

CLEMSON[®]

U N I V E R S I T Y

CLEMSON, SOUTH CAROLINA



Comprehensive Annual Financial Report For the Year Ended June 30, 2016

A component unit of the State of South Carolina

On the cover: Carillon Bell and Garden

The Clemson Memorial Carillon Bell was dedicated in 1987, completing a two-year fundraising and building effort that was spearheaded by Rembert "Red" Horton (Class of 1930) and members of the Class of 1943. The Paccard Fonderie in Cloches, France, cast the bell. The Carillon Garden was given to the University in 1993 by the Golden Anniversary Class of 1943. The garden is dedicated as a lasting tribute to the entire class of 1943, particularly to those who lost their lives during World War II.



Comprehensive Annual Financial Report

A component unit of the State of South Carolina

For the Year Ended June 30, 2016

Prepared by the Controller's Office



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Introductory Section
(unaudited)

ClemsonForward Strategic Plan

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

RESEARCH

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

ENGAGEMENT

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

ACADEMIC CORE

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

LIVING

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

KEY ENABLERS

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

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



Dear Friends of Clemson:

This past year was an amazing one for Clemson. We have continued to set new records in admissions, enrollment, graduation and retention rates, research funding, private fundraising, athletics, and facilities development. We were ranked among the top-25 public universities by U.S. News & World Report for the eighth consecutive year; as the number 12 public university in the nation by Money Magazine, and we were designated as a Research 1 University by Carnegie Classification for Institutions of Higher Education for the first time in university history. Thanks to our increasing reputation in academics and research, and the national exposure brought about by our successful athletics programs, the value of the Tiger Paw has never been higher!

We continue to make progress in the largest facilities development initiative in university history. This past year saw the opening of several new facilities, including the addition to Freeman Hall, the award-winning Watt Family Innovation Center, and the new baseball players' facility at Doug Kingsmore Stadium. Several more facilities will be completed in the coming months, such as the Core Campus student housing and dining facilities, the Zucker Family Graduate Education Center at the Restoration Institute in North Charleston, and a new research facility at the Greenwood Genetics Center.

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

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

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

Sincerely,

A handwritten signature in black ink that reads "James P. Clements". The signature is written in a cursive, flowing style with a long horizontal stroke at the end of the name.

James P. Clements, Ph.D.
President

LETTER OF TRANSMITTAL

October 21, 2016

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

We are pleased to present to you the Comprehensive Annual Financial Report of Clemson University for the year ended June 30, 2016. 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, 2016, the University contracted with the independent certified public accounting firm of Elliott Davis Decosimo, LLC, to perform the University's annual audit. The auditors have issued an unmodified opinion, the most favorable outcome of the audit process. The independent auditor's report is located at the front of the financial section.

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

Profile of the University

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

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

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

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

Finance and Operations

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

Local Economy

South Carolina's unemployment rate decreased by 0.6 percent over the recent fiscal year, ending June at 6.0 percent. While still above the national average of 4.9 percent, the gap has lessened in recent years. The South Carolina Economic Outlook, published by the South Carolina Department of Commerce, reports increases in employment almost all sectors of the economy over the past year with the strongest growth occurring in Construction and Professional and Business Services. Over 50,000 nonfarm jobs were added over the past year, outpacing the national job growth rate for the past several years.

According to Mark Vitner, Senior Economist with Wells Fargo, the state's growth forecast is described as "upbeat," largely due to its diversification away from textiles and toward international investment. Recent analysis by Wells Fargo Securities predicts that the state's economy will grow about 3.8 percent during 2017, well outpacing the national economic growth expectation of 2.1 percent.

The state set a record for exports for the sixth consecutive year according to the South Carolina Department of Commerce, giving the state almost 18 percent of the total US market share of exports. South Carolina led the nation in exports of completed passenger motor vehicles. The state also boasted 12 percent of the market share of aircraft and spacecraft exports. The latest data from the International Trade Administration ranks South Carolina as the second highest in the nation in employment by overseas firms.

Real estate also continues to show strong growth in the state. Closings of real estate sales increased almost 19 percent and foreclosure activity decreased over 11 percent from June 2015 to June 2016.

Long-Term Financial Planning

The University's long-term financial plan focuses on investments and activities in key areas including:

- Funding strategic investments in Clemson Forward priorities
- State mandated and mandatory inflationary cost increases
- Core academic and living investments to ensure quality teaching, engagement, and leadership

- Enhanced safety and security with investments in Police, Fire and EMS as well as building control and monitoring systems to ensure a safe learning campus environment
- Protection of Clemson's physical assets with a strategic capital plan
- Significant increases in auxiliary enterprises
- Enhanced financial aid resources

The University plans for investments totaling \$12.9 million in core academic and living environments on campus. Additional investments totaling almost \$7 million will support support campus safety measures as well as the University's facility stewardship and capital plan. Investments of \$7.6 million in scholarships are expected to enhance student quality and performance. Auxiliary Enterprise growth of \$26.8 million is expected in Athletics, Housing and Dining capital investments, and CCIT contractual obligations.

The State Legislature has exhibited its support of these priorities with renewed investment to support academic and agriculture programs. The state has provided \$1.2 million in recurring funding and \$500,000 in non-recurring funding for Agriculture and Natural Resources Programming, \$750,000 in recurring funding for Animal Industry Infectious Disease Prevention. In addition, the state has provided funding of \$3.4 million for cost-of-living and health insurance increases for employees and \$5 million in funding for education and general operations.

The University issued Athletic Facilities Revenue Bonds totaling \$18,875,000 during 2016 to fund the construction of a football operations center. An additional \$191,000,000 of Revenue bonds were issued to fund the Douthit Hills project. The project includes additional student housing, dining, retail, bookstore, and other auxiliary facilities and services.

Major Initiatives

Under President James P. Clements' leadership, Clemson has raised the bar in admissions, enrollment, research, facilities development, athletics, graduation and retention rates, and fundraising.

The 2015-16 academic and fiscal year was a productive and progressive year for Clemson, which was designated a Research 1 university by the Carnegie Classification for Institutions of Higher Education. This designation places Clemson among universities with the highest level of research activity and will allow the university to be even more competitive for future research funding. Clemson was once again ranked in the Top 25 of all national public universities as announced by U.S. News & World Report for the eighth consecutive year, and Money Magazine ranked Clemson as the 12th best public university and 21st in the overall rankings of both public and private institutions.

President Clements welcomed several more leaders to his administrative team during the course of the year including Jason Osborne, Associate Provost and Dean of Graduate Studies; John Griffin, Associate Provost and Dean of Undergraduate Studies; Tanju Karanfil, Vice President of Research; and Lee Gill, Chief Diversity Officer. As the

university prepared to reorganize from the five-college structure to seven colleges, Brett Wright and Bobby McCormick were both named permanent deans of the College of Behavioral, Social, and Health Sciences and the College of Business, respectively; Mark Leising was named interim dean of the new College of Science.

Provost Bob Jones led an open strategic planning process involving faculty, staff and students to build upon the foundation of the 2020 Road Map to create the Clemson Forward Strategic Plan. Clemson Forward advances the mission of providing a practical and intellectual education while also providing the flexibility and forward thinking to allow the university to evolve to meet the needs of the generations that follow. The plan focuses on research, engagement, academic core, and living. The Board of Trustees endorsed the plan that will serve to further the vision of Clemson as a Top 20 university.

Diversity and inclusive excellence are major factors in the Clemson Forward Strategic Plan. President Clements issued a response to a student-led sit-in outlining specific commitments from the administration focusing on campus climate, safety, a multi-cultural center, workforce diversity, and recruitment, retention and support for under-represented students. Additionally, three new historical markers were erected on campus as part of the recommendations from the Board of Trustees history task force's directive to tell the full and accurate history of Clemson University. President Clements has appointed an implementation committee to continue to work towards implementing the recommendations from the task force.

Clemson celebrated the close of the most successful capital campaign in its history. The Will to Lead campaign, launched in 2006, raised a total of \$1,062,528,346 thanks to generous alumni, corporate partners, foundations, and friends. The campaign not only surpassed the billion-dollar goal – the largest goal ever attempted by a public university with an alumni base under 150,000 – but it also has the distinction of being the largest fundraising effort in the state of South Carolina. Money raised during the campaign will benefit scholarships, faculty support, facilities, and student engagement opportunities and programs.

Highlights, news and major milestones of the year include:

- Clemson University was recognized at the national meeting of the Association of Public and Land-Grant Universities as the winner of the Innovation and Economic Prosperity University Award for Talent. The recognition was based on our workforce and economic development initiatives.
- Clemson currently has about 2 million square feet undergoing construction, renovations, or is in development, pending board and state approvals. These facilities will enhance every aspect of the university — academics, research, athletics, and student life.

- Grand openings were held for the Freeman Hall addition for industrial engineering, the Watt Family Innovation Center, and a new baseball players facility at Doug Kingsmore Stadium. A ribbon-cutting ceremony was held for the Adobe Digital Studio in the R.M. Cooper Library, and a groundbreaking took place at the site of the football operations center.
- Many notable, nationally-known speakers were welcomed to Clemson including Vice President Joe Biden, Pulitzer Prize winner George Will, Microsoft Founder and Philanthropist Bill Gates, and University of Maryland, Baltimore County President Freeman Hrabowski, the inaugural speaker for the new President's Lecture Series on Leadership and Diversity.
- An inter-disciplinary team of researchers was awarded \$10.5 million grant from the National Institutes of Health to focus on fighting organisms that cause infectious diseases.
- The new Watt Family Innovation Center a Campus Technology Innovators Award, which recognizes colleges and universities and their vendor partners that have used technology in innovative ways to solve campus challenges.

Statewide Initiatives

- JTEKT, a global supplier of automotive components, announced an expansion of its existing facility at the Clemson University International Center for Automotive Research in Greenville, and named the location its North American headquarters. The expansion means a \$1.75 million build out, expected to be completed in early 2016, and 27 new professional jobs for South Carolina's Upstate.
- At the Clemson University Restoration Institute located in North Charleston, construction is nearing completion on the \$21.5 million Zucker Family Graduate Education Center. Opening in Fall 2016, the center will offer master's and Ph.D. degrees in engineering, eventually growing to accommodate 200 students, 12 faculty, 40 researchers and staff. Upon completion, the center will serve as the academic anchor in the CURI applied technology park.
- Clemson University, in conjunction with the Greenwood Genetic Center, continues work to expand existing facilities of the J.C. Self Research Institute adding a 17,000-square-foot research and education center in human genetics on nearly 15 acres donated by Greenwood County and the Greenwood Commissioners of Public Works. The site is located adjacent to the Greenwood Genetic Center within the Greenwood Research Park and represents a cornerstone of economic development in Greenwood

County. The research that will be conducted as a result of this partnership has the potential to identify better treatments for chronic disorders, such as diabetes, cancer and cardiovascular disease — known for high prevalence in South Carolina.

- The Savannah River National Laboratory announced that the collaboration with Clemson University on grid modernization has been selected for more than \$7 million in grant funding from the U.S. Department of Energy.
- As another example of research collaboration, researchers with Clemson's Center for Workforce Development are participating in a \$317 million research project to revitalize the textile industry in the U.S. This project includes 16 industry partners, 31 universities, 72 manufacturers, and 26 start-up companies across 28 states. Clemson's role in this project – is to create virtual reality training programs – that will help military veterans integrate into the textile workforce.
- Clemson University and the state of South Carolina are fortunate to have one of the very best Public Service, Agriculture and Extension teams in the country. During the terrible floods that devastated South Carolina in Fall 2015, members of Clemson's extension team worked non-stop, day and night, to help the people throughout the state recover from the storm – before taking care of their own properties or dealing with their own personal losses.

Awards and Acknowledgements

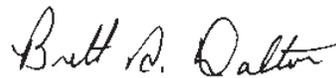
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clemson University for its comprehensive annual financial report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Sincerely,



Brett A. Dalton
Vice President for Finance and Operations



Government Finance Officers Association

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

Presented to

**Clemson University
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CLEMSON UNIVERSITY BOARD OF TRUSTEES

(as of June 30, 2016)

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

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

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

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

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

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

J. J. Britton
Sumter Family Health Center

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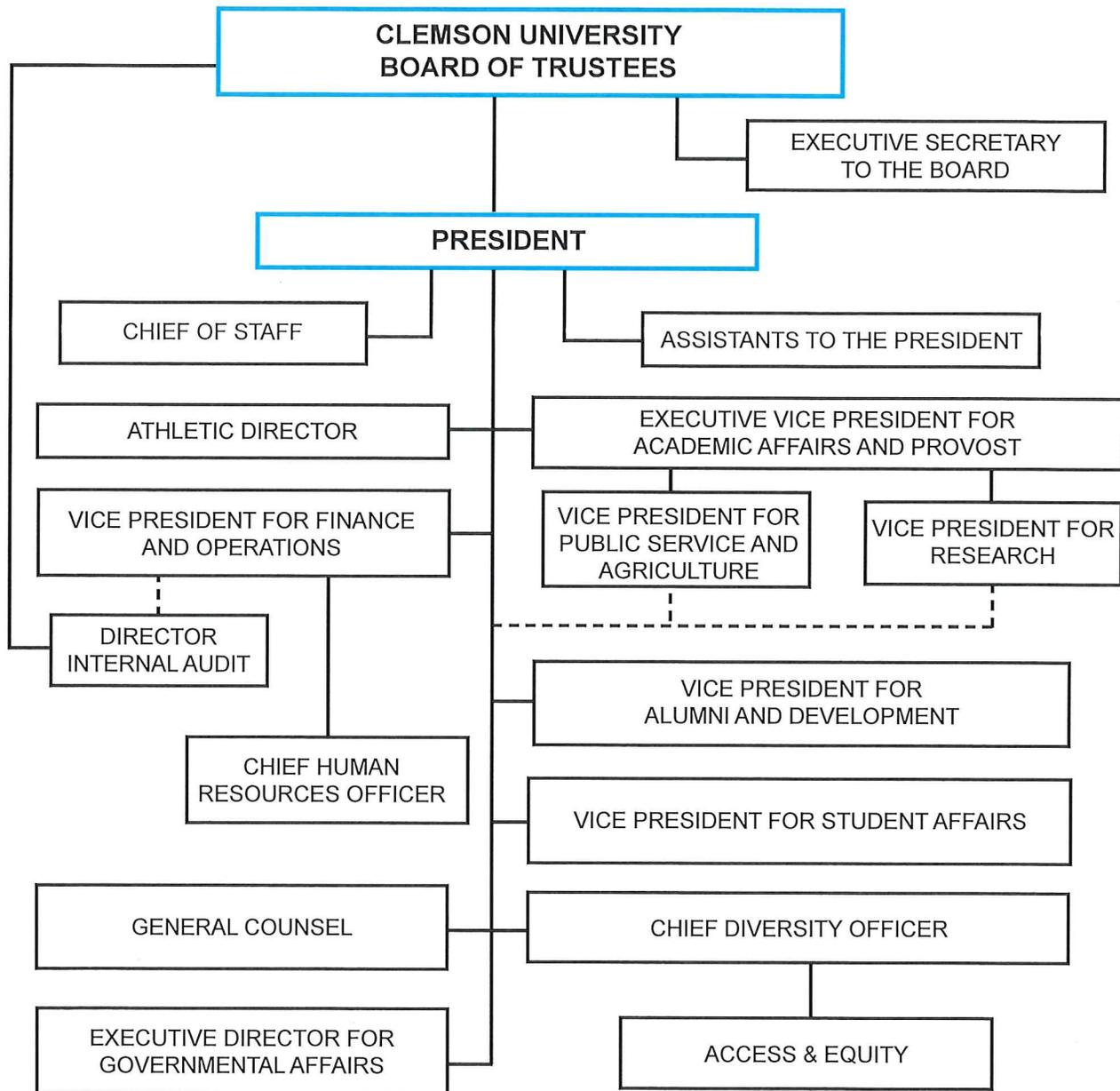
Harold D. (Doug) Kingsmore
Chairman of the Board, Southern Weaving Company

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

D. Leslie Tindal
Retired
South Carolina Commissioner of Agriculture

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

CLEMSON UNIVERSITY ORGANIZATION CHART





Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Clemson University (the University), a component unit of the State of South Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Auditor's Responsibility, Continued

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2016 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style.

Greenville, South Carolina
October 20, 2016

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 2016. While audited financial statements for fiscal year 2015 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on current year data.

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

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

Statement of Revenues, Expenses and Changes in Net Position

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

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

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

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

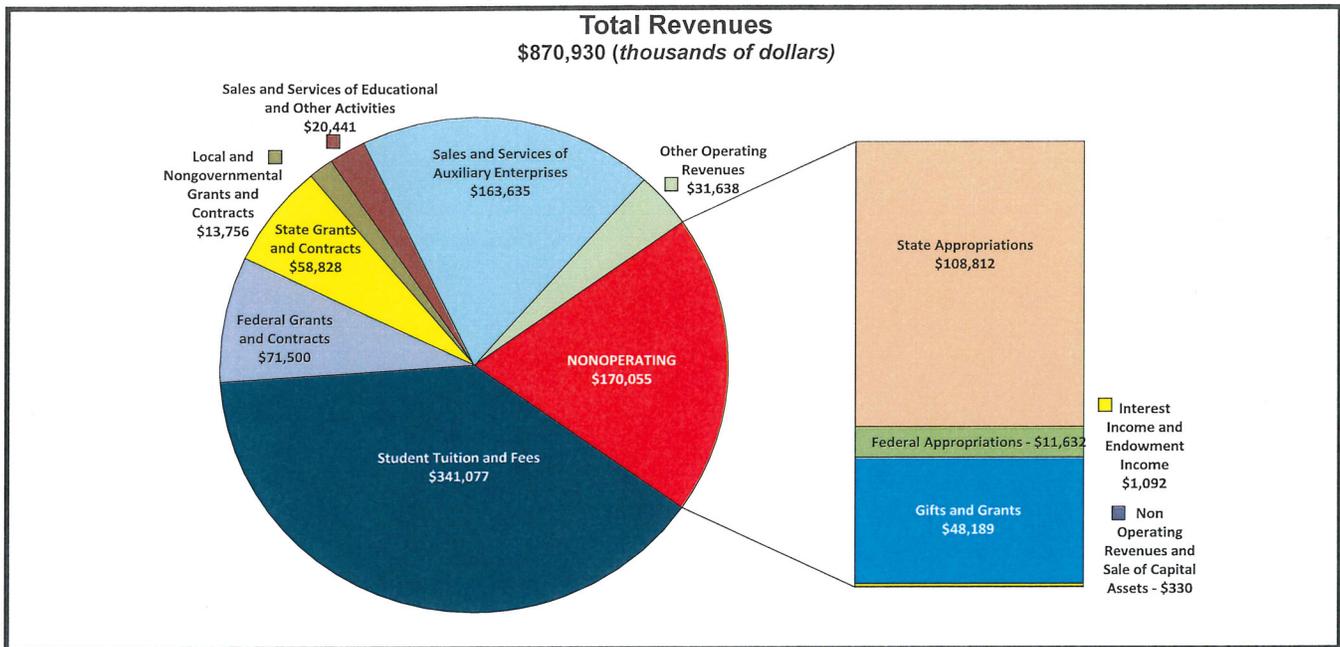
Total Revenues – increase of \$76.9 million

- Operating revenues increased \$63.4 million, based on the following:
 - Student tuition and fees increased \$24.2 million, the result of a Board approved increase of 3.24 percent for resident students and 4.25 percent for nonresident students. Enrollment also increased over the prior year.
 - Sales and services revenues increased \$34.8 million. Sales and services of pledged auxiliaries increased \$4.1 million. Athletics revenue increased as a result of post-season play including the ACC championship and National Championship games. A board approved 3 percent increase in room and board and dining fees and increased enrollment led to increased Housing and Food Service revenues. Non-pledged auxiliaries sales and services increased \$30.4 million. Information Systems Development contractual commitments for Medicaid IT Services increased by \$17.1 million. Hosting and computing revenues totaling \$12.5 million, previously recognized as other operating revenues, were recognized as auxiliary revenues in the current year. Sales and services of educational activities increased \$338,000 as the result of Youth Learning Institute camp revenues.
 - Grants and contracts revenues increased \$11.1 million. Revenues from federal grants and contracts increased \$8 million. Grants from the Department of Energy, Department of Agriculture, and Department of Health and Human Services contributed to the increase. Lottery funded Palmetto Fellows, Life, and Hope scholarships contributed to a \$1.5 million increase in state grants and contracts. Local grants increased \$30,000. Nongovernmental grants and contracts increased \$1.6 million due to an increase in grants from private foundations.
 - Other operating revenues decreased \$6.7 million. As previously discussed, \$12.5 million in hosting and computing contractual commitments for Medicaid IT Services were recognized as auxiliary sales and services in the current year. Increases in testing fees at the Clemson University Restoration Institute and an increase in student health fees offset this decrease.
- Nonoperating revenues increased \$13.5 million, based on the following:
 - State appropriations increased \$2.5 million. Appropriations for Educational & General (E&G) activities increased \$3.5 million. Appropriations for Public Service Activities (PSA) decreased \$1 million.
 - Federal appropriations increased \$294,000. An increase in federal government funding for the University's land-grant Smith Lever appropriations was offset by a decrease in McIntire Stennis funding.
 - Gifts and grants increased \$14.6 million as the result of IPTAY gifts for qualifying athletic scholarships and operating expenses.

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- Investment income decreased \$3.7 million. An increase in actual earnings on amounts held by the State Treasurer were offset by realized and unrealized losses on amounts held by the Clemson University Foundation and Wells Fargo.
- Other nonoperating revenues decreased \$262,000 due to a decrease in timber sales.
- Proceeds from the sale of equipment increased \$64,000.

