

CLEMSON[®]

U N I V E R S I T Y

CLEMSON, SOUTH CAROLINA



Comprehensive Annual Financial Report For the Year Ended June 30, 2013

A component unit of the State of South Carolina

COVER PHOTO — The newly completed Bio Sciences/Life Sciences building. This building has been designed for a new era of collaborative, interdisciplinary research and education for the College of Agriculture, Forestry and Life Sciences. The facility has 25 laboratories organized by research clusters, an advanced imaging suite with state-of-the-art Leica microscopy equipment and three microbiology teaching laboratories.



Comprehensive Annual Financial Report

A component unit of the State of South Carolina

For the Year Ended June 30, 2013

Prepared by the Comptroller's Office

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Introductory Section
(unaudited)



President's Letter

2013

Dear Friends of Clemson:

In April 2013, when I announced my intention to step down as president of Clemson University and return to teaching, I said “There is never a perfect time for this transition, but this is a good time because the university is in such good shape.”

We have a high demand for everything about Clemson. We’re attracting great students, faculty and staff. We are blessed with alumni support and a capital campaign that has been very, very successful. We are financially healthy; in fact, we are in better shape financially than we were before the Great Recession. And we have a plan that has broad support by our alumni and our governing Board of Trustees.

The past decade has seen Clemson transform itself from a respected regional institution to one of the nation’s top public research universities. Clemson ranks 25th among national public universities, according to U.S. News & World Report, and is the number one choice of South Carolina’s best high school graduates. More than half of our freshmen rank in the top 10 percent of their high school class, and Clemson is consistently ranked highly for value and “return on investment” of tuition dollars.

As a land-grant university, Clemson’s campus encompasses the entire state, with a presence in every county for outreach and community service, five agricultural and forestry research and education centers, instructional sites across the state (including business programs in downtown Greenville and architecture and historic preservation programs in Charleston), and three major economic development initiatives:

- The Clemson University International Center for Automotive Research in Greenville, a 250-acre automotive and motorsports “technopolis” named 2009’s emerging technology park of the year.
- The Clemson Center for Advanced Materials in Anderson County, with one of the nation’s most advanced electron microscope facilities.
- The Clemson University Restoration Institute in North Charleston, which will house a unique wind turbine drivetrain testing facility and a graduate education center.

Through all these years, Clemson University has grown and evolved while staying true to the two-part mission articulated by our founder, Thomas Green Clemson, to be “a high seminary of learning” and to develop “the material resources of the State” for the people of South Carolina.

It has been the honor and privilege of my life to serve as this institution’s 14th chief executive, and I see nothing but good things in the future for Clemson University and the State of South Carolina.

Sincerely,

James F. Barker, FAIA
President



P R E S I D E N T

201 Sikes Hall Clemson, SC 29634-5002
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The Clemson 2020 Road Map

VISION

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

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

GOALS

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

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

OBJECTIVES

Invest in four strategic priorities:

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

LETTER OF TRANSMITTAL

October 3, 2013

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, 2013. 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, 2013, the University contracted with the independent certified public accounting firm of Elliott Davis, LLC, to perform the University's annual audit. The auditors have issued an unmodified opinion, the most favorable outcome of the audit process. The independent auditor's report is located at the front of the financial section.

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

Profile of the University

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

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

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

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

Finance and Operations

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

Local Economy

South Carolina's unemployment rate at the end of June was 8.1 percent, a slight increase from the May reported amount of 8 percent, but a decline of 1.2 percent since June, 2012. Nationally, the unemployment rate was 7.6 percent, and South Carolina ranked 14th, tied with Connecticut, according to Insights, published by the South Carolina Department of Employment and Workforce.

The South Carolina Economic Outlook, published by the South Carolina Department of Commerce, reported an increase in nonfarm employment of 31,200 jobs over the past year. For the month of June, seasonal employment gains in the Leisure and Hospitality sector, and non-seasonally adjusted gains in the Trade, Transportation and Utilities and Professional and Business Services sectors, were able to offset losses in the Educational and Health Services and Government sectors (due to summer break for teachers) for a net gain of 10,100 jobs.

Median home sale prices in South Carolina are now at the same level seen in 2007 before the recession. Residential closings were up 13 percent compared to a year ago, and foreclosures were down 24 percent from the previous year. Building permit activity in South Carolina was up 20 percent. The State added 3,700 construction jobs in the last year.

According to a recent federal report, South Carolina has one of the fastest growing manufacturing sectors in the region and nation. Sujit CanagaRetna, senior fiscal analyst for the Southern Legislative Conference in Atlanta, noted that "South Carolina is forging ahead with companies such as Boeing, BMW, Michelin and Continental Tire that provide higher-paying technology jobs. That has a greater impact on an economy than a low unemployment rate with low-wage jobs.

Long-Term Financial Planning

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

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

Encouragingly, the State Legislature has exhibited its support of these priorities with renewed investment in Clemson University to support economic development, growth in agricultural research and student engagement. The University's budget for 2013-14 includes \$3 million in recurring funding for the Center for Energy Systems at the Clemson University Restoration Institute (CURI), \$1.8 million in recurring funding for Public Service Programs: Advanced Plant Technology, Precision Agriculture and Veterinary Diagnostics, and \$1 million in nonrecurring funding for the Student Career Opportunity Program, which will provide additional internship and co-op opportunities to students to enable them to enter the real world ahead of the curve, ready to work collaboratively, accept responsibility, assume leadership and take on new challenges as part of South Carolina's future workforce. In addition, the State Legislature also provided \$3 million in nonrecurring funding for an Advanced Plant Technology Laboratory at the Pee Dee Research and Education Center in Florence, SC, and \$2.7 million nonrecurring funding for University deferred maintenance needs.

The University's budget for 2013-14 provides \$6.8 million for investments in strategic and critical faculty hires. It also provides an additional \$2.8 million investment in Development Enterprise with a goal to consistently raise \$100 million each year in support of the University and its 2020 Plan.

University capital investments resulted in the completion and dedication of the \$52 million new Life Sciences academic building and the construction of a \$10 million Indoor Practice Facility for football. In addition, the University entered into a \$14.3 million capital lease with the Clemson University Land Stewardship Foundation (CULSF), its component unit, for four floors of the downtown Greenville One building to house its Masters in Business Administration program.

The Board of Trustees has passed Bond Resolutions for the Douthit Hills mixed use student housing, dining, bookstore and administrative and infrastructure complex, and for the Watt Innovation Center academic building. Both of these projects are awaiting State approvals to proceed and to finalize costs.

In June, 2013, Standard & Poor's affirmed its long-term AA rating and underlying ratings (SPURS) on the University's revenue bonds, noting that "we believe Clemson remains well positioned in the high investment-grade ratings category. Its enrollment profile continues to strengthen as it maintains flexibility with regard to affordability, retention, and demographics".

Major Initiatives

The 2012-13 academic and fiscal year was a year of milestones for Clemson University, a year that began with the 150th anniversary of the Morrill Act, which created the land-grant university system, and continued through celebrations of the 50th anniversary of integration at Clemson and 100 years of teaching architecture. The year concluded with a search actively under way for the next president of Clemson after Jim Barker announced his intention to retire in April 2013. In between were major achievements in fundraising, enrollment

of the largest and best freshman class ever, many more important anniversaries, and significant progress in implementing Clemson's strategic plan -- the Clemson 2020 Road Map.

Highlights include:

- Dedication of a new Life Sciences Facility with 25 laboratories organized by research clusters for that focus on emerging pathogens, cancer prevention and cure, microbiology and food safety. The research topics are aligned with the academic emphasis areas in the 2020 Road Map, and the building has qualified for LEED Gold status.
- Announcement of a research partnership with the Greenville Health System which is expected to fuel growth in medical research and boost the region's economy. Under the agreement, Clemson will be the primary research collaborator for GHS and serve as the research administrator for all GHS research.
- Progress toward reaching the \$1 billion goal of The Will to Lead Campaign. Year-end totals for 2012-13 were \$101.9 million in gifts, pledges, gifts-in-kind and planned gifts to fund 100 faculty positions and create 49 new endowments. This success brought the total raised for the campaign to \$699 million.
- Completion of a self-study and 10-year reaccreditation review by the SACS Commission on Colleges.
- Implementation of the third year of a 5-year compensation plan that brought faculty salaries in line with the national market.

Greenville and Charleston initiatives

The College of Business and Behavioral Science plans to build upon its historic presence in Greenville by consolidating its graduate, professional and continuing education programs in the heart of downtown Greenville when The Greenville One project is completed. This was made possible by a gift of office space in the Greenville ONE Building valued at more than \$9 million. Clemson also remains committed to the partnership with the University Center in Greenville which houses Clemson graduate programs in education and nursing.

At the Clemson University International Center for Automotive Research (CU-ICAR) in Greenville, Clemson is bringing new partners to the table. We're working with the S.C. Aviation Technology Center to develop wireless charging systems for electric vehicles; we're partnering with the Beaufort-based company Eco-Dual on natural gas systems for heavy duty diesel trucks, and we just announced that General Motors will sponsor the 5th generation vehicle prototype program called Deep Orange.

Clemson's research campus in North Charleston is developing rapidly -- with construction of the wind turbine drivetrain testing facility nearing completion and ready for dedication in the fall at the Clemson University Restoration Institute in North Charleston.

Clemson's 25-year commitment to downtown Charleston will be strengthened when construction begins on final designs for a new Charleston facility for our architecture and historic

preservation programs. This will provide a permanent home for these programs on Meeting Street, an ideal and convenient location for our students and also for our partners at the College of Charleston.

Awards and Acknowledgements

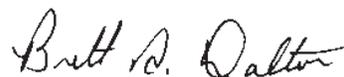
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clemson University for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Sincerely,



Brett A. Dalton
Vice President for Finance and Operations



Government Finance Officers Association

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

Presented to

**Clemson University
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CLEMSON UNIVERSITY BOARD OF TRUSTEES

(as of June 30, 2013)

TRUSTEES

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Partner, Nelson Mullins Riley & Scarborough LLP

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Waste Management Inc.

Bill L. Amick
CEO, The Amick Company

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

Leon J. (Bill) Hendrix, Jr.
Chairman, Retired
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Ronald D. (Ronnie) Lee
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Patricia Herring McAbee
Vice President, Custom Development Solutions

John N. (Nicky) McCarter, Jr.
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Louis P. Batson Company

J. J. Britton
Sumter Family Health Center.

Fletcher C. Derrick, Jr.
Urologist

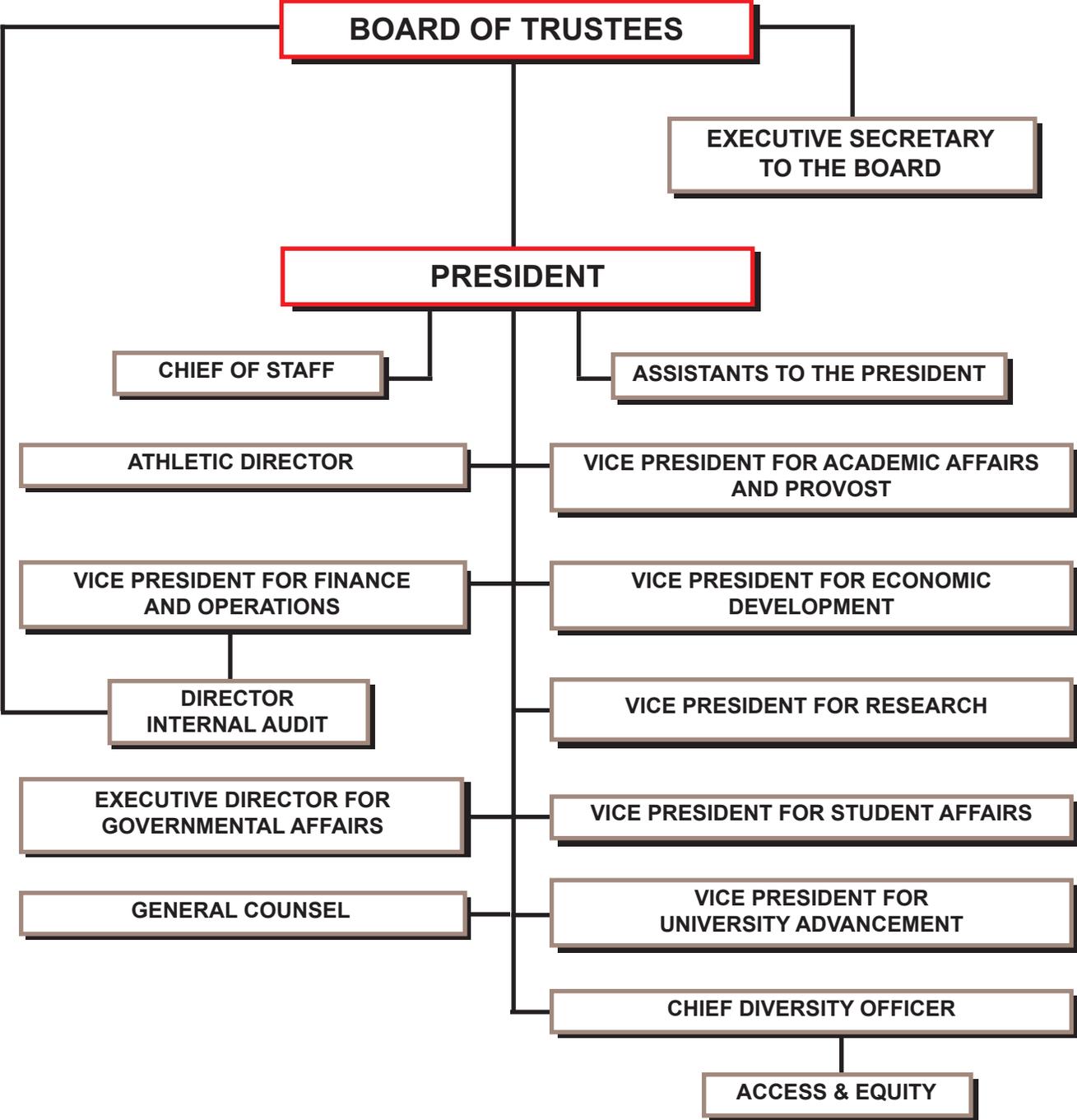
Harold D. (Doug) Kingsmore
Chairman of the Board, Southern Weaving Company

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

D. Leslie Tindal
Retired
South Carolina Commissioner of Agriculture

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

CLEMSON UNIVERSITY ORGANIZATION CHART





Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Clemson University (the University), a component unit of the State of South Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Auditor's Responsibility, Continued

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2013 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.

Elliott Davis, LLC

Greenville, South Carolina
October 2, 2013

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 2013. While audited financial statements for fiscal year 2012 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on current year data.

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

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

Statement of Revenues, Expenses and Changes in Net Position

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

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

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

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

Total Revenues – increase of \$48.4 million

- Operating revenues increased \$38.8 million, based on the following:
 - Student tuition and fees increased \$19.1 million, the result of a Board approved increase of 3.8 percent for resident students and 4% for nonresident students. Enrollment also increased over the prior year.
 - Sales and services revenues increased \$9.8 million. Sales and services of pledged auxiliaries increased \$6.9 million. Athletics revenues increased due to game guarantees, bowl revenues, and ticket sales. Housing revenues increased as a result of a board approved 3.9 percent increase in room and board fees and increased enrollment. Non-pledged auxiliaries sales and services increased \$1.5 million as the result of an increase in Information Systems Development contractual commitments for Medicaid IT Services. Sales and services of educational activities increased \$1.4 million as the result of Youth Learning Institute camp revenues.
 - Grants and contracts revenues increased \$6.3 million. Revenues from federal grants and contracts increased \$505,000. Increased revenues from the Department of Veterans Affairs and the National Science Foundation were offset by decreases in awards from other federal programs. State grants increased \$4.5 million primarily due to Department of Education Science, Technology, Engineering, and Mathematics (STEM) funding, as well as lottery funded Palmetto Fellows, South Carolina Life and Hope scholarships. Local grants increased \$107,000 due to an increase in county grants. Nongovernmental grants and contracts increased \$1.2 million due to an increase in grants from private foundations and international sources.
 - Other operating revenues increased \$3.6 million largely due to increases in computer service fees, primarily for amounts charged to other State agencies.
- Nonoperating revenues increased \$9.6 million, based on the following:
 - State appropriations increased \$4 million. Appropriations for Educational & General (E&G) activities increased \$2.9 million. Appropriations for Public Service Activities (PSA) increased \$1.1 million.
 - Federal appropriations decreased \$559,000. This decrease was merely attributable to timing differences between the University's June 30th fiscal year end and the Federal government's September 30th fiscal year end since awards for the University's land-grant Smith Lever, Hatch, McEntire Stennis and Animal Health appropriations remained approximately the same.
 - Gifts and grants decreased \$2.7 million. The decrease is the result of notable gifts, including a bequest of \$5.6 million from the Robert Brooks estate, in the previous year.

