

CLEMSON[®]

U N I V E R S I T Y

CLEMSON, SOUTH CAROLINA



Comprehensive Annual Financial Report

For the Year Ended June 30, 2010

Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina



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Prepared by the Comptrollers Office

TABLE OF CONTENTS

Introductory Section

President's Letter	6
University Goals	7
Letter of Transmittal	8
Certificate of Achievement	13
Clemson University Board of Trustees	14
Clemson University Organization Chart	15

Financial Section

Independent Auditors' Report	19
Management's Discussion and Analysis	22
Basic Financial Statements:	
Statement of Net Assets	31
Statement of Revenues, Expenses and Changes in Net Assets	32
Statement of Cash Flows	33
Statement of Financial Position - Clemson University Foundation	34
Statement of Activities - Clemson University Foundation	35
Notes to Financial Statements:	
Note 1 - Summary of Significant Accounting Policies	36
Note 2 - Cash and Cash Equivalents, Deposits and Investments	40
Note 3 - Receivables	41
Note 4 - Capital Assets	43
Note 5 - Deferred Revenues, Deposits and Funds Held for Others	43
Note 6 - Bonds Payable and Notes Payable	45
Note 7 - Lease Obligations	48
Note 8 - Retirement Plans	49
Note 9 - Postemployment Benefits Other than Pensions	51
Note 10 - Deferred Compensation Plans	52
Note 11 - Long-Term Liabilities	52
Note 12 - Construction Costs and Commitments	53
Note 13 - Related Parties	53
Note 14 - Transactions with State Entities	54
Note 15 - Risk Management	56
Note 16 - Contingencies and Litigation	57
Note 17 - Operating Expenses by Function	58
Note 18 - Donor-Restricted Endowments	58
Note 19 - Details of Restricted Assets	58
Note 20 - Information for Inclusion in the State Government-wide Statement of Activities	59
Note 21 - Component Units	59
Note 22 - Subsequent Events	60
Supplementary Information to the Financial Statements:	
Schedule of Pledged Net Revenues - Auxiliary Revenue Bonds (Series 1998, 2003 and 2005)	62
Schedule of Pledged Net Revenues - Athletic Facilities Revenue Bonds (Series 2001, 2003 and 2005)	63

Statistical Section

Schedule of Revenues by Source	68
Schedule of Expenses by Use	70
Schedule of Expenses by Function	71
Schedule of Net Assets and Changes in Net Assets	72
Schedule of Ratios of Outstanding Debt	73
Schedule of Bond Coverage	74
Admissions, Enrollment and Degree Statistics	76
Undergraduate Average Annual Tuition and Fees	78
Faculty and Staff Statistics	80
Schedule of Capital Asset Information	81
Demographic Statistics	82
Ten Largest Employers	83



Introductory Section
(unaudited)



President's Letter 2010

Dear Friends of Clemson:

The 2009-10 academic and fiscal year was another challenging one for Clemson University because of the continued impact of the recession on state revenues, as well as the shift in state higher education funding priorities away from direct support to institutions while continuing to support students and families and their right to choose how to spend their state-funded scholarships.

This shift has resulted in total state appropriations to Clemson University falling by \$75 million since June 30, 2008. State funding now represents 11 percent of Clemson's budget, down from 40 percent a decade ago. Tuition is the University's number one source of revenue today, but no in-state student enters Clemson paying full "sticker price." All receive either a state-funded merit scholarship or other aid.

The university has taken firm action to reduce spending by delaying major construction projects, offering voluntary severance incentive programs, and making double-digit cuts to administrative and support budgets in order to protect academic units. In FY2010, federal stimulus funding helped us adjust to this "new normal" and begin a comprehensive strategic planning process that will result in Clemson being a more privately-funded public university.

Going forward, private gifts, generated funds and research grants will play an increasing role in funding the University's work. A prime example is the \$45 million grant from the U.S. Department of Energy, announced in November 2009, which will fund a wind turbine drive train test facility at the Clemson University Restoration Institute in North Charleston. It is the largest such grant in Clemson history, and it has the potential to make South Carolina a leader in this emerging green industry – wind power. This year we also continued efforts to secure significant leadership gifts for a new capital campaign to be launched publicly in FY2010-11 with a goal of \$600 million to support students and faculty, facilities and technology.

We're extremely pleased that Clemson continues to be ranked among the nation's top 25 public universities. It is a tribute to the quality of the educational experience we provide and the hard work of our faculty, staff and students, especially in difficult times. Clemson University is South Carolina's highest-ranked public institution, and we continue to deliver high quality and value for our students, drive innovation through research, and provide public service and economic development for the people of South Carolina.

Sincerely,

James F. Barker, FAIA
President



P R E S I D E N T

201 Sikes Hall Clemson, SC 29634-5002
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University Goals

• **Academics, research and service**

- Excel in teaching, at both the undergraduate and graduate levels.
- Increase research and sponsored programs to exceed \$100 million a year in research support.
- Set the standard in public service for land-grant universities by engaging the whole campus in service and outreach, including a focus on strategic emphasis areas.
- Foster Clemson's academic reputation through strong academic programs, mission-oriented research and academic centers of excellence, relevant public service and highly regarded faculty and staff.
- Seek and cultivate areas where teaching, research and service overlap.

• **Campus life**

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

• **Student performance**

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

• **Educational resources**

- Successfully complete our current capital campaign and a subsequent one.
- Rededicate our energy and resources to improving the library.
- Increase faculty compensation to a level competitive with top-20 public universities.
- Increase academic expenditures per student to a level competitive with top-20 public universities.
- Manage enrollment to ensure the highest quality classroom experiences.

• **Clemson's national reputation**

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



LETTER OF TRANSMITTAL

October 6, 2010

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

We are pleased to present to you the Comprehensive Annual Financial Report of Clemson University for the year ended June 30, 2010. 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, 2010, 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 unqualified opinion, the most favorable outcome of the audit process. The independent auditor's report is located at the front of the financial section.

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

Profile of the University

Clemson University was founded in 1889, a legacy of Thomas Green Clemson, who willed his Fort Hill plantation home, its surrounding farmlands and forest, and other property

to the state of South Carolina to establish a technical and scientific institution for South Carolina. Clemson opened its doors to 446 students as a military college in 1893.

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

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

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

The University adopted Governmental Accounting Standards Board Statement No. 39, *Determining Whether*



FINANCIAL AFFAIRS

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Certain Organizations are Component Units, which provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a related entity. Based on these criteria, the University determined that the Clemson University Foundation and the Clemson University Research Foundation are indeed component units of the University. Consequently, the financial statements include the accounts of these two entities as discretely presented component units.

Local Economy

South Carolina's unemployment rate at the end of June was 10.7 percent, a decline of 1.8 percent since reaching an historic peak in January, 2010. This decline in the last six months, the most rapid in the nation according to the *South Carolina Economic Outlook*, published by the South Carolina Department of Commerce, was fueled by increases in employment and decreases in the labor force. The following sectors experienced recent job increases: Leisure and Hospitality, Trade, Transportation and Utilities, and Construction.

Closings on residential homes also increased and at mid-year were 23 percent ahead of last year's totals. Year-to-date median sales prices of residential homes were 3.7 percent ahead of last year. Residential building permits for new homes were tracking 9.1 percent ahead of the previous year.

While this recent economic news is encouraging, the fact remains that South Carolina has been severely impacted by the economic downturn of the past two years. Since 2006, the State's general fund budget has been cut by 24 percent, leaving some to ask: "Is the State broke, or is the system broken?"

In 2006, the General Assembly passed Act 388, which eliminated owner-occupied property taxes for schools in exchange for a 1-cent sales tax increase. Previously, the State's tax structure was based upon a "three-legged stool" of sales, income and property taxes. Currently, the State relies upon sales (47 percent) and personal income tax (40 percent) for 87 percent of its revenue. Act 388 created a less reliable and more volatile tax structure that is particularly subject to economic downturns.

Furthermore, taxes on cigarettes, gas and cars are among the lowest in the nation, and in some cases, have remained unchanged for more than twenty years. In addition, the State exempts more annually in sales tax (80 exemptions) than it collects, and only taxes 34 of a possible 168 services.

In June of 2009, the General Assembly created the South Carolina Tax Realignment Commission (TRAC), a temporary and independent commission comprised of non-legislators to assess the effectiveness of the current tax structure and make recommended changes by November, 2010. Many hope that the result of the commission's efforts will be a fiscally sustainable revenue system that is equitable to all taxpayers and is less subject to the volatility experienced the past two years.

Long-term Financial Planning

Since June 30, 2008, the University has successfully managed approximately \$75 million in State appropriation reductions through increased revenue generation, reduced spending, reallocations and efficiency gains. The FY 11 Operating Budget, approved by the Board of Trustees on June 24, 2010, supports a plan that allows the University to provide a top-quality education for students, expand research endeavors, and provide exemplary public service programs that will drive economic development in South Carolina. The University will continue to meet its mission objectives by supporting investments in quality and strategic initiatives, and while continuing to implement strategic cuts and reallocations.

President Barker initiated this discussion on priorities for reallocations and investments at a Town Hall Meeting in late March which served as the kickoff for the development of the University's next set of 10-year goals. The following priorities were listed:

- Targeted new faculty hires
- Faculty retention
- Student engagement and learning
- Scholarships and fellowships
- Outdated infrastructure
- Information resources
- Adequate institutional support, including staff, particularly for mission-critical areas
- Investments that generate revenue
- Fiscal stability
- Curriculum reform

These priorities were discussed further at a subsequent leadership retreat in April with University academic and administrative support areas. Discussions continued at the departmental level throughout the spring and into the summer with organizational units challenged to answer the following nine questions:

1. What are the most important functions, services, and support roles provided by your unit?
2. What are the least important, and what would be the impact of eliminating these functions?
3. What activities and services should your unit provide that it is not, in order to support the University priorities? What would it take to add this service or activity? Could it be funded by eliminating a lower priority function and reallocating funds?
4. Are there functions and services in your area that could be outsourced to allow you to focus more resources on supporting University priorities?
5. Are there specific ways that your unit could contribute to the following three priorities:
 - a. Deliver a distinctive educational experience
 - b. Integrate intellectual and economic development
 - c. Build research and educational programs that address the great challenges of the 21st century.

6. If your unit had to manage a 20% University funding cut, how would it minimize the negative impact to students and core University priorities? Are there ways to reduce operating costs further while maintaining productivity and customer service?
7. What changes could be made to improve the efficiency and effectiveness of your area? Are there specific University or State policies and procedures that cause your area to be less efficient?
8. What are some specific ideas and opportunities for your area to generate income to offset State funding cuts?
9. If you were starting with a blank sheet of paper and 80% of your current budget, how would you organize the staff and your area to support the University's priorities?

In addition, the University also engaged business, legislative and community leaders in discussions on the future of the University and its role in the State of South Carolina. Plans are to finalize tactical plans in the Fall of 2010, and to have the Board of Trustees formally adopt a new strategic plan for the next ten years in the spring of 2011.

Major Initiatives

In 2009-10 Clemson University continued to deliver value and a quality education for students, and economic development for South Carolina, despite the recession and continued reductions in state support. As the University began a new 10-year strategic planning process, the Board of Trustees renewed its commitment to good communication and shared governance. President Jim Barker participated in three "town hall" meetings and began meeting monthly with the four presidents of the Faculty Senate, Staff Senate, Undergraduate Student Government and Graduate Student Government. This "5 Presidents Group" held its first annual "State of the University" town meeting in February 2010.

Clemson established a larger footprint in downtown Greenville, SC, in 2009-2010. The College of Business and Behavioral Science moved several programs to Greenville to serve the Upstate business community, including the Arthur M. Spiro Institute for Entrepreneurial Leadership and the MBA program, whose students are primarily working professionals. Leased space in the former Bowater building near Falls Park was re-branded "Clemson at the Falls."

For students, Clemson renewed its commitment to deliver an undergraduate experience that is comparable to a small, private university, with the added benefits of a major research enterprise. The university maintained its reputation for quality and value, including its top-25 ranking among national public universities by *US News & World Report*, and continued its progress toward its goals. It set a record for applications at both the undergraduate and graduate levels, and had a record high new-student enrollment in fall 2009. A total of 16,867 undergraduate applications and 6,082 graduate school applications were received for admission in Fall 2010. The Bridge to Clemson program in conjunction with Tri-County Technical College also grew.

Major student initiatives and achievements included the creation of a special orientation program for new students, including transfer students, and development of a "learning commons" on the main floor of the R.M. Cooper Library. This joint effort of the Library and CCIT (Clemson Computing and Information Technology) is designed to be a more collaborative and interactive environment for students to study alone or in small groups. Student input was the driving force behind the concept and design of the space. Tiger Transit, another student-driven project, enhances campus safety by providing door-to-door transportation for students, faculty and staff at night.

As a research university, Clemson plays a major role in supporting innovation and economic development in South Carolina through established statewide research and education centers (RECs) and newer facilities such as the Clemson University International Center for Automotive Research near Greenville, the Clemson Advanced Materials Center in Anderson County and the Clemson University Restoration Institute in North Charleston. With the retirement of Chris Pzirembel came a reorganization that led to the naming of Gerald Sonnenfeld as vice president for research and John Kelly as vice president for economic development and public service and agriculture.

CU-ICAR was selected as the Emerging Technology Campus of the year by the International Association of University Research Parks, and the National Academies included CU-ICAR in a selective best-practices list. The innovative model that matches private support with state funding for research initiatives and world-class faculty is being applied in other areas of the university.

In late 2009, the Clemson University Restoration Institute – in partnership with GE Energy and South Carolina's electric cooperatives – hosted two summits at CU-ICAR on energy and job creation in the green economy. Keynote speakers included U.S. Energy Secretary Steven Chu and General Electric CEO Jeff Immelt. Shortly afterward, the U.S. Department of Energy awarded a \$45 million grant to the Restoration Institute to develop a wind turbine drive train testing facility. This unique alternative energy project is expected to ignite a wind-energy economic cluster in South Carolina, with the goal of creating private sector jobs.

Private giving to Clemson University totaled \$92.8 million for the 2009-2010 fiscal year that ended June 30, 2010. The total includes \$57.6 million for the Clemson University Foundation for academics and athletic capital projects, \$16.8 million added to the inventory of planned gifts and \$18.4 million raised by IPTAY for athletic scholarships. The foundation received \$33.2 million in cash and gifts-in-kind, \$8.5 million in pledges and a real estate gift valued at \$15.9 million. The majority of the real estate gift will be used for the Clemson University Restoration Institute's wind-turbine drive train test facility in North Charleston. The gift comprises land and structures given to Clemson by the City of North Charleston.

Support from Clemson alumni remained strong, with almost 28 percent giving back to the university in 2009-10, more than double the national average of 12.4 percent. Donations from alumni totaled \$6 million, up 19.7 percent from last year.

Major gift highlights for the year include:

- \$1 million from ScanSource Inc. for College of Business and Behavioral Science programs in downtown Greenville
- \$3 million from the Cliffs Communities to fund the new Zest Quest program at the Youth Learning Institute
- \$1 million from PalmettoNet for the Optoelectronics Research Center of Economic Excellence
- \$5 million from Health Sciences South Carolina to fund the Center of Economic Excellence in Health Facilities Design and Testing.
- The Leadership Circle, a new initiative in 2009 to encourage donors to make major unrestricted gifts to be used at the discretion of the president, deans or other administrators, surpassed \$1 million this year. Currently, money raised for that initiative is funding scholarships and work-study jobs for students who may not be able to afford to complete their degrees otherwise.

Research highlights included:

- The Clemson University Research Foundation received \$1.4 million from the National Science Foundation to support the university's effort to improve and maintain cyber infrastructure in South Carolina.
- Physics professor Chad Sosolik received a \$1.6 million National Science Foundation grant to install an ion beamline, a device that will allow scientists to strip atoms of all their electrons.
- NSF awarded Clemson researchers \$2 million to study ways to mimic the suction mechanism used by butterflies and moths to feed so that the same method can be used in medical diagnostics.
- Clemson scientists were part of an international team to complete a sequence of the peach genome — its genetic set of instructions for living — from a tree at the Clemson University Musser Fruit Research Farm. The research will help scientists identify beneficial traits to grow better trees and fruit.
- A five-year, \$9.3 million National Institutes of Health grant established a Center of Biomedical Research Excellence (COBRE) for Tissue Regeneration. Faculty from the Medical University of South Carolina and the University of South Carolina also will collaborate.

Other highlights of the year included:

- Esin Gulari, Dean of the College of Engineering and Sciences, was elected vice-chair of the National Science Board, the nation's top advisory group on science and technology policy.
- Faculty members were elected as Fellows of the Royal Society of Chemistry (Ken Marcus); the American Chemical Society (Melanie Cooper); the Institute of

Industrial Engineers (Anand Gramopadhye); the American Society of Civil Engineers (Mashrur Chowdhury); the Society of Manufacturing Engineers (John Ziegert); the American Psychological Association (Scott Shappell and James McCubbin).

- Scott J. Mason was appointed the inaugural Fluor Endowed Chair in Supply Chain and Logistics in the Industrial Engineering department.
- Juan Gilbert was named one of the 50 most important African-Americans in Technology for his research on human-centered computing.
- Jim Pepin, Chief Technology Officer, named one of the nation's top 100 IT Leaders by *Computer World* magazine, and Jim Bottom, CIO, was elected to the Board of Internet2.
- Landscape architect Case Brown was awarded the Rome Prize from the American Academy in Rome.
- The College Board cited the Call Me MISTER program, born at Clemson, as a success story and national model of "what works" at a national conference on "The Educational Crisis Facing Young Men of Color."
- Clemson hosted 400 scientists from 50 countries for the Annual World Conference on Carbon.
- TAPS, published solely by Clemson students, tied for the National Championship of College Yearbooks.
- Clemson's student team placed second among 64 teams at the National Academic Quiz Bowl Team Intercollegiate Championship. Competitors included Stanford, Harvard, Cornell, Princeton, and the University of Michigan and Rice University. Teams from Canada and the United Kingdom also competed. Clemson students lost to Brown University in the final match.
- A student group, Clemson Engineers for Developing Countries, helped design and build a water system for a community and hospital in Haiti.
- "Expeditions with Patrick McMillan," a Public Service television program, was picked up by public television stations in New York and now reaches 54 million households.
- The Harris Smith Building, home of the Sonoco Institute for Packaging Design and Graphics, became the first on-campus facility to achieve LEED Gold certification. The Baruch Institute of Coastal Ecology and Forest Science was also certified LEED Gold.
- An expansion of Rhodes Hall was completed, providing an additional 24,000 square feet of research and teaching labs and classrooms for bioengineering.
- Clemson awarded its first Ph.D. in Automotive Engineering.
- Proterra, a maker of electric and hybrid transit vehicles, announced that it will build an assembly and Research and Development facility at CU-ICAR.
- Ground was broken on Center for Emerging Technology at CU-ICAR, with almost half of the square footage already leased to Sage Automotive Interiors, a high-performance fabric spinoff of Milliken and Company.