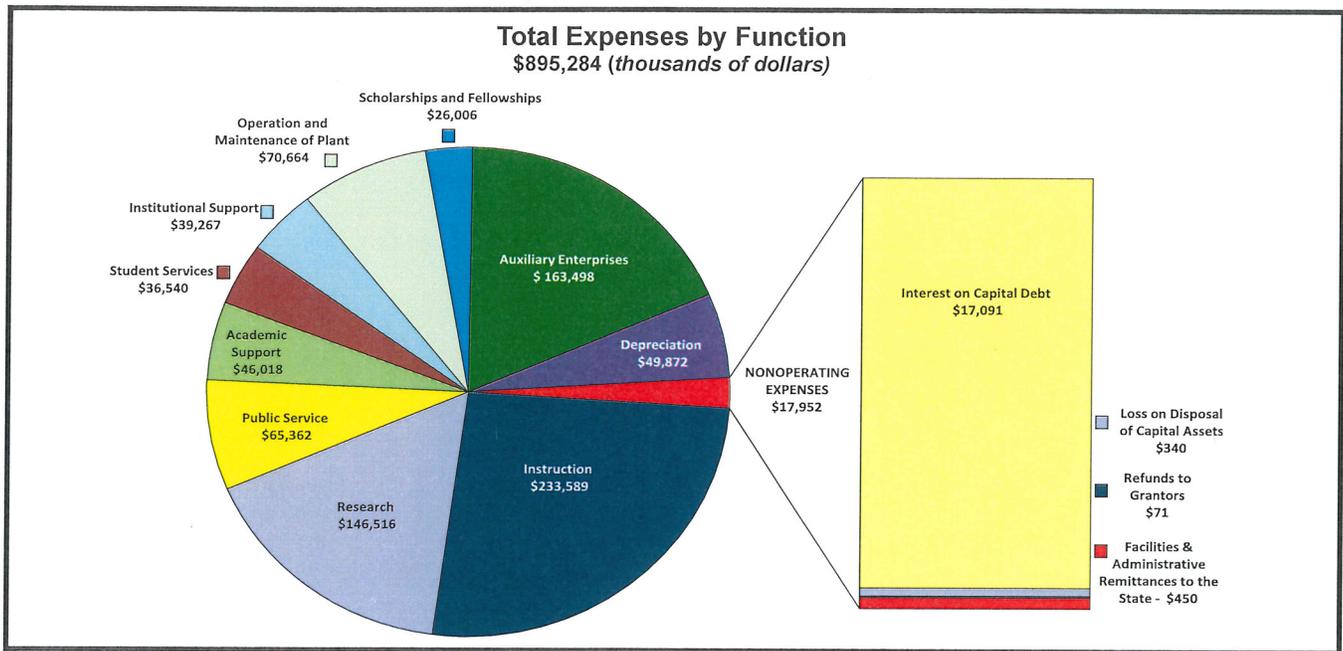
Condensed Summary of Net Revenues, Expenses and Changes in Net Position (<i>thousands of dollars</i>)				
Description	2016	2015	Increase/ Decrease	Percent Change
Revenues:				
Student tuition and fees, net	\$ 341,077	\$ 316,893	\$ 24,184	7.63%
Sales and services, net	184,076	149,223	34,853	23.36%
Grants and contracts	144,084	132,997	11,087	8.34%
Other operating revenues	31,638	38,322	(6,684)	(17.44)%
Total operating revenues	<u>700,875</u>	<u>637,435</u>	<u>63,440</u>	9.95%
State appropriations	108,812	106,345	2,467	2.32%
Federal appropriations	11,632	11,338	294	2.59%
Gifts and grants	48,189	33,586	14,603	43.48%
Investment income	1,092	4,756	(3,664)	(77.04)%
Other nonoperating revenues	78	340	(262)	(77.06)%
Proceeds from the sale of capital assets	252	188	64	34.04%
Total nonoperating revenues	<u>170,055</u>	<u>156,553</u>	<u>13,502</u>	8.62%
Total revenues	<u>870,930</u>	<u>793,988</u>	<u>76,942</u>	9.69%
Expenses:				
Compensation and employee benefits	513,401	478,991	34,410	7.18%
Services and supplies	267,423	262,955	4,468	1.70%
Utilities	18,910	19,783	(873)	(4.41)%
Depreciation	49,872	49,316	556	1.13%
Scholarships and fellowships	27,726	25,411	2,315	9.11%
Total operating expenses	<u>877,332</u>	<u>836,456</u>	<u>40,876</u>	4.89%
Interest on capital asset related debt	17,091	7,341	9,750	132.82%
Loss on disposal of capital assets	340	4,343	(4,003)	(92.17)%
Refunds to grantors	71	137	(66)	(48.18)%
Facilities and administrative remittances to the State	450	375	75	20.00%
Total nonoperating expenses	<u>17,952</u>	<u>12,196</u>	<u>5,756</u>	47.20%
Total expenses	<u>895,284</u>	<u>848,652</u>	<u>46,632</u>	5.49%
Income before other revenues, expenses, gains or losses	(24,354)	(54,664)	30,310	(55.45)%
State capital appropriations	15,886	4,457	11,429	256.43%
Capital grants and gifts	37,580	6,448	31,132	482.82%
Additions to permanent endowments	567	209	358	171.29%
Change in net position	<u>29,679</u>	<u>(43,550)</u>	<u>73,229</u>	(168.15)%
Net position, beginning of year as originally stated	666,252	1,156,425	(490,173)	(42.39)%
Retatement	0	(446,623)	446,623	
Net position, beginning of year as restated	<u>666,252</u>	<u>709,802</u>	<u>(43,550)</u>	(6.14)%
Net position, ending	<u>\$ 695,931</u>	<u>\$ 666,252</u>	<u>\$ 29,679</u>	4.45%



Total Expenses – increase of \$46.6 million

- Operating expenses increased \$40.8 million, based on the following:
 - Compensation and employee benefits increased \$34.4 million. The increase is attributable to increases in faculty and staff headcounts, a state mandated \$800 bonus for qualified faculty and staff, and an increase in fringe benefit expenses and supplemental pay for athletic coaches.
 - Services and supplies expenses increased \$4.5 million. Instruction costs decreased \$5.6 million largely related to recoveries of information technology costs due to the restructure of the contractual partnership with DHHS. Research costs decreased \$2.4 million related to one time state allocation funding in the prior year for research equipment purchases. Public service costs decreased \$3.1 million as the result of the DHHS restructuring, National Dropout Prevention, and Livestock and Poultry Health program costs. Academic support costs decreased \$2.2 million related to information technology costs for hosting and other CCIT strategic initiative cost recoveries. Student services costs decreased approximately \$33,000. The institutional support decrease of \$4.1 million is the result of decreases in advertising and contractual commitment budgets in Public Affairs, prior year consulting contracts, and postal operations costs. Operation and maintenance of plant decreased \$8.5 million as a result of capitalized interest costs for major construction projects including Douthit Hills and Core Campus. Scholarship and Fellowship costs increased \$6,900. Auxiliary services costs increased \$30.1 million due to an increase in information systems development fees for Medicaid IT Services and an increase in Athletic costs related to post-season play.

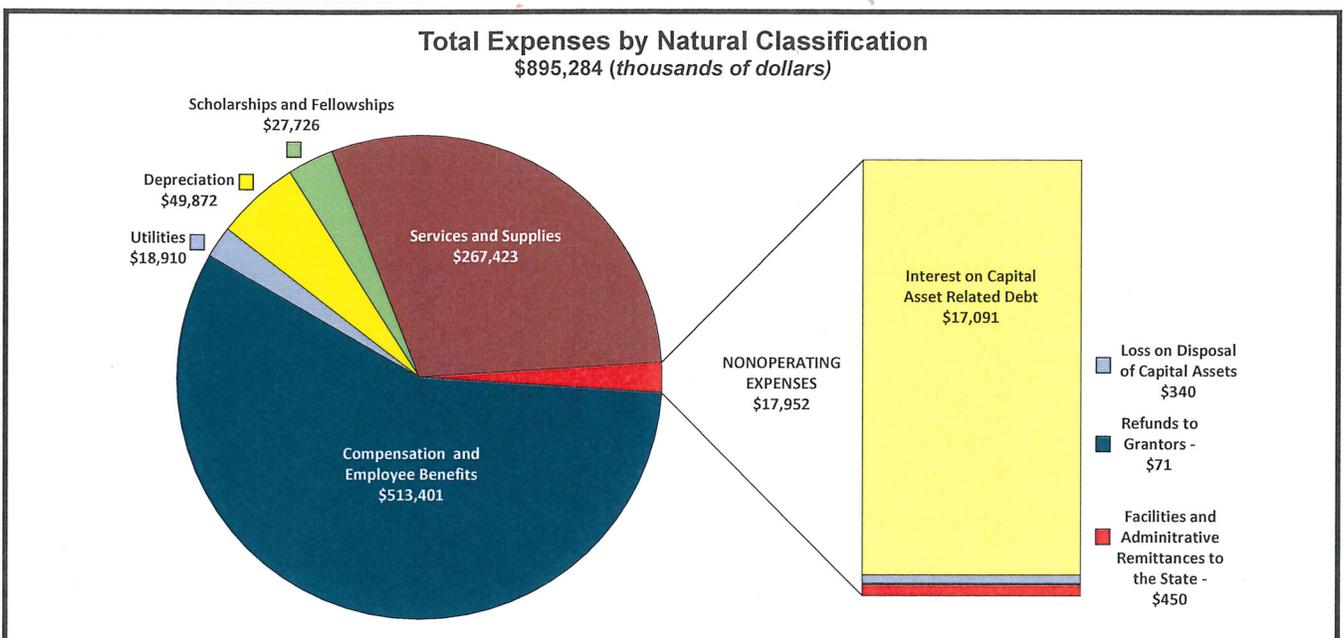
- Utility expenses decreased \$873,000. Telephone costs decreased due to network rewiring costs in the prior year. Heat, light, and power costs decreased due to electric line costs in the prior year.
- Depreciation expense increased \$556,000 as the result of the capitalization of Watt Innovation Center, Memorial Stadium suite renovations, Kingsmore stadium additions, and the expansion of Freeman Hall.
- Scholarship and fellowship expenses increased \$2.3 million due to increases in state lottery funded Palmetto Fellows, Life, and Hope scholarships.
- Nonoperating expenses increased \$5.8 million based on the following:
 - Interest expense increased \$9.8 million as the result of the issuance of new Revenue and Athletic Facilities bond debt totaling approximately \$210 million in the current year.
 - Losses on disposal of capital assets decreased \$4 million as the result of the demolition of unused buildings at the Clemson University Restoration Institute site in North Charleston in the prior year.
 - Refunds to grantors decreased \$66,000 due to fixed payment amounts that had to be returned to sponsors when the cost of work performed was less than amounts previously received.
 - Facilities and administrative costs remitted to the State increased \$75,000. The State requires such costs collected for non-research sponsored projects in excess of \$200,000 to be remitted. Education and General program remittances decreased \$7,000 and Public Service Activities program remittances increased \$81,000.



- The State capital appropriations increase of \$11.4 million was attributable to increases in State Capital Reserve Fund appropriations for a new College of Business building and increases in Research Infrastructure and Economic Development bond proceeds for the Clemson University Restoration Institute and Greenwood Genetic Center.
- Capital grants and gifts increased \$31.1 million related to several major construction projects including Watt Innovation Center, Clemson University Restoration Institute, Kingsmore Stadium, Memorial Stadium, and the Football Operations facility.
- A \$358,000 increase in additions to permanent endowments was the result of private donor gifts.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of Clemson University. The Statement of Net Position presents end-of-year data concerning Assets (property that we own and what we are owed by others), Deferred Outflows of Resources (consumption of net position by the University that is applicable to a future reporting period), Liabilities (what we owe to others and have collected from



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others before we have provided the service), Deferred Inflows of Resources (acquisition of net position by the University that is applicable to a future reporting period), and Net Position (Assets and Deferred Outflows of Resources, minus Liabilities and Deferred Inflows of Resources). It is prepared under the accrual basis of accounting, where revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to us, regardless of when cash is exchanged.

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

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

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

**Assets and Deferred Outflows of Resources—
increase of \$282 million**

- Current assets increased \$34.1 million. Unrestricted cash balances decreased \$3.1 million and restricted cash increased \$25.5 million. The unrestricted cash decrease was driven by the spend down of state treasurer cash reserves for IPTAY related scholarship, operating and capital costs in the current year offset by an increase in student fee collections. Restricted cash increased as a result of the proceeds from the issuance of Revenue and Athletic Facilities Bonds for construction costs at Douthit Hills and the Football Operations facility. Interest income receivable increased \$631,000 due to accrued investment income on bond proceeds held by the State Treasurer. Accounts receivable increased \$4.2 million as the result of receivables for state capital appropriations for construction of a College of Business building and projects at the Clemson University Restoration Institute. Grants and contracts receivable increased \$3.6 million due to receivables for sponsored projects. Contributions receivable increased \$426,000. An increase in pledges of \$1.4 million was offset by the

Condensed Summary of Net Position (thousands of dollars)				
Description	2016	2015	Increase/ (Decrease)	Percent Change
Assets				
Current assets	\$ 583,485	\$ 549,438	\$ 34,047	6.20%
Capital assets, net	1,106,591	863,341	243,250	28.18%
Other noncurrent assets	208,028	211,517	(3,489)	(1.65)%
Total assets	<u>1,898,104</u>	<u>1,624,296</u>	<u>273,808</u>	<u>16.86%</u>
Deferred outflows of resources	<u>50,789</u>	<u>42,619</u>	<u>8,170</u>	<u>19.17%</u>
Total assets and deferred outflows of resources	<u>1,948,893</u>	<u>1,666,915</u>	<u>281,978</u>	<u>16.92%</u>
Liabilities				
Current liabilities	162,388	135,412	26,976	19.92%
Noncurrent liabilities	1,089,645	826,904	262,741	31.77%
Total liabilities	<u>1,252,033</u>	<u>962,316</u>	<u>289,717</u>	<u>30.11%</u>
Deferred inflows of resources	<u>929</u>	<u>38,347</u>	<u>(37,418)</u>	<u>0.00%</u>
Total liabilities and deferred inflows of resources	<u>1,252,962</u>	<u>1,000,663</u>	<u>252,299</u>	<u>25.21%</u>
Net Position				
Net investment in capital assets	759,323	680,331	78,992	11.61%
Restricted - nonexpendable	58,698	58,323	375	0.64%
Restricted - expendable	99,062	126,834	(27,772)	(21.90)%
Unrestricted	(221,152)	(199,236)	(21,916)	11.00%
Total net position	<u>\$ 695,931</u>	<u>\$ 666,252</u>	<u>\$ 29,679</u>	<u>4.45%</u>

payment of existing pledges. Prepaid items increased \$4 million primarily due to liability insurance premiums and prepayments for the purchase of a fire engine. Inventories for the computer store and telecommunications increased \$843,000. Other current assets decreased \$2 million as a result of an under-recovery of pooled fringes for the fiscal year ending June 30, 2015 that will be absorbed through the approved pooled fringe rate established for the fiscal year ending June 30, 2017.

- Net capital assets increased \$243.2 million. Non-depreciable assets increased \$141.9 million. Construction in Progress increased by \$141.3 million as construction continued on major building projects across campus including Core Campus, Douthit Hills, Littlejohn Coliseum, and the Football Operations facility. Land purchases from the Clemson University Research Foundation totaled approximately \$634,000. Depreciable capital assets increased \$101.3 million. An increase of \$79.4 million in buildings was driven by the capitalization of Watt Innovation Center, the Freeman Hall expansion, Memorial Stadium suite renovations, and Kingsmore Stadium additions. The new West Campus Energy Plant and upgrades at the Waste Water Treatment Plant resulted in an increase of \$14.5 million in utilities and other non-structural improvements. The decrease in software of \$2.3 million was driven by depreciation, partially offset by the capitalization of Kronos timekeeping software, a Business Objects upgrade, and Housing Management software totaling \$3.7 million. Equipment increased \$9.4 million. Additions totaling \$28.4 million, including test rigs at the Wind Turbine Drive Train Test facility and an airplane gifted to the University by IPTAY, were offset by depreciation expense. Vehicles increased \$252,000. Vehicle additions totaling \$1 million were offset by depreciation expense and disposals or trade-ins of previously owned departmental vehicles.
- Other noncurrent assets decreased \$3.5 million. The balance on loan to the Clemson University Foundation (CUF) decreased \$2 million as the result of appreciation, income, and realized losses. Payments of existing pledges led to a decrease of \$547,000 in noncurrent contributions receivable. Investments decreased \$214,000 due to losses on endowment assets held by Wells Fargo. Restricted noncurrent cash balances decreased \$209,000. An increase in Perkins loan funds was offset by a decrease in endowment balances. Student loans receivable decreased \$948,000 due to collections of Perkins Federal student loans. Other assets increased \$453,000 due to the under-recovery of pooled fringe benefit costs that will be absorbed/adjusted through the approved pooled fringe rate established for the fiscal year ending June 30, 2016.
- Deferred outflows of resources increased \$8.2 million. Deferred losses on bond refundings decreased \$550,000 due to amortization. Deferred outflows related to the University's proportionate share of the state's net pension liability increased \$8.7 million.

Liabilities and Deferred Inflows of Resources – increase of \$252.3 million

- Current liabilities increased \$27 million. The increase in accounts payable of \$18.6 million was largely attributable to amounts due at the end of the fiscal year for capital projects including Douthit Hills, Core Campus, the Football Operations facility, and Littlejohn Coliseum. Accrued payroll and related liabilities increased \$1.2 million as the result of a 3.25 percent cost of living adjustment applied to the final payroll of the fiscal year. The increase in unearned revenues of \$3 million was attributable to ticket sales for the upcoming football season and unapplied admissions deposits for the fall semester. Current deposits increased \$450,000 due to Clemson's obligation for hosting a baseball regional. The increases in the current portion of long-term debt totaling \$1.5 million and increased interest expense payable totaling \$1.3 million resulted from the issuance of Revenue and Athletic Facilities bonds this year. The increase in the current portion of compensated absences and related liabilities of \$1 million resulted from increased salaries and fringe costs in the current year. The current portion of funds held for others decreased \$45,000. Increased study abroad collections were offset by the payoff of a previous coach's settlement.
- Noncurrent liabilities increased by \$262.7 million. The University's proportionate share of the net pension liability increased by \$56.8 million to \$509.7 million at the end of the current year. Net investment income and plan contributions were not substantial enough to offset the plan's benefit payments and administrative costs, resulting in an increase to the plan's overall net pension liability. The University's proportionate share of the South Carolina Retirement System liability increased slightly, by 0.056%, in the current year. The University's proportionate share of the South Carolina Police Officers Retirement System liability decreased by 0.002% in the current year. Long-term debt increased \$205.1 million driven by the issuance of Revenue and Athletic Facilities bonds this year. The long-term liability for compensated absences and related liabilities increased \$614,000. The noncurrent portion of funds held for others increased \$122,000 as a result of Perkins loan balances.
- Deferred inflows of resources related to the University's net pension liability decreased by \$37.4 million. Deferred inflows of resources include the calculated difference between actual and projected investment earnings on the state's pension plans.

Net Position – increase of \$29.7 million

- Net investment of capital assets increased \$79 million. This increase resulted from an increase in capital assets of \$243.2 million, less an increase in capital debt of \$206.7 million, an increase in unspent bond proceeds of \$43 million, and a \$551,000 decrease in deferred outflows of resources as discussed above.

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- Restricted – nonexpendable net position for scholarships and fellowships increased \$375,000 as the result of amounts received from individual donor gifts.
- Restricted for expendable net position decreased \$27.8 million, based on the following:
 - Restricted – expendable net position for scholarships and fellowships decreased \$7.7 million due to the reduction in IPTAY state treasurer balances for scholarship expenditures.
 - Restricted – expendable net position for research increased \$139,000 resulting primarily from Sponsored Program research projects.
 - Restricted – expendable net position for instructional/departmental use decreased \$1.5 million due to the PeopleSoft HR upgrade project and the transfer of previous year proviso funds for energy efficiency projects.
 - Restricted – expendable net position for student loans increased \$115,000 as the result of a slight increase in Perkins loans.
 - Restricted – expendable net position for capital projects decreased \$21.3 million resulting, in large part, from Improvement fund transfers and spending for capital projects including Core Campus, Douthit Hills, Memorial Stadium, and Littlejohn Coliseum.
 - Restricted – expendable net position for debt service increased \$2.4 million as the result of debt service reserve fund requirements for new Athletic and Revenue bonds.
- Unrestricted net position decreased \$21.9 million, based on the following:
 - The University’s proportionate share of the state’s net pension liability and accompanying deferred inflows and outflows of resources resulted in a \$10.7 million reduction of unrestricted net position.
 - Unrestricted - educational and general increased \$14.5 million as the result of increased student fee revenues.
 - Unrestricted – unexpended plant increased \$1.9 million. Transfers of auxiliary operating funds for project costs related to the Douthit Hills construction project were offset by expenditures for other capital projects including Watt Innovation Center.
 - Unrestricted – board designated endowments decreased \$27.7 million as the result of market conditions and the spend down of state treasurer quasi-endowment funds for IPTAY related operating costs and athletic scholarship expenses.
 - Unrestricted – public services net position increased \$109,000.
 - Unrestricted – auxiliaries net position decreased \$31,000.