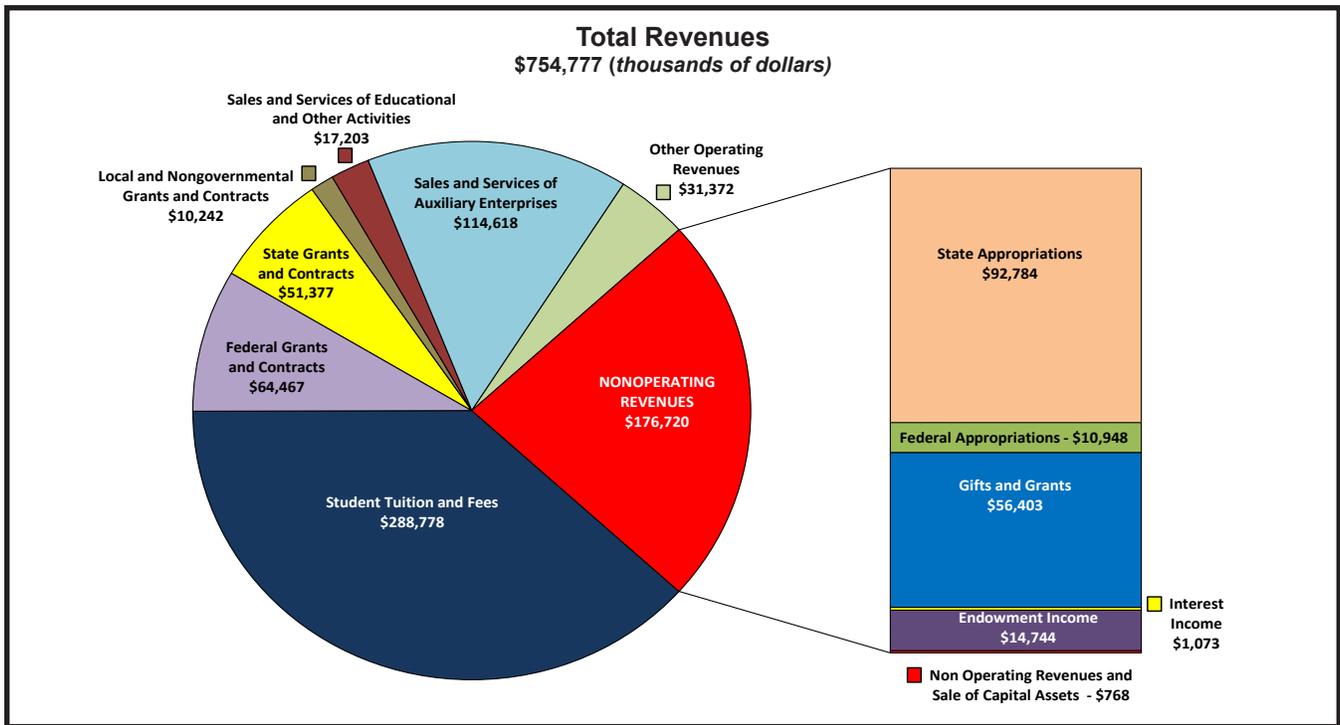
- Investment income increased \$10 million. A \$16 million increase in realized and unrealized gains on amounts held by the Clemson University Foundation and Wells Fargo were offset by a decrease of \$5.5 million in investment income earned on amounts held by the state treasurer based on declining cash balances.
- Other nonoperating revenues decreased \$961,000 due to a decrease in land and timber sales as well as a class action asbestos settlement received in the prior year.
- Proceeds from the sale of equipment decreased \$178,000 due to the sale of a University airplane in the previous year.

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

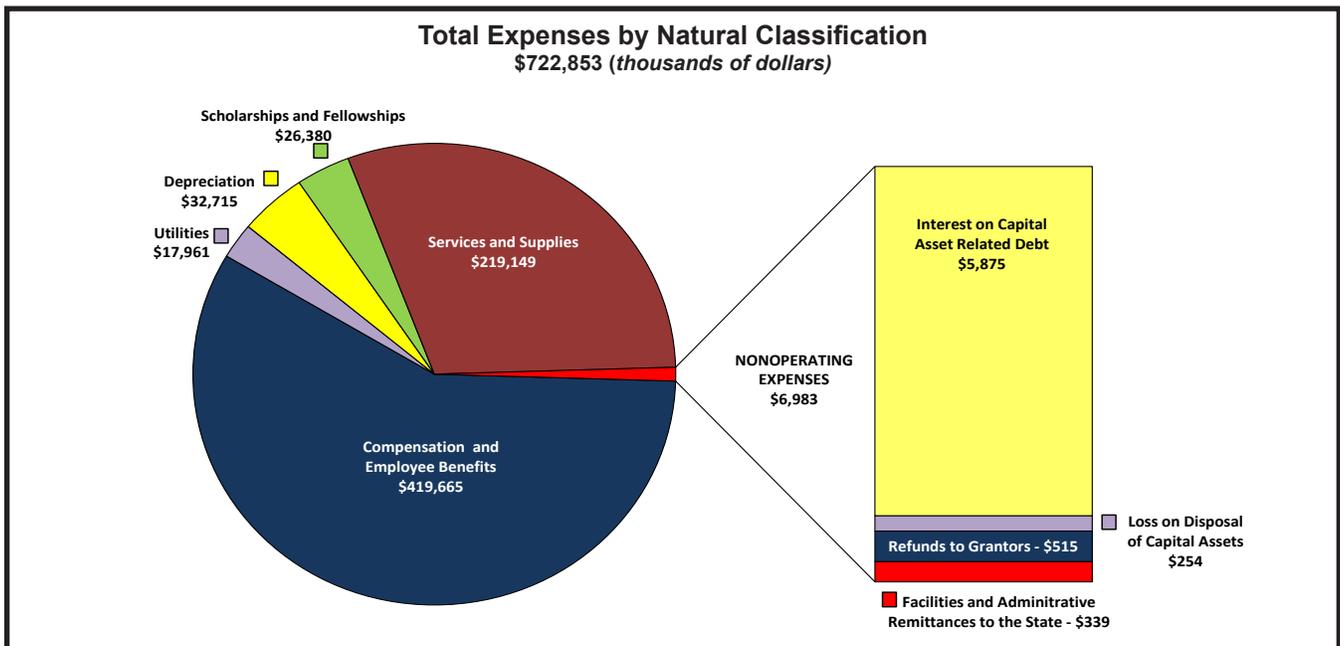
	2013	2012	Increase/ (Decrease)	Percent Change
Revenues:				
Student tuition and fees	\$ 288,778	\$ 269,671	\$ 19,107	7.09%
Sales and services	131,821	122,026	9,795	8.03%
Grants and contracts	126,086	119,746	6,340	5.29%
Other operating revenues	31,372	27,771	3,601	12.97%
Total operating revenues	<u>578,057</u>	<u>539,214</u>	<u>38,843</u>	7.20%
State appropriations	92,784	88,780	4,004	4.51%
Federal appropriations	10,948	11,507	(559)	(4.86)%
Gifts and grants	56,403	59,126	(2,723)	(4.61)%
Investment income	15,817	5,834	9,983	(171.12)%
Other nonoperating revenues	310	1,271	(961)	(75.61)%
Proceeds from the sale of capital assets	458	636	(178)	(27.99)%
Total nonoperating revenues	<u>176,720</u>	<u>167,154</u>	<u>9,566</u>	5.72%
Total revenues	<u>754,777</u>	<u>706,368</u>	<u>48,409</u>	6.85%
Expenses:				
Compensation and employee benefits	419,665	384,703	34,962	9.09%
Services and supplies	219,149	198,747	20,402	10.27%
Utilities	17,961	16,946	1,015	5.99%
Depreciation	32,715	37,162	(4,447)	(11.97)%
Scholarships and fellowships	26,380	20,942	5,438	25.97%
Total operating expenses	<u>715,870</u>	<u>658,500</u>	<u>57,370</u>	8.71%
Interest on capital asset related debt	5,875	5,799	76	1.31%
Loss on disposal of capital assets	254	2,255	(2,001)	(88.74)%
Refunds to grantors	515	381	134	35.17%
Facilities and administrative remittances to the State	339	386	(47)	(12.18)%
Total nonoperating expenses	<u>6,983</u>	<u>8,821</u>	<u>(1,838)</u>	(20.84)%
Total expenses	<u>722,853</u>	<u>667,321</u>	<u>55,532</u>	8.32%
Income before other revenues, expenses, gains or losses	31,924	39,047	(7,123)	(18.24)%
State capital appropriations	9,612	9,468	144	1.52%
Capital grants and gifts	21,945	28,350	(6,405)	(22.59)%
Additions to permanent endowments	2,710	4,259	(1,549)	(36.37)%
Change in net position	66,191	81,124	(14,933)	(18.41)%
Net position, beginning	1,050,991	969,867	81,124	8.36%
Net position, ending	<u>\$ 1,117,182</u>	<u>\$ 1,050,991</u>	<u>\$ 66,191</u>	6.30%

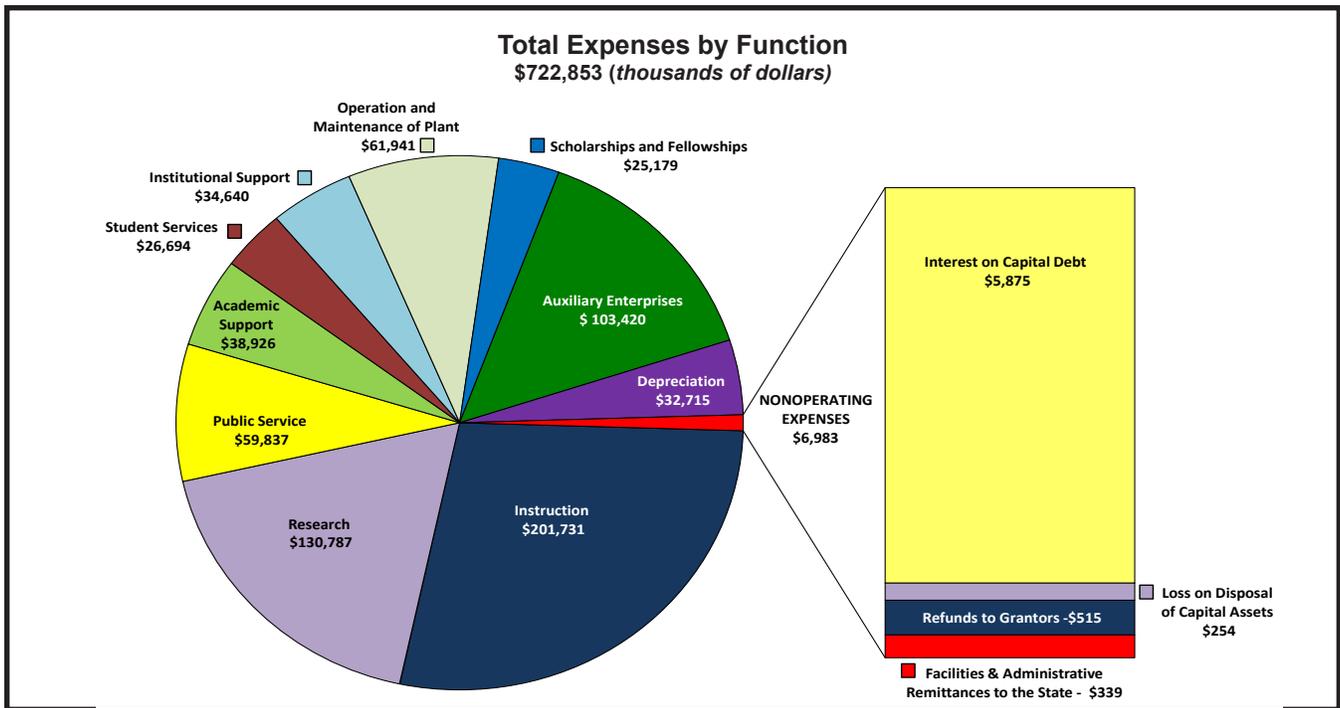
Total Expenses – increase of \$55.6 million

- Operating expenses increased \$57.4 million, based on the following:
 - Compensation and employee benefits increased \$35 million. The increase is attributable to a three percent cost of living salary increase mandated by the state as well as the continuation of performance based salary increases for identified faculty and staff. As part of the Academic Road Map, funding for new faculty hiring also increased in the current year.



➤ Services and supplies expenses increased \$20.4 million. Instruction costs increased \$2.5 million largely related to increases in information technology costs, study abroad expenses, and creative inquiry programs. Research costs increased \$2.2 million over the prior year primarily due to costs related to the Department of Education Science, Technology, Engineering, and Mathematics (STEM) program. The \$899,000 increase in public service costs are largely comprised of increases in Youth Learning Institute camps. Academic support costs decreased \$1.6 million related to information technology costs for hardware and software upgrades in the prior year. Student services costs increased approximately \$970,000 due to an increase in concert and event costs as well as Student Health Center costs. The institutional support increase of \$892,000 resulted from an increase in consulting fees, HR systems implementation, and costs related to the Will to Lead campaign. Operation and maintenance of plant costs increased \$13.5 million as a result of increased repairs and renovations projects and deferred maintenance projects. Scholarship and Fellowship costs increased \$404,000 due to support to the Clemson University Foundation for non-athletic, need based scholarships. Auxiliary services costs increased \$670,000 due to an increase in information systems development fees for Medicaid IT Services offset by a decrease in Athletic costs for bowl expenses.





- Utility expenses increased \$1 million primarily due to increased heat, light, and power costs.
- Depreciation expense decreased \$4.4 million as the result of a change in accounting estimate. The Office of the Comptroller General of the state of South Carolina mandated a change from annual depreciation to monthly depreciation for the current fiscal year. Previously, a full year of depreciation was taken in the year the asset was placed in service and no depreciation was taken in the year of disposition. Beginning this fiscal year, depreciation was charged monthly, with a mid-month convention utilized in the month that the asset was placed in service.
- Scholarships and fellowships expenses increased \$5.4 million as the result of increases in federal Department of Veterans Affairs scholarships, Clemson Scholars, and state lottery funded scholarships.
- Nonoperating expenses decreased \$1.8 million, based on the following:
 - Interest expense increased \$76,000 as the result of two new capital leases as discussed in the Liabilities section of the Statement of Net Position.
 - Losses on disposal of capital assets decreased \$2 million. A University airplane with a book value of \$1.4 million was sold in the previous year.
- Refunds to grantors increased \$134,000 due to fixed payment amounts that had to be returned to sponsors when the cost of work performed was less than amounts previously received.
- Facilities and administrative costs remitted to the State decreased \$47,000. The State requires such costs collected for non-research sponsored projects in excess of \$200,000 to be remitted. Education and General program remittances decreased \$7,000 and Public Service Activities program remittances decreased \$40,000.
- The State capital appropriations increase of \$144,000 was attributable to a \$3 million increase in State Capital Reserve Fund appropriation for deferred maintenance offset by decreases in Research Infrastructure and Economic Development bond proceeds for the Bioengineering Research Center at Patewood.
- Capital grants and gifts decreased \$6.4 million. Decreases in American Recovery and Reinvestment Act (ARRA) State Stabilization (federal stimulus) funds and capital gifts supporting the Wind Turbine Drive-Train Test Facility project contributed to the decline.
- The \$1.5 million decrease in additions to permanent endowments resulted from a decrease in individual donor funded endowed professorships.

Statement of Net Position

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

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

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the institution. The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. Restricted nonexpendable net position consists solely of the University's permanent endowment funds and is only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or

external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the institution for any lawful purpose of the institution. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for various academic and research programs and initiatives.

Assets – increase of \$64.2 million

- Current assets decreased \$24.6 million. An unrestricted cash decrease of \$13.5 million and a restricted cash decrease of \$8.5 million were primarily responsible. The unrestricted cash decrease was driven by spending for the new student ERP software system and maintenance and renovation costs. In addition, cash balances for public service activities decreased as the result of a delay in funding from the Department of Agriculture. Auxiliary cash decreased as a result of transfers to Housing and Bookstore Improvement funds and increased Athletic expenses. Restricted cash decreased with the expenditure of the remaining proceeds from the 2011 State Institution Bonds for the construction of the Life Sciences building. Accounts receivable decreased \$2.7 million, primarily due to the receipt of current year Athletic corporate sponsorship funding prior to the end of the fiscal year. The grants and contracts receivable decrease of \$217,000 resulted from a decrease of \$936,000 in sponsored program amounts due offset by an increase in federal appropriation receivables. Contributions receivable increased \$274,000. An increase in pledges of \$2.7 million was offset by the payment of existing pledges. Prepaid items increased \$501,000 due to pre-payments for equipment, hardware and software license fees, library subscriptions, and athletic team travel. Interest and income receivable decreased \$497,000 due to a decrease in cash balances held by the state treasurer.
- Net capital assets increased \$74.1 million. Non-depreciable assets decreased \$1.2 million as construction continued

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

	2013	2012	Increase/ (Decrease)	Percent Change
Assets				
Current assets	\$ 429,264	\$ 453,906	\$ (24,642)	(5.43)%
Capital assets, net	770,599	696,438	74,161	10.65%
Other assets	198,459	183,808	14,651	7.97%
Total Assets	<u>1,398,322</u>	<u>1,334,152</u>	<u>64,170</u>	4.81%
Liabilities				
Current Liabilities	112,471	115,142	(2,671)	(2.32)%
Noncurrent Liabilities	168,669	168,019	650	0.39%
Total Liabilities	<u>281,140</u>	<u>283,161</u>	<u>(2,021)</u>	(0.71)%
Net Position				
Net investment in capital assets	605,667	535,281	70,386	13.15%
Restricted - nonexpendable	57,880	55,045	2,835	5.15%
Restricted - expendable	320,544	317,716	2,828	0.89%
Unrestricted	133,091	142,949	(9,858)	(6.90)%
Total Net Position	<u>\$ 1,117,182</u>	<u>\$ 1,050,991</u>	<u>\$ 66,191</u>	6.30%

on major building projects. Current projects reflected in construction in progress include: projects at the Wind Turbine Drive-Train Test Facility site in North Charleston and the new student ERP software system. Depreciable capital assets increased \$75.3 million, driven, in large part, by the addition of \$79 million in new buildings including the Life Sciences building and the indoor football practice facility. Depreciation of new and existing utilities and other non-structural improvements resulted in an increase of \$1.2 million. Equipment increased \$13.2 million due to major purchases including new video and sound upgrades for Memorial Stadium as well as the leased Hitachi microscope for the Advanced Materials Research Laboratories. The decrease in vehicles of \$66,000 was attributable to current year purchases of departmental vehicles and the trade-in of previously owned vehicles. The decrease of \$100,000 in software was entirely attributable to depreciation expense as no new software was added during the current fiscal year.

- Other assets increased \$14.7 million. The balance on loan to the Clemson University Foundation (CUF) increased \$14.9 million as the result of appreciation, income, and realized gains. Restricted noncurrent cash balances decreased \$784,000, largely attributable to a reduction in private gifts. Investments increased \$119,000 due to appreciation gains on endowment assets held by Wells Fargo. Student loans receivable increased \$223,000 (with a corresponding decrease in restricted noncurrent cash) due to collections of Perkins Federal student loans. Noncurrent contributions receivable increased \$222,000 due to an increase in university pledges.

