of age. In addition, employees who have five years of credited service prior to age 55 can retire yet defer receipt of benefits until they reach age 55. A member is vested for a deferred annuity with five years service. The benefit formula for full benefits effective since July 1, 1989, for the PORS is 2.14 percent of the employee’s average final salary multiplied by the number of years of credited service. Disability annuity benefits and the group-life insurance benefits for PORS members are similar to those for SCRS participants. Accidental death benefits provide a monthly pension of 50 percent of the member’s budgeted compensation at the time of death.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2004, the employer contribution rate became 13.55 percent which, as for the SCRS, included a 3.25 percent surcharge. The University’s actual contributions to the PORS for the years ending June 30, 2007, 2006, and 2005, were approximately $220,817, $226,847, and $212,000, respectively, and equaled the required contributions of 10.3 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of $4,287 and accidental death insurance contributions of $4,287 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

The amounts paid by the University for pension, group-life insurance, and accidental death benefits are reported as employer contributions expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates to SCRS (and PORS) are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates. Annual benefits, payable monthly for life, are based on length of service and on average final compensation (an annualized average of the employee’s highest 12 consecutive quarters of compensation).

The Systems do not make separate measurements of assets and pension liabilities for individual employers. Under Title 9 of the South Carolina Code of Laws, the University’s liability under the plans is limited to the amount of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. Therefore, the University’s liability under the pension plans is limited to the contribution requirements for the applicable year from amounts appropriated in the South Carolina Appropriation Act and amounts from other applicable revenue sources. Accordingly, the University recognizes no contingent liability for unfunded costs associated with participation in the plans.

At retirement, employees participating in the SCRS or PORS receive additional service credit (at a rate of 20 days equals one month of service) for up to 90 days for accumulated unused sick leave.

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is available to all employees who meet eligibility requirements for membership in the SCRS. Election into either SCRS or ORP must be made within their first thirty (30) days of employment. A State ORP participant may irrevocably elect to join the SCRS during any open enrollment period (January 1 – March 31) after the first anniversary of the person’s initial enrollment period in the State ORP. The State ORP participant shall become a member of the SCRS effective on the first of April following the participant’s election to join the SCRS. An employee who exercises an option to not participate in the South Carolina Retirement Systems is not eligible to participate in the State Optional Retirement Program, unless a break in service occurs.

All eligible employees shall elect either to join the South Carolina Retirement System or to participate in the State “ORP” within thirty days after entry into service. If an eligible employee fails to make the initial election within the required time, the employee is considered to have elected membership in the South Carolina Retirement System. An election made pursuant to this section must be made in writing and filed with the retirement system and the appropriate officer of the employee’s participating employer and is effective on the date of employment. A State ORP participant who accepts an additional concurrent position with an employer participating in the South Carolina Retirement System must enroll in the State ORP for the second position if the second position is eligible to participate in the State ORP. Also, a member of the South Carolina Retirement System who accepts an additional concurrent position with an employer participating in the South...
Carolina Retirement System must enroll in the South Carolina Retirement System with respect to that position.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 8.05 percent plus the retiree surcharge of 3.35 from the employer in fiscal year 2007.

Certain of the University’s employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were approximately $2,642,253 (excluding the surcharge) from the University as employer and $5,367,077 from its employees as plan members. Employee contributions of 6.50 percent, and 5 percent of the employer contribution was remitted directly to the respective annuity policy providers. The balance of the employer portion was remitted to the Retirement Division of the State Budget and Control Board. The obligation for payment of benefits resides with the insurance companies.

NOTE 9.
POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the University are eligible to receive these benefits. The State provides post employment health and dental benefits to employees who retire from state service or who terminated employment and meet eligibility. Eligibility for retiree insurance is based on years of state service credit, or age and years of state service credit. Eligibility rules include regular state funded retiree, age 55/25 year, 5-10 year, disability, police officers retirement, and 20 year rule. Specifics may be obtained from the Employee Insurance Program publication Insurance Benefits Guide. Retiree insurance begins the first of the month after retirement or eligibility is met, provided the necessary forms are completed by the retiree and received by the Employee Insurance Program within state guidelines.

These benefits are provided through annual appropriations by the General Assembly to the University for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the University for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

The University paid approximately $8,088,781 applicable to the 3.35 percent surcharge included with the employer contributions for retirement benefits for year ended June 30, 2007. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Employee Insurance Program for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to University retirees is not available. By State law, the University has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems’ earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

NOTE 10.
DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the 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. Eligibility rules and penalties may apply. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.
NOTE 11.  
LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2007 was as follows:

Long-Term Liabilities

<table>
<thead>
<tr>
<th></th>
<th>July 1, 2006</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2007</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds payable, notes payable and capital lease obligations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General obligation bonds</td>
<td>$43,655,000</td>
<td>$14,000,000</td>
<td>$4,180,000</td>
<td>$53,475,000</td>
<td>$3,815,000</td>
</tr>
<tr>
<td>Plant improvement bonds</td>
<td>3,770,000</td>
<td>—</td>
<td>690,000</td>
<td>3,080,000</td>
<td>720,000</td>
</tr>
<tr>
<td>Revenue bonds</td>
<td>64,060,000</td>
<td>—</td>
<td>4,000,000</td>
<td>60,060,000</td>
<td>4,185,000</td>
</tr>
<tr>
<td>Athletic facilities revenue bonds</td>
<td>37,685,000</td>
<td>—</td>
<td>1,220,000</td>
<td>36,465,000</td>
<td>1,490,000</td>
</tr>
<tr>
<td>Subtotal bonds payable</td>
<td>149,170,000</td>
<td>14,000,000</td>
<td>10,090,000</td>
<td>153,080,000</td>
<td>10,210,000</td>
</tr>
<tr>
<td>Unamortized revenue bond premium</td>
<td>1,865,676</td>
<td>—</td>
<td>141,138</td>
<td>1,724,538</td>
<td>141,138</td>
</tr>
<tr>
<td>Deferred amount on revenue bond refunding</td>
<td>(944,152)</td>
<td>—</td>
<td>(314,718)</td>
<td>(629,434)</td>
<td>(314,718)</td>
</tr>
<tr>
<td>Total bonds payable</td>
<td>150,091,524</td>
<td>14,000,000</td>
<td>9,916,420</td>
<td>154,175,104</td>
<td>10,036,420</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>3,142,861</td>
<td>—</td>
<td>1,222,811</td>
<td>1,920,050</td>
<td>635,341</td>
</tr>
<tr>
<td>Notes payable</td>
<td>2,771,079</td>
<td>—</td>
<td>435,996</td>
<td>2,335,083</td>
<td>458,582</td>
</tr>
<tr>
<td>Total bonds, notes and capital leases</td>
<td>156,005,464</td>
<td>14,000,000</td>
<td>11,575,227</td>
<td>158,430,237</td>
<td>11,130,343</td>
</tr>
<tr>
<td>Other liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued compensated absences</td>
<td>18,814,000</td>
<td>14,019,129</td>
<td>11,777,129</td>
<td>21,056,000</td>
<td>13,868,230</td>
</tr>
<tr>
<td>Funds held for others</td>
<td>7,775,712</td>
<td>371,227</td>
<td>78,614</td>
<td>8,068,325</td>
<td>—</td>
</tr>
<tr>
<td>Total other liabilities</td>
<td>26,589,712</td>
<td>14,390,356</td>
<td>11,855,743</td>
<td>29,124,321</td>
<td>13,868,230</td>
</tr>
<tr>
<td>Total long-term liabilities</td>
<td>$182,595,176</td>
<td>$28,390,356</td>
<td>$23,430,970</td>
<td>$187,554,562</td>
<td>$24,998,573</td>
</tr>
</tbody>
</table>

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.

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 $305,122,767. The $305,122,767 includes estimated costs of $122,360,318 for capital projects currently in progress plus $182,762,449 estimated costs for other capital projects already in service. Of the total estimated cost, $97,837,051, was unexpended at June 30, 2007. Of the total expended through June 30, 2007, the University has capitalized substantially complete and in use projects in the amount of $61,961,478. Of the unexpended balance the University has remaining commitment balances of $21,488,044 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Retainages payable on these capitalized projects as of June 30, 2007 was $2,100,550.
Capital projects at June 30, 2007 which constitute construction in progress that are to be capitalized when completed are listed below.

### Construction Costs and Commitments

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Project Description</th>
<th>Approximate Cost</th>
<th>Amount Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td>9807</td>
<td>Academic success center</td>
<td>$3,010,000</td>
<td>$590,436</td>
</tr>
<tr>
<td>9538</td>
<td>Baruch lab/office building</td>
<td>$5,610,000</td>
<td>$501,911</td>
</tr>
<tr>
<td>9878</td>
<td>Bioengineering research center</td>
<td>$3,500,000</td>
<td>$334</td>
</tr>
<tr>
<td>9871</td>
<td>Bio/life sciences building</td>
<td>$6,000,000</td>
<td>$258,623</td>
</tr>
<tr>
<td>9774</td>
<td>Charleston architecture building</td>
<td>$6,891,388</td>
<td>$131,908</td>
</tr>
<tr>
<td>9863</td>
<td>Chilled water system improvement</td>
<td>$7,000,000</td>
<td>$1,769,867</td>
</tr>
<tr>
<td>9540</td>
<td>Edisto research and education center</td>
<td>$200,000</td>
<td>$8,549</td>
</tr>
<tr>
<td>9874</td>
<td>Fernow street cafe renovation</td>
<td>$1,232,223</td>
<td>$6,447</td>
</tr>
<tr>
<td>9831</td>
<td>Graduate engineering center</td>
<td>$41,778,646</td>
<td>$26,053,384</td>
</tr>
<tr>
<td>9870</td>
<td>IT facility construction</td>
<td>$1,000,000</td>
<td>$5,626</td>
</tr>
<tr>
<td>0731</td>
<td>Landscape mechanic shop</td>
<td>$250,000</td>
<td>$95</td>
</tr>
<tr>
<td>9867</td>
<td>Memorial stadium WEZ II</td>
<td>$16,151,061</td>
<td>$99,329</td>
</tr>
<tr>
<td>9776</td>
<td>Microcreamery</td>
<td>$50,000</td>
<td>$42,460</td>
</tr>
<tr>
<td>9841</td>
<td>Municipal services complex</td>
<td>$150,000</td>
<td>$147,256</td>
</tr>
<tr>
<td>0680</td>
<td>Municipal services storage facility</td>
<td>$200,000</td>
<td>$143,040</td>
</tr>
<tr>
<td>9864</td>
<td>North Charleston property acquisition</td>
<td>$10,420,000</td>
<td>$89,839</td>
</tr>
<tr>
<td>9812</td>
<td>President's park rotunda</td>
<td>$56,000</td>
<td>$46,815</td>
</tr>
<tr>
<td>9839</td>
<td>Residence hall construction</td>
<td>$461,000</td>
<td>$433,206</td>
</tr>
<tr>
<td>9865</td>
<td>Rhodes hall annex</td>
<td>$11,500,000</td>
<td>$552,067</td>
</tr>
<tr>
<td>9532</td>
<td>Sandhill research and education center office/lab building</td>
<td>$6,900,000</td>
<td>$887,657</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$122,360,318</strong></td>
<td><strong>$31,768,849</strong></td>
</tr>
</tbody>
</table>