Statement of Cash Flows

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

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2016 and June 30, 2015 were as follows:

Capital Assets (net of accumulated depreciation)				
Description	2016	2015	Increase/ Decrease	Percent Change
Capital Assets:				
Land and improvements	\$ 34,750,526	\$ 34,116,890	\$ 633,636	1.86%
Construction in progress	261,664,562	120,386,763	141,277,799	117.35%
Utilities systems and other non-structural improvements	37,442,058	22,955,457	14,486,601	63.11%
Buildings and improvements	635,656,862	556,221,684	79,435,178	14.28%
Computer software	5,746,303	8,049,322	(2,303,019)	(28.61)%
Equipment	128,166,890	118,700,095	9,466,795	7.98%
Vehicles	3,163,380	2,910,897	252,483	8.67%
Total Capital Assets	<u>\$ 1,106,590,581</u>	<u>\$ 863,341,108</u>	<u>\$ 243,249,473</u>	28.18%

The \$141.9 million increase in non-depreciable capital assets was attributable to an increase in land and an increase in Construction in Progress. The purchase of the Clemson Applied Technology Center and the Emerging Technologies Center from the Clemson University Research Foundation resulted in the acquisition of land valued at \$634,000. Construction in Progress increased approximately \$141.3 million as construction continued on the Core Campus project, Douthit Hills, Littlejohn Coliseum, and the Football Operations facility.

Utilities Systems and Other Non-Structural Improvements increased approximately \$14.5 million. The construction of the West Campus Energy Plant and upgrades at the Waste Water Treatment Plant were offset by depreciation expense on new and existing assets.

Buildings increased \$79.4 million due to the capitalization of several major projects including Watt Innovation Center, the Freeman Hall expansion, Memorial Stadium suite renovations, and Kingsmore Stadium additions.

Capitalized Computer Software decreased \$2.3 million. The implementation of the Kronos timekeeping system, a Business Objects upgrade, Housing Management software and Agricultural Regulatory software was offset by depreciation on new and existing software.

Equipment increased \$9.4 million. Net additions totaling approximately \$28.4 million, including test rigs at the Wind Turbine Drive Train Test Facility and an airplane gifted to the University by IPTAY, were offset by depreciation and disposals totaling \$18.9 million.

Vehicles increased \$252,000. Vehicle additions totaling \$1 million were offset by depreciation expense and disposals or trade-ins of previously owned departmental vehicles.

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

Debt Administration

The University's financial statements indicate \$568,469,038 in bonds payable and \$12,967,171 in capital leases payable at June 30, 2016.

The University's bonded indebtedness consisted of: General Obligation Bonds of \$110,832,297, Athletic Facilities Revenue Bond issues totaling \$140,995,867, and Revenue Bonds of \$316,640,874. General Obligation Bonds are obligations of the State of South Carolina and are secured as to principal and interest by a pledge of the full faith, credit, and taxing power of the State and are paid with tuition and matriculation fees. Athletic Facilities Revenue Bonds are payable solely from the net revenues of the University's Athletic Department and gross receipts from the imposition of any admissions fee and any special student fee. Revenue bonds are payable solely from and secured by a pledge of revenues of the University's housing facilities, bookstore, dining services, parking, vending and from additional funds from the academic "University fee" imposed by the Board of Trustees. In December 2015, the University issued Athletic Facilities Revenue Bonds totaling \$18,875,000 for the construction of a football operations center. Also in December 2015, the

University issued Higher Education Revenue Bonds in the amount of \$191,000,000 for the construction of the Douthit Hills project.

Capital leases totaling \$12,967,171 include a capital lease with the Clemson University Land Stewardship Foundation (CULSF), its component unit, for space in the Greenville One Building in downtown Greenville, SC. The outstanding liability on this lease as of June 30, 2016 was \$12,421,710. Also included is a capital lease with an unrelated corporate leasing entity to finance the purchase of an electron microscope for the Advanced Materials Research Laboratories. The outstanding liability on this lease as of June 30, 2016, was \$545,461.

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 2016 with a \$303 million budgetary surplus. In his end-of-the-year press release, State Comptroller General Richard Eckstrom noted that the state experienced revenue growth of 4.3 percent, falling short of the prior year growth rate of 7.3 percent and also short of the anticipated growth rate of 4.6 percent. Though the state has met its full funding requirements in both the General Reserve and Capital Reserve funds, \$10.3 million of supplemental appropriations were withheld late in the fiscal year. Eckstrom cautioned that the state is not exempt from the same type of slowdowns experienced in the world economy.

State appropriations to fund University operations increased \$2.5 million for fiscal year 2016, an increase of 2.3 percent from the previous year. Appropriations for Education and General activities increased \$3.5 million while Public Service activities decreased \$1 million.

State scholarship programs funded with lottery proceeds increased by approximately \$3.2 million, to \$54.3 million, for 2016. In addition, the University received \$1.75 million from the State Commission on Higher Education to fund the Science, Technology, Engineering, and Math (STEM) program. State capital appropriations increased \$11.4 million and include State Capital Reserve Funds for a new College of Business building and Research Infrastructure bond proceeds for the Clemson University Restoration Institute and the Greenwood Genetic Center.

The University's Board of Trustees adopted a budget for 2017 that included a 3.14 percent tuition increase for in-state undergraduate students and a 4.27 percent increase for out-of-state undergraduate students. Graduate students will pay an average of 6.09 percent more for tuition. An average increase of 5 percent in student housing and dining plans will be used to improve dining, housing, and student life facilities.

CLEMSON UNIVERSITY STATEMENT OF NET POSITION

June 30, 2016

Description	Clemson University	Clemson University Research Foundation
ASSETS		
<i>Current Assets:</i>		
Cash and cash equivalents.....	\$ 173,685,317	\$ 6,384,301
<i>Restricted Assets - Current:</i>		
Cash and cash equivalents.....	345,169,864	2,120,958
Accounts receivable (net of provision for doubtful accounts of \$641,143).....	24,718,187	799,407
Grants and contracts receivable.....	21,995,526	0
Contributions receivable, net.....	1,108,022	0
Interest and income receivable.....	1,444,015	0
Student loans receivable.....	34,427	0
Inventories.....	3,198,586	0
Note receivable.....	0	137,500
Prepaid items.....	11,581,176	19,666
Other current assets.....	549,337	0
Total current assets.....	<u>583,484,457</u>	<u>9,461,832</u>
<i>Noncurrent Assets:</i>		
Notes receivable.....	177,978,514	339,188
Contributions receivable, net.....	1,123,759	0
Investments.....	2,377,246	0
<i>Restricted Assets - Noncurrent:</i>		
Cash and cash equivalents.....	18,171,383	0
Student loans receivable.....	7,374,908	0
Other assets.....	1,002,744	1,077,328
Capital assets, not being depreciated.....	296,415,088	560,732
Capital assets, net of accumulated depreciation.....	810,175,493	198,798
Total noncurrent assets.....	<u>1,314,619,135</u>	<u>2,176,046</u>
Total assets.....	<u>1,898,103,592</u>	<u>11,637,878</u>
<i>Deferred Outflows of Resources:</i>		
Deferred losses on bond refunding.....	1,653,330	0
Deferred outflows on net pension liability.....	49,135,897	0
Total deferred outflows of resources.....	<u>50,789,227</u>	<u>0</u>
Total assets and deferred outflows of resources.....	<u>\$ 1,948,892,819</u>	<u>\$ 11,637,878</u>
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts and retainages payable.....	\$ 58,648,061	\$ 793,124
Accrued payroll and related liabilities.....	19,422,755	0
Accrued compensated absences and related liabilities.....	18,470,397	0
Accrued interest payable.....	4,278,984	0
Unearned revenues.....	39,575,641	53,141
Bonds payable.....	18,792,284	0
Capital leases payable.....	977,454	0
Deposits.....	1,416,570	0
Funds held for others.....	805,540	0
Total current liabilities.....	<u>162,387,686</u>	<u>846,265</u>
<i>Noncurrent Liabilities:</i>		
Accrued compensated absences and related liabilities.....	10,485,603	0
Funds held for others.....	7,751,177	0
Net pension liability.....	509,741,860	0
Bonds payable.....	549,676,754	0
Capital leases payable.....	11,989,717	0
Notes payable.....	0	0
Total noncurrent liabilities.....	<u>1,089,645,111</u>	<u>0</u>
Total liabilities.....	<u>1,252,032,797</u>	<u>846,265</u>
<i>Deferred Inflows of Resources:</i>		
Deferred inflows on net pension liability.....	929,451	0
Total deferred inflows of resources.....	<u>929,451</u>	<u>0</u>
Total liabilities and deferred inflows of resources.....	<u>\$ 1,252,962,248</u>	<u>\$ 846,265</u>
NET POSITION		
Net investment in capital assets.....	\$ 759,323,169	\$ 1,810,362
Restricted for nonexpendable purposes:		
Scholarships and fellowships.....	58,697,588	0
Restricted for expendable purposes:		
Scholarships and fellowships.....	16,920,561	0
Research.....	1,373,541	2,078,472
Instructional/departmental use.....	16,458,838	0
Loans.....	2,134,737	0
Capital projects.....	54,148,136	0
Debt service.....	8,026,253	0
Unrestricted.....	(221,152,252)	6,902,779
Total net position.....	<u>\$ 695,930,571</u>	<u>\$ 10,791,613</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2016

Description	Clemson University	Clemson University Research Foundation
REVENUES		
Operating Revenues::		
Student tuition and fees (net of scholarship allowances of \$93,331,062)	\$ 341,076,940	\$ 0
Federal grants and contracts	71,500,053	2,088,700
State grants and contracts	58,828,423	0
Local grants and contracts	911,966	0
Nongovernmental grants and contracts	12,843,699	33,121
Sales and services of educational and other activities	20,441,468	0
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$14,169,859)	107,230,229	0
Sales and services of auxiliary enterprises - not pledged	56,403,485	0
Other operating revenues	31,638,045	3,692,521
Total operating revenues	<u>700,874,308</u>	<u>5,814,342</u>
EXPENSES:		
Operating Expenses:		
Compensation and employee benefits	513,400,899	0
Services and supplies	267,423,373	4,774,305
Utilities	18,910,224	57,177
Depreciation	49,871,881	261,267
Scholarships and fellowships	27,726,340	0
Total operating expenses	<u>877,332,717</u>	<u>5,092,749</u>
Operating income (loss)	<u>(176,458,409)</u>	<u>721,593</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	108,812,383	0
Federal appropriations	11,631,669	0
Gifts and grants	48,188,599	0
Interest income	4,070,955	13,379
Endowment loss	(2,979,062)	0
Interest on capital asset related debt	(17,090,630)	(57,927)
Other nonoperating revenues	77,798	0
Gain/loss on disposal of capital assets	(87,192)	0
Refunds to grantors	(70,675)	0
Facilities and administrative remittances to the State	(450,045)	0
Net nonoperating revenues (expenses)	<u>152,103,800</u>	<u>(44,548)</u>
Income (loss) before other revenues, expenses, gains or losses	(24,354,609)	677,045
State capital appropriations	15,885,915	0
Capital grants and gifts	37,580,476	0
Additions to permanent endowments	567,036	0
Increase in net position	<u>29,678,818</u>	<u>677,045</u>
NET POSITION		
Net position, beginning of year	666,251,753	10,114,568
Net position, end of year	<u><u>\$ 695,930,571</u></u>	<u><u>\$ 10,791,613</u></u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY STATEMENT OF CASH FLOWS

For the year ended June 30, 2016

DESCRIPTION	AMOUNT
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CASH FLOWS FROM OPERATING ACTIVITIES	
Payments from customers.....	\$ 511,645,218
Grants and contracts.....	133,886,797
Payments to suppliers.....	(274,059,568)
Payments to employees.....	(400,837,996)
Payments for benefits.....	(110,284,159)
Payments to students.....	(41,695,761)
Inflows from Stafford loans.....	65,875,151
Outflows from Stafford loans.....	(7,307,744)
Loans to students.....	(56,283)
Collection of loans.....	1,634,347
Net cash used by operating activities.....	<u>(121,199,998)</u>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations.....	108,812,383
Federal appropriations.....	11,379,475
Gifts and grants.....	57,176,575
Net cash flow provided by noncapital financing activities.....	<u>177,368,433</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt.....	225,506,796
State capital appropriations.....	10,370,925
Capital grants and gifts received.....	27,878,349
Proceeds from sale of property.....	252,411
Purchases of capital assets.....	(268,839,237)
Principal payments and redemption premiums on long term debt.....	(16,765,907)
Interest and fees.....	(17,316,141)
Net cash used by capital activities.....	<u>(38,912,804)</u>

CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments.....	5,030,043
Proceeds from stock sales.....	(102,935)
Net cash flows provided by investing activities.....	<u>4,927,108</u>
Net change in cash.....	22,182,739
Cash beginning of year.....	514,843,825
Cash end of year.....	<u>\$ 537,026,564</u>

RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss).....	\$ (176,458,409)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense.....	49,871,881
Amortization of net pension liability.....	10,675,596
Change in asset and liabilities:	
Receivables, net.....	(23,156,800)
Grants and contracts receivable.....	(1,429,139)
Student loans receivable.....	960,975
Prepaid items.....	(3,875,430)
Inventories.....	(842,541)
Pooled fringe adjustment.....	(1,596,179)
Accounts and retainages payable.....	16,744,713
Accrued payroll and related liabilities.....	619,360
Accrued compensated absences and related liabilities.....	1,655,000
Unearned revenue.....	2,043,411
Deposits held for others.....	3,587,564
Net cash used by operating activities.....	<u>\$ (121,199,998)</u>

NON-CASH TRANSACTIONS	
Increase in fair value of investments.....	\$ (765,150)
Assets acquired through gifts.....	9,702,127
State capital appropriations receivable.....	10,193,951
Collection of capital gift receivable.....	(5,361,472)

RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES	
Current assets:	
Cash and cash equivalents.....	\$ 173,685,317
Restricted cash and cash equivalents.....	345,169,864
Noncurrent assets.....	18,171,383
Total cash and cash equivalent balances	<u>\$ 537,026,564</u>

See accompanying notes to basic financial statements.

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

June 30, 2016

DESCRIPTION	AMOUNT
ASSETS	
Cash and cash equivalents.....	\$ 58,720,353
Contributions receivable, net.....	26,784,057
Due from related organizations.....	1,585,204
Investments.....	417,518,158
Investments held for Clemson University.....	177,978,514
Cash surrender value of life insurance.....	2,111,947
Land held for resale.....	11,900
Land, buildings and equipment, net.....	9,386,839
Funds held in trust for affiliates:	
Non-pooled assets, net.....	2,860,117
Pooled investments.....	20,769,339
Contributions receivable, net.....	25,724,842
Other assets.....	327,924
Total assets.....	\$ 743,779,194
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued liabilities.....	\$ 780,350
Due to related organizations.....	564,434
Due to others.....	
Accrued liability to Clemson University due to net investment appreciation.....	75,059,198
Note payable to Clemson University.....	102,919,316
Actuarial liability of annuities payable.....	4,618,507
Funds administered for affiliates.....	49,354,298
Total liabilities.....	233,296,103
Net Assets:	
Unrestricted.....	26,899,466
Temporarily restricted.....	188,675,484
Permanently restricted.....	294,908,141
Total net assets.....	510,483,091
Total liabilities and net assets.....	\$ 743,779,194

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

DESCRIPTION	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:				
Gifts and bequests	\$ 1,464,485	\$ 17,226,318	\$ 20,965,058	\$ 39,655,861
Income on investments	5,028,148	898,858	0	5,927,006
Net realized and unrealized gains (losses) on investments.....	(544,918)	(8,599,968)	4,352	(9,140,534)
Program income	1,866,745	431,275	201	2,298,221
Other income	3,071,754	1,885	69,806	3,143,445
Change in value of split-interest agreements	21,503	(89,870)	(246,668)	(315,035)
Reclassification of donor intent.....	637,686	552,872	(1,190,558)	0
Total.....	11,545,403	10,421,370	19,602,191	41,568,964
Net assets released from restrictions.....	38,116,008	(38,116,008)	0	—
Total revenues, gains and other support.....	49,661,411	(27,694,638)	19,602,191	41,568,964
EXPENSES:				
Program expenses:				
Grants to Clemson University.....	1,515,903	0	0	1,515,903
Alumni operations	2,070,706	0	0	2,070,706
Endowments.....	8,374,571	0	0	8,374,571
Operations.....	15,423,785	0	0	15,423,785
Capital projects.....	13,661,537	0	0	13,661,537
Total program expenses.....	41,046,502	0	0	41,046,502
General and administrative	2,581,192	0	0	2,581,192
Fundraising.....	4,771,898	0	0	4,771,898
Total expenses.....	48,399,592	0	0	48,399,592
Change in net assets before other changes	1,261,819	(27,694,638)	19,602,191	(6,830,628)
OTHER CHANGES:				
Contributions to a related entity.....	(1,291,496)	0	0	(1,291,496)
Transfer to temporarily restricted funds due to underwater endowments.....	(57,481)	57,481	0	0
Total other changes	(1,348,977)	57,481	0	(1,291,496)
Change in net assets.....	(87,158)	(27,637,157)	19,602,191	(8,122,124)
Net assets at beginning of year	26,986,624	216,312,641	275,305,950	518,605,215
Net assets at end of year.....	\$ 26,899,466	\$ 188,675,484	\$ 294,908,141	\$ 510,483,091

See accompanying notes to basic financial statements.

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

June 30, 2016

DESCRIPTION	AMOUNT
ASSETS	
Cash and cash equivalents	\$ 2,556,107
Receivables	221,226
Real estate investments.....	42,424,649
Real estate and equipment, net.....	11,476,374
Direct financing lease	12,467,123
Loan issue costs, net.....	84,356
Development costs	1,335,452
Prepaid expense	6,600
Total assets	<u>\$ 70,571,887</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable.....	\$ 1,256,819
Accrued interest payable.....	25,812
Deposits held for others	28,495
Retainage payable	25,627
Unearned revenue.....	120,724
Deferred rent revenue.....	2,246,021
Due to Clemson University Foundation	20,932,472
Notes payable.....	20,996,162
Total liabilities	<u>45,632,132</u>
Unrestricted net assets	24,939,755
Total net assets	<u>24,939,755</u>
Total liabilities and net assets.....	<u>\$ 70,571,887</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

DESCRIPTION	AMOUNT
REVENUES, GAINS AND OTHER SUPPORT:	
Gifts and contributions at fair value	\$ 150,000
Rental revenues	2,761,137
Direct financing	4,254
Federal grant	1,258,075
Common area fees	462,730
Unrealized gain (loss) on investments	(69,224)
Total revenues and gains	<u>4,566,972</u>
EXPENSES:	
Program expenses:	
Administrative and other	289,500
Greenville One	300,065
CU-ICAR campus	1,637,587
Total program expenses	<u>2,227,152</u>
Interest expense	420,184
Total expenses	<u>2,647,336</u>
Excess of revenues over expenses	1,919,636
Unrestricted net assets, beginning of year	<u>23,020,119</u>
Unrestricted net assets, end of year	<u><u>\$ 24,939,755</u></u>

See accompanying notes to basic financial statements.

IPTAY

NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF FINANCIAL POSITION

For the year ended June 30, 2016

DESCRIPTION	AMOUNT
ASSETS	
Cash and cash equivalents	\$ 50,478,874
Due from related organizations.....	649,364
Annual fund receivable, net.....	1,262,425
Funds held in trust by an affiliate:	
Non-pooled assets.....	2,512,351
Pooled investments	18,592,656
Contributions receivable, net.....	25,724,842
Total assets	<u>\$ 99,220,512</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued expenses	\$ 77,377
Due to related organizations	1,170,414
Total liabilities	<u>1,247,791</u>
Net assets.....	
Unrestricted.....	97,696,040
Temporarily restricted	276,681
Total net assets	<u>97,972,721</u>
Total liabilities and net assets	<u>\$ 99,220,512</u>

See accompanying notes to basic financial statements.

IPTAY
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

DESCRIPTION	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions:			
From the public	\$ 53,788,234	\$ 56,264	\$ 53,844,498
Net realized and unrealized (losses) on investments	(434,007)	(495)	(434,502)
Investment income.....	253,653	0	253,653
	<u>53,607,880</u>	<u>55,769</u>	<u>53,663,649</u>
Net assets released from restrictions -			
Satisfaction of purpose restrictions	13,589	(13,589)	0
Total revenues, gains and other support	<u>53,621,469</u>	<u>42,180</u>	<u>53,663,649</u>
EXPENSES:			
Program services:			
Support of Clemson University.....	19,293,796	0	19,293,796
Management and general.....	488,033	0	488,033
Total expenses	<u>19,781,829</u>	<u>0</u>	<u>19,781,829</u>
Excess of revenues over expenses	33,839,640	42,180	33,881,820
Contributions of net assets from a related party (Note 7)	<u>1,276,895</u>	<u>25,142</u>	<u>1,302,037</u>
Change in net assets.....	35,116,535	67,322	35,183,857
Net assets, beginning of year.....	<u>62,579,505</u>	<u>209,359</u>	<u>62,788,864</u>
Net assets, end of year	<u>\$ 97,696,040</u>	<u>\$ 276,681</u>	<u>\$ 97,972,721</u>

See accompanying notes to basic financial statements.

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

Nature of Organization

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

Reporting Entity

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

Financial Statement Presentation

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

Use of Estimates

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

Basis of Accounting

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

The Clemson University Foundation (CUF), the Clemson University Land Stewardship Foundation (CULSF), and IPTAY are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification Topic 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB

revenue recognition criteria and presentation features. No modifications have been made to CUF, CULSF, or IPTAY's financial information in the University's financial reporting entity for these differences.