Liabilities – decrease of \$2 million

- Current liabilities decreased \$2.7 million. The decrease in accounts payable of \$1.4 million was largely attributable to amounts due at the end of the fiscal year for capital projects. Accrued payroll and related liabilities decreased \$2.6 million as the result of the University's conversion to a semi-monthly payroll schedule for all employees effective June 30, 2013. The conversion resulted in one standardized accrual for all employees versus the accrual for two pay periods for the majority of employees. The increase in unearned revenues of \$2.8 million was attributable to an increase in student fee payments for the fall semester, as well as, an increase in advance football ticket sales. Current deposits decreased by \$3.7 million due to a decrease in the over-recovery of pooled fringes for the fiscal year ending June 30, 2012 that will be absorbed/adjusted through the approved pooled fringe rate established for the fiscal year ending June 30, 2014. Ticket sales for the Chick-Fil-A Kickoff Classic game played in Atlanta in the previous year as well as a decrease in away game ticket sales also contributed to the reduction in Deposits. The increase in the current portion of long-term debt totaling \$1.2 million resulted from the University entering into two capital lease agreements during the fiscal year. The University leased space in the new Greenville One building in downtown Greenville from the Clemson University Land Stewardship

Foundation and also leased a microscope for use in the Advanced Materials Research Laboratory. The increase in the current portion of compensated absences and related liabilities of \$1.2 million resulted from increased salaries as the result of cost of living and performance pay increases in the current year. The decrease of \$55,000 in interest expense payable resulted from reduced interest rates on Athletics Facilities and Revenue bonds refunded in the previous fiscal year. The current portion of funds held for others decreased \$111,000.

- Noncurrent liabilities increased by \$650,000. The increase in capital leases payable was partially offset by principal payments of existing bonds and notes payable, resulting in an increase of \$2.6 million in long term debt. The long term liability for compensated absences and related liabilities increased \$711,000. Noncurrent deposits decreased \$2.1 million as a result of the adjustment of over-recoveries for the fiscal year ending June 30, 2013 that will be absorbed/adjusted through the federally approved rate for the fiscal year ending June 30, 2015. The noncurrent portion of funds held for others decreased \$585,000 due to the decline in termination settlement amounts owed to a former athletics coach.

Net Position – increase of \$66.2 million

- Net investment in capital assets increased \$70.4 million. This increase resulted from an increase in net capital assets of \$74.1 million as discussed above, along with an increase in capital debt of \$3.8 million.
- Restricted – nonexpendable net position for scholarships and fellowships increased \$2.8 million as the result of amounts received from the lottery-funded South Carolina Endowed Chairs program as well as individual donor gifts.
- Restricted for expendable net position increased \$2.8 million, based on the following:
 - Restricted – expendable net position for scholarships and fellowships increased \$6.4 million due, in part, to unrealized appreciation on endowment investments less a decline in IPTAY balances, due to transfers to capital projects.
 - Restricted – expendable net position for research decreased \$526,000 resulting primarily from the completion of several major Sponsored Program research projects during the current fiscal year.
 - Restricted – expendable net position for instructional/departmental use increased \$1.9 million due to pledges and capital gifts for construction projects.
 - Restricted – expendable net position for student loans increased \$12,000 as the result of a slight increase in Perkins federal student loans.
 - Restricted – expendable net position for capital projects decreased \$7.3 million resulting, in large part, from the expenditure of bond proceeds for the construction of the Life Sciences building offset by increases in excess debt service funds and State Capital Reserve Fund appropriations.

- Restricted – expendable net position for debt service increased \$2.4 million as the result of increased transfer amounts for debt service.
- Unrestricted net position decreased \$9.8 million, based on the following:
 - Unrestricted - educational and general net position increased \$2.8 million, primarily driven by Board-approved student tuition increases and an increase in student enrollment.
 - Unrestricted – funds designated for plant fund projects decreased \$11.4 million primarily due to increased expenditures for the new student ERP software system and maintenance and renovation costs
 - Unrestricted – public service activities net position increased \$556,000. An increase in state appropriations and camp revenues were offset by a slight increase in expenditures.
 - Unrestricted – auxiliaries net position decreased \$1.8 million. A Board mandated 3.9 percent room and board increase and increases in Information Systems Development fees were offset by transfers of housing and bookstore revenues to the Improvement Fund.

Statement of Cash Flows

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

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2013 and June 30, 2012 were as follows:

Capital Assets (net of accumulated depreciation)				
	2013	2012	Increase/ (Decrease)	Percent Change
Capital Assets:				
Land	\$ 32,702,685	\$ 32,702,685	\$ —	0.00%
Construction in progress	94,522,162	95,696,715	(1,174,553)	(1.23)%
Utilities systems and other				
non-structural improvements	24,252,357	23,101,379	1,150,978	4.98%
Buildings and improvements	552,749,048	491,752,027	60,997,021	12.40%
Computer software	95,514	195,181	(99,667)	(51.06)%
Equipment	55,842,759	42,621,062	13,221,697	31.02%
Vehicles	10,434,252	10,368,564	65,688	0.63%
Total Capital Assets	\$ 770,598,777	\$ 696,437,613	\$ 74,161,164	10.65%

The \$1.2 million decrease in non-depreciable capital assets was attributable to a decrease in Construction in Progress. Construction continues at the Wind Turbine Drive-Train Test Facility at the Clemson University Restoration Institute (CURI) in North Charleston (increase of \$26.6 million). The implementation of a new student ERP system also continued in the current fiscal year with an increase of \$9.5 million.

Utilities Systems and Other Non-Structural Improvements increased approximately 5 percent. New additions including the Highway 93 pedestrian safety improvements, Williamson Road power lines, and Brooks Center Drive improvements totaling approximately \$3 million were offset by depreciation expense on new and existing assets of \$1.8 million.

Buildings increased \$61 million as the Life Sciences building and the Indoor Football Practice Facility projects were completed. The University also entered into a \$14.3 million capital lease agreement with The Clemson University Land

and Stewardship Foundation for space in the Greenville One building located in downtown Greenville, SC.

Capitalized Computer Software decreased \$100,000 due to depreciation expense on previously existing software. The University did not acquire new capitalized software during the current fiscal year.

Equipment increased \$13.2 million. Net additions totaling approximately \$20.9 million included major video and sound upgrades at Memorial Stadium as well as a leased microscope for the Advanced Materials Research Laboratory. Depreciation and disposals totaled \$7.7 million.

Vehicles increased \$66,000. Vehicle additions totaling \$579,000 were offset by depreciation expense and disposals or trade-ins of previously owned departmental vehicles.

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

Debt Administration

The University's financial statements indicate \$148,871,656 in bonds payable, \$15,910,948 in capital leases, and \$149,607 in notes payable at June 30, 2013.

The University's bonded indebtedness consisted of: General Obligation Bonds of \$92,722,569, Athletic Facilities Revenue Bond issues totaling \$23,717,648, and Revenue Bonds of \$32,431,439. General Obligation Bonds are obligations of the State of South Carolina and are secured as to principal and interest by a pledge of the full faith, credit, and taxing power of the State and are paid with tuition and matriculation fees. Athletic Facilities Revenue Bonds are payable solely from the net revenues of the University's Athletic Department and gross receipts from the imposition of any admissions fee and any special student fee. Revenue bonds are payable solely from and secured by a pledge of revenues of the University's housing facilities, bookstore, dining services, parking, vending and from additional funds from the academic "University fee" imposed by the Board of Trustees. The University had no bond issues for the fiscal year ending June 30, 2013.

The University entered into two capital leases this fiscal year. In October, 2012, the University entered into a \$14,300,000, twenty-five year capital lease with the Clemson University Land Stewardship Foundation (CULSF), its component unit, for space in the Greenville One Building in downtown Greenville, SC, primarily to house its Masters in Business Administration (MBA) program. The outstanding liability on this lease as of June 30, 2013 was \$14,131,559. Also in October, 2012, the University entered into a \$2,023,216, five-year capital lease with an unrelated corporate leasing entity to finance the purchase of an electron microscope for the Advanced Materials Research Laboratories. The outstanding liability on this lease as of June 30, 2013, was \$1,779,389. The \$149,607 in notes payable is comprised of two notes from the South Carolina State Energy Office (SCEO) for energy efficiency and renewable energy improvements. Final payments for both of these notes are due by September, 2013.

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

Economic Outlook

As a State supported higher education institution, the University's economic position is closely tied to the State of South Carolina. The State ended fiscal year 2013 with a \$271 million budgetary surplus. In his end-of-the-year news release, State Comptroller General, Richard Eckstrom, noted that the state had achieved its goal of fully funding the General Reserve Fund at a 5 percent balance of prior year general fund revenues a full two years ahead of schedule. In addition, Eckstrom noted that the Capital Reserve Fund had also been fully funded at 2 percent of prior year's revenues and that \$68.3 million was available for transfer to the State's Contingency Reserve Fund.

State appropriations to fund University operations increased \$4 million for fiscal year 2013, an increase of more than 4.5 percent from the previous year. This was the first time in five years that state appropriations for operations increased. Appropriations for Educational and General activities accounted for \$2.9 million of this increase, and Public Service Activities appropriations accounted for the remaining \$1.1 million.

State scholarship programs funded with lottery proceeds increased by approximately \$2.6 million, to \$47.3 million, for 2013. In addition, the University received \$1.75 million from the State Commission on Higher Education to fund the Science, Technology, Engineering and Math (STEM) program. The University received \$2.7 million through the State's Smart State program which matches private contributions for endowed professorships, with lottery proceeds. State capital appropriations were approximately the same as the prior fiscal year and included \$4.5 million in one-time appropriations for deferred maintenance needs and \$4 million for a renovation of the Advanced Plant Technology Lab.

The University's Board of Trustees adopted a budget for fiscal year 2014 that included a 3 percent tuition increase for both in-state and out-of-state students and a similar 3 percent room and board increase to be used to improve dining, housing and student life facilities.

CLEMSON UNIVERSITY STATEMENT OF NET POSITION

June 30, 2013

	Clemson University	Clemson University Research Foundation
ASSETS		
Current Assets:		
Cash and cash equivalents.....	\$ 201,781,150	\$ 4,900,714
Restricted Assets - Current:		
Cash and cash equivalents	179,353,660	3,861,745
Accounts receivable (Net of provision for doubtful accounts of \$690,138).....	15,871,071	2,143,159
Grants and contracts receivable	19,143,682	—
Contributions receivable, net.....	2,110,839	—
Interest and income receivable.....	1,466,278	—
Student loans receivable.....	62,293	—
Inventories.....	2,135,854	—
Prepaid items.....	7,339,392	176,526
Common stock.....	—	189,250
Total current assets.....	<u>429,264,219</u>	<u>11,271,394</u>
Noncurrent Assets:		
Notes receivable	151,956,883	—
Contributions receivable, net.....	2,667,987	—
Investments.....	2,482,081	—
Restricted Assets - Noncurrent:		
Cash and cash equivalents	32,852,925	—
Student loans receivable.....	8,499,166	—
Other	—	1,484,757
Capital assets, not being depreciated.....	127,224,847	975,733
Capital assets, net of accumulated depreciation	643,373,930	2,833,895
Total noncurrent assets.....	<u>969,057,819</u>	<u>5,294,385</u>
Total assets.....	<u>1,398,322,038</u>	<u>16,565,779</u>
DEFERRED OUTFLOW OF RESOURCES.....	0	0
Total assets and deferred outflow of resources.....	<u>\$ 1,398,322,038</u>	<u>\$ 16,565,779</u>
LIABILITIES		
Current Liabilities:		
Accounts and retainages payable.....	\$ 25,622,831	2,472,502
Accrued payroll and related liabilities.....	16,374,400	—
Accrued compensated absences and related liabilities.....	16,397,279	—
Accrued interest payable	1,394,771	4,312
Unearned revenues	34,667,509	956,445
Bonds payable	12,217,320	—
Capital leases payable	947,939	—
Notes payable.....	149,607	104,625
Deposits.....	3,783,721	—
Funds held for others	915,827	12,418
Total current liabilities.....	<u>112,471,204</u>	<u>3,550,302</u>
Noncurrent Liabilities:		
Accrued compensated absences and related liabilities.....	8,461,721	—
Deposits.....	745,564	—
Funds held for others	7,844,103	—
Bonds payable	136,654,336	—
Capital leases payable	14,963,009	—
Notes payable.....	—	2,668,733
Total noncurrent liabilities.....	<u>168,668,733</u>	<u>2,668,733</u>
Total liabilities.....	<u>281,139,937</u>	<u>6,219,035</u>
DEFERRED INFLOW OF RESOURCES.....	0	0
Total liabilities and deferred inflow of resources.....	<u>\$ 281,139,937</u>	<u>\$ 6,219,035</u>
NET POSITION		
Net investment in capital assets	\$ 605,666,565	\$ 2,521,026
Restricted for nonexpendable purposes:		
Scholarships and fellowships.....	57,880,194	—
Restricted for expendable purposes:		
Scholarships and fellowships.....	172,606,403	—
Research.....	723,101	2,968,036
Instructional/departmental use.....	20,814,662	—
Loans	1,903,961	—
Capital projects	115,452,433	—
Debt service.....	9,044,100	—
Unrestricted.....	133,090,682	4,857,682
Total net position.....	<u>\$ 1,117,182,101</u>	<u>\$ 10,346,744</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2013

	<u>Clemson University</u>	<u>Clemson University Research Foundation</u>
REVENUES		
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of \$70,717,754)	\$ 288,778,074	\$ —
Federal grants and contracts	64,466,937	4,941,534
State grants and contracts	51,376,441	—
Local grants and contracts	796,200	—
Nongovernmental grants and contracts	9,445,805	1,070,418
Sales and services of educational and other activities	17,203,319	—
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$11,604,477)	94,438,299	—
Sales and services of auxiliary enterprises - not pledged	20,179,341	—
Other operating revenues	31,372,198	5,773,782
Total operating revenues	<u>578,056,614</u>	<u>11,785,734</u>
EXPENSES		
Operating Expenses:		
Compensation and employee benefits	419,665,419	—
Services and supplies	219,148,874	10,985,047
Utilities	17,960,910	239,082
Depreciation	32,715,339	463,274
Scholarships and fellowships	26,379,628	—
Total operating expenses	<u>715,870,170</u>	<u>11,687,403</u>
Operating loss/income	<u>(137,813,556)</u>	<u>98,331</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	92,784,135	—
Federal appropriations	10,947,994	—
Gifts and grants	56,402,755	27,470
Interest income	1,073,177	203,866
Endowment income	14,743,827	—
Interest on capital asset related debt	(5,875,109)	(129,044)
Other nonoperating revenues	310,065	(131,195)
Gain/loss on disposal of capital assets	203,809	—
Refunds to grantors	(514,626)	—
Facilities and administrative remittances to the State	(338,622)	—
Net nonoperating revenues	<u>169,737,405</u>	<u>(28,903)</u>
Income before other revenues, expenses, gains or losses	31,923,849	69,428
State capital appropriations	9,612,190	—
Capital grants and gifts	21,945,230	—
Additions to permanent endowments	2,710,165	—
Increase in net position	<u>66,191,434</u>	<u>69,428</u>
NET POSITION		
Net position, beginning of year	1,050,990,667	10,277,316
Net position, end of year	<u>\$ 1,117,182,101</u>	<u>\$ 10,346,744</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY

STATEMENT OF CASH FLOWS

For the year ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Payments from customers.....	\$ 369,484,462
Grants and contracts.....	118,731,747
Payments to suppliers.....	(269,707,608)
Payments to employees.....	(307,858,154)
Payments for benefits.....	(87,096,964)
Payments to students.....	(40,868,162)
Inflows from Stafford loans.....	65,611,886
Outflows from Stafford loans.....	(6,935,064)
Loans to students.....	(18,812)
Collection of loans.....	986,037
Net cash used by operating activities.....	<u>(157,670,632)</u>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations.....	92,784,135
Federal appropriations.....	9,975,718
Gifts and grants.....	93,040,943
Net cash flow provided by noncapital financing activities.....	<u>195,800,796</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital debt.....	16,323,216
State capital appropriations.....	1,960,426
Capital grants and gifts received.....	20,967,752
Proceeds from sale of property.....	458,216
Purchases of capital assets.....	(84,921,048)
Principal payments and redemption premiums on long term debt.....	(12,113,075)
Interest and fees.....	(6,569,199)
Net cash used by capital activities.....	<u>(63,893,712)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments.....	3,140,262
Proceeds from stock sales.....	(138,751)
Net cash flows provided by investing activities.....	<u>3,001,511</u>
Net change in cash.....	(22,762,037)
Cash beginning of year.....	436,749,772
Cash end of year.....	<u>\$ 413,987,735</u>

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

Operating income (loss).....	\$ (137,813,556)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense.....	32,715,339
Change in asset and liabilities:	
Receivables net.....	(22,820,822)
Grants and contracts receivable.....	(1,055,119)
Student loans receivable.....	(219,419)
Prepaid items.....	(706,167)
Inventories.....	(15,471)
Accounts and retainages payable.....	(23,395,421)
Accrued payroll and related liabilities.....	(2,508,688)
Accrued compensated absences and related liabilities.....	1,906,000
Unearned revenue.....	2,003,260
Funds held for others.....	(5,760,568)
Net cash used by operating activities.....	<u>\$ (157,670,632)</u>

NON-CASH TRANSACTIONS

Increase in fair value of investments.....	\$ 6,247,496
Capital assets acquired through gifts.....	488,429
Capital grants receivable.....	7,540,024

RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES

Current assets:	
Cash and cash equivalents.....	\$ 201,781,150
Restricted cash and cash equivalents.....	179,353,660
Noncurrent assets.....	32,852,925
Total cash and cash equivalent balances.....	<u>\$ 413,987,735</u>

See accompanying notes to basic financial statements.