The amount expended includes only capitalized project expenses and capitalized interest on construction debt for projects less than 95% complete and not in service at June 30, 2007. No noncapitalized expenditures are included in these totals.

### Non-Capitalized

At June 30, 2007 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 $34,418,672. This amount includes costs incurred to date of $14,207,128 and estimated costs to complete of $20,211,544. The University has remaining commitment balances with certain parties related to these projects of $7,789,974. Retainages payable on the non-capitalized projects as of June 30, 2007, was $94,317. 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.

### 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 conjunction with GASB Statements No. 14 and No. 39, “Determining Whether Certain Organizations Are Component Units”, 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 past fiscal year the University purchased approximately 2 acres from the Clemson University Real Estate Foundation for approximately $200,000 for the CU-ICAR project in Greenville, South Carolina.

#### Clemson University Continuing Education And Conference Complex Corporation

The Clemson University Continuing Education and Conference Complex Corporation (Finance Corporation), is a separately chartered corporation established in September, 1993, to construct, operate and manage the golf course and hotel components of the Clemson University Continuing Education and Conference Complex. The Finance
Corporation’s actions are governed by its Board of Directors. The Finance Corporation reimbursed the University $93,232 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 $187,461 in expenses to reimburse CAFDB for administrative and educational 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 5D and 23 of Part IA of the 2006-07 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, 2007:

<table>
<thead>
<tr>
<th>State Appropriations</th>
<th>Educational and General</th>
<th>Public Service</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original appropriation</td>
<td>$ 94,144,455</td>
<td>$ 43,533,084</td>
<td>$ 137,677,539</td>
</tr>
<tr>
<td>State raise pay plan appropriation</td>
<td>2,954,942</td>
<td>1,140,513</td>
<td>4,095,455</td>
</tr>
<tr>
<td>Employer contribution health insurance allocation</td>
<td>630,593</td>
<td>245,840</td>
<td>876,433</td>
</tr>
<tr>
<td>Recurring appropriations - H.4810:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clemson University Center for Automotive Research</td>
<td>500,000</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>Proviso 73.8 - Tobacco settlement, non-recurring funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clemson University Center for Automotive Research</td>
<td>1,500,000</td>
<td>-</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Proviso 73.14 - Excess increased enforcement collections:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edisto Research and Education Center</td>
<td>-</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Call Me Mister program</td>
<td>1,300,000</td>
<td>-</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Proviso 73.17 - Infrastructure repairs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Center for Optical Materials, Science, Engineering and Technology</td>
<td>900,000</td>
<td>-</td>
<td>900,000</td>
</tr>
<tr>
<td>Appropriation allocations from the State Commission on Higher Education:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For academic endowment match</td>
<td>103,500</td>
<td>-</td>
<td>103,500</td>
</tr>
<tr>
<td>For Clemson Agriculture Education Teachers - teacher recruitment</td>
<td>-</td>
<td>371,287</td>
<td>371,287</td>
</tr>
<tr>
<td>Municipal services</td>
<td>931,747</td>
<td>-</td>
<td>931,747</td>
</tr>
<tr>
<td>Films and fibers</td>
<td>814,749</td>
<td>-</td>
<td>814,749</td>
</tr>
<tr>
<td>Wireless center</td>
<td>500,000</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>Appropriation transfer to the Medical University of South Carolina (MUSC) for: Agromedicine</td>
<td>-</td>
<td>(235,722)</td>
<td>(235,722)</td>
</tr>
<tr>
<td><strong>Total state appropriation revenues</strong></td>
<td><strong>$ 104,279,986</strong></td>
<td><strong>$ 46,055,002</strong></td>
<td><strong>$ 150,334,988</strong></td>
</tr>
</tbody>
</table>

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.
NOTES TO FINANCIAL STATEMENTS

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, 2007:

<table>
<thead>
<tr>
<th>Other Amounts Received from State Agencies</th>
<th>Operating Revenues</th>
<th>Nonoperating Revenues</th>
<th>Capital and Endowment Proceeds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIFE Scholarships</td>
<td>$19,542,919</td>
<td>$—</td>
<td>$—</td>
<td>$19,542,919</td>
</tr>
<tr>
<td>Palmetto Scholarships</td>
<td>10,509,544</td>
<td>$—</td>
<td>$—</td>
<td>10,509,544</td>
</tr>
<tr>
<td>Need-Based Grants</td>
<td>2,182,213</td>
<td>$—</td>
<td>$—</td>
<td>2,182,213</td>
</tr>
<tr>
<td>HOPE Scholarships</td>
<td>106,000</td>
<td>$—</td>
<td>$—</td>
<td>106,000</td>
</tr>
<tr>
<td>University Center</td>
<td>427,101</td>
<td>$—</td>
<td>$—</td>
<td>427,101</td>
</tr>
<tr>
<td>Access and Equity Competitive Grants</td>
<td>$—</td>
<td>69,525</td>
<td>$—</td>
<td>69,525</td>
</tr>
<tr>
<td>Education and Economic Development Act Grant</td>
<td>$—</td>
<td>30,000</td>
<td>$—</td>
<td>30,000</td>
</tr>
<tr>
<td>SC Experimental Programs to Stimulate Competitive Research</td>
<td>$—</td>
<td>742,250</td>
<td>$—</td>
<td>742,250</td>
</tr>
<tr>
<td>SC Manufacturing Extension Partnership</td>
<td>$—</td>
<td>90,000</td>
<td>$—</td>
<td>90,000</td>
</tr>
<tr>
<td>SC Alliance for Minority Participation</td>
<td>$—</td>
<td>35,890</td>
<td>$—</td>
<td>35,890</td>
</tr>
<tr>
<td>Centers of Excellence</td>
<td>$—</td>
<td>132,381</td>
<td>$—</td>
<td>132,381</td>
</tr>
<tr>
<td>Received from Department of Health and Environmental Control</td>
<td>445,924</td>
<td>$—</td>
<td>$—</td>
<td>445,924</td>
</tr>
<tr>
<td>Received from the Department of Education</td>
<td>907,967</td>
<td>$—</td>
<td>$—</td>
<td>907,967</td>
</tr>
<tr>
<td>Received from various other state agencies</td>
<td>1,825,736</td>
<td>$—</td>
<td>$—</td>
<td>1,825,736</td>
</tr>
<tr>
<td>State lottery funding for permanent endowments</td>
<td>$—</td>
<td>$1,834,330</td>
<td>$—</td>
<td>1,834,330</td>
</tr>
<tr>
<td>Capital reserve fund proceeds</td>
<td>$—</td>
<td>$288,997</td>
<td>$—</td>
<td>288,997</td>
</tr>
<tr>
<td>Capital improvement bond revenues</td>
<td>$—</td>
<td>$391,688</td>
<td>$—</td>
<td>391,688</td>
</tr>
<tr>
<td>Research infrastructure bond proceeds</td>
<td>$—</td>
<td>$27,257,282</td>
<td>$—</td>
<td>27,257,282</td>
</tr>
<tr>
<td>Economic development bond revenues</td>
<td>$—</td>
<td>$16,210,537</td>
<td>$—</td>
<td>16,210,537</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35,947,404</strong></td>
<td><strong>1,100,046</strong></td>
<td><strong>45,982,834</strong></td>
<td><strong>83,030,284</strong></td>
</tr>
</tbody>
</table>

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 $8,711,830, comprised of $4,000,542 in fees for computer services classified as other operating revenues, and $4,711,288 in information and systems development fees classified as sales and services of auxiliary enterprises.

Also, the University collected and remitted $36,796 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 2007 expenditures applicable to related transactions with state entities are not readily available.

**NOTE 15. RISK MANAGEMENT**

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

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

1. Claims of State employees for unemployment compensation benefits (Employment Security Commission);
(2) Claims of covered employees for workers’ compensation benefits for job-related illnesses or injuries (State Accident Fund);
(3) Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services); and
(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 $500,000 for Commercial Crime. This coverage includes the following:

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

In addition, the Chief Business Officer is covered for $200,000 under a public official bond, and the postmaster is covered under a performance bond for $75,000. Both the Director of Accounting for Related Organizations and Director of Business Affairs are covered by a $2,000,000 bond. A $2,000,000 bond also covers the Director of Gift and Endowment Management.

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, 2007, 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, 2007, and the amount of the loss is reasonably estimable.

