

# CLEMSON<sup>®</sup>

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

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CLEMSON, SOUTH CAROLINA



## Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

*A component unit of the State of South Carolina*

**On the cover: DOUTHIT HILLS "THE HUB"**

*A new student community developed as a part of a major capital improvement plan. On the east side, three residential buildings will house first year students, staff and residential advisors. On the west side, four residential buildings will house upperclassmen with amenities to include a choice of studio, two- and four-bedroom apartments. A central hub located between the east and west housing areas will include a dining facility, deli, coffee shop, campus bookstore, fitness center and a convenience store. All eight Douthit buildings will be LEED-Silver Certified and advance Clemson's commitment to sustainable and environmental responsibility.*  
*Photo by Josh Wilson, Photographer - University Relations.*



# *Comprehensive Annual Financial Report*

*A component unit of the State of South Carolina*

*For the Year Ended June 30, 2018*

*Prepared by the Controller's Office*





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*Introductory Section*  
*(unaudited)*



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# *ClemsonForward Strategic Plan*

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

## **RESEARCH**

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

## **ENGAGEMENT**

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

## **ACADEMIC CORE**

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

## **LIVING**

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

## **KEY ENABLERS**

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

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





Dear Friends of Clemson:

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

The Clemson campus continues to evolve and grow. This year we said goodbye to the beloved Clemson House and welcomed the beginning of a new building for business education. We broke ground in the Fall and soon our College of Business will be housed in one of the finest facilities in the country. We are also putting the finishing touches on the Douthitt Hills project.

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

The priorities of Clemson Forward will be funded, in part, by the money raised through private gifts. Private gifts to Clemson University and IPT A Y this fiscal year set annual fundraising records for another year. In fact, this is the seventh consecutive year that annual fundraising at Clemson has exceeded \$100 million and second straight year it topped \$150 million. The money raised will benefit students, faculty, and staff for generations to come.

Thank you for supporting Clemson University as we work together in the coming fiscal year.

Sincerely,

James P. Clements, Ph.D.  
President

## LETTER OF TRANSMITTAL

September 28, 2018

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

We are pleased to present to you the Comprehensive Annual Financial Report of Clemson University for the year ended June 30, 2018. 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, 2018, 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 seven 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 seven successor members and six members elected by the State General Assembly. 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 requires the University to submit an annual balanced budget for both its Educational and General and Extension and Public Service components. Each recognized college or budget center of the University is provided with a level of appropriation. This appropriation limits total annual expenditures. Budgetary controls are incorporated into both the University's accounting system and the State's financial management system to ensure that imposed expenditure constraints are observed. Periodic financial reports comparing actual results with budgeted amounts are provided at both the University and State level.

#### Finance and Operations

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

### Local Economy

South Carolina's unemployment rate was 3.8% at the end of June – lower than the national average of 4.0% and the lowest the state has seen since January 2008. The South Carolina Department of Employment and Workforce published an Economic Outlook that reports that the Leisure and Hospitality, Education and Health Services, and Other Services industries had the highest increases in job counts while Professional and Business Services, Construction, and Information all had job losses. The Economic Outlook also touts growth in state personal income and the South Carolina stock index.

As employment and wages rise, the housing market in South Carolina continues to improve. Foreclosures have dropped by 10.3% from June 2017, while closings, median sales price, total residential building permits, and the valuation of residential building permits have all increased by 4.9%, 6.9%, 9.0%, and 8.1%, respectively, for the same period.

The South Carolina Department of Commerce recently reported \$32.2 billion in export sales for 2017, an increase of 2.9% over 2016. A recent article by the GSA Business Report addressed the South Carolina trade industry and the impact of relationships with foreign countries, including China, Mexico, and Germany. The article quoted economist Dr. Bruce Yandle as saying that South Carolina is “far more international than the nation as a whole.”

### Long-Term Financial Planning

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

- Investing in academic programs and world-class educators, student success, retention and graduation, and student engagement
- Protecting Clemson's physical assets with a strategic capital plan, maintenance and stewardship of facilities, safety enhancement, preventative maintenance, and IT infrastructure
- Securing state, federal, and private scholarship opportunities for students
- Supporting research and engagement investments to recruit and retain top researchers, grow externally funded research, and build a world-class research environment
- Managing state-mandated and inflationary cost increases
- Providing for auxiliary enterprise growth
- Supporting entrepreneurial growth

The University plans for investments totaling \$3.9 million for academic programs and resources to support student success, retention, and graduation rates. Investments of \$2.3 million will support the University's plan to protect physical assets. Scholarship opportunities for students will require \$8.5 million in investments. Additional investments totaling \$9 million will help the University recruit and retain researchers as well as support research incentives. State-mandated and inflationary costs related to retirement funding, rising space and utility costs, and other regulatory and compliance costs require \$8.7 million in investments. Auxiliary Enterprise growth of \$26 million will fund housing and dining capital investments as well as athletic scholarships. Investments of \$3.1 million will support expenditures related to entrepreneurial growth.

The State Legislature has demonstrated support of these priorities with renewed investment to support academic and agriculture programs. State appropriations are expected to increase by \$12.7 million in the coming fiscal year. \$7.4 million in recurring funding will be provided for Agriculture and Natural Resources Programming, Statewide Extension programs, Water Resource Research Management & Technology, retirement and fringe benefit increases for employees, and education and general operations. The State will also provide \$5.3 million in nonrecurring funding for Advanced Materials Industrial Competitiveness and STEM equipment.

The University issued General Obligation State Institution Bonds, totaling \$120,885,000, during 2018 to fund the construction of the University's College of Business and refund outstanding principal amounts of Series 2011B bonds. The University also issued Athletic Facilities Revenue Bonds, totaling \$11,300,000, during 2018 to construct a tennis facility on campus and pay the costs of issuance on Series 2018A bonds.

## Major Initiatives

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

The 2017-18 academic and fiscal year was a very productive year for Clemson, a designated Research 1 university by the Carnegie Classification for Institutions of Higher Education. Clemson was once again ranked in the Top 25 of all national public universities as announced by *U.S. News & World Report* for the tenth consecutive year.

President Clements welcomed Emily Watrous to his leadership team as the Chief Human Resource Officer and four new deans were announced: Dr. Keith Belli, College of Agriculture, Forestry and Life Sciences; Christopher Cox, Libraries; Dr. Leslie Hossfeld, College of Behavioral, Social and Health Sciences; and Wendy York, College of Business.

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

Private gifts to Clemson University and IPTAY this fiscal year set annual fundraising records for another year. In fact, this is the seventh consecutive year that annual fundraising at Clemson has exceeded \$100 million and second straight year it topped \$150 million. We also held our third annual Give Day during which 3,551 donors made contributions totaling \$1,440,498.

Highlights, news and major milestones of the year include:

- Clemson hosted “Eclipse Over Clemson,” a mega-viewing, education and research event. The award-winning event drew more than 50,000 visitors, students, faculty, scientists, and media.
- Groundbreaking ceremonies were held for the College of Business building and the new tennis facility. The demolition of the Clemson House was completed and several major road construction projects began.
- Clemson celebrated the 50th anniversary of the Baruch Institute.
- Many special events were held and notable speakers welcomed to Clemson including Convocation keynote speaker, Jay Allison, famed broadcast journalist; The President’s Forum on Inclusive Excellence with esteemed speaker Justice Sonia Sotomayor, the first sitting U.S. Supreme Court justice to speak on Clemson’s campus; and the Martin Luther King Jr. commemorative service featuring Jennifer Pinckney, widow of slain pastor and S.C. State Senator, Clementa Pinckney.

- Clemson hosted the second National Men of Color Summit. The two-day event designed to close the achievement gap for African-American and Hispanic males from the cradle to their careers was attended by 2,000 high school and college students, business professionals, educators, government officials and community leaders from around the country.

## Statewide Initiatives

- Clemson launched the new Center for Advanced Manufacturing, which consolidates the university’s work across all disciplines in areas related to advanced manufacturing, an industry sector that is vitally important to the South Carolina economy. This new center will further enhance Clemson’s ability to meet the state’s industry and workforce needs well into the future.
- Clemson and South Carolina State University implemented a dual-degree program for physics students, allowing them to earn bachelor’s and master’s degrees in five years. This program will give students a cost-effective way to receive personalized support in the smaller program at SC State and benefit from the resources available at Clemson.
- In February, Clemson Day at the State House was held in Columbia. The event served as a way to say “thank you” to the members of the General Assembly for their support, but also allowed the contingent from Clemson to highlight budget priorities for Clemson.
- Clemson University environmental economics experts met with state officials and other stakeholders to discuss bringing a system to South Carolina that pays farmers and landowners to help conserve natural resources. The Payments for Ecosystem Services will first be implemented in the Santee River basin.

## **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, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Steven H. Crump". The signature is written in a cursive style with a large, prominent "S" and "C".

Steven H. Crump  
*Interim Vice President for Finance and Operations*



Government Finance Officers Association

Certificate of  
Achievement  
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in Financial  
Reporting

Presented to

**Clemson University**  
**South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# CLEMSON UNIVERSITY BOARD OF TRUSTEES

(as of June 30, 2018)

## TRUSTEES

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

Ronald (Ronnie) D. Lee, *Vice Chairman*  
Ronald D. Lee, DMD, P.C.

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

Louis B. Lynn  
President, ENVIRO AgScience, Inc.

Patricia Herring McAbee  
Vice President, Custom Development Solutions

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

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

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

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

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

Joseph D. Swann  
President, Retired  
Rockwell Automation Power Systems

Kim Wilkerson  
President, South Carolina Bank of America

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

## TRUSTEE EMERITI

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

J. J. Britton  
Sumter Family Health Center

Fletcher C. Derrick, Jr.  
Urologist

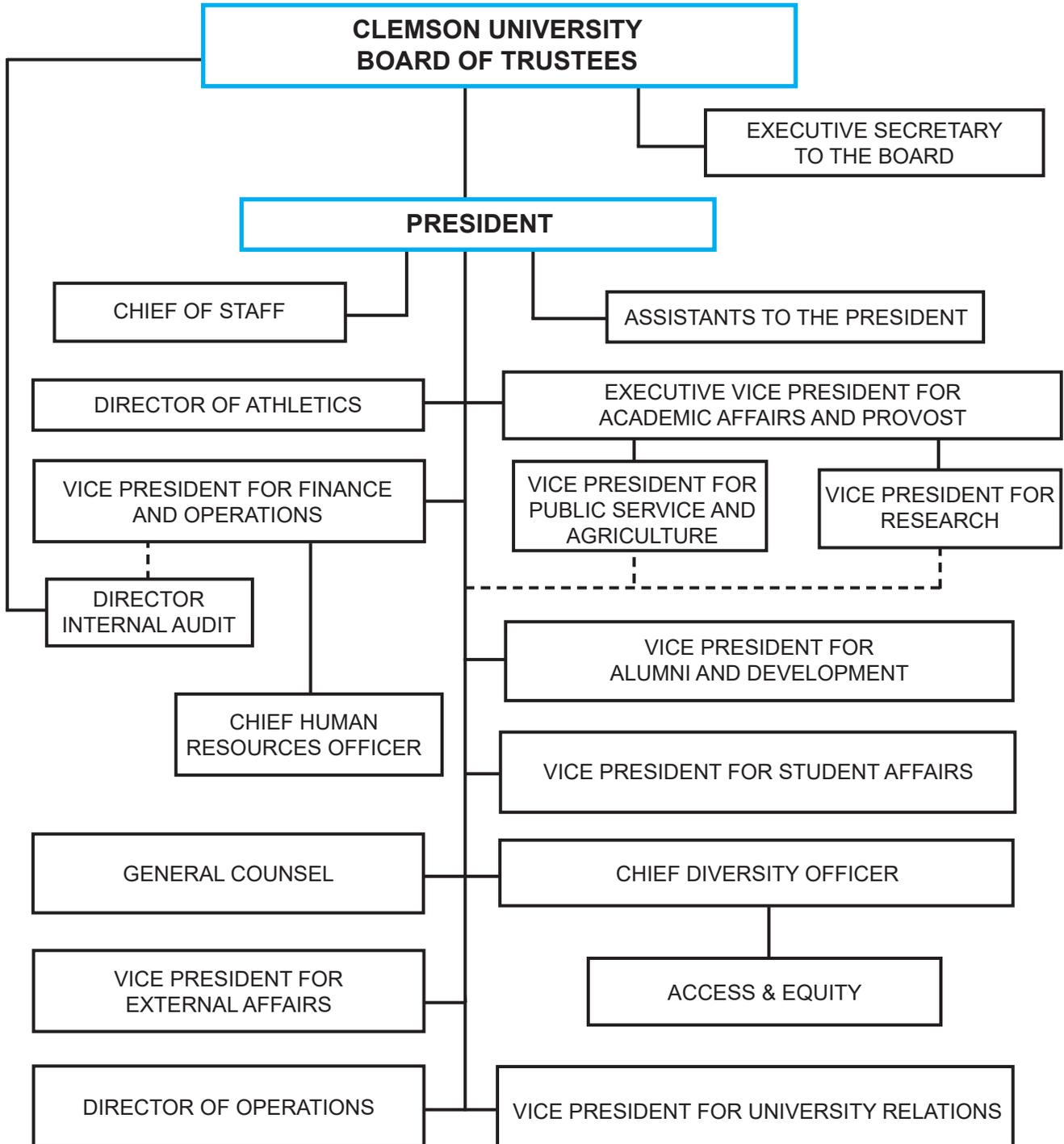
Leon (Bill) J. Hendrix, Jr.  
Chairman, Retired  
Remington Arms Company

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

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

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

# CLEMSON UNIVERSITY ORGANIZATION CHART





*Financial Section*





## Independent Auditor's Report

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

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

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Clemson University (the University), a component unit of the State of South Carolina, as of and for the year ended June 30, 2018, 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 Foundation (a discretely presented component unit), the Clemson University Land Stewardship Foundation (a discretely presented component unit), and IPTAY (a discretely presented component unit). The Clemson University Foundation, the Clemson University Land Stewardship Foundation, and IPTAY represent 100% of total assets, 100% of net assets or position, and 100% of total revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these discretely presented components units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Clemson University Foundation, the Clemson University Land Stewardship Foundation and IPTAY were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

### ***Auditor's Responsibility, Continued***

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2018, 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.

### ***Implementation of New Accounting Pronouncement***

As discussed in Note 21 to the financial statements, the University adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year ending June 30, 2018. Our audit opinions are not modified with respect to this matter.

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 22-29, Schedule of University's Proportionate Share of Net Pension Liability on page 72, Schedule of University Contributions to Pension Plans on page 73, Schedule of University's Proportionate Share of Net Retiree Health Benefits Liability on page 74, and Schedule of University Contributions to Retiree Health Benefits Plan on page 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient audit evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Introductory Section, Statistical Section, Schedule of

Pledged Net Revenues – Auxiliary Revenue Bonds (Series 2005, 2012, 2015 and 2015B), Schedule of Pledged Net Revenues – Athletic Facilities Revenue Bonds (Series 2012, 2014A, 2014B, 2014C, 2015, 2015B and 2018A), Clemson University Reporting Entity – Combined Statement of Net/Financial Position, and Clemson University Reporting Entity – Combined Statement of Revenues, Expenses, Activities and Changes in Net Position, as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Greenville, South Carolina  
September 28, 2018

## 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 2018. While audited financial statements for fiscal year 2017 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 \$54.2 million

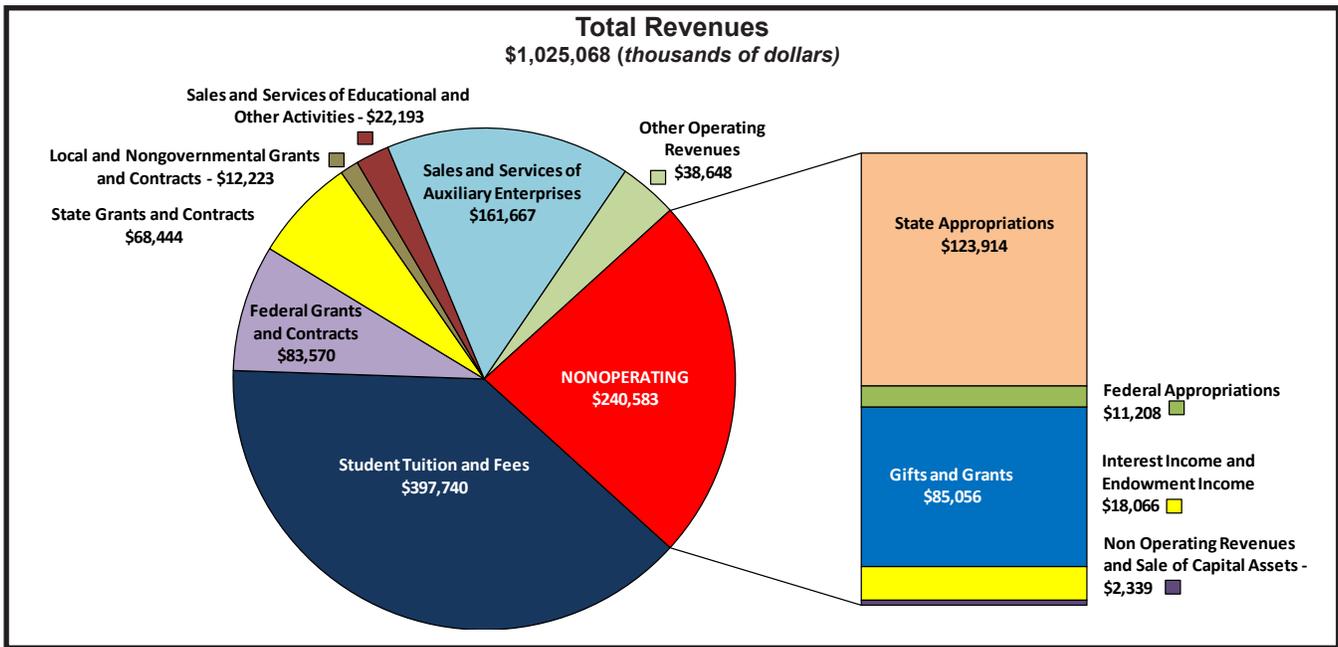
- Operating revenues increased \$38.1 million, based on the following:
  - Student tuition and fees increased \$33.6 million, the result of a Board approved increase of 2.75 percent for in-state students, 4.25 percent for nonresident students, and an average of 7.61 percent for graduate students. Enrollment also increased by approximately four percent over the prior year.
  - Sales and services revenues decreased \$7 million. Sales and services of pledged auxiliaries increased \$3.4 million. Athletic revenue increased \$2.1 million due to an increase in ACC distributions and ticket sales. Board approved increases in room and board and dining fees and increased enrollment led to increased Housing and Food Service revenues. Non-pledged auxiliary sales and services decreased \$11.3 million as the result of a reduction in scope of Information Systems Development contractual commitments with the Department of Health and Human Services. Sales and services of educational activities increased \$890,000 as the result of Youth Learning Institute camp revenues and Edisto Research and Education Center revenues.
  - Grants and contracts revenues increased \$6.9 million. Revenues from federal grants and contracts increased \$1.7 million. Grants from the Department of Health and Human Services and federal veteran grants contributed to the increase. State grants and contracts revenue increased \$6.4 million. The state's Public Employee Benefit Authority allocated \$3.3 million in revenue to the University representing a proportionate share of contributions from non-employer entities to the State's Retiree Health Care Plan. Lottery funded Palmetto Fellows, Life, and Hope scholarships increased by \$2.5 million. A prior year county grant of \$1 million supporting the Greenwood Genetics Center contributed to a decrease in local grants. Nongovernmental grants and contracts decreased \$170,000 due to a decrease in grants from private foundations.
  - Other operating revenues increased \$4.6 million. Testing service fees at the Wind Turbine Drive Train Test Facility increased \$2.7 million. Increases in study abroad fees, student health fees, fraternity and sorority affiliation fees, and registration revenue for various University programs contributed to the increase.
- Nonoperating revenues increased \$16.1 million, based on the following:
  - State appropriations increased \$4.6 million. Base appropriations for Educational & General (E&G) activities increased \$4.2 million. Base appropriations for Public Service Activities (PSA) increased \$3.5 million. Prior year appropriations of \$3.1 million to fund a cost of living adjustment for employees contributed to a reduction in the current year.

**UNAUDITED**

- Federal appropriations decreased \$1 million as the result of a decrease in federal government funding for the University's land-grant Smith Lever appropriations, Hatch, and McIntire Stennis programs.
- Gifts and grants increased \$17.5 million as the result of IPTAY gifts for qualifying scholarships and operating expenses.
- Investment income decreased \$5.6 million due to unrealized losses on invested endowment and State Treasurer's Office balances.
- Other nonoperating revenues increased \$1.8 million due to a settlement received from a contractor for work performed at Douthit Hills.
- Proceeds from the sale of capital assets decreased \$1.2 million due to a prior year sale of 518 acres of land in Laurens County.