Awards and Acknowledgements

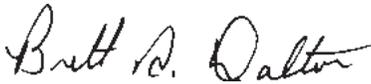
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clemson University for its comprehensive annual financial report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Sincerely,



Brett A. Dalton
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clemson University
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

CLEMSON UNIVERSITY BOARD OF TRUSTEES

(as of June 30, 2010)

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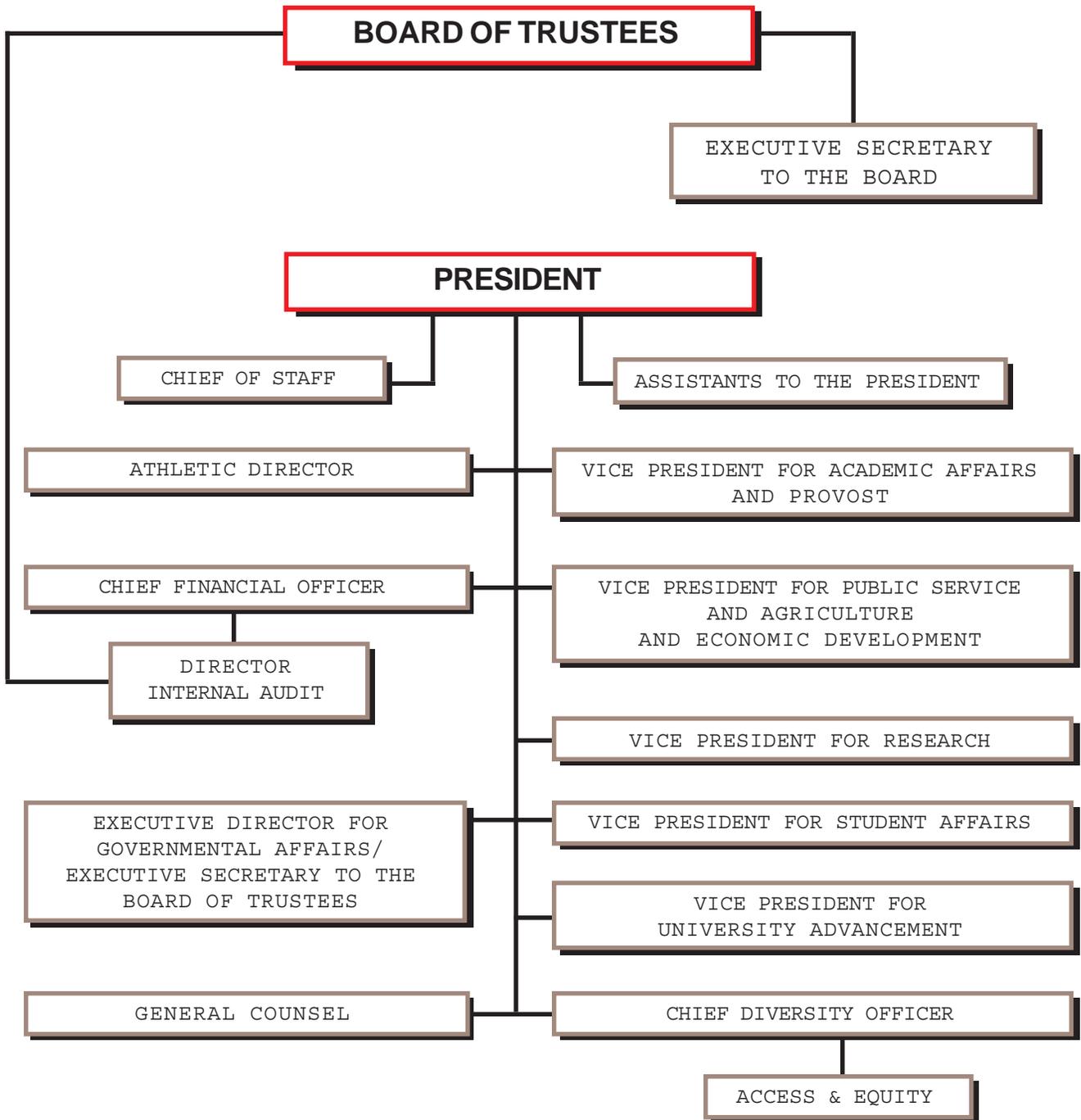
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D. Leslie Tindal
Retired
South Carolina Commissioner of Agriculture

Allen P. Wood
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CLEMSON UNIVERSITY ORGANIZATION CHART





Financial Section



INDEPENDENT AUDITOR'S REPORT

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

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 department of the State of South Carolina, as of and for the year ended June 30, 2010, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Clemson University Research Foundation (a discretely presented component unit) and the Clemson University Foundation (a discretely presented component unit). The Clemson University Research Foundation and the Clemson University Foundation reflect 100% of total assets, 100% of net assets, and 100% of total revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon 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 of material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the University are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the business-type activities of the State of South Carolina that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of South Carolina as of June 30, 2010, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component units of the University as of June 30, 2010, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2010 on our consideration of the University's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the University's basic financial statements. The introductory section, the supplementary information to the financial statements, and statistical section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information to the financial statements has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Elliott Davis, LLC

Greenwood, South Carolina
October 5, 2010

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 2010. While audited financial statements for fiscal year 2009 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on current year data.

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

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

Statement of Net Assets

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

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue

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

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

Assets – increase of \$108.9 million

- Current assets increased by \$69.4 million. An unrestricted cash increase of \$42.6 million and a restricted cash increase of \$20.6 million were primarily responsible. The unrestricted cash increase was driven by student fee collections influenced by Board-approved tuition increases of 4.5 percent for resident students and 7.5 percent for nonresident students and a substantial increase in enrollment. Reductions in state appropriations were, in part, offset by American Recovery and Reinvestment (ARRA) Stimulus Funds, an increase in unrestricted gifts and contributions, and an asbestos settlement. The University continued its efforts to hold cost down, as evidenced by the decline in compensation and benefits costs, and the relatively small increase in total

Condensed Summary of Net Assets (thousands of dollars)

	2010	2009	Increase/ (Decrease)	Percent Change
Assets				
Current assets	\$ 323,569	\$ 254,202	\$ 69,367	27.29%
Capital assets, net	607,952	590,568	17,384	2.94%
Other assets	149,597	127,355	22,242	17.46%
Total Assets	<u>1,081,118</u>	<u>972,125</u>	<u>108,993</u>	11.21%
Liabilities				
Current Liabilities	94,354	84,203	10,151	12.06%
Noncurrent Liabilities	134,586	143,080	(8,494)	(5.94)%
Total Liabilities	<u>228,940</u>	<u>227,283</u>	<u>1,657</u>	0.73%
Net Assets				
Invested in capital assets, net of debt	485,225	456,106	29,119	6.38%
Restricted - nonexpendable	47,853	35,785	12,068	33.72%
Restricted - expendable	236,189	207,228	28,961	13.98%
Unrestricted	82,911	45,723	37,188	81.33%
Total Net Assets	<u>\$ 852,178</u>	<u>\$ 744,842</u>	<u>\$ 107,336</u>	14.41%

operating expenses. In addition, cash balances for several auxiliaries increased as a result of the increase in student enrollment and an increase in investment income. The continued suspension of construction projects to be funded from bond proceeds was primarily responsible for the increase in restricted cash balances. There was an increase of \$11.6 million attributable to funds previously earmarked for capital projects and debt service. Other contributing factors to the increase in restricted cash balances were: a \$2 million grant received from Charleston County for the Wind Turbine Drive-Train Test Facility grant, a \$2.3 million increase in Sponsored Programs deferred revenues, and substantial increases in investment income derived from the increased balances. Accounts receivable increased \$1.7 million, primarily due to sponsorships, licensing fees and other amounts due to Athletics at fiscal year end. The grants and contracts receivable increase of \$2.6 million resulted from an increase in amounts due for Federal scholarship programs at fiscal year-end of \$1.5 million, an increase in amounts due from Sponsors of \$600,000, and an increase in Federal Land Grant receivables. Contributions receivable increased \$84,000. An increase in pledges of almost \$1.2 million was offset by payment of existing pledges. The interest and income receivable increase of \$141,000 resulted from increased cash balances at fiscal year end. The inventory increase of \$440,000 was attributable to the Apple Store. Prepaid expenses increased \$1.2 million due to software pre-payments for licensing and maintenance agreements, and, a pre-payment of the Clemson-at-the-Falls operating lease with the Clemson University Research Foundation for facilities used by the University's MBA program.

- Net capital assets increased \$17.4 million. Gifts-in-kind of \$5.4 million in land and \$10.5 million in buildings located at the site of the Clemson University Restoration Institute were primarily responsible for the increase. These properties were received from the City of North Charleston in support of a \$45 million grant from the U.S. Department of Energy for a Wind Turbine Drive-Train Test Facility. Despite the \$5.4 million land gift, non-depreciable assets declined \$9.4 million due to the completion of Sandhill Research and Education (REC) Lab Building, Rhodes Hall Annex, the WestZone Phase II addition, an addition to the Doug Kingsmore Baseball Stadium, and the Duckworth Tennis Deck. Current campus projects reflected in construction in progress include: the Wind Turbine Drive-Train Test Facility, the expansion and renovation of Lee Hall, and the Greenville Hospital System Patewood campus project. Depreciable net assets increased \$26.8 million, driven, in large part, by the \$10.5 million in buildings donated by the City of North Charleston and the buildings mentioned above that were reclassified from construction in progress, bringing the net increase in buildings to \$29.5 million. Depreciation of new and existing utilities and other non-structural improvements resulted in a decrease of \$572,000 despite new additions for the Campus Green, Plaza at CU-ICAR, and Senior Sidewalk adjacent to the President's Rotunda. Likewise, depreciation

expense more than offset current year equipment additions, resulting in a decrease of \$2.7 million. Capitalized computer software increased \$252,000 due to the purchase and implementation of Facilities-related software. The increase in vehicles of \$338,000 was attributable to current year purchases of trucks and other services vehicles.

- Other assets increased \$22.2 million. The balance on loan to the Clemson University Foundation (CUF) increased \$8.7 million due to income, realized gains and appreciation resulting from improved market conditions. Restricted noncurrent cash balances increased \$14.6 million, largely attributable to \$11.7 million in new and continuing funding for Endowed Chairs from lottery proceeds. A bequest from the Edgar A. Brown Foundation, scholarship reserve amounts received from IPTAY, and a significant increase in investment income also contributed to the restricted noncurrent cash increase. Investments increased \$255,000 due to appreciation gains on endowment assets held by Wells Fargo. Student loans receivable decreased \$856,000 (with a corresponding increase in restricted noncurrent cash) due to collections of Perkins Federal student loans. Noncurrent contributions receivable decreased \$447,000 due to increased discounting of remaining pledges.

Liabilities – increase of \$1.7 million

- Current liabilities increased by \$10.2 million. The increase in accounts payable of \$3.2 million was mainly attributable to Apple Store inventory purchases and an increase in capital projects, primarily for the Lee Hall expansion/renovation project and the Manning Hall renovation project. In addition, amounts due to VISA for procurement card purchases at fiscal year-end increased \$270,000, and endowment management fees due to CUF increased \$180,000. Accrued payroll and related liabilities increased \$1.2 million. Forty percent of amounts paid in July was attributable to fiscal year 2010, and resulted in an accrued payroll increase that was partially offset by declines in amounts owed for employee health insurance and State Retirement contributions at fiscal year-end. The increase in deferred revenues of \$3.9 million was attributable to cash received for Sponsored Programs in advance of work performed and amounts received from students for future terms. Current deposits increased by \$1.96 million. The University has a federally approved pooled fringe benefit rate. As discussed in *Note 5. Deferred Revenues, Deposits, and Funds Held for Others*, the University changed its method of accounting for actual over or under recoveries resulting from rates approved two years in advance of actual costs. Previously, these amounts were expensed in the current year. For the year ending June 30, 2009, the University over-recovered \$1.6 million that will be absorbed/adjusted through the approved pooled fringe rate established for the fiscal year ending June 30, 2011. This amount has been recorded as a current deposit, and along with settlement amounts due to the Atlantic Coast Conference for Athletics, is primarily responsible for the increase in deposits of \$1.96 million. The increase in the current portion of long-term debt of

\$515,000 was the result of higher principal payments on previously existing debt. The reduction in the current portion of compensation absences and related liabilities of \$466,000 resulted from a University-wide reduction in payroll costs, no cost-of-living raise, and the replacement of retirement-eligible personnel with temporary and part-time workers. The reduction of \$78,000 in interest expense payable resulted from the retirement of the University's Series 1995 and 1997 State General Obligation Bond debt. The decline in the current portion of funds held for others of \$69,000 was primarily due to a reduction in amounts owed to National Textile Consortium members at fiscal year end.

- Noncurrent liabilities decreased by \$8.5 million. With the exception of a \$216,609 note payable to the South Carolina Energy Office, the University incurred no new long-term debt this past fiscal year. Consequently, principal payments of existing bonds, capital leases and notes payable resulted in a decline of \$12.4 million. As with the current portion of compensated absences and related liabilities, the long-term liability also decreased (\$408,000) for the same reasons: reduced payroll costs, no cost-of-living raise, and the replacement of retirement eligible employees with temporary and part-time workers. As discussed above, the University changed its method of accounting for pooled fringe over and under recoveries this past year. Accordingly, noncurrent deposits totaling \$4.7 million have been recorded as over-recoveries for the fiscal year ending June 30, 2010, that will be absorbed/adjusted through the federally approved rate for the fiscal year ending June 30, 2012. The noncurrent portion of funds held for others decreased \$434,000 due to the decline in termination settlement amounts owed to a former employee.

Net Assets – increase of \$107.3 million

- Capital assets, net of related debt increased \$29.1 million. This increase resulted from an increase in net capital assets of \$17.4 million as discussed above, along with a decrease in capital debt of \$11.7 million.
- Restricted – nonexpendable net assets for scholarships and fellowships increased \$12 million. The University received \$11.8 million from the lottery-funded South Carolina Endowed Chairs program, and recognized \$200,000 in appreciation gains for endowment assets held by Wells Fargo.
- Restricted for expendable net assets increased \$29 million, based on the following:
 - Restricted – expendable net assets for scholarships and fellowships increased \$16.7 million due to substantial increases in investment income and appreciation received from CUF, Wells Fargo, and the State Treasurer's Office, and an increase in private gifts from IPTAY.
 - Restricted – expendable assets for research decreased \$280,000, resulting primarily from incurred Sponsored Program costs that could not yet be billed to sponsors.
 - Restricted – expendable assets for instructional/departmental use decreased \$4 million due to a decline in capital gifts for the WestZone Phase II project which was completed and capitalized this past fiscal year.

- Restricted – expendable assets for student loans increased \$97,000, resulting from investment income on increased collection of Perkins federal student loans.
- Restricted – expendable assets for capital projects increased \$15.8 million resulting, in large part, from an \$11.6 million increase in excess debt service funds due to a continued freeze on debt funded construction projects. Also contributing to the increase was a \$2 million grant from Charleston County for the Wind Turbine Drive-Train Test Facility, and substantial increases in investment income.
- Restricted – expendable assets for debt service increased \$636,000 due to increases in plant improvement fund revenues, an increase in Athletics debt service fund reserves, and an increase in investment income.
- Unrestricted net assets increased \$37.2 million, based on the following:
 - Unrestricted - educational and general net assets increased \$22.5 million, primarily driven by Board-approved student tuition increases, substantially increased enrollment, and the knowledge that future budget cuts and/or replacement of state appropriated dollars with one-time stimulus dollars was looming.
 - Unrestricted – funds designated for plant fund projects increased \$5.5 million. The continued freeze on debt-funded major capital projects prompted campus departments to designate funds for long-neglected repairs and renovation projects. In addition, the University received an asbestos settlement totaling almost \$1 million.
 - Unrestricted – public service activities net assets increased \$424,000. An increase in assets, mainly Federal grants and contracts receivable for land grant programs of approximately \$290,000, and a reduction in liabilities, mainly in deposits held for others, of approximately \$134,000, were responsible for this increase.
 - Unrestricted – auxiliaries net assets increased \$8.8 million due to increases in Housing, Food Service, Bookstore, and Parking Service revenues impacted by the substantial increase in enrollment, an increase in Athletics revenues, and increases in investment income.

Statement of Revenues, Expenses and Changes in Net Assets

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

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets.

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

	2010	2009	Increase/ (Decrease)	Percent Change
Revenues:				
Student tuition and fees	\$ 223,036	\$ 205,488	\$ 17,548	8.54%
Sales and services	105,046	102,825	2,221	2.16%
Grants and contracts	122,161	119,025	3,136	2.63%
Other operating revenues	28,851	21,671	7,180	33.13%
Total operating revenues	479,094	449,009	30,085	6.70%
State appropriations	114,120	128,279	(14,159)	(11.04)%
Federal appropriations	11,269	12,317	(1,048)	(8.51)%
Gifts and grants	59,473	46,872	12,601	26.88%
Investment income (loss)	22,493	(10,254)	32,747	319.36%
Other nonoperating revenues	3,192	1,944	1,248	64.20%
Proceeds from the sale of capital assets	57	715	(658)	(92.03)%
Total nonoperating revenues	210,604	179,873	30,731	17.08%
Total revenues	689,698	628,882	60,816	9.67%
Expenses:				
Compensation and employee benefits	385,519	394,708	(9,189)	(2.33)%
Services and supplies	174,958	158,556	16,402	10.34%
Utilities	17,733	19,376	(1,643)	(8.48)%
Depreciation	35,164	33,364	1,800	5.40%
Scholarships and fellowships	9,175	13,382	(4,207)	(31.44)%
Total operating expenses	622,549	619,386	3,163	0.51%
Interest expense	5,799	6,637	(838)	(12.63)%
Loss on disposal of capital assets, before proceeds	464	802	(338)	(42.14)%
Refunds to grantors	95	213	(118)	(55.40)%
Facilities and administrative remittances to the State	185	608	(423)	(69.57)%
Total nonoperating expenses	6,543	8,260	(1,717)	(20.79)%
Total expenses	629,092	627,646	1,446	0.23%
Income before other revenues, expenses, gains or losses	60,606	1,236	59,370	4,803.40%
State capital appropriations	3,736	6,986	(3,250)	(46.52)%
Capital grants and gifts	31,148	13,059	18,089	138.52%
Additions to permanent endowments	11,846	2,491	9,355	375.55%
Change in net assets	107,336	23,772	83,564	351.52%
Net assets, beginning	744,842	721,070	23,772	3.30%
Net assets, ending	\$ 852,178	\$ 744,842	\$ 107,336	14.41%

The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution.

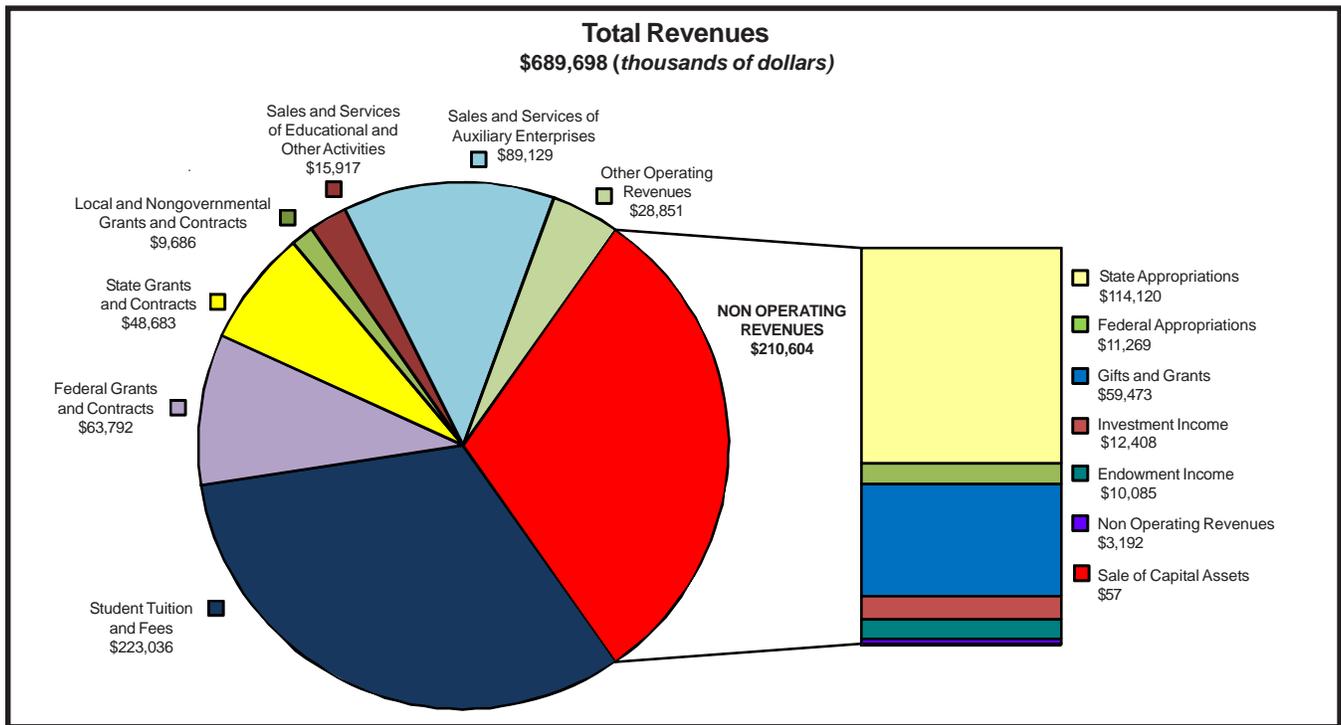
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out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

The Condensed Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year with an increase

in Net Assets at the end of the year. Some highlights of the information presented on this Statement are as follows:

Total Revenues –increase of \$60.8 million

- Operating revenues increased \$30.1 million, based on the following:
 - Student tuition and fees increased \$17.5 million, the result of a Board approved increase of 4.5 percent for residents and 7.5 percent for nonresidents. Enrollment also increased substantially over the prior year.
 - Sales and services revenues increased \$2.2 million. Sales and services of pledged auxiliaries decreased \$1.6 million. Athletics revenues decreased due to a decline in ticket sales, game guarantees, bowl revenues, conference distributions and corporate sponsorships. An increase in Housing and Dining revenues resulted from increased enrollment as well as a Board-approved fee increase of 5.7 percent in Housing. Non-pledged



auxiliaries sales and services increased \$4.5 million. Increases in Information Systems Development contractual commitments were partially offset by a reduction in revenues from Telecommunications and Transportation Services. The \$626,000 decrease in sales and services of educational activities resulted primarily from a decrease in Camp Bob Cooper revenues.