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

NOTE 16. CONTINGENCIES AND LITIGATION

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

The various federal programs administered by the University for fiscal year 2007 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.
NOTE 17.
OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2007 are summarized as follows:

<table>
<thead>
<tr>
<th>Compensation and Employee Benefits</th>
<th>Services and Supplies</th>
<th>Utilities</th>
<th>Depreciation</th>
<th>Scholarships and Fellowships</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$ 135,482,866</td>
<td>$ 22,242,696</td>
<td>$ 1,182,143</td>
<td>$ —</td>
<td>$ 410,189</td>
</tr>
<tr>
<td>Research</td>
<td>77,192,801</td>
<td>33,105,441</td>
<td>1,490,300</td>
<td>—</td>
<td>352,090</td>
</tr>
<tr>
<td>Public Service</td>
<td>41,091,498</td>
<td>18,506,012</td>
<td>1,332,232</td>
<td>—</td>
<td>21,134</td>
</tr>
<tr>
<td>Academic Support</td>
<td>33,180,969</td>
<td>8,732,806</td>
<td>1,190,534</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Student Services</td>
<td>15,607,612</td>
<td>7,708,890</td>
<td>281,763</td>
<td>—</td>
<td>9,286</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>20,118,732</td>
<td>6,646,221</td>
<td>274,037</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Operation and Maintenance of Plant</td>
<td>17,255,543</td>
<td>13,978,436</td>
<td>5,576,614</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>926</td>
<td>162,966</td>
<td>—</td>
<td>—</td>
<td>6,001,464</td>
</tr>
<tr>
<td>Auxiliary Services</td>
<td>26,801,075</td>
<td>37,325,961</td>
<td>5,155,401</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Depreciation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>29,946,385</td>
</tr>
<tr>
<td></td>
<td>$ 366,732,022</td>
<td>$ 148,409,429</td>
<td>$ 16,483,024</td>
<td>$ 29,946,385</td>
<td>$ 6,794,163</td>
</tr>
</tbody>
</table>

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 2007, this rate was 4%. At June 30, 2007, net appreciation of $7,826,318 is available to be spent, and is reported in the Statement of Net Assets as restricted for expendable scholarships and fellowships.

NOTE 19.
DETAILS OF RESTRICTED ASSETS

The purposes and amounts of University Restricted Assets are as follows:

<table>
<thead>
<tr>
<th>Details of Restricted Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
</tr>
<tr>
<td>Cash and cash equivalents:</td>
</tr>
<tr>
<td>As specified by sponsors/donors</td>
</tr>
<tr>
<td>University administered loans</td>
</tr>
<tr>
<td>Payment of maturing debt</td>
</tr>
<tr>
<td>Bond proceeds and other amounts restricted for capital projects</td>
</tr>
<tr>
<td>Funds held for others</td>
</tr>
<tr>
<td>$ 82,296,432</td>
</tr>
<tr>
<td>Noncurrent:</td>
</tr>
<tr>
<td>Cash and cash equivalents:</td>
</tr>
<tr>
<td>Endowments</td>
</tr>
<tr>
<td>Federal Perkins Loan Program</td>
</tr>
<tr>
<td>$ 35,867,907</td>
</tr>
<tr>
<td>Student Loans Receivable:</td>
</tr>
<tr>
<td>Federal Perkins Loan Program</td>
</tr>
</tbody>
</table>

~ 54 ~
NOTE 20.
INFORMATION FOR INCLUSION IN THE STATE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Clemson University’s transactions are reported in the Higher Education Fund, an enterprise fund, of State of South Carolina. Following is information needed to present the University’s business-type activities in the State’s government-wide Statement of Activities.

<table>
<thead>
<tr>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007</strong></td>
</tr>
<tr>
<td>Charges for services</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
</tr>
<tr>
<td>Capital grants and contributions</td>
</tr>
<tr>
<td>Less: expenses</td>
</tr>
<tr>
<td>Net program revenue (expense)</td>
</tr>
<tr>
<td>General revenues:</td>
</tr>
<tr>
<td>Contributions to permanent endowments</td>
</tr>
<tr>
<td>Transfers:</td>
</tr>
<tr>
<td>State appropriations</td>
</tr>
<tr>
<td>State capital appropriations</td>
</tr>
<tr>
<td>Capital improvement bond proceeds</td>
</tr>
<tr>
<td>Economic development bond proceeds</td>
</tr>
<tr>
<td>Research infrastructure bond proceeds</td>
</tr>
<tr>
<td>Less: transfers out to state agencies/funds</td>
</tr>
<tr>
<td>Total general revenue and transfers</td>
</tr>
<tr>
<td>Change in net assets</td>
</tr>
<tr>
<td>Net assets - beginning</td>
</tr>
<tr>
<td>Net assets - ending</td>
</tr>
</tbody>
</table>

NOTE 21.
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 2007 were recorded by the University as nonoperating gift revenues totaling $7,881,088. CUF also reimbursed the University $544,402 for salaries for time devoted by University employees to CUF, and transferred royalty payments totaling $671,167 which are recorded as pledged auxiliary services revenue.

Equipment donated by CUF to the University totaled $179,828 and was recorded as capital grants and gifts in the Statement of Revenues, Expenses and Changes in Net Assets. Also recorded as capital grants and gifts upon receipt were CUF donations totaling $874,513 for University building projects. As of June 30, 2007, CUF had remaining commitments of approximately $1,472,000 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 $98,385,593.

CUF charges an annual fee of 0.64 percent for managing the University’s endowments. For the fiscal year ending June 30, 2007, the management fee was $580,927, net of current year income, gains and appreciation of $14,594,699. At fiscal year end, $154,270 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...
CUF Endowment and board-designated funds are invested on the basis of a total return policy to provide income and to realize appreciation in investment values. Under this policy, earnings, not to exceed a specified percentage, could be used to support the intended purposes. Any such earnings used to support the intended purposes are allocated only from those funds which have a market value in excess of historical value.

A summary of investments at fair value at June 30, 2007 follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Government obligations</td>
<td>$34,476,472</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>1,840,104</td>
</tr>
<tr>
<td>U.S. Equities</td>
<td>208,708,085</td>
</tr>
<tr>
<td>Global equities</td>
<td>90,017,473</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>30,685,754</td>
</tr>
<tr>
<td>Private equity</td>
<td>5,480,712</td>
</tr>
<tr>
<td>Real estate</td>
<td>5,873,357</td>
</tr>
<tr>
<td>Money market funds</td>
<td>15,032,274</td>
</tr>
<tr>
<td>Other</td>
<td>787,907</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$392,902,138</strong></td>
</tr>
</tbody>
</table>

**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 $3,056,960 from CURF were recorded by the University in the Statement of Revenues, Expenditures and Changes in Net Assets as operating nongovernmental grants and contracts. Grants and contracts receivable in the Statement of Net Assets includes $128,391 due from CURF at June 30, 2007.

Also, the University made $502,827 in capital lease payments to CURF for lease of a building and land and $171,030 in operating lease payments for office space. Equipment donated by CURF to the University totaled $17,141 and was recorded as capital grants and gifts in the Statement of Revenues, Expenses and Changes in Net Assets. CURF reimbursed the University $98,122 for salaries for time devoted by University employees to CURF.
Supplementary Information to the Financial Statements
# Clemson University

## Schedule of Pledged Net Revenues


For the year ended June 30, 2007

### Revenues:

<table>
<thead>
<tr>
<th>Dining Services</th>
<th>Vending Operations</th>
<th>Bookstore</th>
<th>Parking Services</th>
<th>Housing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student meal plans</td>
<td>$ 11,211,697</td>
<td>$ —</td>
<td>$ —</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Food service commissions</td>
<td>1,382,792</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>159,658</td>
<td>159,658</td>
</tr>
<tr>
<td>Residence halls</td>
<td>—</td>
<td>—</td>
<td>21,888,874</td>
<td>21,888,874</td>
<td></td>
</tr>
<tr>
<td>Campus vending machines</td>
<td>—</td>
<td>500,847</td>
<td>—</td>
<td>—</td>
<td>500,847</td>
</tr>
<tr>
<td>ATM rental</td>
<td>—</td>
<td>90,840</td>
<td>—</td>
<td>—</td>
<td>90,840</td>
</tr>
<tr>
<td>Contract revenue</td>
<td>—</td>
<td>323,300</td>
<td>1,676,238</td>
<td>122,198</td>
<td>210,000</td>
</tr>
<tr>
<td>Parking permits</td>
<td>—</td>
<td>—</td>
<td>1,824,396</td>
<td>—</td>
<td>1,824,396</td>
</tr>
<tr>
<td>Transit fees</td>
<td>—</td>
<td>—</td>
<td>650,269</td>
<td>—</td>
<td>650,269</td>
</tr>
<tr>
<td>Parking citations</td>
<td>—</td>
<td>—</td>
<td>732,608</td>
<td>—</td>
<td>732,608</td>
</tr>
<tr>
<td>Investment income</td>
<td>242,584</td>
<td>210,184</td>
<td>123,656</td>
<td>138,461</td>
<td>108,349</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$ 12,837,073</td>
<td>$ 1,125,171</td>
<td>$ 1,799,894</td>
<td>$ 3,467,932</td>
<td>$ 22,366,881</td>
</tr>
</tbody>
</table>