Cash and Cash Equivalents

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Receivables

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

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

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

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

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

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

Inventories

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

Prepaid Items

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

Investments

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

Noncurrent Cash and Investments

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

Other Assets

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

Capital Assets

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

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

NOTES TO FINANCIAL STATEMENTS

Unearned Revenues

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

Deposits

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

Funds Held for Others

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

Internal Service and Auxiliary Enterprise Activities

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

Compensated Absences

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

Noncurrent Liabilities

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

Net Pension Liability

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Net Position

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

Income Taxes

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

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

Classification of Revenues and Expenses

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

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

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund*

Accounting, and GASB Statement No. 34, such as state and federal appropriations and investment income. Nonoperating expenses include interest paid on capital asset related debt, losses on the disposal of capital assets, and refunds to grantors.

Educational Activities Revenue

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

Scholarship Discounts and Allowances

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

Adoption of New Accounting Standards

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, in February 2015 which was effective the year ended June 30, 2016. This statement provides guidance for determining fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. See Note 2 for the impact of adoption.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

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

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

Reconciliation of Deposits and Investments			
Statement of Net Position	Amount	Footnotes	Amount
Cash and cash equivalents:		Cash on hand	\$ 289,586
Current - unrestricted	\$ 173,685,317	Deposits held by State Treasurer	536,661,328
Current - restricted	345,169,864	Other deposits	75,650
Noncurrent - restricted	18,171,383	Investments held by State Treasurer	154,439
Investments	2,377,246	Other investments	2,222,807
Total	<u>\$ 539,403,810</u>	Total	<u>\$ 539,403,810</u>

Deposits Held by State Treasurer

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

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina. For the fiscal year ending June 30, 2016, \$4,136,266 of the \$536,661,328 identified above as "Deposits held by State Treasurer" is attributable to unrealized appreciation.

Other Deposits

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

Investments Held by State Treasurer

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

Other Investments

The University also has investments in mutual funds as authorized by a single donor. The mutual funds with a fair value of \$2,222,807 are held and invested by Wells Fargo, as trustee in accordance with the endowment agreement specified by the donor.

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

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

NOTES TO FINANCIAL STATEMENTS

"Other Investments" are stated at fair value and include unrealized appreciation of \$1,810,872. 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, 2016 were as follows:

Other Investments			
<u>Description</u>	<u>Effective Fair Value</u>	<u>Maturity (Years)</u>	<u>Credit Rating</u>
Domestic bond fund	\$ 389,802	7.0	N/A
International bond fund	94,665	11.4	N/A
Equity funds	1,738,340	N/A	N/A
Total other investments	<u>\$ 2,222,807</u>		

NOTE 3. RECEIVABLES

University receivables reported in the Statement of Net Position as of June 30, 2016, were as follows:

University Receivables			
<u>Description</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Accounts receivable	\$ 24,718,187	\$ 0	\$ 24,718,187
Grants and contracts receivable	21,995,526	0	21,995,526
Notes receivable	0	177,978,514	177,978,514
Contributions receivable, net	1,108,022	1,123,759	2,231,781
Interest and income receivable	1,444,015	0	1,444,015
Student loans receivable	34,427	7,374,908	7,409,335
Total university receivables	<u>\$ 49,300,177</u>	<u>\$ 186,477,180</u>	<u>\$ 235,777,357</u>

Accounts receivable are reported net of allowances for doubtful accounts of \$641,143 based on credit losses experienced in prior years and evaluation of current portfolios. Student payment allowances of \$379,000, parking services allowances of \$215,077, emergency medical service allowances of \$38,133, Sullivan Center allowances of \$3,933, and telecommunications allowances of \$5,000 comprise this amount. Contributions receivable are reported net of allowances for current uncollectible pledges of \$510,303 and allowances for noncurrent uncollectible pledges of \$198,310.

Accounts receivable for the year ended June 30, 2016, were comprised of the following balances:

Accounts Receivable	
<u>Description</u>	<u>Amount</u>
State capital appropriations	\$ 10,193,951
Students/scholarships	5,609,893
Auxiliaries	4,548,637
Computer services	1,158,067
Professional development	49,119
Educational programs	1,120,230
Camps	11,287
Fees	511,623
Other	1,515,380
Total accounts receivable	<u>\$ 24,718,187</u>

NOTES TO FINANCIAL STATEMENTS

Grants and contracts receivable are comprised of amounts due for sponsored research projects, federal land-grant appropriations, and federal scholarship programs. Grants and contracts receivable for the year ended June 30, 2016, were comprised of the following balances:

Grants and Contracts Receivable					
<u>Description</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Nongovernmental</u>	<u>Total</u>
Sponsored research	\$ 15,647,675	\$ 587,601	\$ 30,397	\$ 3,083,745	\$ 19,349,418
Land-grant appropriations	1,312,386	0	0	0	1,312,386
Scholarship programs	1,333,722	0	0	0	1,333,722
Total grants and contracts receivable	<u>\$ 18,293,783</u>	<u>\$ 587,601</u>	<u>\$ 30,397</u>	<u>\$ 3,083,745</u>	<u>\$ 21,995,526</u>

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

Contributions Receivable			
<u>Description</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
University programs	\$ 1,108,022	\$ 1,123,759	\$ 2,231,781
Total contributions receivable	<u>\$ 1,108,022</u>	<u>\$ 1,123,759</u>	<u>\$ 2,231,781</u>

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

Accordingly, as of June 30, 2016, the University had notes receivable from the Clemson University Foundation, a related party, totaling \$177,978,514. This amount includes the original loan of \$35,358,188, additional amounts totaling \$67,561,127 loaned since the fiscal year 1999 original loan, plus related income and appreciation. Funds loaned to the Clemson University Foundation will be paid back to the University with interest at a rate equal to that which is necessary to produce a sum which is equal to the total return (consisting of appreciation and income), provided, however, such rate will not be less than zero. The Memorandum of Understanding between Clemson University and the Clemson

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

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

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

NOTES TO FINANCIAL STATEMENTS

**NOTE 4.
CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, is summarized as follows:

Capital Assets					
Description	Beginning Balance June 30, 2015	Increases	Decreases	Transfers	Ending Balance June 30, 2016
Capital assets not being depreciated:					
Land and improvements	\$ 34,116,890	\$ 690,636	\$ 57,000	\$ 0	\$ 34,750,526
Construction in progress*	120,386,763	216,874,496	—	(75,596,697)	261,664,562
Total capital assets not being depreciated	<u>154,503,653</u>	<u>217,565,132</u>	<u>57,000</u>	<u>(75,596,697)</u>	<u>296,415,088</u>
Depreciable capital assets:					
Utilities systems and other non-structural improvements	51,582,363	11,407,036	0	5,266,483	68,255,882
Buildings and improvements	912,359,306	34,916,023	269,870	66,903,376	1,013,908,835
Computer software	20,544,138	276,293	0	3,426,838	24,247,269
Equipment	292,770,780	28,309,927	4,472,375	0	316,608,332
Vehicles	14,728,321	1,008,207	581,018	0	15,155,510
Total depreciable capital assets at historical cost	<u>1,291,984,908</u>	<u>75,917,486</u>	<u>5,323,263</u>	<u>75,596,697</u>	<u>1,438,175,828</u>
Less accumulated depreciation for:					
Utilities systems and other non-structural improvements	28,626,906	2,186,918	0	0	30,813,824
Buildings and improvements	356,137,622	22,268,601	154,250	0	378,251,973
Computer software	12,494,816	6,006,150	0	0	18,500,966
Equipment	174,070,685	18,673,413	4,302,656	0	188,441,442
Vehicles	11,817,424	736,799	562,093	0	11,992,130
Total accumulated depreciation	<u>583,147,453</u>	<u>49,871,881</u>	<u>5,018,999</u>	<u>0</u>	<u>628,000,335</u>
Depreciable capital assets, net	<u>708,837,455</u>	<u>26,045,605</u>	<u>304,264</u>	<u>75,596,697</u>	<u>810,175,493</u>
Capital assets, net	<u>\$ 863,341,108</u>	<u>\$ 243,610,737</u>	<u>\$ 361,264</u>	<u>\$ 0</u>	<u>\$ 1,106,590,581</u>
*Includes current fiscal year capitalized interest of \$11,289,626					
NOTE: The University received \$252,411 in proceeds from the sale of capital assets					

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

Unearned revenues consist primarily of athletic ticket sales and academic fees for portions of the summer session and the fall semester. These monies were collected in advance and were not earned at June 30, 2016.

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

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

A summary listing of unearned revenue follows:

Description	Amount
Athletic event receipts - fall semester	\$ 19,442,513
Sponsored research programs	6,014,689
Academic and other fees	11,680,136
Educational programs	1,220,784
Public service programs	171,381
Other	1,046,138
Total unearned revenues	<u>\$ 39,575,641</u>

NOTES TO FINANCIAL STATEMENTS

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

Deposits	
<u>Description</u>	<u>Current Amount</u>
Football guarantees/conference settlement	\$ 990,552
Student campus card balances	306,677
Miscellaneous departmental	119,341
Total deposits	<u>\$ 1,416,570</u>

Funds held for others consist of both current and noncurrent components. The balance of current funds held for others is comprised of agency funds held in trust for others.

The Federal Perkins loan liability balance represents the noncurrent funds held for others.

Funds Held for Others		
<u>Description</u>	<u>Current Amount</u>	<u>Noncurrent Amount</u>
Federal Perkins Loans	\$ 0	\$ 7,751,177
Amounts held in trust	805,540	0
Total funds held for others	<u>\$ 805,540</u>	<u>\$ 7,751,177</u>

NOTE 6. BONDS PAYABLE

At June 30, 2016, bonds payable consisted of the following:

BONDS PAYABLE					
<u>Description</u>	<u>Original Debt</u>	<u>Interest Rate (outstanding)</u>	<u>Maturity Dates</u>	<u>June 30, 2016 Balance</u>	<u>Debt Retired in Fiscal Year 2016</u>
General Obligation Bonds					
Bonds dated 4/01/07 (Series 2007B)	\$ 14,000,000	2.50-4.125%	6/1/2021	\$ 5,635,000	\$ 970,000
Bonds dated 3/01/11 (Series 2011B)	62,370,000	3.00-5.00%	3/1/2031	61,370,000	200,000
Bonds dated 5/1/12 (Series 2012C)	21,135,000	5.00%	4/1/2018	6,765,000	3,930,000
Bonds dated 6/1/14 (Series 2014B)	33,030,000	3.00-5.00%	6/1/2034	30,665,000	1,080,000
Total General Obligation Bond Balance				<u>104,435,000</u>	
Revenue Bonds					
Bonds dated 12/1/05 (Series 2005)	22,130,000	4.00-4.25%	5/1/2020	2,315,000	440,000
Bonds dated 2/1/12 (Series 2012)	21,200,000	2.00%	5/1/2018	12,000,000	5,820,000
Bonds dated 5/1/15 (Series 2015)	90,285,000	4.00-5.00%	5/1/2045	90,285,000	0
Bonds dated 12/1/15 (Series 2015B)	191,000,000	2.75-5.00%	5/1/2046	191,000,000	0
Total Revenue Bonds Balance				<u>295,600,000</u>	
Athletic Facilities Revenue Bonds					
Bonds dated 2/1/12 (Series 2012)	12,335,000	2.00-3.00%	5/1/2023	6,410,000	1,355,000
Bonds dated 12/1/14 (Series 2014A)	30,695,000	3.00-5.00%	5/1/2045	30,695,000	0
Bonds dated 12/1/14 (Series 2014B)	9,240,000	2.00-4.00%	5/1/2027	8,465,000	775,000
Bonds dated 12/1/14 (Series 2014C)	10,545,000	2.00-5.00%	5/1/2025	10,415,000	65,000
Bonds dated 5/1/15 (Series 2015)	60,695,000	4.00-5.00%	5/1/2045	59,590,000	1,105,000
Bonds dated 12/1/15 (Series 2015B)	18,875,000	3.00-5.00%	5/1/2046	18,875,000	0
Total Athletic Facilities Revenue Bonds Balance				<u>134,450,000</u>	
Subtotal bonds payable				<u>\$ 534,485,000</u>	<u>\$ 15,740,000</u>
Plus unamortized bond premium				33,984,038	2,072,284
Total Bonds Payable				<u>\$ 568,469,038</u>	<u>\$ 17,812,284</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Tuition fees for the fiscal year ended June 30, 2015 were \$29,524,733 which results in a legal annual debt service limit at June 30, 2016 of \$26,572,260. This amount is equal to 90% of tuition fees collected for the prior fiscal year.

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

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

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

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

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

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

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

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

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

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

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

During the fiscal year ending June 30, 2016, the University issued Athletic Facilities Revenue Bonds Series 2015B in the amount of \$18,875,000 and Higher Education Revenue Bonds Series 2015B in the amount of \$191,000,000.

The Series 2015B Athletic Facilities Revenue Bonds were issued for the purpose of (i) defraying the costs of planning, developing, constructing and equipping a football operations center on the campus of the University and (ii) paying the costs of issuance of the Series 2015B Bonds. The Series 2015B Bonds are payable from and secured by a pledge on certain auxiliary net revenues and from designated University fees. The Series 2015B bonds are subject to redemption prior to maturity. The \$888,355 bond premium associated with this issuance is being amortized over the thirty year life of the bonds using the straight line method.

The Series 2015B Higher Education Revenue Bonds were issued for the purpose of (i) defraying a portion of the costs of additional student housing facilities on the campus of the University, as well as dining, bookstore, retail, and other auxiliary facilities and services on the University's campus, known as the Douthit Hills project; (ii) to pay capitalized interest during the construction of the Douthit Hills project; and (iii) to pay the cost of issuance of the Series 2015B Bonds. The Series 2015B Bonds are payable from and secured by a pledge on certain auxiliary net revenues and from designated University fees. The Series 2015B bonds are subject to redemption prior to maturity. The \$14,743,441 bond premium associated with this issuance is being amortized over the thirty year life of the bonds using the straight line method.

NOTES TO FINANCIAL STATEMENTS

All of the bonds are payable in semiannual installments plus interest. Amounts including interest required to complete payment of the Revenue and Athletic Facilities Revenue bond obligations as of June 30, 2016, are as follows:

Revenue Bonds			
Description	Principal	Interest	Total
Year Ending June 30			
2017	\$ 6,395,000	\$ 11,914,263	\$ 18,309,263
2018	8,155,000	11,777,264	19,932,264
2019	6,580,000	11,556,064	18,136,064
2020	6,900,000	11,232,164	18,132,164
2021	6,505,000	10,892,451	17,397,451
2022 through 2026	37,720,000	49,247,506	86,967,506
2027 through 2031	43,310,000	39,642,136	82,952,136
2032 through 2036	50,850,000	31,091,807	81,941,807
2037 through 2041	60,785,000	21,165,200	81,950,200
2042 through 2046	68,400,000	7,995,800	76,395,800
Total Revenue Bonds	<u>\$ 295,600,000</u>	<u>\$ 206,514,655</u>	<u>\$ 502,114,655</u>

Athletic Facilities Revenue Bonds			
Description	Principal	Interest	Total
Year Ending June 30			
2017	\$ 3,845,000	\$ 5,354,161	\$ 9,199,161
2018	4,005,000	5,194,460	9,199,460
2019	4,170,000	5,028,110	9,198,110
2020	4,345,000	4,854,610	9,199,610
2021	4,535,000	4,664,460	9,199,460
2022 through 2026	23,055,000	20,506,413	43,561,413
2027 through 2031	17,715,000	16,143,813	33,858,813
2032 through 2036	21,510,000	12,354,149	33,864,149
2037 through 2041	25,845,000	8,023,868	33,868,868
2042 through 2046	25,425,000	2,616,475	28,041,475
Total Athletic Facilities Revenue Bonds	<u>\$ 134,450,000</u>	<u>\$ 84,740,519</u>	<u>\$ 219,190,519</u>

Amounts including interest required to complete payment of the General Obligation Bonds as of June 30, 2016, are as follows:

General Obligation Bonds			
Description	Principal	Interest	Total
Year Ending June 30			
2017	\$ 6,480,000	\$ 4,755,538	\$ 11,235,538
2018	5,095,000	4,444,463	9,539,463
2019	4,800,000	4,204,413	9,004,413
2020	7,490,000	3,975,662	11,465,662
2021	7,615,000	3,612,962	11,227,962
2022 through 2026	31,515,000	13,298,312	44,813,312
2027 through 2031	34,775,000	5,798,025	40,573,025
2032 through 2034	6,665,000	471,975	7,136,975
Total General Obligation Bonds	<u>\$ 104,435,000</u>	<u>\$ 40,561,350</u>	<u>\$ 144,996,350</u>

NOTES TO FINANCIAL STATEMENTS

The University reported net principal retirements and interest expenditures related to the bonds as follows for the year ended June 30, 2016:

Principal Retirements and Interest Expenses

Bond Type	Net Principal	Interest
General obligation bonds	\$ 6,180,000	\$ 4,217,327
Revenue bonds	6,260,000	7,917,181
Athletic facilities revenue bonds	3,300,000	4,752,257
Total Net Principal Retirements and Interest Expenses	<u>\$ 15,740,000</u>	<u>\$ 16,886,765</u>

NOTE 7. LEASE OBLIGATIONS

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

Future commitments for capital leases (which here and on the Statement of Net Position include other installment purchase agreements) and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2016, were as follows:

Capital and Operating Lease Commitments

Description	Capital Leases	Operating Leases
Year Ending June 30:		
2017	\$ 1,001,658	\$ 2,597,078
2018	714,369	2,237,526
2019	574,408	2,048,188
2020	574,408	1,310,276
2021	574,408	1,322,952
2022 through 2026	2,872,040	528,727
2027 through 2031	2,872,040	0
2032 through 2036	2,872,040	0
2037 through 2038	978,964	0
Total minimum lease payments	<u>13,034,335</u>	<u>\$ 10,044,747</u>
Less: Interest	67,164	
Principal outstanding - Clemson University	<u>\$ 12,967,171</u>	

Capital Leases

The Capital Leases are payable in monthly installments and will expire in 2038. Expenditures for fiscal year 2016 were \$1,076,943 of which \$1,025,907 was principal and \$51,036 was interest. The following is a summary of the carrying values of the assets held under capital leases at June 30, 2016:

Assets Held Under Capital Lease

Description	Value at Lease Inception	Accumulated Depreciation	Net
Buildings	\$ 14,300,000	\$ 1,739,833	\$ 12,560,167
Equipment	2,023,216	864,877	1,158,339
Total assets held under capital lease	<u>\$ 16,323,216</u>	<u>\$ 2,604,710</u>	<u>\$ 13,718,506</u>

NOTES TO FINANCIAL STATEMENTS

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

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

The University entered into this lease with Clemson University Land Stewardship Foundation, Inc. (CULSF), a component unit. The outstanding liability on this lease as of June 30, 2016 is \$12,421,710.

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

The outstanding liability on this lease as of June 30, 2016 is \$545,461.

Operating Leases

The University's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2016 through 2024. 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. This lease ended December 31, 2015. Under this agreement, the University paid CURF \$84,410. in the current year.

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

This lease ended December 31, 2015. The University paid CURF \$92,142 in the current fiscal year.

In June 2011, the University's Computing and Information Technology division entered into a real property operating lease with the Clemson University Land Stewardship Foundation (CULSF), a component unit, for space in the building located at 3 Research Drive, Greenville, SC, at the Clemson University Center for Automotive Research (CU-ICAR) Campus. This agreement extends through September 2016. Under this agreement, the University paid CULSF \$112,473 in the current fiscal year.

In January 2012, Clemson University entered into a real property operating lease with CULSF, a component unit, for space locate in the building at 3 Research Drive, Greenville, SC, at the CU-ICAR Campus. This agreement to establish a component testing laboratory extends through February 2017. Under this lease, the University paid CULSF \$173,491 in the current fiscal year.

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

In November 2013, the University entered into an agreement with CULSF for space in the building located at 3 Research Drive, Greenville, SC at the CU-ICAR Campus. This agreement is on a month to month basis and extends indefinitely. Under this lease, the University paid \$15,000 in the current fiscal year.

In January 2014, the University entered into an agreement with CULSF for space in the building located at 3 Research Drive, Greenville, SC at the CU-ICAR Campus. This agreement is on a month to month basis and extends indefinitely. Under this lease, the University paid \$36,000 this fiscal year.

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

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

In the current fiscal year, Clemson University incurred expenses of \$173,359 for office copier contingent rentals on a cost-per-copy basis.

**NOTE 8.
PENSION PLANS**

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

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

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

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

Membership

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

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

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

State ORP – As an alternative to membership in the SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined benefit contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for the State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes.

Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8.16 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.91 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

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

Benefits

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

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member

NOTES TO FINANCIAL STATEMENTS

who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member’s age and the member’s creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 1.82 percent of an employee’s average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

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

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

Contributions

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

Required *employee* contribution rates for fiscal year 2015-2016 are as follows

SCRS	
Employee Class Two	8.16% of earnable compensation
Employee Class Three	8.16% of earnable compensation
PORS	
Employee Class One	\$21 per month
Employee Class Two	8.74% of earnable compensation
Employee Class Three	8.74% of earnable compensation
State ORP Employee	8.16% of earnable compensation

NOTES TO FINANCIAL STATEMENTS

Required *employer* contributions for fiscal year 2015-2016 are as follows:

SCRS

Employer Class Two	10.91% of earnable compensation
Employer Class Three	10.91% of earnable compensation
Employer Incidental Death Benefits	0.15% of earnable compensation

PORS

Employer Class One	7.80% of earnable compensation
Employer Class Two	13.34% of earnable compensation
Employer Class Three	13.34% of earnable compensation
Employer Incidental Death Benefits	0.20% of earnable compensation
Employer Accidental Death Benefits	0.20% of earnable compensation

State ORP

Employer Contributions	10.91% of earnable compensation (1)
Employer Incidental Death Benefits	0.15% of earnable compensation

(1) Of this employer contribution of 10.91% of earnable compensation, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member’s account with the remainder of the employer contribution remitted to SCRS.