- Grants and contracts revenues increased \$3.2 million. Revenues from federal grants and contracts increased \$4.6 million due to an increase in federal sponsored projects, notably from the Department of Agriculture and the Department of Health and Human Services. State grants were up \$1.4 million primarily due to increases in State Lottery funded Palmetto Fellowships, LIFE and Need-Based scholarships. Local grants and contracts revenues were substantially the same as the prior year. Nongovernmental grants and contracts declined \$3 million due to a decrease in grants from private foundations, private corporations, and international sources.
- Other operating revenues increased \$7.2 million. A \$3.9 million increase in computer service fees, primarily for amounts charged to other State agencies, was the largest contributor. Study Abroad fees, registration fees for educational workshops, commissions, and new sources of revenue from copper wire recycling and Duke Energy rebates, also contributed to this increase.
- Nonoperating revenues increased \$30.7 million, based on the following:
 - State appropriations decreased \$14.2 million. Appropriations for Educational & General (E&G) activities decreased \$8.3 million, including a decrease of \$7.2 million in recurring appropriations and a \$1.1 million

reduction for salary and benefits. Appropriations for Public Service Activities (PSA) decreased \$5.9 million, including a decrease of \$5.4 million in original appropriations and Budget and Control Board mandated reductions and a \$433,000 reduction for salary and benefits.

- Federal appropriations decreased \$1 million due to a decline in Smith Lever amounts recognized. This decrease was merely attributable to timing differences between the University's June 30th fiscal year end and the Federal government's September 30th fiscal year end since awards for the University's land-grant Smith Lever, Hatch, McEntire Stennis and Animal Health appropriations remained approximately the same.
- Gifts and grants increased \$12.6 million due to American Recovery and Reinvestment Act (ARRA) State Stabilization (federal stimulus) funding of \$7.2 million, a \$3.5 million increase in federal Pell grant revenues, and \$2 million in gifts in support of the recently constructed Harris A. Smith Packaging Design building.
- Investment income increased \$32.8 million. Investment Income for cash amounts held by the State Treasurer increased \$3.6 million while realized and unrealized gains on amounts held by CUF and Wells Fargo increased \$29.2 million as a result of substantially improved market conditions compared to the previous year.
- Other nonoperating revenues increased \$1.2 million. A \$1.3 million refund of unvested pension contributions from TIAA-CREF and a \$1 million asbestos settlement was offset by a decrease of approximately \$1 million in excess student insurance premiums received in the prior year from a State consortium.
- Proceeds from the sale of equipment decreased

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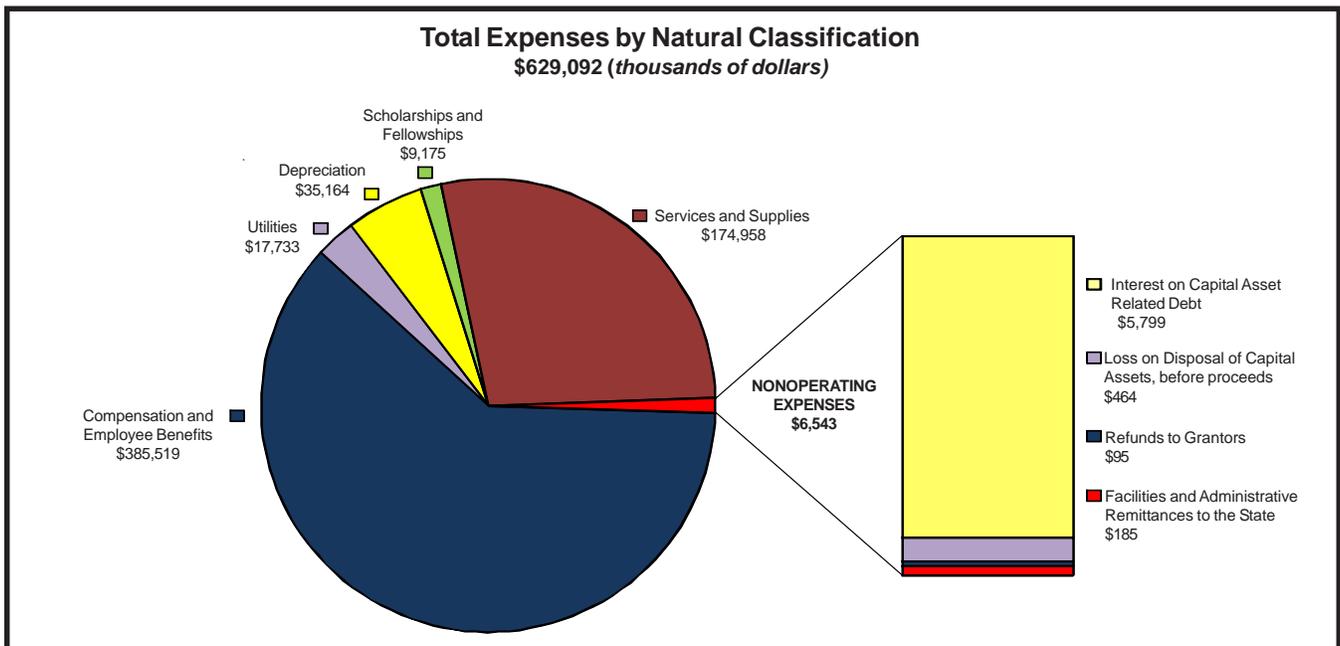
\$658,000. In the prior year the University received proceeds from the sale of the motor pool fleet, engineering equipment, and Edisto farm equipment. There were no similar sales this year.

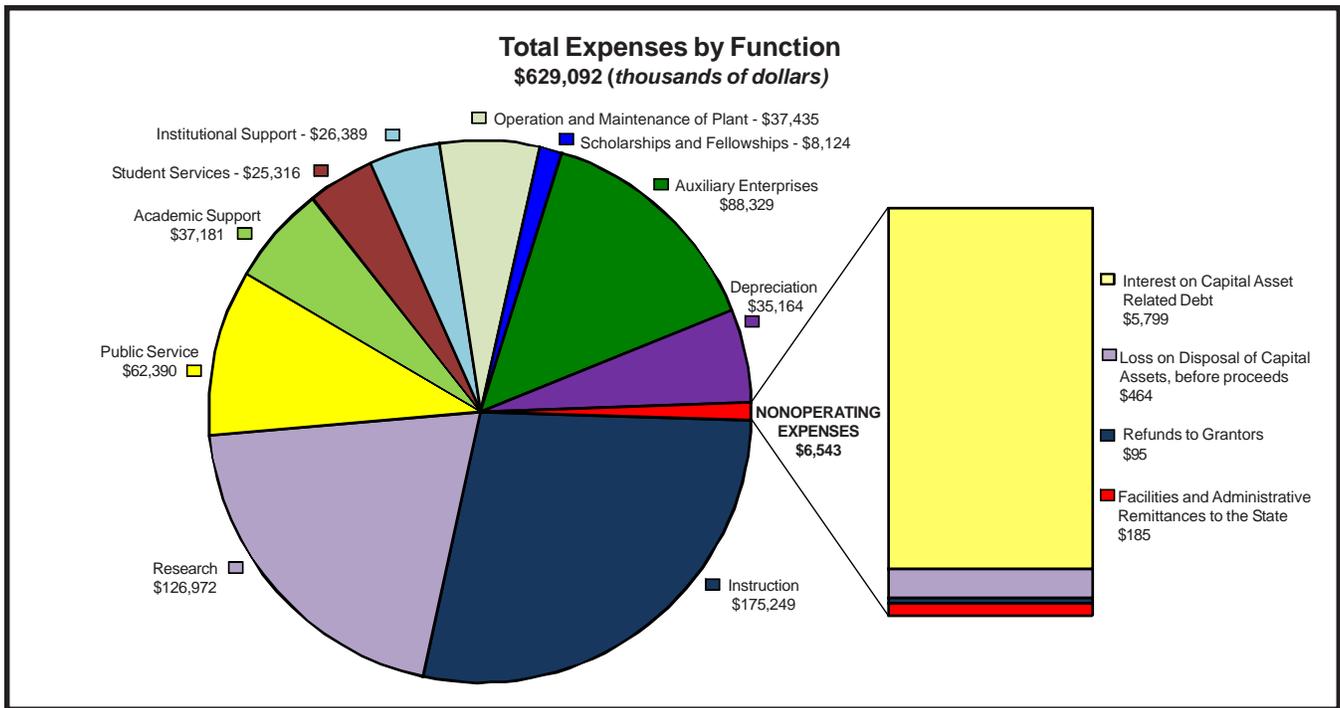
Total Expenses – decrease of \$1.4 million

- Operating expenses increased \$3.2 million, based on the following:
 - Compensation and employee benefits decreased \$9.2 million, marking the second consecutive year that these costs have decreased significantly. Classified salaries for staff, unclassified salaries for faculty, and fringe benefits decreased due to the elimination of over 400 positions.
 - Services and supplies expenses increased \$16.4 million. Instruction costs increased \$2.6 million largely related to increased Information Technology costs for instructional support, Study abroad fees, and lab improvements. The research increase of \$2.6 million was largely attributable to increases in stimulus funded federal Health and Human Services and National Science Foundation grants. The \$2.8 million decrease in public service costs resulted from state appropriation budget cuts for Public Service Activities. Academic support costs increased \$1.5 million due to an increase in information technology costs for hardware and software upgrades and costs associated with the relocation of the Clemson MBA program to the new Clemson-at-the-Falls site in Greenville, SC. Student services costs increased approximately \$118,000. Increases in student health center and orientation costs, driven by increased enrollment, and increased information technology costs, were offset by decreases in concert and major event costs. The institutional support increase of \$68,000 resulted from an increase in consulting fees and a decline in legal fees. Operation and maintenance of plant costs increased

\$7.6 million. The continued freeze on debt-funded major addition and renovation projects resulted in an increase in non-capitalized renovations and repairs, including \$1 million in turbine repairs. Auxiliary services costs increased \$4.8 million due to an increase in the general and administrative overhead charge to auxiliaries of \$1.1 million, a \$3.3 million increase in Apple Store costs, and increased food services costs driven by the enrollment increase.

- Utilities expenses decreased \$1.6 million. Almost all of this decrease was attributable to decreased telephone expenses related to the completion of major projects including the Cooper wire and the Poole Information Technology Center fiber project.
- Depreciation expenses increased \$1.8 million. Approximately \$29 million in new buildings and other nonstructural improvements resulted in an increase in depreciation expense of \$1.3 million. Software purchased and developed internally resulted in an increase of depreciation expense of \$213,000. Equipment acquisitions of \$7.9 million this fiscal year resulted in an increase of depreciation expense of \$490,000. The sale of the motor pool fleet last year resulted in a decrease of \$26,000 in depreciation expense for vehicles.
- Scholarships and fellowships expenses decreased \$4.2 million. Increases in tuition and housing fees resulted in less available to pay out to students.
- Nonoperating expenses decreased \$1.8 million, based on the following:
 - Interest expense decreased \$838,000. The Series 1995 and Series 1997 State general obligation bonds were retired this past fiscal year.
 - Losses on disposal of capital assets decreased \$338,000. The prior fiscal year sale of the University’s motor pool fleet and the disposal of a mainframe computer resulted in this decrease.





- Refunds to grantors decreased \$118,000. There was a decline in fixed payment amounts that had to be returned to sponsors when the cost of work performed did not equal the amount received.
- Facilities and administrative costs remitted to the State decreased \$423,000. The State requires such costs collected for non-research sponsored projects in excess of \$200,000 to be remitted. E&G program remittances decreased \$31,000 and Public Service Activities program remittances decreased \$392,000.
- The State capital appropriations decrease of \$3.2 million was attributable to a \$1.9 million increase in Research Infrastructure and Economic Development bond proceeds for the Bioengineering Research Center at the Patewood campus of the Greenville Hospital System, the Innovation Center at Research Park, and the Clemson University Restoration Institute in North Charleston. Offsetting that increase was a decline of \$4.4 million in State capital improvement bond revenues for the completed Rhodes Hall Annex and \$700,000 in capital reserve fund proceeds for the new office building at Baruch Research and Education Center.
- Capital grants and gifts increased \$18.1 million due to a \$15.6 million land and building gift-in-kind from the City of North Charleston in support of the Wind Turbine Drive-Train Test Facility grant, and \$9.9 million from the U.S. Department of Energy and Charleston County in support of the same \$45 million federal award. Offsetting those gifts were decreases

in IPTAY capital gifts for the completed WestZone Phase II project and gifts from CUF for completed University capital projects.

- The \$9.4 million increase in additions to permanent endowments resulted from an increase in State lottery funded endowed professorships from the previous year.

Statement of Cash Flows

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

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2010 and June 30, 2009 were as follows:

Capital Assets (net of accumulated depreciation)				
	2010	2009	Increase/ (Decrease)	Percent Change
Capital Assets:				
Land	\$ 32,133,383	\$ 26,734,383	\$ 5,399,000	20.19%
Construction in progress	24,586,034	39,351,413	(14,765,379)	(37.52)%
Utilities systems and other non-structural improvements	24,966,466	25,538,088	(571,622)	(2.24)%
Buildings and improvements	464,697,910	435,224,970	29,472,940	6.77%
Computer software	597,902	345,560	252,342	73.02%
Equipment	51,707,514	54,449,237	(2,741,723)	(5.04)%
Vehicles	9,262,627	8,924,182	338,445	3.79%
Total Capital Assets	\$ 607,951,836	\$ 590,567,833	\$ 17,384,003	2.94%

The University received a donation of land with a value of \$5.4 million this past year from the City of North Charleston. The land, located at the site of the Clemson University Restoration Institute (CURI), was donated in matching support of a \$45 million grant from the U.S. Department of Energy for a Wind Turbine Drive-Train Test Facility.

The 38 percent decrease in non-depreciable capital assets was attributable to a decrease in Construction in Progress. Several projects included in Construction in Progress at last fiscal year end were completed this past year and were capitalized as Buildings or additions to existing Buildings. Among these were: the Sandhill REC Lab Building, Rhodes Hall Annex, the WestZone Phase II addition to Memorial Stadium, an addition to the Doug Kingsmore Baseball Stadium, and the Duckworth Tennis Deck. Several externally funded projects were initiated this past year and comprised much of the remaining balance in Construction in Progress. Among these were: The Wind Turbine Drive-Train Test Facility (funded primarily by Federal and State grants), the expansion and renovation of Lee Hall (funded, in part by American Reinvestment and Recovery Act Stimulus Funds), and the Greenville Hospital Patewood Campus project (funded by State Research University Infrastructure Bonds).

Utilities Systems and Other Non-Structural Improvements decreased 2 percent. Approximately \$1.272 million in new additions to Campus Green, the Plaza at the Clemson University International Center for Automotive Research (CU-ICAR), and the Senior Sidewalk, adjacent to the President's Rotunda, was offset by depreciation expense on new and existing assets of \$1.844 million.

Buildings increased \$29.5 million. As referred to above, the Sandhill REC Lab Building, Rhodes Hall Annex, WestZone Phase II addition to Memorial Stadium, Doug Kingsmore Baseball Stadium addition, and the Duckworth Tennis Deck were completed this past year and reclassified from Construction in Progress. In addition, the University also received a donation of buildings valued at \$10.5 million at the CURI site in matching support of the \$45 million U.S. Department of Energy grant for the Wind Turbine Drive-Train Test Facility.

Capitalized Computer Software increased 73 percent. The University purchased and implemented Facilities-related software this past year.

Equipment decreased 5 percent. Net equipment acquisitions increased \$7.9 million from the previous year due to the lifting of spending restrictions previously imposed. However, depreciation on new and previously existing equipment increased \$10.6 million.

Vehicles increased 4 percent. This increase was almost totally attributable to new vehicle purchases this past fiscal year (less depreciation). Although the University sold its motor fleet and currently utilizes a rental car firm for its fleet vehicle needs, it still purchases trucks and other service vehicles for: facilities maintenance, parking enforcement, law enforcement, and for the agricultural research and education centers.

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 \$122,341,128 in bonds payable, \$430,296 in capital leases payable and \$1,256,419 in notes payable at June 30, 2010.

The University's bonded indebtedness consisted of: General Obligation Bonds of \$41,550,000, Plant Improvement Bonds of \$820,000 and various Revenue Bond issues totaling \$79,971,128. General Obligation Bonds are obligations of the State of South Carolina and are secured as to principal and interest by a pledge of full faith, credit, and taxing power of the State and are paid with tuition and matriculation fees. Plant Improvement Bonds are secured by a pledge of a special student fee designated for the improvement of plant. Revenue bonds issued for student and faculty housing, plant improvement, parking and various auxiliary facilities are paid with pledged net revenues, special imposed student fees, and stadium seat taxes.

The \$430,296 in capital leases is comprised of one lease for land and a building and expires at the end of the next fiscal year.

The \$1,256,419 in notes payable is comprised of two notes

from the South Carolina State Energy Office (SCEO) for energy efficiency and renewable energy improvements, and a note with Banc of America used to construct a new scoreboard in Memorial Stadium. One of the notes payable with the SCEO was issued this past fiscal year and was funded with American Recovery and Reinvestment Act (ARRA) Stimulus Funds.

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

Economic Outlook

As a State supported higher education institution, the University's economic position is closely tied to the State of South Carolina. The State ended fiscal year 2010 with a \$71 million budgetary surplus.

Although the State was also able to liquidate a fiscal year 2009 operating deficit of \$98.2 million, and allocate \$46.9 million to replenish the General Reserve "Rainy Day" Fund to full funding (three percent of FY 09 actual revenues of \$5.5 billion), this surplus resulted, in part, from two "mid-year" budget cuts of 9.04 percent, totaling \$439 million. In his end-of-the-year news release, State Comptroller General, Richard Eckstrom, noted that: "The current economic crisis has highlighted weaknesses in the state's efforts in forecasting and tracking revenue and in budgeting. More attention needs to be devoted to these areas so that the General Assembly will have a constant, comprehensive and reliable flow of data to

make more informed decisions on short term, as well as long range, spending".

State appropriations to fund operations decreased almost \$14.2 million for fiscal year 2010, a decline of 11 percent from the previous year. The University did receive approximately \$7.6 million in American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Act (stimulus) Funds this past year to fund operations. State appropriations are projected to decline by more than \$25 million on a recurring basis in fiscal year 2011. The University is projected to receive \$19.1 million in one-time ARRA funds to partially offset the fiscal year 2011 cuts for one year.

State scholarship programs funded with lottery proceeds increased almost \$2 million in fiscal year 2010. In addition, through the Endowed Chairs program, which matches private contributions for endowed professorships, the University received \$11.8 million for fiscal year 2010, an increase of \$9.3 million from the previous year.

The decline of approximately \$3.2 million in state capital appropriations largely resulted from the completion of the Rhodes Hall Annex, financed with state capital improvement bond revenues.

Partially in response to the decline in state appropriations for operations, the University's Board of Trustees adopted a budget for fiscal year 2011 that included a 7.5 percent tuition increase for in-state undergraduate students and an 8 percent increase for out-of-state undergraduate students.