### Expenses:

<table>
<thead>
<tr>
<th></th>
<th>Dining Services</th>
<th>Vending Operations</th>
<th>Bookstore</th>
<th>Parking Services</th>
<th>Housing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 105,284</td>
<td>$ 20,886</td>
<td>$ 54,609</td>
<td>$ 349,529</td>
<td>$ 4,666,430</td>
<td>$ 5,196,738</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>$ 30,747</td>
<td>$ 6,099</td>
<td>$ 15,946</td>
<td>$ 86,212</td>
<td>$ 1,107,148</td>
<td>$ 1,246,152</td>
</tr>
<tr>
<td>Travel</td>
<td>$ 10,295</td>
<td>—</td>
<td>$ 1,237</td>
<td>$ 35,277</td>
<td>$ 41,433</td>
<td>$ 88,242</td>
</tr>
<tr>
<td>Contractual services</td>
<td>$ 8,560,759</td>
<td>—</td>
<td>—</td>
<td>$ 1,699,415</td>
<td>$ 560,757</td>
<td>$ 10,820,931</td>
</tr>
<tr>
<td>Repairs</td>
<td>$ 497,223</td>
<td>$ 2,871</td>
<td>$ 1,797</td>
<td>$ 52,218</td>
<td>$ 310,483</td>
<td>$ 864,592</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>$ 1,275</td>
<td>$ 4,306</td>
<td>—</td>
<td>$ 5,644</td>
<td>$ 1,254,566</td>
<td>$ 1,265,791</td>
</tr>
<tr>
<td>Heat, light, and power</td>
<td>$ 543,763</td>
<td>$ 12,333</td>
<td>$ 10,107</td>
<td>$ 349</td>
<td>$ 1,782,607</td>
<td>$ 2,349,159</td>
</tr>
<tr>
<td>Water, sewer and garbage</td>
<td>$ 87,506</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$ 364,699</td>
<td>$ 452,205</td>
</tr>
<tr>
<td>Rents</td>
<td>$ 109,914</td>
<td>—</td>
<td>—</td>
<td>$ 75,023</td>
<td>$ 21,110</td>
<td>$ 206,047</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>$ 215,178</td>
<td>—</td>
<td>—</td>
<td>$ 76,876</td>
<td>$ 586,458</td>
<td>$ 878,512</td>
</tr>
<tr>
<td>Insurance</td>
<td>$ 12,361</td>
<td>$ 49</td>
<td>—</td>
<td>$ 2,261</td>
<td>$ 188,005</td>
<td>$ 202,676</td>
</tr>
<tr>
<td>University debit card fees</td>
<td>$ 308,233</td>
<td>$ 43,796</td>
<td>—</td>
<td>$ 2,003</td>
<td>$ 213,215</td>
<td>$ 567,247</td>
</tr>
<tr>
<td>Cable television</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$ 323,896</td>
<td>$ 323,896</td>
</tr>
<tr>
<td>Security</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$ 429,011</td>
<td>$ 429,011</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>$ 253,175</td>
<td>$ 24,016</td>
<td>$ 8,703</td>
<td>$ 554,140</td>
<td>$ 910,152</td>
<td>$ 1,750,186</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>$ 18,614</td>
<td>—</td>
<td>—</td>
<td>$ 176,386</td>
<td>—</td>
<td>$ 194,998</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$ 10,754,327</td>
<td>$ 114,356</td>
<td>$ 92,399</td>
<td>$ 3,115,331</td>
<td>$ 12,759,970</td>
<td>$ 26,836,383</td>
</tr>
</tbody>
</table>

### Net Revenues

<table>
<thead>
<tr>
<th></th>
<th>Dining Services</th>
<th>Vending Operations</th>
<th>Bookstore</th>
<th>Parking Services</th>
<th>Housing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenues</strong></td>
<td>$ 2,082,746</td>
<td>$ 1,010,815</td>
<td>$ 1,707,495</td>
<td>$ 352,601</td>
<td>$ 9,606,911</td>
<td>$ 14,760,568</td>
</tr>
</tbody>
</table>
CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
For the year ended June 30, 2007

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Football</th>
<th>Basketball</th>
<th>Other Sports</th>
<th>NonProgram Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticket sales</td>
<td>$19,098,948</td>
<td>$1,336,188</td>
<td>$474,129</td>
<td>$ —</td>
<td>$20,909,265</td>
</tr>
<tr>
<td>Student fees</td>
<td>1,378,787</td>
<td>114,748</td>
<td>—</td>
<td>—</td>
<td>1,493,535</td>
</tr>
<tr>
<td>Away game sales and guarantees</td>
<td>934,947</td>
<td>359,013</td>
<td>5,000</td>
<td>—</td>
<td>1,298,960</td>
</tr>
<tr>
<td>Contributions</td>
<td>2,169,072</td>
<td>541,440</td>
<td>2,394,480</td>
<td>1,762,721</td>
<td>6,867,713</td>
</tr>
<tr>
<td>Third-party support</td>
<td>904,900</td>
<td>264,000</td>
<td>37,500</td>
<td>—</td>
<td>1,206,400</td>
</tr>
<tr>
<td>Direct institutional support</td>
<td>566,534</td>
<td>210,600</td>
<td>1,485,081</td>
<td>—</td>
<td>2,262,215</td>
</tr>
<tr>
<td>NCAA/Conference distributions including all tournament revenues</td>
<td>5,128,270</td>
<td>4,821,284</td>
<td>—</td>
<td>412,861</td>
<td>10,362,415</td>
</tr>
<tr>
<td>Broadcast, television, radio and internet rights</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>790,000</td>
<td>790,000</td>
</tr>
<tr>
<td>Program sales, concessions, novelty sales and parking</td>
<td>1,389,125</td>
<td>112,772</td>
<td>103,159</td>
<td>1,250,117</td>
<td>2,855,173</td>
</tr>
<tr>
<td>Royalties, advertisements and sponsorships</td>
<td>130,000</td>
<td>—</td>
<td>—</td>
<td>1,775,834</td>
<td>1,905,834</td>
</tr>
<tr>
<td>Endowment and investment income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,084,372</td>
<td>1,084,372</td>
</tr>
<tr>
<td>Other</td>
<td>328,655</td>
<td>45,811</td>
<td>31,677</td>
<td>232,040</td>
<td>638,183</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>32,029,238</td>
<td>7,805,856</td>
<td>4,531,026</td>
<td>7,307,945</td>
<td>51,674,065</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th>Football</th>
<th>Basketball</th>
<th>Other Sports</th>
<th>NonProgram Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletic student aid</td>
<td>2,248,844</td>
<td>686,057</td>
<td>3,786,383</td>
<td>831,679</td>
<td>7,552,963</td>
</tr>
<tr>
<td>Guarantees</td>
<td>2,150,000</td>
<td>547,127</td>
<td>131,051</td>
<td>—</td>
<td>2,828,178</td>
</tr>
<tr>
<td>Coaching salaries, benefits and bonuses paid by the institution and related entities</td>
<td>2,593,411</td>
<td>1,977,029</td>
<td>2,823,146</td>
<td>—</td>
<td>7,393,586</td>
</tr>
<tr>
<td>Coaching other compensation and benefits paid by a third party</td>
<td>904,900</td>
<td>264,000</td>
<td>37,500</td>
<td>—</td>
<td>1,206,400</td>
</tr>
<tr>
<td>Support staff/administrative salaries, benefits and bonuses paid by the institution and related entities</td>
<td>576,011</td>
<td>221,905</td>
<td>93,839</td>
<td>5,921,071</td>
<td>6,812,826</td>
</tr>
<tr>
<td>Recruiting</td>
<td>315,610</td>
<td>210,724</td>
<td>233,682</td>
<td>—</td>
<td>760,016</td>
</tr>
<tr>
<td>Team travel</td>
<td>1,210,506</td>
<td>723,938</td>
<td>905,834</td>
<td>162,799</td>
<td>3,003,077</td>
</tr>
<tr>
<td>Equipment, uniforms and supplies</td>
<td>466,940</td>
<td>61,093</td>
<td>331,896</td>
<td>118,210</td>
<td>978,139</td>
</tr>
<tr>
<td>Game expenses</td>
<td>1,753,007</td>
<td>333,792</td>
<td>280,654</td>
<td>—</td>
<td>2,367,453</td>
</tr>
<tr>
<td>Fund raising, marketing and promotion</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>235,622</td>
<td>235,622</td>
</tr>
<tr>
<td>Direct facilities, maintenance and rental</td>
<td>90,570</td>
<td>10,622</td>
<td>18,507</td>
<td>2,091,020</td>
<td>2,210,719</td>
</tr>
<tr>
<td>Indirect facilities and administrative support</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>678,120</td>
<td>678,120</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>1,123,309</td>
<td>625,229</td>
<td>460,124</td>
<td>5,128,173</td>
<td>7,336,837</td>
</tr>
<tr>
<td>Total operating expenditures</td>
<td>13,433,108</td>
<td>5,661,516</td>
<td>9,102,618</td>
<td>$15,166,694</td>
<td>43,363,936</td>
</tr>
<tr>
<td>Net Revenues</td>
<td>$18,596,130</td>
<td>$2,144,340</td>
<td>$(4,571,592)</td>
<td>$(7,858,749)</td>
<td>$8,310,129</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Category</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Trends</td>
<td>64</td>
</tr>
<tr>
<td>These schedules contain trend information to help the reader understand how the University’s financial performance and well-being have changed over time.</td>
<td></td>
</tr>
<tr>
<td>Debt Capacity</td>
<td>69</td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Operating Information</td>
<td>72</td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Demographic and Economic Information</td>
<td>78</td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>
SCHEDULE OF REVENUES BY SOURCE

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

<table>
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<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
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<tr>
<td>Student tuition and fees (net of scholarship allowances)</td>
<td>$176,240</td>
<td>$166,912</td>
<td>$149,405</td>
<td>$131,049</td>
<td>$111,346</td>
<td>$97,269</td>
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<td>62,687</td>
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<td>13,646</td>
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<td>63,585</td>
<td>60,049</td>
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<td>59,647</td>
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<td>14,263</td>
<td>13,204</td>
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<td>7,405</td>
<td>8,048</td>
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<td>6,769</td>
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<td>(439)</td>
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<td>657</td>
<td>991</td>
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<td>1,423</td>
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<td>5,029</td>
<td>—</td>
<td>—</td>
<td>14,016</td>
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<td>Total nonoperating revenues</td>
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<td>183,301</td>
<td>173,330</td>
<td>185,979</td>
<td>213,173</td>
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<td>$531,309</td>
<td>$499,590</td>
<td>$483,557</td>
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<td>$456,901</td>
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~ 64 ~
## For the Year Ended June 30, (percent of total income)