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

Description	2018	2017	Increase/ Decrease	Percent Change
<b>Revenues:</b>				
Student tuition and fees, net	\$ 397,740	\$ 364,126	\$ 33,614	9.23%
Sales and services, net	183,860	190,830	(6,970)	(3.65)%
Grants and contracts	164,237	157,367	6,870	4.37%
Other operating revenues	38,648	34,037	4,611	13.55%
Total operating revenues	<u>784,485</u>	<u>746,360</u>	<u>38,125</u>	5.11%
State appropriations	123,914	119,309	4,605	3.86%
Federal appropriations	11,208	12,240	(1,032)	(8.43)%
Gifts and grants	85,056	67,552	17,504	25.91%
Investment income	18,066	23,655	(5,589)	(23.63)%
Other nonoperating revenues	2,150	330	1,820	551.52%
Proceeds from the sale of capital assets	189	1,397	(1,208)	(86.47)%
Total nonoperating revenues	<u>240,583</u>	<u>224,483</u>	<u>16,100</u>	7.17%
Total revenues	<u>1,025,068</u>	<u>970,843</u>	<u>54,225</u>	5.59%
<b>Expenses:</b>				
Compensation and employee benefits	617,355	556,537	60,818	10.93%
Services and supplies	278,228	265,758	12,470	4.69%
Utilities	20,593	19,730	863	4.37%
Depreciation	57,491	51,759	5,732	11.07%
Scholarships and fellowships	30,668	27,269	3,399	12.46%
Total operating expenses	<u>1,004,335</u>	<u>921,053</u>	<u>83,282</u>	9.04%
Interest on capital asset related debt	22,056	21,471	585	2.72%
Loss on disposal of capital assets	826	1,965	(1,139)	(57.96)%
Refunds to grantors	90	120	(30)	(25.00)%
Facilities and administrative remittances to the State	252	317	(65)	(20.50)%
Total nonoperating expenses	<u>23,224</u>	<u>23,873</u>	<u>(649)</u>	(2.72)%
Total expenses	<u>1,027,559</u>	<u>944,926</u>	<u>82,633</u>	8.74%
Income before other revenues, expenses, gains or losses	(2,491)	25,917	(282,408)	(109.61)%
State capital appropriations	—	5,240	(5,240)	(100.00)%
Capital grants and gifts	17,561	56,006	(38,445)	(68.64)%
Additions to permanent endowments	101	20	81	405.00%
Change in net position	<u>15,171</u>	<u>87,183</u>	<u>(72,012)</u>	(82.60)%
Net position, beginning of year as originally stated	783,114	695,931	87,183	12.53%
Cumulative effect of accounting changes	<u>(578,046)</u>	<u>—</u>	<u>(578,046)</u>	(100.00)%
<b>Net position, ending</b>	<u><u>\$ 220,239</u></u>	<u><u>\$ 783,114</u></u>	<u><u>\$ (562,875)</u></u>	<b>(71.88)%</b>

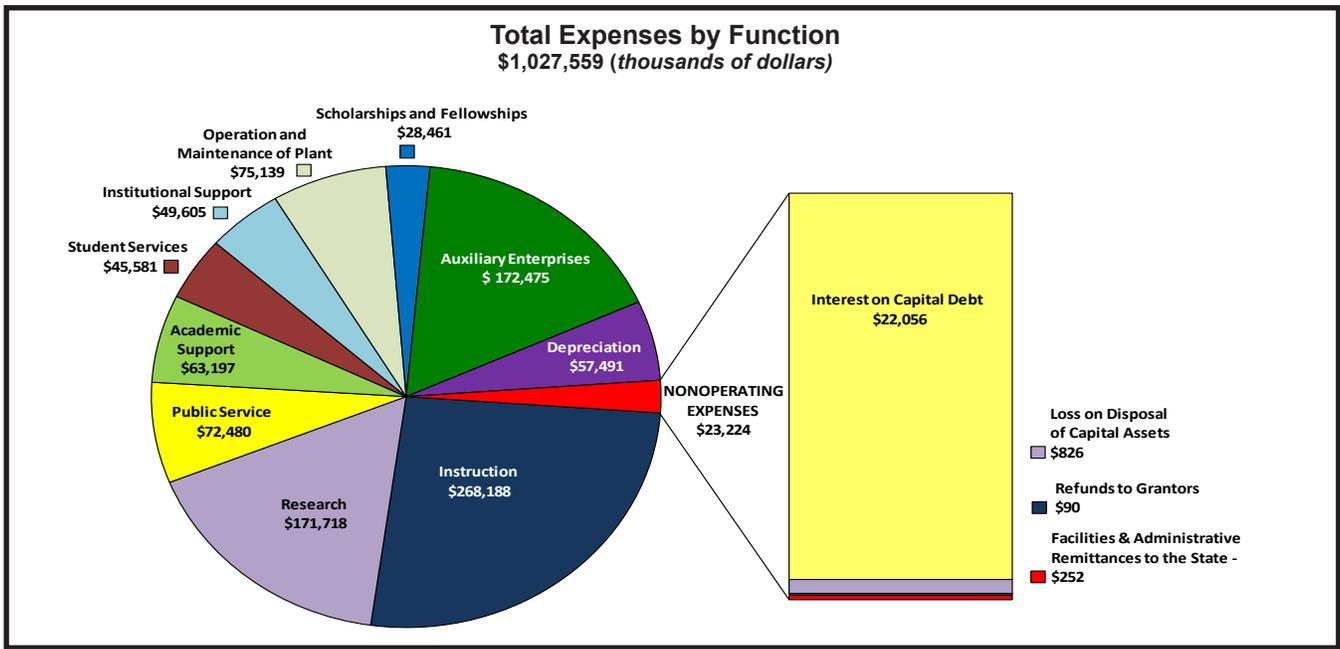


**Total Expenses – increase of \$82.6 million**

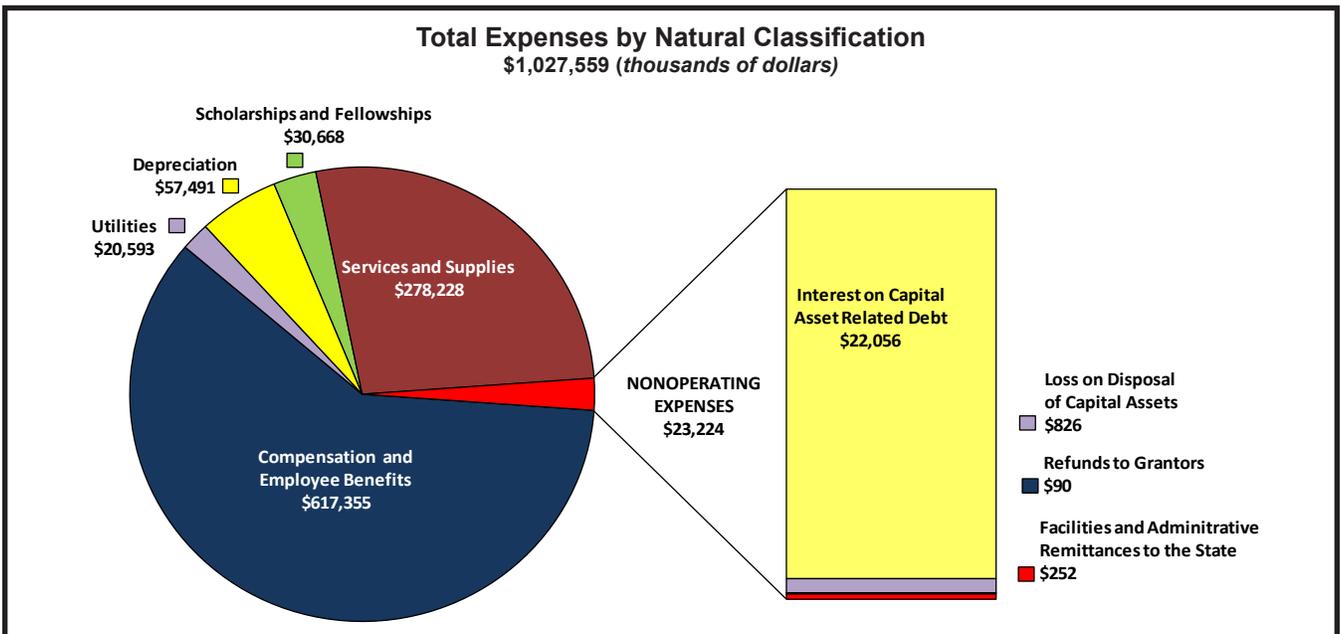
- Operating expenses increased \$83.3 million, based on the following:
  - Compensation and employee benefits increased \$60.8 million. Pension and retiree health benefit expenses related to the amortization of the University’s proportionate share of the state’s net pension liability and net retiree health benefit liability increased by \$24.3 million. Fringe benefit expenses increased \$10 million due to state mandated health, dental, and retirement benefit cost increases. Supplemental pay for athletic coaches, a performance bonus program, and increased faculty and staff headcount also contributed to the increase.
  - Services and supplies expenses increased \$12.5 million. Instruction costs related to study abroad programs and lab and class infrastructure increased \$3.7 million. Research costs increased \$3 million over the prior year related to federal sponsored research projects with the National Science Foundation and Department of Health and Human Services. Public service costs decreased \$825,000. Prior year set up costs related to the University’s mobile medical unit costs and CUBS Productions contributed to the decrease. Academic support costs decreased \$2.9 million related to the reduction in information technology costs related to the reduced scope of contractual commitments with the Department of Health and Human Services. Student Service expenses increased \$170,000. The institutional support increase of \$3.8 million is the result of IT systems initiatives, liability insurance cost increases, compensation study costs, and Human Resources recruiting initiatives. Operation and maintenance of plant costs related to non-capitalized repairs and

renovations increased \$7 million. Scholarship and Fellowship costs increased \$15,000. Auxiliary services costs decreased \$1.5 million. Increased Athletic costs related to post-season play were offset by the reduction in information systems development fees for Medicaid IT Services.

- Utility expenses increased \$863,000 driven by increased power costs for new housing and dining facilities.
  - Depreciation expense increased \$5.7 million as the result of the capitalization of major construction projects at the end of the prior fiscal year including Core Campus, Littlejohn Coliseum, and the Football Operations facility.
  - Scholarship and fellowship expenses increased \$3.4 million due to increases in Palmetto Fellows, Clemson Scholars, and VA Chapter 33 programs.
- Nonoperating expenses decreased \$649,000 based on the following:
    - Interest expense increased \$585,000 as the result of the issuance of new State Institution bond debt of \$120,885,000 and Athletic Facilities Revenue bond debt of \$11,300,000 in the current year offset by the paydown of existing debt.
    - Losses on disposal of capital assets decreased \$1.1 million. Contributing factors include the prior year sale of approximately 518 acres of land in Laurens County to the Department of Natural Resources and the demolition of a wharf in North Charleston.
    - Refunds to grantors decreased \$30,000 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 \$65,000. 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 \$31,000 and Public Service Activities program remittances decreased \$34,000.
- The State capital appropriations decrease of \$5.2 million was attributable to amounts received in the prior year for outdoor lab renovations, Garrison Arena improvements, and the Greenwood Genetics Center.
- Capital grants and gifts decreased \$38.4 million. The largest contributing factor included IPTAY gifts to the University to fund the construction of the Football Operations facility in the prior year.
- An \$81,000 increase in additions to permanent endowments was the result of private donor gifts.



### Statement of Net Position

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

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

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

### Assets and Deferred Outflows of Resources— increase of \$182.2 million

- Current assets increased \$91.5 million. Unrestricted cash balances increased \$54.8 million and restricted cash increased \$36 million. The unrestricted cash increase was driven by an increase in student fee collections, maintenance, repairs, and renovation funding, and an increase in investment income earnings. Restricted cash increased as a result of Revenue and Athletic Facilities Bonds issued in the current year. Interest income receivable on cash balances held by the State Treasurer's Office increased \$758,000. Accounts receivable decreased \$3.9

<b>Condensed Summary of Net Position (thousands of dollars)</b>				
<b>Description</b>	<b>2018</b>	<b>2017</b>	<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
<b>Assets</b>				
Current assets	\$ 610,158	\$ 518,647	\$ 91,511	17.64%
Capital assets, net	1,335,129	1,270,387	64,742	5.10%
Other noncurrent assets	217,345	228,355	(11,010)	(4.82)%
<b>Total assets</b>	<u>2,162,632</u>	<u>2,017,389</u>	<u>145,243</u>	<u>7.20%</u>
<b>Deferred outflows of resources</b>	<u>130,258</u>	<u>93,319</u>	<u>36,939</u>	<u>39.58%</u>
<b>Total assets and deferred outflows of resources</b>	<u>2,292,890</u>	<u>2,110,708</u>	<u>182,182</u>	<u>8.63%</u>
<b>Liabilities</b>				
Current liabilities	155,774	138,221	17,553	12.70%
Noncurrent liabilities	1,863,090	1,187,621	675,469	56.88%
<b>Total liabilities</b>	<u>2,018,864</u>	<u>1,325,842</u>	<u>693,022</u>	<u>52.27%</u>
<b>Deferred inflows of resources</b>	<u>53,787</u>	<u>1,751</u>	<u>52,036</u>	<u>2971.79%</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>2,072,651</u>	<u>1,327,593</u>	<u>745,058</u>	<u>56.12%</u>
<b>Net Position</b>				
Net investment in capital assets	789,141	770,325	18,816	2.44%
Restricted - nonexpendable	59,002	58,867	135	0.23%
Restricted - expendable	150,070	144,460	5,610	3.88%
Unrestricted	(777,974)	(190,538)	(587,436)	(308.30)%
<b>Total net position</b>	<u>\$ 220,239</u>	<u>\$ 783,114</u>	<u>\$ (562,875)</u>	<u>(71.88)%</u>

million as a result of the receipt of corporate sponsorship and licensing revenue before the end of the fiscal year. Grants and contracts receivable increased \$2 million due to receivables for grants and contracts on sponsored projects. Contributions receivable decreased \$357,000. An increase in pledges of \$308,000 was offset by the payment of existing pledges. Prepaid items increased \$2.9 million primarily due to IT license and maintenance agreement payments. Inventories increased \$71,000. Increases in telecommunication supplies were offset by decreases in computer store inventory. Other current assets decreased \$597,000 as a result of an under-recovery of pooled fringes for the fiscal year ending June 30, 2017 that will be absorbed through the approved pooled fringe rate established for the fiscal year ending June 30, 2019.

- Net capital assets increased \$64.7 million. Non-depreciable assets increased \$86 million as construction continued on major campus projects including Douthit Hills, the College of Business academic building and the new Tennis Center. Depreciable capital assets decreased \$21.3 million. A decrease of \$23.3 million in buildings was driven by a full year of depreciation expense on Core Campus, Littlejohn Coliseum, and the Football Operations facility capitalized at the end of the prior year. Multiple parking lot expansions, sewer infrastructure projects, and a boiler replacement project resulted in an increase of \$2.5 million in utilities and other non-structural improvements. The decrease in software of \$1.7 million was driven by depreciation of current software assets. Equipment increased \$963,000. Additions totaling \$21.1 million were offset by disposals and depreciation expense. Vehicles increased \$225,000. Vehicle additions totaling \$1.8 million were offset by depreciation expense and disposals or trade-ins of previously owned departmental vehicles.
- Other noncurrent assets decreased \$11 million. The balance on loan to the Clemson University Foundation (CUF) increased \$776,000. Transfers from CUF totaling \$16 million were offset by appreciation, income, and realized gains. Noncurrent contributions receivable decreased \$189,000 as the result of the payment of existing pledges. Investments increased \$881,000 as a result of the purchase of a split dollar life insurance policy on an athletics coach. Restricted noncurrent cash balances decreased \$16.8 million as a result of the allocation of endowment cash balances to fund deficits in endowment spending funds. Student loans receivable decreased \$74,000 due to collections of Perkins Federal student loans. Other assets increased \$4.4 million due to the under-recovery of pooled fringe benefit costs that will be absorbed/adjusted through the approved pooled fringe rate established for the fiscal year ending June 20, 2020.
- Deferred outflows of resources increased \$36.9 million. Deferred losses on bond refundings increased \$3.9 million. A deferred loss on the refunding of Series 2011B state institution bonds was offset by amortization on existing

losses. Deferred outflows related to the University's proportionate share of the state's net pension liability increased \$12.7 million. Deferred outflows related to the University's proportionate share of the state's retiree health benefits liability increased \$20.3 million.

#### **Liabilities and Deferred Inflows of Resources – increase of \$745.1 million**

- Current liabilities increased \$17.6 million. The increase in accounts payable of \$11.7 million was largely attributable to amounts due at the end of the fiscal year for capital projects including Douthit Hills, the College of Business academic building, and the Tennis Center. Accrued payroll and related liabilities increased \$1.8 million as the result of increased salaries and retirement contributions applied to the final payroll of the fiscal year. The increase in unearned revenues of \$2.5 million was attributable to ticket sales for the upcoming football season, deferred student payments for the summer semester, and grants and contracts funding received in advance of expenditures. Current deposits increased by \$583,000 due to ACC Student Athlete Opportunity funding. The increases in the current portion of long-term debt totaling \$1.4 million and increased interest expense payable totaling \$406,000 resulted from the issuance of State Institution and Athletic Facilities Revenue bonds this year. Current compensated absences decreased \$1 million but was offset by a \$1.6 million increase in the long-term portion of the liability. The current portion of funds held for others increased \$271,000 due to an increase in study abroad receipts.
- Noncurrent liabilities increased by \$675.5 million. The University's proportionate share of the net pension liability increased by \$44.1 million. Net investment income and plan contributions were not substantial enough to offset the plan's benefit payments and administrative costs, resulting in an increase to the plan's overall net pension liability. Similar to the net pension liability, new accounting guidance now requires state agencies to record a proportionate share of the state's liability for retiree health benefits. The University's proportionate share of the state's liability for retiree health benefits totals \$557.2 million. Long-term debt increased \$73.5 million driven by the issuance of State Institution and Athletic Facilities Revenue bonds this fiscal year. The long-term liability for compensated absences and related liabilities increased \$1.6 million. The noncurrent portion of funds held for others related to Perkins loans decreased \$843,000.
- Deferred outflows of resources increased \$52 million. Deferred inflows of resources related to the University's net pension liability decreased by \$642,000. The University's proportionate share of net retiree health benefits totals \$52.7 million. Deferred inflows of resources include the calculated difference between actual and projected investment earnings on the state's pension and retiree health benefit plans.

## UNAUDITED

### Net Position – decrease of \$562.9 million

- Net investment of capital assets increased \$18.8 million. This increase resulted from an increase in capital assets of \$64.7 million, less an increase in capital debt of \$74.8 million, an increase in unspent bond proceeds of \$25 million, and a \$3.9 million increase in deferred outflows of resources as discussed above.
- Restricted – nonexpendable net position for scholarships and fellowships increased \$135,000 as the result of investment earnings on endowment balances held by Wells Fargo.
- Restricted for expendable net position increased \$5.6 million, based on the following:
  - Restricted – expendable net position for scholarships and fellowships increased \$1.4 million due to endowed chair programs and federal and state scholarship funding.
  - Restricted – expendable net position for research decreased \$381,000 resulting primarily from Sponsored Program research projects.
  - Restricted – expendable net position for instructional/departmental use decreased \$795,000 due to the funding for a mobile medical unit in the prior year and a decrease in contributions.
  - Restricted – expendable net position for student loans decreased \$7,000 as the result of a slight decrease in Clemson student loans.
  - Restricted – expendable net position for capital projects increased \$4.5 million resulting, in large part, from bond proceeds for major construction projects and an increase in funding for Foundation commitments.
  - Restricted – expendable net position for debt service increased \$963,000 as the result of debt service reserve fund requirements for new Revenue and State Institution bond debt.
- Unrestricted net position decreased \$587.4 million, based on the following:
  - The University’s proportionate share of the state’s net pension liability and net retiree health benefit liability and accompanying deferred inflows and outflows of resources resulted in a \$620.2 million reduction of unrestricted net position.
  - Unrestricted - educational and general increased \$23.6 million as the result of increased student fee revenues.
  - Unrestricted – unexpended plant increased \$953,000 as the result of transfers of operating funds for project costs related to CCIT infrastructure and other renovation projects.
  - Unrestricted – board designated endowments increased \$5.9 million as the result of an increase in earnings on endowment balances held by the Clemson University Foundation and Wells Fargo.
  - Unrestricted – public services net position increased \$2.9 million.
  - Unrestricted – auxiliaries net position decreased \$610,000. Increased athletic balances were offset by parking service initiatives.

### 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, 2018 and June 30, 2017 were as follows:

Capital Assets (net of accumulated depreciation)				
Description	2018	2017	Increase/ Decrease	Percent Change
<b>Capital Assets:</b>				
Land and improvements	\$ 34,276,726	\$ 34,293,526	\$ (16,800)	(0.05)%
Construction in progress	279,696,208	193,607,016	86,089,192	44.47%
Utilities systems and other non-structural improvements	40,564,714	38,035,150	2,529,564	6.65%
Buildings and improvements	848,374,367	871,708,010	(23,333,643)	(2.68)%
Computer software	1,206,472	2,920,549	(1,714,077)	(58.69)%
Equipment	125,061,906	124,099,068	962,838	0.78%
Vehicles	5,948,883	5,724,105	224,778	3.93%
<b>Total Capital Assets</b>	<b><u>\$ 1,335,129,276</u></b>	<b><u>\$ 1,270,387,424</u></b>	<b><u>\$ 64,741,852</u></b>	<b>5.10%</b>

The \$86.1 million increase in non-depreciable capital assets was attributable to an increase in Construction in Progress. Construction continued on major University projects including Douthit Hills, the College of Business academic building, and the Tennis Center.

Utilities Systems and Other Non-Structural Improvements increased approximately \$2.5 million. Sewer infrastructure projects, a boiler replacement, as well as multiple parking lot expansion projects were offset by depreciation expense on new and existing assets.

Buildings decreased \$23.3 million due to depreciation of several major projects capitalized in the prior year, including the Core Campus project, Littlejohn Coliseum, and the Football Operations facility.

Capitalized Computer Software decreased \$1.7 million as a result of depreciation on existing software.

Equipment increased \$963,000. Net additions totaling approximately \$21.1 million were offset by depreciation and disposals.

Vehicles increased \$225,000. Vehicle additions totaling \$1.8 million 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 \$681,090,680 in bonds payable and \$11,991,334 in capital leases payable at June 30, 2018.

The University’s bonded indebtedness consisted of: General Obligation Bonds of \$236,736,748, Athletic Facilities Revenue Bond issues totaling \$144,105,806, and Revenue Bonds of \$300,248,126. General Obligation Bonds are obligations of the State of South Carolina and are secured as to principal and interest by a pledge of the full faith, credit, and taxing power of the State and are paid with tuition and matriculation fees. Athletic Facilities Revenue Bonds are payable solely from the net revenues of the University’s Athletic Department and gross receipts from the imposition of any admissions fee and any special student fee. Revenue bonds are payable solely from and secured by a pledge of revenues of the University’s housing facilities, bookstore, dining services, parking, vending and from additional funds from the academic “University fee” imposed by the Board of Trustees. In August 2017, the University issued General Obligation bonds totaling \$120,885,000 for the construction of a new College of Business academic building and to refund a portion of the Series 2011B General Obligation bonds. In January 2018, the University issued Athletic Facility Revenue Bonds totaling \$11,300,000 for the construction of a new tennis facility.

Capital leases totaling \$11,991,334 include a capital lease with the Clemson University Land Stewardship Foundation (CULSF), its component unit, for space in the Greenville One Building in downtown Greenville, SC and multiple equipment leases for printers and copiers. The outstanding liability on the capital lease for the Greenville One building as of

June 30, 2018 was \$11,280,855. The outstanding liability on equipment leases was \$710,479 as of June 30, 2018.

For additional information, 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 2018 with a \$211 million budgetary surplus. In his year-end press release, State Comptroller General Richard Eckstrom noted that General Fund revenues increased \$542 million, or 7 percent, over the previous year. A portion of the increase in revenues went towards increased spending in 2018, per last year’s Appropriations Act, and after funding items in the 2018 supplemental budget, the State had a \$177 million surplus of non-obligated General Fund revenues.

State appropriations to fund University operations increased \$4.6 million for fiscal year 2018, an increase of 3.7 percent from the previous year. Appropriations for Educational and General activities accounted for \$4.2 million of this increase and Public Service activities increased \$3.5 million. Appropriations for cost of living adjustments decreased by \$3.1 million.

State scholarship programs funded with lottery proceeds increased by approximately \$3.1 million, to \$65.2 million for 2018. In addition, the University received \$1.75 million from the State Commission on Higher Education to fund the Science, technology, Engineering, and Math (STEM) program. State capital appropriations decreased \$5.2 million as a result of prior year State Capital Reserve Funds for the Garrison Arena Education/Conference Center, outdoor laboratories and research facilities renovations, Central Energy Facility boiler replacement, and Agricultural & Natural Resources facilities renovations.

The University’s Board of Trustees adopted a budget for 2019 that included a 1.75 percent tuition increase for in-state undergraduate students and a 3 percent increase for undergraduate out-of-state students. An average increase of 3.7 percent in student housing and dining plans will be used to improve dining, housing, and student life facilities.