CLEMSON UNIVERSITY STATEMENT OF NET ASSETS

June 30, 2010

	Clemson University	Clemson University Research Foundation
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 142,913,849	\$ 2,212,752
Restricted Assets - Current:		
Cash and cash equivalents	138,692,574	5,132,609
Accounts receivable (Net of provision for doubtful accounts of \$249,042)	10,072,653	2,055,774
Grants and contracts receivable	23,041,431	—
Contributions receivable, net	1,846,157	—
Interest and income receivable	1,882,085	—
Student loans receivable	35,415	—
Inventories	1,527,843	—
Prepaid expenses	3,494,227	152,522
Other	62,652	—
Total current assets	<u>323,568,886</u>	<u>9,553,657</u>
Noncurrent Assets:		
Notes receivable	103,534,778	—
Contributions receivable, net	1,586,731	—
Investments	2,256,234	—
Restricted Assets - Noncurrent:		
Cash and cash equivalents	33,000,048	—
Student loans receivable	8,783,257	—
Other	436,200	1,139,072
Capital assets, not being depreciated	56,719,417	1,228,733
Capital assets, net of accumulated depreciation	551,232,419	3,816,220
Total noncurrent assets	<u>757,549,084</u>	<u>6,184,025</u>
Total assets	<u>\$ 1,081,117,970</u>	<u>\$ 15,737,682</u>
LIABILITIES		
Current Liabilities:		
Accounts and retainages payable	\$ 15,609,597	\$ 1,993,435
Accrued payroll and related liabilities	14,644,536	—
Accrued compensated absences and related liabilities	13,751,086	—
Accrued interest payable	781,731	13,763
Deferred revenues	32,087,772	2,059,652
Bonds payable	11,806,137	—
Capital leases payable	430,296	—
Notes payable	371,522	110,157
Deposits	3,548,295	—
Funds held for others	1,323,467	75,754
Total current liabilities	<u>94,354,439</u>	<u>4,252,761</u>
Noncurrent Liabilities:		
Arbitrage payable	39,484	—
Accrued compensated absences and related liabilities	8,492,914	—
Deposits	4,738,867	—
Funds held for others	9,894,730	—
Bonds payable	110,534,991	—
Notes payable	884,897	2,864,280
Total noncurrent liabilities	<u>134,585,883</u>	<u>2,864,280</u>
Total liabilities	<u>\$ 228,940,322</u>	<u>\$ 7,117,041</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 485,225,122	\$ 2,070,515
Restricted for nonexpendable purposes:		
Scholarships and fellowships	47,852,966	—
Restricted for expendable purposes:		
Scholarships and fellowships	135,762,331	—
Research	1,157,643	3,316,999
Instructional/departmental use	20,497,096	—
Loans	1,875,734	—
Capital projects	65,742,396	—
Debt service	11,152,942	—
Unrestricted	82,911,418	3,233,127
Total net assets	<u>\$ 852,177,648</u>	<u>\$ 8,620,641</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the year ended June 30, 2010

	<u>Clemson University</u>	<u>Clemson University Research Foundation</u>
REVENUES		
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of \$70,580,365)	\$ 223,036,455	\$ —
Federal grants and contracts	63,792,025	5,091,707
State grants and contracts	48,683,279	—
Local grants and contracts	958,849	—
Nongovernmental grants and contracts	8,725,926	1,494,304
Sales and services of educational and other activities	15,916,781	—
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$12,867,054)	75,763,792	—
Sales and services of auxiliary enterprises - not pledged	13,365,660	—
Other operating revenues	28,851,339	4,422,291
Total operating revenues	<u>479,094,106</u>	<u>11,008,302</u>
EXPENSES		
Operating Expenses:		
Compensation and employee benefits	385,519,268	—
Services and supplies	174,957,812	9,692,894
Utilities	17,733,353	258,141
Depreciation	35,163,628	335,480
Scholarships and fellowships	9,175,275	—
Total operating expenses	<u>622,549,336</u>	<u>10,286,515</u>
Operating loss/income	<u>(143,455,230)</u>	<u>721,787</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	114,119,657	—
Federal appropriations	11,268,996	—
Gifts and Grants	59,473,033	812,913
Interest income	12,407,653	46,119
Endowment income	10,086,131	—
Interest on capital asset related debt	(5,799,330)	(172,834)
Other nonoperating revenues	3,191,657	663,337
Gain/Loss on disposal of capital assets	(407,132)	—
Refunds to grantors	(95,202)	—
Facilities and administrative remittances to the State	(185,314)	—
Net nonoperating revenues	<u>204,060,149</u>	<u>1,349,535</u>
Income before other revenues, expenses, gains or losses	60,604,919	2,071,322
State capital appropriations	3,735,547	—
Capital grants and gifts	31,148,304	—
Additions to permanent endowments	11,846,416	—
Increase in net assets	<u>107,335,186</u>	<u>2,071,322</u>
NET ASSETS		
Net assets, Beginning of Year	744,842,462	6,549,319
Net assets, End of Year	<u>\$ 852,177,648</u>	<u>\$ 8,620,641</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY

STATEMENT OF CASH FLOWS

For the year ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Payments from customers	\$ 301,968,687
Grants and contracts	121,956,614
Payments to suppliers	(167,225,175)
Payments to employees	(318,579,853)
Payments for benefits	(75,165,264)
Payments to students	(39,693,559)
Inflows from Stafford loans	59,924,989
Outflows from Stafford loans	(7,429,858)
Loans to students	(24,014)
Collection of loans	885,866
Net cash used by operating activities	<u>(123,381,567)</u>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	114,067,073
Federal appropriations	10,848,696
Gifts and grants	97,042,357
Net cash flow provided by noncapital financing activities	<u>221,958,126</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital debt	216,609
State capital appropriations	3,681,576
Capital grants and gifts received	14,766,567
Proceeds from sale of property	57,059
Purchases of capital assets	(34,897,009)
Principal paid on capital debt and leases	(11,952,060)
Interest and fees	(6,024,858)
Net cash used by capital activities	<u>(34,152,116)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	13,394,007
Proceeds from stock sales	28,956
Net cash flows used by investing activities	<u>13,422,963</u>
Net change in cash	77,847,406
Cash beginning of year	236,759,065
Cash end of year	<u>\$ 314,606,471</u>

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

Operating loss	\$ (143,455,230)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	35,163,628
Change in asset and liabilities:	
Receivables net	(24,020,276)
Grants and contracts receivable	(945,718)
Student loans receivable	843,263
Prepaid expenses	(1,192,860)
Inventories	(440,396)
Other	64,139
Accounts and retainages payable	1,680,732
Accrued payroll and related liabilities	1,263,303
Accrued compensated absences and related liabilities	(874,000)
Deferred revenue	2,389,715
Deposits held for others	6,142,133
Net cash used by operating activities	<u>\$ (123,381,567)</u>

NON-CASH TRANSACTIONS

Decrease in fair value of investments	\$ 18,270,378
Capital assets acquired through gifts	16,328,277

RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES

Current assets:	
Cash and cash equivalents	\$ 142,913,849
Restricted cash and cash equivalents	138,692,574
Noncurrent assets	33,000,048
Total cash and cash equivalent balances	<u>\$ 314,606,471</u>

See accompanying notes to basic financial statements.

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

June 30, 2010

ASSETS	
Cash and cash equivalents	\$ 21,763,807
Contributions receivable, net	25,353,314
Other receivables	359,373
Due from related organizations	1,976,546
Investments	250,265,067
Investments held for Clemson University	103,534,778
Cash surrender value of life insurance	1,298,481
Land held for resale	11,900
Land, buildings and equipment, net	9,652,849
Investments held in trust for affiliate	2,058,029
Other assets	140,369
Total assets	<u>\$ 416,414,513</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued liabilities	\$ 633,465
Due to related organizations	919,183
Accrued liability to Clemson University due to net investment appreciation	13,247,427
Note payable to Clemson University	90,287,351
Actuarial liability of annuities payable	5,598,833
Trust funds administered for affiliate	2,058,029
Total liabilities	<u>112,744,288</u>
Net Assets:	
Unrestricted	8,467,212
Temporarily restricted	87,891,799
Permanently restricted	207,311,214
Total net assets	<u>303,670,225</u>
Total liabilities and net assets	<u>\$ 416,414,513</u>

See accompanying notes to basic financial statements.

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

Year ended June 30, 2010

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:				
Gifts and bequests	\$ 1,306,813	\$ 13,372,785	\$ 9,053,644	\$ 23,733,242
Income on investments	3,276,176	778,452	305	4,054,933
Net realized and unrealized gains (losses) on investments ...	1,147,493	21,406,463	5,117	22,559,073
Program income	554,499	539,922	—	1,094,421
Other income	1,155,550	1,394	75,338	1,232,282
Change in value of split-interest agreements	45,350	77,364	(314,372)	(191,658)
Reclassification of donor intent	200,532	672,884	(873,416)	0
Total revenues and gains	7,686,413	36,849,264	7,946,616	52,482,293
Net assets released from restrictions	15,908,866	(15,908,866)	—	0
Total revenues, gains and other support	23,595,279	20,940,398	7,946,616	52,482,293
EXPENSES:				
Program expenses - grant to Clemson University	1,570,819	—	—	1,570,819
Program expenses - alumni operations	807,432	—	—	807,432
Program expenses - endowments	6,088,022	—	—	6,088,022
Program expenses - operations	7,173,190	—	—	7,173,190
Program expenses - capital projects	4,519,564	—	—	4,519,564
Total program expenses	20,159,027	—	0	20,159,027
General administrative	1,218,922	—	—	1,218,922
Fundraising	1,901,246	—	—	1,901,246
Total expenses	23,279,195	—	0	23,279,195
(Decrease) increase in net assets before other changes	316,084	20,940,398	7,946,616	29,203,098
OTHER CHANGES:				
Gains on investments, net of distributions	8,590,911	(8,590,911)	—	0
Transfer of interest in CLUR, LLC	(418,336)	—	—	(418,336)
Total other changes	8,172,575	(8,590,911)	0	(418,336)
Change in net assets	8,488,659	12,349,487	7,946,616	28,784,762
Net assets at beginning of year	(21,447)	75,542,312	199,364,598	274,885,463
Net assets at end of year	\$ 8,467,212	\$ 87,891,799	\$ 207,311,214	\$ 303,670,225

See accompanying notes to basic financial statements.

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

Nature of Organization

Clemson University is a State-supported, coeducational institution of higher education. The University is granted an annual appropriation for operating purposes as authorized by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the institution. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total operating funds. The laws of the State and the policies and procedures specified by the State for State agencies and institutions are applicable to the activities of the University. The University was established as an institution of higher education by Section 59-119-20 of the Code of Laws of South Carolina in accordance with the will of Thomas Green Clemson and the Act of Acceptance of the General Assembly of South Carolina. The University is part of the primary government of the State of South Carolina and its funds are reported in the State's higher education funds in the Comprehensive Annual Financial Report of the State of South Carolina. Generally all State departments, agencies, and colleges are included in the State's reporting entity. These entities are financially accountable to and fiscally dependent on the State. Although the State-supported universities operate somewhat autonomously, they lack full corporate powers. In addition, the Governor and/or the General Assembly appoints some of their board members and budgets a significant portion of their funds.

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

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

The University follows GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* which provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and clarifies reporting requirements for those organizations. Based on these criteria, the financial statements include the accounts of the University, as the primary government, and the accounts of the following two entities as discretely presented component units.

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

The Clemson University Research Foundation (CURF) is a separately chartered corporation established to solicit research grants and contracts, then contract the University to perform the research. CURF's activities are governed by its Board of Directors. CURF is considered a component unit, and is discretely presented in the financial statements, because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. Copies of the separately issued financial statements of the Clemson University Research Foundation can be obtained by sending a request to the following address: Clemson University Research Foundation, P.O. Box 946, Clemson, SC 29633.

Financial Statement Presentation

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

Measurement Focus and Basis of Accounting

For financial reporting purposes, the University, along with the Clemson University Research Foundation, its discretely presented component unit, is considered a special-purpose

NOTES TO FINANCIAL STATEMENTS

government engaged only in business-type activities. Accordingly, the University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The Clemson University Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to CUF's financial information in the University's financial reporting entity for these differences.

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

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

Cash and Cash Equivalents

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

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

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State. The University records and reports its deposits in the general deposit account at cost. It records and reports its special deposit account at

fair value. Investments held by the pool are recorded at fair value. Interest earned by the University's special deposit accounts is posted to its account at the end of each month and is retained. Interest earnings are allocated based on the percentage of the University's accumulated daily income receivable to the total income receivable of the pool. Reported interest income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in the fair value of investments held by the pool. Realized gains and losses are allocated daily and are included in the accumulated income receivable. Unrealized gains and losses are allocated at year end based on the percentage of ownership in the pool.

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

Investments

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

Receivables

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

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

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

Amounts due from the Clemson University Foundation are pursuant to a Memorandum of Understanding between the University and that entity prompted by a 1999 change in the South Carolina Code of Laws that allowed state-supported

NOTES TO FINANCIAL STATEMENTS

universities to lend endowment balances to separately chartered not-for-profit entities whose existence is primarily providing financial assistance and other support to the institution and its educational programs. For additional information regarding this loan, see Note 3.

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

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

Inventories

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

Noncurrent Cash and Investments

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

Capital Assets

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 40 years for buildings and improvements and land improvements and 6 to 20 years for machinery, equipment, and vehicles. Internally developed software is depreciated using the straight-line method over a three year period. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Deferred Revenues

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

Deposits

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

Funds Held for Others

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

Prepaid Expenses

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

Internal Service and Auxiliary Enterprise Activities

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

Compensated Absences

Generally all permanent full-time State employees and certain part-time employees scheduled to work at least one-half of the agency's workweek are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and 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

NOTES TO FINANCIAL STATEMENTS

compensatory overtime leave earned for which the employees are entitled to paid time off or payment at termination. The University calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through paid time off or cash payments at termination. That liability is inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments net change in the liability is recorded in the current year in the applicable functional expenditure categories.

Noncurrent Liabilities

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

Net Assets

The University's net assets are classified as follows:

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

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

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

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

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is

to first apply the expense towards unrestricted resources and then towards restricted resources.

Income Taxes

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

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

Classification of Revenues and Expenses

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

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

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

Educational Activities Revenue

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

NOTES TO FINANCIAL STATEMENTS

Scholarship Discounts and Allowances

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

Deferred Charges

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

Rebatable Arbitrage

Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from those earnings exceeds the effective yield on the related tax-exempt debt issued. Governmental units may avoid the requirement to rebate the "excess" earnings to the federal government under certain circumstances, if they issue no more than \$5 million in total of all such debt in a calendar year or if they meet specified targets for expenditures of the proceeds and interest earnings thereon. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. The federal government only requires arbitrage be calculated, reported, and paid every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. Arbitrage expenditures are valued using the rebate method. The expenditure and liability, if any, are recorded and a reserve fund to liquidate the liability is established.

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:

Statement of Net Assets		Footnotes	
Cash and cash equivalents:		Cash on hand	\$ 296,654
Current - unrestricted	\$ 142,913,849	Deposits held by State Treasurer	314,252,242
Current - restricted	138,692,574	Other deposits	57,575
Noncurrent - restricted	33,000,048	Investments held by State Treasurer	154,439
Investments	2,256,234	Other investments	2,101,795
Total	\$ 316,862,705	Total	\$ 316,862,705

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, 2010, \$10,817,757 of the \$314,252,242 identified above as "Deposits held by State Treasurer" is attributable to unrealized appreciation.

Other Deposits

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

Investments Held by State Treasurer

Investments held by State Treasurer comprise investments held for the University and the State of South Carolina which are legally restricted and earnings thereon become revenue of the specific fund from which the investment was made. These investments are specific, identifiable investment securities. Investments consist of Agricultural College stock with a carrying amount of \$95,900 and Perpetual stock with a carrying amount of \$58,539 held by the State Treasurer as Trustee in Perpetuity on which they are required to pay the University 6 percent per year. Since there is no readily determinable fair value for these investments, they have been assigned a fair value equal to their historical cost value.

NOTES TO FINANCIAL STATEMENTS

Other Investments

The University also has investments in mutual funds as authorized by a single donor. The mutual funds with a fair value of \$2,101,795, are held, and invested by, Wachovia, Inc., as trustee in accordance with the endowment agreement specified by the donor.

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

“Other Investments” are stated at fair value and include unrealized appreciation of \$788,939. Purchases and sales are accounted for on the trade date. Both unrealized and realized gains and losses on investments have been recorded. Earnings are recorded on an accrual basis.

Other investments as of June 30, 2010 were as follows:

Other Investments			
	Fair Value	Effective Maturity (Years)	Credit Rating
Domestic bond fund	\$ 720,708	7.4	N/A
International bond fund	132,283	10	N/A
Equity funds	1,248,804	N/A	N/A
Total other investments	\$ 2,101,795		

NOTE 3. RECEIVABLES

University receivables reported in the Statement of Net Assets as of June 30, 2010, were as follows:

University Receivables			
	Current	Noncurrent	Total
Accounts receivable, net	\$ 10,072,653	\$ —	\$ 10,072,653
Grants and contracts receivable	23,041,431	—	23,041,431
Notes receivable	—	103,534,778	103,534,778
Contributions receivable, net	1,846,157	1,586,731	3,432,888
Interest and income receivable	1,882,085	—	1,882,085
Student loans receivable	35,415	8,783,257	8,818,672
Total university receivables	\$ 36,877,741	\$ 113,904,766	\$ 150,782,507

Accounts receivable are reported net of allowances for doubtful accounts of \$249,042 based on credit losses experienced in prior years and evaluation of current portfolios. Student payment allowances of \$184,000, parking services allowances of \$60,042 and telecommunications allowances of \$5,000 comprise this amount. Contributions receivable are reported net of allowances for current uncollectible pledges of \$487,612 and allowances for noncurrent uncollectible pledges of \$463,536.

Accounts receivable for the year ended June 30, 2010, were comprised of the following balances:

Accounts Receivable	
Auxiliaries	\$ 3,815,133
Students/scholarships	2,348,631
Computer services	1,560,684
Camps	649,980
Educational programs	576,641
Professional development/conferences	358,065
Fees	350,338
Other	220,319
State bond proceeds	192,862
Total accounts receivable	\$ 10,072,653

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 contract receivable for the year ended June 30, 2010, were comprised of the following balances:

Grants and Contracts Receivable					
	Federal	State	Local	Nongovernmental	Total
Sponsored research	\$ 14,933,671	\$ 1,250,038	\$ 173,235	\$ 1,849,362	\$ 18,206,306
Land-grant appropriations	2,024,858	—	—	—	2,024,858
Scholarship programs	2,810,267	—	—	—	2,810,267
Total grants and contracts receivable	\$ 19,768,796	\$ 1,250,038	\$ 173,235	\$ 1,849,362	\$ 23,041,431

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

Contributions Receivable			
	Current	Noncurrent	Total
University programs	\$ 1,291,923	\$ 1,515,641	\$ 2,807,564
Athletic scholarships	554,234	71,090	625,324
Total contributions receivable	\$ 1,846,157	\$ 1,586,731	\$ 3,432,888

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, 2010, the University had notes receivable from the Clemson University Foundation, a related party, totaling \$103,534,778. This amount includes the original loan of \$35,358,188, additional amounts totaling \$54,929,162 loaned since the fiscal year 1999 original loan, plus related income and appreciation. Funds loaned to the Clemson University Foundation will be paid back to the University with interest at a rate equal to that which is necessary to produce a sum which is equal to the total return (consisting of appreciation and income), provided, however, such rate will not be less than zero. The Memorandum of Understanding between Clemson University and the Clemson

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, is summarized as follows:

Capital Assets	Beginning Balance June 30, 2009	Increases	Decreases	Ending Balance June 30, 2010
Capital assets not being depreciated:				
Land and improvements	\$ 26,734,383	\$ 5,399,000	\$ —	\$ 32,133,383
*Construction in progress	39,351,413	20,689,580	35,454,959	24,586,034
Total capital assets not being depreciated	66,085,796	26,088,580	35,454,959	56,719,417
Depreciable capital assets:				
Utilities systems and other non-structural improvements	42,522,594	1,271,923	—	43,794,517
Buildings and improvements	677,661,577	46,812,497	—	724,474,074
Computer software	1,456,762	637,683	—	2,094,445
Equipment	179,777,724	13,157,448	5,222,723	187,712,449
Vehicles	15,108,739	498,649	368,905	15,238,483
Total depreciable capital assets at historical cost	916,527,396	62,378,200	5,591,628	973,313,968
Less accumulated depreciation for:				
Utilities systems and other non-structural improvements	16,984,506	1,843,545	—	18,828,051
Buildings and improvements	242,436,607	17,339,557	—	259,776,164
Computer software	1,111,202	385,341	—	1,496,543
Equipment	125,328,487	15,474,727	4,798,279	136,004,935
Vehicles	6,184,557	120,458	329,159	5,975,856
Total accumulated depreciation	392,045,359	35,163,628	5,127,438	422,081,549
Depreciable capital assets, net	524,482,037	27,214,572	464,190	551,232,419
Capital assets, net	\$ 590,567,833	\$ 53,303,152	\$ 35,919,149	\$ 607,951,836

* Includes current fiscal year capitalized interest of \$394,247
NOTE: The University received \$57,059 in proceeds from the sale of capital assets.

NOTE 5. DEFERRED REVENUES, DEPOSITS AND FUNDS HELD FOR OTHERS

Deferred revenues consist primarily of athletic ticket sales and related fees and unearned student revenues for the second summer session and fall semester. These monies were collected in advance and were not earned at June 30, 2010.

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

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

A summary listing of deferred revenue follows:

Deferred Revenues	
Athletic event receipts - fall semester	\$ 13,370,975
Sponsored research programs	9,729,906
Academic and other fees - second summer semester	6,593,885
Educational programs	1,326,824
Admission fees - fall semester	686,641
Public service programs	172,447
Other	162,997
Other auxiliary fees - second summer session	44,097
Total deferred revenues	\$ 32,087,772

Deposits consist of both current and noncurrent components. Pooled fringe benefits over-recoveries represent the largest current deposit balance and the entire noncurrent deposit balance. The University submits a pooled fringe benefit rate proposal to its cognizant agency, the U.S. Department of Health & Human Services (HHS), two years in advance of actual charges. HHS has approved the University's pooled

NOTES TO FINANCIAL STATEMENTS

fringe benefit rates through the fiscal year ending June 30, 2011. Actual under-recovery or over-recovery of costs are reflected in future rate proposals and approvals. Prior to the current fiscal year, the University adjusted fringe benefit expense accounts for under-recovery or over-recovery. Beginning with the fiscal year ending June 30, 2010, the University changed its method of accounting to record these under-recoveries and over-recoveries as assets and/or liabilities to be adjusted each fiscal year end based on actual expenditures. The \$1,566,606 balance in current deposits represents over-recoveries for the fiscal year ending June 30, 2009, and will be absorbed/adjusted through the pooled fringe rate established for the fiscal year ending June 30, 2011. The \$4,738,867 balance in noncurrent deposits represents over-recoveries for the fiscal year ending June 30, 2010, and will be absorbed/adjusted through the pooled fringe rate established for the fiscal year ending June 30, 2012. Other current deposits are comprised of: football game guarantees and amounts due to the Atlantic Coast Conference, student campus card balances, funds held on deposit for concert promoters, and miscellaneous departmental amounts.