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<td><strong>Revenues</strong></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Student tuition and fees (net of scholarship allowances)</td>
<td>28.0%</td>
<td>29.5%</td>
<td>28.1%</td>
<td>26.2%</td>
<td>23.0%</td>
<td>20.6%</td>
<td>18.8%</td>
</tr>
<tr>
<td>Federal grants and contracts</td>
<td>9.1%</td>
<td>10.5%</td>
<td>11.0%</td>
<td>12.7%</td>
<td>13.0%</td>
<td>10.9%</td>
<td>9.6%</td>
</tr>
<tr>
<td>State grants and contracts</td>
<td>5.7%</td>
<td>6.4%</td>
<td>6.6%</td>
<td>6.3%</td>
<td>6.0%</td>
<td>4.2%</td>
<td>4.4%</td>
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<tr>
<td>Local grants and contracts</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.2%</td>
<td>0.2%</td>
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<tr>
<td>Nongovernmental grants and contracts</td>
<td>1.8%</td>
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<td>1.8%</td>
<td>1.9%</td>
<td>2.1%</td>
<td>1.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Sales and services of educational and other activities</td>
<td>2.2%</td>
<td>2.5%</td>
<td>2.6%</td>
<td>2.3%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>1.7%</td>
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<tr>
<td>Sales and services of auxiliary enterprises (net of scholarship allowances)</td>
<td>12.4%</td>
<td>12.7%</td>
<td>12.3%</td>
<td>12.7%</td>
<td>12.4%</td>
<td>12.3%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>3.0%</td>
<td>2.9%</td>
<td>2.8%</td>
<td>2.9%</td>
<td>2.7%</td>
<td>2.7%</td>
<td>2.4%</td>
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<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>62.3%</strong></td>
<td><strong>66.4%</strong></td>
<td><strong>65.5%</strong></td>
<td><strong>65.2%</strong></td>
<td><strong>61.5%</strong></td>
<td><strong>54.7%</strong></td>
<td><strong>51.8%</strong></td>
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<td>23.8%</td>
<td>25.2%</td>
<td>28.9%</td>
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<td>Federal appropriations</td>
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<td>2.1%</td>
<td>2.1%</td>
<td>2.4%</td>
<td>2.1%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Gifts</td>
<td>5.5%</td>
<td>5.6%</td>
<td>5.4%</td>
<td>4.9%</td>
<td>4.8%</td>
<td>5.7%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Interest income</td>
<td>1.0%</td>
<td>0.6%</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.6%</td>
<td>1.6%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Endowment income</td>
<td>2.5%</td>
<td>1.4%</td>
<td>1.2%</td>
<td>1.4%</td>
<td>0.5%</td>
<td>(0.4)%</td>
<td>(0.1)%</td>
</tr>
<tr>
<td>Other nonoperating revenues</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Proceeds from the sale of land</td>
<td>3.2%</td>
<td>0.0%</td>
<td>0.9%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>3.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues</strong></td>
<td><strong>37.7%</strong></td>
<td><strong>33.6%</strong></td>
<td><strong>34.5%</strong></td>
<td><strong>34.8%</strong></td>
<td><strong>38.5%</strong></td>
<td><strong>45.3%</strong></td>
<td><strong>48.2%</strong></td>
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<tr>
<td><strong>Total revenues</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

**Note:** Due to reporting format and definition changes prescribed by Governmental Standards Statement No. 34 and 35, only information for fiscal years 2001-2007 is available.

**Source:** Clemson University Comprehensive Annual Financial Reports.
# SCHEDULE OF EXPENSES BY USE

**For the Year Ended June 30,**

*(amounts expressed in thousands)*

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Compensation and employee benefits</td>
<td>$366,732</td>
<td>$341,740</td>
<td>$314,270</td>
<td>$298,717</td>
<td>$304,259</td>
<td>$292,247</td>
<td>$271,332</td>
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<td>Services and supplies</td>
<td>148,409</td>
<td>140,594</td>
<td>134,961</td>
<td>130,586</td>
<td>124,100</td>
<td>108,322</td>
<td>113,665</td>
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<td>12,032</td>
<td>12,103</td>
<td>11,542</td>
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<td>11,198</td>
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<tr>
<td>Depreciation</td>
<td>29,946</td>
<td>25,829</td>
<td>24,474</td>
<td>23,323</td>
<td>22,359</td>
<td>19,158</td>
<td>18,694</td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>6,794</td>
<td>6,319</td>
<td>8,115</td>
<td>9,962</td>
<td>10,238</td>
<td>9,090</td>
<td>9,268</td>
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<tr>
<td><strong>Total operating expenses</strong></td>
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<td>528,366</td>
<td>493,852</td>
<td>474,691</td>
<td>472,498</td>
<td>440,823</td>
<td>424,157</td>
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<tr>
<td>Interest on capital asset related debt</td>
<td>7,211</td>
<td>7,014</td>
<td>6,743</td>
<td>6,794</td>
<td>5,321</td>
<td>4,300</td>
<td>3,979</td>
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<tr>
<td>Loss on disposal of capital assets</td>
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<td>686</td>
<td>553</td>
<td>1,205</td>
<td>1,094</td>
<td>1,396</td>
<td>1,226</td>
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<tr>
<td>Refunds to grantors</td>
<td>697</td>
<td>182</td>
<td>256</td>
<td>100</td>
<td>335</td>
<td>289</td>
<td>340</td>
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<tr>
<td><strong>Total nonoperating expenses</strong></td>
<td>8,652</td>
<td>7,882</td>
<td>7,552</td>
<td>8,099</td>
<td>6,750</td>
<td>5,985</td>
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<td><strong>Total expenses</strong></td>
<td>$577,016</td>
<td>$536,248</td>
<td>$501,404</td>
<td>$482,790</td>
<td>$479,248</td>
<td>$446,808</td>
<td>$429,702</td>
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</table>

**For the Year Ended June 30,**

*(percent of total income)*

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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Compensation and employee benefits</td>
<td>63.6%</td>
<td>63.7%</td>
<td>62.7%</td>
<td>61.9%</td>
<td>63.5%</td>
<td>65.4%</td>
<td>63.1%</td>
</tr>
<tr>
<td>Services and supplies</td>
<td>25.7%</td>
<td>26.2%</td>
<td>26.9%</td>
<td>27.0%</td>
<td>25.9%</td>
<td>24.2%</td>
<td>26.5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>2.9%</td>
<td>2.6%</td>
<td>2.4%</td>
<td>2.5%</td>
<td>2.4%</td>
<td>2.7%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5.2%</td>
<td>4.8%</td>
<td>4.9%</td>
<td>4.8%</td>
<td>4.7%</td>
<td>4.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>1.2%</td>
<td>1.2%</td>
<td>1.6%</td>
<td>2.2%</td>
<td>2.1%</td>
<td>2.0%</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>98.6%</td>
<td>98.5%</td>
<td>98.5%</td>
<td>98.4%</td>
<td>98.6%</td>
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<td>98.7%</td>
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<tr>
<td>Interest on capital asset related debt</td>
<td>1.2%</td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.4%</td>
<td>1.1%</td>
<td>1.0%</td>
<td>0.9%</td>
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<tr>
<td>Loss on disposal of capital assets</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Refunds to grantors</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
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<tr>
<td><strong>Total nonoperating expenses</strong></td>
<td>1.4%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.6%</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Note:** Due to reporting format and definition changes prescribed by Governmental Standards No. 34 and 35, only information for fiscal year 2001-2007 is available.

**Source:** Clemson University Comprehensive Annual Financial Reports.
SCHEDULE OF EXPENSES BY FUNCTION

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<th></th>
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<td>131,830</td>
<td>121,968</td>
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<td>104,510</td>
<td>101,788</td>
<td>93,953</td>
<td>87,659</td>
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<td>56,508</td>
<td>56,571</td>
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<td>28,484</td>
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<td>22,749</td>
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<td>17,614</td>
<td>15,757</td>
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<td>36,211</td>
<td>35,880</td>
<td>28,167</td>
<td>28,529</td>
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<td>Scholarships and</td>
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<td>5,956</td>
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<td>9,626</td>
<td>9,871</td>
<td>8,682</td>
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<td>Auxiliary enterprises</td>
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<td>61,362</td>
<td>58,269</td>
<td>56,286</td>
<td>59,644</td>
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<tr>
<td>Depreciation</td>
<td>29,946</td>
<td>25,829</td>
<td>24,474</td>
<td>23,323</td>
<td>22,359</td>
<td>19,158</td>
<td>18,694</td>
</tr>
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<td>Interest on capital</td>
<td>7,211</td>
<td>7,014</td>
<td>6,743</td>
<td>6,794</td>
<td>5,321</td>
<td>4,300</td>
<td>3,979</td>
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<tr>
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<tr>
<td>Refunds to grantors</td>
<td>697</td>
<td>182</td>
<td>256</td>
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<td>335</td>
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<tr>
<td><strong>Total expenses by</strong></td>
<td><strong>$577,016</strong></td>
<td><strong>$536,248</strong></td>
<td><strong>$501,404</strong></td>
<td><strong>$482,790</strong></td>
<td><strong>$479,248</strong></td>
<td><strong>$446,808</strong></td>
<td><strong>$429,702</strong></td>
</tr>
</tbody>
</table>

For the Year Ended June 30,
(percent of tool income)