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

June 30, 2013

ASSETS

Cash and cash equivalents	\$ 42,973,307
Contributions receivable, net	28,225,297
Due from related organizations	1,371,985
Investments.....	349,294,620
Investments held for Clemson University.....	151,956,883
Cash surrender value of life insurance.....	1,722,884
Land held for resale.....	11,900
Land, buildings and equipment, net.....	9,512,248
Investments held in trust for affiliate	2,445,495
Other assets	303,265
Total assets.....	\$ 587,817,884

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued liabilities.....	\$ 420,165
Due to related organizations.....	105,003
Accrued liability to Clemson University due to net investment appreciation	49,037,567
Note payable to Clemson University.....	102,919,316
Actuarial liability of annuities payable.....	5,411,111
Trust funds administered for affiliate	2,445,495
Total liabilities	160,338,657
Net Assets:	
Unrestricted	21,489,251
Temporarily restricted.....	163,515,740
Permanently restricted.....	242,474,236
Total net assets	427,479,227
Total liabilities and net assets.....	\$ 587,817,884

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:				
Gifts and bequests.....	\$ 873,776	\$ 21,768,245	\$ 8,412,070	\$ 31,054,091
Income on investments.....	4,035,896	1,479,434	5,570	5,520,900
Net realized and unrealized gains (losses) on investments	2,084,522	28,803,743	76,606	30,964,871
Program income.....	1,504,794	379,877	691	1,885,362
Other income.....	2,298,877	2,368	55,877	2,357,122
Change in value of split-interest agreements.....	19,539	98,051	(192,199)	(74,609)
Reclassification of donor intent	0	118,970	(118,970)	0
Total revenues and gains	<u>10,817,404</u>	<u>52,650,688</u>	<u>8,239,645</u>	<u>71,707,737</u>
Net assets released from restrictions	21,872,852	(21,872,852)	—	0
Total revenues, gains and other support.....	<u>32,690,256</u>	<u>30,777,836</u>	<u>8,239,645</u>	<u>71,707,737</u>
EXPENSES:				
Program expenses:				
Grant to Clemson University	1,445,842	—	—	1,445,842
Alumni operations.....	1,492,543	—	—	1,492,543
Endowments.....	5,350,790	—	—	5,350,790
Operations.....	15,528,398	—	—	15,528,398
Capital projects	1,478,619	—	—	1,478,619
Total program expenses	<u>25,296,192</u>	<u>0</u>	<u>0</u>	<u>25,296,192</u>
General administrative.....	1,956,807	—	—	1,956,807
Fundraising.....	4,143,988	—	—	4,143,988
Total expenses.....	<u>31,396,987</u>	<u>0</u>	<u>0</u>	<u>31,396,987</u>
Increase in net assets before other changes.....	<u>1,293,269</u>	<u>30,777,836</u>	<u>8,239,645</u>	<u>40,310,750</u>
OTHER CHANGES:				
Transfer to temporarily restricted funds due to underwater endowments.....	675,320	(675,320)	—	0
Total other changes	<u>675,320</u>	<u>(675,320)</u>	<u>0</u>	<u>0</u>
Change in net assets.....	1,968,589	30,102,516	8,239,645	40,310,750
Net assets at beginning of year.....	19,520,662	133,413,224	234,234,591	387,168,477
Net assets at end of year.....	<u>\$ 21,489,251</u>	<u>\$ 163,515,740</u>	<u>\$ 242,474,236</u>	<u>\$ 427,479,227</u>

See accompanying notes to basic financial statements.

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

June 30, 2013

ASSETS

Cash and cash equivalents	\$ 1,707,762
Receivables	3,898
Real estate investments	27,347,144
Real estate, net	11,915,237
Direct Financing Lease	14,190,347
Bond issue costs, net	95,992
Development costs	1,335,452
Equipment, net	13,660
Prepaid expense	18,977
Total assets.....	\$ 56,628,469

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 96,080
Accrued interest payable	11,278
Deposits held for others.....	30,005
Retainage payable.....	20,676
Unearned revenue	202,991
Deferred rent revenue.....	3,224,014
Due to Clemson University Foundation.....	20,932,472
Notes payable	12,480,612
Total liabilities	36,998,128

Net Assets:

Unrestricted	19,630,341
Total net assets.....	19,630,341
Total liabilities and net assets.....	\$ 56,628,469

See accompanying notes to basic financial statements.

NOTES TO FINANCIAL STATEMENTS

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
 For the year ended June 30, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:			
Gifts	\$ 9,510,000	\$ —	\$ 9,510,000
Rental revenues	730,971	—	730,971
Federal grant	636,787	—	636,787
Common area fees.....	366,078	—	366,078
Other	61,582	—	61,582
Total revenues, gains and other support	<u>11,305,418</u>	<u>0</u>	<u>11,305,418</u>
EXPENSES:			
Program expenses:			
Administrative and other	111,837	—	111,837
One Greenville	130,150	—	130,150
CU-ICAR campus.....	440,378	—	440,378
Total program expenses	<u>682,365</u>	<u>0</u>	<u>682,365</u>
Interest expense.....	203,772	—	203,772
Total expenses.....	<u>886,137</u>	<u>0</u>	<u>886,137</u>
Excess of revenues over expenses.....	10,419,281	0	10,419,281
Contributions of certain unrestricted net assets from a related party.....	9,211,060	—	9,211,060
Change in unrestricted net assets	19,630,341	—	19,630,341
Unrestricted net assets at beginning of year	—	—	0
Unrestricted net assets at end of year	<u>\$ 19,630,341</u>	<u>\$ 0</u>	<u>\$ 19,630,341</u>

See accompanying notes to basic financial statements.

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

Nature of Organization

Clemson University is a State-supported, coeducational institution of higher education. The University is granted an annual appropriation for operating purposes as authorized by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the institution. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total operating funds. The laws of the State and the policies and procedures specified by the State for State agencies and institutions are applicable to the activities of the University. The University was established as an institution of higher education by Section 59-119-20 of the Code of Laws of South Carolina in accordance with the will of Thomas Green Clemson and the Act of Acceptance of the General Assembly of South Carolina. The University is a component unit of the State of South Carolina and its financial statements are included in the Comprehensive Annual Financial Report of the State of South Carolina.

The University is governed by a board of thirteen members, including six elected by the State Legislature and seven self-perpetuating life members. Accordingly, as such it administers, has jurisdiction over, and is responsible for the management of the University.

Reporting Entity

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

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

and transactions of the University.

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

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

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

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

Financial Statement Presentation

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

Use of Estimates

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

Basis of Accounting

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

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

Cash and Cash Equivalents

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

cash invested in various short-term instruments by the State Treasurer and held in separate agency accounts, and certain funds invested with Wells Fargo.

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

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

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

Investments

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

Receivables

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students,

faculty and staff, the majority of each residing in the State of South Carolina. Accounts receivable are recorded net of estimated uncollectible amounts.

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

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

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

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

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

Inventories

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

Noncurrent Cash and Investments

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major

additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year and depreciable land improvements, buildings and improvements, and intangible assets, including internally developed software, costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 40 years for buildings and improvements and land improvements and 6 to 20 years for machinery, equipment, and vehicles. Internally developed software is depreciated using the straight-line method over a three year period. Depreciation expense is charged monthly, with a mid-month convention utilized for the initial month that the asset is placed in service. (The University changed its depreciation method this fiscal year - see Note 21 Change in Accounting Estimate).

Unearned Revenues

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

Deposits

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

Funds Held for Others

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

Prepaid Items

Expenditures for insurance and similar services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. For the University, amounts reported in this asset account consist

primarily of prepaid insurance, prepaid postage, prepaid airline tickets, and advance payments for maintenance and service agreements.

Internal Service and Auxiliary Enterprise Activities

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

Compensated Absences

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

Noncurrent Liabilities

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

Net Position

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

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 net investment in capital asset.

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

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

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

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

Income Taxes

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

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

Classification of Revenues and Expenses

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

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, state and local grants and contracts and 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 position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Adoption of New Accounting Standards

Effective for the fiscal year ending June 30, 2013, the University adopted the following Governmental Accounting Standards Board (GASB) Statements. Adoption of these statements resulted in no material impact to the University.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, addresses how to account for and report service concession arrangements, a type of public-private or public-public partnership that state and local governments are increasingly entering into.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34*, improves financial reporting for a governmental financial reporting entity and addresses reporting entity issues that have arisen since the issuance of the two earlier Statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- 1) Financial Accounting Standards Board (FASB) Statements and Interpretations
- 2) Accounting Principles Board Opinions
- 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position.

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 statement of net position amounts:

Reconciliation of Deposits and Investments			
<u>Statement of Net Position</u>		<u>Footnotes</u>	
Cash and cash equivalents:		Cash on hand	\$ 494,826
Current - unrestricted	\$ 201,781,150	Deposits held by State Treasurer	413,257,857
Current - restricted	179,353,660	Other deposits	235,052
Noncurrent - restricted	32,852,925	Investments held by State Treasurer	154,439
Investments	2,482,081	Other investments	2,327,642
Total	\$ <u>416,469,816</u>	Total	\$ <u>416,469,816</u>

Deposits Held by State Treasurer

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

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina. For the fiscal year ending June 30, 2013, \$8,093,687 of the \$413,257,857 identified above as "Deposits held by State Treasurer" is attributable to unrealized appreciation.

Other Deposits

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

Investments Held by State Treasurer

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

Other Investments

The University also has investments in mutual funds as authorized by a single donor. The mutual funds with a fair value of \$2,327,642 are held and invested by Wells Fargo, as trustee in accordance with the endowment agreement specified by the donor.

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

"Other Investments" are stated at fair value and include unrealized appreciation of \$1,232,870. Purchases and sales are accounted for on the trade date. Both unrealized and realized gains and losses on investments have been recorded. Earnings are recorded on an accrual basis.

Other investments as of June 30, 2013 were as follows:

Other Investments			
	<u>Effective Fair Value</u>	<u>Maturity (Years)</u>	<u>Credit Rating</u>
Domestic bond fund	\$ 328,171	6.8	N/A
International bond fund	119,632	7.8	N/A
Equity funds	1,879,839	N/A	N/A
Total other investments	\$ <u>2,327,642</u>		

**NOTE 3.
RECEIVABLES**

University receivables reported in the Statement of Net Position as of June 30, 2013, were as follows:

University Receivables			
	Current	Noncurrent	Total
Accounts receivable	\$ 15,871,071	\$ —	\$ 15,871,071
Grants and contracts receivable	19,143,682	—	19,143,682
Notes receivable	—	151,956,883	151,956,883
Contributions receivable, net	2,110,839	2,667,987	4,778,826
Interest and income receivable	1,466,278	—	1,466,278
Student loans receivable	62,293	8,499,166	8,561,459
Total university receivables	\$ 38,654,163	\$ 163,124,036	\$ 201,778,199

Accounts receivable are reported net of allowances for doubtful accounts of \$690,138 based on credit losses experienced in prior years and evaluation of current portfolios. Student payment allowances of \$460,000, parking services allowances of \$201,640, emergency medical service allowances of \$16,826, Sullivan Center allowances of \$6,672, and telecommunications allowances of \$5,000 comprise this amount. Contributions receivable are reported net of allowances for current uncollectible pledges of \$453,003 and allowances for noncurrent uncollectible pledges of \$497,308.

Accounts receivable for the year ended June 30, 2013, were comprised of the following balances:

Accounts Receivable	
State capital appropriations	\$ 7,540,024
Students/scholarships	4,017,665
Auxiliaries	1,520,093
Educational programs	930,214
Federal funding for capital projects	500,000
Camps	390,533
Fees	341,778
State bond proceeds	162,500
Other	468,264
Total accounts receivable	\$ 15,871,071

Grants and contracts receivable are comprised of amounts due for sponsored research projects, federal land-grant appropriations, and federal scholarship programs. Grants and contracts receivable for the year ended June 30, 2013, were comprised of the following balances:

Grants and Contracts Receivable					
	Federal	State	Local	Nongovernmental	Total
Sponsored research	\$ 12,780,624	\$ 583,156	\$ 38,511	\$ 2,155,199	\$ 15,557,490
Land-grant appropriations	3,503,586	—	—	—	3,503,586
Scholarship programs	82,606	—	—	—	82,606
Total grants and contracts receivable	\$ 16,366,816	\$ 583,156	\$ 38,511	\$ 2,155,199	\$ 19,143,682

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

Contributions Receivable			
	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
University programs	\$ 1,744,401	\$ 2,626,773	\$ 4,371,174
Athletic scholarships	366,438	41,214	407,652
Total contributions receivable	<u>\$ 2,110,839</u>	<u>\$ 2,667,987</u>	<u>\$ 4,778,826</u>

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

Accordingly, as of June 30, 2013, the University had notes receivable from the Clemson University Foundation, a related party, totaling \$151,956,883. This amount includes the original loan of \$35,358,188, additional amounts totaling \$67,561,127 loaned since the fiscal year 1999 original loan, plus related income and appreciation. Funds loaned to the Clemson University Foundation will be paid back to the University with interest at a rate equal to that which is necessary to produce a sum which is equal to the total return (consisting of appreciation and income), provided, however, such rate will not be less than zero. The Memorandum of Understanding between Clemson University and the Clemson

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

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

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

**NOTE 4.
CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013, is summarized as follows:

Capital Assets					
	Beginning Balance June 30, 2012	Increases	Decreases	Transfers	Ending Balance June 30, 2013
Capital assets not being depreciated:					
Land and improvements	\$ 32,702,685	\$ —	\$ —	\$ —	\$ 32,702,685
Construction in progress ¹	95,696,715	62,865,402	—	(64,039,955)	94,522,162
Total capital assets not being depreciated	<u>128,399,400</u>	<u>62,865,402</u>	<u>0</u>	<u>(64,039,955)</u>	<u>127,224,847</u>
Depreciable capital assets:					
Utilities systems and other non-structural improvements	45,679,217	2,999,666	—	—	48,678,883
Buildings and improvements ²	787,938,170	15,082,904	—	64,039,955	867,061,029
Computer software	2,679,986	—	—	—	2,679,986
Equipment	196,798,529	25,590,071	4,644,942	—	217,743,658
Vehicles	15,598,618	579,215	603,325	—	15,574,508
Total depreciable capital assets at historical cost	<u>1,048,694,520</u>	<u>44,251,856</u>	<u>5,248,267</u>	<u>64,039,955</u>	<u>1,151,738,064</u>
Less accumulated depreciation for:					
Utilities systems and other non-structural improvements	22,577,838	1,848,688	—	—	24,426,526
Buildings and improvements	296,186,143	18,125,838	—	—	314,311,981
Computer software	2,484,805	99,667	—	—	2,584,472
Equipment	154,177,467	12,116,285	4,392,853	—	161,900,899
Vehicles	5,230,054	511,209	601,007	—	5,140,256
Total accumulated depreciation	<u>480,656,307</u>	<u>32,701,687</u>	<u>4,993,860</u>	<u>0</u>	<u>508,364,134</u>
Depreciable capital assets, net	<u>568,038,213</u>	<u>11,550,169</u>	<u>254,407</u>	<u>64,039,955</u>	<u>643,373,930</u>
Capital assets, net	<u>\$ 696,437,613</u>	<u>\$ 74,415,571</u>	<u>\$ 254,407</u>	<u>\$ 0</u>	<u>\$ 770,598,777</u>

¹ Includes current fiscal year capitalized interest of \$1,908,705.
² Buildings and improvements include a capital lease for the Greenville One Building in the amount of \$14,300,000.

NOTE: The University received \$458,216 in proceeds from the sale of capital assets.

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

Unearned revenues consist primarily of athletic ticket sales and related fees and unearned student revenues for summer sessions and fall semester. These monies were collected in advance and were not earned at June 30, 2013.

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

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

A summary listing of unearned revenue follows:

Unearned Revenues	
Athletic event receipts - fall semester	\$ 15,764,748
Sponsored research programs	5,757,750
Academic and other fees	11,168,324
Educational programs	1,547,299
Public service program	182,879
Other	246,509
Total unearned revenues	<u>\$ 34,667,509</u>

Deposits consist of both current and noncurrent components. Pooled fringe benefits over-recoveries represent the largest current deposit balance and the entire noncurrent deposit balance. The University submits a pooled fringe benefit rate proposal to its cognizant agency, the U.S. Department of Health & Human Services (HHS), two years in advance of actual charges. HHS has approved the University's pooled fringe benefit rates through the fiscal year ending June 30, 2014. Actual under-recovery or over-recovery of costs are reflected in future rate proposals and approvals. Beginning with the fiscal year ending June 30, 2011, the University changed its method of accounting to record these under-recoveries and over-recoveries as assets and/or liabilities to be adjusted each fiscal year end based on actual expenditures. The \$2,799,834 balance in current deposits represents over-recoveries for the fiscal year ending June 30, 2012, and will be absorbed/adjusted through the pooled fringe rate established for the fiscal year ending June 30, 2013. The \$745,564 balance in noncurrent deposits represents over-recoveries for the fiscal year ending June 30, 2013, and will be absorbed/adjusted through the pooled fringe rate established for the fiscal year ending June 30, 2014. Other current deposits are comprised of: football game guarantees and amounts due to the Atlantic Coast Conference, student campus card balances, funds held on deposit for concert promoters, and miscellaneous departmental amounts.

Deposits	Current	Noncurrent
Pooled fringe benefits over-recoveries	\$ 2,799,834	\$ 745,564
Football guarantees/conference settlement	662,042	—
Student campus card balances	241,952	—
Miscellaneous departmental	79,893	—
Total deposits	<u>\$ 3,783,721</u>	<u>\$ 745,564</u>

Funds held for others consist of both current and noncurrent components. Negotiated termination settlement amounts due in the next fiscal year to a former athletic coach comprise \$599,654 of the current amount. The balance of current funds held for others is comprised of agency funds held in trust for others.

The federal Perkins loan liability balance represents the largest component of noncurrent funds held for others. Negotiated termination settlement amounts due in future fiscal years to a former athletic coach represent the balance in noncurrent funds held for others.

Funds Held for Others	Current	Noncurrent
Federal Perkins Loans	\$ —	\$ 7,548,211
Coach's termination settlement	599,964	295,892
Amounts held in trust	315,863	—
Total funds held for others	<u>\$ 915,827</u>	<u>\$ 7,844,103</u>

**NOTE 6.
BONDS PAYABLE AND NOTES PAYABLE**

Bonds Payable

At June 30, 2013, bonds payable consisted of the following:

BONDS PAYABLE					
	Original Debt	Interest Rate (outstanding)	Maturity Dates	June 30, 2013 Balance	Debt Retired in Fiscal Year 2013
General Obligation Bonds					
Bonds dated 12/01/03 (Series 2003F)	\$ 11,000,000	0.00%	6/1/2013	\$ —	\$ 525,000
Bonds dated 4/01/07 (Series 2007B)	14,000,000	2.50-4.50%	6/1/2021	8,410,000	835,000
Bonds dated 3/01/11 (Series 2011B)	62,370,000	2.25-5.00%	3/1/2031	61,970,000	200,000
Bonds dated 5/1/12 (Series 2012C)	21,135,000	4.00-5.00%	4/1/2018	18,040,000	3,095,000
				<u>88,420,000</u>	
Revenue Bonds					
Bonds dated 8/01/03 (Series 2003)	27,290,000	0.00%	5/1/2013	—	1,235,000
Bonds dated 12/1/05 (Series 2005)	22,130,000	4.00-5.00%	5/1/2020	11,435,000	4,035,000
Bonds dated 2/1/12 (Series 2012)	21,200,000	2.00%	5/1/2018	20,915,000	—
				<u>32,350,000</u>	
Athletic Facilities Revenue Bonds					
Bonds dated 6/01/03 (Series 2003)	7,000,000	0.00%	5/1/2013	—	20,000
Bonds dated 12/1/05 (Series 2005)	15,000,000	4.00-6.00%	5/1/2025	13,800,000	200,000
Bonds dated 2/1/12 (Series 2012)	12,335,000	2.00-3.00%	5/1/2023	10,350,000	1,230,000
				<u>24,150,000</u>	
Subtotal bonds payable				144,920,000	11,375,000
Plus unamortized bond premium				7,145,223	932,423
Less deferred amount on bond refunding				(2,380,612)	(411,397)
Less unamortized bond issue costs				(812,955)	(107,445)
Total Bonds Payable				\$ 148,871,656	\$ 11,788,581

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

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

Tuition fees for the fiscal year ended June 30, 2012 were \$22,440,484 which results in a legal annual debt service limit at June 30, 2013 of \$20,196,436. This amount is equal to 90% of tuition fees collected for the prior fiscal year.