Deposits	Current	Noncurrent
Pooled fringe benefits over-recoveries	\$ 1,566,606	\$ 4,738,867
Football guarantees/conference settlement	1,356,443	—
Student campus card balances	374,881	—
Concert Promotions	185,615	—
Miscellaneous departmental	64,750	—
Total deposits	<u>\$ 3,548,295</u>	<u>\$ 4,738,867</u>

Funds held for others consist of both current and noncurrent components. Negotiated termination settlement amounts due in the next fiscal year, to a former athletic coach comprises \$599,033 of the current amount. The balance of current funds held for others is comprised of agency funds held in trust for others.

The federal Perkins loan liability balance represents the largest component of noncurrent funds held for others. Termination settlement amounts due in future fiscal years, and a longevity supplement for an athletic coach represent the balance in noncurrent funds held for others.

Funds Held for Others	Current	Noncurrent
Federal Perkins Loans	\$ —	\$ 7,520,728
Coach's termination settlement	599,033*	2,094,854
Coach's longevity supplement	—	279,148
Amounts held in trust	724,434**	—
Total funds held for others	<u>\$ 1,323,467</u>	<u>\$ 9,894,730</u>

* Included in the "Due Within One Year" column of Long-Term Liabilities (Note 11).
 ** All amounts due on demand, not included in the "Due Within One Year" column of Long-Term Liabilities (Note 11).

NOTES TO FINANCIAL STATEMENTS

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

Bonds Payable

At June 30, 2010, bonds payable consisted of the following:

Bonds Payable				
	Interest Rate	Maturity Dates	June 30, 2010 Balance	Debt Retired in Fiscal Year 2010
General Obligation Bonds				
Bonds dated 4/01/95 (Series 1995A)	0.00%	6/1/2010	\$ —	\$ 300,000
Bonds dated 6/01/97 (Series 1997B)	0.00%	6/1/2010	—	1,170,000
Bonds dated 7/01/02 (Series 2002B)	4.00-4.375%	6/1/2017	17,520,000	645,000
Bonds dated 3/01/03 (Series 2003B)	3.50-4.50%	6/1/2017	6,660,000	820,000
Bonds dated 12/01/03 (Series 2003F)	3.50-4.25%	6/1/2018	6,565,000	475,000
Bonds dated 4/01/07 (Series 2007B)	2.50-4.50%	6/1/2021	10,805,000	725,000
			<u>41,550,000</u>	
Plant Improvement Refunding Bonds				
Bonds dated 3/01/98 (Series 1998)	4.50%	5/1/2011	820,000	790,000
			<u>820,000</u>	
Revenue Bonds				
Bonds dated 1/01/98 (Series 1998A)	4.75%	5/1/2012	4,125,000	2,190,000
Bonds dated 8/01/03 (Series 2003)	4.00-5.00%	5/1/2018	23,590,000	785,000
Bonds dated 12/1/05 (Series 2005)	4.00-5.00%	5/1/2020	19,185,000	1,615,000
			<u>46,900,000</u>	
Athletic Facilities Revenue Bonds				
Bonds dated 6/01/01 (Series 2001)	4.25-4.75%	5/1/2016	10,395,000	1,430,000
Bonds dated 6/01/03 (Series 2003)	3.00-5.00%	5/1/2023	6,975,000	10,000
Bonds dated 12/1/05 (Series 2005)	4.00-6.00%	5/1/2025	14,400,000	200,000
			<u>31,770,000</u>	
Subtotal bonds payable			121,040,000	11,155,000
Plus unamortized bond premium			1,301,128	141,137
Total bonds payable			<u>\$ 122,341,128</u>	<u>\$ 11,296,137</u>

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

The University purchased a bond insurance policy payable to the bond trustee for the Plant Improvement Refunding Bonds, Series 1998; the Revenue Bonds, Series 1998A, Series 2003 and Series 2005; and the Athletic Facilities Revenue Bonds, Series 2001, 2003 and 2005. In addition, a surety bond was purchased for the Athletic Facilities Revenue Bonds, Series

2001, 2003 and 2005. The insurance guarantees payment of principal and interest until all debt has been retired.

Tuition fees for the fiscal year ended June 30, 2009 were \$19,607,256 which results in a legal annual debt service limit at June 30, 2010 of \$17,646,530. This amount is equal to 90% of tuition fees collected for the prior fiscal year.

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

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

The Series 2001 Athletic Facilities Revenue Bonds maturing prior to May 1, 2012 shall not be subject to redemption; however, they shall be subject to redemption prior to maturity on or after May 1, 2011 at the option of the University on or after May 1, 2012, in whole or in part for the principal amount thereof and the interest accrued on such

NOTES TO FINANCIAL STATEMENTS

principal amount to the date fixed for redemption, plus the following redemption premium: May 1, 2011 through April 30, 2012 at 101 percent and May 1, 2012 and thereafter at 100 percent.

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

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

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

The Series 2003F General Obligation Bonds maturing on and after June 1, 2014, are subject to redemption, in whole or in part, at any time in any order of maturity to be determined

by the State, on and after June 1, 2013, at the redemption price of par plus accrued interest to the date fixed for redemption.

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

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

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

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.

All of the bonds are payable in semiannual installments plus interest. Amounts including interest required to complete payment of the Revenue and Athletic Facilities Revenue bond obligations as of June 30, 2010, are as follows:

Revenue and Athletic Facilities Revenue Bonds			
Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 6,535,000	\$ 3,657,422	\$ 10,192,422
2012	6,845,000	3,357,985	10,202,985
2013	7,170,000	3,044,748	10,214,748
2014	7,510,000	2,709,378	10,219,378
2015	7,860,000	2,355,740	10,215,740
2016 through 2020	30,660,000	6,175,370	36,835,370
2021 through 2025	12,090,000	1,692,631	13,782,631
Total Revenue and Athletic Facilities Revenue Bonds	<u>\$ 78,670,000</u>	<u>\$ 22,993,274</u>	<u>\$ 101,663,274</u>

NOTES TO FINANCIAL STATEMENTS

Amounts including interest required to complete payment of the Plant Improvement bonds as of June 30, 2010, are as follows:

Plant Improvement Refunding Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30 2011	\$ 820,000	\$ 36,900	\$ 856,900
Total Plant Improvement Refunding Bonds	<u>\$ 820,000</u>	<u>\$ 36,900</u>	<u>\$ 856,900</u>

Amounts including interest required to complete payment of the General Obligation Bonds as of June 30, 2010, are as follows:

General Obligation Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30			
2011	\$ 4,310,000	\$ 1,689,540	\$ 5,999,540
2012	4,490,000	1,513,678	6,003,678
2013	4,675,000	1,328,252	6,003,252
2014	4,865,000	1,142,990	6,007,990
2015	5,070,000	946,990	6,016,990
2016 through 2020	16,900,000	1,735,725	18,635,725
2021	<u>1,240,000</u>	<u>31,000</u>	<u>1,271,000</u>
Total General Obligation Bonds	<u>\$ 41,550,000</u>	<u>\$ 8,388,175</u>	<u>\$ 49,938,175</u>

The University reported principal retirements and interest expenditures related to the bonds as follows for the year ended June 30, 2010:

Principal Retirements and Interest Expenses		
<u>Bond Type</u>	<u>Principal</u>	<u>Interest</u>
General obligation bonds	\$ 4,135,000	\$ 1,844,626
Plant improvement refunding bonds	790,000	66,525
Revenue bonds	4,590,000	2,292,634
Athletic facilities revenue bonds	<u>1,640,000</u>	<u>1,459,870</u>
Total Principal Retirements and Interest Expenses	<u>\$ 11,155,000</u>	<u>\$ 5,663,655</u>

Arbitrage Liability Accrual

Arbitrage liability for the General Obligation Bonds, Series 2007B is \$39,484. Ninety percent of the liability is required to be rebated to the federal government no later than 60 days after April 19, 2012.

Notes Payable

For the fiscal year ending June 30, 2010, the University received a \$1,181,053 grant from the South Carolina Energy Office (SCEO) funded with American Recovery and Reinvestment Act (ARRA) Stimulus Funds for energy efficiency and renewable energy improvements.

Terms of the grant require that 25 percent of the proceeds received are to be recognized as a note payable to the SCEO and are to be paid in future years from energy savings at zero percent interest. As of June 30, 2010, the University had received \$866,437 in grant proceeds, and, accordingly, recorded a notes payable in the amount of \$216,609. The remaining proceeds are expected to be received early in the next fiscal year. As received, the notes payable amount due to the SCEO will be increased to the eventual total of \$295,263. The first payment on this note will not be due until September 1, 2011.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2010, notes payable consisted of the following:

Notes Payable			
	<u>Interest</u>	<u>Maturity</u>	<u>Amount</u>
SC Energy Office Note dated 7/1/03	1.00%	7/1/2013	\$ 201,706
Banc of America Leasing Note dated 7/18/05	5.42%	7/18/2012	838,104
SC Energy Office Note dated 8/19/09	0.00%	9/1/2013	216,609
Total Notes Payable			<u><u>\$ 1,256,419</u></u>

Future payments on the note payables are to be funded from future operating revenues and energy savings.

The aggregate debt service payments due on the notes payable at June 30, 2010 are as follows:

Debt Service - Notes Payable			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30:			
2011	\$ 371,522	\$ 43,182	\$ 414,704
2012	461,919	24,988	486,907
2013	299,589	5,816	305,405
2014	123,389	515	123,904
Total Debt Service - Notes Payable	<u><u>\$ 1,256,419</u></u>	<u><u>\$ 74,501</u></u>	<u><u>\$ 1,330,920</u></u>

Total principal paid on notes payable was \$354,255 for the year ended June 30, 2010. Total interest expense for notes payable was \$60,449.

NOTE 7. LEASE OBLIGATIONS

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

Future commitments for capital leases (which here and on the Statement of Net Assets include other installment purchase agreements) and for noncancellable operating leases having remaining terms in excess of one year as of June 30, 2010, were as follows:

Capital and Operating Lease Commitments		
	<u>Capital Leases</u>	<u>Operating Leases</u>
Year Ending June 30:		
2011	\$ 481,250	\$ 959,319
2012	—	822,042
2013	—	745,289
2014	—	741,604
2015	—	741,604
2016-2020	—	3,404,114
Total minimum lease payments	<u>481,250</u>	<u>\$ 7,413,972</u>
Less: Interest	32,621	
Less: Executory costs	18,333	
Principal outstanding - Clemson University	<u><u>\$ 430,296</u></u>	

NOTES TO FINANCIAL STATEMENTS

Capital Leases

The lone Capital Lease is payable in semi-annual installments and will expire in 2011. Expenditures for fiscal year 2010 were \$528,750 of which \$65,945 represented interest and \$20,000 represented executory costs. Total principal paid on capital leases was \$442,805 for the fiscal year ended June 30, 2010. Interest rates range from 0 percent to 7.58 percent. The following is a summary of the carrying values of assets held under capital lease at June 30, 2010:

Assets Held Under Capital Lease			
	Value at Lease Inception	Accumulated Depreciation	Net
Buildings	\$ 5,186,862	\$ 3,380,820	\$ 1,806,042
Total assets held under capital lease	\$ 5,186,862	\$ 3,380,820	\$ 1,806,042

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 June 1991, the University entered into a capital lease of \$5,186,862 at 7.58 percent whereby the University leases a building for a twenty year period that began June 1991, and expires June 2011. The outstanding liability at June 30, 2010 on this capital lease is \$430,296.

The University had one capital lease with unrelated parties in the current fiscal year. In September 2005, the University entered into a capital lease of \$16,206 at 7.33 percent interest for equipment whereby the University leased the equipment for a five year period that began in September 2005 and expired September 2009. The University purchased the equipment for the payment of \$1.00 at the expiration of the lease.

Operating Leases

The University's noncancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2010 through 2019. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancelable if the State of South Carolina does not provide adequate funding but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis.

In 1996, the University entered into a real property operating lease with the Clemson University Research Foundation (CURF), a component unit, for office space. The current lease extends through February, 2012. Under this agreement, the University paid CURF \$139,846 in the current year.

In 2001, the University entered into a real property operating lease with CURF, a component unit, for office space. The lease ended in April, 2010. Under this agreement, the University paid CURF \$22,688 in the current year.

In December 2009, the University entered into a real property operating lease with CURF, a component unit, for Clemson-at-the-Falls. This facility, located in Greenville, South Carolina, is used by the University's MBA program. The current lease extends through December 2019. Under this agreement, the University is obligated to pay CURF \$674,438

per year through June 30, 2017 (and escalated amounts in the last two-and-one-half years of the lease). The University paid CURF \$674,438 in the current year, of which \$337,219 was expensed and \$337,219 was recorded as a pre-payment for the July, 2010 to December, 2010 obligation.

In the current fiscal year, Clemson University incurred expenses of \$695,084 for office copier contingent rentals on a cost-per-copy basis.

NOTE 8. RETIREMENT PLANS

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

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

Under the SCRS, employees are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years credited service regardless of age. The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 percent of an employee's average final compensation multiplied by the number of years of credited service. Early retirement options with reduced benefits are available as early as age 55. Employees are vested for a deferred annuity after five years earned service (five years earned effective January

NOTES TO FINANCIAL STATEMENTS

1, 2001) and qualify for a survivor's benefit upon completion of 15 years credited service. Effective January 1, 2001 disability annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of five years earned service (this requirement does not apply if the disability is the result of a job-related injury). An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service.

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

From July 1, 1988 – June 30, 2005 employees participating in the SCRS were required to contribute 6 percent of eligible compensation. Effective July 1, 2006 the employee contribution rate increased to 6.50 percent of eligible compensation. Effective July 1, 2008, the employer contribution rate was 12.74 percent which includes a 3.50 percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2010, 2009 and 2008, were approximately \$14,729,083, \$15,139,737, and \$14,933,409 respectively, and equaled the required contributions of percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately \$239,108 in the current fiscal year at the rate of .15 percent of compensation.

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

Employees covered under PORS are eligible for a monthly pension payable at age 55 with a minimum of five years service or 25 years credited service regardless of age. In addition, employees who have five years of credited service prior to age 55 can retire yet defer receipt of benefits until they reach age

55. A member is vested for a deferred annuity with five years service. The benefit formula for full benefits effective since July 1, 1989, for the PORS is 2.14 percent of the employee's average final salary multiplied by the number of years of credited service. Disability annuity benefits and the incidental death benefit for PORS members are similar to those for SCRS participants. Accidental death benefits provide a monthly pension of 50 percent of the member's budgeted compensation at the time of death.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2008, the employer contribution rate became 14.15 percent which, as for the SCRS, included a 3.50 percent surcharge. The University's actual contributions to the PORS for the years ending June 30, 2010, 2009, and 2008 were approximately \$234,049, \$347,663, and \$241,876 respectively, and equaled the required contributions of 10.65 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of \$4,395 and accidental death insurance contributions of \$4,395 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

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

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

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

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

Certain State employees may elect to participate in the

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

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

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

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer in fiscal year 2010.

Certain of the University’s employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were approximately \$4,298,417 (excluding the surcharge) from the University as employer and \$6,364,399 from its employees as plan members. Employee contributions of 6.50 percent, and 5.00 percent of the employer contribution were remitted directly to the respective annuity policy providers. The balance of the employer portion was remitted to the Retirement Division of the State Budget and Control Board. The obligation for payment of benefits resides with the insurance companies.

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

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides post-employment health, dental and vision and long-term disability benefits to retired State and school district employees and their covered dependents. Clemson University contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit post-employment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for non-funded health, dental and vision benefits if they are eligible to retire and have established at least five years of employment in a consecutive, full-time, permanent position with an employer that participates in the state insurance program; and for funded health, dental and vision benefits if they are eligible to retire and have established at least ten years of retirement service credit and the last five years of employment were served in a consecutive, full-time, permanent position with an employer that participates in the state insurance program. For new hires May 2, 2008 and after, new provision created by Act 195 of 2008 apply. Retirees with twenty-five years of established state service are eligible for 100% funding of the employer’s share of the premium. Retirees with fifteen through twenty-four years of establish state service, are eligible for 50% funding of the employer’s share of the premium. Retirees with 5 years, but fewer than 15 years of established state service are eligible for non-funded retiree coverage; the retiree pays the employee and employer share. Benefits become effective the first of the month after the employee retires under a State retirement system or eligibility is met. Basic Life Insurance and Dependent Life coverage may be continued after retirement through conversion. Optional Life coverage may be continued after retirement through conversion or portability. Supplemental Long Term Disability may be continued under some circumstances. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.90% and 3.50% of annual covered payroll for 2010 and 2009, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. Clemson University paid approximately \$9,083,100 and \$9,325,641 applicable to the surcharge included with the

NOTES TO FINANCIAL STATEMENTS

employer contribution for retirement benefits for the fiscal years ended June 30, 2010 and 2009, respectively. Basic Long Term Disability (BLTD) benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2010 and 2009.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 300, Columbia, SC 29201.

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. 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. 15 years of service catch-up contributions are not permitted.

NOTE 11. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010 was as follows:

Long-Term Liabilities	July 1, 2009	Additions	Reductions	June 30, 2010	Due Within One Year
Bonds payable, notes payable and capital lease obligations:					
General obligation bonds	\$ 45,685,000	\$ —	\$ 4,135,000	\$ 41,550,000	\$ 4,310,000
Plant improvement bonds	1,610,000	—	790,000	820,000	820,000
Revenue bonds	51,490,000	—	4,590,000	46,900,000	4,810,000
Athletic facilities revenue bonds	33,410,000	—	1,640,000	31,770,000	1,725,000
Subtotal bonds payable	132,195,000	—	11,155,000	121,040,000	11,665,000
Unamortized revenue bond premium	1,442,265	—	141,137	1,301,128	141,137
Total bonds payable	133,637,265	—	11,296,137	122,341,128	11,806,137
Capital lease obligations	873,101	—	442,805	430,296	430,296
Notes payable	1,394,065	216,609	354,255	1,256,419	371,522
Total bonds, notes and capital leases	135,904,431	216,609	12,093,197	124,027,843	12,607,955
Other liabilities:					
Accrued compensated absences	23,118,000	13,445,880	14,319,880	22,244,000	13,751,086
Funds held for others	10,927,539	164,948	598,724	10,493,763	599,033
Arbitrage payable	39,484	—	—	39,484	—
Total other liabilities	34,085,023	13,610,828	14,918,604	32,777,247	14,350,119
Total long-term liabilities	\$ 169,989,454	\$ 13,827,437	\$ 27,011,801	\$ 156,805,090	\$ 26,958,074

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

**NOTE 12.
CONSTRUCTION COSTS AND COMMITMENTS**

Capitalized

The University has obtained or has plans to obtain the necessary funding for the acquisition, construction, renovation, and equipping of certain facilities which will be capitalized in the applicable capital asset categories upon completion. Management estimates that the University has sufficient resources available and/or future resources identified to satisfactorily complete the construction of such projects which are expected to be completed in varying phases over the next 2 or 3 years at an estimated cost of \$283,457,670. The \$283,457,670 includes estimated costs of \$168,401,725 for capital projects currently in progress plus \$115,055,945 estimated costs for other capital projects already in service. Of the total estimated cost, \$134,867,035 was unexpended at June 30, 2010. Of the total expended through June 30, 2010, the University has capitalized substantially complete and in use projects in the amount of \$37,568,420. Of the unexpended balance the University has remaining commitment balances of \$57,087,828 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Retainages payable on these capitalized projects as of June 30, 2010 was \$213,781. Capital projects at June 30, 2010 which constitute construction in progress that are to be capitalized when completed are listed below.

Construction Costs and Commitments			
Project Number	Project	Approximate Cost	Amount Expended
9807	Academic Success Center	\$ 12,784,000	\$ 2,494,379
9542	Baruch Temporary Living Quarters	400,000	38,565
9878	Bioengineering Research Center	3,500,000	2,968,660
9871	Bio/Life Sciences Building	50,000,000	5,401,605
9884	Dining Hall/Post Office	600,000	588,902
9541	Edisto Peanut Lab	300,000	36,347
9874	Fernow St. Café Renovation	1,232,223	364,399
9883	Innovation Center Construction	6,000,000	952,664
9870	IT Facility Construction	1,000,000	655,023
9886	Lee Complex Expansion	20,000,000	2,793,865
9864	North Charleston Land and Renovation	10,420,000	271,416
9889	Wind Turbine Facility	62,165,502	8,020,209
Total Construction Costs and Commitments		\$ 168,401,725	\$ 24,586,034

The amount expended includes only capitalized project expenses and capitalized interest on construction debt for projects less than 95% complete and not in service at June 30, 2010. No noncapitalized expenditures are included in these totals.