SCRS – The University’s actual retirement and incidental death benefit program contributions for the years ended June 30, 2016, 2015, and 2014 were:

Fiscal Year Ended	Retirement		Incidental Death	
	Rate	Contribution	Rate	Contribution
2016	10.910%	\$ 19,109,463	0.15%	\$ 262,543
2015	10.750%	18,570,838	0.15%	259,128
2014	10.450%	17,516,809	0.15%	251,437

PORS – The University’s actual retirement and incidental death benefit program contributions for the years ended June 30, 2016, 2015, and 2014 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2016	13.340%	\$ 485,671	0.20%	\$ 7,281	0.20%	\$ 7,281
2015	13.010%	428,310	0.20%	6,585	0.20%	6,585
2014	12.440%	400,155	0.20%	6,433	0.20%	6,433

ORP – Total contributions directly to the ORPs were approximately \$7,437,978 (excluding the surcharge) from Clemson University as employer and approximately \$8,925,573 from its employees as plan members. The remaining employer contribution amounts sent to SCRS (excluding the surcharge) were \$8,791,690 for the employer contribution rate and \$223,140 for the incidental death program.

Teacher and Employee Retention Incentive

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

NOTES TO FINANCIAL STATEMENTS

Net Pension Liability

At June 30, 2016, the University reported liabilities of \$503,949,653 and \$5,792,207 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2014 projected forward to June 30, 2015. The University's proportionate shares of the net pension liabilities were based on a projection of the University's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the University's proportionate shares of the SCRS and PORS plans were 2.657194% and 0.26576% respectively.

For the year ended June 30, 2016, the University recognized pension expense of \$39,054,401 and \$508,264 for SCRS and PORS, respectively.

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

At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

South Carolina Retirement System

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
University contributions subsequent to the measurement date	\$ 28,386,836	\$ 0
Differences between expected and actual experience	8,953,466	901,222
Net difference between projected and actual earnings on pension plan investments	3,373,186	0
Differences due to changes in proportionate share of contributions	7,743,998	0
Total outflows and inflows of resources	<u>\$ 48,457,486</u>	<u>\$ 901,222</u>

Police Officers Retirement System

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
University contributions subsequent to the measurement date	\$ 500,233	\$ 0
Differences between expected and actual experience	114,802	0
Net difference between projected and actual earnings on pension plan investments	63,376	0
Difference due to changes in proportionate share of contributions	0	28,229
Total outflows and inflows of resources	<u>\$ 678,411</u>	<u>\$ 28,229</u>

The \$28,386,836 and \$500,233 reported as deferred outflows of resources related to pensions resulting from University contributions paid subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2016 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2017.

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

Year ended June 30:	SCRS	PORS
2017	\$ 4,605,047	\$ 10,580
2018	4,605,047	10,580
2019	1,529,674	5,510
2020	8,429,600	123,277
2021	0	0

NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at last once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study performed on data through June 30, 2015, is currently underway.

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2014. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2014 actuarial valuations, using membership data as of July 1, 2014, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by our consulting actuary, Gabriel, Roeder, Smith and Company.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014 valuations for SCRS and PORS.

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

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

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

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014, actuarial valuations, was based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted by the Investment Commission for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

NOTES TO FINANCIAL STATEMENTS

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term Total	5.0%		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income Total	13.0%		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credits	6.0%	3.80%	0.23%
Global Fixed Income Total	9.0%		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives Total	32.0%		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	<u>100.0%</u>	0.00%	6.00%
Inflation for Actuarial Purposes Long Term			2.75%
Total Expected Nominal Return Long Term			<u>8.75%</u>

Discount Rate

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

Sensitivity Analysis

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

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

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 635,336,512	\$ 503,949,653	\$ 393,830,761
PORS	7,890,339	5,792,208	3,916,592

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

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

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 23,910,053,704	\$ 18,965,482,129	\$ 14,821,302,520
PORS	2,968,982,818	2,179,496,384	1,473,738,169

NOTES TO FINANCIAL STATEMENTS

Pension Plan Fiduciary Net Position

The net pension liability is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that System’s fiduciary net position. As of June 30, 2015, net pension liability amounts for SCRS and PORS are as follows (amounts expressed in thousands):

System	Total Pension Liability	Plan Fiduciary Net Position	Employers’ Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 44,097,310,230	\$ 25,131,828,101	\$ 18,965,482,129	56.99%
PORS	6,151,321,222	3,971,824,838	2,179,496,384	64.57%

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

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS which can be accessed via the contact information provided above.

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

Plan Description

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

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

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

Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and

provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 5.33% of annual covered payroll for 2016 and 5.00% of annual covered payroll for 2015. The IB sets the employer contribution rate based on a pay-as-you-go basis. Clemson University paid approximately \$16,371,391 and \$15,850,629 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2016 and 2015, respectively. BLTD benefits are funded through a person’s premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2016 and 2015. Clemson University recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$164,606 and \$171,980 for the years ended June 30, 2016 and 2015, respectively.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFERRED COMPENSATION PLANS

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

NOTE 11. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2016 was as follows:

Long-Term Liabilities					
Description	July 1, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Bonds payable and capital lease obligations:					
General obligation bonds	\$ 110,615,000	\$ 0	\$ 6,180,000	\$ 104,435,000	\$ 6,480,000
Revenue bonds	110,860,000	191,000,000	6,260,000	295,600,000	6,395,000
Athletic facilities revenue bonds	118,875,000	18,875,000	3,300,000	134,450,000	3,845,000
Subtotal bonds payable	340,350,000	209,875,000	15,740,000	534,485,000	16,720,000
Unamortized revenue bond premium	20,424,526	15,631,796	2,072,284	33,984,038	2,072,284
Total bonds payable	360,774,526	225,506,796	17,812,284	568,469,038	18,792,284
Capital leases payable	13,993,078	0	1,025,907	12,967,171	977,454
Total bonds and capital leases payable	374,767,604	225,506,796	18,838,191	581,436,209	19,769,738
Other liabilities:					
Accrued compensated absences	27,301,000	18,315,587	16,660,587	28,956,000	18,470,397
Funds held for others	7,628,989	122,188	0	7,751,177	0
Net pension liability	452,937,239	97,884,027	41,079,406	509,741,860	0
Total other liabilities	487,867,228	116,321,802	57,739,993	546,449,037	18,470,397
Total long-term liabilities	\$ 862,634,832	\$ 341,828,598	\$ 76,578,184	\$ 1,127,885,246	\$ 38,240,135

Additional information regarding Bonds and Notes Payable is included in Note 6. Additional information regarding Net Pension Liability is included in Note 8. The balance in the long-term liability account "Funds held for others" represents the Federal liability for the Perkins Loan program.

**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 \$714,923,512. The \$714,923,512 includes estimated costs of \$495,618,163 for capital projects currently in progress plus \$219,305,349 estimated costs for other capital projects already in service. Of the total estimated cost, \$248,337,198 was unexpended at June 30, 2016. Of the total expended through June 30, 2016, the University has capitalized substantially complete and in use projects in the amount of \$161,519,756. Of the unexpended balance the University has remaining commitment balances of \$198,019,009 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Retainages payable on these capitalized projects as of June 30, 2016 was \$8,069,643. Capital projects at June 30, 2016 which constitute construction in progress that are to be capitalized when completed are listed below.

Construction Costs and Commitments		
Project	Approximate Cost	Amount Expended
Advance Plant Technology Lab renovation	\$ 7,236,500	\$ 5,838,652
Card Access system	5,900,000	9,434
Core Campus development	96,000,000	83,524,595
CURI Graduate Education Center	21,390,000	15,710,449
Douthit Hills development	227,902,389	77,488,587
Duke Innovation Building upfit	125,000	8,460
Electrical distribution upgrade	1,430,000	802,681
Electrical infrastructure maintenance and improvements	1,118,674	420,971
Football Operations facility construction	55,000,000	21,541,514
Greenwood Genetic Center construction	6,500,000	5,977,940
Highway 93 site preparation	70,000	62,767
ICAR Advanced Powertrain Lab	2,300,000	2,111,746
Indoor track	1,463,000	438,900
Lightsey recreation field construction	852,300	87,118
Littlejohn Coliseum renovation	63,500,000	46,980,027
Ravenel gravity sewer line	588,300	38,185
Sanitary sewer infrastructure/west	998,000	103,451
SC 93 stormwater enhancements	980,000	291,891
SCBG security enhancements	990,000	92,457
Transformer and switch gear replacement	285,000	55,051
Watt Family Innovation Center/fourth floor	989,000	79,685
Total construction costs and commitments	<u>\$ 495,618,163</u>	<u>\$ 261,664,561</u>

The amount expended includes only capitalized project expenses and capitalized interest on construction debt for projects less than substantially complete and not in service at June 30, 2016. No noncapitalized expenditures are included in these totals.

Non-Capitalized

At June 30, 2016 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 \$93,825,007. This amount includes costs incurred to date of \$47,984,568 and estimated costs to complete of \$45,840,441. The University has remaining commitment balances with certain parties related to these projects of \$2,822,749. Retainages payable on the non-capitalized projects as of June 30, 2016, was \$136,714. The University anticipates funding these projects out of current resources, current and future bond issues, state capital improvement bond proceeds, private gifts and student fees.

NOTES TO FINANCIAL STATEMENTS

**NOTE 13.
RELATED PARTIES**

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

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

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

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

Clemson University Real Estate Foundation

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

Clemson University Continuing Education and Conference Complex Corporation

The Clemson University Continuing Education and Conference Complex Corporation (Finance Corporation), is a separately chartered corporation established in September, 1993, to construct, operate and manage the golf course and hotel components of the Clemson University Continuing Education and Conference Complex. The Finance Corporation’s actions are governed by its Board of Directors. The University billed the Finance Corporation \$305,956 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 \$659,750 in expenses primarily to reimburse CAFDB for administrative, educational, and facilities expenses incurred at the Charles E. Daniel Center for Building Research and Urban Studies in Genoa, Italy, which is owned by CAFDB, and at the Barcelona facility, which is operated for the University by CAFDB

**NOTE 14.
TRANSACTIONS WITH STATE ENTITIES**

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

The original appropriation is the University's base budget amount presented in the General Funds column of Sections 14 and 45 of Part IA of the 2015-16 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, 2016:

State Appropriations			
Description	Educational and General	Public Service	Total
Original appropriation	\$ 71,805,155	\$ 34,371,650	\$ 106,176,805
Employer contributions health and dental insurance allocation	486,662	190,042	676,704
One-time lump sum employee bonus funding	761,087	278,216	1,039,303
Appropriation allocations from the State Commission on Higher Education:			
For Academic Endowment Match	29,813	0	29,813
For Clemson Agriculture Education Teachers - teacher recruitment	0	889,758	889,758
Total state appropriations	\$ 73,082,717	\$ 35,729,666	\$ 108,812,383

NOTES TO FINANCIAL STATEMENTS

The University received substantial funding from the Commission on Higher Education (“CHE”) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and nonoperating revenues, depending upon the requirement of deliverables with a current or potential future economic value. The University also receives State funds from various other State agencies for sponsored research and public service projects. Following is a summary of amounts received from State agencies for scholarships, sponsored research, capital and public service projects for the fiscal year ended June 30, 2016:

Other Amounts Recognized from State Agencies				
Description	Operating Revenues	Nonoperating Revenues	Capital and Endowment Proceeds	Total
Received from the Commission on Higher Education (CHE):				
LIFE Scholarships	\$ 27,471,053	\$ 0	\$ 0	\$ 27,471,053
Palmetto Scholarships	24,680,308	0	0	24,680,308
Need-Based Grants	2,070,592	0	0	2,070,592
HOPE Scholarships	81,319	0	0	81,319
Received from the Department of Education - STEM	1,750,000	0	0	1,750,000
Received from the Department of Education - Other	635,829	0	0	635,829
Received from various other state agencies	1,702,446	0	0	1,702,446
Received from agencies outside South Carolina	436,876	0	0	436,876
Higher education efficiency, effectiveness and accountability review (Proviso 118.16)	0	596,066	0	596,066
State lottery funding for critical equipment repair and replacement	0	0	420,929	420,929
Research infrastructure bond proceeds	0	0	8,862,254	8,862,254
Capital reserve fund proceeds	0	0	6,602,732	6,602,732
Total other amounts recognized from state agencies	<u>\$ 58,828,423</u>	<u>\$ 596,066</u>	<u>\$ 15,885,915</u>	<u>\$ 75,310,404</u>

The University provided no significant services free of charge to any State agency during the fiscal year; however, the University did provide computer services and information systems development for a fee to other State agencies during the fiscal year. Total fees received were \$49,903,274, comprised of \$297,081 in fees for computer services classified as other operating revenues, and \$49,606,193 in information and systems development fees classified as sales and services of auxiliary enterprises.

Also, the University collected and remitted \$22,879 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 Fiscal Accountability Authority 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 Fiscal Accountability Authority 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 2016 expenditures applicable to related transactions with state entities are not readily available.

NOTE 15. RISK MANAGEMENT

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

The University has not transferred the portion of the risk of loss related to insurance policy deductibles, and policy limits for all coverage to a State or commercial insurer. The University has not reported an estimated claims loss expenditure, and the related liability at June 30, 2016, 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, 2016, 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.

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

NOTE 16. CONTINGENCIES AND LITIGATION

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

NOTES TO FINANCIAL STATEMENTS

The various federal programs administered by the University for fiscal year 2016 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts, if any, which may be due federal grantors have not been determined but the University believes that any such amounts in the aggregate would not have a material adverse effect on the financial position of the University. Therefore, an estimated loss has not been recorded.

The University was notified of a legal (condemnation) action by a division of the SC Commerce Department concerning land at the site of the Clemson University Restoration Institute (CURI) in North Charleston. The Charleston County School District (CCSD) has filed an action against Clemson University, the city of North Charleston and the Commerce Department claiming rights to a portion of the condemned land, or any proceeds from the condemnation action related to the portion. The CCSD claims and the original condemnation action were referred to a Special Referee that

held a trial in late 2014. A decision was issued by the Special Referee on October 22, 2015, and motions to alter or amend the order were denied on February 24, 2016. An appeal to the Court of Appeals was filed but was dismissed as premature on May 13, 2016. Thereafter the case was returned to the Circuit Court, where the Court assigned it to the Business Court and the Honorable Judge Dennis Markley. The matter will be scheduled for trial near the end of 2016 and upon final resolution in the Circuit Court could be subject to appeal. It is unknown what time would be necessary for any appeal. Pending a resolution of this matter, the title to the property remains in Clemson University. However, Clemson University has, pursuant to a request of the Department of Commerce, executed a Consent of Possession in favor of the Department and, while it retains legal title, it no longer has possession or control of the property, including the portion claimed by the CCSD.

NOTE 17. OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2016 are summarized as follows:

Operating Expenses by Function						
Description	Compensation and Employee Benefits	Services and Supplies	Utilities	Depreciation	Scholarships and Fellowships	Total
Instruction	\$ 203,460,524	\$ 28,538,840	\$ 1,054,728	\$ 0	\$ 535,312	\$ 233,589,404
Research	100,676,826	43,028,469	1,590,788	0	1,219,418	146,515,501
Public Service	45,188,825	18,578,911	1,568,639	0	25,365	65,361,740
Academic Support	38,513,678	6,961,529	542,652	0	0	46,017,859
Student Services	23,058,484	13,108,641	334,758	0	38,579	36,540,462
Institutional Support	32,102,786	6,860,890	303,815	0	0	39,267,491
Operation and Maintenance of Plant	17,254,593	46,264,567	7,144,839	0	0	70,663,999
Scholarships and Fellowships	23,661	75,867	0	0	25,906,966	26,006,494
Auxiliary Services	53,121,522	104,005,659	6,370,005	0	700	163,497,886
Depreciation	0	0	0	49,871,881	0	49,871,881
Total Operating Expenses by Function	<u>\$ 513,400,899</u>	<u>\$ 267,423,373</u>	<u>\$ 18,910,224</u>	<u>\$ 49,871,881</u>	<u>\$ 27,726,340</u>	<u>\$ 877,332,717</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 2016, this rate was 4.0%. At June 30, 2016, net appreciation gains of \$10,921,395 were recorded, and were reported in the Statement of Net Position as unrestricted.

**NOTE 19.
DETAILS OF RESTRICTED ASSETS**

The purposes and amounts of Restricted Assets are as follows:

Details of Restricted Assets	
<u>Description</u>	<u>Amount</u>
Current:	
Cash and cash equivalents:	
As specified by sponsors/donors	\$ 19,988,434
University administered loans	300,652
Payment of maturing debt	12,222,380
Unspent bond proceeds	232,515,467
Amounts restricted for capital projects	79,596,961
Funds held for others	545,970
Total of current restricted assets	<u>\$ 345,169,864</u>
Noncurrent:	
Cash and cash equivalents:	
Endowments	\$ 16,034,475
Federal Perkins Loan Program	2,136,908
Total of noncurrent restricted cash and cash equivalents	<u>\$ 18,171,383</u>
Student Loans Receivable:	
Total Federal Perkins Loan Program	<u>\$ 7,374,908</u>

**NOTE 20.
COMPONENT UNITS**

Clemson University Foundation

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

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

CUF transfers funds earmarked from private contributions to the University to support University scholarship, fellowship, professorship, and research programs and to reimburse the University for any purchases made by CUF. These transfers for fiscal year 2016 were recorded by the University as nonoperating gift revenues totaling \$20,328,057. CUF also reimbursed the University \$946,903 for salaries for time devoted by University employees to CUF and to fund other University initiatives.

CUF has two operating leases with the University and paid a total of \$140,165 for office space during fiscal year 2016.

Equipment donated by CUF to the University totaled \$181,172 and was recorded as capital grants and gifts in the Statement of Revenues, Expenses and Changes in Net Position. Also recorded as capital grants and gifts upon receipt were CUF donations totaling \$13,738,711 for University building projects. As of June 30, 2016, CUF had remaining

commitments of approximately \$2,228,717 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 \$177,978,514.

CUF charges an annual fee of 1.25 percent for managing the University's endowments. For the fiscal year ending June 30, 2015, the management fee was \$2,190,485, net of current year income, gains and appreciation losses of \$167,929. At fiscal year-end, \$646,822 in accounts payable was due to CUF.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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, 2016 follows:

Investments	
Description	Amount
Money market funds	\$ 28,412,093
Treasury/agency	28,718,497
Mortgage backed securities	7,967,736
Corporate bonds	9,203,751
International bonds	857,315
U.S. Equities	274,357,640
Global equities	101,882,914
Commodities	8,452,946
Hedge funds	83,230,719
Private equity	39,463,393
Private real assets	10,045,176
Public real assets	1,216,211
Other	2,457,620
Subtotal - marketable investments	596,266,011
Subordinated note receivable from Clemson University Real Estate Foundation, Inc.	20,000,000
Total Investments	<u>\$ 616,266,011</u>

Clemson University Research Foundation

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

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

In December 2015, the University purchased property consisting of land and buildings from CURF. The Clemson Applied Technology Center located in Pendleton, SC was purchased for \$852,214. The Emerging Technologies Center in Anderson was purchased for \$1,654,298.

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 \$1,547,739 from CURF were recorded by the University in the Statement of Revenues, Expenditures and Changes in Net Position as operating nongovernmental grants and contracts. Grants and contracts receivable in the Statement of Net Position include \$528,049 due from CURF at June 30, 2016.

The University remitted \$430,000 to CURF per the operating agreement between the two entities and remitted \$176,552 in operating lease payments to CURF for office space. CURF reimbursed the University \$81,485 for salaries for time devoted by University employees to CURF.

Clemson University Land Stewardship Foundation

The Clemson University Land Stewardship Foundation (CULSF) is a separately chartered corporation established to

serve the needs of Clemson University in the management, development, and investment of real property and related assets. CULSF's activities are governed by its Board of Directors.

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

The University leases and utilizes several facilities owned and operated by CULSF at the Greenville, CU-ICAR campus. In addition, the University entered into a capital lease with CULSF for space in the Greenville One Building in downtown Greenville. For the fiscal year ending June 30, 2016, \$364,890 was paid by the University to CULSF for common area maintenance costs and \$349,686 for operating leases at the CU-ICAR campus. An additional \$425,570 was paid in building upfit costs for space that will be leased by the University. Capital lease-related principal, interest, and operating expense payments totaling \$897,513 were paid to CULSF for the Greenville One building.

CULSF reimbursed the University \$194,331 for salaries for time devoted by University employees to CULSF.

IPTAY

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

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

In the fiscal year beginning July 1, 2014, IPTAY began operating as an independent entity. Previously, although recognized as a tax-exempt organization by the Internal Revenue Service, all IPTAY receipts were deposited through the University into State Treasurer bank accounts and related disbursements were also made from these accounts. Amounts on deposit in State Treasurer bank accounts were disbursed for qualifying athletic scholarships, capital, and operating purposes. Amounts on hand in State Treasurer bank accounts and included in University Net Position at June 30, 2016 include \$9,836,263 for upcoming capital projects. During the fiscal year ended June 30, 2016, IPTAY contributed \$19,253,796 to the University for qualifying athletic scholarships, capital, and operating expenses. An additional \$40,000 of IPTAY funds remains in a CUF held endowment for future use by the University. The University remitted \$3,143,946 to IPTAY for premium seat revenue and corporate sponsorships collected by the University. Prior to the end of the fiscal year, IPTAY began collecting all ticket revenue and remitting those receipts to the University. At June 30, 2016, accounts receivable in the Statement of Net Position includes \$1,170,414 in deferred ticket sales due from IPTAY. At June 30, 2016 \$616,212 in accounts payable was due to IPTAY.