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 (see Series 2012 Athletic Facilities Refunding Revenue bonds). These bonds were paid in full as of June 30, 2013.

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 (see Series 2012C General Obligation State Institution Refunding bonds). These bonds were paid in full as of June 30, 2013.

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 (see Series 2012 Refunding Revenue bonds). These bonds were paid in full as of June 30, 2013.

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

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

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

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

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

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

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

All of the bonds are payable in semiannual installments plus interest. Amounts including interest required to complete payment of the Revenue and Athletic Facilities Revenue bond obligations as of June 30, 2013, are as follows:

Revenue Bonds			
Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 5,765,000	\$ 965,962	\$ 6,730,962
2015	6,010,000	723,612	6,733,612
2016	6,260,000	470,063	6,730,063
2017	6,395,000	336,063	6,731,063
2018	6,535,000	199,063	6,734,063
2019 through 2020	1,385,000	88,825	1,473,825
Total Revenue Bonds	\$ <u>32,350,000</u>	\$ <u>2,783,588</u>	\$ <u>35,133,588</u>

Athletic Facilities Revenue Bonds			
Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,470,000	\$ 846,100	\$ 2,316,100
2015	1,515,000	812,700	2,327,700
2016	1,555,000	778,400	2,333,400
2017	1,860,000	743,300	2,603,300
2018	1,925,000	664,500	2,589,500
2019 through 2023	10,660,000	2,293,531	12,953,531
2024 through 2025	5,165,000	351,225	5,516,225
Total Athletic Facilities Revenue Bonds	\$ <u>24,150,000</u>	\$ <u>6,489,756</u>	\$ <u>30,639,756</u>

Amounts including interest required to complete payment of the General Obligation Bonds as of June 30, 2013, are as follows:

General Obligation Bonds			
Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 4,680,000	\$ 4,175,950	\$ 8,855,950
2015	4,870,000	3,986,350	8,856,350
2016	5,100,000	3,751,475	8,851,475
2017	5,350,000	3,506,825	8,856,825
2018	3,905,000	3,252,250	7,157,250
2019 through 2023	24,780,000	13,024,150	37,804,150
2024 through 2028	24,735,000	7,105,500	31,840,500
2029 through 2031	15,000,000	1,500,000	16,500,000
Total General Obligation Bonds	\$ <u>88,420,000</u>	\$ <u>40,302,500</u>	\$ <u>128,722,500</u>

The University reported net principal retirements and interest expenditures related to the bonds as follows for the year ended June 30, 2013:

Net Principal Retirements and Interest Expenses			
<u>Bond Type</u>	<u>Net Principal</u>	<u>Interest</u>	
General obligation bonds	\$ 4,655,000	\$ 3,822,696	
Revenue bonds	5,270,000	1,136,650	
Athletic facilities revenue bonds	1,450,000	952,298	
Total Net Principal Retirements and Interest Expenses	\$ <u>11,375,000</u>	\$ <u>5,911,644</u>	

Notes Payable

At June 30, 2013, notes payable consisted of the following:

Notes Payable			
	<u>Interest</u>	<u>Maturity</u>	<u>Amount</u>
SC Energy Office Note dated 7/1/03	1.00%	7/1/2013	\$ 51,186
SC Energy Office Note dated 8/19/09	0.00%	9/1/2013	98,421
Total Notes Payable			\$ <u>149,607</u>

Future payments on the note payables are to be funded from future operating revenues and energy savings. The aggregate debt service payments due on the notes payable at June 30, 2013 are as follows:

Debt Service - Notes Payable			
Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 149,607	\$ 513	\$ 150,120
Total Debt Service - Notes Payable	\$ <u>149,607</u>	\$ <u>513</u>	\$ <u>150,120</u>

Total principal paid on notes payable was \$325,807 for the year ended June 30, 2013. Total interest expense for notes payable was \$5,816.

**NOTE 7.
LEASE OBLIGATIONS**

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

Future commitments for capital leases (which here and on the Statement of Net Position include other installment purchase agreements) and for noncancellable operating leases having remaining terms in excess of one year as of June 30, 2013, were as follows:

Capital and Operating Lease Commitments		
	Capital Leases	Operating Leases
Year Ending June 30:		
2014	\$ 1,042,910	\$ 1,641,375
2015	1,042,910	1,289,923
2016	1,042,910	1,218,224
2017	1,027,293	1,062,785
2018	722,767	950,871
2019-2023	2,872,040	1,313,269
2024-2028	2,872,040	—
2029-2033	2,872,040	—
2034-2038	2,702,187	—
Total minimum lease payments	16,197,097	\$ 7,476,447
Less: Interest	286,149	
Principal outstanding - Clemson University	\$ 15,910,948	

Capital Leases

The Capital Leases are payable in monthly installments and will expire in 2038. Expenditures for fiscal year 2013 were \$482,186 of which \$412,268 was principal and \$69,918 was interest. The following is a summary of the carrying values of the assets held under capital leases at June 30, 2013:

Assets Held Under Capital Lease			
	Value at Lease Inception	Accumulated Depreciation	Net
Buildings	\$ 14,300,000	\$ (23,833)	\$ 14,276,167
Equipment	2,023,216	(155,678)	1,867,538
Total assets held under capital lease	\$ 16,323,216	\$ (179,511)	\$ 16,143,705

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

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

The University entered into this lease with Clemson University Land Stewardship Foundation, Inc. (CULSF), a component unit. The outstanding liability on this lease as of June 30, 2013 is \$14,131,559.

In October 2012 the University entered into a Capital Lease of \$2,023,216 at 5.703 percent interest with First Financial Corporate Leasing, LLC, an unrelated party, (whereby the University leases) a Hitachi NB5000 Duabeam FIB Microscope for use in the Advanced Materials Research Laboratories. Lease payments are for five years with bargain purchase options after the first twelve months. Lease payments are \$39,041.84 for 48 months and \$37,089.74 for the final twelve months.

The outstanding liability on this lease as of June 30, 2013 is \$1,779,389.

Operating Leases

The University's noncancellable operating leases having remaining terms of more than one year expire in various fiscal

years from 2013 through 2019. 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 cancellable 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, 2014. Under this agreement, the University paid CURF \$127,451 in the current year.

In December 2009, the University entered into a real property operating lease with CURF, a component unit, for Clemson-at-the-Falls. This facility, located in Greenville, South Carolina, is used by the University's MBA program. The current lease extends through December 2019. Under this agreement, the University is obligated to pay CURF lease and building operating expenses based on occupancy, at a base amount of \$674,438 per year through June 30, 2017 (and escalated amounts in the last two-and-one-half years of the lease). The University paid CURF \$703,368, inclusive of additional operating costs, in the current year.

In December 2010, the University entered into a real property operating lease with CURF, a component unit, for space in the Emerging Technologies Center located in Anderson, SC. Under this agreement, Clemson pays CURF lease and building operating expenses, based upon occupancy. The University paid CURF \$171,021 in the current fiscal year.

In June 2011, the University's Computing and Information Technology division entered into a real property operating lease with the Clemson University Land Stewardship Foundation (CULSF), a component unit, for space in the building located at 3 Research Drive, Greenville, SC, at the Clemson University Center for Automotive Research (CU-ICAR) Campus. This agreement extends through September 2016. Under this agreement, the University paid CULSF \$80,445 in the current fiscal year.

In January 2012, Clemson University entered into a real property operating lease with CULSF, a component unit, for space located in the building at 3 Research Drive, Greenville, SC, at the CU-ICAR Campus. This agreement to establish a component testing laboratory extends through February 2017. Under this lease, the University paid CULSF \$132,863 in the current fiscal year.

In September 2011, the University entered into an agreement with CULSF, a component unit, for space in the building located at 3 Research Drive, Greenville, SC, at the CU-ICAR Campus. This agreement is on a month-to-month basis and extends indefinitely. Under this lease, the University paid \$11,000 in the current fiscal year.

In the current fiscal year, Clemson University incurred expenses of \$609,370 for office copier contingent rentals on a cost-per-copy basis.

NOTE 8. RETIREMENT PLANS

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

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

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

Disability annuity benefits are payable to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members qualify

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

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years.

Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. The TERI program will end effective June 30, 2018.

Effective July 1, 2012, employees participating in the SCRS were required to contribute 7.00% of all earnable compensation. The employer contribution rate for SCRS was 15.15%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45%, .15% for the incidental death program and a 4.55% surcharge that will fund retiree health and dental insurance coverage. Employer contributions for State ORP include a 5.45% employer retirement contribution, .15% incidental death program and 4.55% retiree insurance surcharge. Clemson University's actual retirement and incidental death program contributions to the SCRS for the years ended June 30, 2013, 2012, and 2011 were:

Fiscal Year Ended	Retirement		Incidental Death	
	Rate	Contribution	Rate	Contribution
2013	10.450%	\$ 17,286,091	0.15%	\$ 248,126
2012	9.390%	\$ 14,448,591	0.15%	\$ 230,931
2011	9.240%	\$ 14,361,613	0.15%	\$ 233,101

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

Under the PORS, Class II members are eligible for a full service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 2.14 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2012, employees participating in the PORS were required to contribute 7.00% of all earnable compensation. The employer contribution rate for PORS was 16.85%. Included in the total PORS employer contribution rate is a base retirement contribution of 11.90%, .20% for the incidental death program, .20% for the accidental death program, and a 4.55% surcharge that will fund retiree health and dental insurance coverage. Clemson University's actual retirement, incidental death program and accidental death program contributions to the PORS for the years ended June 30, 2013, 2012, and 2011 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2013	11.900%	\$ 352,498	0.20%	\$ 5,924	0.20%	\$ 5,924
2012	11.385%	\$ 265,973	0.20%	\$ 4,681	0.20%	\$ 4,681
2011	11.130%	\$ 238,980	0.20%	\$ 4,294	0.20%	\$ 4,294

As an alternative to membership to SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for State ORP plan other than for payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.60% plus the retiree surcharge of 4.55% from the employer in fiscal year 2013. Of the 10.60% employer retirement contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.45% and .15% incidental death program contribution amounts are remitted to SCRS.

For fiscal year 2013, total contributions requirements to the ORP were approximately \$6,556,983 (excluding the surcharge) from Clemson University as employer and approximately \$7,872,762 from its employees as plan members. The amounts paid by Clemson University for pension, incidental death program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

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

The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates.

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

NOTE 9. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

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

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

Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the Retiree Medical Plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.55% of annual covered payroll for 2013 and 4.30% of annual covered payroll for 2012. The IB sets the employer contribution rate based on a pay-as-you-go basis. Clemson University paid approximately \$12,988,807 and \$11,039,467 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2013 and 2012, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2013 and 2012. Clemson University recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$145,840 and \$142,137 for the years ended June 30, 2013 and 2012, respectively.

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

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

NOTE 10. DEFERRED COMPENSATION PLANS

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

NOTE 11. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2013 was as follows:

Long-Term Liabilities	June 30, 2012	Additions	Reductions	June 30, 2013	Due Within One Year
Bonds payable, notes payable and capital lease obligations:					
General obligation bonds	\$ 93,075,000	\$ —	\$ 4,655,000	\$ 88,420,000	\$ 4,680,000
Revenue bonds	37,620,000	—	5,270,000	32,350,000	5,765,000
Athletic facilities revenue bonds	25,600,000	—	1,450,000	24,150,000	1,470,000
Subtotal bonds payable	156,295,000	0	11,375,000	144,920,000	11,915,000
Unamortized revenue bond premium	8,077,646	—	932,423	7,145,223	877,301
Unamortized bond issue costs	(899,050)	(21,350)	(107,445)	(812,955)	(101,129)
Deferred amount on revenue bond refunding	(2,792,009)	—	(411,397)	(2,380,612)	(473,852)
Total bonds payable	160,681,587	(21,350)	11,788,581	148,871,656	12,217,320
Capital leases payable	—	16,323,216	412,268	15,910,948	947,939
Notes payable	475,413	—	325,806	149,607	149,607
Total bonds and notes payable	161,157,000	16,301,866	12,526,655	164,932,211	13,314,866
Other liabilities:					
Accrued compensated absences	22,953,000	16,586,198	14,680,198	24,859,000	16,397,279
Funds held for others	9,028,777	—	584,710	8,444,067	599,964
Total other liabilities	31,981,777	16,586,198	15,264,908	33,303,067	16,997,243
Total long-term liabilities	\$ 193,138,777	\$ 32,888,064	\$ 27,791,563	\$ 198,235,278	\$ 30,312,109

Additional information regarding Bonds and Notes Payable is included in Note 6. The balance in the long-term liability account "Funds held for others" represents the Federal liability for the Perkins Loan program and separation settlements 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 \$232,877,118. The \$232,877,118 includes estimated costs of \$160,596,227 for capital projects currently in progress plus \$72,280,891 estimated costs for other capital projects already in service. Of the total estimated cost, \$66,192,255 was unexpended at June 30, 2013. Of the total expended through June 30, 2013, the University has capitalized substantially complete and in use projects in the amount of \$72,061,878. Of the unexpended balance the University has remaining commitment balances of \$13,534,135 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Retainages payable on these capitalized projects as of June 30, 2013 was \$943,876. Capital projects at June 30, 2013 which constitute construction in progress that are to be capitalized when completed are listed below.

Construction Costs and Commitments		
<u>Project</u>	<u>Approximate Cost</u>	<u>Amount Expended</u>
Agricultural regulatory software	\$ 190,000	\$ 95,000
Banner Student ERP	25,566,369	15,047,263
Baruch temporary living quarters	459,000	208,329
Charleston Architecture Center	769,410	608,289
Core campus development	1,440,000	363
Douthit Hills development	2,110,000	1,839,661
Edisto Peanut Lab construction	300,000	151,719
Freeman Hall expansion	6,500,000	825,800
Golf practice facility addition	495,000	56,845
Greenville One Building upfit	6,700,000	479,867
Greenwood Genetic Center construction	6,500,000	162,500
Hunnicutt stormwater runoff study	50,000	12,213
Innovation Center clean room	961,200	843,534
Kingsmore Stadium addition	161,250	53,097
Kronos acquisition	2,032,200	1,936,909
Lightsey Bridge sidewalk extension	120,500	57,756
Littlejohn annex addition	274,320	263,994
Memorial Stadium III construction	225,000	84,715
North Charleston land and renovation	10,520,000	1,066,349
Schilleter catering relocation	576,700	254,588
Scroll of Honor walkway	300,000	189,974
Stadium president box relocate	980,000	431,423
Starbucks at Edgars	750,000	443,998
Tiger Band Plaza	490,000	56,386
Watt Innovation Center	363,000	319,315
Wind turbine drive train test facility	86,877,278	68,548,841
Waste water treatment plant emergency generator design	85,000	46,205
Waste water treatment plant upgrade	4,800,000	437,229
Total Construction Costs and Commitments	\$ 160,596,227	\$ 94,522,162

The amount expended includes only capitalized project expenses and capitalized interest on construction debt for projects less than substantially complete and not in service at June 30, 2013. No noncapitalized expenditures are included in these totals.

Non-Capitalized

At June 30, 2013 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 \$54,928,258. This amount includes costs incurred to date of \$20,888,726 and estimated costs to complete of \$34,039,532. The University has remaining commitment balances with certain parties related to these projects of \$2,190,369. Retainages payable on the non-capitalized projects as of June 30, 2013, was \$166,404. 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 accordance with Governmental Accounting Standards Board (GASB) Codification Sections 2100, Defining the Financial Reporting Entity, and Section 2600, Reporting Entity and Component Unit Presentation and Disclosure, management annually reviews its relationships with the related parties described in this note. The University excluded these related parties from the reporting entity because it is not financially accountable for them.

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

Clemson University Real Estate Foundation

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

Clemson University Continuing Education and Conference Complex Corporation

The Clemson University Continuing Education and Conference Complex Corporation (Finance Corporation), is a separately chartered corporation established in September, 1993, to construct, operate and manage the golf course and hotel components of the Clemson University Continuing Education and Conference Complex. The Finance Corporation’s actions are governed by its Board of Directors. The Finance Corporation reimbursed the University \$148,842 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 \$601,920 in expenses primarily to reimburse CAFDB for administrative, educational, and facilities expenses incurred at the Charles E. Daniel Center for Building Research and Urban Studies in Genoa, Italy, which is owned by CAFDB, and at the Barcelona facility, which is operated for the University by CAFDB.

**NOTE 14.
TRANSACTIONS WITH STATE ENTITIES**

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

The original appropriation is the University’s base budget amount presented in the General Funds column of Sections 9 and 35 of Part IA of the 2012-13 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, 2013:

State Appropriations			
	Educational and General	Public Service	Total
Original appropriation	\$ 59,746,916	\$ 27,995,827	\$ 87,742,743
Pay plan allocation for cost of living adjustment	1,717,636	730,716	2,448,352
Employer contributions health and dental insurance allocation	1,218,040	486,091	1,704,131
Proviso 90.18 - nonrecurring state appropriation	—	100,000	100,000
Appropriation allocations from the State Commission on Higher Education:			
For Academic Endowment Match	30,282	—	30,282
For Clemson Agriculture Education Teachers - teacher recruitment	—	758,627	758,627
Total state appropriations	\$ 62,712,874	\$ 30,071,261	\$ 92,784,135

The University received substantial funding from the Commission on Higher Education (“CHE”) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and nonoperating revenues, depending upon the requirement of deliverables with a current or potential future economic value. The University also receives State funds from various other State agencies for sponsored research and public service projects. Following is a summary of amounts received from State agencies for scholarships, sponsored research, capital and public service projects for the fiscal year ended June 30, 2013:

	Operating Revenues	Nonoperating Revenues	Capital and Endowment Proceeds	Total
Received from the Commission on Higher Education (CHE):				
LIFE Scholarships	\$ 25,143,896	\$ —	\$ —	\$ 25,143,896
Palmetto Scholarships	20,350,910	—	—	20,350,910
Need-Based Grants	1,742,365	—	—	1,742,365
HOPE Scholarships	106,400	—	—	106,400
Centers of Excellence	—	112,500	—	112,500
Received from the Department of Education - STEM	1,750,000	—	—	1,750,000
Received from the Department of Education - other	404,604	—	—	404,604
Received from Department of Health and Environmental Control	297,163	—	—	297,163
Received from various other state agencies	909,213	—	—	909,213
Received from agencies outside South Carolina	671,890	—	—	671,890
State lottery funding for permanent endowments	—	—	2,705,201	2,705,201
Research infrastructure bond proceeds	—	—	361,068	361,068
Capital reserve fund proceeds	—	—	9,251,122	9,251,122
Total other amounts recognized from state agencies	\$ 51,376,441	\$ 112,500	\$ 12,317,391	\$ 63,806,332

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 \$22,100,481, comprised of \$7,327,459 in fees for computer services classified as other operating revenues, and \$14,773,022 in information and systems development fees classified as sales and services of auxiliary enterprises.