# CLEMSON UNIVERSITY STATEMENT OF NET POSITION

June 30, 2018

Description	Amount
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<i>Current Assets:</i>	
Cash and cash equivalents.....	\$ 257,253,176
<i>Restricted Assets - Current:</i>	
Cash and cash equivalents.....	291,943,705
Accounts receivable (net of provision for doubtful accounts of \$564,338).....	17,896,360
Grants and contracts receivable.....	24,928,964
Contributions receivable, net.....	477,059
Interest and income receivable.....	2,213,591
Student loans receivable.....	15,654
Inventories.....	3,159,512
Prepaid items.....	11,863,735
Other current assets.....	406,169
Total current assets.....	<u>610,157,925</u>
<i>Noncurrent Assets:</i>	
Notes receivable.....	199,668,237
Contributions receivable, net.....	790,951
Investments.....	3,423,510
<i>Restricted Assets - Noncurrent:</i>	
Cash and cash equivalents.....	1,304,034
Student loans receivable.....	7,389,809
Other assets.....	4,768,681
Capital assets, not being depreciated.....	313,972,934
Capital assets, net of accumulated depreciation.....	<u>1,021,156,342</u>
Total noncurrent assets.....	<u>1,552,474,498</u>
Total assets.....	<u>2,162,632,423</u>
<i>Deferred Outflows of Resources:</i>	
Deferred losses on bond refunding.....	5,036,064
Deferred outflows on net pension liability.....	104,832,759
Deferred outflows on net retiree health benefits liability.....	<u>20,388,468</u>
Total deferred outflows of resources.....	<u>130,257,291</u>
Total assets and deferred outflows of resources.....	<u>\$ 2,292,889,714</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
<i>Current Liabilities:</i>	
Accounts and retainages payable.....	\$ 38,462,985
Accrued payroll and related liabilities.....	22,090,494
Accrued compensated absences and related liabilities.....	13,946,253
Accrued interest payable.....	4,715,864
Unearned revenues.....	49,190,403
Bonds payable.....	22,778,113
Capital leases payable.....	716,183
Deposits.....	2,790,540
Funds held for others.....	<u>1,083,638</u>
Total current liabilities.....	<u>155,774,473</u>
<i>Noncurrent Liabilities:</i>	
Accrued compensated absences and related liabilities.....	12,182,747
Funds held for others.....	6,871,002
Net pension liability.....	617,272,251
Net retiree health benefits liability.....	557,175,950
Bonds payable.....	658,312,567
Capital leases payable.....	<u>11,275,151</u>
Total noncurrent liabilities.....	<u>1,863,089,668</u>
Total liabilities.....	<u>2,018,864,141</u>
<i>Deferred Inflows of Resources:</i>	
Deferred inflows on net pension liability.....	1,108,499
Deferred inflows on net retiree health benefits liability.....	<u>52,678,359</u>
Total deferred inflows of resources.....	<u>53,786,858</u>
Total liabilities and deferred inflows of resources.....	<u>\$ 2,072,650,999</u>
<b>NET POSITION</b>	
Net investment in capital assets.....	\$ 789,141,375
Restricted for nonexpendable purposes:	
Scholarships and fellowships.....	59,002,302
Restricted for expendable purposes:	
Scholarships and fellowships.....	17,954,306
Research.....	660,766
Instructional/departmental use.....	13,576,805
Loans.....	2,103,295
Capital projects.....	106,027,540
Debt service.....	9,746,845
Unrestricted.....	<u>(777,974,519)</u>
Total net position.....	<u>\$ 220,238,715</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, 2018

Description	Amount
<b>REVENUES</b>	
Operating Revenues:	
Student tuition and fees (net of scholarship allowances of \$106,681,831) .....	\$ 397,740,296
Federal grants and contracts .....	83,570,207
State grants and contracts .....	68,444,581
Local grants and contracts .....	776,396
Nongovernmental grants and contracts .....	11,446,825
Sales and services of educational and other activities .....	22,193,163
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$15,930,413) .....	127,898,539
Sales and services of auxiliary enterprises - not pledged .....	33,767,769
Other operating revenues .....	38,648,399
Total operating revenues .....	<u>784,486,175</u>
<b>EXPENSES:</b>	
Operating Expenses:	
Compensation and employee benefits .....	617,355,362
Services and supplies .....	278,227,610
Utilities .....	20,593,273
Depreciation .....	57,490,750
Scholarships and fellowships .....	30,668,499
Total operating expenses .....	<u>1,004,335,494</u>
Operating (loss) .....	<u>(219,849,319)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
State appropriations .....	123,913,793
Federal appropriations .....	11,207,649
Gifts and grants .....	85,055,684
Interest income .....	2,396,608
Endowment income .....	15,669,325
Interest on capital asset related debt .....	(22,056,009)
Other nonoperating revenues .....	2,150,270
Gain/loss on disposal of capital assets .....	(637,076)
Refunds to grantors .....	(90,534)
Transfers to other state agencies .....	(251,721)
Net nonoperating revenues .....	<u>217,357,989</u>
Income before other revenues, expenses, gains or losses .....	(2,491,330)
Capital grants and gifts .....	17,560,990
Additions to permanent endowments .....	100,867
Increase in net position .....	<u>15,170,527</u>
<b>NET POSITION</b>	
Net position, beginning of year as originally stated .....	783,114,309
Cumulative effect of accounting changes .....	(578,046,121)
Net position, end of year .....	<u>\$ 220,238,715</u>

See accompanying notes to basic financial statements.

# CLEMSON UNIVERSITY STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

DESCRIPTION	AMOUNT
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments from customers.....	\$ 622,484,982
Grants and contracts.....	152,830,140
Payments to suppliers.....	(282,917,115)
Payments to employees.....	(442,464,175)
Payments for benefits.....	(127,132,508)
Payments to students.....	(99,869,170)
Inflows from Stafford loans.....	69,796,223
Outflows from Stafford loans.....	(7,420,294)
Loans to students.....	(29,699)
Collection of loans.....	1,421,486
Net cash used by operating activities.....	<u>(113,300,130)</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State appropriations.....	123,913,793
Federal appropriations.....	11,900,648
Gifts and grants.....	84,745,031
Net cash flow provided by noncapital financing activities.....	<u>220,559,472</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt.....	149,812,620
Capital grants and gifts received.....	17,406,250
Proceeds from sale of property.....	189,374
Purchases of capital assets.....	(113,616,212)
Principal payments and redemption premiums on long term debt.....	(77,182,678)
Interest and fees.....	(24,072,169)
Net cash used by capital activities.....	<u>(47,462,815)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments.....	(1,889,034)
Proceeds from notes receivable with Clemson University Foundation.....	16,148,036
Proceeds from stock sales.....	25,806
Net cash flows provided by investing activities.....	<u>14,284,808</u>
Net change in cash.....	74,081,335
Cash beginning of year.....	476,419,580
<b>Cash end of year.....</b>	<b><u>\$ 550,500,915</u></b>
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss).....	\$ (219,849,319)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense.....	57,490,750
Amortization of net pension liability.....	30,792,691
Amortization of net retiree health benefit liability.....	14,691,315
Change in asset and liabilities:	
Receivables, net.....	6,842,209
Grants and contracts receivable.....	(4,130,910)
Student loans receivable.....	73,349
Prepaid items.....	(1,558,263)
Inventories.....	70,923
Pooled fringe adjustment.....	(4,560,754)
Accounts and retainages payable.....	782,396
Accrued payroll and related liabilities.....	1,780,408
Accrued compensated absences and related liabilities.....	558,000
Unearned revenue.....	3,820,131
Deposits held for others.....	(103,056)
<b>Net cash used by operating activities.....</b>	<b><u>\$ (113,300,130)</u></b>
<b>NON-CASH TRANSACTIONS</b>	
Decrease in fair value of investments.....	\$ (12,110,322)
Assets acquired through gifts.....	154,740
State capital appropriations receivable.....	3,380,514
Collection of capital gift receivable.....	1,394,139
Loss on disposal of capital assets.....	826,450
Assets acquired through capital lease.....	785,732
<b>RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES</b>	
Current assets:	
Cash and cash equivalents.....	\$ 257,253,176
Restricted cash and cash equivalents.....	291,943,705
Noncurrent assets.....	1,304,034
<b>Total cash and cash equivalent balances.....</b>	<b><u>\$ 550,500,915</u></b>

See accompanying notes to basic financial statements.

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

June 30, 2018

DESCRIPTION	AMOUNT
<b>ASSETS</b>	
Cash and cash equivalents.....	\$ 70,810,628
Contributions receivable, net.....	22,124,809
Trusts held by other.....	5,985,612
Due from related organizations.....	1,597,900
Investments.....	490,224,252
Investments held for Clemson University.....	199,668,236
Cash surrender value of life insurance.....	1,999,906
Land held for resale.....	11,900
Land, buildings and equipment, net.....	9,290,467
Funds held in trust for affiliates:	
Non-pooled assets, net.....	8,114,555
Pooled investments.....	48,548,640
Contributions receivable, net.....	20,264,707
Other assets.....	404,497
<b>Total assets.....</b>	<b>\$ 879,046,109</b>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities:	
Accounts payable and accrued liabilities.....	\$ 911,019
Due to related organizations.....	578,184
Accrued liability to Clemson University due to net investment appreciation.....	96,748,920
Note payable to Clemson University.....	102,919,316
Actuarial liability of annuities payable.....	4,018,229
Funds administered for affiliates.....	76,927,902
<b>Total liabilities.....</b>	<b>282,103,570</b>
Net Assets:	
Unrestricted.....	32,755,643
Temporarily restricted.....	242,837,775
Permanently restricted.....	321,349,121
<b>Total net assets.....</b>	<b>596,942,539</b>
<b>Total liabilities and net assets.....</b>	<b>\$ 879,046,109</b>

See accompanying notes to basic financial statements.

**CLEMSON UNIVERSITY FOUNDATION**  
**NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2018

DESCRIPTION	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>				
Gifts and bequests .....	\$ 1,864,341	\$ 23,210,636	\$ 14,291,262	\$ 39,366,239
Income (loss) on investments .....	5,561,485	(76,427)	—	5,485,058
Net realized and unrealized gains on investments.....	1,627,530	35,024,932	55,952	36,708,414
Program income .....	774,624	553,829	—	1,328,453
Other income (loss).....	2,923,754	2,845	(13,727)	2,912,872
Change in value of split-interest agreements .....	68,394	77,996	1,076,285	1,222,675
Reclassification of donor intent.....	246,839	(1,430,279)	1,183,440	—
Total.....	13,066,967	57,363,532	16,593,212	87,023,711
Net assets released from restrictions.....	31,982,490	(31,981,610)	(880)	—
Total revenues, gains and other support.....	45,049,457	25,381,922	16,592,332	87,023,711
<b>EXPENSES:</b>				
Program expenses in support of Clemson University	34,087,522	—	—	34,087,522
General and administrative .....	3,519,504	—	—	3,519,504
Fundraising.....	4,252,858	—	—	4,252,858
Total expenses.....	41,859,884	—	—	41,859,884
Change in net assets before other changes .....	3,189,573	25,381,922	16,592,332	45,163,827
<b>OTHER CHANGES:</b>				
Transfers to related entity .....	(977,880)	(11,532,550)	(30,946)	(12,541,376)
Total other changes .....	(977,880)	(11,532,550)	(30,946)	(12,541,376)
Change in net assets.....	2,211,693	13,849,372	16,561,386	32,622,451
Net assets at beginning of year .....	30,543,950	228,988,403	304,787,735	564,320,088
<b>Net assets at end of year.....</b>	<b>\$ 32,755,643</b>	<b>\$ 242,837,775</b>	<b>\$ 321,349,121</b>	<b>\$ 596,942,539</b>

See accompanying notes to basic financial statements.

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

June 30, 2018

DESCRIPTION	AMOUNT
<b>ASSETS</b>	
Cash and cash equivalents .....	\$ 3,218,271
Receivables .....	49,460
Real estate investments.....	46,049,077
Real estate and equipment, net.....	10,798,205
Direct financing lease .....	11,318,307
Investments held in trust by affiliate.....	800,000
Development costs .....	1,335,452
Prepaid expense .....	53,177
<b>Total assets</b> .....	<b><u>\$ 73,621,949</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities:	
Accounts payable.....	\$ 102,303
Accrued interest payable.....	27,836
Deposits held for others .....	28,495
Unearned revenue.....	37,340
Deferred rent revenue .....	2,936,623
Due to Clemson University Foundation .....	20,932,472
Notes payable.....	22,071,054
<b>Total liabilities</b> .....	<b><u>46,136,123</u></b>
Unrestricted net assets .....	27,485,826
<b>Total net assets</b> .....	<b><u>27,485,826</u></b>
<b>Total liabilities and net assets</b> .....	<b><u>\$ 73,621,949</u></b>

See accompanying notes to basic financial statements.

**CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION**  
**NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2018

DESCRIPTION	AMOUNT
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>	
Gifts and contributions at fair value .....	\$ 150,000
Rental revenues .....	3,680,976
Direct financing.....	3,873
Common area fees .....	361,167
Income on short-term investments .....	10,096
Realized/unrealized loss on real estate investments, net.....	(607,353)
Total revenues and gains .....	<u>3,598,759</u>
<b>EXPENSES:</b>	
Program expenses:	
Administrative and other .....	371,799
Greenville One.....	342,536
CU-ICAR campus .....	1,508,401
Total program expenses .....	<u>2,222,736</u>
Interest expense.....	936,627
Total expenses .....	<u>3,159,363</u>
Change in unrestricted net assets before other changes.....	439,396
Other changes:	
Contributions to a related entity.....	<u>(100,000)</u>
Change in net assets.....	339,396
Unrestricted net assets, beginning of year .....	<u>27,146,430</u>
<b>Unrestricted net assets, end of year .....</b>	<b><u><u>\$ 27,485,826</u></u></b>

*See accompanying notes to basic financial statements.*

# IPTAY

## NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT STATEMENT OF FINANCIAL POSITION

For the year ended June 30, 2018

DESCRIPTION	AMOUNT
<b>ASSETS</b>	
Cash and cash equivalents .....	\$ 10,669,310
Due from related organizations.....	237,089
Annual fund receivable, net.....	937,602
Investments.....	20,107,725
Funds held in trust by an affiliate:	
Non-pooled assets.....	6,553,583
Pooled investments .....	34,622,626
Contributions receivable, net.....	19,997,047
<b>Total assets</b> .....	<b><u>\$ 93,124,982</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities:	
Accounts payable and accrued expenses .....	\$ 52,376
Due to related organizations .....	1,403,241
<b>Total liabilities</b> .....	<b><u>1,455,617</u></b>
Net assets	
Unrestricted .....	65,689,871
Temporarily restricted .....	24,482,316
Permanently restricted .....	1,497,178
<b>Total net assets</b> .....	<b><u>91,669,365</u></b>
<b>Total liabilities and net assets</b> .....	<b><u>\$ 93,124,982</u></b>

See accompanying notes to basic financial statements.

# IPTAY

## NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

DESCRIPTION	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>				
Contributions from the public.....	\$ 53,160,700	\$ 4,812,344	\$ 700,000	\$ 58,673,044
Net realized and unrealized gains on investments...	2,140,288	26,948	58,295	2,225,531
Investment income.....	252,006	5,664	7,158	264,828
Interest income.....	91,343	—	—	91,343
	<u>55,644,337</u>	<u>4,844,956</u>	<u>765,453</u>	<u>61,254,746</u>
Net assets released from restrictions -				
Change in donor intent .....	—	(326,802)	326,802	0
Satisfaction of time restriction .....	6,914,440	(6,914,440)	—	0
Satisfaction of purpose restrictions .....	396,832	(396,832)	—	0
Total revenues, gains and other support .....	<u>62,955,609</u>	<u>(2,793,118)</u>	<u>1,092,255</u>	<u>61,254,746</u>
<b>EXPENSES:</b>				
Program services:				
Support of Clemson University:				
Athletic operations .....	32,786,773	—	—	32,786,773
Football operations building .....	735,308	—	—	735,308
Debt service .....	6,501,600	—	—	6,501,600
Other construction costs .....	4,764,748	—	—	4,764,748
Other .....	4,726,260	—	—	4,726,260
Management and general.....	662,504	—	—	662,504
Total expenses .....	<u>50,177,193</u>	<u>0</u>	<u>0</u>	<u>50,177,193</u>
Excess (deficit) of revenues over expenses.....	12,778,416	(2,793,118)	1,092,255	11,077,553
Contributions of net assets from a related party (Note 7) .....	27,013	92,984	—	119,997
Change in net assets.....	12,805,429	(2,700,134)	1,092,255	11,197,550
Net assets, beginning of year .....	52,884,442	27,182,450	404,923	80,471,815
<b>Net assets, end of year .....</b>	<b><u>\$ 65,689,871</u></b>	<b><u>\$ 24,482,316</u></b>	<b><u>\$ 1,497,178</u></b>	<b><u>\$ 91,669,365</u></b>

See accompanying notes to basic financial statements.

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

**Nature of Organization**

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

**Reporting Entity**

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

The Clemson University Research Foundation (CURF) no longer meets the criteria for inclusion as a component unit. Transactions between the University and CURF are reported in Note 13 – Related Parties.

### Financial Statement Presentation

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

### Use of Estimates

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

### Basis of Accounting

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

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

### Cash and Cash Equivalents

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### Receivables

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

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

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

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

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

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

### Inventories

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

### Prepaid Items

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

### Investments

The University accounts for its investments at fair value

in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

### Noncurrent Cash and Investments

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

### Other Assets

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

### Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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 5 to 20 years for machinery, equipment, and vehicles. Internally developed software is depreciated using the straight-line method over a three year period. Depreciation expense is charged monthly, with a mid-month convention utilized for the initial month that the asset is placed in service.

### Unearned Revenues

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

## NOTES TO FINANCIAL STATEMENTS

### Deposits

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

### Funds Held for Others

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

### Internal Service and Auxiliary Enterprise Activities

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

### Compensated Absences

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

### Noncurrent Liabilities

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

### Net Pension Liability

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

### Other Postemployment Benefits Liability

For purposes of measuring the net postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to postemployment benefits, and benefit expense, information about the fiduciary net position of the South Carolina Public Employee Benefit Authority's Retiree Health Care Plan and Long-Term Disability Income Plan and additions to/deductions from the fiduciary net position of the plans have been determined on the same basis as they are reported by the South Carolina Public Employee Benefit Authority. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Deferred Outflows of Resources and Deferred Inflows of Resources

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

### Net Position

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

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

## NOTES TO FINANCIAL STATEMENTS

**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 Land Stewardship Foundation, and IPTAY qualify as exempt organizations under Internal Revenue Code Section 501(c)(3) and as such are exempt from taxation on related income.

In December Congress passed, and the President signed into law, the Tax Cuts and Jobs Act (TCJA) of 2017. This legislation featured several changes that could ultimately impact both public and private higher education institutions, their benefactors and employees. As of June 30, 2018, the Internal Revenue Service had yet to provide guidance in the form of proposed regulations and/or notices, or amended tax forms regarding the implementation of the TCJA by exempt organizations. Consequently, the University has not accrued a liability for any changes referenced in the TCJA. It is our opinion, that had any liabilities been recorded, they would not have been material to the University's financial statements.

### Classification of Revenues and Expenses

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

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

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

### Educational Activities Revenue

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

### Scholarship Discounts and Allowances

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

## NOTES TO FINANCIAL STATEMENTS

### Adoption of New Accounting Standards

Effective for the fiscal year ended June 30, 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of this implementation, the University will now report its portion of the State of South Carolina's postemployment benefits liability. Since the information for the restatement of beginning balances of deferred inflows of resources or deferred outflows of resources is not available for the earliest period presented, the cumulative effect of the Statement implementation will be shown as restatement to ending net position as of June 30, 2017. The effect of this implementation is discussed in Note 9 and Note 21.

The University also adopted GASB Statement No.86, *Certain Debt Extinguishment Issues*. This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The adoption of this standard had no effect on the University's financial statements in the current fiscal year.

## NOTE 2.

### CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

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

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

#### Reconciliation of Deposits and Investments

Statement of Net Position	Amount	Footnotes	Amount
Cash and cash equivalents:		Cash on hand	\$ 230,461
Current - unrestricted	\$ 257,253,176	Deposits held by State Treasurer	550,146,136
Current - restricted	291,943,705	Other deposits	124,318
Noncurrent - restricted	1,304,034	Investments held by State Treasurer	154,439
Investments	3,423,510	Other investments	3,269,071
<b>Total</b>	<b><u>\$ 553,924,425</u></b>	<b>Total</b>	<b><u>\$ 553,924,425</u></b>

#### Deposits Held by State Treasurer

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

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina. For the fiscal year ending June 30, 2018, an unrealized loss of \$3,373,165 is included in the \$550,146,136 identified above as "Deposits held by State Treasurer."

#### 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 has investments in mutual funds as authorized by a single donor. The mutual funds with a fair value of \$2,421,380 are held and invested by Wells Fargo, as trustee in accordance with the endowment agreement specified by the donor. These investments are stated at fair value and include unrealized appreciation of \$1,574,072. 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.

During the fiscal year ending June 30, 2018, the University entered into a split dollar life insurance policy with an athletics coach. The University has recorded investments with a fair value of \$847,691 related to this policy.

## NOTES TO FINANCIAL STATEMENTS

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

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 as of June 30, 2018 were as follows:

<b>Other Investments</b>			
<u>Description</u>	<u>Effective Fair Value</u>	<u>Maturity (Years)</u>	<u>Credit Rating</u>
Domestic bond fund	\$ 282,769	7.4	N/A
International bond fund	146,666	12.3	N/A
Equity funds	1,991,945	N/A	N/A
Split dollar life insurance	847,691	N/A	N/A
<b>Total other investments</b>	<b><u>\$ 3,269,071</u></b>		

### NOTE 3. RECEIVABLES

University receivables reported in the Statement of Net Position as of June 30, 2018, were as follows:

<b>University Receivables</b>			
<u>Description</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Accounts receivable	\$ 17,896,360	\$ —	\$ 17,896,360
Grants and contracts receivable	24,928,964	—	24,928,964
Notes receivable	—	199,668,237	199,668,237
Contributions receivable, net	477,059	790,951	1,268,010
Interest and income receivable	2,213,591	—	2,213,591
Student loans receivable	15,654	7,389,809	7,405,463
<b>Total university receivables</b>	<b><u>\$ 45,531,628</u></b>	<b><u>\$ 207,848,997</u></b>	<b><u>\$ 253,380,625</u></b>

Accounts receivable are reported net of allowances for doubtful accounts of \$564,338 based on credit losses experienced in prior years and evaluation of current portfolios. Student payment allowances of \$301,000, parking services allowances of \$228,047, emergency medical service allowances of \$28,805, Sullivan Center allowances of \$921, telecommunications allowances of \$5,000, and other student services allowances of \$565 comprise this amount. Contributions receivable are reported net of allowances for current uncollectible pledges of \$207,219 and allowances for noncurrent uncollectible pledges of \$139,580.