Non-Capitalized

At June 30, 2010 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 \$33,020,565. This amount includes costs incurred to date of \$20,422,976 and estimated costs to complete of \$12,597,589. The University has remaining commitment balances with certain parties related to these projects of \$1,963,390. Retainages payable on the non-capitalized projects as of June 30, 2010, was \$115,539. The University anticipates funding these projects out of current resources, current and future bond issues, state capital improvement bond proceeds, private gifts and student fees.

**NOTE 13.
RELATED PARTIES**

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

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

In conjunction with GASB Statements No. 14 and No. 39, "Determining Whether Certain Organizations Are Component Units", management annually reviews its relationships with the related parties described in this note. The University excluded these related parties from the reporting entity because it is not financially accountable for them.

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

NOTES TO FINANCIAL STATEMENTS

Clemson University Real Estate Foundation

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

Clemson University Continuing Education and Conference Complex Corporation

The Clemson University Continuing Education and Conference Complex Corporation (Finance Corporation), is a separately chartered corporation established in September, 1993, to construct, operate and manage the golf course and hotel components of the Clemson University Continuing Education and Conference Complex. The Finance Corporation’s actions are governed by its Board of Directors. The Finance Corporation reimbursed the University \$196,313

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 \$744,328 in expenses primarily to reimburse CAFDB for administrative, educational, and facilities expenses incurred at the Charles E. Daniel Center for Building Research and Urban Studies in Genoa, Italy, which is owned by CAFDB, and at the Barcelona facility, which is operated for the University by CAFDB.

**NOTE 14.
TRANSACTIONS WITH STATE ENTITIES**

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

The original appropriation is the University’s base budget amount presented in the General Funds column of Sections 9 and 35 of Part IA of the 2009-10 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, 2010:

State Appropriations			
	Educational and General	Public Service	Total
Original appropriation	\$ 86,028,361	\$ 38,243,709	\$ 124,272,070
Less: Budget and Control Board mandated appropriation reductions	(7,607,833)	(3,378,996)	(10,986,829)
Proviso 90.21 - Nonrecurring revenue transfers:			
For South Carolina Biotechnology Incubation Facility	—	285,000	285,000
Appropriation allocations from the State Commission on Higher Education:			
For Academic Endowment Match	52,584	—	52,584
For Clemson Agriculture Education Teachers - teacher recruitment	—	419,228	419,228
For Nursing Faculty Salary Supplements	77,604	—	77,604
Total state appropriation revenues	\$ 78,550,716	\$ 35,568,941	\$ 114,119,657

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

NOTES TO FINANCIAL STATEMENTS

Following is a summary of amounts received from State agencies for scholarships, sponsored research, capital and public service projects for the fiscal year ended June 30, 2010:

Other Amounts Received from State Agencies	Operating Revenues	Nonoperating Revenues	Capital and Endowment Proceeds	Total
Received from the Commission on Higher Education (CHE):				
LIFE Scholarships	\$ 24,196,739	\$ —	\$ —	\$ 24,196,739
Palmetto Scholarships	17,198,622	—	—	17,198,622
Need-Based Grants	2,015,281	—	—	2,015,281
HOPE Scholarships	96,600	—	—	96,600
University Center - Greenville - Operations	245,902	—	—	245,902
University Center - Greenville - Increased Enforcement Collections	500,000	—	—	500,000
University Center - Greenville - Insurance Reserve Funding	135,560	—	—	135,560
Access and Equity Competitive Grants	—	50,447	—	50,447
SC Experimental Programs to Stimulate Competitive Research	—	187,845	—	187,845
SC Manufacturing Extension Partnership	—	1,169	—	1,169
SC Alliance for Minority Participation	—	33,891	—	33,891
Centers of Excellence	—	247,500	—	247,500
Received from the Department of Education	1,853,705	—	—	1,853,705
Received from Department of Health and Environmental Control	716,818	—	—	716,818
Received from various other state agencies	737,714	—	—	737,714
Received from agencies outside South Carolina	986,338	—	—	986,338
State lottery funding for permanent endowments	—	—	11,833,989	11,833,989
Capital reserve fund proceeds	—	—	174,442	174,442
Capital improvement bond revenues	—	—	518,987	518,987
Research infrastructure bond proceeds	—	—	2,921,496	2,921,496
Economic development bond revenues	—	—	120,622	120,622
Total other amounts received from State Agencies	\$ 48,683,279	\$ 520,852	\$ 15,569,536	\$ 64,773,667

The University received American Recovery and Reinvestment Act of 2009 (ARRA) “Stimulus” funds from State agencies this past fiscal year. State Fiscal Stabilization Funds (SFSF) were received from the State Treasurer’s Office. Educational and General SFSF Education Funds totaling \$4,691,917 were recorded as nonoperating gifts and grants revenues and were used for instruction compensation and employee benefit expenses. Educational and General SFSF Education Funds totaling \$459,157 were recorded as capital grants and gifts and funded major renovations to Lee Hall. Public Service Activities SFSF Government Services funds totaling \$2,500,000 were recorded as nonoperating gifts and grants revenues and were used for agricultural research and extension public service compensation and employee benefit expenses. In addition, Educational and General SFSF Education Funds totaling \$364,440 were received on behalf of University Center Greenville, and were recorded as nonoperating gifts and grants revenues and were used to fund academic support operations expenses.

Also, as reported in Note 6, the University received an ARRA-funded grant of \$1,181,053 from the S.C. Energy Office (SCEO) for the fiscal year ending June 30, 2010, for energy efficiency and renewable energy improvements. Terms of the grant require that 25 percent of the proceeds received are to be recognized as a note payable to the SCEO and are to be paid in future years from energy savings at zero percent interest. As of June 30, 2010, the University had received \$866,437 in grant proceeds, and, accordingly, recorded a notes payable in the amount of \$216,609. Net proceeds of \$649,828 were recorded as Federal grants and contracts operating revenues and were used to fund non-capitalized operations and maintenance of plant improvements.

NOTES TO FINANCIAL STATEMENTS

Following is a summary of ARRA amounts received from State agencies for the fiscal year ended June 30, 2010:

	Educational and General	Public Service	Total
State Received from the State Treasurer's Office:			
Fiscal Stabilization Funds - Education Fund - University operations	\$ 4,691,917	\$ —	\$ 4,691,917
State Fiscal Stabilization Funds - Education Fund - University capital projects	459,157	—	459,157
State Fiscal Stabilization Funds - Education Fund - University Center Greenville	364,440	—	364,440
State Fiscal Stabilization Funds - Government Services Fund - University operations	—	2,500,000	2,500,000
Received from the South Carolina Energy Office:			
ARRA grant proceeds for energy efficiency and renewable energy improvements	866,437	—	866,437
Less 25 percent of proceeds recorded as a note payable	(216,609)	—	(216,609)
Total stimulus amounts received from state agencies	\$ 6,165,342	\$ 2,500,000	\$ 8,665,342

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 \$14,197,058, comprised of \$6,686,342 in fees for computer services classified as other operating revenues, and \$7,510,713 in information and systems development fees classified as sales and services of auxiliary enterprises.

Also, the University collected and remitted \$39,540 in pesticide penalties and other fees to the State General Fund.

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

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

The University had financial transactions with various State agencies during the fiscal year. Significant payments were made to divisions of the State Budget and Control Board for pension and insurance plans employee and employer contributions, insurance coverage, office supplies, and interagency mail. Significant payments were also made for unemployment and workers' compensation coverage for employees to the Employment Security Commission and State Accident Fund. The amounts of 2010 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).

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

The University obtains coverage through commercial insurers for employee fidelity bond insurance. All employees are covered for \$500,000 for Commercial Crime. This coverage includes the following:

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

In addition, the Chief Administrative Officer and Chief Financial Officer are each covered for \$250,000 under specific public official bonds, and the postmaster is covered under a performance bond for \$25,000. The Chief Administrative

Officer, Chief Financial Officer, Director of Accounting for Related Organizations, Director of University Revenues and Receivables, Chief Executive Officer of the Clemson University Foundation and Treasurer of the Clemson University Foundation are each covered under a \$2,000,000 bond.

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

The University has not transferred the portion of the risk of loss related to insurance policy deductibles, and policy limits for all coverage to a State or commercial insurer. The University has not reported an estimated claims loss expenditure, and the related liability at June 30, 2010, 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, 2010, and the amount of the loss is reasonably estimable.

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

NOTE 16. CONTINGENCIES AND LITIGATION

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

The various federal programs administered by the University for fiscal year 2010 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.

NOTES TO FINANCIAL STATEMENTS

**NOTE 17.
OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the year ended June 30, 2010 are summarized as follows:

Operating Expenses by Function						
	Compensation and Employee Benefits	Services and Supplies	Utilities	Depreciation	Scholarships and Fellowships	Total
Instruction	\$ 146,100,998	\$ 27,481,444	\$ 1,125,954	\$ —	\$ 541,040	\$ 175,249,436
Research	84,717,969	39,845,484	1,780,176	—	628,478	126,972,107
Public Service	44,115,066	16,618,377	1,618,842	—	37,600	62,389,885
Academic Support	24,683,524	11,472,651	1,025,386	—	—	37,181,561
Student Services	16,974,050	8,052,166	287,429	—	2,575	25,316,220
Institutional Support	21,079,023	5,036,243	273,913	—	—	26,389,179
Operation and Maintenance of Plant	12,993,795	17,958,422	6,482,902	—	—	37,435,119
Scholarships and Fellowships	597	157,477	—	—	7,965,582	8,123,656
Auxiliary Services	34,854,246	48,335,548	5,138,751	—	—	88,328,545
Depreciation	—	—	—	35,163,628	—	35,163,628
	<u>\$ 385,519,268</u>	<u>\$ 174,957,812</u>	<u>\$ 17,733,353</u>	<u>\$ 35,163,628</u>	<u>\$ 9,175,275</u>	<u>\$ 622,549,336</u>

**NOTE 18.
DONOR-RESTRICTED ENDOWMENTS**

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

In accordance with the spending policy adopted by the Clemson University Board of Trustees in 1998, endowment-derived program expenses are based on the endowment carrying value from the previous year at a percentage set by the Board. For fiscal year 2010, this rate was 4.0%. At June 30, 2010, net appreciation losses of (\$1,876,061) were recorded, and were reported in the Statement of Net Assets as restricted for expendable scholarships and fellowships.

**NOTE 19.
DETAILS OF RESTRICTED ASSETS**

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

Details of Retricted Assets	
Current:	
Cash and cash equivalents:	
As specified by sponsors/donors	\$ 55,425,929
University administered loans	204,551
Payment of maturing debt	11,252,368
Bond proceeds and other amounts restricted for capital projects	71,077,210
Funds held for others	732,516
	<u>\$ 138,692,574</u>
Noncurrent:	
Cash and cash equivalents:	
Endowments	\$ 32,619,907
Federal Perkins Loan Program	380,141
	<u>\$ 33,000,048</u>
Student Loans Receivable:	
Federal Perkins Loan Program	\$ 8,783,257
	<u>\$ 8,783,257</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Statement of Activities	2010	2009	Increase/ (Decrease)
Charges for services	\$ 450,242,767	\$ 427,337,543	\$ 22,905,224
Operating grants and contributions	125,278,809	72,549,631	52,729,178
Capital grants and contributions	31,148,304	13,058,723	18,089,581
Less: expenses	<u>(628,851,000)</u>	<u>(626,321,926)</u>	<u>(2,529,074)</u>
Net program expense	<u>(22,181,120)</u>	<u>(113,376,029)</u>	<u>91,194,909</u>
General revenues:			
Contributions to permanent endowments	11,846,416	2,491,475	9,354,941
Transfers:			
State appropriations	114,119,657	128,279,159	(14,159,502)
State capital appropriations	174,442	867,127	(692,685)
Capital improvement bond proceeds	518,987	4,950,127	(4,431,140)
Economic development bond proceeds	120,622	92,459	28,163
Research infrastructure bond proceeds	2,921,496	1,075,891	1,845,605
Less: transfers out to state agencies/funds	<u>(185,314)</u>	<u>(607,942)</u>	<u>422,628</u>
Total general revenue and transfers	<u>129,516,306</u>	<u>137,148,296</u>	<u>(7,631,990)</u>
Change in net assets	107,335,186	23,772,267	83,562,919
Net assets - beginning	744,842,462	721,070,195	23,772,267
Net assets - ending	<u>\$ 852,177,648</u>	<u>\$ 744,842,462</u>	<u>\$ 107,335,186</u>

NOTE 21. COMPONENT UNITS

Clemson University Foundation

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

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

CUF transfers funds earmarked from private contributions to the University to support University scholarship, fellowship, professorship, and research programs and to reimburse the University for any purchases made by CUF. These transfers for fiscal year 2010 were recorded by the University as nonoperating gift revenues totaling \$11,485,203. CUF also reimbursed the University \$903,027 for salaries for time devoted by University employees to CUF and to fund other University initiatives.

Equipment donated by CUF to the University totaled \$132,387 and was recorded as capital grants and gifts in the Statement of Revenues, Expenses and Changes in Net Assets.

Also recorded as capital grants and gifts upon receipt were CUF donations totaling \$1,918,040 for University building projects. As of June 30, 2010, CUF had remaining commitments of approximately \$1,614,364 for University building projects.

As referenced in Note 3, a 1999 amendment to the South Carolina Code of Laws allowed state-supported universities to lend endowment balances on deposit with the State Treasurer to entities (like CUF) whose existence is primarily providing financial assistance and other support to the institution and its educational program. At fiscal year end, the amount loaned, including income and appreciation, totaled \$103,534,778.

CUF charges an annual fee of 1.25 percent for managing the University's endowments. For the fiscal year ending June 30, 2010, the management fee was \$939,337, net of current year income, gains and appreciation losses of \$9,671,105. At fiscal year end, \$302,893 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

NOTES TO FINANCIAL STATEMENTS

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, 2010 follows:

Investments	
Money market funds	\$ 2,597,535
Treasury/agency	26,946,502
Mortgage backed securities	4,621,718
Corporate bonds	12,561,842
Global bonds	2,117,818
U.S. Equities	165,318,971
Global equities	58,059,416
Hedge funds	33,411,773
Private equity	11,378,075
Real estate	7,131,608
Commodities	10,087,520
Closely-held securities	1,220,571
Other	404,525
Subtotal - marketable investments	<u>335,857,874</u>
Subordinated note receivable from Clemson University Real Estate Foundation, Inc.	20,000,000
	<u><u>\$ 355,857,874</u></u>

**NOTE 22.
SUBSEQUENT EVENTS**

On September 29, 2010, the five member State Budget & Control Board placed a moratorium on new construction for 4-year public institutions that raised tuition by more than 7 percent for in-state students for the current academic year. Clemson’s increase for the current academic year was 7.5 percent.

Institutions were told they could avoid the ban if tuition was lowered by the spring semester beginning in January, 2011. In addition, projects paid for with donations and projects for deferred maintenance or for safety improvements were exempted.

The University will analyze and assess the impact of this moratorium on future construction plans as it proceeds with previously approved projects.

Clemson University Research Foundation

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

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

The University performs research and development under performance agreements for CURF, and receives payment for all direct and indirect costs which are incurred in accordance with the terms of the performance agreements. Revenues totaling \$3,882,088 from CURF were recorded by the University in the Statement of Revenues, Expenditures and Changes in Net Assets as operating nongovernmental grants and contracts. Grants and contracts receivable in the Statement of Net Assets include \$988,196 due from CURF at June 30, 2010.

Also, the University made \$374,672 in operating lease payments to CURF for office space. CURF reimbursed the University \$111,507 for salaries for time devoted by University employees to CURF.

*Supplementary Information
to the Financial Statements*

CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
AUXILIARY REVENUE BONDS (SERIES 1998, 2003 AND 2005)
For the year ended June 30, 2010

	Dining Services	Vending Operations	Bookstore	Parking Services	Housing	Total
Revenues:						
Student meal plans	\$ 13,951,699	\$ —	\$ —	\$ —	\$ —	\$ 13,951,699
Food service commissions	1,410,364	—	—	—	—	1,410,364
Other	—	647	—	—	157,882	158,529
Residence halls	—	—	—	—	27,318,489	27,318,489
Campus vending machines	—	505,600	—	—	—	505,600
ATM rental	—	71,532	—	—	—	71,532
Contract revenue	—	335,301	1,436,549	114,727	176,509	2,063,086
Parking permits	—	—	—	2,084,439	—	2,084,439
Transit fees	—	—	—	1,076,559	—	1,076,559
Parking citations	—	—	—	1,145,128	—	1,145,128
Investment income	45,542	11,357	15,821	15,838	68,719	157,277
Total revenues	15,407,605	924,437	1,452,370	4,436,691	27,721,599	49,942,702
Expenses:						
Salaries	91,589	25,101	33,851	610,391	5,104,714	5,865,646
Fringe benefits	32,052	8,608	11,610	204,222	1,374,176	1,630,668
Travel	4,410	—	—	5,618	30,713	40,741
Contractual services	10,773,123	—	—	1,361,714	1,155,166	13,290,003
Repairs	460,646	4,948	3,157	64,810	403,150	936,711
Telecommunications	2,391	402	—	4,930	421,910	429,633
Heat, light, and power	743,950	13,826	14,858	41,444	2,056,839	2,870,917
Water, sewer and garbage	78,378	—	—	60	432,684	511,122
Rents	96,922	—	—	67,418	26,690	191,030
Supplies and materials	90,985	112	293	56,895	716,192	864,477
Insurance	20,358	—	—	5,627	209,350	235,335
University debit card fees	312,777	43,436	—	2,185	135,013	493,411
Cable television	—	—	—	—	281,527	281,527
Security	—	—	—	—	317,130	317,130
Other operating expenses	911,111	62,162	98,184	584,731	2,629,675	4,285,863
Capital outlay	115,369	—	—	—	26,403	141,772
Total expenses	13,734,061	158,595	161,953	3,010,045	15,321,332	32,385,986
Net revenues	\$ 1,673,544	\$ 765,842	\$ 1,290,417	\$ 1,426,646	\$ 12,400,267	\$ 17,556,716

CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
ATHLETIC FACILITIES REVENUE BONDS (SERIES 2001, 2003 AND 2005)
For the year ended June 30, 2010

	Football	Basketball	Other Sports	NonProgram Specific	Total
Revenues:					
Ticket sales	\$ 17,739,119	\$ 1,598,315	\$ 539,979	\$ —	\$ 19,877,413
Student fees	1,428,648	156,908	—	—	1,585,556
Away game sales and guarantees	550,000	20,000	754	—	570,754
Contributions	2,487,478	817,242	3,017,556	4,279,137	10,601,413
Direct institutional support	810,983	413,889	2,008,648	—	3,233,520
NCAA/Conference distributions including tournament revenues	6,433,762	4,369,706	159,960	—	10,963,428
Broadcast, television, radio and internet rights	—	—	—	920,000	920,000
Program sales, concessions, novelty sales and parking	1,342,009	110,316	122,956	221,053	1,796,334
Royalties, advertisements and sponsorships	145,000	—	75,000	2,993,036	3,213,036
Endowment and investment income	—	—	—	201,166	201,166
Other	57,504	—	38,710	116,174	212,388
Total operating revenues	<u>30,994,503</u>	<u>7,486,376</u>	<u>5,963,563</u>	<u>8,730,566</u>	<u>53,175,008</u>
Expenses:					
Athletic student aid	2,912,294	1,167,777	4,965,558	948,942	9,994,571
Guarantees	1,860,000	398,136	25,536	—	2,283,672
Coaching salaries, benefits and bonuses paid by the institution and related entities	4,956,891	2,760,861	3,224,858	—	10,942,610
Support staff/administrative salaries, benefits and bonuses paid by the institution and related entities	1,428,834	334,766	83,379	6,477,959	8,324,938
Recruiting	292,595	230,705	289,632	—	812,932
Team travel	1,672,818	910,080	1,010,851	124,470	3,718,219
Equipment, uniforms and supplies	596,707	98,692	494,780	200,339	1,390,518
Game expenses	1,782,619	271,451	282,830	—	2,336,900
Fund raising, marketing and promotion	—	—	—	511,766	511,766
Direct facilities, maintenance and rental	144,213	21,288	35,562	2,862,082	3,063,145
Indirect facilities and administrative support	—	—	—	2,438,988	2,438,988
Other operating expenses	504,508	363,824	475,313	4,312,167	5,655,812
Total operating expenditures	<u>16,151,479</u>	<u>6,557,580</u>	<u>10,888,299</u>	<u>17,876,713</u>	<u>51,474,071</u>
Net Revenues	<u>\$ 14,843,024</u>	<u>\$ 928,796</u>	<u>\$ (4,924,736)</u>	<u>\$ (9,146,147)</u>	<u>\$ 1,700,937</u>



Statistical Section
(unaudited)

Statistical Section

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

CONTENTS	Page
Financial Trends	68
These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.	
Debt Capacity	73
These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.	
Operating Information	76
These schedules contain service and capital asset data to help the reader understand how the information in the University's financial report relates to the services the University provides and the activities it performs.	
Demographic and Economic Information	82
These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's and the State's financial activities take place.	