NOTE 21.
SUBSEQUENT EVENTS

On October 6, 2016, the State Treasurer's Office finalized the issuance of General Obligation State Institution Bonds on behalf of Clemson University to partially finance the design, construction, and upgrades to the main campus electrical distribution system and to construct and equip a water tower and utility infrastructure at Douthit Hills. The Clemson University Board of Trustees adopted series resolutions authorizing issuance of the proposed bonds on July 17, 2015. The \$52,395,000 bond issue includes \$46,369,000 for the electrical distribution system project and \$6,026,000 for the water tower construction project at Douthit Hills.

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

South Carolina Retirement System (SCRS)	2016	2015	2014
University's proportionate share of the net pension liability	2.657194%	2.601067%	2.601067%
University's proportionate share of the net pension liability	\$ 503,949,653	\$ 447,817,506	\$ 441,495,608
University's covered employee payroll during the measurement period	\$175,905,408	\$ 169,946,061	\$ 167,734,783
University's proportionate share of the net pension liability as a percentage of its covered employee payroll	286.49%	263.51%	263.21%
Plan fiduciary net position as a percentage of the total pension liability	56.99%	59.92%	56.39%

Police Officers Retirement System (PORS)	2016	2015	2014
University's proportionate share of the net pension liability	0.26576%	0.26743%	0.26743%
University's proportionate share of the net pension liability	\$ 5,792,207	\$ 5,119,734	\$ 5,127,588
University's covered employee payroll during the measurement period	\$ 3,358,977	\$ 3,226,073	\$ 2,973,675
University's proportionate share of the net pension liability as a percentage of its covered employee payroll	172.44%	158.70%	172.43%
Plan fiduciary net position as a percentage of the total pension liability	64.57%	67.55%	62.98%

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF UNIVERSITY CONTRIBUTIONS**

South Carolina Retirement System (SCRS)

For the Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contribution Deficiency (excess)	University's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 28,386,836	\$ 28,386,836	\$ 0	\$ 178,056,841	15.94%
2015	27,147,096	27,156,699	(9,603)	175,905,408	15.43%
2014	25,031,158	25,031,158	0	169,946,061	14.73%
2013	24,089,283	24,089,283	0	167,734,783	14.36%
2012	19,221,300	19,221,300	0	156,620,370	12.27%
2011	18,869,713	18,869,713	0	156,495,056	12.06%
2010	19,245,843	19,245,843	0	160,692,060	11.98%
2009	19,549,484	19,549,484	0	163,263,025	11.97%
2008	19,163,400	19,163,400	0	166,239,449	11.53%
2007	23,512,050	23,512,050	0	157,691,542	14.91%

Police Officers Retirement System (PORS)

For the Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contribution Deficiency (excess)	University's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 500,233	\$ 500,233	\$ 0	\$ 3,716,102	13.46%
2015	441,480	441,508	(28)	3,358,977	13.14%
2014	412,997	412,997	0	3,226,073	12.80%
2013	364,346	364,346	0	2,973,675	12.25%
2012	275,212	275,212	0	2,343,277	11.74%
2011	247,568	247,568	0	2,143,665	11.55%
2010	242,692	242,692	0	2,193,276	11.07%
2009	253,222	253,222	0	2,292,453	11.05%
2008	251,269	251,269	0	2,338,698	10.74%
2007	301,212	301,212	0	2,149,958	14.01%



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 These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.	74
Debt Capacity 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.	79
Operating Information 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.	82
Demographic and Economic Information 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.	88

SCHEDULE OF REVENUES BY SOURCE

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

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 341,077	\$ 316,893	\$ 300,711	\$ 288,778	\$ 269,671	\$ 252,924	\$ 223,036	\$ 205,488	\$ 188,530	\$ 176,240
Federal grants and contracts	71,500	63,540	62,079	64,467	63,962	65,045	63,792	59,205	56,165	52,318
State grants and contracts	58,828	57,352	53,189	51,377	46,868	50,679	48,683	47,248	43,414	35,947
Local grants and contracts	912	882	1,640	796	690	757	959	872	799	851
Nongovernmental grants and contracts	12,844	11,223	11,174	9,446	8,226	6,913	8,727	11,700	11,177	11,138
Sales and services of educational and other activities	20,441	20,104	18,778	17,203	15,845	15,843	15,917	16,543	16,268	14,027
Sales and services of auxiliary enterprises (net of scholarship)	163,635	129,119	121,927	114,618	106,181	95,096	89,129	86,282	79,159	77,359
Other operating revenues	31,638	38,322	34,840	31,372	27,771	27,396	28,851	21,671	25,013	19,206
Total operating revenues	700,875	637,435	604,338	578,057	539,214	514,653	479,094	449,009	420,525	387,086
State appropriations	108,812	106,345	99,591	92,784	88,780	91,917	114,120	128,279	167,224	150,335
Federal appropriations	11,632	11,338	10,566	10,948	11,507	11,744	11,269	12,317	14,186	9,667
Gifts and grants	48,189	33,586	62,951	56,403	59,126	68,797	59,473	46,872	44,466	39,298
Interest income	4,071	670	3,077	1,073	6,948	7,752	12,408	10,029	8,462	6,585
Endowment income (loss)	(2,979)	4,086	23,664	14,744	(1,114)	22,236	10,085	(20,283)	(7,046)	16,003
Other nonoperating revenues	78	340	648	310	1,271	502	3,192	1,944	1,389	753
Proceeds from the sale of capital assets	252	188	376	458	636	137	57	715	0	20,061
Total nonoperating revenues	170,055	156,553	200,873	176,720	167,154	203,085	210,604	179,873	228,681	242,702
Total revenues	\$ 870,930	\$ 793,988	\$ 805,211	\$ 754,777	\$ 706,368	\$ 717,738	\$ 689,698	\$ 628,882	\$ 649,206	\$ 629,788

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

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Revenues:										
Student tuition and fees (net of scholarship allowances)	39.3%	40.0%	37.4%	38.2%	38.2%	35.2%	32.3%	32.7%	29.0%	28.0%
Federal grants and contracts	8.2%	8.0%	7.7%	8.5%	9.1%	9.1%	9.2%	9.4%	8.7%	8.3%
State grants and contracts	6.8%	7.2%	6.6%	6.8%	6.6%	7.1%	7.1%	7.5%	6.7%	5.7%
Local grants and contracts	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Nongovernmental grants and contracts	1.5%	1.4%	1.4%	1.3%	1.2%	1.0%	1.3%	1.9%	1.7%	1.8%
Sales and services of educational and other activities	2.3%	2.5%	2.3%	2.3%	2.2%	2.2%	2.3%	2.6%	2.5%	2.2%
Sales and services of auxiliary enterprises (net of scholarship allowances)	18.8%	16.3%	15.1%	15.2%	15.0%	13.2%	12.9%	13.7%	12.2%	12.4%
Other operating revenues	3.6%	4.8%	4.3%	4.2%	3.9%	3.8%	4.2%	3.4%	3.9%	3.0%
Total operating revenues	80.6%	80.3%	75.0%	76.6%	76.3%	71.7%	69.4%	71.3%	64.8%	61.5%
State appropriations	12.5%	13.5%	12.5%	12.3%	12.6%	12.8%	16.5%	20.4%	25.8%	23.9%
Federal appropriations	1.3%	1.4%	1.3%	1.5%	1.6%	1.6%	1.6%	2.0%	2.2%	1.5%
Gifts and grants	5.5%	4.2%	7.8%	7.4%	8.4%	9.6%	8.6%	7.5%	6.8%	6.3%
Interest income	0.4%	0.1%	0.4%	0.1%	1.0%	1.1%	1.8%	1.6%	1.3%	1.0%
Endowment income (loss)	(0.3)%	0.5%	2.9%	2.0%	(0.2)%	3.1%	1.5%	(3.2)%	(1.1)%	2.5%
Other nonoperating revenues	0.0%	0.0%	0.1%	0.0%	0.2%	0.1%	0.5%	0.3%	0.2%	0.1%
Proceeds from the sale capital assets	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%	3.2%
Total nonoperating revenues	19.4%	19.7%	25.0%	23.4%	23.7%	28.3%	30.6%	28.7%	35.2%	38.5%
Total revenues	100.0%									

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SCHEDULE OF EXPENSES BY USE

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

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Expenses:										
Compensation and employee benefits	\$ 513,401	\$ 478,991	\$ 444,913	\$ 419,665	\$ 384,703	\$ 382,789	\$ 385,519	\$ 394,708	\$ 402,601	\$ 366,732
Services and supplies	267,423	262,955	243,893	219,962	198,747	182,049	174,958	158,556	174,642	148,409
Utilities	18,910	19,783	20,344	17,961	16,946	17,013	17,733	19,376	17,951	16,483
Depreciation	49,872	49,316	42,974	32,715	37,162	35,009	35,164	33,364	32,697	29,946
Scholarships and fellowships	27,726	25,411	23,846	26,380	20,942	23,402	9,175	13,382	10,845	6,794
Total operating expenses	<u>877,332</u>	<u>836,456</u>	<u>775,970</u>	<u>716,683</u>	<u>658,500</u>	<u>640,262</u>	<u>622,549</u>	<u>619,386</u>	<u>638,736</u>	<u>568,364</u>
Interest on capital asset related debt	17,091	7,341	5,512	5,875	5,799	6,034	5,799	6,637	7,196	7,211
(Gain) loss on disposal of capital assets	340	4,343	(1,200)	254	2,255	791	464	802	443	744
Refunds to grantors	71	137	178	515	381	296	95	213	386	697
Facilities and administrative remittances to the State	450	375	413	339	386	450	185	608	710	644
Total nonoperating expenses	<u>17,952</u>	<u>12,196</u>	<u>4,903</u>	<u>6,983</u>	<u>8,821</u>	<u>7,571</u>	<u>6,543</u>	<u>8,260</u>	<u>8,735</u>	<u>9,296</u>
Total expenses	<u>\$ 895,284</u>	<u>\$ 848,652</u>	<u>\$ 780,873</u>	<u>\$ 723,666</u>	<u>\$ 667,321</u>	<u>\$ 647,833</u>	<u>\$ 629,092</u>	<u>\$ 627,646</u>	<u>\$ 647,471</u>	<u>\$ 577,660</u>

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

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Expenses:										
Compensation and employee benefits	57.3%	56.5%	57.0%	58.0%	57.6%	59.2%	61.3%	62.9%	62.2%	63.5%
Services and supplies	29.9%	31.0%	31.2%	30.4%	29.8%	28.1%	27.8%	25.3%	27.0%	25.7%
Utilities	2.1%	2.3%	2.6%	2.5%	2.5%	2.6%	2.8%	3.1%	2.8%	2.9%
Depreciation	5.6%	5.8%	5.5%	4.5%	5.6%	5.4%	5.6%	5.3%	5.0%	5.2%
Scholarships and fellowships	3.1%	3.0%	3.1%	3.7%	3.1%	3.6%	1.5%	2.1%	1.6%	1.2%
Total operating expenses	<u>98.0%</u>	<u>98.6%</u>	<u>99.4%</u>	<u>99.1%</u>	<u>98.6%</u>	<u>98.9%</u>	<u>99.0%</u>	<u>98.7%</u>	<u>98.6%</u>	<u>98.5%</u>
Interest on capital asset related debt	1.9%	0.9%	0.7%	0.8%	0.9%	0.9%	0.9%	1.1%	1.1%	1.2%
(Gain) loss on disposal of capital assets	0.0%	0.5%	(0.2)%	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%
Refunds to grantors	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%
Facilities and administrative remittances to the State	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%
Total nonoperating expenses	<u>2.0%</u>	<u>1.4%</u>	<u>0.6%</u>	<u>0.9%</u>	<u>1.4%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>1.3%</u>	<u>1.4%</u>	<u>1.5%</u>
Total expenses	<u>100.0%</u>									

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF EXPENSES BY FUNCTION

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

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Expenses:										
Instruction	\$ 233,589	\$ 227,482	\$ 216,977	\$ 201,731	\$ 181,146	\$ 178,644	\$ 175,249	\$ 173,423	\$ 176,165	\$ 159,318
Research	146,516	139,399	133,562	130,787	123,594	124,837	126,972	125,623	127,427	112,141
Public service	65,362	65,814	63,542	59,837	57,890	59,083	62,390	68,508	72,649	60,951
Academic support	46,018	47,633	42,231	38,926	36,715	35,321	37,181	35,775	38,647	43,104
Student services	36,540	37,345	35,578	26,694	24,685	27,282	25,316	25,189	27,150	23,607
Institutional support	39,267	42,388	38,019	34,640	28,925	25,490	26,389	27,843	31,951	27,039
Operation and maintenance of plant	70,664	77,156	64,116	62,754	47,505	42,905	37,435	35,869	48,826	36,811
Scholarships and fellowships	26,006	23,773	22,115	25,179	19,503	22,143	8,124	12,488	10,006	6,165
Auxiliary enterprises	163,498	126,150	116,856	103,420	101,375	89,548	88,329	81,304	73,218	69,282
Depreciation	49,872	49,316	42,974	32,715	37,162	35,009	35,164	33,364	32,697	29,946
Interest on capital debt	17,091	7,341	5,512	5,875	5,799	6,034	5,799	6,637	7,196	7,211
(Gain) loss on disposal of capital assets	340	4,343	-1,200	254	2,255	791	464	802	443	744
Refunds to grantors	71	137	178	515	381	296	95	213	386	697
Facilities and administrative remittances to the State	450	375	413	339	386	450	185	608	710	644
Total expenses	\$ 895,284	\$ 848,652	\$ 780,873	\$ 723,666	\$ 667,321	\$ 647,833	\$ 629,092	\$ 627,646	\$ 647,471	\$ 577,660

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

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Expenses:										
Instruction	26.0%	26.8%	27.8%	27.8%	27.1%	27.7%	27.9%	27.7%	27.2%	27.5%
Research	16.4%	16.4%	17.1%	18.1%	18.5%	19.3%	20.2%	20.0%	19.7%	19.4%
Public service	7.3%	7.8%	8.1%	8.3%	8.7%	9.1%	9.9%	10.9%	11.2%	10.6%
Academic support	5.1%	5.6%	5.4%	5.4%	5.5%	5.5%	5.9%	5.7%	6.0%	7.5%
Student services	4.1%	4.4%	4.6%	3.7%	3.7%	4.2%	4.0%	4.0%	4.2%	4.1%
Institutional support	4.4%	5.0%	4.9%	4.8%	4.3%	3.9%	4.2%	4.4%	4.9%	4.7%
Operation and maintenance of plant	7.9%	9.1%	8.2%	8.7%	7.1%	6.6%	6.0%	5.7%	7.5%	6.4%
Scholarships and fellowships	2.9%	2.8%	2.8%	3.5%	2.9%	3.4%	1.3%	2.0%	1.6%	1.1%
Auxiliary enterprises	18.3%	14.9%	15.0%	14.3%	15.2%	13.8%	14.0%	13.0%	11.3%	12.0%
Depreciation	5.6%	5.8%	5.5%	4.5%	5.6%	5.4%	5.6%	5.3%	5.0%	5.2%
Interest on capital debt	1.9%	0.9%	0.7%	0.8%	0.9%	0.9%	0.9%	1.1%	1.1%	1.2%
(Gain) loss on disposal of capital assets	0.0%	0.5%	(0.2)%	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%
Refunds to grantors	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%
Facilities and administrative remittances to State	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%
Total Expenses	100.0%									

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

	For the Fiscal Year (amounts expressed in thousands)									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Total revenues (from schedule of revenues by source)	\$ 870,930	\$ 793,988	\$ 805,211	\$ 754,777	\$ 706,368	\$ 717,738	\$ 689,698	\$ 628,882	\$ 649,206	\$ 629,788
Total expenses (from schedule of expenses by use and function)	<u>(895,284)</u>	<u>(848,652)</u>	<u>(1,227,496)</u>	<u>(723,666)</u>	<u>(667,321)</u>	<u>(647,833)</u>	<u>(629,092)</u>	<u>(627,646)</u>	<u>(647,471)</u>	<u>(577,660)</u>
Income (loss) before other revenues, expenses, gains or losses	(24,354)	(54,664)	(422,285)	31,111	39,047	69,905	60,606	1,236	1,735	52,128
State capital appropriations	15,886	4,457	9,397	9,612	9,468	6,643	3,736	6,986	19,501	44,149
Capital grants and gifts	37,580	6,448	6,198	21,945	28,350	38,376	31,148	13,059	3,998	25,563
Additions to permanent endowments	567	209	123	2,710	4,259	2,765	11,846	2,491	5,898	1,839
Total changes in net position	29,679	(43,550)	(406,567)	65,378	81,124	117,689	107,336	23,772	31,132	123,679
Net position, beginning	666,252	709,802	1,116,369	1,050,991	969,867	852,178	744,842	721,070	689,938	566,259
Net position, ending	<u>\$ 695,931</u>	<u>\$ 666,252</u>	<u>\$ 709,802</u>	<u>\$ 1,116,369</u>	<u>\$ 1,050,991</u>	<u>\$ 969,867</u>	<u>\$ 852,178</u>	<u>\$ 744,842</u>	<u>\$ 721,070</u>	<u>\$ 689,938</u>
Net investment in capital assets	759,323	\$ 680,331	\$ 639,236	\$ 604,854	\$ 535,281	\$ 462,861	\$ 483,924	\$ 456,106	\$ 429,669	\$ 390,891
Restricted - expendable	99,062	126,834	184,828	192,765	201,484	221,593	147,714	127,686	104,065	83,801
Restricted - nonexpendable	58,698	58,323	58,241	57,880	55,045	50,959	47,853	35,785	33,916	28,291
Unrestricted	<u>(221,152)</u>	<u>(199,236)</u>	<u>(172,503)</u>	<u>260,870</u>	<u>259,181</u>	<u>234,454</u>	<u>172,687</u>	<u>125,265</u>	<u>153,420</u>	<u>186,955</u>
Total	<u>\$ 695,931</u>	<u>\$ 666,252</u>	<u>\$ 709,802</u>	<u>\$ 1,116,369</u>	<u>\$ 1,050,991</u>	<u>\$ 969,867</u>	<u>\$ 852,178</u>	<u>\$ 744,842</u>	<u>\$ 721,070</u>	<u>\$ 689,938</u>

SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	For the Fiscal Year									
	<i>(amounts expressed in thousands except for outstanding debt per student)</i>									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
General Obligation Bonds	\$ 104,435	\$ 110,615	\$ 116,770	\$ 88,420	\$ 93,075	\$ 99,610	\$ 41,550	\$ 45,685	\$ 49,660	\$ 53,475
Plant Improvement Bonds	—	—	—	—	—	—	820	1,610	2,360	3,080
Revenue Bonds	295,600	110,860	26,585	32,350	37,620	42,090	46,900	51,490	55,875	60,060
Athletic Facilities Revenue Bonds	134,450	118,875	22,680	24,150	25,600	30,045	31,770	33,410	34,975	36,465
Subtotal bonds payable	534,485	340,350	166,035	144,920	156,295	171,745	121,040	132,195	142,870	153,080
Unamortized bond premiums	33,984	20,425	9,387	7,145	8,078	4,954	1,301	1,442	1,583	1,725
Total bonds payable	568,469	360,775	175,422	152,065	164,373	176,699	122,341	133,637	144,453	154,805
Notes Payable	—	—	—	150	475	964	1,256	1,394	1,876	2,335
Capital Lease Obligations	12,967	13,993	14,963	15,911	—	—	430	873	1,285	1,920
Total outstanding debt	\$ 581,436	\$ 374,768	\$ 190,385	\$ 168,126	\$ 164,848	\$ 177,663	\$ 124,027	\$ 135,904	\$ 147,614	\$ 159,060
Full-time equivalent students	21,654	20,823	20,202	19,800	18,980	18,417	18,237	17,367	16,250	16,226
Outstanding debt per student	\$ 26,851	\$ 17,998	\$ 9,424	\$ 8,491	\$ 8,685	\$ 9,647	\$ 6,801	\$ 7,825	\$ 9,084	\$ 9,803

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

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

SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years
(amounts in thousands)

General Obligation Bonds

Fiscal Year Ended June 30	Tuition and Matriculation Fees	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
			Principal	Interest	Total	
2016	\$ 33,740	\$ 33,740	\$ 6,180	\$ 4,217	\$ 10,397	3.25
2015	29,579	29,579	6,155	4,544	10,699	2.76
2014	27,487	27,487	4,680	3,484	8,164	3.37
2013	24,703	24,703	4,655	3,823	8,478	2.91
2012	22,440	22,440	4,690	3,438	8,128	2.76
2011	21,028	21,028	4,310	2,746	7,056	2.98
2010	20,493	20,493	4,135	1,845	5,980	3.43
2009	19,607	19,607	3,975	2,006	5,981	3.28
2008	15,534	15,534	3,815	2,158	5,973	2.60
2007	11,941	11,941	4,180	1,876	6,056	1.97