Accounts receivable for the year ended June 30, 2018, were comprised of the following balances:

<b>Accounts Receivable</b>	
<u>Description</u>	<u>Amount</u>
Students/scholarships	\$ 6,584,453
State capital appropriations	3,380,514
Auxiliaries	3,248,132
Fees	2,455,863
Computer services	404,654
Educational programs	729,422
Other	1,093,322
<b>Total accounts receivable</b>	<b><u>\$ 17,896,360</u></b>

## NOTES TO FINANCIAL STATEMENTS

Grants and contracts receivable are comprised of amounts due for sponsored research projects, federal land-grant appropriations, and federal scholarship programs. Grants and contracts receivable for the year ended June 30, 2018, were comprised of the following balances:

<b>Grants and Contracts Receivable</b>					
<u>Description</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Nongovernmental</u>	<u>Total</u>
Sponsored research	\$ 19,130,124	\$ 835,917	\$ 155,720	\$ 2,607,977	\$ 22,729,738
Land-grant appropriations	1,012,055	—	—	—	1,012,055
Scholarship programs	1,187,171	—	—	—	1,187,171
<b>Total grants and contracts receivable</b>	<b><u>\$ 21,329,350</u></b>	<b><u>\$ 835,917</u></b>	<b><u>\$ 155,720</u></b>	<b><u>\$ 2,607,977</u></b>	<b><u>\$ 24,928,964</u></b>

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

<b>Contributions Receivable</b>			
<u>Description</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
University programs	\$ 477,059	\$ 790,951	\$ 1,268,010
<b>Total contributions receivable</b>	<b><u>\$ 477,059</u></b>	<b><u>\$ 790,951</u></b>	<b><u>\$ 1,268,010</u></b>

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

Accordingly, as of June 30, 2018, the University had notes receivable from the Clemson University Foundation, a related party, totaling \$199,668,237. This amount includes the original loan of \$35,358,188, additional net contributions totaling \$51,413,091 since the fiscal year 1999 original loan, plus related income and appreciation. Funds loaned to the Clemson University Foundation will be paid back to the University with interest at a rate equal to that which is necessary to produce a sum which is equal to the total return (consisting of appreciation and income), provided, however, such rate will not be less than zero. The Memorandum of Understanding between Clemson University and the Clemson

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4.  
CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018, is summarized as follows:

<b>Capital Assets</b>					
<b>Description</b>	<b>Beginning Balance July 1, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance June 30, 2018</b>
Capital assets not being depreciated:					
Land and improvements	\$ 34,293,526	\$ —	\$ 16,800	\$ —	\$ 34,276,726
Construction in progress*	193,607,016	89,344,276	—	(3,255,084)	279,696,208
<b>Total capital assets not being depreciated</b>	<u>227,900,542</u>	<u>89,344,276</u>	<u>16,800</u>	<u>(3,255,084)</u>	<u>313,972,934</u>
Depreciable capital assets:					
Utilities systems and other non-structural improvements	71,914,578	3,286,619	—	2,195,855	77,397,052
Buildings and improvements	1,275,007,394	6,948,433	2,316,888	1,059,229	1,280,698,168
Computer software	24,283,309	—	—	—	24,283,309
Equipment	318,771,979	21,652,003	6,637,987	149,803	333,935,798
Vehicles	18,100,002	1,827,721	788,242	(149,803)	18,989,678
<b>Total depreciable capital assets at historical cost</b>	<u>1,708,077,262</u>	<u>33,714,776</u>	<u>9,743,117</u>	<u>3,255,084</u>	<u>1,735,304,005</u>
Less accumulated depreciation for:					
Utilities systems and other non-structural improvements	33,879,428	2,952,910	—	—	36,832,338
Buildings and improvements	403,299,384	31,341,305	2,316,888	—	432,323,801
Computer software	21,362,760	1,714,077	—	—	23,076,837
Equipment	194,672,911	20,050,682	5,852,213	2,512	208,873,892
Vehicles	12,375,897	1,431,776	764,366	(2,512)	13,040,795
<b>Total accumulated depreciation</b>	<u>665,590,380</u>	<u>57,490,750</u>	<u>8,933,467</u>	<u>0</u>	<u>714,147,663</u>
Depreciable capital assets, net	<u>1,042,486,882</u>	<u>(23,775,974)</u>	<u>809,650</u>	<u>3,255,084</u>	<u>1,021,156,342</u>
<b>Capital assets, net</b>	<u><b>\$ 1,270,387,424</b></u>	<u><b>\$ 65,568,302</b></u>	<u><b>\$ 826,450</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 1,335,129,276</b></u>
* Includes current fiscal year capitalized interest of \$12,157,119					
<b>NOTE:</b> The University received \$189,374 in proceeds from the sale of capital assets					

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

Unearned revenues consist primarily of athletic ticket sales and related fees and unearned student revenues for summer session and fall semester. These monies were collected in advance and were not earned at June 30, 2018.

Athletic sales and related event receipts include advance sales of football tickets. Unearned student revenues consist primarily of student tuition and fees, room and board, and other fees related to the long summer session and fall semester. Also included are amounts received in advance for sponsored research programs. Fees collected in advance for municipal services, contract credit courses, and various departmental accounts comprise the remaining balance of unearned revenues.

A summary listing of unearned revenue follows:

<b>Unearned Revenues</b>	
<b>Description</b>	<b>Amount</b>
Athletic event receipts	\$ 21,889,260
Sponsored research programs	8,173,082
Academic and other fees	18,009,595
Educational programs	660,127
Public service programs	96,117
Other	362,222
<b>Total unearned revenues</b>	<u><b>\$ 49,190,403</b></u>

## NOTES TO FINANCIAL STATEMENTS

Current deposits are comprised of ticket sales for away games, Atlantic Coast Conference funding for student athlete medical and disability insurance costs, student campus card balances, and miscellaneous departmental amounts.

<b>Deposits</b>	
<u>Description</u>	<u>Current Amount</u>
Athletics	\$ 1,753,166
Student campus card balances	224,648
Miscellaneous departmental	812,726
<b>Total deposits</b>	<b><u>\$ 2,790,540</u></b>

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

<b>Funds Held for Others</b>		
<u>Description</u>	<u>Current Amount</u>	<u>Noncurrent Amount</u>
Federal Perkins Loans	\$ 0	\$ 6,871,002
Amounts held in trust	1,083,638	—
<b>Total funds held for others</b>	<b><u>\$ 1,083,638</u></b>	<b><u>\$ 6,871,002</u></b>

### NOTE 6. BONDS PAYABLE

At June 30, 2018, bonds payable consisted of the following:

<b>BONDS PAYABLE</b>					
<u>Description</u>	<u>Original Debt</u>	<u>Interest Rate (outstanding)</u>	<u>Maturity Dates</u>	<u>June 30, 2018 Balance</u>	<u>Debt Retired in Fiscal Year 2018</u>
<b>General Obligation Bonds</b>					
Bonds dated 4/01/07 (Series 2007B)	\$ 14,000,000	2.50-4.00%	6/1/2021	\$ 3,545,000	\$ 1,070,000
Bonds dated 3/01/11 (Series 2011B)	62,370,000	3.00-5.00%	3/1/2031	12,430,000	48,740,000
Bonds dated 5/1/12 (Series 2012C)	21,135,000	5.00%	4/1/2018	—	2,635,000
Bonds dated 6/1/14 (Series 2014B)	33,030,000	3.00-5.00%	4/1/2034	28,345,000	1,190,000
Bonds dated 10/01/16 (Series 2016F)	52,395,000	2.00-5.00%	6/1/2036	50,540,000	1,855,000
Bonds dated 8/24/17 (Series 2017A)	120,885,000	2.25-5.00%	4/1/2037	118,520,000	2,365,000
				<u>213,380,000</u>	
<b>Revenue Bonds</b>					
Bonds dated 12/1/05 (Series 2005)	22,130,000	4.25%	5/1/2020	1,385,000	475,000
Bonds dated 2/1/12 (Series 2012)	21,200,000	0.00%	5/1/2018	—	6,060,000
Bonds dated 5/1/15 (Series 2015)	90,285,000	4.00-5.00%	5/1/2045	88,665,000	1,620,000
Bonds dated 12/1/15 (Series 2015B)	191,000,000	2.75-5.00%	5/1/2046	191,000,000	—
				<u>281,050,000</u>	
<b>Athletic Facilities Revenue Bonds</b>					
Bonds dated 2/1/12 (Series 2012)	12,335,000	2.00-3.00%	5/1/2023	4,735,000	855,000
Bonds dated 12/1/14 (Series 2014A)	30,695,000	3.00-5.00%	5/1/2045	30,695,000	—
Bonds dated 12/1/14 (Series 2014B)	9,240,000	2.40-4.00%	5/1/2027	6,845,000	825,000
Bonds dated 12/1/14 (Series 2014C)	10,545,000	2.00-5.00%	5/1/2025	8,850,000	785,000
Bonds dated 5/1/15 (Series 2015)	60,695,000	4.00-5.00%	5/1/2045	57,495,000	1,075,000
Bonds dated 12/1/15 (Series 2015B)	18,875,000	3.00-5.00%	5/1/2046	17,980,000	465,000
Bonds dated 1/1/18 (Series 2018A)	11,300,000	3.00-5.00%	5/1/2047	11,300,000	—
				<u>137,900,000</u>	
Subtotal bonds payable				632,330,000	70,015,000
Plus unamortized bond premium				48,760,680	4,963,898
<b>Total Bonds Payable</b>				<b><u>\$ 681,090,680</u></b>	<b><u>\$ 74,978,898</u></b>

## NOTES TO FINANCIAL STATEMENTS

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

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

Tuition fees for the fiscal year ended June 30, 2017 were \$35,822,886 which results in a legal annual debt service limit at June 30, 2018 of \$32,240,597.84. This amount is equal to 90% of tuition fees collected for the prior fiscal year.

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

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

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

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

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

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

maturity.

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

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

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

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

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

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

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

During the fiscal year ending June 30, 2018, the State of South Carolina issued on behalf of the University, General Obligation State Institution Bonds, Series 2017A, in the amount of \$120,885,000. The Series 2017A General Obligation State Institution Bonds were issued to (i) defray the costs of constructing and equipping an academic facility to house the University's College of Business and (ii) to refund outstanding principal amounts of Series 2011B General Obligation State Institution Bonds. The Series 2017A bonds maturing prior to April 1, 2027 are not subject to redemption prior to their stated maturities. The Series 2017A bonds maturing after April 1, 2027 are subject to redemption prior to maturity. The Series 2017A General Obligation Bonds are secured by a pledge of the full faith, credit, and taxing power of the State and are additionally secured by a pledge of the revenues derived from the tuition fees of the University. The \$17,189,453 bond premium associated with this issuance is being amortized over the twenty-year life of the bonds using the straight-line method. Net proceeds totaling \$53,456,085 plus \$1,477,532 of debt service funds on hand were used to purchase United States government securities to partially refund the Series 2011B Bonds. This advanced refunding resulted in a difference of \$6,393,617 between the reacquisition price and the carrying amount of the Series 2011B Bonds. This amount, plus unamortized bond issue costs of \$1,797,262 resulted in a deferred loss of \$4,596,354 that is being amortized over the remaining term of the Series 2011B Revenue Bonds using the straight-line method. The bonds were

## NOTES TO FINANCIAL STATEMENTS

refunded to reduce total debt service over the next fourteen years by \$6,238,201 and to obtain an economic gain of \$5,383,216.

During the fiscal year ending June 30, 2018, the University issued Athletic Facilities Revenue Bonds, Series 2018A, in the amount of \$11,300,000. The Series 2018A Athletic Facility Revenue Bonds were issued for the purpose of (i) defraying the costs of planning, developing, constructing and equipping a tennis facility on the campus of the University and (ii) paying the costs of issuance of the Series 2018A Bonds. The Series 2018A Bonds are payable from and secured by a pledge on certain auxiliary net revenues and from designated University fees. The Series 2018A bonds maturing prior to May 1, 2027 are not subject to redemption prior to their stated maturities. The Series 2018A bonds maturing after May 1, 2027 are subject to redemption prior to maturity. The \$438,167 bond premium associated with this issuance is being amortized over the thirty-year life of the bonds using the straight-line method.

All of the bonds are payable in semiannual installments plus interest. Amounts including interest required to complete payment of the Revenue Bonds, Athletic Facilities Revenue Bonds and General Obligation Bonds as of June 30, 2018, are as follows:

### Revenue Bonds

Description	Principal	Interest	Total
Year Ending June 30			
2019	\$ 6,580,000	\$ 11,556,064	\$ 18,136,064
2020	6,900,000	11,232,164	18,132,164
2021	6,505,000	10,892,451	17,397,451
2022	6,825,000	10,567,201	17,392,201
2023	7,170,000	10,225,951	17,395,951
2024 through 2028	40,580,000	45,381,256	85,961,256
2029 through 2033	45,800,000	36,148,196	81,948,196
2034 through 2038	54,395,000	27,544,844	81,939,844
2039 through 2043	65,750,000	16,205,000	81,955,000
2044 through 2046	40,545,000	3,070,000	43,615,000
<b>Total Revenue Bonds</b>	<b><u>\$ 281,050,000</u></b>	<b><u>\$ 182,823,127</u></b>	<b><u>\$ 463,873,127</u></b>

### Athletic Facilities Revenue Bonds

Description	Principal	Interest	Total
Year Ending June 30			
2019	\$ 4,170,000	\$ 5,427,203	\$ 9,597,203
2020	4,345,000	5,253,704	9,598,704
2021	4,535,000	5,063,554	9,598,554
2022	4,850,000	4,879,984	9,729,984
2023	5,040,000	4,718,784	9,758,784
2024 through 2028	21,675,000	20,396,526	42,071,526
2029 through 2033	21,205,000	16,011,232	37,216,232
2034 through 2038	25,415,000	11,805,775	37,220,775
2039 through 2043	30,530,000	6,681,875	37,211,875
2044 through 2047	16,135,000	1,064,837	17,199,837
<b>Total Athletic Facilities Revenue Bonds</b>	<b><u>\$ 137,900,000</u></b>	<b><u>\$ 81,303,474</u></b>	<b><u>\$ 219,203,474</u></b>

### General Obligation Bonds

Description	Principal	Interest	Total
Year Ending June 30			
2019	\$ 9,415,000	\$ 8,565,712	\$ 17,980,712
2020	10,035,000	8,106,213	18,141,213
2021	10,265,000	7,616,262	17,881,262
2022	10,580,000	7,134,012	17,714,012
2023	11,110,000	6,605,013	17,715,013
2024 through 2028	64,320,000	24,256,313	88,576,313
2029 through 2033	64,950,000	10,837,325	75,787,325
2034 through 2037	32,705,000	2,193,400	34,898,400
<b>Total General Obligation Bonds</b>	<b><u>\$ 213,380,000</u></b>	<b><u>\$ 75,314,250</u></b>	<b><u>\$ 288,694,250</u></b>

## NOTES TO FINANCIAL STATEMENTS

The University reported net principal retirements and interest expenditures related to the bonds as follows for the year ended June 30, 2018:

<b>Principal Retirements and Interest Expenses</b>		
<u>Bond Type</u>	<u>Net Principal</u>	<u>Interest</u>
General obligation bonds	\$ 57,855,000	\$ 5,553,345
Revenue bonds	8,155,000	10,819,023
Athletic facilities revenue bonds	4,005,000	4,969,865
<b>Total Net Principal Retirements and Interest Expenses</b>	<b><u>\$ 70,015,000</u></b>	<b><u>\$ 21,342,233</u></b>

### NOTE 7. LEASE OBLIGATIONS

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

Future commitments for capital leases (which here and on the Statement of Net Position include other installment purchase agreements) and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2018, were as follows:

<b>Capital and Operating Lease Commitments</b>		
<u>Description</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
Year Ending June 30:		
2019	\$ 764,514	\$ 3,576,471
2020	764,514	2,840,938
2021	759,770	2,470,062
2022	756,630	1,076,888
2023	664,364	814,824
2024 through 2028	2,872,040	562,360
2029 through 2033	2,872,040	—
2034 through 2038	2,702,188	—
<b>Total minimum lease payments</b>	<b><u>12,156,060</u></b>	<b><u>\$ 11,341,543</u></b>
Less: Interest	164,726	
<b>Principal outstanding - Clemson University</b>	<b><u>\$ 11,991,334</u></b>	

### Capital Leases

The Capital Leases are payable in monthly installments and will expire in 2038. Expenditures for fiscal year 2018 were \$801,708 of which \$774,062 was principal and \$27,646 was interest. The following is a summary of the carrying values of the assets held under capital leases at June 30, 2018:

<b>Assets Held Under Capital Lease</b>			
<u>Description</u>	<u>Value at Lease Inception</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings	\$ 14,300,000	\$ 2,883,834	\$ 11,416,166
Equipment	775,679	78,066	697,613
<b>Total assets held under capital lease</b>	<b><u>\$ 15,075,679</u></b>	<b><u>\$ 2,961,900</u></b>	<b><u>\$ 12,113,779</u></b>

## NOTES TO FINANCIAL STATEMENTS

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

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

The University entered into this lease with Clemson University Land Stewardship Foundation, Inc. (CULSF), a component unit. The outstanding liability on this lease as of June 30, 2018 is \$11,280,855.

In October 2012 the University entered into a Capital Lease of \$1,908,694 at 5.703 percent interest with First Financial Corporate Leasing, LLC, an unrelated party, (whereby the University leases) a Hitachi NB5000 Duabeam FIB Microscope for use in the Advanced Materials Research Laboratories. Lease payments were for five years with bargain purchase options after the first twelve months. Lease payments were \$39,042 for thirty-two months, \$36,832 for sixteen months, and \$34,990 for the final twelve months. This lease has been paid in full.

In 2018, the University entered into multiple equipment leases with Presidio Technology Capital. The outstanding liability on these leases as of June 30, 2018 total \$710,479.

### Operating Leases

The University's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2019 through 2024. Certain operating leases provide for renewal options for periods from one to five years at their fair rental value at the time of renewal. All agreements are cancelable if the State of South Carolina does not provide adequate funding but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis.

In January 2012, Clemson University entered into a real property operating lease with CULSF, a component unit, for space locate in the building at 3 Research Drive, Greenville, SC, at the CU-ICAR Campus. This agreement to establish a component testing laboratory has been extended through April 2022. Under this lease, the University paid CULSF \$119,128 in the current fiscal year.

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

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

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

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

In December 2015, the University entered into a real property operating lease with CULSF for space in the building located at 1 Research Dr., Greenville, SC. This lease extends through June 2019. Under this lease, the University paid CULSF \$559,260 this current fiscal year.

In March 2016, the University entered into a real property operating lease with CULSF for space in the building located at 1 Research Dr., Greenville, SC. This lease was terminated. Under this lease, the University paid CULSF \$101,125 this current fiscal year.

In October 2017, the University entered into a real property operating lease with CULSF for space in the building located at 1 Research Dr., Greenville, SC. This lease extends through March 2021. Under this lease, the University paid CULSF \$892,216 this current fiscal year.

In the current fiscal year, Clemson University incurred expenses of \$150,960 for office copier contingent rentals on a cost-per-copy basis.

**NOTE 8.  
PENSION PLANS**

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

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

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

**Plan Descriptions**

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

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

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

**Membership**

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.

### Benefits

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

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

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

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

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

### Teacher and Employee Retention Incentive

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

### Contributions

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

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, the effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a

**NOTES TO FINANCIAL STATEMENTS**

funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56 percent for SCRS and 16.24 percent for PORS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation’s ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from ninety to eighty-five.

Required employee contribution rates (1) are as follows:

<b>Contribution Plan</b>	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2017</b>
<b>SCRS</b>		
Employee Class Two	9.00%	8.66%
Employee Class Three	9.00%	8.66%
<b>State PORS</b>		
Employee	9.00%	8.66%
<b>PORS</b>		
Employee Class Two	9.75%	9.24%
Employee Class Three	9.75%	9.24%

Required employer contribution rates (1) are as follows:

<b>Contribution Plan</b>	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2017</b>
<b>SCRS</b>		
Employer Class Two	13.56%	11.41%
Employer Class Three	13.56%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>State PORS</b>		
Employer Contribution (2)	13.56%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>PORS</b>		
Employer Class Two	16.24%	13.84%
Employer Class Three	16.24%	13.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

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

For the year ended June 30, 2018, the University’s SCRS contributions totaled \$21,809,188. The University’s PORS contributions totaled \$614,762. Total contributions directly to the ORPs were approximately \$8,428,190 (excluding the surcharge) from Clemson University as employer and approximately \$15,170,741 from its employees as plan members. The remaining employer contribution amounts sent to SCRS (excluding the surcharge) were \$14,424,948.

## NOTES TO FINANCIAL STATEMENTS

### Net Pension Liability

At June 30, 2018, the University reported liabilities of \$609,208,463 and \$8,063,788 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2016 projected forward to June 30, 2017. The University's proportionate shares of the net pension liabilities were based on a projection of the University's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The University's proportionate share of the SCRS plan increased by 0.056717% over the prior year. The University's proportionate share of the PORS plan increased by 0.00877% over the prior year. At June 30, 2018, the University's proportionate shares of the SCRS and PORS plans were 2.706197% and 0.29435% respectively.

For the year ended June 30, 2018, the University recognized pension expense of \$66,518,671 and \$1,120,423 for SCRS and PORS, respectively.

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2017, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 48,244,437,494	\$ 25,732,829,268	\$ 22,511,608,226	53.3%
PORS	7,013,684,001	4,274,123,178	2,739,560,823	60.9%

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

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

At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

#### South Carolina Retirement System

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
University contributions subsequent to the measurement date	\$ 36,234,136	\$ —
Differences between expected and actual experience	2,715,850	337,664
Assumption changes	35,662,617	—
Net difference between projected and actual earnings on pension plan investments	17,006,241	—
Differences due to changes in proportionate share of contributions	11,084,728	757,479
<b>Total outflows and inflows of resources</b>	<b><u>\$ 102,703,572</u></b>	<b><u>\$ 1,095,143</u></b>

#### Police Officers Retirement System

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
University contributions subsequent to the measurement date	\$ 614,762	\$ —
Differences between expected and actual experience	71,906	—
Assumption charges	765,328	—
Net difference between projected and actual earnings on pension plan investments	287,346	—
Difference due to changes in proportionate share of contributions	389,845	13,356
<b>Total outflows and inflows of resources</b>	<b><u>\$ 2,129,187</u></b>	<b><u>\$ 13,356</u></b>

## NOTES TO FINANCIAL STATEMENTS

The \$36,234,136 and \$614,762 reported as deferred outflows of resources related to pensions resulting from University contributions paid subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2018 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2019.

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

Year ended June 30:	SCRS	PORS
2019	\$ 21,429,412	\$ 454,794
2020	28,494,378	585,090
2021	19,961,611	415,397
2022	(4,511,108)	45,788

### Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at last once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2017, total pension liability, net pension liability, and sensitivity information were determined by the Systems' consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the Systems' fiscal year ended June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2017.

Actuarial cost method	SCRS Entry age	PORS Entry age
Actuarial assumptions:		
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return (1)	7.25%	7.25%
Projected salary increases	3.5% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

(1) includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in determination of the June 30, 2017 total pension liability are as follows:

Former Job Class	Males	Females
Educators	2016-PRSC-Males multiplied by 92%	2016-PRSC-Females multiplied by 98%
General Employees and Members of the General Assembly	2016-PRSC-Males multiplied by 100%	2016-PRSC-Females multiplied by 111%
Public Safety and Firefighters	2016-PRSC-Males multiplied by 125%	2016-PRSC-Females multiplied by 111%

## NOTES TO FINANCIAL STATEMENTS

### Long Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2017. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>45.0%</b>		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
<b>Real Assets</b>	<b>8.0%</b>		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructures	1.0%	6.26%	0.06%
<b>Opportunistic</b>	<b>17.0%</b>		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
<b>Diversified Credit</b>	<b>18.0%</b>		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
<b>Total Expected Real Return</b>	<b><u>100.0%</u></b>		<b><u>5.31%</u></b>
Inflation for Actuarial Purposes			<u>2.25%</u>
<b>Total Expected Nominal Return</b>			<b><u>7.56%</u></b>

### Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity Analysis

The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

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

<b>System</b>	<b>1.00% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1.00% Increase (8.25%)</b>
SCRS	\$ 785,186,028	\$ 609,208,463	\$ 502,431,437
PORS	10,887,647	8,063,788	5,839,471

## NOTES TO FINANCIAL STATEMENTS

### Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2017 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2017.