<table>
<thead>
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<td>27.6%</td>
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<td>19.4%</td>
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<td>10.5%</td>
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<td>12.0%</td>
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<td>Academic support</td>
<td>7.5%</td>
<td>7.1%</td>
<td>6.9%</td>
<td>5.9%</td>
<td>6.5%</td>
<td>6.4%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Student services</td>
<td>4.1%</td>
<td>3.9%</td>
<td>3.8%</td>
<td>3.9%</td>
<td>3.7%</td>
<td>3.9%</td>
<td>3.7%</td>
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<td>Institutional support</td>
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<td>4.5%</td>
<td>4.1%</td>
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<td>Operation and</td>
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<td>7.0%</td>
<td>7.5%</td>
<td>7.5%</td>
<td>6.3%</td>
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<tr>
<td>maintenance of plant</td>
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<td>Auxiliary enterprises</td>
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<td>12.7%</td>
<td>12.2%</td>
<td>12.6%</td>
<td>13.9%</td>
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<td>4.8%</td>
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<td>4.4%</td>
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<td>1.4%</td>
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<td>1.0%</td>
<td>0.9%</td>
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<td>debt</td>
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<tr>
<td>Loss on disposal of</td>
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<td>0.1%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.3%</td>
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<tr>
<td>capital assets</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refunds to grantors</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.1%</td>
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</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
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</tbody>
</table>

Note: Due to reporting format and definition changes prescribed by Governmental Standards No. 34 and 35, only information for fiscal year 2001-2007 is available.
Source: Clemson University Comprehensive Annual Financial Reports.
## SCHEDULE OF NET ASSETS AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2007

(amounts expressed in thousands)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total revenues</td>
<td>$629,788</td>
<td>$565,015</td>
<td>$531,309</td>
<td>$499,590</td>
<td>$483,557</td>
<td>$471,103</td>
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<td>$(577,016)</td>
<td>$(536,248)</td>
<td>$(501,404)</td>
<td>$(482,790)</td>
<td>$(479,248)</td>
<td>$(446,808)</td>
<td>$(429,702)</td>
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<tr>
<td>Income before</td>
<td>52,772</td>
<td>28,767</td>
<td>29,905</td>
<td>16,800</td>
<td>4,309</td>
<td>24,295</td>
<td>27,199</td>
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<td></td>
<td></td>
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<tr>
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<tr>
<td>or losses</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
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<td>19,938</td>
<td>12,469</td>
<td>2,543</td>
<td>10,570</td>
<td>12,483</td>
<td>14,687</td>
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<td>appropriations</td>
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<tr>
<td>Capital grants</td>
<td>25,563</td>
<td>2,727</td>
<td>7,487</td>
<td>2,568</td>
<td>6,175</td>
<td>1,865</td>
<td>4,354</td>
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<td>and gifts</td>
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<tr>
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<td>2,170</td>
<td>7,004</td>
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<td>79</td>
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<tr>
<td>Transfers to</td>
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<td>(347)</td>
<td>(198)</td>
<td>(299)</td>
<td>(549)</td>
<td>(418)</td>
<td>(359)</td>
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<td>Total changes in</td>
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<td>51,833</td>
<td>28,616</td>
<td>20,525</td>
<td>38,459</td>
<td>45,960</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Net assets,</td>
<td>566,259</td>
<td>507,666</td>
<td>455,833</td>
<td>427,217</td>
<td>406,692</td>
<td>368,233</td>
<td>322,273</td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td><strong>$689,938</strong></td>
<td><strong>$566,259</strong></td>
<td><strong>$507,666</strong></td>
<td><strong>$455,833</strong></td>
<td><strong>$427,217</strong></td>
<td><strong>$406,692</strong></td>
<td><strong>$368,233</strong></td>
</tr>
</tbody>
</table>

Invested in capital assets, net of related debt

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>$390,891</td>
<td>$315,987</td>
<td>$294,089</td>
<td>$248,604</td>
<td>$256,258</td>
<td>$252,576</td>
<td>$221,983</td>
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<td>132,724</td>
<td>117,212</td>
<td>122,791</td>
<td>109,161</td>
<td>101,223</td>
<td>97,345</td>
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<td>expendable</td>
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<tr>
<td>Restricted -</td>
<td>28,291</td>
<td>26,184</td>
<td>18,632</td>
<td>16,347</td>
<td>9,228</td>
<td>9,223</td>
<td>9,201</td>
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<tr>
<td>nonexpendable</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>79,153</td>
<td>91,364</td>
<td>77,733</td>
<td>68,091</td>
<td>52,570</td>
<td>43,670</td>
<td>39,704</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$689,938</strong></td>
<td><strong>$566,259</strong></td>
<td><strong>$507,666</strong></td>
<td><strong>$455,833</strong></td>
<td><strong>$427,217</strong></td>
<td><strong>$406,692</strong></td>
<td><strong>$368,233</strong></td>
</tr>
</tbody>
</table>

**Note:** Due to reporting format and definition changes prescribed by Governmental Standards Statements No. 34 and 35, only information for fiscal years 2001-2007 is available.

**Source:** Clemson University Comprehensive Annual Financial Reports.
### SCHEDULE OF RATIOS OF OUTSTANDING DEBT

**For the Year Ended June 30,**

(amounts expressed in thousands except for outstanding debt per student)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>General obligation bonds</td>
<td>$53,475</td>
<td>$43,655</td>
<td>$46,605</td>
<td>$49,460</td>
<td>$42,465</td>
<td>$9,915</td>
<td>$10,900</td>
<td>$11,830</td>
<td>$12,705</td>
<td>$13,540</td>
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<tr>
<td>Plant improvement bonds</td>
<td>3,080</td>
<td>3,770</td>
<td>4,435</td>
<td>5,070</td>
<td>5,685</td>
<td>6,275</td>
<td>6,845</td>
<td>7,360</td>
<td>7,845</td>
<td>8,235</td>
</tr>
<tr>
<td>Revenue bonds</td>
<td>61,155</td>
<td>64,981</td>
<td>61,322</td>
<td>63,982</td>
<td>38,475</td>
<td>40,910</td>
<td>43,355</td>
<td>45,695</td>
<td>26,415</td>
<td>28,740</td>
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<tr>
<td>Athletic facilities revenue bonds</td>
<td>36,465</td>
<td>37,685</td>
<td>23,840</td>
<td>24,935</td>
<td>25,975</td>
<td>19,960</td>
<td>20,985</td>
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<tr>
<td>Stadium refunding bonds</td>
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<td></td>
<td></td>
<td></td>
<td>1,035</td>
<td>2,015</td>
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<tr>
<td>Notes payable</td>
<td>2,335</td>
<td>2,771</td>
<td>852</td>
<td>1,048</td>
<td>706</td>
<td>155</td>
<td>202</td>
<td>475</td>
<td>557</td>
<td>337</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>1,920</td>
<td>3,143</td>
<td>4,276</td>
<td>5,355</td>
<td>6,369</td>
<td>7,323</td>
<td>8,205</td>
<td>9,034</td>
<td>9,588</td>
<td>7,940</td>
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<tr>
<td><strong>Total outstanding debt</strong></td>
<td>$158,430</td>
<td>$156,005</td>
<td>$141,330</td>
<td>$149,850</td>
<td>$119,675</td>
<td>$84,538</td>
<td>$90,492</td>
<td>$74,394</td>
<td>$58,145</td>
<td>$60,807</td>
</tr>
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</table>

<p>| | | | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Full-time equivalent students</td>
<td>a</td>
<td>16,226</td>
<td>16,043</td>
<td>15,948</td>
<td>15,780</td>
<td>15,620</td>
<td>15,800</td>
<td>16,053</td>
<td>15,685</td>
<td>15,258</td>
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<tr>
<td>Outstanding debt per student</td>
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<td>$9,615</td>
<td>$8,809</td>
<td>$9,396</td>
<td>$7,584</td>
<td>$5,412</td>
<td>$5,727</td>
<td>$4,634</td>
<td>$3,707</td>
<td>$3,985</td>
</tr>
</tbody>
</table>

**a:** Data for 2007 is not yet available

**Note:** Outstanding debt per student calculated using full-time equivalent student enrollment data for the last ten academic years (page 70).

**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

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30,</th>
<th>Tuition and Matriculation Fees</th>
<th>Total Revenue Available for Debt Service</th>
<th>Debt Service Requirements</th>
<th>Coverage Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 11,941</td>
<td>$ 11,941</td>
<td>$ 4,180</td>
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<tr>
<td>2007</td>
<td></td>
<td></td>
<td>$ 1,876</td>
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</tr>
<tr>
<td>2006</td>
<td>8,733</td>
<td>8,733</td>
<td>2,950</td>
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<td>2005</td>
<td>7,120</td>
<td>7,120</td>
<td>2,855</td>
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<td>2004</td>
<td>6,881</td>
<td>6,881</td>
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<td>2003</td>
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<td>6,876</td>
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<td>2001</td>
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<td>1998</td>
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<td>1.87</td>
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</table>

### Plant Improvement Bonds

<table>
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<th>Fiscal Year Ended June 30,</th>
<th>Tuition and Matriculation Fees</th>
<th>Total Revenue Available for Debt Service</th>
<th>Debt Service Requirements</th>
<th>Coverage Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 985</td>
<td>$ 985</td>
<td>$ 690</td>
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<td>1998</td>
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### Athletic Facilities Revenue Bonds