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Revenue Bonds

Fiscal Year Ended June 30	Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2016	\$ 62,317	\$ 39,103	\$ 23,214	\$ 6,260	\$ 7,917	\$ 14,177	1.64
2015	58,653	38,667	19,986	6,010	890	6,900	2.90
2014	56,749	36,310	20,439	5,765	691	6,456	3.17
2013	55,452	35,233	20,219	5,270	1,137	6,407	3.16
2012	50,466	31,636	18,830	5,320	1,968	7,288	2.58
2011	49,363	32,057	17,306	4,810	1,875	6,685	2.59
2010	49,943	32,386	17,557	4,590	2,293	6,883	2.55
2009	44,795	30,226	14,569	4,385	2,816	7,201	2.02
2008	43,043	26,913	16,130	4,185	3,016	7,201	2.24
2007	41,597	26,836	14,761	4,000	3,204	7,204	2.05

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	
2016	\$ 112,996	\$ 92,274	\$ 20,722	\$ 1,927	\$ 22,649	\$ 3,300	\$ 4,752	\$ 8,052	2.81
2015	85,185	77,052	8,133	2,046	10,179	1,380	1,616	2,996	3.40
2014	82,087	72,762	9,325	667	9,992	1,470	802	2,272	4.40
2013	76,099	65,588	10,511	2,031	12,542	1,450	953	2,403	5.22
2012	73,151	66,988	6,163	2,015	8,178	975	1,054	2,029	4.03
2011	56,551	54,441	2,110	1,980	4,090	1,725	1,392	3,117	1.31
2010	53,175	51,474	1,701	1,883	3,584	1,640	1,460	3,100	1.16
2009	57,228	52,751	4,477	1,915	6,392	1,565	1,524	3,089	2.07
2008	55,140	48,455	6,685	2,062	8,747	1,490	1,585	3,075	2.84
2007	51,674	43,364	8,310	2,221	10,531	1,220	1,635	2,855	3.69

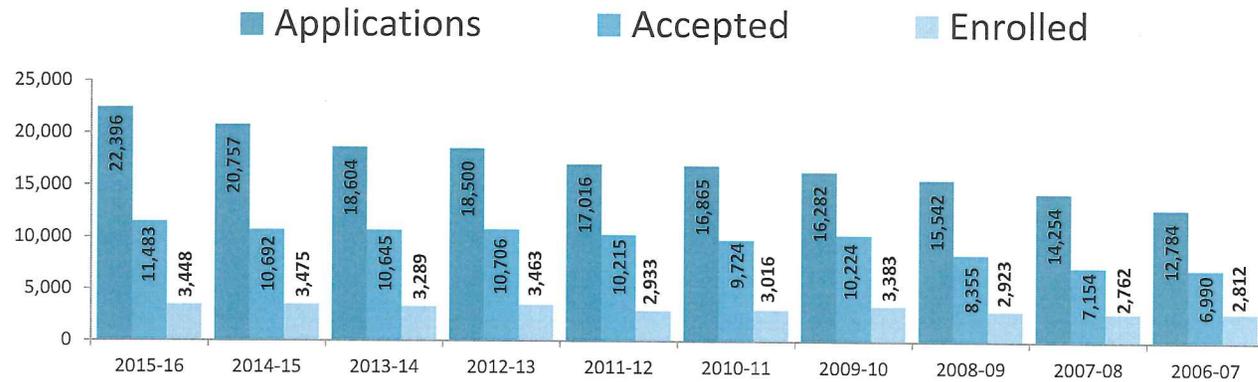
Note: The revenue bonds are secured by revenues from five sources: dining services, vending operations, the university bookstore, student housing and parking.
Source: Clemson University Comprehensive Annual Financial Reports

ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

Last Ten Academic Years

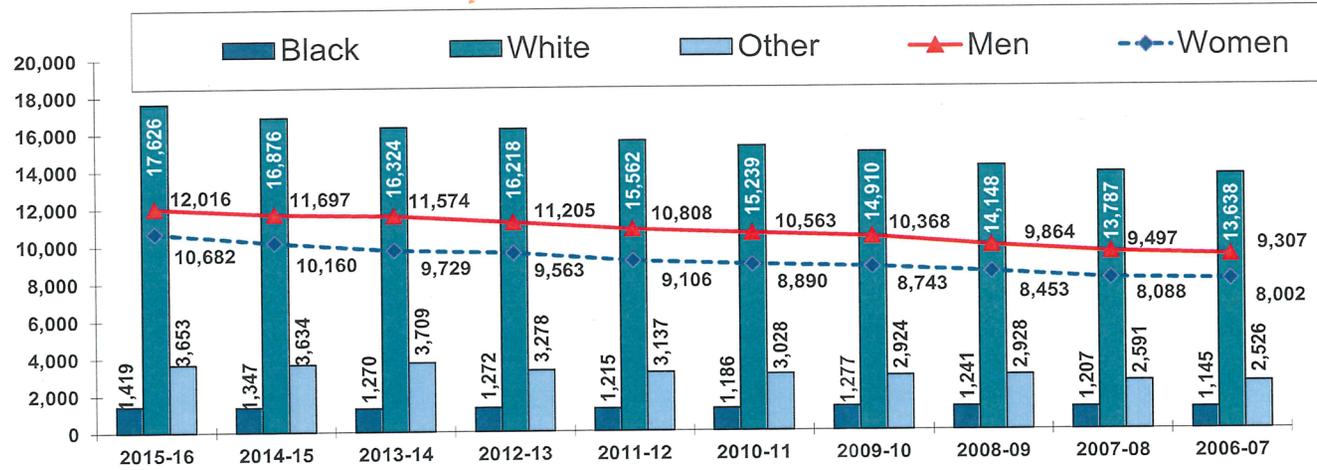
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Admissions-Freshman										
Accepted as a percentage of applications	51.3%	51.5%	57.2%	57.9%	60.0%	57.7%	62.8%	53.8%	50.2%	54.7%
Enrolled as a percentage of accepted	30.0%	32.5%	30.9%	32.3%	28.7%	31.0%	33.1%	35.0%	38.6%	40.2%
SAT scores-total	1,251	1,252	1,246	1,246	1,229	1,231	1,225	1,227	1,221	1,217
Verbal	613	611	609	610	599	599	597	597	595	592
Math	638	641	637	636	630	632	628	630	626	625
South Carolina average SAT score-total	978	978	971	969	972	979	982	985	984	985

**Admissions —
Freshman
Applied,
Accepted and
Enrolled**



	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Enrollment										
Undergraduate and graduate FTE	21,654	20,823	20,202	19,800	18,980	18,417	18,237	17,367	16,250	16,226
Undergraduate and graduate headcount	22,698	21,857	21,303	20,768	19,914	19,453	19,111	18,317	17,585	17,309
Percentage of men	52.9%	53.5%	54.3%	53.9%	54.3%	54.3%	54.2%	53.9%	54.0%	53.8%
Percentage of women	47.1%	46.5%	45.7%	46.1%	45.7%	45.7%	45.8%	46.1%	46.0%	46.2%
Percentage of black	6.3%	6.2%	6.0%	6.1%	6.1%	6.1%	6.7%	6.8%	6.9%	6.6%
Percentage of white	77.6%	77.2%	76.6%	78.1%	78.2%	78.3%	78.0%	77.2%	78.4%	78.8%
Percentage of other	16.1%	16.6%	17.4%	15.8%	15.7%	15.6%	15.3%	16.0%	14.7%	14.6%

Enrollment — Undergraduate and Graduate Headcount

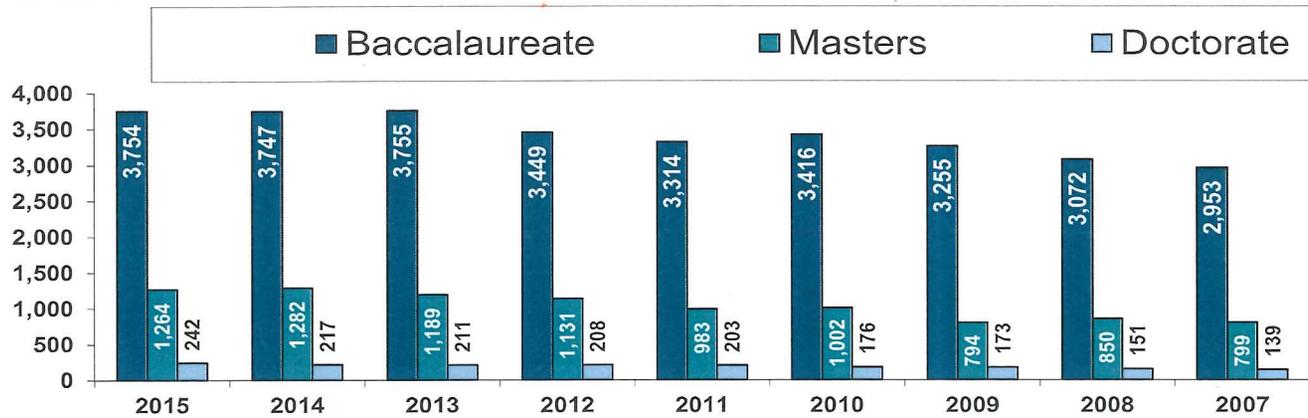


Degrees Earned*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Baccalaureate	3,754	3,747	3,755	3,449	3,314	3,416	3,255	3,072	2,953	2,934
Masters**	1,264	1,282	1,189	1,131	983	1,002	794	850	799	868
Doctorate	242	217	211	208	203	176	173	151	139	139

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

** Masters awards include specialist degrees.



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

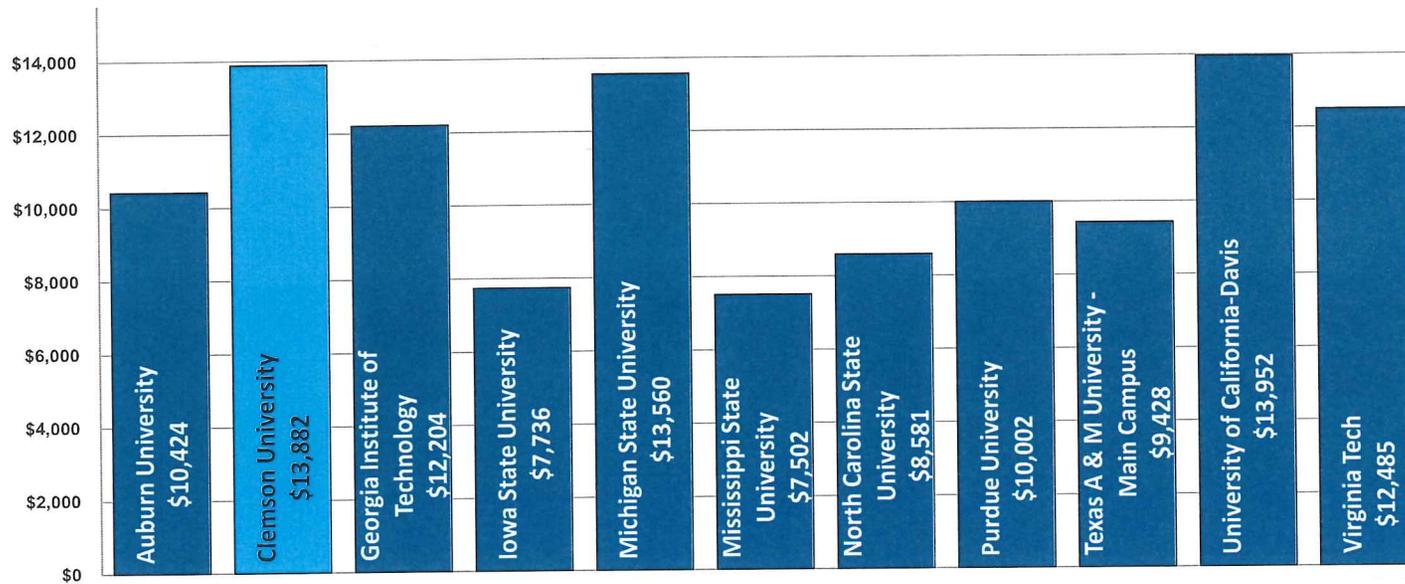
UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES

Clemson University in Comparison to Ten Peer Land-Grant Institutions

Last ten fiscal years

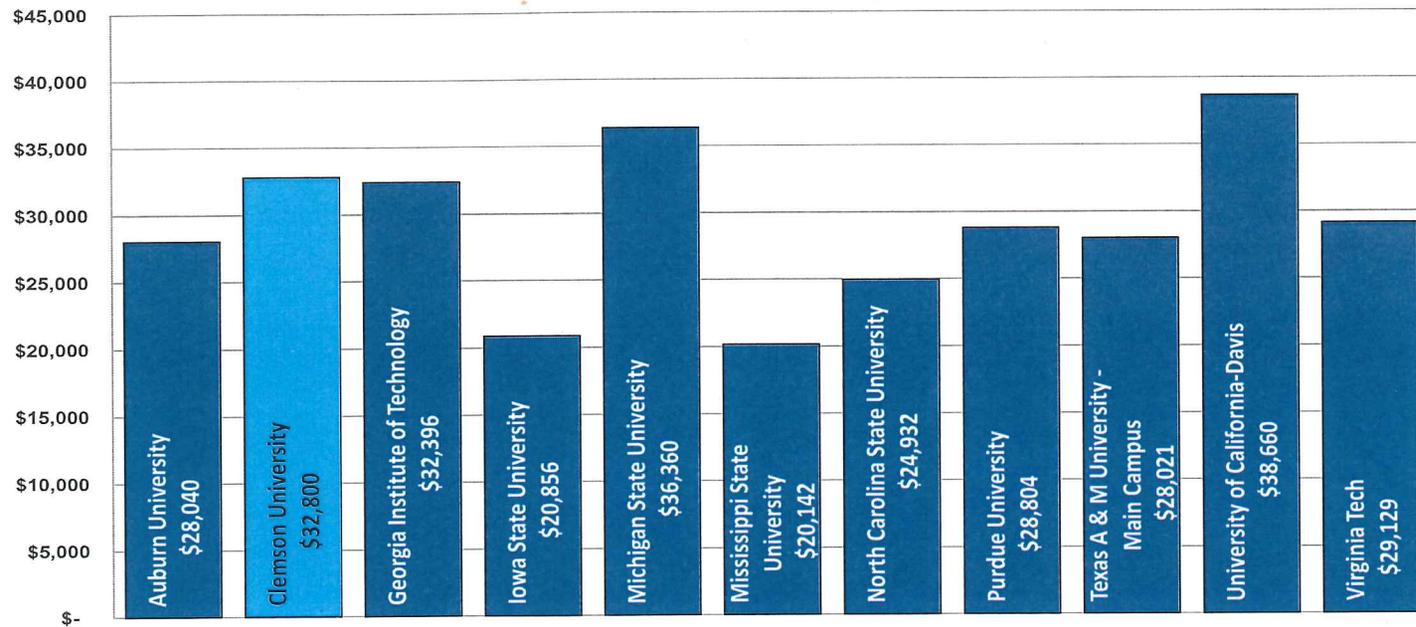
Institution - Resident	For the Fiscal Year									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Auburn University	\$ 10,424	\$ 10,200	\$ 9,852	\$ 9,446	\$ 8,698	\$ 7,900	\$ 6,972	\$ 6,500	\$ 5,834	\$ 5,496
Clemson University	13,882	13,446	13,054	12,774	12,404	11,908	11,078	10,379	9,937	9,400
Georgia Institute of Technology	12,204	11,394	10,650	10,098	9,652	8,716	7,506	6,040	5,642	4,926
Iowa State University	7,736	7,731	7,726	7,726	7,486	6,997	6,651	6,360	6,161	6,060
Michigan State University	13,560	13,200	12,863	12,623	12,203	11,153	10,880	10,214	9,640	8,793
Mississippi State University	7,502	7,140	6,772	6,264	5,805	5,461	5,151	5,151	4,929	4,596
North Carolina State University	8,581	8,296	8,206	7,788	7,018	6,529	5,474	5,274	5,117	4,783
Purdue University	10,002	10,002	9,992	9,900	9,478	9,070	8,638	7,750	7,416	7,096
Texas A & M University - Main Campus	9,428	9,179	8,506	8,506	8,421	8,387	8,177	7,844	7,335	6,966
University of California - Davis	13,952	13,896	13,896	15,257	15,123	13,080	10,405	9,497	8,925	8,323
Virginia Tech	12,485	12,017	11,455	10,923	10,509	9,459	8,605	8,198	7,397	6,973

Undergraduate Tuition and Fees - Resident — FY 2015-16



Institution - Non Resident	For the Fiscal Year									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Auburn University	\$ 28,040	\$ 27,384	\$ 26,364	\$ 22,977	\$ 23,290	\$ 21,916	\$ 19,452	\$ 18,260	\$ 16,334	\$ 15,496
Clemson University	32,800	31,462	30,488	29,700	28,562	27,420	25,388	23,401	21,867	19,824
Georgia Institute of Technology	32,396	30,698	29,954	29,402	27,862	26,926	25,716	25,182	23,366	20,272
Iowa State University	20,856	20,617	20,278	19,838	19,358	18,563	17,871	17,350	16,919	16,554
Michigan State University	36,360	34,965	33,750	32,580	31,148	29,108	27,343	23,500	23,500	21,438
Mississippi State University	20,142	18,478	16,960	15,828	14,670	13,801	13,021	12,503	11,420	10,552
North Carolina State University	24,932	23,551	21,661	20,953	19,853	19,064	17,959	17,572	17,315	16,981
Purdue University	28,804	28,804	28,794	28,702	27,646	26,622	25,118	23,224	22,224	21,266
Texas A & M University - Main Campus	28,021	26,356	25,126	25,036	23,811	22,817	22,607	22,184	15,675	15,216
University of California - Davis	38,660	36,774	36,774	38,135	38,001	35,959	33,074	30,105	28,545	27,007
Virginia Tech	29,129	28,048	27,211	25,915	24,480	23,217	21,878	20,825	19,775	19,049

Undergraduate Tuition and Fees - Non Resident — FY 2015-16



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

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

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Faculty										
Part-time	244	217	172	196	215	248	238	284	269	274
Full-time	1,187	1,171	1,157	1,111	1,110	1,150	1,153	1,205	1,205	1,155
Percentage tenured	43.4%	45.3%	46.7%	46.7%	43.8%	42.3%	42.7%	40.1%	39.5%	42.1%
Staff and administrators with faculty rank										
Part-time	982	921	856	783	682	668	687	581	506	491
Full-time	2,650	2,591	2,542	2,475	2,388	2,486	2,657	2,839	2,834	2,738
Total employees										
Part-time	1,226	1,138	1,028	979	897	916	925	865	775	765
Full-time	3,837	3,762	3,699	3,586	3,498	3,636	3,810	4,044	4,039	3,893
Students per full-time										
Faculty	19.1	18.7	18.4	18.7	17.9	16.9	16.8	15.2	14.6	15.0
Staff	8.6	8.4	8.4	8.4	8.3	7.8	5.0	6.5	6.2	6.3
Average annual faculty salary*	\$92,110	\$ 91,984	\$ 89,788	\$ 89,474	\$ 80,200	\$ 78,257	\$ 78,038	\$ 77,330	\$ 76,639	\$ 74,045

*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									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Academic buildings:										
Net assignable square feet (in thousands)	1,326,740	1,370,476	1,427,870	1,391,955	1,292,391	1,286,350	1,675,560	1,310,706	1,169,179	1,032,554
Administrative and support buildings:										
Net assignable square feet (in thousands)	579,205	534,617	533,047	570,867	529,590	615,539	731,487	630,397	667,120	802,209
Laboratories:										
Net assignable square feet (in thousands)	597,556	597,540	674,059	604,045	644,171	598,763	986,055	725,166	715,677	711,254
Auxiliary and independent operations buildings:										
Net assignable square feet (in thousands)	1,644,622	1,644,622	1,719,202	1,726,207	1,618,671	1,527,397	1,674,427	1,637,796	1,782,291	1,782,291
Student housing:										
Residence halls	23	23	23	23	23	23	23	23	23	23
Suites	3	3	3	3	3	3	3	3	3	3
Apartments	4	4	4	4	4	4	4	4	4	4
Units available	6,236	6,275	6,248	6,162	6,080	6,074	6,145	6,145	6,198	6,215
Units in use	6,122	6,140	6,113	6,303	5,724	5,845	6,303	5,974	5,923	6,129
Percent occupancy	98.2%	97.8%	97.8%	102.3%	94.1%	96.2%	102.6%	97.2%	95.6%	98.6%
Dining facilities:										
Locations	17	17	17	17	17	17	17	16	16	16
Average daily customers	18,316	18,020	17,746	17,667	17,200	16,277	15,651	14,851	15,024	15,531
Parking facilities:										
Parking spaces available	12,125	12,457	12,303	12,159	12,533	11,939	12,679	12,993	12,839	13,302
Parking permits issued to students	15,625	17,188	16,007	15,547	16,294	15,379	13,292	12,555	15,358	13,086
Parking permits issued to faculty/staff	5,001	5,093	5,069	4,973	4,814	4,983	4,730	4,678	3,898	4,788

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Sources:

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

DEMOGRAPHIC STATISTICS

State of South Carolina

Year	Personal Income as of June 30 (a)	Population at July 1 (b)	Per Capita Income (c)	Average Annual Unemployment Rate (d)
2015	186,285,746,000	4,869,991	\$ 38,041	6.0%
2014	178,485,001,000	4,832,482	36,934	6.6%
2013	169,282,713,000	4,774,839	35,453	7.6%
2012	161,863,730,000	4,723,723	34,266	9.1%
2011	156,230,797,000	4,679,230	33,673	10.3%
2010	149,283,181,000	4,596,958	33,163	11.2%
2009	144,342,563,000	4,561,242	31,799	11.7%
2008	149,324,705,000	4,479,800	31,884	6.9%
2007	142,166,788,000	4,407,709	31,013	5.9%
2006	134,196,693,000	4,330,108	29,767	6.4%

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

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

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

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

TEN LARGEST EMPLOYERS

State of South Carolina

Latest Completed Calendar Year and Ten Years Prior

(Listed Alphabetically)

2015	2005
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross Blue Shield of South Carolina	Blue Cross Blue Shield of South Carolina
Department of Defense	Department of Defense
Greenville Health System	Michelin North America Inc.
Michelin North America, Inc	Palmetto Health
Palmetto Health	Savannah River Company
School District of Greenville County	School District of Greenville County
University of South Carolina	University of South Carolina
US Postal Service	US Postal Service
Wal-Mart Associates, Inc.	Wal-Mart Associates, Inc.