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

The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July first of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFFA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (OPEB).

#### Plan Descriptions

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA, Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer

defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. 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.

#### Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. 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 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

#### Contributions and 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 to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the years ended June 30, 2018 and June 30, 2017 was 5.50 percent and 5.33 percent, respectively. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs.

## NOTES TO FINANCIAL STATEMENTS

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 was \$3.22 for the fiscal years ended June 30, 2018 and June 30, 2017.

The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

For the year ended June 30, 2018, the University's SCRHITF contributions totaled \$19,684,154. The University's SCLTDITF contributions totaled \$169,114. The University's proportionate share of the implicit subsidy recognized for the year ended June 30, 2018 was \$442,882.

### Net OPEB Liability

At June 30, 2018 the University reported liabilities of \$557,132,840 and \$43,110 for its proportionate shares of the SCRHITF and SCLTDITF net OPEB liabilities, respectively. At June 30, 2018, the University's proportionate shares of the SCRHITF and SCLTDITF plans were 4.113249% and 2.377844% respectively. For the year ended June 30, 2018, the University recognized OPEB expense of 33,909,253 and \$192,448 for the SCRHITF and SCLTDITF plans, respectively.

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2017:

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$ 14,659,610,970	\$ 1,114,774,760	\$ 13,544,836,210	7.60%
SCLTDITF	38,510,568	36,697,589	1,812,979	95.29%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the University reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

#### South Carolina Retiree Health Insurance Trust Fund (SCRHITF)

DESCRIPTION	Deferred Outflows of Resources	Deferred Inflows of Resources
University contributions subsequent to the measurement date	\$ 19,241,272	\$ —
Investment experience	957,311	—
Liability experience	—	241,802
Assumption changes	—	52,423,608
Outstanding inflow balance between contribution and proportionate share	—	7,967
<b>Total outflows and inflows of resources</b>	<b>\$ 20,198,583</b>	<b>\$ 52,673,377</b>

## NOTES TO FINANCIAL STATEMENTS

### South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)

DESCRIPTION	Deferred Outflows of Resources	Deferred Inflows of Resources
University contributions subsequent to the measurement date	\$ 169,114	\$ —
Investment experience	20,771	—
Assumption changes	—	3,912
Outstanding inflow balance between contribution and proportionate share	—	1,070
<b>Total outflows and inflows of resources</b>	<b><u>\$ 189,885</u></b>	<b><u>\$ 4,982</u></b>

The net amount of deferred outflows of resources and deferred inflows of resources related to retiree health benefits will be amortized as follows for the SCRHITF and SCLTDITF plans, respectively:

Year ended June 30:	SCRHITF	SCLTDITF
2019	\$ 8,193,810	\$ 4,637
2020	8,193,810	4,637
2021	8,193,810	4,637
2022	8,193,810	4,637
2023 and thereafter	18,940,826	(2,759)

### Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation for SCRHITF:

Actuarial Assumptions	SCRHITF
Valuation date:	June 30, 2016
Actuarial cost method:	Entry age normal
Inflation:	2.25%
Investment rate of return:	4.00, net of OPEB Plan investment expense, including inflation
Single discount rate:	3.56% as of June 30, 2017
Demographic assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Healthcare trend rate:	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging factors:	Based on plan specific experience
Expenses:	The investment return assumption is net of the investment expenses; Administrative expenses related to the health care benefits are included in the age adjusted claims costs
Notes:	The discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017

## NOTES TO FINANCIAL STATEMENTS

Additional information as of the latest actuarial valuation for SCLTDITF:

Actuarial Assumptions	SCLTDITF
Valuation date:	June 30, 2016
Actuarial cost method:	Entry age normal
Inflation:	2.25%
Investment rate of return:	4.00, net of Plan investment expense, including inflation
Single discount rate:	3.87% as of June 30, 2017
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems plans
Disability Recovery:	For participants in payments, 1987 CGDT Group Disability, for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses:	The investment return assumption is net of the investment expenses; Third part administrative expenses are included in the benefit projections
Notes:	The discount rate changed from 3.74% as of June 30, 2016 to 3.87% as of June 30, 2017

The actuarial valuation was performed as of June 30, 2016. Update procedures were used to roll forward the total OPEB liability to June 30, 2017.

### Long Term Expected Rate of Return

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return	Allocation Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
Total	<u>100.00%</u>		1.84%
Expected Inflation			<u>2.25%</u>
Total Return			<u>4.09%</u>
Investment Return Assumption			4.00%

### Discount Rate

The Single Discount Rate of 3.56% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.87% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate 3.56%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

**NOTES TO FINANCIAL STATEMENTS**

**Sensitivity Analysis**

The following table presents the University’s proportionate share of the SCRHITF net other postemployment benefits (OPEB) liability calculated using the discount rate of 3.56 percent, as well as what the University’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.56 percent) or 1 percentage point higher (4.56 percent) than the current rate:

<b>Sensitivity of the SCRHITF Net OPEB Liability to Changes in the Discount Rate</b>		
<b>1.00% Decrease (2.56%)</b>	<b>Current Discount Rate (3.56%)</b>	<b>1.00% Increase (4.56%)</b>
\$ 656,145,013	\$ 557,132,840	\$ 477,304,791

Regarding the sensitivity of the SCRHITF’s net OPEB liability to changes in the healthcare cost trend rates, the following table presents the University’s proportionate share of the SCRHITF’s net OPEB liability, calculated using the assumed trend rates as well as what the University’s proportionate share of the SCRHITF’s net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

<b>1.00% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1.00% Increase</b>
\$ 456,872,016	\$ 557,132,840	\$ 686,946,509

The following table presents the University’s proportionate share of the SCLTDITF net OPEB liability calculated using the discount rate of 3.87 percent, as well as what the University’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

<b>Sensitivity of the SCLTDITF Net OPEB Liability to Changes in the Discount Rate</b>		
<b>1.00% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1.00% Increase (4.87%)</b>
\$ 76,692	\$ 43,110	\$ 10,146

**Additional Financial and Actuarial Information**

Information contained in these Notes to the Schedules of Employer Allocation of the Net OPEB Liability, Contributions from Non-employer Contributing Entities, and Implicit Subsidy and the Schedules of Employer Allocation of the OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (the Schedules) were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2017, and the accounting and financial reporting actuarial valuation as of June 30, 2017. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trust Funds audited financial statements.

## NOTES TO FINANCIAL STATEMENTS

### 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, 2018 was as follows:

<b>Long-Term Liabilities</b>					
<b>Description</b>	<b>July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2018</b>	<b>Due Within One Year</b>
<b>Bonds payable and capital lease obligations:</b>					
General obligation bonds	\$ 150,350,000	\$ 120,885,000	\$ 57,855,000	\$ 213,380,000	\$ 9,415,000
Revenue bonds	289,205,000	—	8,155,000	281,050,000	6,580,000
Athletic facilities revenue bonds	130,605,000	11,300,000	4,005,000	137,900,000	4,170,000
Subtotal bonds payable	570,160,000	132,185,000	70,015,000	632,330,000	20,165,000
Unamortized revenue bond premium	36,096,958	17,627,620	4,963,898	48,760,680	2,613,113
Total bonds payable	606,256,958	149,812,620	74,978,898	681,090,680	22,778,113
Capital leases payable	11,989,717	775,679	774,062	11,991,334	716,183
Total bonds and capital leases payable	618,246,675	150,588,299	75,752,960	693,082,014	23,494,296
<b>Other liabilities:</b>					
Accrued compensated absences	25,571,000	12,626,101	12,068,101	26,129,000	13,946,253
Funds held for others	7,714,012	—	843,010	6,871,002	—
Net pension liability	573,168,554	128,954,065	84,850,368	617,272,251	—
Net postemployment benefit liability	595,147,322	34,117,490	72,088,862	557,175,950	—
Total other liabilities	1,201,600,888	175,697,656	169,850,341	1,207,448,203	13,946,253
<b>Total long-term liabilities</b>	<b>\$ 1,819,847,563</b>	<b>\$ 326,285,955</b>	<b>\$ 245,603,301</b>	<b>\$ 1,900,530,217</b>	<b>\$ 37,440,549</b>

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12.  
CONSTRUCTION COSTS AND COMMITMENTS**

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 \$761,516,389. The \$761,516,389 includes estimated costs of \$460,503,797 for capital projects currently in progress plus \$301,012,592 estimated costs for other capital projects already in service. Of the total estimated cost, \$182,306,713 was unexpended at June 30, 2018. Of the total expended through June 30, 2018, the University has capitalized substantially complete and in use projects in the amount of \$315,370,085. Of the unexpended balance the University has remaining commitment balances of \$68,268,613 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Retainages payable on these capitalized projects as of June 30, 2018 was \$4,199,688. Capital projects at June 30, 2018 which constitute construction in progress that are to be capitalized when completed are listed below.

<b>Construction Costs and Commitments</b>		
<u>Project</u>	<u>Approximate Cost</u>	<u>Amount Expended</u>
Baseball batting cages	\$ 709,013	\$ 25,110
Center for Human Genetics	950,000	479,255
Child care facility construction	5,000,000	17,094
College of Business School construction	87,500,000	20,351,333
Core campus fifth floor balcony extension	87,725	8,470
Douthit Hills development	237,247,375	237,245,811
Duke Innovation Building upfit	125,000	32,076
Electrical distribution upgrade	75,290,932	11,311,789
Electrical infrastructure maintenance and improvements	1,118,674	1,118,674
Garrison Arena construction	1,000,000	877,604
Hardin E Courtyard construction	860,000	293,694
IPTAY Center expansion and renovation	10,000,000	977,050
Jervey Championship Plaza	746,600	695,197
Manufacturing Innovation Building	75,000	38,634
Outdoor Fitness Wellness construction	12,272,578	758,965
Ravenel Hugo McGregor parking lot	917,500	67,636
Recycle operations	500,000	74,443
SCDOT Bike Trail cost share (2/23/18)	250,000	250,000
Softball Complex construction	13,000,000	915
Tennis Center construction	12,500,000	4,720,141
Transformer and switch gear replacement	353,400	352,316
<b>Total construction costs and commitments</b>	<b><u>\$ 460,503,797</u></b>	<b><u>\$ 279,696,207</u></b>

The amount expended includes only capitalized project expenses and capitalized interest on construction debt for projects less than substantially complete and not in service at June 30, 2018. No noncapitalized expenditures are included in these totals.

**Non-Capitalized**

At June 30, 2018 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 \$77,630,994. This amount includes costs incurred to date of \$42,357,263 and estimated costs to complete of \$35,273,731. The University has remaining commitment balances with certain parties related to these projects of \$4,847,323. Retainages payable on the non-capitalized projects as of June 30, 2017, was \$686,333. 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 Alumni Association**

The Clemson Alumni Association is a separately chartered corporation established to serve Clemson University alumni and promote the welfare and future development of the University in its educational, scientific, and programmatic purposes.

The Alumni Association contributed \$852,951 to the University, recognized as nonoperating gifts, to fund administration, engagement, marketing, and events related to the Alumni Association. The Alumni Association also reimbursed the University \$15,600 for salaries for time devoted by University employees. The University administers contracts for licensing of class rings and sports apparel. The University remitted \$351,244 of licensing royalties to the Alumni Association for the fiscal year ending June 30, 2018.

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

The Clemson University Continuing Education and Conference Complex Corporation (Finance Corporation), is a separately chartered corporation established in September, 1993, to construct, operate and manage the golf course and hotel components of the Clemson University Continuing Education and Conference Complex. The Finance Corporation's actions are governed by its Board of Directors. The University billed the Finance Corporation \$89,528 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 \$744,108 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.

**Clemson University Research Foundation**

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

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 \$397,802 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 \$157,841 due from CURF at June 30, 2018.

The University remitted \$295,000 to CURF per the operating agreement between the two entities. CURF reimbursed the University \$77,249 for salaries for time devoted by University employees to CURF.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14.  
TRANSACTIONS WITH STATE ENTITIES**

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

The original appropriation is the University's base budget amount presented in the General Funds column of Sections 14 and 45 of Part IA of the 2017-18 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, 2018:

<b>State Appropriations</b>			
<b>Description</b>	<b>Educational and General</b>	<b>Public Service</b>	<b>Total</b>
Original appropriation	\$ 81,494,892	\$ 40,055,838	\$ 121,550,730
Allocation for health and dental plan contributions	340,014	136,802	476,816
Allocation for SCRS and POS retirement contributions	600,165	264,952	865,117
Appropriation allocations from the State Commission on Higher Education:			
For Academic Endowment Match	31,372	—	31,372
For Clemson Agriculture Education Teachers - teacher recruitment	—	989,758	989,758
<b>Total state appropriations</b>	<b>\$ 82,466,443</b>	<b>\$ 41,447,350</b>	<b>\$ 123,913,793</b>

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, 2018:

<b>Other Amounts Recognized from State Agencies</b>				
<b>Description</b>	<b>Operating Revenues</b>	<b>Nonoperating Revenues</b>	<b>Capital and Endowment Proceeds</b>	<b>Total</b>
Received from the Commission on Higher Education (CHE):				
LIFE Scholarships	\$ 29,009,263	\$ —	\$ —	\$ 29,009,263
Palmetto Scholarships	28,632,498	—	—	28,632,498
Need-Based Grants	2,398,655	—	—	2,398,655
HOPE Scholarships	14,000	—	—	14,000
Received from the Department of Education - STEM	1,750,000	—	—	1,750,000
Received from the Department of Education - Other	637,078	—	—	637,078
Received from various other state agencies	2,221,914	—	—	2,221,914
Received from agencies outside South Carolina	509,578	—	—	509,578
Received from PEBA (nonemployer contributions for retiree health care and LTD plans)	3,271,595	—	—	3,271,595
<b>Total other amounts recognized from state agencies</b>	<b>\$ 68,444,581</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 68,444,581</b>

The University provided no significant services free of charge to any State agency during the fiscal year; however, the University did provide computer services and information systems development for a fee to other State agencies during the fiscal year. Total fees received were \$29,619,502, comprised of \$509,647 in fees for computer services classified as other operating revenues, and \$29,109,855 in information and systems development fees classified as sales and services of auxiliary enterprises.

Also, the University collected and remitted \$7,294 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.

## NOTES TO FINANCIAL STATEMENTS

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 2018 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 \$1,000,000 for Commercial Crime. This coverage includes the following:

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

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

## NOTES TO FINANCIAL STATEMENTS

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, 2018, 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, 2018, and the amount of the loss is reasonably estimable.

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

### Enterprise Risk Management Initiative

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

### 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 2018 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts, if any, which may be due federal grantors have not been determined but the University believes that any such amounts in the aggregate would not have a material adverse effect on the financial position of the University. Therefore, an estimated loss has not been recorded.

### NOTE 17. OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2018 are summarized as follows:

<b>Operating Expenses by Function</b>						
<b>Description</b>	<b>Compensation and Employee Benefits</b>	<b>Services and Supplies</b>	<b>Utilities</b>	<b>Depreciation</b>	<b>Scholarships and Fellowships</b>	<b>Total</b>
Instruction	\$ 232,989,593	\$ 33,139,097	\$ 1,684,999	\$ —	\$ 374,637	\$ 268,188,326
Research	117,371,309	50,600,535	2,166,186	—	1,580,077	171,718,107
Public Service	52,744,555	18,004,121	1,521,350	—	210,520	72,480,546
Academic Support	64,525,063	(2,079,698)	728,808	—	23,000	63,197,173
Student Services	30,644,186	14,443,731	380,128	—	113,356	45,581,401
Institutional Support	37,691,142	11,532,138	381,519	—	—	49,604,799
Operation and Maintenance of Plant	16,948,319	52,344,653	5,845,572	—	—	75,138,544
Scholarships and Fellowships	4,644	89,170	—	—	28,366,909	28,460,723
Auxiliary Enterprises	64,436,551	100,153,863	7,884,711	—	—	172,475,125
Depreciation	—	—	—	57,490,750	—	57,490,750
<b>Total Operating Expenses by Function</b>	<b><u>\$ 617,355,362</u></b>	<b><u>\$ 278,227,610</u></b>	<b><u>\$ 20,593,273</u></b>	<b><u>\$ 57,490,750</u></b>	<b><u>\$ 30,668,499</u></b>	<b><u>\$ 1,004,335,494</u></b>

## NOTES TO FINANCIAL STATEMENTS

### 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 2018, this rate was 4.0%. At June 30, 2018, net appreciation gains of \$20,848,499 were recorded, and were reported in the Statement of Net Position as unrestricted.

### NOTE 19. DETAILS OF RESTRICTED ASSETS

The purposes and amounts of Restricted Assets are as follows:

<b>Details of Restricted Assets</b>	
<b>Description</b>	<b>Amount</b>
<b>Current:</b>	
Cash and cash equivalents:	
As specified by sponsors/donors	\$ 18,904,793
University administered loans	322,777
Payment of maturing debt	14,251,061
Unspent bond proceeds	142,058,049
Amounts restricted for capital projects	115,466,500
Funds held for others	940,525
<b>Total current restricted assets</b>	<b>\$ 291,943,705</b>
<b>Noncurrent:</b>	
Cash and cash equivalents:	
Endowments	\$ 74,167
Federal Perkins Loan Program	1,229,867
<b>Total noncurrent restricted cash and cash equivalents</b>	<b>\$ 1,304,034</b>
Student Loans Receivable:	
<b>Total Federal Perkins Loan Program</b>	<b>\$ 7,389,809</b>

### 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 2018 were recorded by the University as nonoperating gift revenues totaling \$24,509,220. CUF also reimbursed the University \$946,903 for salaries for time devoted by University employees to CUF and to fund other University initiatives.

CUF has two operating leases with the University and paid a total of \$140,165 for office space during fiscal year 2018. Equipment donated by CUF to the University totaled \$96,453 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 \$2,049,316 for University building projects. As of June 30, 2018, CUF had remaining commitments of approximately \$2,933,244 for University building projects.

**NOTES TO FINANCIAL STATEMENTS**

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 \$199,668,237.

CUF charges an annual fee of 1.25 percent for managing the University’s endowments. For the fiscal year ending June 30, 2018, the management fee was \$1,974,463, net of current year income, gains and appreciation \$16,913,586. At fiscal year-end, \$493,616 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, 2018 follows:

<b>Description</b>	<b>Amount</b>
Money market funds	\$ 15,313,774
Treasury/agency	49,973,618
Mortgage backed securities	13,975,842
Corporate bonds	16,309,866
International bonds	602,013
U.S. Equities	327,738,067
Global equities	115,567,471
Commodities	9,742,056
Public real assets	683,494
Hedge funds	97,702,895
Private equity	55,917,721
Private real assets	13,490,009
Other	1,424,302
Subtotal - marketable investments	718,441,128
Subordinated note receivable from Clemson University Real Estate Foundation, Inc.	20,000,000
<b>Total Investments</b>	<b><u>\$ 738,441,128</u></b>

**Clemson University Land Stewardship Foundation**

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

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

The University leases and utilizes several facilities owned and operated by CULSF at the Greenville, CU-ICAR campus. In addition, the University entered into a capital lease with CULSF for space in the Greenville One Building in downtown Greenville. For the fiscal year ending June 30, 2018, \$375,297 was paid by the University to CULSF for common area maintenance costs and \$953,900 for operating leases at the CU-ICAR campus. An additional \$811,686 was paid in building upfit costs for space that will be leased by the University. Capital lease-related principal, interest, and operating expense payments totaling \$897,513 were paid to CULSF for the Greenville One building.

CULSF reimbursed the University \$302,645 for salaries for time devoted by University employees to CULSF, management services, and other operating expenses.

**IPTAY**

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

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

In the fiscal year beginning July 1, 2014, IPTAY began operating as an independent entity. Previously, although recognized as a tax-exempt organization by the Internal Revenue Service, all IPTAY receipts were deposited through the University into State Treasurer bank accounts and related disbursements were also made from these accounts. During the fiscal year ended June 30, 2018, IPTAY contributed \$49,514,689 to the University for qualifying athletic scholarships, operating expenses, capital project funding, and debt service obligations. As of June 30, 2018, IPTAY had remaining commitments of approximately \$9,252,710 for University building projects.

At June 30, 2018, the Statement of Net Position includes accounts receivable from IPTAY of \$1,403,242 and accounts payable of \$187,716 due to IPTAY.

**NOTE 21.**  
**ACCOUNTING CHANGES**

Effective for the fiscal year ending June 30, 2018, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

This Statement establishes standards of accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB) provided to the employees of state and local government employers through plans that are administered through trusts or equivalent arrangements that meet specified criteria. The South Carolina Public Employee Benefit Authority (PEBA) administers the State of South Carolina’s postemployment benefit plans. The Statement required the University to restate its financial statements to recognize its proportionate share of the plan’s net OPEB liability, record deferred outflows and inflows of resources for changes in the net OPEB liability, and report benefit expense based on an actuarial valuation rather than actual contributions. Details of these restatements are presented in Note 9 Postemployment Benefits Other Than Pensions.