SCHEDULE OF REVENUES BY SOURCE

For the Fiscal Year
(amounts expressed in thousands)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 223,036	\$ 205,488	\$ 188,530	\$ 176,240	\$ 166,912	\$ 149,405	\$ 131,049	\$ 111,346	\$ 97,269	\$ 85,753
Federal grants and contracts	63,792	59,205	56,165	52,318	54,641	53,203	58,208	57,819	46,464	39,559
State grants and contracts	48,683	47,248	43,414	35,947	36,181	35,052	31,451	29,158	19,885	20,090
Local grants and contracts	959	872	799	851	1,311	1,678	1,136	1,319	1,103	837
Nongovernmental grants and contracts	8,727	11,700	11,177	11,138	9,435	9,800	9,742	10,140	8,656	7,100
Sales and services of educational and other activities	15,917	16,543	16,268	14,027	14,351	13,646	11,596	9,675	9,481	7,757
Sales and services of auxiliary enterprises (net of scholarship allowances)	89,129	86,282	79,159	77,359	71,774	65,443	63,585	60,049	58,158	59,647
Other operating revenues	28,851	21,671	25,013	19,206	16,438	14,496	14,263	13,204	12,156	11,310
Total operating revenues	<u>479,094</u>	<u>449,009</u>	<u>420,525</u>	<u>387,086</u>	<u>371,043</u>	<u>342,723</u>	<u>321,030</u>	<u>292,710</u>	<u>253,172</u>	<u>232,053</u>
State appropriations	114,120	128,279	167,224	150,335	134,678	126,589	126,020	139,615	155,453	165,918
Federal appropriations	11,269	12,317	14,186	9,667	11,338	10,986	10,339	11,492	9,772	16,260
Gifts and grants	59,473	46,872	44,466	39,298	36,329	33,971	29,525	28,100	31,650	34,542
Interest income	12,408	10,029	8,462	6,585	3,340	5,102	4,916	7,587	7,405	8,048
Endowment income	10,085	(20,283)	(7,046)	16,003	7,804	6,252	6,769	2,563	(1,788)	(439)
Other nonoperating revenues	3,192	1,944	1,389	753	483	657	991	1,490	1,423	519
Proceeds from the sale of capital assets	57	715	—	20,061	—	5,029	—	—	14,016	—
Total nonoperating revenues	<u>210,604</u>	<u>179,873</u>	<u>228,681</u>	<u>242,702</u>	<u>193,972</u>	<u>188,586</u>	<u>178,560</u>	<u>190,847</u>	<u>217,931</u>	<u>224,848</u>
Total revenues	<u>\$ 689,698</u>	<u>\$ 628,882</u>	<u>\$ 649,206</u>	<u>\$ 629,788</u>	<u>\$ 565,015</u>	<u>\$ 531,309</u>	<u>\$ 499,590</u>	<u>\$ 483,557</u>	<u>\$ 471,103</u>	<u>\$ 456,901</u>

For the Fiscal Year
(percent of total income)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Revenues:										
Student tuition and fees (net of scholarship allowances)	32.3%	32.7%	29.0%	28.0%	29.5%	28.1%	26.2%	23.0%	20.6%	18.8%
Federal grants and contracts	9.2%	9.4%	8.7%	8.3%	9.8%	10.0%	11.7%	12.0%	9.8%	8.6%
State grants and contracts	7.1%	7.5%	6.7%	5.7%	6.4%	6.6%	6.3%	6.0%	4.2%	4.4%
Local grants and contracts	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.2%	0.3%	0.2%	0.2%
Nongovernmental grants and contracts	1.3%	1.9%	1.7%	1.8%	1.7%	1.8%	1.9%	2.1%	1.8%	1.6%
Sales and services of educational and other activities	2.3%	2.6%	2.5%	2.2%	2.5%	2.6%	2.3%	2.0%	2.0%	1.7%
Sales and services of auxiliary enterprises (net of scholarship allowances)	12.9%	13.7%	12.2%	12.4%	12.7%	12.3%	12.7%	12.4%	12.3%	13.1%
Other operating revenues	4.2%	3.4%	3.9%	3.0%	2.9%	2.8%	2.9%	2.7%	2.7%	2.4%
Total operating revenues	69.4%	71.3%	64.8%	61.5%	65.7%	64.5%	64.2%	60.5%	53.6%	50.8%
State appropriations	16.5%	20.4%	25.8%	23.9%	23.8%	23.8%	25.2%	28.9%	33.0%	36.2%
Federal appropriations	1.6%	2.0%	2.2%	1.5%	2.1%	2.1%	2.1%	2.4%	2.1%	3.6%
Gifts and grants	8.6%	7.5%	6.8%	6.3%	6.3%	6.4%	5.9%	5.8%	6.8%	7.6%
Interest income	1.8%	1.6%	1.3%	1.0%	0.6%	1.0%	1.0%	1.6%	1.6%	1.8%
Endowment income	1.5%	(3.2)%	(1.1)%	2.5%	1.4%	1.2%	1.4%	0.5%	(0.4)%	(0.1)%
Other nonoperating revenues	0.5%	0.3%	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%	0.1%
Proceeds from the sale of land	0.1%	0.1%	0.0%	3.2%	0.0%	0.9%	0.0%	0.0%	3.0%	0.0%
Total nonoperating revenues	30.6%	28.7%	35.2%	38.5%	34.3%	35.5%	35.8%	39.5%	46.4%	49.2%
Total revenues	100.0%									

Note: Prior year amounts have been revised to reflect Federal Pell grant receipts as Non Operating Gifts and Grants. Prior to 2010, these amounts were recognized as Operating Federal Grants and Contracts revenue.

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF EXPENSES BY USE

	For the Fiscal Year (amounts expressed in thousands)									
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Expenses:										
Compensation and employee benefits	\$ 385,519	\$ 394,708	\$ 402,601	\$ 366,732	\$ 341,740	\$ 314,270	\$ 298,717	\$ 304,259	\$ 292,247	\$ 271,332
Services and supplies	174,958	158,556	174,642	148,409	140,594	134,961	130,586	124,100	108,322	113,665
Utilities	17,733	19,376	17,951	16,483	13,884	12,032	12,103	11,542	12,006	11,198
Depreciation	35,164	33,364	32,697	29,946	25,829	24,474	23,323	22,359	19,158	18,694
Scholarships and fellowships	9,175	13,382	10,845	6,794	6,319	8,115	9,962	10,238	9,090	9,268
Total operating expenses	<u>622,549</u>	<u>619,386</u>	<u>638,736</u>	<u>568,364</u>	<u>528,366</u>	<u>493,852</u>	<u>474,691</u>	<u>472,498</u>	<u>440,823</u>	<u>424,157</u>
Interest on capital asset related debt	5,799	6,637	7,196	7,211	7,014	6,743	6,794	5,321	4,300	3,979
Loss on disposal of capital assets	464	802	443	744	686	553	1,205	1,094	1,396	1,226
Refunds to grantors	95	213	386	697	182	256	100	335	289	340
Facilities and administrative remittances to the State	185	608	710	644	347	198	299	549	418	359
Total nonoperating expenses	<u>6,543</u>	<u>8,260</u>	<u>8,735</u>	<u>9,296</u>	<u>8,229</u>	<u>7,750</u>	<u>8,398</u>	<u>7,299</u>	<u>6,403</u>	<u>5,904</u>
Total expenses	<u>\$ 629,092</u>	<u>\$ 627,646</u>	<u>\$ 647,471</u>	<u>\$ 577,660</u>	<u>\$ 536,595</u>	<u>\$ 501,602</u>	<u>\$ 483,089</u>	<u>\$ 479,797</u>	<u>\$ 447,226</u>	<u>\$ 430,061</u>

	For the Fiscal Year (percent of total income)									
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Expenses:										
Compensation and employee benefits	61.3%	62.9%	62.2%	63.5%	63.7%	62.7%	61.9%	63.4%	65.3%	63.1%
Services and supplies	27.8%	25.3%	27.0%	25.7%	26.2%	26.9%	27.0%	25.9%	24.2%	26.4%
Utilities	2.8%	3.1%	2.8%	2.9%	2.6%	2.4%	2.5%	2.4%	2.7%	2.6%
Depreciation	5.6%	5.3%	5.0%	5.2%	4.8%	4.9%	4.8%	4.7%	4.3%	4.3%
Scholarships and fellowships	1.5%	2.1%	1.6%	1.2%	1.2%	1.6%	2.1%	2.1%	2.0%	2.2%
Total operating expenses	<u>99.0%</u>	<u>98.7%</u>	<u>98.6%</u>	<u>98.5%</u>	<u>98.5%</u>	<u>98.5%</u>	<u>98.3%</u>	<u>98.5%</u>	<u>98.5%</u>	<u>98.6%</u>
Interest on capital asset related debt	0.9%	1.1%	1.1%	1.2%	1.3%	1.3%	1.4%	1.1%	1.0%	0.9%
Loss on disposal of capital assets	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.3%	0.3%
Refunds to grantors	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%
Facilities and administrative remittances to the State	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Total nonoperating expenses	<u>1.0%</u>	<u>1.3%</u>	<u>1.4%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.7%</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.4%</u>
Total expenses	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF EXPENSES BY FUNCTION

	For the Fiscal Year									
	<i>(amounts expressed in thousands)</i>									
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Expenses:										
Instruction	\$ 175,249	\$ 173,423	\$ 176,165	\$ 159,318	\$ 144,342	\$ 131,830	\$ 121,968	\$ 119,546	\$ 114,357	\$ 107,677
Research	126,972	125,623	127,427	112,141	106,608	104,580	104,510	101,788	93,953	87,659
Public service	62,390	68,508	72,649	60,951	56,912	52,772	51,496	57,502	56,508	56,571
Academic support	37,181	35,775	38,647	43,104	38,200	34,469	28,484	31,367	28,811	22,749
Student services	25,316	25,189	27,150	23,607	20,899	19,208	18,868	17,842	17,614	15,757
Institutional support	26,389	27,843	31,951	27,039	24,261	20,721	18,843	18,074	17,287	17,983
Operation and maintenance of plant	37,435	35,869	48,826	36,811	39,057	35,025	36,211	35,880	28,167	28,529
Scholarships and fellowships	8,124	12,488	10,006	6,165	5,956	7,727	9,626	9,871	8,682	8,894
Auxiliary enterprises	88,329	81,304	73,218	69,282	66,302	63,046	61,362	58,269	56,286	59,644
Depreciation	35,164	33,364	32,697	29,946	25,829	24,474	23,323	22,359	19,158	18,694
Interest on capital debt	5,799	6,637	7,196	7,211	7,014	6,743	6,794	5,321	4,300	3,979
Loss on disposal of capital assets	464	802	443	744	686	553	1,205	1,094	1,396	1,226
Refunds to grantors	95	213	386	697	182	256	100	335	289	340
Facilities and administrative remittances to the State	185	608	710	644	347	198	299	549	418	359
Total expenses	\$ 629,092	\$ 627,646	\$ 647,471	\$ 577,660	\$ 536,595	\$ 501,602	\$ 483,089	\$ 479,797	\$ 447,226	\$ 430,061

	For the Fiscal Year									
	<i>(percent of total income)</i>									
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Expenses:										
Instruction	27.9%	27.7%	27.2%	27.5%	26.9%	26.3%	25.3%	24.9%	25.6%	25.0%
Research	20.2%	20.0%	19.7%	19.4%	19.9%	20.9%	21.6%	21.2%	21.0%	20.3%
Public service	9.9%	10.9%	11.2%	10.6%	10.6%	10.5%	10.7%	12.0%	12.6%	13.2%
Academic support	5.9%	5.7%	6.0%	7.5%	7.1%	6.9%	5.9%	6.5%	6.4%	5.3%
Student services	4.0%	4.0%	4.2%	4.1%	3.9%	3.8%	3.9%	3.7%	3.9%	3.7%
Institutional support	4.2%	4.4%	4.9%	4.7%	4.5%	4.1%	3.9%	3.8%	3.9%	4.2%
Operation and maintenance of plant	6.0%	5.7%	7.5%	6.4%	7.3%	7.0%	7.5%	7.5%	6.3%	6.6%
Scholarships and fellowships	1.3%	2.0%	1.6%	1.1%	1.1%	1.5%	2.0%	2.1%	1.9%	2.1%
Auxiliary enterprises	14.0%	13.0%	11.3%	12.0%	12.4%	12.6%	12.7%	12.1%	12.6%	13.9%
Depreciation	5.6%	5.3%	5.0%	5.2%	4.8%	4.9%	4.8%	4.7%	4.3%	4.3%
Interest on capital debt	0.9%	1.1%	1.1%	1.2%	1.3%	1.3%	1.4%	1.1%	1.0%	0.9%
Loss on disposal of capital assets	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.3%	0.3%
Refunds to grantors	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%
Facilities and administrative remittances to State	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF NET ASSETS AND CHANGES IN NET ASSETS

For the Fiscal Year
(amounts expressed in thousands)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Total revenues (from schedule of revenues by source)	\$ 689,698	\$ 628,882	\$ 649,206	\$ 629,788	\$ 565,015	\$ 531,309	\$ 499,590	\$ 483,557	\$ 471,103	\$ 456,901
Total expenses (from schedule of expenses by use and function)	(629,092)	(627,646)	(647,471)	(577,660)	(536,595)	(501,602)	(483,089)	(479,797)	(447,226)	(430,061)
Income before other revenues, expenses, gains or losses	60,606	1,236	1,735	52,128	28,420	29,707	16,501	3,760	23,877	26,840
State capital appropriations	3,736	6,986	19,501	44,149	19,938	12,469	2,543	10,570	12,483	14,687
Capital grants and gifts	31,148	13,059	3,998	25,563	2,727	7,487	2,568	6,175	1,865	4,354
Additions to permanent endowments	11,846	2,491	5,898	1,839	7,508	2,170	7,004	20	235	79
Total changes in net assets	107,336	23,772	31,132	123,679	58,593	51,833	28,616	20,525	38,460	45,960
Net assets, beginning	744,842	721,070	689,938	566,259	507,666	455,833	427,217	406,692	368,233	322,273
Net Assets, Ending	\$ 852,178	\$ 744,842	\$ 721,070	\$ 689,938	\$ 566,259	\$ 507,666	\$ 455,833	\$ 427,217	\$ 406,693	\$ 368,233
Invested in capital assets, net of related debt	\$ 485,225	\$ 456,106	\$ 429,669	\$ 390,891	\$ 315,987	\$ 294,089	\$ 248,604	\$ 256,258	\$ 252,576	\$ 221,983
Restricted - expendable	236,189	207,228	207,042	191,603	132,724	117,212	122,791	109,161	101,223	97,345
Restricted - nonexpendable	47,853	35,785	33,916	28,291	26,184	18,632	16,347	9,228	9,223	9,201
Unrestricted	82,911	45,723	50,443	79,153	91,364	77,733	68,091	52,570	43,670	39,704
Total	\$ 852,178	\$ 744,842	\$ 721,070	\$ 689,938	\$ 566,259	\$ 507,666	\$ 455,833	\$ 427,217	\$ 406,692	\$ 368,233

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	For the Fiscal Year									
	<i>(amounts expressed in thousands except for outstanding debt per student)</i>									
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
General Obligation Bonds	\$ 41,550	\$ 45,685	\$ 49,660	\$ 53,475	\$ 43,655	\$ 46,605	\$ 49,460	\$ 42,465	\$ 9,915	\$ 10,900
Plant Improvement Bonds	820	1,610	2,360	3,080	3,770	4,435	5,070	5,685	6,275	6,845
Revenue Bonds	46,900	51,490	55,875	61,155	64,981	61,322	63,982	38,475	40,910	43,355
Athletic Facilities Revenue Bonds	31,770	33,410	34,975	36,465	37,685	23,840	24,935	25,975	19,960	20,985
Notes Payable	1,256	1,394	1,876	2,335	2,771	852	1,048	706	155	202
Capital Lease Obligations	430	873	1,285	1,920	3,143	4,276	5,355	6,369	7,323	8,205
Total Outstanding Debt	\$ 122,726	\$ 134,462	\$ 146,031	\$ 158,430	\$ 156,005	\$ 141,330	\$ 149,850	\$ 119,675	\$ 84,538	\$ 90,492
Full-time equivalent students	18,237	17,367	16,250	16,226	16,044	15,948	15,780	15,620	15,800	16,053
Outstanding debt per student	\$ 6,730	\$ 7,742	\$ 8,987	\$ 9,764	\$ 9,724	\$ 8,862	\$ 9,496	\$ 7,662	\$ 5,351	\$ 5,637

Note: Outstanding debt per student calculated using fall semester full-time equivalent student enrollment data for the last ten academic years (page 72).

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	
2010	\$ 20,493	\$ 20,493	\$ 4,135	\$ 1,845	\$ 5,980	3.43
2009	19,607	19,607	3,975	2,006	5,981	3.28
2008	15,534	15,534	3,815	2,158	5,973	2.60
2007	11,941	11,941	4,180	1,876	6,056	1.97
2006	8,733	8,733	2,950	1,836	4,786	1.82
2005	7,120	7,120	2,855	1,932	4,787	1.49
2004	6,881	6,881	4,005	1,921	5,926	1.16
2003	6,876	6,876	1,615	1,530	3,145	2.19
2002	4,843	4,843	985	555	1,540	3.14
2001	4,325	4,325	930	608	1,538	2.81

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74
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Plant Improvement Bonds

Fiscal Year Ended June 30,	Tuition and Matriculation Fees	Total Revenue Available for Debt Service	Debt Service Requirements Coverage			Ratio
			Principal	Interest	Total	
2010	\$ 1,117	\$ 1,117	\$ 790	\$ 67	\$ 857	1.30
2009	1,147	1,147	750	101	851	1.35
2008	1,061	1,061	720	132	852	1.25
2007	985	985	690	162	852	1.16
2006	1,003	1,003	665	190	855	1.17
2005	1,005	1,005	635	216	851	1.18
2004	1,003	1,003	615	242	857	1.17
2003	1,002	1,002	590	266	856	1.17
2002	1,177	1,177	570	292	862	1.37
2001	1,204	1,204	515	324	839	1.43

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	
2010	\$ 53,175	\$ 51,474	\$ 1,701	\$ 1,883	\$ 3,584	\$ 1,640	\$ 1,460	\$ 3,100	1.16
2009	57,228	52,751	4,477	1,915	6,392	1,565	1,524	3,089	2.07
2008	55,140	48,455	6,685	2,062	8,747	1,490	1,585	3,075	2.84
2007	51,674	43,364	8,310	2,221	10,531	1,220	1,635	2,855	3.69
2006	42,877	39,059	3,818	2,057	5,875	1,155	1,404	2,559	2.30
2005	36,496	34,479	2,017	1,744	3,761	1,095	1,059	2,154	1.75
2004	36,608	33,907	2,701	1,796	4,497	1,040	1,105	2,145	2.10
2003	34,934	32,084	2,850	1,449	4,299	985	871	1,856	2.32
2002	27,456	24,929	2,527	833	3,360	1,025	823	1,848	1.82
2001	26,261	25,173	1,088	771	1,859	—	—	—	1.00

~75~

Revenue Bonds

Fiscal Year Ended June 30,	Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Coverage			Ratio
				Principal	Interest	Total	
2010	\$ 49,943	\$ 32,386	\$ 17,557	\$ 4,590	\$ 2,293	\$ 6,883	2.55
2009	44,795	30,226	14,569	4,385	2,816	7,201	2.02
2008	43,043	26,913	16,130	4,185	3,016	7,201	2.24
2007	41,597	26,836	14,761	4,000	3,204	7,204	2.05
2006	39,855	26,706	13,149	3,505	3,233	6,738	1.95
2005	38,524	25,354	13,170	2,605	3,126	5,731	2.30
2004	35,444	23,579	11,865	2,555	3,048	5,603	2.12
2003	34,284	22,143	12,141	2,435	2,157	4,592	2.64
2002	32,701	21,941	10,760	2,445	2,290	4,735	2.27
2001	31,370	22,254	9,116	2,340	2,398	4,738	1.92