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Athletic Revenues</th>
<th>Athletic Operating Expenses</th>
<th>Net Athletic Revenues</th>
<th>Admissions Fee</th>
<th>Total Revenue Available for Debt Service</th>
<th>Debt Service Requirements</th>
<th>Coverage Ratio</th>
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</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2007</td>
<td>$ 51,674</td>
<td>$ 43,364</td>
<td>$ 8,310</td>
<td>$ 2,221</td>
<td>$ 10,531</td>
<td>$ 1,220</td>
<td>$ 1,635</td>
</tr>
<tr>
<td>2006</td>
<td>42,877</td>
<td>39,059</td>
<td>3,818</td>
<td>2,057</td>
<td>5,875</td>
<td>1,155</td>
<td>1,404</td>
</tr>
<tr>
<td>2005</td>
<td>36,496</td>
<td>34,479</td>
<td>2,017</td>
<td>1,744</td>
<td>3,761</td>
<td>1,095</td>
<td>1,059</td>
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<tr>
<td>2004</td>
<td>36,608</td>
<td>33,907</td>
<td>2,701</td>
<td>1,796</td>
<td>4,497</td>
<td>1,040</td>
<td>1,105</td>
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<tr>
<td>2003</td>
<td>34,934</td>
<td>32,084</td>
<td>2,850</td>
<td>1,449</td>
<td>4,299</td>
<td>985</td>
<td>871</td>
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<tr>
<td>2002</td>
<td>27,456</td>
<td>24,929</td>
<td>2,527</td>
<td>833</td>
<td>3,360</td>
<td>1,025</td>
<td>823</td>
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<tr>
<td>2001</td>
<td>26,261</td>
<td>25,173</td>
<td>1,088</td>
<td>771</td>
<td>1,859</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

**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

## Admissions-Freshman

<table>
<thead>
<tr>
<th>Year</th>
<th>Accepted as a Percentage of Applications</th>
<th>Enrolled as a Percentage of Accepted</th>
<th>SAT Scores - Total</th>
<th>Verbal</th>
<th>Math</th>
<th>South Carolina Average SAT Score - Total</th>
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<tbody>
<tr>
<td>2006</td>
<td>54.7%</td>
<td>40.2%</td>
<td>1,217</td>
<td>592</td>
<td>625</td>
<td>985</td>
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<tr>
<td>2005</td>
<td>57.4%</td>
<td>40.6%</td>
<td>1,225</td>
<td>600</td>
<td>625</td>
<td>993</td>
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<tr>
<td>2004</td>
<td>68.6%</td>
<td>41.4%</td>
<td>1,203</td>
<td>589</td>
<td>614</td>
<td>986</td>
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<tr>
<td>2003</td>
<td>60.8%</td>
<td>39.8%</td>
<td>1,204</td>
<td>587</td>
<td>617</td>
<td>989</td>
</tr>
<tr>
<td>2002</td>
<td>42.2%</td>
<td>51.8%</td>
<td>1,205</td>
<td>587</td>
<td>607</td>
<td>981</td>
</tr>
<tr>
<td>2001</td>
<td>52.3%</td>
<td>44.6%</td>
<td>1,191</td>
<td>584</td>
<td>597</td>
<td>974</td>
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<tr>
<td>2000</td>
<td>63.8%</td>
<td>45.4%</td>
<td>1,172</td>
<td>575</td>
<td>569</td>
<td>966</td>
</tr>
<tr>
<td>1999</td>
<td>68.2%</td>
<td>44.6%</td>
<td>1,158</td>
<td>564</td>
<td>564</td>
<td>954</td>
</tr>
<tr>
<td>1998</td>
<td>69.0%</td>
<td>41.9%</td>
<td>1,145</td>
<td>556</td>
<td>577</td>
<td>951</td>
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<tr>
<td>1997</td>
<td>73.6%</td>
<td>42.1%</td>
<td>1,140</td>
<td>577</td>
<td>563</td>
<td>955</td>
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## Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Undergraduate and Graduate FTE</th>
<th>Undergraduate and Graduate Headcount</th>
<th>Percentage of Men</th>
<th>Percentage of Women</th>
<th>Percentage of Black</th>
<th>Percentage of White</th>
<th>Percentage of Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>16,226</td>
<td>17,309</td>
<td>53.7%</td>
<td>46.2%</td>
<td>6.6%</td>
<td>78.8%</td>
<td>14.6%</td>
</tr>
<tr>
<td>2005</td>
<td>16,043</td>
<td>17,165</td>
<td>54.5%</td>
<td>45.5%</td>
<td>6.7%</td>
<td>78.8%</td>
<td>14.5%</td>
</tr>
<tr>
<td>2004</td>
<td>15,948</td>
<td>17,110</td>
<td>54.8%</td>
<td>45.2%</td>
<td>6.7%</td>
<td>78.4%</td>
<td>14.9%</td>
</tr>
<tr>
<td>2003</td>
<td>15,780</td>
<td>17,016</td>
<td>54.8%</td>
<td>45.2%</td>
<td>7.1%</td>
<td>85.0%</td>
<td>7.9%</td>
</tr>
<tr>
<td>2002</td>
<td>15,620</td>
<td>16,876</td>
<td>54.6%</td>
<td>45.4%</td>
<td>7.1%</td>
<td>85.0%</td>
<td>7.9%</td>
</tr>
<tr>
<td>2001</td>
<td>15,800</td>
<td>17,101</td>
<td>54.6%</td>
<td>45.4%</td>
<td>7.1%</td>
<td>85.0%</td>
<td>7.6%</td>
</tr>
<tr>
<td>2000</td>
<td>16,053</td>
<td>17,465</td>
<td>53.8%</td>
<td>46.2%</td>
<td>7.1%</td>
<td>85.0%</td>
<td>7.1%</td>
</tr>
<tr>
<td>1999</td>
<td>15,685</td>
<td>16,982</td>
<td>54.1%</td>
<td>45.9%</td>
<td>7.3%</td>
<td>85.5%</td>
<td>7.2%</td>
</tr>
<tr>
<td>1998</td>
<td>15,258</td>
<td>16,685</td>
<td>53.1%</td>
<td>46.8%</td>
<td>6.9%</td>
<td>86.2%</td>
<td>6.7%</td>
</tr>
<tr>
<td>1997</td>
<td>15,087</td>
<td>16,396</td>
<td>53.0%</td>
<td>47.0%</td>
<td>7.5%</td>
<td>86.0%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>
Enrollment — Undergraduate and Graduate Headcount

Degrees Earned

Bachelor's
- 2006: 2,069
- 2005: 2,934
- 2004: 2,941
- 2003: 3,073
- 2002: 2,973
- 2001: 2,823
- 2000: 2,725
- 1999: 2,565
- 1998: 2,531
- 1997: 2,463

Master's
- 2006: 606
- 2005: 851
- 2004: 914
- 2003: 805
- 2002: 808
- 2001: 764
- 2000: 887
- 1999: 795
- 1998: 896
- 1997: 910

Doctoral
- 2006: 87
- 2005: 139
- 2004: 122
- 2003: 120
- 2002: 121
- 2001: 121
- 2000: 100
- 1999: 114
- 1998: 116
- 1997: 110

Source: Clemson University Office of Institutional Research.
UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES
Clemson University in Comparison to Ten Peer Land-Grant Institutions
Last ten years

<table>
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<tr>
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<td>$ 8,793</td>
<td>$ 7,945</td>
<td>$ 7,000</td>
<td>$ 6,703</td>
<td>$ 5,022</td>
<td>$ 4,632</td>
<td>$ 4,256</td>
<td>$ 4,120</td>
<td>$ 4,032</td>
<td>$ 3,944</td>
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<td>$ 8,816</td>
<td>$ 7,840</td>
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<td>$ 5,834</td>
<td>$ 4,490</td>
<td>$ 3,590</td>
<td>$ 3,470</td>
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<td>$ 3,252</td>
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<td>6,092</td>
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<td>3,872</td>
<td>3,724</td>
<td>3,564</td>
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<tr>
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<td>8,323</td>
<td>8,129</td>
<td>7,557</td>
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<td>4,595</td>
<td>4,072</td>
<td>4,034</td>
<td>4,153</td>
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<td>5,051</td>
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<td>3,127</td>
<td>2,809</td>
<td>2,640</td>
<td>2,419</td>
<td>2,337</td>
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<td>5,095</td>
<td>3,936</td>
<td>3,664</td>
<td>3,640</td>
<td>3,620</td>
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<td>3,874</td>
<td>3,586</td>
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<td>3,454</td>
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<td>2,901</td>
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<td>2,814</td>
<td>2,414</td>
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<td>3,260</td>
<td>3,050</td>
<td>2,895</td>
<td>2,760</td>
<td>2,565</td>
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</table>

Undergraduate Tuition and Fees - Resident - 2007
## Institution - Non Resident

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<tr>
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<tbody>
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<td>$19,697</td>
<td>$17,845</td>
<td>$16,663</td>
<td>$12,276</td>
<td>$11,310</td>
<td>$10,388</td>
<td>$10,042</td>
<td>$9,806</td>
<td>$9,596</td>
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<td>16,404</td>
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<td>12,932</td>
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<td>9,456</td>
<td>9,100</td>
<td>8,676</td>
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<tr>
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<td>18,700</td>
<td>17,640</td>
<td>16,260</td>
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<td>12,904</td>
<td>12,348</td>
<td>11,784</td>
<td>11,184</td>
</tr>
<tr>
<td>Univ of California-Davis</td>
<td>27,007</td>
<td>25,949</td>
<td>24,513</td>
<td>20,648</td>
<td>17,009</td>
<td>15,669</td>
<td>14,686</td>
<td>14,208</td>
<td>13,727</td>
<td>13,316</td>
</tr>
<tr>
<td>Texas A &amp; M</td>
<td>15,216</td>
<td>14,679</td>
<td>13,695</td>
<td>12,131</td>
<td>9,181</td>
<td>8,191</td>
<td>7,969</td>
<td>7,824</td>
<td>7,531</td>
<td>7,473</td>
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<tr>
<td>VPI and State University</td>
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<td>8,880</td>
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<td>7,065</td>
<td>6,119</td>
<td>6,119</td>
<td>5,551</td>
</tr>
<tr>
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<td>11,580</td>
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<tr>
<td>Auburn University</td>
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<td>14,878</td>
<td>14,048</td>
<td>12,886</td>
<td>11,084</td>
<td>9,780</td>
<td>9,150</td>
<td>8,685</td>
<td>8,280</td>
<td>7,695</td>
</tr>
</tbody>
</table>