<b>DESCRIPTION</b>	<b>June 30, 2017 as originally stated</b>	<b>Net Retiree Health Benefit Liability</b>	<b>June 30, 2017 as restated</b>
Net investment in capital assets	\$ 770,324,745	—	\$ 770,324,745
Restricted for nonexpendable purposes:			
Scholarships and Fellowships	58,866,602	—	58,866,602
Restricted for expendable purposes:			
Scholarships and Fellowships	16,587,632	—	16,587,632
Research	1,041,782	—	1,041,782
Instruction/departmental use	14,372,124	—	14,372,124
Loans	2,109,820	—	2,109,820
Capital projects	101,566,077	—	101,566,077
Debt service	8,783,959	—	8,783,959
Unrestricted	<u>(190,538,432)</u>	<u>(578,046,121)</u>	<u>(768,584,553)</u>
<b>Total net position, as restated</b>	<b><u>\$ 783,114,309</u></b>	<b><u>\$ (578,046,121)</u></b>	<b><u>\$ 205,068,188</u></b>

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

<b>South Carolina Retirement System (SCRS)</b>					
<b>For the Year</b>	<b>University's Proportionate Share of the Net Pension Liability</b>	<b>University's Proportionate Share of the Net Pension Liability</b>	<b>University's Covered Employee Payroll During the Measurement Period</b>	<b>University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2018	2.706197%	\$ 609,208,463	\$ 359,507,113	169.46%	53.30%
2017	2.649480%	565,925,017	336,425,269	168.22%	52.90%
2016	2.657194%	503,949,653	326,390,137	154.40%	56.99%
2015	2.601067%	447,817,506	308,864,854	144.99%	59.92%
2014	2.601067%	441,495,608	292,367,473	151.01%	56.39%

<b>Police Officers Retirement System (PORS)</b>					
<b>For the Year</b>	<b>University's Proportionate Share of the Net Pension Liability</b>	<b>University's Proportionate Share of the Net Pension Liability</b>	<b>University's Covered Employee Payroll During the Measurement Period</b>	<b>University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2018	0.29435%	\$ 8,063,788	\$ 3,991,757	202.01%	60.90%
2017	0.28558%	7,243,538	3,716,102	194.92%	60.40%
2016	0.26576%	5,792,207	3,358,977	172.44%	64.57%
2015	0.26743%	5,119,734	3,238,913	158.07%	67.55%
2014	0.26743%	5,127,588	2,973,675	172.43%	62.98%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF UNIVERSITY CONTRIBUTIONS TO PENSION PLANS**

<b>South Carolina Retirement System (SCRS)</b>					
<b>For the Year</b>	<b>Statutorily Required Contribution</b>	<b>Contributions Recognized by the Plan</b>	<b>Contribution Deficiency (excess)</b>	<b>University's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2018	\$ 36,234,136	\$ 36,234,136	\$ —	\$ 377,798,791	10.47%
2017	31,566,642	31,566,642	—	359,507,113	8.78%
2016	28,386,836	28,376,288	10,548	336,425,269	8.44%
2015	27,147,096	27,156,699	(9,603)	326,390,137	8.32%
2014	25,031,158	25,031,158	—	308,864,854	8.10%
2013	24,089,283	24,089,283	—	292,367,473	8.24%
2012	19,221,300	19,221,300	—	263,508,916	7.29%
2011	18,869,713	18,869,713	—	258,961,093	7.29%
2010	19,245,843	19,245,843	—	263,089,467	7.32%
2009	19,549,484	19,549,484	—	264,118,753	7.40%

<b>Police Officers Retirement System (PORS)</b>					
<b>For the Year</b>	<b>Statutorily Required Contribution</b>	<b>Contributions Recognized by the Plan</b>	<b>Contribution Deficiency (excess)</b>	<b>University's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2018	\$ 614,762	\$ 614,762	\$ —	\$ 4,095,825	15.92%
2017	564,457	564,457	—	3,991,757	14.14%
2016	500,233	500,233	—	3,716,102	13.46%
2015	441,480	441,508	(28)	3,358,977	13.14%
2014	412,997	412,997	—	3,238,913	12.75%
2013	364,346	364,346	—	2,973,675	12.25%
2012	275,212	275,212	—	2,343,277	11.74%
2011	247,568	247,568	—	2,143,665	11.55%
2010	242,692	242,692	—	2,193,276	11.07%
2009	253,222	253,222	—	2,292,453	11.05%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET RETIREE HEALTH**  
**BENEFITS LIABILITY**

<b>South Carolina Retiree Health Care Plan</b>					
<b>For the Year</b>	<b>University's Proportionate Share of the Net Retiree Health BenefitsLiability</b>	<b>University's Proportionate Share of the Net Retiree Health BenefitsLiability</b>	<b>University's Covered Employee Payroll During the Measurement Period</b>	<b>University's Proportionate Share of the Net Retiree Health Benefits Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Retiree Health Benefit Liability</b>
2018	4.113249%	\$ 557,132,840	\$ 363,498,870	153.27%	7.60%

<b>South Carolina Basic Long-Term Disability Plan</b>					
<b>For the Year</b>	<b>University's Proportionate Share of the Net Retiree Health Benefits Liability</b>	<b>University's Proportionate Share of the Net Retiree Health BenefitsLiability</b>	<b>University's Covered Employee Payroll During the Measurement Period*</b>	<b>University's Proportionate Share of the Net Retiree Health Benefits Liability as a Percentage of its Covered Payroll*</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Retiree Health Benefit Liability</b>
2018	2.37784%	\$ 43,110	N/A	N/A	95.29%

\*Because contributions to the LTD plan are not based on a measure of pay, no measure of payroll should be presented (see paragraph 13 of GASB 85).

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF UNIVERSITY CONTRIBUTIONS TO RETIREE HEALTH BENEFIT PLANS**

<b>South Carolina Retiree Health Care Plan</b>					
<b>For the Year</b>	<b>Statutorily Required Contribution</b>	<b>Contributions Recognized by the Plan</b>	<b>Contribution Deficiency (excess)</b>	<b>University's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2018	\$ 19,241,272	\$ 19,241,272	\$ —	\$ 381,894,616	5.15%
2017	16,929,079	16,929,079	—	363,498,870	5.09%
2016	16,371,391	16,371,391	—	340,141,371	4.81%
2015	15,850,629	15,850,629	—	329,749,114	4.81%
2014	14,783,300	14,783,300	—	312,103,767	4.74%
2013	12,988,807	12,988,807	—	295,341,148	4.40%
2012	11,039,467	11,039,467	—	265,852,193	4.15%
2011	9,955,435	9,955,435	—	261,104,758	3.81%
2010	9,083,100	9,083,100	—	265,282,743	3.42%
2009	9,325,641	9,325,641	—	266,411,206	3.50%

<b>South Carolina Basic Long-Term Disability Plan</b>					
<b>For the Year</b>	<b>Statutorily Required Contribution</b>	<b>Contributions Recognized by the Plan</b>	<b>Contribution Deficiency (excess)</b>	<b>University's Covered Payroll*</b>	<b>Contributions as a Percentage of Covered Payroll*</b>
2018	\$ 169,114	\$ 169,114	\$ —	N/A	N/A
2017	167,768	172,122	(4,354)	N/A	N/A
2016	164,606	164,606	—	N/A	N/A
2015	171,980	171,980	—	N/A	N/A
2014	166,203	166,203	—	N/A	N/A
2013	145,840	145,840	—	N/A	N/A
2012	142,137	142,137	—	N/A	N/A
2011	133,365	133,365	—	N/A	N/A
2010	137,466	137,466	—	N/A	N/A
2009	129,164	129,164	—	N/A	N/A

\*Because contributions to the LTD plan are not based on a measure of pay, no measure of payroll should be presented (see paragraph 13 of GASB 85).



*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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.	<b>80</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.	<b>85</b>
<b>Operating Information</b> These schedules contain service and capital asset data to help the reader understand how the information in the University's financial report relates to the services the University provides and the activities it performs.	<b>88</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's and the State's financial activities take place.	<b>94</b>

## SCHEDULE OF REVENUES BY SOURCE

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

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Revenues:</b>										
Student tuition and fees (net of scholarship allowances)	\$ 397,740	\$ 364,126	\$ 341,077	\$ 316,893	\$ 300,711	\$ 288,778	\$ 269,671	\$ 252,924	\$ 223,036	\$ 205,488
Federal grants and contracts	83,570	81,924	71,500	63,540	62,079	64,467	63,962	65,045	63,792	59,205
State grants and contracts	68,444	62,055	58,828	57,352	53,189	51,377	46,868	50,679	48,683	47,248
Local grants and contracts	776	1,772	912	882	1,640	796	690	757	959	872
Nongovernmental grants and contracts	11,447	11,616	12,844	11,223	11,174	9,446	8,226	6,913	8,727	11,700
Sales and services of educational and other activities	22,193	21,303	20,441	20,104	18,778	17,203	15,845	15,843	15,917	16,543
Sales and services of auxiliary enterprises (net of scholarship allowances)	161,667	169,527	163,635	129,119	121,927	114,618	106,181	95,096	89,129	86,282
Other operating revenues	38,648	34,037	31,638	38,322	34,840	31,372	27,771	27,396	28,851	21,671
<b>Total operating revenues</b>	<b>784,485</b>	<b>746,360</b>	<b>700,875</b>	<b>637,435</b>	<b>604,338</b>	<b>578,057</b>	<b>539,214</b>	<b>514,653</b>	<b>479,094</b>	<b>449,009</b>
State appropriations	123,914	119,309	108,812	106,345	99,591	92,784	88,780	91,917	114,120	128,279
Federal appropriations	11,208	12,240	11,632	11,338	10,566	10,948	11,507	11,744	11,269	12,317
Gifts and grants	85,056	67,552	48,189	33,586	62,951	56,403	59,126	68,797	59,473	46,872
Interest income	2,397	3,700	4,071	670	3,077	1,073	6,948	7,752	12,408	10,029
Endowment income (loss)	15,669	19,955	(2,979)	4,086	23,664	14,744	(1,114)	22,236	10,085	(20,283)
Other nonoperating revenues	2,150	330	78	340	648	310	1,271	502	3,192	1,944
Proceeds from the sale of capital assets	189	1,397	252	188	376	458	636	137	57	715
<b>Total nonoperating revenues</b>	<b>243,854</b>	<b>224,483</b>	<b>170,055</b>	<b>156,553</b>	<b>200,873</b>	<b>176,720</b>	<b>167,154</b>	<b>203,085</b>	<b>210,604</b>	<b>179,873</b>
<b>Total revenues</b>	<b>\$ 1,025,068</b>	<b>\$ 970,843</b>	<b>\$ 870,930</b>	<b>\$ 793,988</b>	<b>\$ 805,211</b>	<b>\$ 754,777</b>	<b>\$ 706,368</b>	<b>\$ 717,738</b>	<b>\$ 689,698</b>	<b>\$ 628,882</b>

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

	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>
<b>Revenues:</b>										
Student tuition and fees (net of scholarship allowances)	38.7%	37.4%	39.3%	40.0%	37.4%	38.2%	38.2%	35.2%	32.3%	32.7%
Federal grants and contracts	8.2%	8.4%	8.2%	8.0%	7.7%	8.5%	9.1%	9.1%	9.2%	9.4%
State grants and contracts	6.7%	6.4%	6.8%	7.2%	6.6%	6.8%	6.6%	7.1%	7.1%	7.5%
Local grants and contracts	0.1%	0.2%	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
Nongovernmental grants and contracts	1.1%	1.2%	1.5%	1.4%	1.4%	1.3%	1.2%	1.0%	1.3%	1.9%
Sales and services of educational and other activities	2.2%	2.2%	2.3%	2.5%	2.3%	2.3%	2.2%	2.2%	2.3%	2.6%
Sales and services of auxiliary enterprises (net of scholarship allowances)	15.8%	17.5%	18.8%	16.3%	15.1%	15.2%	15.0%	13.2%	12.9%	13.7%
Other operating revenues	3.8%	3.5%	3.6%	4.8%	4.3%	4.2%	3.9%	3.8%	4.2%	3.4%
<b>Total operating revenues</b>	<b>76.6%</b>	<b>76.8%</b>	<b>80.6%</b>	<b>80.3%</b>	<b>75.0%</b>	<b>76.6%</b>	<b>76.3%</b>	<b>71.7%</b>	<b>69.4%</b>	<b>71.3%</b>
State appropriations	12.1%	12.3%	12.5%	13.5%	12.5%	12.3%	12.6%	12.8%	16.5%	20.4%
Federal appropriations	1.1%	1.3%	1.3%	1.4%	1.3%	1.5%	1.6%	1.6%	1.6%	2.0%
Gifts and grants	8.3%	7.0%	5.5%	4.2%	7.8%	7.4%	8.4%	9.6%	8.6%	7.5%
Interest income	0.2%	0.4%	0.4%	0.1%	0.4%	0.1%	1.0%	1.1%	1.8%	1.6%
Endowment income (loss)	1.5%	2.1%	(0.3)%	0.5%	2.9%	2.0%	(0.2)%	3.1%	1.5%	(3.2)%
Other nonoperating revenues	0.2%	0.0%	0.0%	0.0%	0.1%	0.0%	0.2%	0.1%	0.5%	0.3%
Proceeds from the sale capital assets	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%
<b>Total nonoperating revenues</b>	<b>23.4%</b>	<b>23.2%</b>	<b>19.4%</b>	<b>19.7%</b>	<b>25.0%</b>	<b>23.4%</b>	<b>23.7%</b>	<b>28.3%</b>	<b>30.6%</b>	<b>28.7%</b>
<b>Total revenues</b>	<b>100.0%</b>									

## SCHEDULE OF EXPENSES BY USE

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

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Expenses:</b>										
Compensation and employee benefits	\$ 617,355	\$ 556,537	\$ 513,401	\$ 478,991	\$ 444,913	\$ 419,665	\$ 384,703	\$ 382,789	\$ 385,519	\$ 394,708
Services and supplies	278,228	265,758	267,423	262,955	243,893	219,962	198,747	182,049	174,958	158,556
Utilities	20,593	19,730	18,910	19,783	20,344	17,961	16,946	17,013	17,733	19,376
Depreciation	57,491	51,759	49,872	49,316	42,974	32,715	37,162	35,009	35,164	33,364
Scholarships and fellowships	30,668	27,269	27,726	25,411	23,846	26,380	20,942	23,402	9,175	13,382
Total operating expenses	1,004,335	921,053	877,332	836,456	775,970	716,683	658,500	640,262	622,549	619,386
Interest on capital asset related debt	22,056	21,471	17,091	7,341	5,512	5,875	5,799	6,034	5,799	6,637
(Gain) loss on disposal of capital assets	826	1,965	340	4,343	(1,200)	254	2,255	791	464	802
Refunds to grantors	90	120	71	137	178	515	381	296	95	213
Facilities and administrative remittances to the State	252	317	450	375	413	339	386	450	185	608
Total nonoperating expenses	23,224	23,873	17,952	12,196	4,903	6,983	8,821	7,571	6,543	8,260
<b>Total expenses</b>	<b>\$ 1,027,559</b>	<b>\$ 944,926</b>	<b>\$ 895,284</b>	<b>\$ 848,652</b>	<b>\$ 780,873</b>	<b>\$ 723,666</b>	<b>\$ 667,321</b>	<b>\$ 647,833</b>	<b>\$ 629,092</b>	<b>\$ 627,646</b>

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

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Expenses:</b>										
Compensation and employee benefits	60.1%	58.9%	57.3%	56.5%	57.0%	58.0%	57.6%	59.2%	61.3%	62.9%
Services and supplies	27.2%	28.1%	29.9%	31.0%	31.2%	30.4%	29.8%	28.1%	27.8%	25.3%
Utilities	2.0%	2.1%	2.1%	2.3%	2.6%	2.5%	2.5%	2.6%	2.8%	3.1%
Depreciation	5.6%	5.5%	5.6%	5.8%	5.5%	4.5%	5.6%	5.4%	5.6%	5.3%
Scholarships and fellowships	3.0%	2.9%	3.1%	3.0%	3.1%	3.7%	3.1%	3.6%	1.5%	2.1%
Total operating expenses	97.8%	97.5%	98.0%	98.6%	99.4%	99.1%	98.6%	98.9%	99.0%	98.7%
Interest on capital asset related debt	2.1%	2.3%	1.9%	0.9%	0.7%	0.8%	0.9%	0.9%	0.9%	1.1%
(Gain) loss on disposal of capital assets	0.1%	0.2%	0.0%	0.5%	(0.2)%	0.0%	0.3%	0.1%	0.1%	0.1%
Refunds to grantors	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
Facilities and administrative remittances to the State	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%
Total nonoperating expenses	2.2%	2.5%	2.0%	1.4%	0.6%	0.9%	1.4%	1.1%	1.0%	1.3%
<b>Total expenses</b>	<b>100.0%</b>									

Source: Clemson University Comprehensive Annual Financial Reports.

## SCHEDULE OF EXPENSES BY FUNCTION

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

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Expenses:</b>										
Instruction	\$ 268,188	\$ 246,756	\$ 233,589	\$ 227,482	\$ 216,977	\$ 201,731	\$ 181,146	\$ 178,644	\$ 175,249	\$ 173,423
Research	171,718	157,485	146,516	139,399	133,562	130,787	123,594	124,837	126,972	125,623
Public service	72,480	68,763	65,362	65,814	63,542	59,837	57,890	59,083	62,390	68,508
Academic support	63,197	53,723	46,018	47,633	42,231	38,926	36,715	35,321	37,181	35,775
Student services	45,581	40,678	36,540	37,345	35,578	26,694	24,685	27,282	25,316	25,189
Institutional support	49,605	41,381	39,267	42,388	38,019	34,640	28,925	25,490	26,389	27,843
Operation and maintenance of plant	75,139	68,442	70,664	77,156	64,116	62,754	47,505	42,905	37,435	35,869
Scholarships and fellowships	28,461	25,467	26,006	23,773	22,115	25,179	19,503	22,143	8,124	12,488
Auxiliary enterprises	172,475	166,599	163,498	126,150	116,856	103,420	101,375	89,548	88,329	81,304
Depreciation	57,491	51,759	49,872	49,316	42,974	32,715	37,162	35,009	35,164	33,364
Interest on capital debt	22,056	21,471	17,091	7,341	5,512	5,875	5,799	6,034	5,799	6,637
(Gain) loss on disposal of capital assets	826	1,965	340	4,343	(1,200)	254	2,255	791	464	802
Refunds to grantors	90	120	71	137	178	515	381	296	95	213
Facilities and administrative remittances to the State	252	317	450	375	413	339	386	450	185	608
<b>Total expenses</b>	<b>\$ 1,027,559</b>	<b>\$ 944,926</b>	<b>\$ 895,284</b>	<b>\$ 848,652</b>	<b>\$ 780,873</b>	<b>\$ 723,666</b>	<b>\$ 667,321</b>	<b>\$ 647,833</b>	<b>\$ 629,092</b>	<b>\$ 627,646</b>

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

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Expenses:</b>										
Instruction	26.1%	26.1%	26.0%	26.8%	27.8%	27.8%	27.1%	27.7%	27.9%	27.7%
Research	16.7%	16.7%	16.4%	16.4%	17.1%	18.1%	18.5%	19.3%	20.2%	20.0%
Public service	7.1%	7.3%	7.3%	7.8%	8.1%	8.3%	8.7%	9.1%	9.9%	10.9%
Academic support	6.2%	5.7%	5.1%	5.6%	5.4%	5.4%	5.5%	5.5%	5.9%	5.7%
Student services	4.4%	4.3%	4.1%	4.4%	4.6%	3.7%	3.7%	4.2%	4.0%	4.0%
Institutional support	4.8%	4.4%	4.4%	5.0%	4.9%	4.8%	4.3%	3.9%	4.2%	4.4%
Operation and maintenance of plant	7.3%	7.2%	7.9%	9.1%	8.2%	8.7%	7.1%	6.6%	6.0%	5.7%
Scholarships and fellowships	2.8%	2.7%	2.9%	2.8%	2.8%	3.5%	2.9%	3.4%	1.3%	2.0%
Auxiliary enterprises	16.8%	17.6%	18.3%	14.9%	15.0%	14.3%	15.2%	13.8%	14.0%	13.0%
Depreciation	5.6%	5.5%	5.6%	5.8%	5.5%	4.5%	5.6%	5.4%	5.6%	5.3%
Interest on capital debt	2.2%	2.3%	1.9%	0.9%	0.7%	0.8%	0.9%	0.9%	0.9%	1.1%
(Gain) loss on disposal of capital assets	0.1%	0.2%	0.0%	0.5%	(0.2)%	0.0%	0.3%	0.1%	0.1%	0.1%
Refunds to grantors	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%
Facilities and administrative remittances to State	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%
<b>Total Expenses</b>	<b>100.0%</b>									

Source: Clemson University Comprehensive Annual Financial Reports.

## SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

	For the Fiscal Year (amounts expressed in thousands)									
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Total revenues (from schedule of revenues by source)	\$ 1,025,068	\$ 970,843	\$ 870,930	\$ 793,988	\$ 805,211	\$ 754,777	\$ 706,368	\$ 717,738	\$ 689,698	\$ 628,882
Total expenses (from schedule of expenses by use and function)	<u>(1,027,559)</u>	<u>(944,926)</u>	<u>(895,284)</u>	<u>(848,652)</u>	<u>(1,227,496)</u>	<u>(723,666)</u>	<u>(667,321)</u>	<u>(647,833)</u>	<u>(629,092)</u>	<u>(627,646)</u>
Income (loss) before other revenues, expenses, gains or losses	(2,491)	25,917	(24,354)	(54,664)	(422,285)	31,111	39,047	69,905	60,606	1,236
State capital appropriations	—	5,240	15,886	4,457	9,397	9,612	9,468	6,643	3,736	6,986
Capital grants and gifts	17,561	56,006	37,580	6,448	6,198	21,945	28,350	38,376	31,148	13,059
Additions to permanent endowments	101	20	567	209	123	2,710	4,259	2,765	11,846	2,491
Total changes in net position	15,171	87,183	29,679	(43,550)	(406,567)	65,378	81,124	117,689	107,336	23,772
Net position, beginning	205,068	695,931	666,252	709,802	1,116,369	1,050,991	969,867	852,178	744,842	721,070
<b>Net position, ending</b>	<b><u>\$ 220,239</u></b>	<b><u>\$ 783,114</u></b>	<b><u>\$ 695,931</u></b>	<b><u>\$ 666,252</u></b>	<b><u>\$ 709,802</u></b>	<b><u>\$ 1,116,369</u></b>	<b><u>\$ 1,050,991</u></b>	<b><u>\$ 969,867</u></b>	<b><u>\$ 852,178</u></b>	<b><u>\$ 744,842</u></b>
Net investment in capital assets	789,141	\$ 770,325	\$ 759,323	\$ 680,331	\$ 639,236	\$ 604,854	\$ 535,281	\$ 462,861	\$ 483,924	\$ 456,106
Restricted - expendable	150,070	144,460	99,062	126,834	184,828	192,765	201,484	221,593	147,714	127,686
Restricted - nonexpendable	59,002	58,867	58,698	58,323	58,241	57,880	55,045	50,959	47,853	35,785
Unrestricted	<u>(777,974)</u>	<u>(190,538)</u>	<u>(221,152)</u>	<u>(199,236)</u>	<u>(172,503)</u>	<u>260,870</u>	<u>259,181</u>	<u>234,454</u>	<u>172,687</u>	<u>125,265</u>
<b>Total</b>	<b><u>\$ 220,239</u></b>	<b><u>\$ 783,114</u></b>	<b><u>\$ 695,931</u></b>	<b><u>\$ 666,252</u></b>	<b><u>\$ 709,802</u></b>	<b><u>\$ 1,116,369</u></b>	<b><u>\$ 1,050,991</u></b>	<b><u>\$ 969,867</u></b>	<b><u>\$ 852,178</u></b>	<b><u>\$ 744,842</u></b>

## SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	For the Fiscal Year									
	<i>(amounts expressed in thousands except for outstanding debt per student)</i>									
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
General Obligation Bonds	\$ 213,380	\$ 150,350	\$ 104,435	\$ 110,615	\$ 116,770	\$ 88,420	\$ 93,075	\$ 99,610	\$ 41,550	\$ 45,685
Plant Improvement Bonds	—	—	—	—	—	—	—	—	820	1,610
Revenue Bonds	281,050	289,205	295,600	110,860	26,585	32,350	37,620	42,090	46,900	51,490
Athletic Facilities Revenue Bonds	137,900	130,605	134,450	118,875	22,680	24,150	25,600	30,045	31,770	33,410
Subtotal bonds payable	632,330	570,160	534,485	340,350	166,035	144,920	156,295	171,745	121,040	132,195
Unamortized bond premiums	48,761	36,097	33,984	20,425	9,387	7,145	8,078	4,954	1,301	1,442
Total bonds payable	681,091	606,257	568,469	360,775	175,422	152,065	164,373	176,699	122,341	133,637
Notes Payable	—	—	—	—	—	150	475	964	1,256	1,394
Capital Lease Obligations	11,991	11,990	12,967	13,993	14,963	15,911	—	—	430	873
<b>Total outstanding debt</b>	<b>\$ 693,082</b>	<b>\$ 618,247</b>	<b>\$ 581,436</b>	<b>\$ 374,768</b>	<b>\$ 190,385</b>	<b>\$ 168,126</b>	<b>\$ 164,848</b>	<b>\$ 177,663</b>	<b>\$ 124,027</b>	<b>\$ 135,904</b>
Full-time equivalent students	23,215	22,307	21,654	20,823	20,202	19,800	18,980	18,417	18,237	17,367
Outstanding debt per student	\$ 29,855	\$ 27,715	\$ 26,851	\$ 17,998	\$ 9,424	\$ 8,491	\$ 8,685	\$ 9,647	\$ 6,801	\$ 7,825

**Note:** Outstanding debt per student calculated using fall semester full-time equivalent student enrollment data for the last ten academic years (page 88).