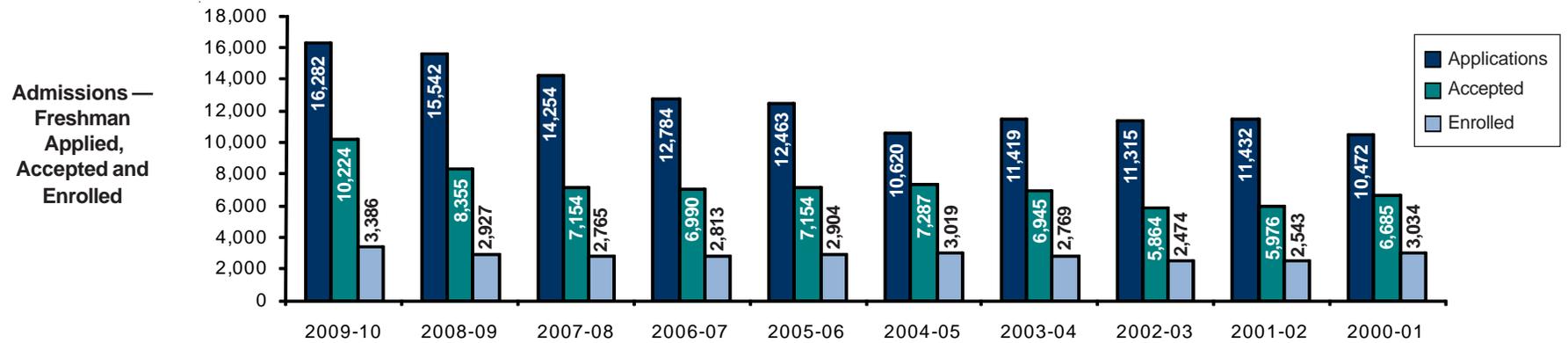
Note: The revenue bonds are secured by revenues from five sources: dining services, vending operations, the university bookstore, student housing and parking.
Source: Clemson University Comprehensive Annual Financial Reports

ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

Last Ten Academic Years

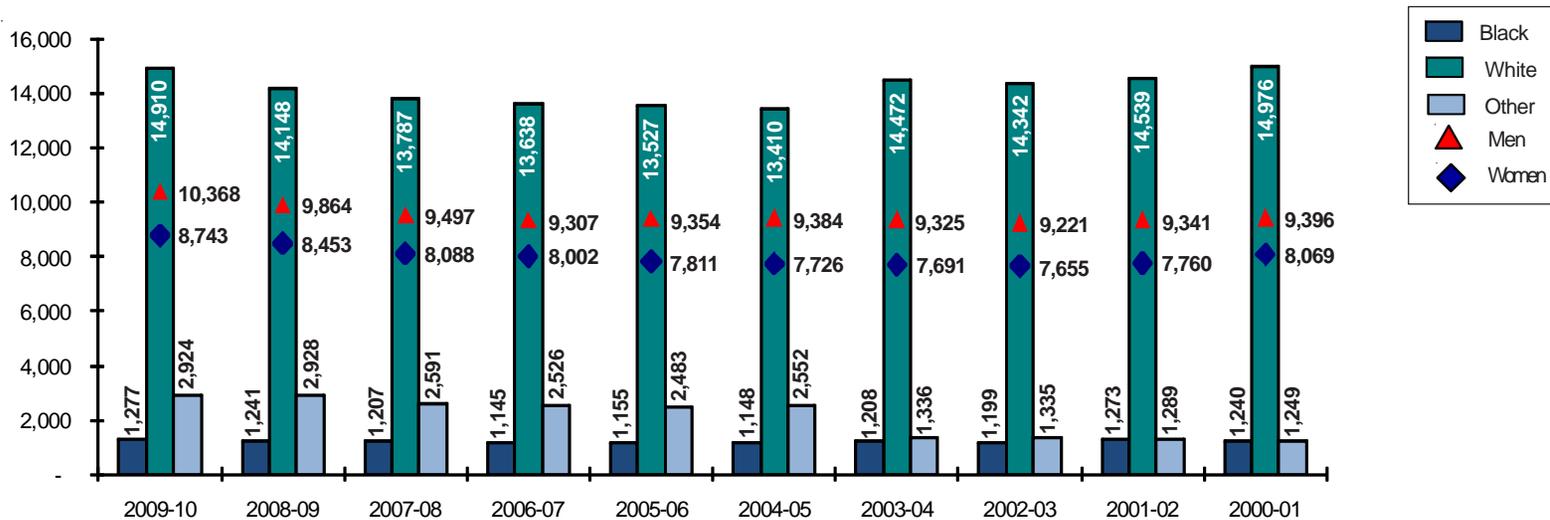
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Admissions-Freshman										
Accepted as a percentage of applications	62.8%	53.8%	50.2%	54.7%	57.4%	68.6%	60.8%	51.8%	52.3%	63.8%
Enrolled as a										
Percentage of accepted	33.1%	35.0%	38.6%	40.2%	40.6%	41.4%	39.9%	42.2%	42.6%	45.4%
SAT scores-total	1,225	1,227	1,221	1,217	1,225	1,204	1,204	1,205	1,191	1,172
Verbal	597	597	595	592	600	589	587	587	584	575
Math 628	630	626	625	625	615	617	618	607	597	575
South Carolina average SAT score-total	982	985	984	985	993	986	989	981	974	966

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	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Enrollment										
Undergraduate and graduate FTE	18,237	17,367	16,250	16,226	16,043	15,948	15,780	15,620	15,800	16,053
Undergraduate and graduate headcount	19,111	18,317	17,585	17,309	17,165	17,110	17,016	16,876	17,101	17,465
Percentage of men	54.2%	53.9%	54.0%	53.8%	54.5%	54.8%	54.8%	54.6%	54.6%	53.8%
Percentage of women	45.8%	46.1%	46.0%	46.2%	45.5%	45.2%	45.2%	45.4%	45.4%	46.2%
Percentage of black	6.7%	6.8%	6.9%	6.6%	6.7%	6.7%	7.1%	7.1%	7.4%	7.1%
Percentage of white	78.0%	77.2%	78.4%	78.8%	78.8%	78.4%	85.0%	85.0%	85.0%	85.7%
Percentage of other	15.3%	16.0%	14.7%	14.6%	14.5%	14.9%	7.9%	7.9%	7.6%	7.2%

Enrollment — Undergraduate and Graduate Headcount

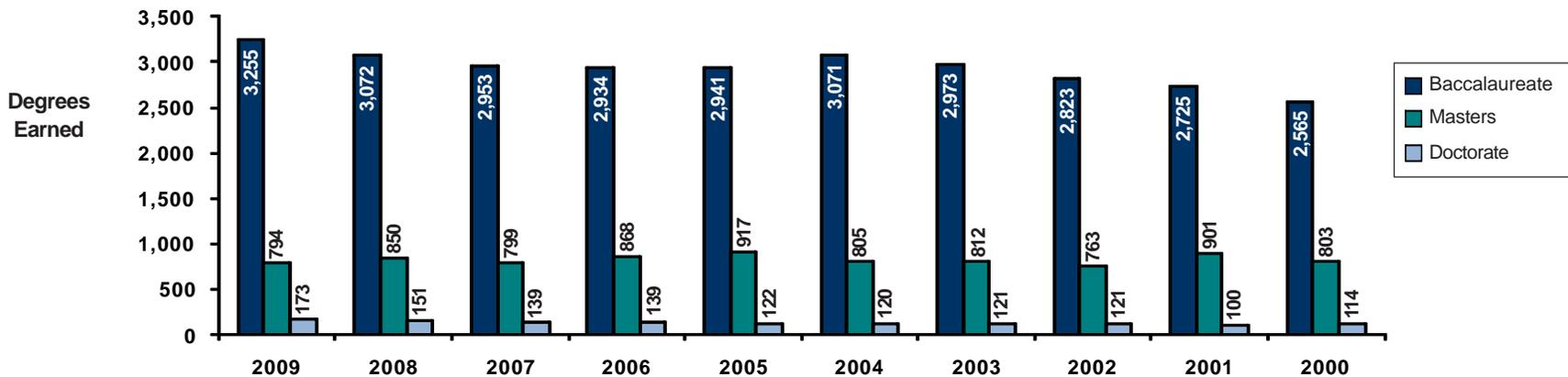


Degrees Earned*

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Baccalaureate	3,255	3,072	2,953	2,934	2,941	3,071	2,973	2,823	2,725	2,565
Masters**	794	850	799	868	917	805	812	763	901	803
Doctorate	173	151	139	139	122	120	121	121	100	114

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

** Masters awards include specialist degrees.



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

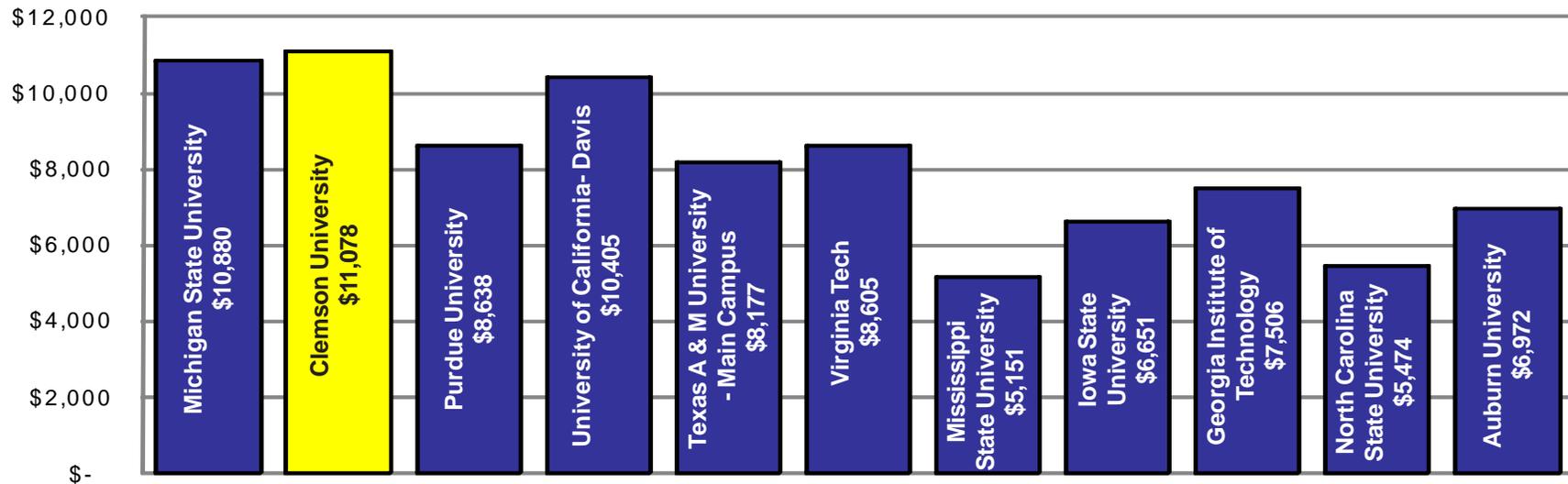
UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES

Clemson University in Comparison to Ten Peer Land-Grant Institutions
Last ten fiscal years

Institution - Resident	For the Fiscal Year									
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Michigan State University	\$ 10,880	\$ 10,214	\$ 9,640	\$ 8,793	\$ 7,945	\$ 7,000	\$ 6,703	\$ 5,022	\$ 4,632	\$ 4,256
Clemson University	11,078	10,379	9,937	9,400	8,816	7,840	6,934	5,834	4,490	3,590
Purdue University	8,638	7,750	7,416	7,096	6,458	6,092	5,860	5,580	4,164	3,872
University of California - Davis	10,405	9,497	8,925	8,323	8,129	7,557	6,438	4,630	4,595	4,072
Texas A & M University - Main Campus	8,177	7,844	7,335	6,966	6,399	5,955	5,051	3,949	3,127	2,809
Virginia Tech	8,605	8,198	7,397	6,973	6,378	5,838	5,095	3,936	3,664	3,640
Mississippi State University	5,151	5,151	4,929	4,596	4,312	3,874	3,874	3,874	3,586	3,117
Iowa State University	6,651	6,360	6,161	6,060	5,634	5,426	5,028	4,110	3,442	3,132
Georgia Institute of Technology	7,506	6,040	5,642	4,926	4,648	4,278	4,076	3,616	3,454	3,308
North Carolina State University	5,474	5,274	5,117	4,783	4,338	4,260	3,970	3,827	3,302	2,814
Auburn University	6,972	6,500	5,834	5,496	5,278	4,828	4,426	3,784	3,260	3,050

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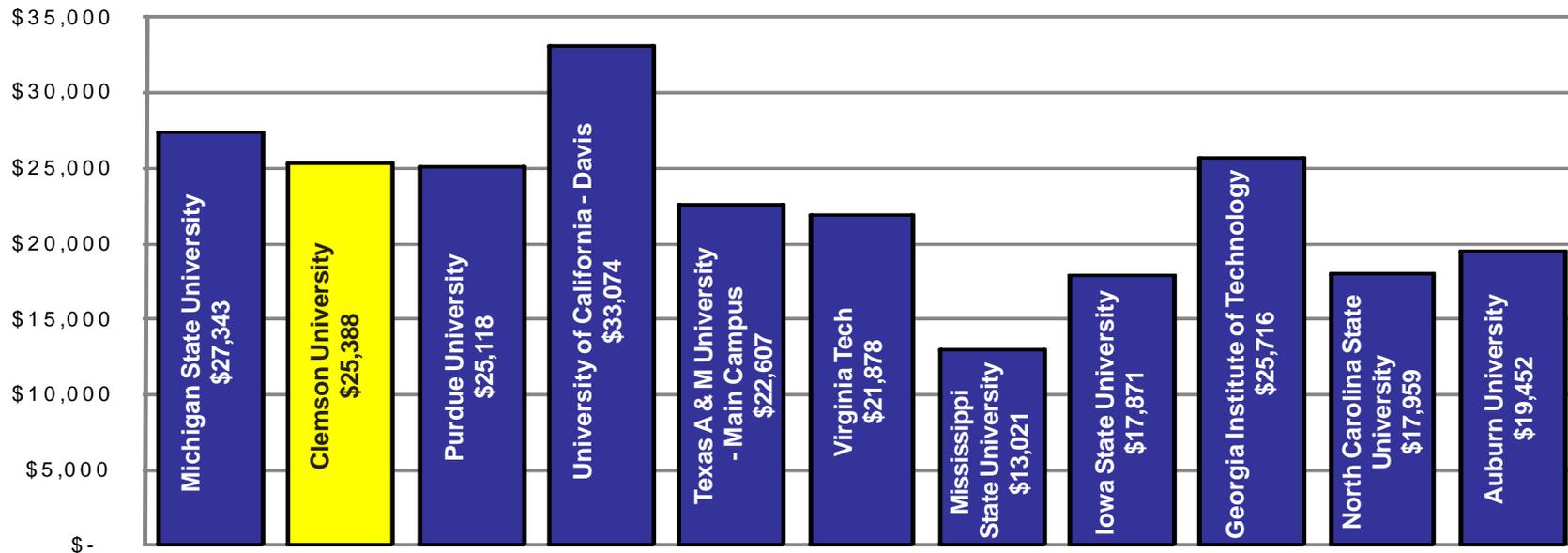
Undergraduate Tuition and Fees - Resident - FY 2009-10



For the Fiscal Year

Institution - Non Resident	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Michigan State University	\$ 27,343	\$ 23,500	\$ 23,500	\$ 21,438	\$ 19,697	\$ 17,845	\$ 16,663	\$ 12,276	\$ 11,310	\$ 10,388
Clemson University	25,388	23,401	21,867	19,824	18,440	16,404	14,532	12,932	11,284	9,784
Purdue University	25,118	23,224	22,224	21,266	19,824	18,700	17,640	16,260	13,872	12,904
University of California - Davis	33,074	30,105	28,545	27,007	25,949	24,513	20,648	17,009	15,669	14,686
Texas A & M University - Main Campus	22,607	22,184	15,675	15,216	14,679	13,695	12,131	9,181	8,191	7,969
Virginia Tech	21,878	20,825	19,775	19,049	17,837	16,581	15,029	13,552	12,488	12,128
Mississippi State University	13,021	12,503	11,420	10,552	9,772	8,780	8,780	8,780	8,125	7,065
Iowa State University	17,871	17,350	16,919	16,554	15,724	15,128	14,370	12,802	10,776	9,974
Georgia Institute of Technology	25,716	25,182	23,366	20,272	18,990	17,558	16,002	13,986	12,350	10,826
North Carolina State University	17,959	17,572	17,315	16,981	16,536	16,157	15,818	15,111	13,294	11,980
Auburn University	19,452	18,260	16,334	15,496	14,878	14,048	12,886	11,084	9,780	9,150

Undergraduate Tuition and Fees - Non Resident - FY 2009-10



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

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

FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

For the Fiscal Year

(Numbers are based on the October 1st Freeze date from the Clemson University Business System)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Faculty										
Part-time	240	290	272	276	265	271	256	255	236	250
Full-time	1,120	1,162	1,161	1,116	1,058	987	995	1,011	1,010	974
Percentage tenured	41.4%	38.6%	39.5%	40.6%	44.3%	44.8%	44.2%	44.9%	46.9%	48.6%
Staff and administrators with faculty rank										
Part-time	687	581	506	491	543	548	516	495	470	465
Full-time	2,688	2,876	2,875	2,775	2,753	2,655	2,646	2,786	2,836	2,859
Total employees										
Part-time	927	871	778	767	808	819	772	750	706	715
Full-time	3,808	4,038	4,036	3,891	3,811	3,642	3,641	3,797	3,846	3,833
Students per full-time										
Faculty	17.1	15.8	15.1	15.5	16.2	17.3	17.1	15.5	16.9	17.9
Staff	7.1	6.4	6.1	6.2	6.2	6.4	6.4	6.1	6.0	6.1
Average annual faculty salary*	\$ 78,038	\$ 77,330	\$ 76,639	\$ 74,045	\$ 72,854	\$ 71,652	\$ 67,446	\$ 66,262	\$ 64,118	\$ 60,048

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

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

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

SCHEDULE OF CAPITAL ASSET INFORMATION

Last Ten Fiscal Years

	For the Fiscal Year									
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Academic buildings:										
Net assignable square feet (in thousands)	1,675,560	1,310,706	1,169,179	1,032,554	1,030,574	991,148	975,674	947,671	957,219	978,267
Administrative and support buildings:										
Net assignable square feet (in thousands)	731,487	630,397	667,120	802,209	802,492	797,169	809,272	810,782	805,837	800,330
Laboratories:										
Net assignable square feet (in thousands)	986,055	725,166	715,677	711,254	530,723	562,792	560,962	453,125	537,997	364,645
Auxiliary and independent operations buildings:										
Net assignable square feet (in thousands)	1,674,427	1,637,796	1,782,291	1,782,291	1,781,931	1,753,852	1,742,076	1,751,840	1,778,193	1,835,720
Student housing:										
Residence halls	23	23	23	23	23	21	21	21	21	21
Suites	3	3	3	3	3	3	3	3	3	3
Apartments	4	4	4	4	4	4	4	4	4	4
Units available	6,145	6,145	6,198	6,215	6,346	6,346	6,216	6,221	6,468	6,577
Units in use	6,303	5,974	5,923	6,129	6,148	6,148	6,398	6,267	6,313	6,588
Percent occupancy	102.6%	97.2%	95.6%	98.6%	96.9%	96.9%	102.9%	100.7%	97.6%	100.2%
Dining facilities:										
Locations	17	17	16	16	16	15	14	13	12	11
Average daily customers	15,651	14,851	15,024	15,531	14,685	13,986	13,430	12,382	11,957	12,027
Parking facilities:										
Parking spaces available	12,679	12,993	12,839	13,302	13,302	13,312	13,312	13,211	12,639	12,426
Parking permits issued to students	13,292	12,555	15,358	13,086	14,891	15,983	15,950	13,919	12,460	12,781
Parking permits issued to faculty/staff	4,730	4,678	3,898	4,788	5,024	5,374	4,650	4,359	4,177	4,018

Sources:

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

DEMOGRAPHIC STATISTICS

State of South Carolina

Last Ten Calendar Years

Year	Population at July 1 (a)	Per Capita Income (b)	Average Annual Unemployment Rate (c)
2009	4,561,242	\$ 31,799	11.7%
2008	4,479,800	31,884	6.9%
2007	4,407,709	31,013	5.9%
2006	4,330,108	29,767	6.4%
2005	4,254,989	28,460	6.7%
2004	4,201,437	27,039	6.8%
2003	4,146,770	25,852	6.7%
2002	4,104,683	25,348	5.9%
2001	4,062,933	24,974	5.2%
2000	4,023,628	24,423	3.6%

(a) Source: U.S. Census Bureau

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

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

Source: South Carolina Comptroller General's Office

TEN LARGEST EMPLOYERS

State of South Carolina

Latest Completed Calendar Year and Eight Years Prior (a)

(Listed Alphabetically)

2009	2001
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Blue Cross/Blue Shield of South Carolina
Greenville County School District	Greenville County School District
Greenville Hospital System	Michelin North America, Inc.
Michelin North America, Inc.	Springs Industries, Inc.
Palmetto Health Alliance, Inc.	U.S. Department of Defense
U.S. Department of Defense	U.S. Postal Service
U.S. Postal Service	University of South Carolina
University of South Carolina	Wal-Mart Associates, Inc
Wal-Mart Associates, Inc.	Westinghouse Savannah River

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

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

Source: South Carolina Employment Security Commission

This Comprehensive Annual Financial Report is also available
on the Clemson University Comptroller Office website located at
<http://www.comptroller.clemson.edu>

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