Also, the University collected and remitted \$34,652 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 2013 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 Financial Officer is covered for \$250,000 under a specific public official bond. The Clemson University Chief Financial Officer, Clemson University Associate Comptroller for Related Organizations, Clemson University Foundation President/CEO, Clemson University Foundation CFO/Treasurer and Clemson University Foundation Financial Analyst and Project Manager are each covered under

a \$2,000,000 bond.

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

The University has not transferred the portion of the risk of loss related to insurance policy deductibles, and policy limits for all coverage to a State or commercial insurer. The University has not reported an estimated claims loss expenditure, and the related liability at June 30, 2013, 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, 2013, 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 2013 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts, if any, which may be due federal grantors have not been determined but the University believes that any such amounts in the aggregate would not have a material adverse effect on the financial position of the University. Therefore, an estimated loss has not been recorded.

The University has been notified of a legal action concerning land at the site of the Clemson University Restoration Institute (CURI) in North Charleston. This parcel of property is the subject of a pending condemnation action by the State of South Carolina, Department of Commerce. The authority to condemn had been challenged by the City of North Charleston but that legal action has been resolved. The resolution of that challenge action also ended the claims of the City of North Charleston for the return of the to-be-condemned land it had deeded to the University. The Charleston County School District (CCSD) has filed an action claiming rights to a portion of the to-be-condemned land, or any proceeds therefrom. The CCSD claims and the original condemnation action could be scheduled for trial in early 2014, if not resolved sooner. Pending a resolution of this matter, the property remains in the possession of Clemson University.

**NOTE 17.
OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the year ended June 30, 2013 are summarized as follows:

Operating Expenses by Function						
	Compensation and Employee Benefits	Services and Supplies	Utilities	Depreciation	Scholarships and Fellowships	Total
Instruction	\$ 169,296,331	\$ 30,916,000	\$ 974,042	\$ —	\$ 544,787	\$ 201,731,160
Research	85,269,417	43,151,961	1,309,887	—	1,055,638	130,786,903
Public Service	38,910,943	19,043,427	1,861,083	—	21,057	59,836,510
Academic Support	29,513,054	8,704,264	708,364	—	—	38,925,682
Student Services	16,270,017	10,013,383	354,436	—	56,040	26,693,876
Institutional Support	26,884,067	7,402,702	353,579	—	—	34,640,348
Operation and Maintenance of Plant	12,622,369	42,122,478	7,196,787	—	—	61,941,634
Scholarships and Fellowships	315	476,119	—	—	24,702,106	25,178,540
Auxiliary Services	40,898,906	57,318,540	5,202,732	—	—	103,420,178
Depreciation	—	—	—	32,715,339	—	32,715,339
Total Operating Expenses by Function	\$ 419,665,419	\$ 219,148,874	\$ 17,960,910	\$ 32,715,339	\$ 26,379,628	\$ 715,870,170

**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 2013, this rate was 4.0%. At June 30, 2013, net appreciation gains of \$7,880,957 were recorded, and were reported in the Statement of Net Position as restricted for expendable scholarships and fellowships.

**NOTE 19.
DETAILS OF RESTRICTED ASSETS**

The purposes and amounts of Restricted Assets are as follows:

Details of Restricted Assets	
Current:	
Cash and cash equivalents:	
As specified by sponsors/donors	\$ 53,577,861
University administered loans	237,934
Payment of maturing debt	10,370,563
Bond proceeds and other amounts restricted for capital projects	114,853,789
Funds held for others	313,513
	<u>\$ 179,353,660</u>
Noncurrent:	
Cash and cash equivalents:	
Endowments	\$ 32,194,463
Federal Perkins Loan Program	658,462
	<u>\$ 32,852,925</u>
Student Loans Receivable:	
Federal Perkins Loan Program	\$ 8,499,166
	<u>\$ 8,499,166</u>

**NOTE 20.
COMPONENT UNITS**

Clemson University Foundation

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

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

CUF transfers funds earmarked from private contributions to the University to support University scholarship, fellowship, professorship, and research programs and to reimburse the University for any purchases made by CUF. These transfers for fiscal year 2013 were recorded by the University as nonoperating gift revenues totaling \$15,653,282. CUF also reimbursed the University \$876,842 for salaries for time devoted by University employees to CUF and to fund other University initiatives.

Equipment donated by CUF to the University totaled \$134,403 and was recorded as capital grants and gifts in the Statement of Revenues, Expenses and Changes in Net Position. Also recorded as capital grants and gifts upon receipt were CUF donations totaling \$5,108,862 for University building projects. As of June 30, 2013, CUF had remaining commitments of approximately \$1,648,288 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 \$151,956,883.

CUF charges an annual fee of 1.25 percent for managing the University's endowments. For the fiscal year ending June 30, 2013, the management fee was \$1,717,820, net of current year income, gains and appreciation losses of \$16,589,036. At fiscal year-end, \$457,273 in accounts payable was due to CUF.

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

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

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

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

A summary of investments at fair value at June 30, 2013 follows:

Investments	
Money market funds	\$ 6,660,787
Treasury/agency	30,648,036
Mortgage backed securities	2,604,392
Corporate bonds	9,207,534
International bonds	1,292,777
U.S. Equities	218,118,914
Global equities	80,031,904
Commodities	16,961,489
Hedge funds	83,038,789
Private equity	18,995,325
Private real assets	13,990,568
Public real assets	672,109
Other	1,474,374
Subtotal - marketable investments	483,696,998
Subordinated note receivable from Clemson University Real Estate Foundation, Inc.	20,000,000
	<u>\$ 503,696,998</u>

Clemson University Research Foundation

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

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

The University performs research and development under performance agreements for CURF, and receives payment for all direct and indirect costs which are incurred in accordance with the terms of the performance agreements. Revenues totaling \$4,111,812 from CURF were recorded by the University in the Statement of Revenues, Expenditures and Changes in Net Position as operating nongovernmental grants and contracts. Grants and contracts receivable in the Statement of Net Position include \$1,386,094 due from CURF at June 30, 2013.

Also, the University made \$1,001,841 in operating lease payments to CURF for office space. CURF reimbursed the University \$114,944 for salaries for time devoted by University employees to CURF. In addition, CURF contributed \$113,629 in capital gifts for the construction and upfit of the University's Innovation Center.

Clemson University Land Stewardship Foundation

The Clemson University Land Stewardship Foundation (CULSF) is a separately chartered corporation established to serve the needs of Clemson University in the management, development, and investment of real property and related

assets. CULSF's activities are governed by its Board of Directors.

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

The University leases and utilizes several facilities owned and operated by CULSF at the Greenville, CU-ICAR campus. For the fiscal year ending June 30, 2013, \$499,312 was paid by the University to CULSF for building upfit costs, \$374,803 for common area maintenance costs, and \$224,308 for operating leases at the CU-ICAR campus. In addition, as described in Note 7, the University entered into a capital lease with CULSF for space in the Greenville One Building in downtown Greenville. For the fiscal year ending June 30, 2013, \$314,226 in capital lease-related principal, interest, and operating expense payments were made by the University to CULSF.

CULSF reimbursed the University \$17,698 for salaries for time devoted by University employees to CULSF.

NOTE 21. CHANGE IN ACCOUNTING ESTIMATE

At the request of the Office of the Comptroller General of the State of South Carolina and to facilitate statewide financial reporting, the University changed its depreciation method to monthly depreciation for the fiscal year ending June 30, 2013. Previously, a full year of depreciation was taken the year the asset was placed in service and no depreciation was taken in the year of disposition. Beginning this fiscal year, depreciation expense was charged monthly, with a mid-month convention utilized for the initial month that the asset was placed in service.

*Supplementary Information
to the Financial Statements*

CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
AUXILIARY REVENUE BONDS (SERIES 2005 AND 2012)
For the year ended June 30, 2013

	Dining Services	Vending Operations	Bookstore	Parking Services	Housing	Total
Revenues:						
Student meal plans	\$ 16,823,336	\$ —	\$ —	\$ —	\$ —	\$ 16,823,336
Food service commissions	1,901,094	—	—	—	—	1,901,094
Other	—	669,334	—	—	116,067	785,401
Residence halls	—	—	—	—	29,608,713	29,608,713
Campus vending machines	—	300,000	—	—	—	300,000
ATM rental	—	89,875	—	—	—	89,875
Contract revenue	—	62,200	1,372,981	65,216	185,629	1,686,026
Parking permits	—	—	—	2,156,099	—	2,156,099
Transit fees	—	—	—	1,135,002	—	1,135,002
Parking citations	—	—	—	801,873	—	801,873
Investment income	54,496	4,733	8,165	16,963	79,679	164,036
Total revenues	18,778,926	1,126,142	1,381,146	4,175,153	29,990,088	55,451,455
Expenses:						
Salaries	227,933	1,664	20,523	684,729	5,797,075	6,731,924
Fringe benefits	73,459	536	6,607	225,208	1,480,927	1,786,737
Travel	—	—	—	21,892	86,033	107,925
Contractual services	11,820,761	400	—	1,134,702	774,171	13,730,034
Repairs	308,562	2,091	8,085	118,210	292,804	729,752
Telecommunications	7,442	3,052	—	9,882	202,561	222,937
Heat, light, and power	721,826	—	17,562	48,090	2,497,173	3,284,651
Water, sewer and garbage	122,562	—	—	60	492,979	615,601
Rents	113,771	—	—	71,620	18,331	203,722
Supplies and materials	168,290	271	—	59,649	959,365	1,187,575
Insurance	29,184	386	—	2,859	229,993	262,422
University debit card fees	377,590	43,326	—	525	86,898	508,339
Cable television	—	—	—	—	233,825	233,825
Other operating expenses	1,454,248	56,244	80,058	582,389	2,869,049	5,041,988
Capital outlay	194,316	—	—	351,025	40,093	585,434
Total expenses	15,619,944	107,970	132,835	3,310,840	16,061,277	35,232,866
Net revenues	\$ 3,158,982	\$ 1,018,172	\$ 1,248,311	\$ 864,313	\$ 13,928,811	\$ 20,218,589

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

For the year ended June 30, 2013

	Football	Basketball	Other Sports	Non Program Specific	Total
Revenues:					
Ticket sales	\$ 22,103,435	\$ 1,373,327	\$ 497,298	\$ —	\$ 23,974,060
Away game sales and guarantees	2,292,793	8,000	4,000	—	2,304,793
Contributions	2,583,001	833,688	3,469,663	14,370,095	21,256,447
Direct institutional support	892,986	450,572	2,324,127	85,794	3,753,479
NCAA/Conference distributions including all tournament revenues	12,770,737	4,483,954	—	—	17,254,691
Broadcast, television, radio and internet rights	555,000	175,000	—	1,520,000	2,250,000
Program sales, concessions, novelty sales and parking	1,600,785	93,068	90,702	48,690	1,833,245
Royalties, advertisements and sponsorships	428,000	169,000	116,050	4,064,051	4,777,101
Endowment and investment income	—	—	—	430,213	430,213
Other	12,480	—	50,939	232,326	295,745
Total revenues	43,239,217	7,586,609	6,552,779	20,751,169	78,129,774
Operating Expenditures and Mandatory Transfers:					
<i>Expenses:</i>					
Athletic student aid	3,345,870	1,223,221	5,687,962	979,396	11,236,449
Guarantees	1,203,000	344,381	30,044	—	1,577,425
Coaching salaries, benefits and bonuses paid by the institution and related entities	6,872,417	2,915,226	3,869,500	500,533	14,157,676
Support staff/administrative salaries, benefits and bonuses paid by the institution and related entities	2,048,378	474,688	204,309	11,826,762	14,554,137
Recruiting	616,645	278,274	403,215	—	1,298,134
Team travel	1,891,246	889,385	1,468,692	—	4,249,323
Equipment, uniforms and supplies	739,816	184,393	600,532	420,950	1,945,691
Game expenses	2,283,927	539,886	359,990	—	3,183,803
Fund raising, marketing and promotion	—	—	—	2,759,085	2,759,085
Direct facilities, maintenance and rental	196,173	11,994	22,047	1,197,167	1,427,381
Indirect facilities and administrative support	—	—	—	865,899	865,899
Other operating expenses	1,234,143	273,172	615,404	6,210,346	8,333,065
Total expenses	20,431,615	7,134,620	13,261,695	24,760,138	65,588,068
<i>Nonmandatory Transfers (IN)/OUT:</i>					
Debt Service	2,017,491	14,003	—	194,568	2,226,062
Annual Contributions	(2,452,884)	(772,649)	(3,363,835)	6,838,868	249,500
Student Services	—	—	—	349,746	349,746
Construction projects	—	—	—	13,907,437	13,907,437
Student band support	—	—	—	240,897	240,897
Operations Support	(28,000)	—	—	28,000	0
Total nonmandatory transfers	(463,393)	(758,646)	(3,363,835)	21,559,516	16,973,642
Excess (deficiency) of revenue over expenses and transfers	\$ 23,270,995	\$ 1,210,635	\$ (3,345,081)	\$ (25,568,485)	\$ (4,431,936)



Statistical Section
(unaudited)

Statistical Section

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

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Financial Trends	70
These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.	
Debt Capacity	75
These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.	
Operating Information	78
These schedules contain service and capital asset data to help the reader understand how the information in the University's financial report relates to the services the University provides and the activities it performs.	
Demographic and Economic Information	84
These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's and the State's financial activities take place.	

SCHEDULE OF REVENUES BY SOURCE

For the Fiscal Year
(amounts expressed in thousands)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 288,778	\$ 269,671	\$ 252,924	\$ 223,036	\$ 205,488	\$ 188,530	\$ 176,240	\$ 166,912	\$ 149,405	\$ 131,049
Federal grants and contracts	64,467	63,962	65,045	63,792	59,205	56,165	52,318	54,641	53,203	58,208
State grants and contracts	51,377	46,868	50,679	48,683	47,248	43,414	35,947	36,181	35,052	31,451
Local grants and contracts	796	690	757	959	872	799	851	1,311	1,678	1,136
Nongovernmental grants and contracts	9,446	8,226	6,913	8,727	11,700	11,177	11,138	9,435	9,800	9,742
Sales and services of educational and other activities	17,203	15,845	15,843	15,917	16,543	16,268	14,027	14,351	13,646	11,596
Sales and services of auxiliary enterprises (net of scholarship allowances)	114,618	106,181	95,096	89,129	86,282	79,159	77,359	71,774	65,443	63,585
Other operating revenues	31,372	27,771	27,396	28,851	21,671	25,013	19,206	16,438	14,496	14,263
Total operating revenues	578,057	539,214	514,653	479,094	449,009	420,525	387,086	371,043	342,723	321,030
State appropriations	92,784	88,780	91,917	114,120	128,279	167,224	150,335	134,678	126,589	126,020
Federal appropriations	10,948	11,507	11,744	11,269	12,317	14,186	9,667	11,338	10,986	10,339
Gifts and grants	56,403	59,126	68,797	59,473	46,872	44,466	39,298	36,329	33,971	29,525
Interest income	1,073	6,948	7,752	12,408	10,029	8,462	6,585	3,340	5,102	4,916
Endowment income	14,744	(1,114)	22,236	10,085	(20,283)	(7,046)	16,003	7,804	6,252	6,769
Other nonoperating revenues	310	1,271	502	3,192	1,944	1,389	753	483	657	991
Proceeds from the sale of capital assets	458	636	137	57	715	—	20,061	—	5,029	—
Total nonoperating revenues	176,720	167,154	203,085	210,604	179,873	228,681	242,702	193,972	188,586	178,560
Total revenues	\$ 754,777	\$ 706,368	\$ 717,738	\$ 689,698	\$ 628,882	\$ 649,206	\$ 629,788	\$ 565,015	\$ 531,309	\$ 499,590

For the Fiscal Year
(percent of total income)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Revenues:										
Student tuition and fees (net of scholarship allowances)	38.2%	38.2%	35.2%	32.3%	32.7%	29.0%	28.0%	29.5%	28.1%	26.2%
Federal grants and contracts	8.5%	9.1%	9.1%	9.2%	9.4%	8.7%	8.3%	9.8%	10.0%	11.7%
State grants and contracts	6.8%	6.6%	7.1%	7.1%	7.5%	6.7%	5.7%	6.4%	6.6%	6.3%
Local grants and contracts	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.2%
Nongovernmental grants and contracts	1.3%	1.2%	1.0%	1.3%	1.9%	1.7%	1.8%	1.7%	1.8%	1.9%
Sales and services of educational and other activities	2.3%	2.2%	2.2%	2.3%	2.6%	2.5%	2.2%	2.5%	2.6%	2.3%
Sales and services of auxiliary enterprises (net of scholarship allowances)	15.2%	15.0%	13.2%	12.9%	13.7%	12.2%	12.4%	12.7%	12.3%	12.7%
Other operating revenues	4.2%	3.9%	3.8%	4.2%	3.4%	3.9%	3.0%	2.9%	2.8%	2.9%
Total operating revenues	<u>76.6%</u>	<u>76.3%</u>	<u>71.7%</u>	<u>69.4%</u>	<u>71.3%</u>	<u>64.8%</u>	<u>61.5%</u>	<u>65.7%</u>	<u>64.5%</u>	<u>64.2%</u>
State appropriations	12.3%	12.6%	12.8%	16.5%	20.4%	25.8%	23.9%	23.8%	23.8%	25.2%
Federal appropriations	1.5%	1.6%	1.6%	1.6%	2.0%	2.2%	1.5%	2.1%	2.1%	2.1%
Gifts and grants	7.4%	8.4%	9.6%	8.6%	7.5%	6.8%	6.3%	6.3%	6.4%	5.9%
Interest income	0.1%	1.0%	1.1%	1.8%	1.6%	1.3%	1.0%	0.6%	1.0%	1.0%
Endowment income	2.0%	(0.2)%	3.1%	1.5%	(3.2)%	(1.1)%	2.5%	1.4%	1.2%	1.4%
Other nonoperating revenues	0.0%	0.2%	0.1%	0.5%	0.3%	0.2%	0.1%	0.1%	0.1%	0.2%
Proceeds from the sale capital assets	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%	3.2%	0.0%	0.9%	0.0%
Total nonoperating revenues	<u>23.4%</u>	<u>23.7%</u>	<u>28.3%</u>	<u>30.6%</u>	<u>28.7%</u>	<u>35.2%</u>	<u>38.5%</u>	<u>34.3%</u>	<u>35.5%</u>	<u>35.8%</u>
Total revenues	<u>100.0%</u>									