**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	
2018	\$ 42,066	\$ 42,066	\$ 6,950	\$ 5,553	\$ 12,503	3.36
2017	35,823	35,823	6,480	5,058	11,538	3.10
2016	33,740	33,740	6,180	4,217	10,397	3.25
2015	29,579	29,579	6,155	4,544	10,699	2.76
2014	27,487	27,487	4,680	3,484	8,164	3.37
2013	24,703	24,703	4,655	3,823	8,478	2.91
2012	22,440	22,440	4,690	3,438	8,128	2.76
2011	21,028	21,028	4,310	2,746	7,056	2.98
2010	20,493	20,493	4,135	1,845	5,980	3.43
2009	19,607	19,607	3,975	2,006	5,981	3.28

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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	
2018	\$ 70,107	\$ 45,143	\$ 24,964	\$ 8,155	\$ 10,819	\$ 18,974	1.32
2017	68,185	42,855	25,330	6,395	10,970	17,365	1.46
2016	62,317	39,103	23,214	6,260	7,917	14,177	1.64
2015	58,653	38,667	19,986	6,010	890	6,900	2.90
2014	56,749	36,310	20,439	5,765	691	6,456	3.17
2013	55,452	35,233	20,219	5,270	1,137	6,407	3.16
2012	50,466	31,636	18,830	5,320	1,968	7,288	2.58
2011	49,363	32,057	17,306	4,810	1,875	6,685	2.59
2010	49,943	32,386	17,557	4,590	2,293	6,883	2.55
2009	44,795	30,226	14,569	4,385	2,816	7,201	2.02

**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	
2018	\$ 128,631	\$ 109,270	\$ 19,361	\$ 2,179	\$ 21,540	\$ 4,005	\$ 4,970	\$ 8,975	2.40
2017	117,150	101,322	15,828	2,214	18,042	3,845	4,946	8,791	2.05
2016	112,996	92,274	20,722	1,927	22,649	3,300	4,752	8,052	2.81
2015	85,185	77,052	8,133	2,046	10,179	1,380	1,616	2,996	3.40
2014	82,087	72,762	9,325	667	9,992	1,470	802	2,272	4.40
2013	76,099	65,588	10,511	2,031	12,542	1,450	953	2,403	5.22
2012	73,151	66,988	6,163	2,015	8,178	975	1,054	2,029	4.03
2011	56,551	54,441	2,110	1,980	4,090	1,725	1,392	3,117	1.31
2010	53,175	51,474	1,701	1,883	3,584	1,640	1,460	3,100	1.16
2009	57,228	52,751	4,477	1,915	6,392	1,565	1,524	3,089	2.07

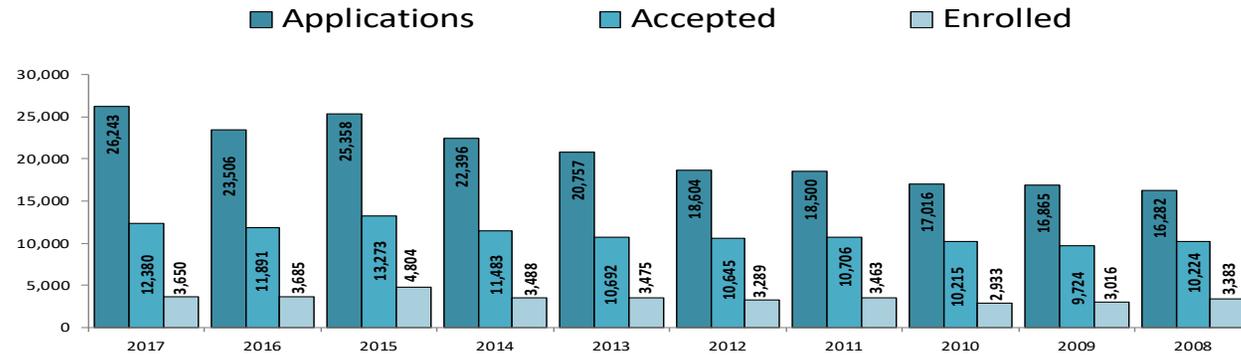
**Note:** The revenue bonds are secured by revenues from five sources: dining services, vending operations, the university bookstore, student housing and parking.  
**Source:** Clemson University Comprehensive Annual Financial Reports

# ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

Last Ten Academic Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Admissions-Freshman</b>										
Accepted as a percentage of applications	47.2%	52.3%	51.3%	51.5%	57.2%	57.9%	60.0%	57.7%	62.8%	53.8%
Enrolled as a percentage of accepted	29.5%	36.2%	30.0%	32.5%	30.9%	32.3%	28.7%	31.0%	33.1%	35.0%
SAT scores-total	1,302	1,242	1,251	1,252	1,246	1,246	1,229	1,231	1,225	1,227
Verbal	650	611	613	611	609	610	599	599	597	597
Math	652	631	638	641	637	636	630	632	628	630
South Carolina average SAT score-total	1,064	987	978	978	971	969	972	979	982	985

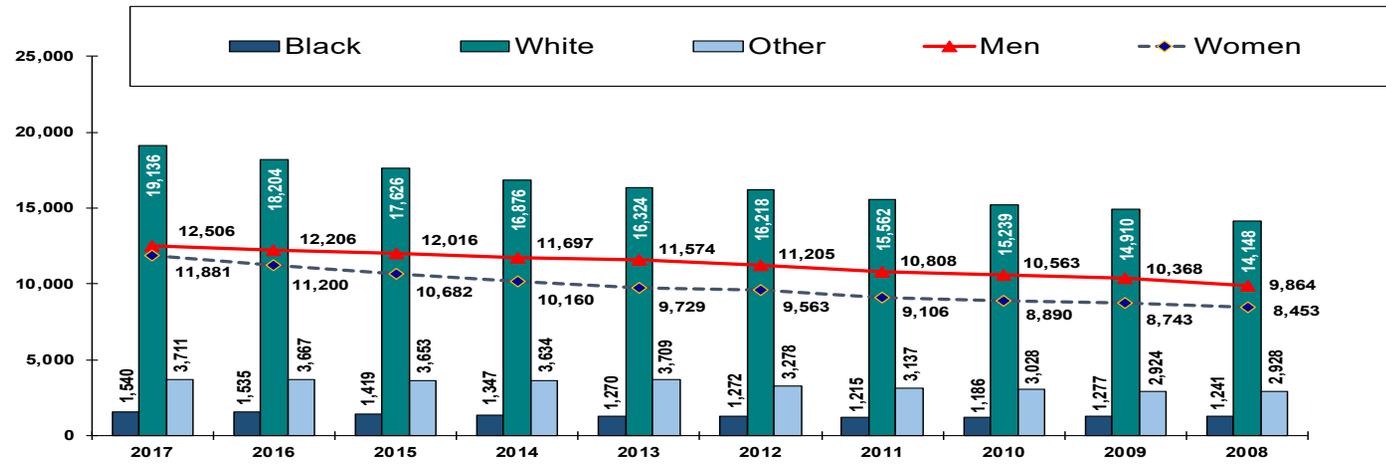
Admissions —  
Freshman  
Applied,  
Accepted and  
Enrolled



**NOTES:** Applications Applied, Accepted and Enrolled for 2015 and before include transfer students. Applications for 2016 and forward include only Freshman entering Clemson.  
The National College Board changed the scoring for 2017 SAT's from Verbal and Math to Reading/Writing and Math from a 1600 scale to a 2400 scale which increases the total scores.

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Enrollment</b>										
Undergraduate and graduate FTE	23,215	22,307	21,654	20,823	20,202	19,800	18,980	18,417	18,237	17,367
Undergraduate and graduate headcount	24,387	23,406	22,698	21,857	21,303	20,768	19,914	19,453	19,111	18,317
Percentage of men	51.3%	52.1%	52.9%	53.5%	54.3%	53.9%	54.3%	54.3%	54.2%	53.9%
Percentage of women	48.7%	47.9%	47.1%	46.5%	45.7%	46.1%	45.7%	45.7%	45.8%	46.1%
Percentage of black	6.3%	6.6%	6.3%	6.2%	6.0%	6.1%	6.1%	6.1%	6.7%	6.8%
Percentage of white	78.5%	77.8%	77.6%	77.2%	76.6%	78.1%	78.2%	78.3%	78.0%	77.2%
Percentage of other	15.2%	15.7%	16.1%	16.6%	17.4%	15.8%	15.7%	15.6%	15.3%	16.0%

**Enrollment — Undergraduate and Graduate Headcount**

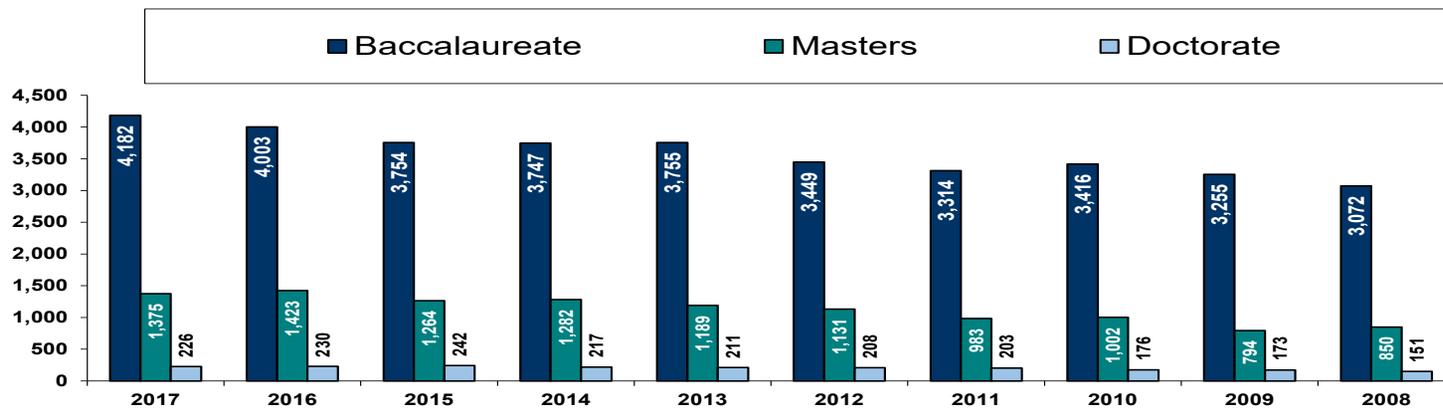


**Degrees Earned\***

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Baccalaureate	4,182	4,003	3,754	3,747	3,755	3,449	3,314	3,416	3,255	3,072
Masters**	1,375	1,423	1,264	1,282	1,189	1,131	983	1,002	794	850
Doctorate	226	230	242	217	211	208	203	176	173	151

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

\*\* Masters awards include specialist degrees.



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

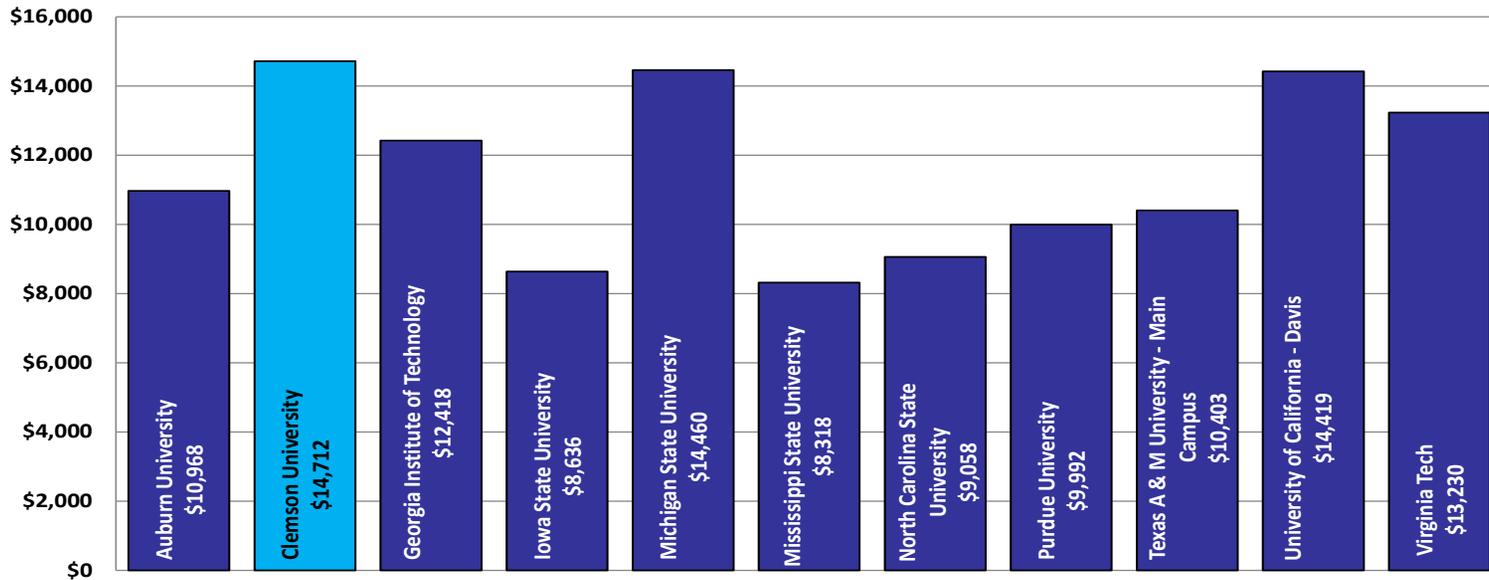
# UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES

Clemson University in Comparison to Ten Peer Land-Grant Institutions

Last ten fiscal years

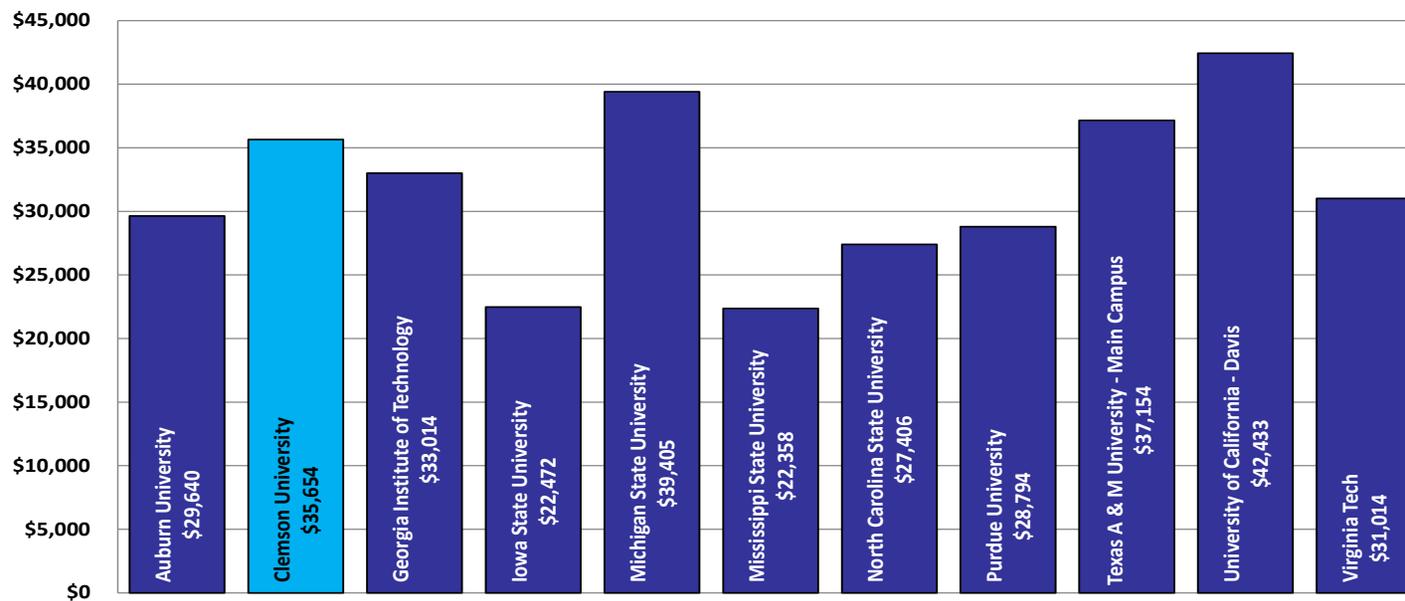
Institution - Resident	For the Fiscal Year									
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Auburn University	\$ 10,968	\$ 10,696	\$ 10,424	\$ 10,200	\$ 9,852	\$ 9,446	\$ 8,698	\$ 7,900	\$ 6,972	\$ 6,500
<b>Clemson University</b>	<b>14,712</b>	<b>14,318</b>	<b>13,882</b>	<b>13,446</b>	<b>13,054</b>	<b>12,774</b>	<b>12,404</b>	<b>11,908</b>	<b>11,078</b>	<b>10,379</b>
Georgia Institute of Technology	12,418	12,212	12,204	11,394	10,650	10,098	9,652	8,716	7,506	6,040
Iowa State University	8,636	8,219	7,736	7,731	7,726	7,726	7,486	6,997	6,651	6,360
Michigan State University	14,460	14,063	13,560	13,200	12,863	12,623	12,203	11,153	10,880	10,214
Mississippi State University	8,318	7,780	7,502	7,140	6,772	6,264	5,805	5,461	5,151	5,151
North Carolina State University	9,058	8,880	8,581	8,296	8,206	7,788	7,018	6,529	5,474	5,274
Purdue University	9,992	10,002	10,002	10,002	9,992	9,900	9,478	9,070	8,638	7,750
Texas A & M University - Main Campus	10,403	10,030	9,428	9,179	8,506	8,506	8,421	8,387	8,177	7,844
University of California - Davis	14,419	14,047	13,952	13,896	13,896	15,257	15,123	13,080	10,405	9,497
Virginia Tech	13,230	12,852	12,485	12,017	11,455	10,923	10,509	9,459	8,605	8,198

Undergraduate Tuition and Fees - Resident — FY 2017-18



Institution - Non Resident	For the Fiscal Year									
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Auburn University	\$ 29,640	\$ 28,840	\$ 28,040	\$ 27,384	\$ 26,364	\$ 22,977	\$ 23,290	\$ 21,916	\$ 19,452	\$ 18,260
<b>Clemson University</b>	<b>35,654</b>	<b>34,200</b>	<b>32,800</b>	<b>31,462</b>	<b>30,488</b>	<b>29,700</b>	<b>28,562</b>	<b>27,420</b>	<b>25,388</b>	<b>23,401</b>
Georgia Institute of Technology	33,014	32,404	32,396	30,698	29,954	29,402	27,862	26,926	25,716	25,182
Iowa State University	22,472	21,583	20,856	20,617	20,278	19,838	19,358	18,563	17,871	17,350
Michigan State University	39,405	37,890	36,360	34,965	33,750	32,580	31,148	29,108	27,343	23,500
Mississippi State University	22,358	20,900	20,142	18,478	16,960	15,828	14,670	13,801	13,021	12,503
North Carolina State Univeristy	27,406	26,399	24,932	23,551	21,661	20,953	19,853	19,064	17,959	17,572
Purdue University	28,794	28,804	28,804	28,804	28,794	28,702	27,646	26,622	25,118	23,224
Texas A & M University - Main Campus	37,154	30,208	28,021	26,356	25,126	25,036	23,811	22,817	22,607	22,184
University of California - Davis	42,433	40,729	38,660	36,774	36,774	38,135	38,001	35,959	33,074	30,105
Virginia Tech	31,014	29,975	29,129	28,048	27,211	25,915	24,480	23,217	21,878	20,825

Undergraduate Tuition and Fees - Non Resident — FY 2017-18



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

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

# FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Faculty</b>										
Part-time	132	287	244	217	172	196	215	248	238	284
Full-time	1,415	1,199	1,187	1,171	1,157	1,111	1,110	1,150	1,153	1,205
Percentage tenured	41.6%	43.5%	43.4%	45.3%	46.7%	46.7%	43.8%	42.3%	42.7%	40.1%
<b>Staff and administrators with faculty rank</b>										
Part-time	282	1,085	982	921	856	783	682	668	687	581
Full-time	3,439	2,651	2,650	2,591	2,542	2,475	2,388	2,486	2,657	2,839
<b>Total employees</b>										
Part-time	414	1,372	1,226	1,138	1,028	979	897	916	925	865
Full-time	4,854	3,850	3,837	3,762	3,699	3,586	3,498	3,636	3,810	4,044
<b>Students per full-time</b>										
Faculty	17.2	19.5	19.1	18.7	18.4	18.7	17.9	16.9	16.8	15.2
Staff	7.1	8.8	8.6	8.4	8.4	8.4	8.3	7.8	5.0	6.5
<b>Average annual faculty salary*</b>	\$ 95,413	\$ 94,510	\$ 92,110	\$ 91,984	\$ 89,788	\$ 89,474	\$ 80,200	\$ 78,257	\$ 78,038	\$ 77,330

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

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

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

# SCHEDULE OF CAPITAL ASSET INFORMATION

Last Ten Fiscal Years

	For the Fiscal Year									
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Academic buildings:										
Net assignable square feet (in thousands)	1,347,951	1,347,951	1,326,740	1,370,476	1,427,870	1,391,955	1,292,391	1,286,350	1,675,560	1,310,706
Administrative and support buildings:										
Net assignable square feet (in thousands)	589,243	589,243	579,205	534,617	533,047	570,867	529,590	615,539	731,487	630,397
Laboratories:										
Net assignable square feet (in thousands)	604,448	604,448	597,556	597,540	674,059	604,045	644,171	598,763	986,055	725,166
Auxiliary and independent operations buildings:										
Net assignable square feet (in thousands)	1,692,580	1,692,580	1,644,622	1,644,622	1,719,202	1,726,207	1,618,671	1,527,397	1,674,427	1,637,796
Student housing:										
Residence halls	20	20	23	23	23	23	23	23	23	23
Suites	5	5	3	3	3	3	3	3	3	3
Apartments	4	4	4	4	4	4	4	4	4	4
Units available	6,473	6,469	6,236	6,275	6,248	6,162	6,080	6,074	6,145	6,145
Units in use	6,325	6,469	6,122	6,140	6,113	6,303	5,724	5,845	6,303	5,974
Percent occupancy	97.7%	100.0%	98.2%	97.8%	97.8%	102.3%	94.1%	96.2%	102.6%	97.2%
Dining facilities:										
Locations	19	19	17	17	17	17	17	17	17	16
Average daily customers	19,456	18,701	18,316	18,020	17,746	17,667	17,200	16,277	15,651	14,851
Parking facilities:										
Parking spaces available	14,404	12,784	12,125	12,457	12,303	12,159	12,533	11,939	12,679	12,993
Parking permits issued to students	15,834	15,812	15,625	17,188	16,007	15,547	16,294	15,379	13,292	12,555
Parking permits issued to faculty/staff	4,976	5,106	5,001	5,093	5,069	4,973	4,814	4,983	4,730	4,678

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## Sources:

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

## DEMOGRAPHIC STATISTICS

State of South Carolina

Year	Personal Income as of June 30 (a)	Population at July 1 (b)	Per Capita Income (c)	Average Annual Unemployment Rate (d)
2017	203,087,627,000	5,024,369	\$ 40,421	4.3%
2016	198,762,651,000	4,987,575	39,852	4.8%
2015	186,285,746,000	4,869,991	38,252	6.0%
2014	178,485,001,000	4,832,482	36,934	6.6%
2013	169,282,713,000	4,774,839	35,453	7.6%
2012	161,595,079,000	4,723,723	35,056	9.1%
2011	159,747,330,000	4,673,348	34,183	10.3%
2010	151,536,772,000	4,635,835	32,688	11.2%
2009	148,602,980,000	4,589,872	32,376	11.7%
2008	150,165,760,000	4,528,996	33,157	6.9%

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

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

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

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

## TEN LARGEST EMPLOYERS

State of South Carolina

Latest Completed Calendar Year and Ten Years Prior

(Listed Alphabetically)

2017	2007
Department of Defense	Bi-Lo, Inc.
Greenville Health System	Blue Cross Blue Shield of South Carolina
Lowe's Home Centers, Inc.	Department of Defense
Michelin North America, Inc.	Greenville Health System.
Palmetto Health	Palmetto Health
Publix Super Markets Inc.	School District of Greenville County
School District of Greenville County	University of South Carolina
University of South Carolina	US Postal Service
US Postal Service	Wal-Mart Associates, Inc.
Wal-Mart Associates, Inc.	Washington Savannah River Company.