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

Source: South Carolina Department of Employment and Workforce



*Supplementary Information
to the Financial Statements
(unaudited)*

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

For the year ended June 30, 2016

Description	Dining Services	Vending Operations	Bookstore	Parking Services	Housing	Total
Revenues:						
Student meal plans	\$ 19,099,374	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,099,374
Food service commissions	2,143,997	0	0	0	0	2,143,997
Other	0	207,641	0	3,242	79,376	290,259
Residence halls	0	0	0	0	32,431,966	32,431,966
Campus vending machines	0	300,000	0	0	0	300,000
ATM rental	0	120,248	0	2,746	0	122,994
Contract revenue	1,200,000	125,000	1,179,730	51,258	0	2,555,988
Parking permits	0	0	0	2,675,849	0	2,675,849
Transit fees	0	0	0	1,245,685	0	1,245,685
Parking citations	0	0	0	766,998	0	766,998
Meter revenue	0	0	0	444,923	0	444,923
Investment income	90,015	5,802	1,200	13,087	128,972	239,076
Total revenues	<u>22,533,386</u>	<u>758,691</u>	<u>1,180,930</u>	<u>5,203,788</u>	<u>32,640,314</u>	<u>62,317,109</u>
Expenses:						
Salaries	343,540	0	7,708	891,676	6,434,829	7,677,753
Fringe benefits	125,058	0	2,791	308,094	1,973,686	2,409,629
Travel	4,062	0	0	26,179	83,272	113,513
Contractual services	13,184,357	5,120	3,312	1,439,859	631,985	15,264,633
Repairs	350,139	559	4,345	110,811	466,427	932,281
Telecommunications	7,636	2,016	242	8,436	210,032	228,362
Heat, light, and power	823,823	0	18,014	64,701	2,777,133	3,683,671
Water, sewer and garbage	180,780	0	0	1,236	738,131	920,147
Rents	118,860	0	50	36,556	48,838	204,304
Supplies and materials	106,096	2,186	0	143,064	908,424	1,159,770
Insurance	27,025	55	0	13,934	274,925	315,939
University debit card fees	256,189	5,654	0	350	58,800	320,993
Cable television	0	0	0	0	366,638	366,638
Other operating expenses	1,597,930	51,317	82,414	529,450	3,190,073	5,451,184
Capital outlay	26,923	0	0	20,770	6,843	54,536
Total expenses	<u>17,152,418</u>	<u>66,907</u>	<u>118,876</u>	<u>3,595,116</u>	<u>18,170,036</u>	<u>39,103,353</u>
Net revenues	<u>\$ 5,380,968</u>	<u>\$ 691,784</u>	<u>\$ 1,062,054</u>	<u>\$ 1,608,672</u>	<u>\$ 14,470,278</u>	<u>\$ 23,213,756</u>

CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
ATHLETIC FACILITIES REVENUE BONDS (SERIES 2005 , 2012, 2014A, 2014B, 2014C AND 2015)

For the year ended June 30, 2016

Description	Football	Basketball	Other Sports	Non Program Specific	Total
Revenues:					
Ticket sales	\$ 20,886,619	\$ 1,725,537	\$ 924,993	\$ 0	\$ 23,537,149
Bowl revenues	4,707,260	0	0	0	4,707,260
Contributions	3,568,516	1,122,710	4,916,667	35,142,143	44,750,036
Direct institutional support	1,290,687	543,648	2,800,153	0	4,634,488
NCAA distributions including all tournament revenues	2,000,554	666,851	0	0	2,667,405
Conference distributions including all tournament revenues	1,653,040	1,915,901	121,371	412,851	4,103,163
Broadcast, television, radio and internet rights	11,973,602	3,991,201	0	2,475,000	18,439,803
Program sales, concessions, novelty sales and parking	1,069,817	2,412	140,642	260,719	1,473,590
Royalties, advertisements and sponsorships	774,674	200,000	90,000	5,989,725	7,054,399
Endowment and investment income	12,085	0	0	190,159	202,244
Other revenue	1,184,345	1,000	15,375	225,234	1,425,954
Total revenues	<u>49,121,199</u>	<u>10,169,260</u>	<u>9,009,201</u>	<u>44,695,831</u>	<u>112,995,491</u>
Operating Expenditures:					
Athletic student aid	4,680,153	1,575,474	7,575,092	1,533,820	15,364,539
Guarantees	1,175,000	576,143	48,568	0	1,799,711
Coaching salaries, benefits and bonuses paid by the institution and related entities	9,477,766	3,392,544	4,306,981	0	17,177,291
Support staff/administrative salaries, benefits and bonuses paid by the institution and related entities	2,984,381	547,613	253,279	13,033,372	16,818,645
Recruiting	1,049,024	366,343	451,671	0	1,867,038
Team travel	1,452,108	1,479,729	2,631,188	327,589	5,890,614
Equipment, uniforms and supplies	1,149,382	305,156	959,503	451,878	2,865,919
Game expenses	2,308,729	850,528	423,601	213,549	3,796,407
Fund raising, marketing and promotion	256,433	289,534	129,416	3,681,913	4,357,296
Direct facilities, maintenance and rental	240,749	12,938	46,069	5,189,887	5,489,643
Student-Athlete meals (non-travel)	849,711	113,483	149,154	0	1,112,348
Other operating expenses	2,624,506	212,721	715,310	4,673,787	8,226,324
Bowl expenses	7,507,935	0	0	0	7,507,935
Total operating expenditures	<u>35,755,877</u>	<u>9,722,206</u>	<u>17,689,832</u>	<u>29,105,795</u>	<u>92,273,710</u>
Net Revenues	<u>\$ 13,365,322</u>	<u>\$ 447,054</u>	<u>\$ (8,680,631)</u>	<u>\$ 15,590,036</u>	<u>\$ 20,721,781</u>

CLEMSON UNIVERSITY REPORTING ENTITY COMBINED STATEMENT OF NET/FINANCIAL POSITION

For the year ended June 30, 2016

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY16 Total	FY15 Total
Assets:									
<i>Current Assets:</i>									
Cash and cash equivalents	\$ 173,685,317	\$ 6,384,301	\$ 58,720,353	\$ 2,556,107	\$ 50,478,874	\$ 291,824,952	\$ 0	\$ 291,824,952	\$ 262,599,555
<i>Restricted Assets - Current:</i>									
Cash and cash equivalents	345,169,864	2,120,958	0	0	0	347,290,822	0	347,290,822	322,318,409
Accounts receivable	24,718,187	799,407	1,585,204	221,226	649,364	27,973,388	(3,399,072)	24,574,316	22,641,792
Grants and contracts receivable	21,995,526	0	0	0	0	21,995,526	(528,049)	21,467,477	17,886,591
Contributions receivable, net	1,108,022	0	26,784,057	0	26,987,267	54,879,346	0	54,879,346	52,324,165
Interest and income receivable	1,444,015	0	0	0	0	1,444,015	0	1,444,015	813,510
Student loans receivable	34,427	0	0	0	0	34,427	0	34,427	47,017
Notes receivable	0	137,500	0	0	0	137,500	0	137,500	0
Inventories	3,198,586	0	0	0	0	3,198,586	0	3,198,586	2,356,045
Prepaid items	11,581,176	19,666	0	6,600	0	11,607,442	0	11,607,442	7,712,241
Other current assets	549,337	0	0	0	0	549,337	0	549,337	2,598,922
Total current assets	583,484,457	9,461,832	87,089,614	2,783,933	78,115,505	760,935,341	(3,927,121)	757,008,220	691,298,247
<i>Noncurrent Assets:</i>									
Notes receivable	177,978,514	339,188	177,978,514	0	0	356,296,216	(177,978,514)	178,317,702	180,001,069
Lease obligation receivable	0	0	0	12,467,123	0	12,467,123	(12,467,123)	0	0
Contributions receivable, net	1,123,759	0	0	0	0	1,123,759	0	1,123,759	1,670,927
Investments	2,377,246	0	466,872,456	42,424,649	21,105,007	532,779,358	(69,354,298)	463,425,060	461,757,016
Cash surrender value of life insurance	0	0	2,111,947	0	0	2,111,947	0	2,111,947	2,025,395
<i>Restricted Assets - Noncurrent</i>									
Cash and cash equivalents	18,171,383	0	0	0	0	18,171,383	0	18,171,383	18,380,429
Student loans receivable	7,374,908	0	0	0	0	7,374,908	0	7,374,908	8,323,293
Other assets	1,002,744	1,077,328	327,924	1,419,808	0	3,827,804	0	3,827,804	3,466,369
Real estate held for resale	0	0	11,900	11,476,374	0	11,488,274	0	11,488,274	11,644,092
Capital assets, not being depreciated	296,415,088	560,732	8,971,049	0	0	305,946,869	0	305,946,869	164,450,434
Capital assets, net of accumulated depreciation	810,175,493	198,798	415,790	0	0	810,790,081	0	810,790,081	710,942,436
Total noncurrent assets	1,314,619,135	2,176,046	656,689,580	67,787,954	21,105,007	2,062,377,722	(259,799,935)	1,802,577,787	1,562,661,460
Total assets	1,898,103,592	11,637,878	743,779,194	70,571,887	99,220,512	2,823,313,063	(263,727,056)	2,559,586,007	2,253,959,707
Deferred outflows of resources:									
Deferred losses on bond refunding	1,653,330	0	0	0	0	1,653,330	0	1,653,330	2,204,323
Deferred outflows on net pension liability	49,135,897	0	0	0	0	49,135,897	0	49,135,897	40,414,463
Total deferred outflows of resources	50,789,227	0	0	0	0	50,789,227	0	50,789,227	42,618,786
Total assets and deferred outflows of resources	\$ 1,948,892,819	\$ 11,637,878	\$ 743,779,194	\$ 70,571,887	\$ 99,220,512	\$ 2,874,102,290	\$ (263,727,056)	\$ 2,610,375,234	\$ 2,296,578,493

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY16 Total	FY15 Total
Liabilities:									
<i>Current Liabilities</i>									
Accounts and retainages payable	\$ 58,648,061	\$ 793,124	\$ 1,344,784	\$ 1,282,446	\$ 1,247,791	\$ 63,316,206	\$ (2,994,649)	\$ 60,321,557	\$ 42,203,113
Accrued payroll and related liabilities	19,422,755	0	0	0	0	19,422,755	0	19,422,755	18,209,125
Accrued compensated absences and related liabilities	18,470,397	0	0	0	0	18,470,397	0	18,470,397	17,429,631
Accrued interest payable	4,278,984	0	0	25,812	0	4,304,796	0	4,304,796	3,010,608
Unearned revenues	39,575,641	53,141	0	2,366,745	0	41,995,527	0	41,995,527	39,800,977
Bonds payable	18,792,284	0	0	0	0	18,792,284	0	18,792,284	17,308,032
Capital leases payable	977,454	0	0	0	0	977,454	(574,408)	403,046	418,771
Notes payable	0	0	0	0	0	0	0	—	114,287
Deposits	1,416,570	0	0	28,495	0	1,445,065	0	1,445,065	994,568
Funds held for others	805,540	0	0	0	0	805,540	0	805,540	850,211
Total current liabilities	<u>162,387,686</u>	<u>846,265</u>	<u>1,344,784</u>	<u>3,703,498</u>	<u>1,247,791</u>	<u>169,530,024</u>	<u>(3,569,057)</u>	<u>165,960,967</u>	<u>140,339,323</u>
<i>Noncurrent Liabilities:</i>									
Accrued compensated absences and related liabilities	10,485,603	0	0	0	0	10,485,603	0	10,485,603	9,871,369
Due to the University	0	0	177,978,514	0	0	177,978,514	(177,978,514)	0	0
Funds held for others	7,751,177	0	49,354,298	20,932,472	0	78,037,947	(70,286,770)	7,751,177	7,628,989
Net pension liability	509,741,860	0	0	0	0	509,741,860	0	509,741,860	452,937,239
Bonds payable	549,676,754	0	0	0	0	549,676,754	0	549,676,754	343,466,494
Capital leases payable	11,989,717	0	0	0	0	11,989,717	(11,892,715)	97,002	532,776
Notes payable	0	0	0	20,996,162	0	20,996,162	0	20,996,162	17,442,788
Annuities payable	0	0	4,618,507	0	0	4,618,507	0	4,618,507	5,232,324
Total noncurrent liabilities	<u>1,089,645,111</u>	<u>0</u>	<u>231,951,319</u>	<u>41,928,634</u>	<u>0</u>	<u>1,363,525,064</u>	<u>(260,157,999)</u>	<u>1,103,367,065</u>	<u>837,111,979</u>
Total liabilities	<u>1,252,032,797</u>	<u>846,265</u>	<u>233,296,103</u>	<u>45,632,132</u>	<u>1,247,791</u>	<u>1,533,055,088</u>	<u>(263,727,056)</u>	<u>1,269,328,032</u>	<u>977,451,302</u>
Deferred inflows of resources:									
Deferred inflows on net pension liability	929,451	0	0	0	0	929,451	0	929,451	38,346,672
Total deferred inflows of resources	<u>929,451</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>929,451</u>	<u>0</u>	<u>929,451</u>	<u>38,346,672</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,252,962,248</u>	<u>\$ 846,265</u>	<u>\$ 233,296,103</u>	<u>\$ 45,632,132</u>	<u>\$ 1,247,791</u>	<u>\$ 1,533,984,539</u>	<u>\$ (263,727,056)</u>	<u>\$ 1,270,257,483</u>	<u>\$ 1,015,797,974</u>
Net Position									
Net investment in capital assets	\$ 759,323,169	\$ 1,810,362	\$ 9,386,839	\$ 0	\$ 0	\$ 770,520,370	\$ 0	\$ 770,520,370	\$ 691,004,439
<i>Restricted for non expendable purposes:</i>									
Scholarships and fellowships	58,697,588	0	294,908,141	0	0	353,605,729	0	353,605,729	333,628,611
<i>Restricted for expendable purposes:</i>									
Scholarships and fellowships	16,920,561	0	188,675,484	0	0	205,596,045	0	205,596,045	240,925,540
Research	1,373,541	2,078,472	0	0	0	3,452,013	0	3,452,013	3,831,659
Instructional/departmental use	16,458,838	0	0	0	0	16,458,838	0	16,458,838	17,940,574
Loans	2,134,737	0	0	0	0	2,134,737	0	2,134,737	2,033,655
Capital projects	54,148,136	0	0	0	276,681	54,424,817	0	54,424,817	75,616,272
Debt service	8,026,253	0	0	0	0	8,026,253	0	8,026,253	5,605,283
Unrestricted	<u>(221,152,252)</u>	<u>6,902,779</u>	<u>17,512,627</u>	<u>24,939,755</u>	<u>97,696,040</u>	<u>(74,101,051)</u>	<u>0</u>	<u>(74,101,051)</u>	<u>(89,805,514)</u>
Total net position	<u>\$ 695,930,571</u>	<u>\$ 10,791,613</u>	<u>\$ 510,483,091</u>	<u>\$ 24,939,755</u>	<u>\$ 97,972,721</u>	<u>\$ 1,340,117,751</u>	<u>\$ 0</u>	<u>\$ 1,340,117,751</u>	<u>\$ 1,280,780,519</u>

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

For the year ended June 30, 2016

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY16 Total	FY15 Total
Revenues:									
<i>Operating Revenues:</i>									
Student tuition and fees (net of scholarship allowances of \$93,331,062)	\$ 341,076,940	\$ 0	\$ 0	\$ 0	\$ 0	\$ 341,076,940	\$ 0	\$ 341,076,940	\$ 316,893,164
Federal grants and contracts	71,500,053	2,088,700		1,258,075	0	74,846,828	(1,547,739)	73,299,089	64,977,824
State grants and contracts	58,828,423	0		0	0	58,828,423	0	58,828,423	57,351,862
Local grants and contracts	911,966	0		0	0	911,966	0	911,966	882,273
Nongovernmental grants and contracts	12,843,699	33,121	0	0	0	12,876,820	0	12,876,820	11,329,670
Sales and services of educational and other activities	20,441,468	0	0	0	0	20,441,468	0	20,441,468	20,102,980
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$14,169,859)	107,230,229	0	0	0	0	107,230,229	0	107,230,229	103,162,461
Sales and services of auxiliary enterprises - not pledged	56,403,485	0	0	0	0	56,403,485	0	56,403,485	25,956,919
Other operating revenues	<u>31,638,045</u>	<u>3,692,521</u>	<u>5,441,666</u>	<u>3,228,121</u>	<u>0</u>	<u>44,000,353</u>	<u>(1,886,863)</u>	<u>42,113,490</u>	<u>47,479,525</u>
Total operating revenues	<u>700,874,308</u>	<u>5,814,342</u>	<u>5,441,666</u>	<u>4,486,196</u>	<u>0</u>	<u>716,616,512</u>	<u>(3,434,602)</u>	<u>713,181,910</u>	<u>648,136,678</u>
Expenses:									
<i>Operating Expenses:</i>									
Compensation and employee benefits	513,400,899	0	0	0	0	513,400,899	1,222,719	514,623,618	480,249,238
Services and supplies	267,423,373	4,774,305	48,399,592	2,227,152	19,781,829	342,606,251	(58,199,057)	284,407,194	278,429,454
Utilities	18,910,224	57,177	0	0	0	18,967,401	0	18,967,401	19,896,653
Depreciation	49,871,881	261,267	0	0	0	50,133,148	0	50,133,148	49,696,563
Scholarships and fellowships	<u>27,726,340</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,726,340</u>	<u>0</u>	<u>27,726,340</u>	<u>25,410,620</u>
Total operating liabilities	<u>877,332,717</u>	<u>5,092,749</u>	<u>48,399,592</u>	<u>2,227,152</u>	<u>19,781,829</u>	<u>952,834,039</u>	<u>(56,976,338)</u>	<u>895,857,701</u>	<u>853,682,528</u>
Operating income/(loss)	<u>(176,458,409)</u>	<u>721,593</u>	<u>(42,957,926)</u>	<u>2,259,044</u>	<u>(19,781,829)</u>	<u>(236,217,527)</u>	<u>53,541,736</u>	<u>(182,675,791)</u>	<u>(205,545,850)</u>

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY16 Total	FY15 Total
Nonoperating Revenues (Expenses):									
State appropriations	108,812,383	0	0	0	0	108,812,383	0	108,812,383	106,344,796
Federal appropriations	11,631,669	0	0	0	0	11,631,669	0	11,631,669	11,337,741
Gifts and grants	48,188,599	0	39,655,861	150,000	53,844,498	141,838,958	(35,136,353)	106,702,605	108,005,096
Interest income	4,070,955	13,379	5,927,006	(69,224)	253,653	10,195,769	0	10,195,769	7,548,467
Endowment income (loss)	(2,979,062)	0	(9,455,569)	0	(434,502)	(12,869,133)	0	(12,869,133)	12,353,709
Interest on capital asset related debt	(17,090,630)	(57,927)	0	(420,184)	0	(17,568,741)	0	(17,568,741)	(7,913,702)
Other nonoperating revenues	77,798	0	0	0	0	77,798	0	77,798	864,181
Gain/loss on disposal of capital assets	(87,192)	0	0	0	0	(87,192)	0	(87,192)	(4,152,574)
Refunds to grantorss	(70,675)	0	0	0	0	(70,675)	0	(70,675)	(137,110)
Facilities and administrative remittances to the State	(450,045)	0	0	0	0	(450,045)	0	(450,045)	(375,223)
Net nonoperating revenues	152,103,800	(44,548)	36,127,298	(339,408)	53,663,649	241,510,791	(35,136,353)	206,374,438	233,875,381
Income before other revenues, expenses, gains or losses	(24,354,609)	677,045	(6,830,628)	1,919,636	33,881,820	5,293,264	18,405,383	23,698,647	28,329,531
State capital appropriations	15,885,915	0	0	0	0	15,885,915	0	15,885,915	4,456,874
Capital grants and gifts	37,580,476	0	0	0	0	37,580,476	(18,405,383)	19,175,093	5,107,189
Intra-entity contributions	0	0	(1,291,496)	0	1,302,037	10,541	0	10,541	1
Additions to permanent endowments	567,036	0	0	0	0	567,036	0	567,036	209,467
Increase in net position	29,678,818	677,045	(8,122,124)	1,919,636	35,183,857	59,337,232	0	59,337,232	38,103,062
Net Position:									
Net position, beginning of year, as originally stated	666,251,753	10,114,568	518,605,215	23,020,119	62,788,864	1,280,780,519	0	1,280,780,519	1,689,300,653
Restatement	0	0	0	0	0	0	0	0	(446,623,196)
Net position, beginning of year as restated	666,251,753	10,114,568	518,605,215	23,020,119	62,788,864	1,280,780,519	0	1,280,780,519	1,242,677,457
Net position, end of year	\$ 695,930,571	\$ 10,791,613	\$ 510,483,091	\$ 24,939,755	\$ 97,972,721	\$ 1,340,117,751	\$ 0	\$ 1,340,117,751	\$ 1,280,780,519

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