### Undergraduate Tuition and Fees - Non Resident - 2007

![Bar chart showing undergraduate tuition and fees for various institutions in 2007.](chart.png)

**Source:** University of Wyoming - telephone surveys, mail surveys, and web sites.

These figures are for undergraduate first-time, full-time students with an academic year of 24 semester hours or 36 quarter hours.
## FACULTY AND STAFF STATISTICS
### Last Ten Fiscal Years

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<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-time</td>
<td>146</td>
<td>148</td>
<td>159</td>
<td>156</td>
<td>178</td>
<td>161</td>
<td>184</td>
<td>147</td>
<td>230</td>
<td>181</td>
</tr>
<tr>
<td>Full-time</td>
<td>1,246</td>
<td>1,175</td>
<td>1,099</td>
<td>1,088</td>
<td>1,087</td>
<td>1,087</td>
<td>1,057</td>
<td>1,055</td>
<td>1,026</td>
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</tr>
<tr>
<td>Percentage tenured</td>
<td>40.6%</td>
<td>44.3%</td>
<td>44.8%</td>
<td>44.2%</td>
<td>44.9%</td>
<td>46.9%</td>
<td>48.5%</td>
<td>52.5%</td>
<td>51.4%</td>
<td>53.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Part-time</td>
<td>204</td>
<td>229</td>
<td>227</td>
<td>201</td>
<td>210</td>
<td>206</td>
<td>224</td>
<td>242</td>
<td>260</td>
<td>232</td>
</tr>
<tr>
<td>Full-time</td>
<td>2,896</td>
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<td>2,817</td>
<td>2,916</td>
<td>2,954</td>
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<td>2,832</td>
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</table>

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Part-time</td>
<td>350</td>
<td>377</td>
<td>386</td>
<td>357</td>
<td>388</td>
<td>367</td>
<td>408</td>
<td>389</td>
<td>490</td>
<td>413</td>
</tr>
<tr>
<td>Full-time</td>
<td>4,308</td>
<td>4,242</td>
<td>3,942</td>
<td>3,912</td>
<td>4,004</td>
<td>4,041</td>
<td>4,001</td>
<td>3,887</td>
<td>3,915</td>
<td>3,875</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Faculty</td>
<td>13.9</td>
<td>15.0</td>
<td>15.6</td>
<td>15.5</td>
<td>15.5</td>
<td>15.7</td>
<td>16.5</td>
<td>16.1</td>
<td>16.3</td>
<td>15.8</td>
</tr>
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<td>Staff member</td>
<td>6.0</td>
<td>5.9</td>
<td>6.0</td>
<td>6.0</td>
<td>5.8</td>
<td>5.9</td>
<td>5.9</td>
<td>6.0</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>$74,045</td>
<td>$72,854</td>
<td>$71,652</td>
<td>$67,446</td>
<td>$66,262</td>
<td>$64,118</td>
<td>$60,048</td>
<td>$60,282</td>
<td>$56,188</td>
<td>$54,595</td>
<td></td>
</tr>
</tbody>
</table>

*IPEDS faculty (Instructional, Research and Public Service)

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*Source: Clemson University Office of Institutional Research*
### SCHEDULE OF CAPITAL ASSET INFORMATION

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Academic buildings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assignable square feet (in thousands)</td>
<td>1,032,554</td>
<td>1,030,574</td>
<td>991,148</td>
<td>975,674</td>
<td>947,671</td>
<td>957,219</td>
<td>978,267</td>
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<tr>
<td><strong>Administrative and support buildings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Net assignable square feet (in thousands)</td>
<td>802,209</td>
<td>802,492</td>
<td>797,169</td>
<td>809,272</td>
<td>810,782</td>
<td>805,837</td>
<td>800,330</td>
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<tr>
<td><strong>Laboratories</strong></td>
<td></td>
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</tr>
<tr>
<td>Net assignable square feet (in thousands)</td>
<td>711,254</td>
<td>530,723</td>
<td>562,792</td>
<td>560,962</td>
<td>453,125</td>
<td>537,997</td>
<td>364,645</td>
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<tr>
<td><strong>Auxiliary and independent operations buildings</strong></td>
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<tr>
<td>Net assignable square feet (in thousands)</td>
<td>1,782,291</td>
<td>1,781,931</td>
<td>1,753,852</td>
<td>1,742,076</td>
<td>1,751,840</td>
<td>1,778,193</td>
<td>1,835,720</td>
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<tr>
<td><strong>Student Housing:</strong></td>
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<tr>
<td>Residence halls</td>
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<td>23</td>
<td>21</td>
<td>21</td>
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<td>21</td>
<td>21</td>
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<tr>
<td>Suites</td>
<td>3</td>
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<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Apartments</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Units available</td>
<td>6,215</td>
<td>6,346</td>
<td>6,346</td>
<td>6,216</td>
<td>6,221</td>
<td>6,468</td>
<td>6,577</td>
</tr>
<tr>
<td>Units in use</td>
<td>6,129</td>
<td>6,148</td>
<td>6,148</td>
<td>6,398</td>
<td>6,267</td>
<td>6,313</td>
<td>6,588</td>
</tr>
<tr>
<td>Percent occupancy</td>
<td>98.6%</td>
<td>97.0%</td>
<td>97.0%</td>
<td>102.9%</td>
<td>100.7%</td>
<td>97.6%</td>
<td>100.2%</td>
</tr>
<tr>
<td><strong>Dining facilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Locations</td>
<td>16</td>
<td>16</td>
<td>15</td>
<td>14</td>
<td>13</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Average daily customers</td>
<td>15,531</td>
<td>14,685</td>
<td>13,986</td>
<td>13,430</td>
<td>12,382</td>
<td>11,957</td>
<td>12,027</td>
</tr>
<tr>
<td><strong>Parking facilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking spaces available</td>
<td>13,302</td>
<td>13,302</td>
<td>13,312</td>
<td>13,312</td>
<td>13,211</td>
<td>12,639</td>
<td>12,426</td>
</tr>
<tr>
<td>Parking permits issued to students</td>
<td>13,086</td>
<td>14,891</td>
<td>15,983</td>
<td>15,950</td>
<td>13,919</td>
<td>12,460</td>
<td>12,781</td>
</tr>
<tr>
<td>Parking permits issued to faculty/staff</td>
<td>4,788</td>
<td>5,024</td>
<td>5,374</td>
<td>4,650</td>
<td>4,359</td>
<td>4,177</td>
<td>4,018</td>
</tr>
</tbody>
</table>

**Note:** Prior fiscal year data is not readily available.

**Sources:**
- Building square footage: Clemson University Office of Institutional Research
- Student housing: Clemson University Housing
- Dining facilities: Clemson University Business Services
- Parking facilities: Clemson University Parking Services
### DEMOGRAPHIC STATISTICS
State of South Carolina
Last Ten Calendar Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Population as of June 30 (a)</th>
<th>Total Personal Income (b)</th>
<th>Per Capita Income (b)</th>
<th>Average Annual Unemployment Rate (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4,321,249</td>
<td>$127,543</td>
<td>$29,515</td>
<td>6.5%</td>
</tr>
<tr>
<td>2005</td>
<td>4,255,083</td>
<td>120,639</td>
<td>28,352</td>
<td>6.8%</td>
</tr>
<tr>
<td>2004</td>
<td>4,197,892</td>
<td>114,121</td>
<td>27,185</td>
<td>6.8%</td>
</tr>
<tr>
<td>2003</td>
<td>4,146,753</td>
<td>107,701</td>
<td>25,972</td>
<td>6.7%</td>
</tr>
<tr>
<td>2002</td>
<td>4,102,568</td>
<td>104,046</td>
<td>25,361</td>
<td>5.9%</td>
</tr>
<tr>
<td>2001</td>
<td>4,059,560</td>
<td>101,468</td>
<td>24,994</td>
<td>5.2%</td>
</tr>
<tr>
<td>2000</td>
<td>4,023,560</td>
<td>98,270</td>
<td>24,424</td>
<td>3.6%</td>
</tr>
<tr>
<td>1999</td>
<td>3,974,682</td>
<td>91,716</td>
<td>23,075</td>
<td>4.1%</td>
</tr>
<tr>
<td>1998</td>
<td>3,919,235</td>
<td>86,854</td>
<td>22,161</td>
<td>3.6%</td>
</tr>
<tr>
<td>1997</td>
<td>3,859,696</td>
<td>81,004</td>
<td>20,987</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

(a) Source: U.S. Census Bureau  
(b) Source: U.S Board of Economic Advisors  
(c) Source: U.S. Department of Labor  

---

**Source:** South Carolina Comptroller General’s Office
### TEN LARGEST EMPLOYERS

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

<table>
<thead>
<tr>
<th>2006</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bi-Lo, Inc.</td>
<td>Bi-Lo, Inc.</td>
</tr>
<tr>
<td>Blue Cross/Blue Shield of South Carolina</td>
<td>Blue Cross/Blue Shield of South Carolina</td>
</tr>
<tr>
<td>Greenville County School District</td>
<td>Michelin Tire Corporation</td>
</tr>
<tr>
<td>Michelin Tire Corporation</td>
<td>School District of Greenville</td>
</tr>
<tr>
<td>Palmetto Health Alliance, Inc.</td>
<td>Springs Industries, Inc.</td>
</tr>
<tr>
<td>University of South Carolina</td>
<td>University of South Carolina</td>
</tr>
<tr>
<td>U.S. Department of Defense</td>
<td>U.S. Department of Defense</td>
</tr>
<tr>
<td>U.S. Postal Service</td>
<td>U.S. Postal Service</td>
</tr>
<tr>
<td>Washington Savannah River Company</td>
<td>Westinghouse Savannah River</td>
</tr>
</tbody>
</table>

(a) The ten largest employers prior to calendar year 2001 are unavailable.

---

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

http://www.comptroller.clemson.edu

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Charles Tegen, Comptroller
Steve Crump, Associate Comptroller