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

**Source:** South Carolina Department of Employment and Workforce





*Supplementary Information  
to the Financial Statements  
(unaudited)*

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

For the year ended June 30, 2018

<b>Description</b>	<b>Dining Services</b>	<b>Vending Operations</b>	<b>Bookstore</b>	<b>Parking Services</b>	<b>Housing</b>	<b>Total</b>
<b>Revenues:</b>						
Student meal plans	\$ 21,225,170	\$ —	\$ —	\$ —	\$ —	\$ 21,225,170
Food service commissions	2,278,825	—	—	—	—	2,278,825
Other	—	196,017	—	—	59,759	255,776
Residence halls	—	—	—	—	38,523,314	38,523,314
Campus vending machines	—	300,000	—	—	—	300,000
ATM rental	—	133,181	—	6,676	—	139,857
Contract revenue	21,784	125,000	1,244,898	128,370	—	1,520,052
Parking permits	—	—	—	3,039,639	—	3,039,639
Transit fees	—	—	—	1,331,283	—	1,331,283
Parking citations	—	—	—	786,513	—	786,513
Meter revenue	—	—	—	492,477	—	492,477
Investment income	63,610	3,813	3,678	2,694	140,550	214,345
Total revenues	<u>23,589,389</u>	<u>758,011</u>	<u>1,248,576</u>	<u>5,787,652</u>	<u>38,723,623</u>	<u>70,107,251</u>
<b>Expenses:</b>						
Salaries	390,594	—	74,234	1,241,923	6,916,547	8,623,298
Fringe benefits	145,535	—	27,715	447,463	2,189,947	2,810,660
Travel	3,494	—	—	11,849	98,123	113,466
Contractual services	14,336,646	—	—	1,607,684	626,178	16,570,508
Repairs	304,506	—	4,387	156,609	723,011	1,188,513
Telecommunications	13,100	—	—	7,739	140,786	161,625
Heat, light, and power	1,107,663	—	15,441	69,835	3,588,854	4,781,793
Water, sewer and garbage	211,930	—	—	48,089	743,136	1,003,155
Rents	30,904	—	50	2,507	48,816	82,277
Supplies and materials	123,643	30	1	67,713	1,011,621	1,203,008
Insurance	10,616	324	—	27,912	378,542	417,394
University debit card fees	279,488	2,231	—	—	—	281,719
Cable television	—	—	—	—	300,608	300,608
Other operating expenses	2,051,665	74,504	96,013	924,902	4,173,628	7,320,712
Capital outlay	124,553	—	—	34,045	125,732	284,330
Total expenses	<u>19,134,337</u>	<u>77,089</u>	<u>217,841</u>	<u>4,648,270</u>	<u>21,065,529</u>	<u>45,143,066</u>
<b>Net revenues</b>	<b><u>\$ 4,455,052</u></b>	<b><u>\$ 680,922</u></b>	<b><u>\$ 1,030,735</u></b>	<b><u>\$ 1,139,382</u></b>	<b><u>\$ 17,658,094</u></b>	<b><u>\$ 24,964,185</u></b>

# CLEMSON UNIVERSITY

## SCHEDULE OF PLEDGED NET REVENUES

### ATHLETIC FACILITIES REVENUE BONDS (SERIES 2012, 2014A, 2014B, 2014C, 2015, 2015B AND 2018A)

For the year ended June 30, 2018

Description	Football	Basketball	Other Sports	Non Program Specific	Total
<b>Revenues:</b>					
Ticket sales	\$ 24,856,086	\$ 1,807,810	\$ 985,702	\$ —	\$ 27,649,598
Direct institutional support	1,551,104	598,134	3,155,510	—	5,304,748
Guarantees and away game sales	—	65,000	5,000	—	70,000
Contributions	5,220,176	1,401,031	5,204,852	36,594,206	48,420,265
In kind car leases	42,828	57,858	42,118	50,159	192,963
Media rights - broadcast, television, radio and internet	14,413,500	4,804,500	—	—	19,218,000
NCAA distributions including all tournament revenues	273,143	1,805,964	965,441	—	3,044,548
Conference distributions including all tournament revenues	1,659,741	2,100,727	194,346	748,659	4,703,473
Program sales, concessions, novelty sales and parking	1,268,336	131,463	137,682	176,869	1,714,350
Royalties, advertisements and sponsorships	750,000	200,000	133,750	12,533,038	13,616,788
Sports camp revenues	919,005	—	—	—	919,005
Endowment and investment income	20,103	—	—	3,694	23,797
Other revenue	—	—	136,875	725,747	862,622
Bowl revenues	2,891,254	—	—	—	2,891,254
Total revenues	<u>53,865,276</u>	<u>12,972,487</u>	<u>10,961,276</u>	<u>50,832,372</u>	<u>128,631,411</u>
<b>Operating Expenditures:</b>					
Athletic student aid	5,362,977	1,724,754	8,360,362	1,200,888	16,648,981
Guarantees	1,100,000	606,332	83,912	—	1,790,244
Coaching salaries, benefits and bonuses paid by the institution and related entities	14,012,943	4,273,105	5,041,257	—	23,327,305
Support staff/administrative salaries, benefits and bonuses paid by the institution and related entities	4,894,467	1,065,163	485,509	14,487,556	20,932,695
Severance pay	—	195,000	—	—	195,000
Recruiting	1,790,976	419,920	593,575	—	2,804,471
Team travel	2,027,624	1,511,970	2,535,011	—	6,074,605
Equipment, uniforms and supplies	1,756,802	405,124	1,108,480	327,653	3,598,059
Game expenses	3,363,973	587,858	695,881	221,931	4,869,643
Fund raising, marketing and promotion	237,910	200,981	216,743	4,390,707	5,046,341
Sports camp expenses	1,103,645	—	—	—	1,103,645
Spirit group expenses	—	—	—	201,827	201,827
Direct facilities, maintenance and rental	1,554,878	667,264	590,485	4,256,755	7,069,382
Medical and insurance expenses	95,182	62,194	220,237	213,302	590,915
Dues and membership expenses	6,240	3,405	16,832	41,935	68,412
Student-Athlete meals (non-travel)	1,624,135	127,176	185,499	294,107	2,230,917
Other operating expenses	3,852,767	459,818	580,381	4,326,357	9,219,323
Bowl expenses	2,152,956	—	—	—	2,152,956
Bowl bonuses	1,345,515	—	—	—	1,345,515
Total operating expenditures	<u>46,282,990</u>	<u>12,310,064</u>	<u>20,714,164</u>	<u>29,963,018</u>	<u>109,270,236</u>
<b>Net Revenues</b>	<b><u>\$ 7,582,286</u></b>	<b><u>\$ 662,423</u></b>	<b><u>\$ (9,752,888)</u></b>	<b><u>\$ 20,869,354</u></b>	<b><u>\$ 19,361,175</u></b>

# CLEMSON UNIVERSITY REPORTING ENTITY COMBINED STATEMENT OF NET/FINANCIAL POSITION

For the year ended June 30, 2018

Description	Clemson University	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY18 Total	FY17 Total
<b>Assets:</b>								
<i>Current Assets:</i>								
Cash and cash equivalents	\$ 257,253,176	\$ 70,810,628	\$ 2,308,175	\$ 10,669,310	\$ 341,041,289	\$ —	\$ 341,041,289	\$ 302,050,891
<i>Restricted Assets - Current:</i>								
Cash and cash equivalents	291,943,705	—	—	—	291,943,705	—	291,943,705	257,930,226
Accounts receivable	17,896,360	7,583,512	49,460	237,089	25,766,421	(3,017,046)	22,749,375	20,861,205
Grants and contracts receivable	24,928,964	—	—	—	24,928,964	—	24,928,964	22,811,961
Contributions receivable, net	477,059	22,124,809	—	20,934,649	43,536,517	—	43,536,517	52,622,902
Interest and income receivable	2,213,591	—	—	—	2,213,591	—	2,213,591	1,455,192
Student loans receivable	15,654	—	—	—	15,654	—	15,654	12,918
Notes receivable	—	—	—	—	—	—	—	137,500
Inventories	3,159,512	—	—	—	3,159,512	—	3,159,512	3,230,435
Prepaid items	11,863,735	—	53,177	—	11,916,912	—	11,916,912	9,154,209
Other current assets	406,169	—	—	—	406,169	—	406,169	1,002,744
Total current assets	610,157,925	100,518,949	2,410,812	31,841,048	744,928,734	(3,017,046)	741,911,688	671,270,183
<i>Noncurrent Assets:</i>								
Notes receivable	199,668,237	199,668,236	—	—	399,336,473	(199,668,236)	199,668,237	199,108,936
Lease obligation receivable	—	—	11,318,307	—	11,318,307	(11,318,307)	—	—
Contributions receivable, net	790,951	—	—	—	790,951	—	790,951	980,232
Investments	3,423,510	567,152,154	46,959,173	61,283,934	678,818,771	(96,927,902)	581,890,868	525,246,181
Cash surrender value of life insurance	—	1,999,906	—	—	1,999,906	—	1,999,906	2,005,682
<i>Restricted Assets - Noncurrent</i>								
Cash and cash equivalents	1,304,034	—	—	—	1,304,034	—	1,304,034	18,059,168
Student loans receivable	7,389,809	—	—	—	7,389,809	—	7,389,809	7,463,904
Other assets	4,768,681	404,497	2,135,452	—	7,308,630	—	7,308,630	4,234,583
Real estate held for resale	—	11,900	10,798,205	—	10,810,105	—	10,810,105	11,217,669
Capital assets, not being depreciated	313,972,934	—	—	—	313,972,934	—	313,972,934	237,402,563
Capital assets, net of accumulated depreciation	1,021,156,342	9,290,467	—	—	1,030,446,809	—	1,030,446,809	1,043,043,283
Total noncurrent assets	1,552,474,498	778,527,160	71,211,137	61,283,934	2,463,496,729	(307,914,445)	2,155,582,284	2,048,762,201
Total assets	2,162,632,423	879,046,109	73,621,949	93,124,982	3,208,425,463	(310,931,491)	2,897,493,972	2,720,032,384
<b>Deferred outflows of resources:</b>								
Deferred losses on bond refunding	5,036,064	—	—	—	5,036,064	—	5,036,064	1,154,715
Deferred outflows on net pension liability	104,832,759	—	—	—	104,832,759	—	104,832,759	92,164,098
Deferred outflows on net retiree health benefits liability	20,388,468	—	—	—	20,388,468	—	20,388,468	—
Total deferred outflows of resources	130,257,291	—	—	—	130,257,291	—	130,257,291	93,318,813
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,292,889,714</b>	<b>\$ 879,046,109</b>	<b>\$ 73,621,949</b>	<b>\$ 93,124,982</b>	<b>\$ 3,338,682,754</b>	<b>\$ (310,931,491)</b>	<b>\$ 3,027,751,263</b>	<b>\$ 2,813,351,197</b>

Description	Clemson University	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY18 Total	FY17 Total
<b>Liabilities:</b>								
<i>Current Liabilities</i>								
Accounts and retainages payable	\$ 38,462,985	\$ 1,489,203	\$ 102,303	\$ 1,455,617	\$ 41,510,108	\$ (2,084,574)	\$ 39,425,534	\$ 27,878,561
Accrued payroll and related liabilities	22,090,494	—	—	—	22,090,494	—	22,090,494	20,310,087
Accrued compensated absences and related liabilities	13,946,253	—	—	—	13,946,253	—	13,946,253	14,967,394
Accrued interest payable	4,715,864	—	27,836	—	4,743,700	—	4,743,700	4,338,329
Unearned revenues	49,190,403	—	2,973,963	—	52,164,366	—	52,164,366	49,759,843
Bonds payable	22,778,113	—	—	—	22,778,113	—	22,778,113	21,402,558
Capital leases payable	716,183	—	—	—	716,183	(574,408)	141,775	134,454
Deposits	2,790,540	—	28,495	—	2,819,035	—	2,819,035	2,236,515
Funds held for others	1,083,638	—	—	—	1,083,638	—	1,083,638	812,926
Total current liabilities	<u>155,774,473</u>	<u>1,489,203</u>	<u>3,132,597</u>	<u>1,455,617</u>	<u>161,851,890</u>	<u>(2,658,982)</u>	<u>159,192,908</u>	<u>141,840,667</u>
<i>Noncurrent Liabilities:</i>								
Accrued compensated absences and related liabilities	12,182,747	—	—	—	12,182,747	—	12,182,747	10,603,606
Due to the University	—	199,668,236	—	—	199,668,236	(199,668,236)	—	—
Funds held for others	6,871,002	76,927,902	20,932,472	—	104,731,376	(97,860,374)	6,871,002	7,714,012
Net pension liability	617,272,251	—	—	—	617,272,251	—	617,272,251	573,168,554
Net retiree health benefits liability	557,175,950	—	—	—	557,175,950	—	557,175,950	—
Bonds payable	658,312,567	—	—	—	658,312,567	—	658,312,567	584,854,400
Capital leases payable	11,275,151	—	—	—	11,275,151	(10,743,899)	531,252	(37,452)
Notes payable	—	—	22,071,054	—	22,071,054	—	22,071,054	22,887,894
Annuities payable	—	4,018,229	—	—	4,018,229	—	4,018,229	4,713,212
Total noncurrent liabilities	<u>1,863,089,668</u>	<u>280,614,367</u>	<u>43,003,526</u>	<u>—</u>	<u>2,186,707,561</u>	<u>(308,272,509)</u>	<u>1,878,435,052</u>	<u>1,203,904,226</u>
Total liabilities	<u>2,018,864,141</u>	<u>282,103,570</u>	<u>46,136,123</u>	<u>—</u>	<u>2,348,559,451</u>	<u>(310,931,491)</u>	<u>2,037,627,960</u>	<u>1,345,744,893</u>
<b>Deferred inflows of resources:</b>								
Deferred inflows on net pension liability	1,108,499	—	—	—	1,108,499	—	1,108,499	1,750,844
Deferred inflows on net retiree health benefits liability	52,678,359	—	—	—	52,678,359	—	52,678,359	—
Total deferred inflows of resources	<u>53,786,858</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>53,786,858</u>	<u>—</u>	<u>53,786,858</u>	<u>1,750,844</u>
<b>Total liabilities and deferred inflows of resources</b>	<b><u>\$ 2,072,650,999</u></b>	<b><u>\$ 282,103,570</u></b>	<b><u>\$ 46,136,123</u></b>	<b><u>\$ 1,455,617</u></b>	<b><u>\$ 2,402,346,309</u></b>	<b><u>\$ (310,931,491)</u></b>	<b><u>\$ 2,091,414,818</u></b>	<b><u>\$ 1,347,495,737</u></b>
<b>Net Position</b>								
Net investment in capital assets	\$ 789,141,375	\$ 9,290,467	\$ —	\$ —	\$ 798,431,842	\$ —	\$ 798,431,842	\$ 781,310,537
<i>Restricted for non expendable purposes:</i>								
Scholarships and fellowships	59,002,302	321,349,121	—	—	380,351,423	—	380,351,423	363,654,337
<i>Restricted for expendable purposes:</i>								
Scholarships and fellowships	17,954,306	242,837,775	—	—	260,792,081	—	260,792,081	245,576,035
Research	660,766	—	—	—	660,766	—	660,766	3,028,503
Instructional/departmental use	13,576,805	—	—	—	13,576,805	—	13,576,805	14,372,124
Loans	2,103,295	—	—	—	2,103,295	—	2,103,295	2,109,820
Capital projects	106,027,540	—	—	—	106,027,540	—	106,027,540	105,665,526
Debt service	9,746,845	—	—	—	9,746,845	—	9,746,845	8,783,959
Unrestricted	(777,974,519)	23,465,176	27,485,826	91,669,365	(661,354,152)	—	(661,354,152)	(58,645,381)
<b>Total net position</b>	<b><u>\$ 220,238,715</u></b>	<b><u>\$ 596,942,539</u></b>	<b><u>\$ 27,485,826</u></b>	<b><u>\$ 91,669,365</u></b>	<b><u>\$ 936,336,445</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 936,336,445</u></b>	<b><u>\$ 1,465,855,460</u></b>

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

For the year ended June 30, 2018

Description	Clemson University	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY18 Total	FY17 Total
<b>Revenues:</b>								
<i>Operating Revenues:</i>								
Student tuition and fees (net of scholarship allowances of \$106,681,831)	\$ 397,740,296	\$ —	\$ —	\$ —	\$ 397,740,296	\$ —	\$ 397,740,296	\$ 364,125,796
Federal grants and contracts	83,570,207	—	—	—	83,570,207	—	83,570,207	82,519,933
State grants and contracts	68,444,581	—	—	—	68,444,581	—	68,444,581	62,055,230
Local grants and contracts	776,396	—	—	—	776,396	—	776,396	1,771,818
Nongovernmental grants and contracts	11,446,825	—	—	—	11,446,825	—	11,446,825	11,648,659
Sales and services of educational and other activities	22,193,163	—	—	—	22,193,163	—	22,193,163	21,303,080
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$15,930,413)	127,898,539	—	—	—	127,898,539	—	127,898,539	124,492,211
Sales and services of auxiliary enterprises - not pledged	33,767,769	—	—	—	33,767,769	—	33,767,769	45,035,160
Other operating revenues	38,648,399	4,241,325	4,046,016	—	46,935,740	(2,281,048)	44,654,692	42,324,854
Total operating revenues	784,486,175	4,241,325	4,046,016	0	792,773,516	(2,281,048)	790,492,468	755,276,741
<b>Expenses:</b>								
<i>Operating Expenses:</i>								
Compensation and employee benefits	617,355,362	—	—	—	617,355,362	1,249,548	618,604,910	557,763,065
Services and supplies	278,227,610	41,859,884	2,222,736	50,177,193	372,487,423	(79,700,274)	292,787,149	279,401,926
Utilities	20,593,273	—	—	—	20,593,273	—	20,593,273	19,730,055
Depreciation	57,490,750	—	—	—	57,490,750	—	57,490,750	52,005,888
Scholarships and fellowships	30,668,499	—	—	—	30,668,499	—	30,668,499	27,269,239
Total operating liabilities	1,004,335,494	41,859,884	2,222,736	50,177,193	1,098,595,307	(78,450,726)	1,020,144,581	936,170,173
Operating income/(loss)	(219,849,319)	(37,618,559)	1,823,280	(50,177,193)	(305,821,791)	76,169,678	(229,652,113)	(180,893,432)

Description	Clemson University	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY18 Total	FY17 Total
<b>Nonoperating Revenues (Expenses):</b>								
State appropriations	123,913,793	—	—	—	123,913,793	—	123,913,793	119,308,662
Federal appropriations	11,207,649	—	—	—	11,207,649	—	11,207,649	12,239,506
Gifts and grants	85,055,684	39,366,239	150,000	58,673,044	183,244,967	(77,571,977)	105,672,990	93,187,187
Interest income	2,396,608	5,485,058	(597,257)	356,171	7,640,580	—	7,640,580	9,491,198
Endowment income	15,669,325	37,931,089	—	2,225,531	55,825,945	—	55,825,945	71,779,127
Interest on capital asset related debt	(22,056,009)	—	(936,627)	—	(22,992,636)	—	(22,992,636)	(22,075,926)
Other nonoperating revenues	2,150,270	—	—	—	2,150,270	—	2,150,270	329,517
Gain/loss on disposal of capital assets	(637,076)	—	—	—	(637,076)	—	(637,076)	(566,539)
Refunds to grantorss	(90,534)	—	—	—	(90,534)	—	(90,534)	(119,773)
Facilities and administrative remittances to the State	(251,721)	—	—	—	(251,721)	—	(251,721)	(316,624)
Net nonoperating revenues	<u>217,357,989</u>	<u>82,782,386</u>	<u>(1,383,884)</u>	<u>61,254,746</u>	<u>360,011,237</u>	<u>(77,571,977)</u>	<u>282,439,260</u>	<u>283,256,335</u>
Income before other revenues, expenses, gains or losses	(2,491,330)	45,163,827	439,396	11,077,553	54,189,446	(1,402,299)	52,787,147	102,362,903
State capital appropriations	—	—	—	—	—	—	—	5,240,195
Capital grants and gifts	17,560,990	—	—	—	17,560,990	(11,139,077)	6,421,913	18,036,550
Intra-entity contributions	—	(12,541,376)	(100,000)	119,997	(12,521,379)	12,541,376	19,997	77,553
Additions to permanent endowments	100,867	—	—	—	100,867	—	100,867	20,510
Increase in net position	<u>15,170,527</u>	<u>32,622,451</u>	<u>339,396</u>	<u>11,197,550</u>	<u>59,329,924</u>	<u>0</u>	<u>59,329,924</u>	<u>125,737,711</u>
<b>Net Position:</b>								
Net position, beginning of year as originally stated	783,114,309	564,320,088	27,146,430	80,471,815	1,455,052,642	—	1,455,052,642	1,340,117,749
Restatement	(578,046,121)	—	—	—	(578,046,121)	—	(578,046,121)	—
Net position, beginning of year as restated	<u>205,068,188</u>	<u>564,320,088</u>	<u>27,146,430</u>	<u>80,471,815</u>	<u>877,006,521</u>	<u>0</u>	<u>877,006,521</u>	<u>1,340,117,749</u>
<b>Net position, end of year</b>	<b><u>\$ 220,238,715</u></b>	<b><u>\$ 596,942,539</u></b>	<b><u>\$ 27,485,826</u></b>	<b><u>\$ 91,669,365</u></b>	<b><u>\$ 936,336,445</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 936,336,445</u></b>	<b><u>\$ 1,465,855,460</u></b>





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