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Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF EXPENSES BY USE

	For the Fiscal Year <i>(amounts expressed in thousands)</i>									
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Expenses:										
Compensation and employee benefits	\$ 419,665	\$ 384,703	\$ 382,789	\$ 385,519	\$ 394,708	\$ 402,601	\$ 366,732	\$ 341,740	\$ 314,270	\$ 298,717
Services and supplies	219,149	198,747	182,049	174,958	158,556	174,642	148,409	140,594	134,961	130,586
Utilities	17,961	16,946	17,013	17,733	19,376	17,951	16,483	13,884	12,032	12,103
Depreciation	32,715	37,162	35,009	35,164	33,364	32,697	29,946	25,829	24,474	23,323
Scholarships and fellowships	26,380	20,942	23,402	9,175	13,382	10,845	6,794	6,319	8,115	9,962
Total operating expenses	<u>715,870</u>	<u>658,500</u>	<u>640,262</u>	<u>622,549</u>	<u>619,386</u>	<u>638,736</u>	<u>568,364</u>	<u>528,366</u>	<u>493,852</u>	<u>474,691</u>
Interest on capital asset related debt	5,875	5,799	6,034	5,799	6,637	7,196	7,211	7,014	6,743	6,794
Loss on disposal of capital assets	254	2,255	791	464	802	443	744	686	553	1,205
Refunds to grantors	515	381	296	95	213	386	697	182	256	100
Facilities and administrative remittances to the State	339	386	450	185	608	710	644	347	198	299
Total nonoperating expenses	<u>6,983</u>	<u>8,821</u>	<u>7,571</u>	<u>6,543</u>	<u>8,260</u>	<u>8,735</u>	<u>9,296</u>	<u>8,229</u>	<u>7,750</u>	<u>8,398</u>
Total expenses	<u>\$ 722,853</u>	<u>\$ 667,321</u>	<u>\$ 647,833</u>	<u>\$ 629,092</u>	<u>\$ 627,646</u>	<u>\$ 647,471</u>	<u>\$ 577,660</u>	<u>\$ 536,595</u>	<u>\$ 501,602</u>	<u>\$ 483,089</u>

	For the Fiscal Year <i>(percent of total income)</i>									
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Expenses:										
Compensation and employee benefits	58.1%	57.6%	59.2%	61.3%	62.9%	62.2%	63.5%	63.7%	62.7%	61.9%
Services and supplies	30.3%	29.8%	28.1%	27.8%	25.3%	27.0%	25.7%	26.2%	26.9%	27.0%
Utilities	2.5%	2.5%	2.6%	2.8%	3.1%	2.8%	2.9%	2.6%	2.4%	2.5%
Depreciation	4.5%	5.6%	5.4%	5.6%	5.3%	5.0%	5.2%	4.8%	4.9%	4.8%
Scholarships and fellowships	3.7%	3.1%	3.6%	1.5%	2.1%	1.6%	1.2%	1.2%	1.6%	2.1%
Total operating expenses	<u>99.1%</u>	<u>98.6%</u>	<u>98.9%</u>	<u>99.0%</u>	<u>98.7%</u>	<u>98.6%</u>	<u>98.5%</u>	<u>98.5%</u>	<u>98.5%</u>	<u>98.3%</u>
Interest on capital asset related debt	0.8%	0.9%	0.9%	0.9%	1.1%	1.1%	1.2%	1.3%	1.3%	1.4%
Loss on disposal of capital assets	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Refunds to grantors	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.0%
Facilities and administrative remittances to the State	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
Total nonoperating expenses	<u>0.9%</u>	<u>1.4%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>1.3%</u>	<u>1.4%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.7%</u>
Total expenses	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF EXPENSES BY FUNCTION

	For the Fiscal Year <i>(amounts expressed in thousands)</i>									
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Expenses:										
Instruction	\$ 201,731	\$ 181,146	\$ 178,644	\$ 175,249	\$ 173,423	\$ 176,165	\$ 159,318	\$ 144,342	\$ 131,830	\$ 121,968
Research	130,787	123,594	124,837	126,972	125,623	127,427	112,141	106,608	104,580	104,510
Public service	59,837	57,890	59,083	62,390	68,508	72,649	60,951	56,912	52,772	51,496
Academic support	38,926	36,715	35,321	37,181	35,775	38,647	43,104	38,200	34,469	28,484
Student services	26,694	24,685	27,282	25,316	25,189	27,150	23,607	20,899	19,208	18,868
Institutional support	34,640	28,925	25,490	26,389	27,843	31,951	27,039	24,261	20,721	18,843
Operation and maintenance of plant	61,941	47,505	42,905	37,435	35,869	48,826	36,811	39,057	35,025	36,211
Scholarships and fellowships	25,179	19,503	22,143	8,124	12,488	10,006	6,165	5,956	7,727	9,626
Auxiliary enterprises	103,420	101,375	89,548	88,329	81,304	73,218	69,282	66,302	63,046	61,362
Depreciation	32,715	37,162	35,009	35,164	33,364	32,697	29,946	25,829	24,474	23,323
Interest on capital debt	5,875	5,799	6,034	5,799	6,637	7,196	7,211	7,014	6,743	6,794
Loss on disposal of capital assets	254	2,255	791	464	802	443	744	686	553	1,205
Refunds to grantors	515	381	296	95	213	386	697	182	256	100
Facilities and administrative remittances to the State	339	386	450	185	608	710	644	347	198	299
Total expenses	\$ 722,853	\$ 667,321	\$ 647,833	\$ 629,092	\$ 627,646	\$ 647,471	\$ 577,660	\$ 536,595	\$ 501,602	\$ 483,089

	For the Fiscal Year <i>(percent of total income)</i>									
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Expenses:										
Instruction	27.9%	27.1%	27.7%	27.9%	27.7%	27.2%	27.5%	26.9%	26.3%	25.3%
Research	18.1%	18.5%	19.3%	20.2%	20.0%	19.7%	19.4%	19.9%	20.9%	21.6%
Public service	8.3%	8.7%	9.1%	9.9%	10.9%	11.2%	10.6%	10.6%	10.5%	10.7%
Academic support	5.4%	5.5%	5.5%	5.9%	5.7%	6.0%	7.5%	7.1%	6.9%	5.9%
Student services	3.7%	3.7%	4.2%	4.0%	4.0%	4.2%	4.1%	3.9%	3.8%	3.9%
Institutional support	4.8%	4.3%	3.9%	4.2%	4.4%	4.9%	4.7%	4.5%	4.1%	3.9%
Operation and maintenance of plant	8.6%	7.1%	6.6%	6.0%	5.7%	7.5%	6.4%	7.3%	7.0%	7.5%
Scholarships and fellowships	3.5%	2.9%	3.4%	1.3%	2.0%	1.6%	1.1%	1.1%	1.5%	2.0%
Auxiliary enterprises	14.3%	15.2%	13.8%	14.0%	13.0%	11.3%	12.0%	12.4%	12.6%	12.7%
Depreciation	4.5%	5.6%	5.4%	5.6%	5.3%	5.0%	5.2%	4.8%	4.9%	4.8%
Interest on capital debt	0.8%	0.9%	0.9%	0.9%	1.1%	1.1%	1.2%	1.3%	1.3%	1.4%
Loss on disposal of capital assets	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Refunds to grantors	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.0%
Facilities and administrative remittances to State	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

For the Fiscal Year
(amounts expressed in thousands)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Total revenues (from schedule of revenues by source)	\$ 754,777	\$ 706,368	\$ 717,738	\$ 689,698	\$ 628,882	\$ 649,206	\$ 629,788	\$ 565,015	\$ 531,309	\$ 499,590
Total expenses (from schedule of expenses by use and function)	(722,853)	(667,321)	(647,833)	(629,092)	(627,646)	(647,471)	(577,660)	(536,595)	(501,602)	(483,089)
Income before other revenues, expenses, gains or losses	31,924	39,047	69,905	60,606	1,236	1,735	52,128	28,420	29,707	16,501
State capital appropriations	9,612	9,468	6,643	3,736	6,986	19,501	44,149	19,938	12,469	2,543
Capital grants and gifts	21,945	28,350	38,376	31,148	13,059	3,998	25,563	2,727	7,487	2,568
Additions to permanent endowments	2,710	4,259	2,765	11,846	2,491	5,898	1,839	7,508	2,170	7,004
Total changes in net position	66,191	81,124	117,689	107,336	23,772	31,132	123,679	58,593	51,833	28,616
Net position, beginning	1,050,991	969,867	852,178	744,842	721,070	689,938	566,259	507,666	455,833	427,217
Net position, ending	\$ 1,117,182	\$ 1,050,991	\$ 969,867	\$ 852,178	\$ 744,842	\$ 721,070	\$ 689,938	\$ 566,259	\$ 507,666	\$ 455,833
Net investment in capital assets	\$ 605,667	\$ 535,281	\$ 462,861	\$ 483,924	\$ 456,106	\$ 429,669	\$ 390,891	\$ 315,987	\$ 294,089	\$ 248,604
Restricted - expendable	320,544	317,716	334,901	237,490	207,228	207,042	191,603	132,724	117,212	122,791
Restricted - nonexpendable	57,880	55,045	50,959	47,853	35,785	33,916	28,291	26,184	18,632	16,347
Unrestricted	133,091	142,949	121,146	82,911	45,723	50,443	79,153	91,364	77,733	68,091
Total	\$ 1,117,182	\$ 1,050,991	\$ 969,867	\$ 852,178	\$ 744,842	\$ 721,070	\$ 689,938	\$ 566,259	\$ 507,666	\$ 455,833

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Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	For the Fiscal Year									
	<i>(amounts expressed in thousands except for outstanding debt per student)</i>									
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
General Obligation Bonds	\$ 88,420	\$ 93,075	\$ 99,610	\$ 41,550	\$ 45,685	\$ 49,660	\$ 53,475	\$ 43,655	\$ 46,605	\$ 49,460
Plant Improvement Bonds	—	—	—	820	1,610	2,360	3,080	3,770	4,435	5,070
Revenue Bonds	32,350	37,620	42,090	46,900	51,490	55,875	60,060	64,060	60,605	63,210
Athletic Facilities Revenue Bonds	24,150	25,600	30,045	31,770	33,410	34,975	36,465	37,685	23,840	24,935
Subtotal bonds payable	144,920	156,295	171,745	121,040	132,195	142,870	153,080	149,170	135,485	142,675
Unamortized bond premiums	7,145	8,078	4,954	1,301	1,442	1,583	1,725	1,866	717	772
Unamortized bond issue costs	(813)	(899)	(697)	—	—	—	—	—	—	—
Deferred amounts on bond refundings	(2,381)	(2,792)	—	—	—	(314)	(630)	(944)	—	—
Total bonds payable	148,871	160,682	176,002	122,341	133,637	144,139	154,175	150,092	136,202	143,447
Notes Payable	150	475	964	1,256	1,394	1,876	2,335	2,771	852	1,048
Capital Lease Obligations	15,911	—	—	430	873	1,285	1,920	3,143	4,276	5,355
Total outstanding debt	\$ 164,932	\$ 161,157	\$ 176,966	\$ 124,027	\$ 135,904	\$ 147,300	\$ 158,430	\$ 156,006	\$ 141,330	\$ 149,850
Full-time equivalent students	19,800	18,980	18,417	18,237	17,367	16,250	16,226	16,044	15,948	15,780
Outstanding debt per student	\$ 8,330	\$ 8,491	\$ 9,609	\$ 6,801	\$ 7,825	\$ 9,065	\$ 9,764	\$ 9,724	\$ 8,862	\$ 9,496

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Note: Outstanding debt per student calculated using fall semester full-time equivalent student enrollment data for the last ten academic years (page 78).

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

SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years
(amounts in thousands)

General Obligation Bonds

Fiscal Year Ended June 30,	Tuition and Matriculation Fees	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
			Principal	Interest	Total	
2013	\$ 24,703	\$ 24,703	\$ 4,655	\$ 3,823	\$ 8,478	2.91
2012	22,440	22,440	4,690	3,438	8,128	2.76
2011	21,028	21,028	4,310	2,746	7,056	2.98
2010	20,493	20,493	4,135	1,845	5,980	3.43
2009	19,607	19,607	3,975	2,006	5,981	3.28
2008	15,534	15,534	3,815	2,158	5,973	2.60
2007	11,941	11,941	4,180	1,876	6,056	1.97
2006	8,733	8,733	2,950	1,836	4,786	1.82
2005	7,120	7,120	2,855	1,932	4,787	1.49
2004	6,881	6,881	4,005	1,921	5,926	1.16

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Revenue Bonds

Fiscal Year Ended June 30,	Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2013	\$ 55,452	\$ 35,233	\$ 20,219	\$ 5,270	\$ 1,137	\$ 6,407	3.16
2012	50,466	31,636	18,830	5,320	1,968	7,288	2.58
2011	49,363	32,057	17,306	4,810	1,875	6,685	2.59
2010	49,943	32,386	17,557	4,590	2,293	6,883	2.55
2009	44,795	30,226	14,569	4,385	2,816	7,201	2.02
2008	43,043	26,913	16,130	4,185	3,016	7,201	2.24
2007	41,597	26,836	14,761	4,000	3,204	7,204	2.05
2006	39,855	26,706	13,149	3,505	3,233	6,738	1.95
2005	38,524	25,354	13,170	2,605	3,126	5,731	2.30
2004	35,444	23,579	11,865	2,555	3,048	5,603	2.12

Athletic Facilities Revenue Bonds

Fiscal Year Ended June 30,	Athletic Revenues	Athletic Operating Expenses	Net Athletic Revenues	Admissions Fee	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
						Principal	Interest	Total	
2013	\$ 76,099	\$ 65,588	\$ 10,511	\$ 2,031	\$ 12,542	\$ 1,450	\$ 953	\$ 2,403	5.22
2012	73,151	66,988	6,163	2,015	8,178	975	1,054	2,029	4.03
2011	56,551	54,441	2,110	1,980	4,090	1,725	1,392	3,117	1.31
2010	53,175	51,474	1,701	1,883	3,584	1,640	1,460	3,100	1.16
2009	57,228	52,751	4,477	1,915	6,392	1,565	1,524	3,089	2.07
2008	55,140	48,455	6,685	2,062	8,747	1,490	1,585	3,075	2.84
2007	51,674	43,364	8,310	2,221	10,531	1,220	1,635	2,855	3.69
2006	42,877	39,059	3,818	2,057	5,875	1,155	1,404	2,559	2.30
2005	36,496	34,479	2,017	1,744	3,761	1,095	1,059	2,154	1.75
2004	36,608	33,907	2,701	1,796	4,497	1,040	1,105	2,145	2.10

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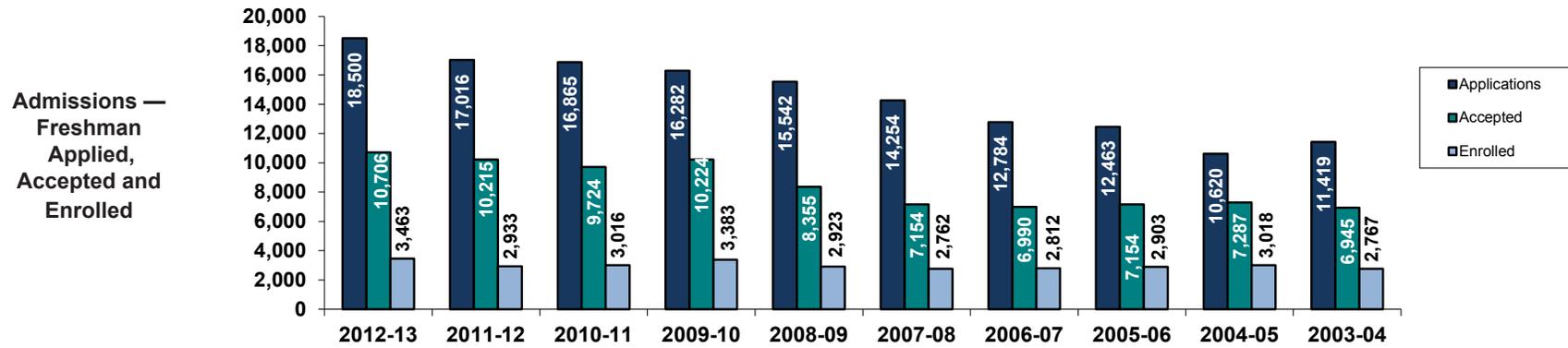
Note: The revenue bonds are secured by revenues from five sources: dining services, vending operations, the university bookstore, student housing and parking.
Source: Clemson University Comprehensive Annual Financial Reports

ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

Last Ten Academic Years

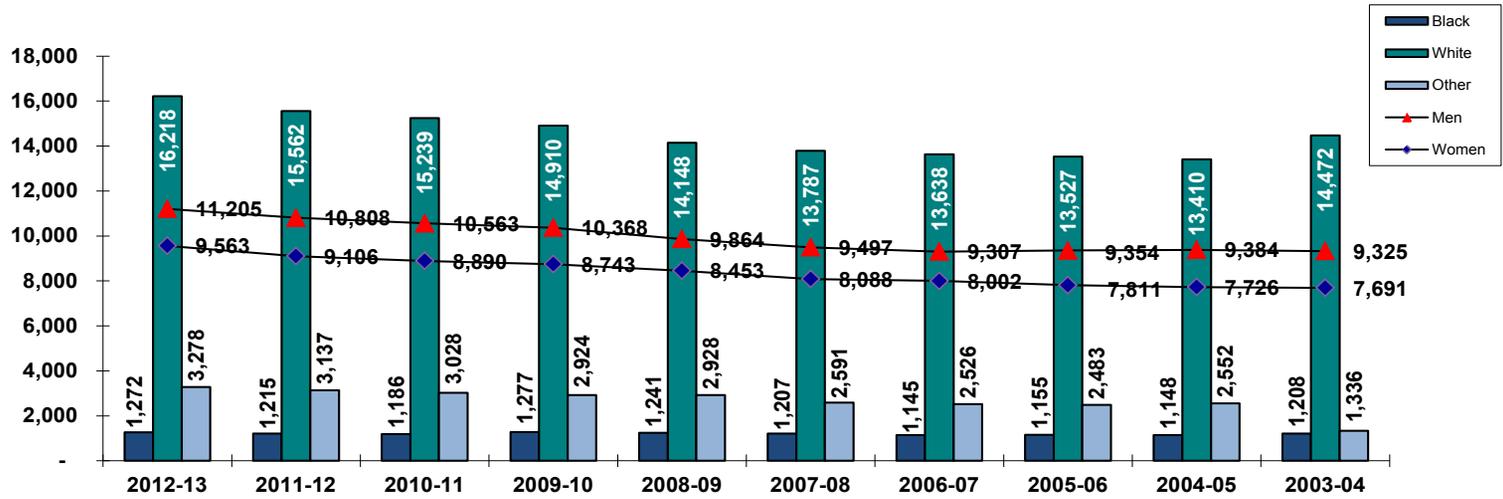
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Admissions-Freshman										
Accepted as a percentage of applications	57.9%	60.0%	57.7%	62.8%	53.8%	50.2%	54.7%	57.4%	68.6%	60.8%
Enrolled as a percentage of accepted	32.3%	28.7%	31.0%	33.1%	35.0%	38.6%	40.2%	40.6%	41.4%	39.9%
SAT scores-total	1,246	1,229	1,231	1,225	1,227	1,221	1,217	1,225	1,204	1,204
Verbal	610	599	599	597	597	595	592	600	589	587
Math	636	630	632	628	630	626	625	625	615	617
South Carolina average SAT score-total	969	972	979	982	985	984	985	993	986	989

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	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Enrollment										
Undergraduate and graduate FTE	19,800	18,980	18,417	18,237	17,367	16,250	16,226	16,043	15,948	15,780
Undergraduate and graduate headcount	20,768	19,914	19,453	19,111	18,317	17,585	17,309	17,165	17,110	17,016
Percentage of men	53.9%	54.3%	54.3%	54.2%	53.9%	54.0%	53.8%	54.5%	54.8%	54.8%
Percentage of women	46.1%	45.7%	45.7%	45.8%	46.1%	46.0%	46.2%	45.5%	45.2%	45.2%
Percentage of black	6.1%	6.1%	6.1%	6.7%	6.8%	6.9%	6.6%	6.7%	6.7%	7.1%
Percentage of white	78.1%	78.2%	78.3%	78.0%	77.2%	78.4%	78.8%	78.8%	78.4%	85.0%
Percentage of other	15.8%	15.8%	15.6%	15.3%	16.0%	14.7%	14.6%	14.5%	14.9%	7.9%

Enrollment — Undergraduate and Graduate Headcount

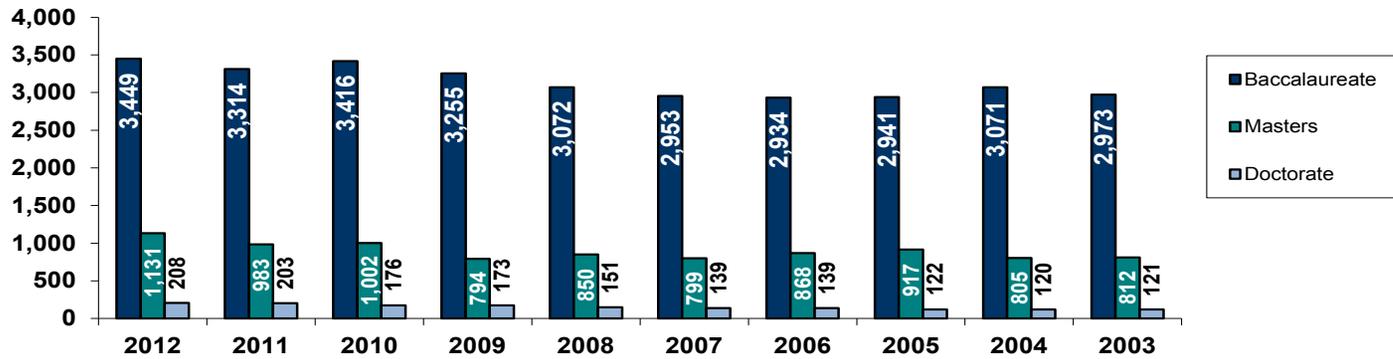


Degrees Earned*

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Baccalaureate	3,449	3,314	3,416	3,255	3,072	2,953	2,934	2,941	3,071	2,973
Masters**	1,131	983	1,002	794	850	799	868	917	805	812
Doctorate	208	203	176	173	151	139	139	122	120	121

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

** Masters awards include specialist degrees.



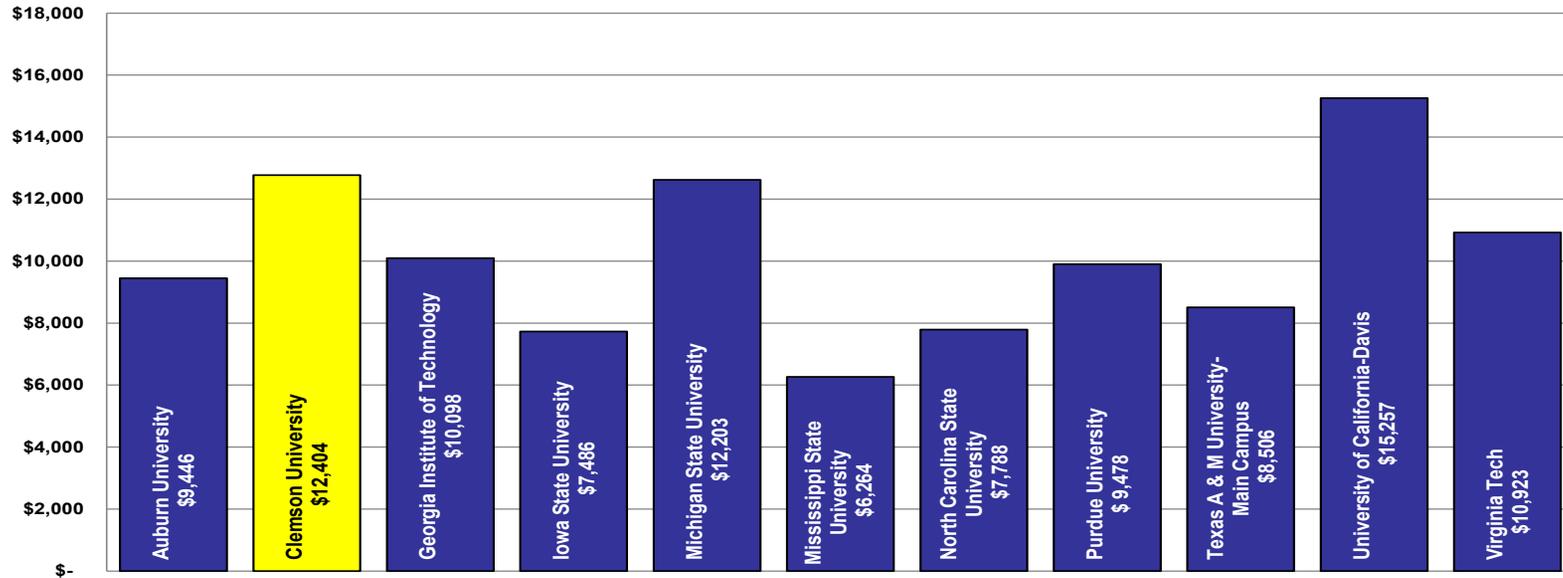
UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES

Clemson University in Comparison to Ten Peer Land-Grant Institutions

Last ten fiscal years

Institution - Resident	For the Fiscal Year									
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Auburn University	\$ 9,446	\$ 8,698	\$ 7,900	\$ 6,972	\$ 6,500	\$ 5,834	\$ 5,496	\$ 5,278	\$ 4,828	\$ 4,426
Clemson University	12,774	12,404	11,908	11,078	10,379	9,937	9,400	8,816	7,840	6,934
Georgia Institute of Technology	10,098	9,652	8,716	7,506	6,040	5,642	4,926	4,648	4,278	4,076
Iowa State University	7,726	7,486	6,997	6,651	6,360	6,161	6,060	5,634	5,426	5,028
Michigan State University	12,623	12,203	11,153	10,880	10,214	9,640	8,793	7,945	7,000	6,703
Mississippi State University	6,264	5,805	5,461	5,151	5,151	4,929	4,596	4,312	3,874	3,874
North Carolina State University	7,788	7,018	6,529	5,474	5,274	5,117	4,783	4,338	4,260	3,970
Purdue University	9,900	9,478	9,070	8,638	7,750	7,416	7,096	6,458	6,092	5,860
Texas A & M University - Main Campus	8,506	8,421	8,387	8,177	7,844	7,335	6,966	6,399	5,955	5,051
University of California - Davis	15,257	15,123	13,080	10,405	9,497	8,925	8,323	8,129	7,557	6,438
Virginia Tech	10,923	10,509	9,459	8,605	8,198	7,397	6,973	6,378	5,838	5,095

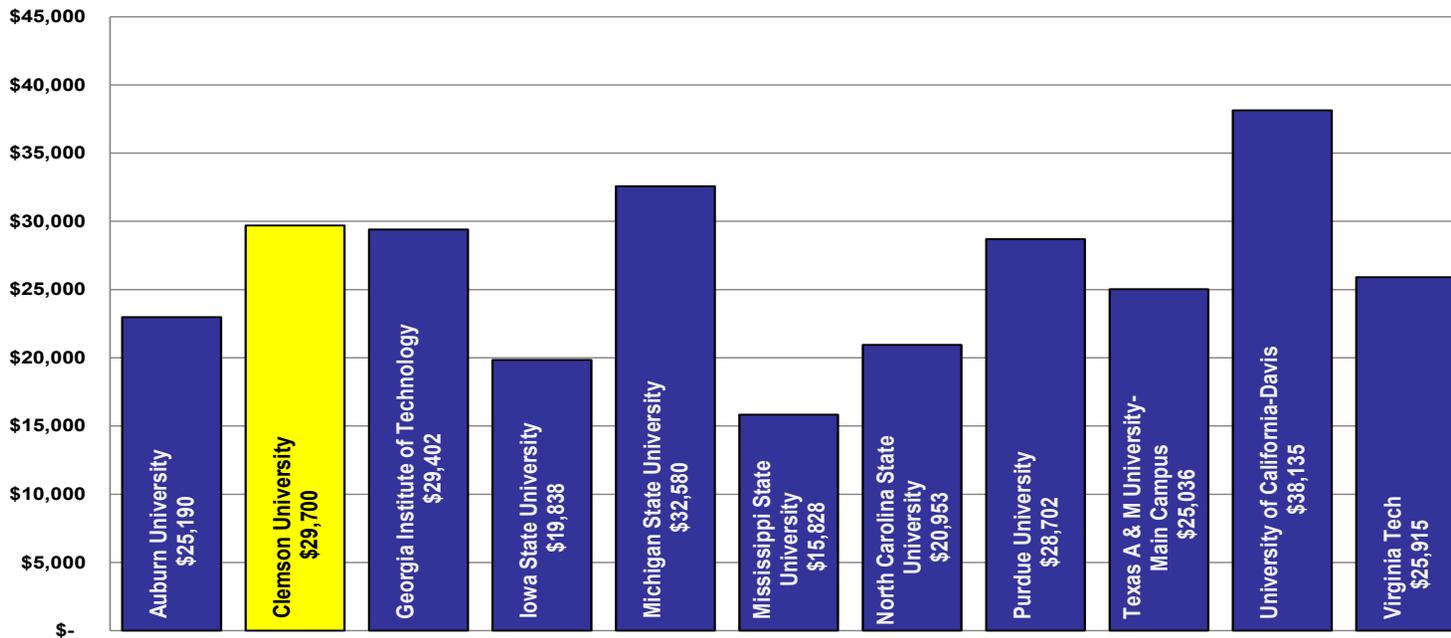
Undergraduate Tuition and Fees - Resident — FY 2012-13



For the Fiscal Year

Institution - Non Resident	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Auburn University	\$ 22,977	\$ 23,290	\$ 21,916	\$ 19,452	\$ 18,260	\$ 16,334	\$ 15,496	\$ 14,878	\$ 14,048	\$ 12,886
Clemson University	29,700	28,562	27,420	25,388	23,401	21,867	19,824	18,440	16,404	14,532
Georgia Institute of Technology	29,402	27,862	26,926	25,716	25,182	23,366	20,272	18,990	17,558	16,002
Iowa State University	19,838	19,358	18,563	17,871	17,350	16,919	16,554	15,724	15,128	14,370
Michigan State University	32,580	31,148	29,108	27,343	23,500	23,500	21,438	19,697	17,845	16,663
Mississippi State University	15,828	14,670	13,801	13,021	12,503	11,420	10,552	9,772	8,780	8,780
North Carolina State University	20,953	19,853	19,064	17,959	17,572	17,315	16,981	16,536	16,157	15,818
Purdue University	28,702	27,646	26,622	25,118	23,224	22,224	21,266	19,824	18,700	17,640
Texas A & M University - Main Campus	25,036	23,811	22,817	22,607	22,184	15,675	15,216	14,679	13,695	12,131
University of California - Davis	38,135	38,001	35,959	33,074	30,105	28,545	27,007	25,949	24,513	20,648
Virginia Tech	25,915	24,480	23,217	21,878	20,825	19,775	19,049	17,837	16,581	15,029

Undergraduate Tuition and Fees - Non Resident — FY 2012-13



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

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

FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

	For the Fiscal Year									
	<i>(Numbers are based on the October 1st Freeze date from the Clemson University Business System)</i>									
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Faculty										
Part-time	196	215	248	238	284	269	274	261	267	252
Full-time	1,111	1,110	1,150	1,153	1,205	1,205	1,155	1,104	1,032	1,037
Percentage tenured	46.7%	43.8%	42.3%	42.7%	40.1%	39.5%	42.1%	46.0%	46.6%	45.9%
Staff and administrators with faculty rank										
Part-time	783	682	668	687	581	506	491	543	548	515
Full-time	2,475	2,388	2,486	2,657	2,839	2,834	2,738	2,711	2,614	2,609
Total employees										
Part-time	979	897	916	925	865	775	765	804	815	767
Full-time	3,586	3,498	3,636	3,810	4,044	4,039	3,893	3,815	3,646	3,646
Students per full-time										
Faculty	18.7	17.9	16.9	16.8	15.2	14.6	15.0	15.5	16.6	16.4
Staff	8.4	8.3	7.8	5.0	6.5	6.2	6.3	6.3	6.5	6.5
Average annual faculty salary*	\$89,474	\$ 80,200	\$ 78,257	\$ 78,038	\$ 77,330	\$ 76,639	\$ 74,045	\$ 72,854	\$ 71,652	\$ 67,446

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

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

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

SCHEDULE OF CAPITAL ASSET INFORMATION

Last Ten Fiscal Years

	For the Fiscal Year									
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Academic buildings:										
Net assignable square feet (in thousands)	1,391,955	1,292,391	1,286,350	1,675,560	1,310,706	1,169,179	1,032,554	1,030,574	991,148	975,674
Administrative and support buildings:										
Net assignable square feet (in thousands)	570,867	529,590	615,539	731,487	630,397	667,120	802,209	802,492	797,169	809,272
Laboratories:										
Net assignable square feet (in thousands)	604,045	644,171	598,763	986,055	725,166	715,677	711,254	530,723	562,792	560,962
Auxiliary and independent operations buildings:										
Net assignable square feet (in thousands)	1,726,207	1,618,671	1,527,397	1,674,427	1,637,796	1,782,291	1,782,291	1,781,931	1,753,852	1,742,076
Student housing:										
Residence halls	23	23	23	23	23	23	23	23	21	21
Suites	3	3	3	3	3	3	3	3	3	3
Apartments	4	4	4	4	4	4	4	4	4	4
Units available	6,162	6,080	6,074	6,145	6,145	6,198	6,215	6,346	6,346	6,216
Units in use	6,303	5,724	5,845	6,303	5,974	5,923	6,129	6,148	6,148	6,398
Percent occupancy	102.3%	94.1%	96.2%	102.6%	97.2%	95.6%	98.6%	96.9%	96.9%	102.9%
Dining facilities:										
Locations	17	17	17	17	16	16	16	15	14	13
Average daily customers	17,667	17,200	16,277	15,651	14,851	15,024	15,531	14,685	13,986	13,430
Parking facilities:										
Parking spaces available	12,159	12,533	11,939	12,679	12,993	12,839	13,302	13,302	13,312	13,312
Parking permits issued to students	15,547	16,294	15,379	13,292	12,555	15,358	13,086	14,891	15,983	15,950
Parking permits issued to faculty/staff	4,973	4,814	4,983	4,730	4,678	3,898	4,788	5,024	5,374	4,650

Sources:

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

DEMOGRAPHIC STATISTICS

State of South Carolina
Last Ten Calendar Years

Year	Personal Income as of June 30 (a)	Population at July 1 (b)	Per Capita Income (c)	Average Annual Unemployment Rate (d)
2012	161,863,730,000	4,723,723	\$ 34,266	9.1%
2011	156,230,797,000	4,679,230	33,673	10.3%
2010	149,283,181,000	4,596,958	33,163	11.2%
2009	144,342,563,000	4,561,242	31,799	11.7%
2008	149,324,705,000	4,479,800	31,884	6.9%
2007	142,166,788,000	4,407,709	31,013	5.9%
2006	134,196,693,000	4,330,108	29,767	6.4%
2005	124,392,180,000	4,254,989	28,460	6.7%
2004	117,248,153,000	4,201,437	27,039	6.8%
2003	110,660,290,000	4,146,770	25,852	6.7%

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

(a) Source: U.S. Census Bureau

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

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

TEN LARGEST EMPLOYERS

State of South Carolina

Latest Completed Calendar Year and Ten Years Prior

(Listed Alphabetically)

2012

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

2002

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

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

Source: South Carolina Department of Employment and Workforce

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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