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CLEMSON[®]

U N I V E R S I T Y

CLEMSON, SOUTH CAROLINA



Comprehensive Annual Financial Report

For the Year Ended June 30, 2009

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



Comprehensive Annual Financial Report

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

For the Year Ended June 30, 2009

Prepared by the Comptrollers Office

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Introductory Section
(unaudited)



President's Letter

2009

Dear Friends of Clemson:

Because of the recession and the global financial crisis that occurred in 2008, the 2008-09 academic and fiscal year was the most challenging of the decade for Clemson University. We addressed our budget situation in three distinct, but overlapping, categories or stages.

The first challenge was to respond quickly to establish a balanced budget after sustaining the largest funding cuts in the history of the University – particularly the loss of approximately \$40 million in state appropriations for Education and General (E&G) programs and Public Service Activities (PSA). We met this challenge by reducing spending in each budget center; freezing non-essential hiring and travel; delaying or halting several construction projects; increasing the contributions from auxiliary units; and instituting a mandatory five-day furlough for all employees announced in November 2008. The challenges were unprecedented but Clemson prevailed by working together in good faith, and by communicating openly and honestly.

The next stage or category was to develop sustainable strategies to manage these reductions in funding on a permanent basis. That process began in December 2008 as 11 Budget Task Forces were appointed to look at everything from administrative structure to curriculum to distance learning. The entire campus engaged in town meetings, budget task forces, departmental budget teams, faculty and staff senate, and student government discussions. This work culminated in the adoption of a responsible and sustainable budget strategy for FY 2009-10 which protects Clemson's real gains in academic quality while minimizing the impact of cuts on students, faculty and staff. Responsible use of stimulus funds, moderate tuition and fee increases, and significant reductions in administrative and support costs resulted in a plan which protects the academic core and essential services for students, faculty, and staff.

Endorsement of this plan came in the form of record-setting applications and enrollment for FY 2009-10. In the midst of a severe global recession and unprecedented state funding cuts, student applications and enrollment hit record levels. This is a tremendous vote of confidence in the quality and value of Clemson University education even in a down economy.

The "new normal" next year will be serving more students with fewer staff – doing more with less, being more efficient, more innovative and more entrepreneurial in everything we do. Establishing a sustainable budget that focuses on the University's academic core, and that establishes more efficient support and administrative services, positions Clemson well for an emergence from the recession as a stronger, more focused institution with increased resources from non-state sources. That is the category three response to the significant reductions in state funding and endowment values from FY 2008-09.

I am proud that Clemson held strong this year at its #22 ranking among all 164 national public universities in U.S. News and World Report. Clemson University is South Carolina's highest-ranked public institution, and we continue to deliver high quality and value for our students, drive innovation through research, and provide public service and economic development for the people of South Carolina.

We are ready to greet the FY2010 fiscal and academic year with renewed hope and optimism.

Sincerely,

James F. Barker, FAIA
President



P R E S I D E N T

201 Sikes Hall Clemson, SC 29634-5002
864.656.3413 FAX 864.656.4676



University Goals

- **Academics, research and service**

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

- **Campus life**

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

- **Student performance**

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

- **Educational resources**

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

- **Clemson's national reputation**

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



LETTER OF TRANSMITTAL

September 28, 2009

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

We are pleased to present to you the Comprehensive Annual Financial Report of Clemson University for the year ended June 30, 2009. 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, 2009, the University contracted with the independent certified public accounting firm of Elliott Davis, LLC, to perform the University's annual audit. The auditors have issued an unqualified opinion, the most favorable outcome of the audit process. The independent auditor's report is located at the front of the financial section.

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

Profile of the University

Clemson University was founded in 1889, a legacy of Thomas Green Clemson, who willed his Fort Hill plantation home, its surrounding farmlands and forest, and other property to the state of South Carolina to establish a technical and

scientific institution for South Carolina. Clemson opened its doors to 446 students as a military college in 1893.

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

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

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

The University adopted Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides criteria for determining whether certain organizations should



FINANCIAL AFFAIRS

Chief Business Officer G-06 Sikes Hall Box 345301 Clemson, SC 29634-5301

864.656.2420 FAX 864.656.2008

be reported as component units based on the nature and significance of their relationship with a related entity. Based on these criteria, the University determined that the Clemson University Foundation and the Clemson University Research Foundation are indeed component units of the University. Consequently, the financial statements include the accounts of these two entities as discretely presented component units.

Local Economy

South Carolina's unemployment rate at the end of June was 12.1 percent, far outdistancing the national average of 9.5 percent. Furthermore, there were 20 counties in the State with 15 percent or more unemployment.

According to *The Economic Situation*, a monthly newsletter authored by Bruce Yandle, Dean Emeritus of the College of Business & Behavioral Science, at Clemson University, and Director of the Strom Thurmond Institute Economic Outlook Project, "the recession has revealed South Carolina's vulnerable transition economy". According to Yandle, "For many years South Carolina's unemployment rate rested below that of the nation; the state was creating wealth at a faster pace and was gaining on the nation. Then, in 2001, the relationship changed. The unemployment gap expanded, and South Carolina lost ground."

Key factors in the post-2001 employment decline:

- The North American Free Trade Agreement (NAFTA) and the acceleration of a long decline of U.S. textile manufacturing.
- The rapid rise of a new economy that sets higher minimum education and skill levels for entry level workers.
- Other states are doing a better job in attracting and keeping knowledge workers.

The metropolitan areas that are exhibiting population and economic growth in South Carolina are those with colleges and universities. According to Yandle, "Cities and towns paired with colleges and universities are South Carolina's economic engines".

In recent years the State has taken several steps to nurture and enhance the shift to a knowledge-based economy. Lottery funded LIFE, HOPE, Palmetto and Need-Based scholarships have enticed the State's brightest students to enroll in state-supported universities. Additionally, lottery funds, paired with private gifts have resulted in numerous Centers of Economic Excellence endowed chairs at the State's research universities. Research University Infrastructure and Economic Development Bond issues were particularly instrumental in the development of Clemson's International Center for Automotive Research and for other similar "high-tech" programs throughout the state. The goal for each of these programs is to generate the high-paying, professional, knowledge-based jobs needed to keep these better educated graduates in-state.

Long-term Financial Planning

As the global economy weakened in the past year, Clemson took proactive steps to allocate funds conservatively and reduce spending. The University incurred more than \$35 million in state appropriation budget cuts and was advised that additional cuts were likely to occur in the coming fiscal year. Programs funded by endowments were also impacted by the economic downturn. The campus sought strategies to reduce expenditures and improve efficiencies, while positioning Clemson to emerge a stronger University.

This focus on efficiency included a core emphasis on building a Lean skill set within the Clemson faculty, staff and student body. Over 100 associates from several key functional areas participated in Lean training and applied that training to specific projects. Efficiency was also demonstrated by utilizing student groups to practically apply Lean principles learned in the classroom to tangible University projects.

These projects were selected by the Discovery Council, a team of faculty, staff and students charged with identifying and eliminating waste through the application of Lean tools and techniques. Core projects addressed by the Discovery Council included: energy conservation initiatives, re-engineering the hiring process, implementing a cell phone policy and procedure, streamlining reports reconciliation processes, and evaluating administrative support structures. The result of these efforts was more than \$4.7 million in savings and re-allocation contributions to the University's fiscal year 2010 operating budget.

The University's FY 2010 operating budget:

- Protects the academic core by maintaining course offerings and preserving faculty commitments.
- Supports investments in strategic initiatives such as creative inquiry, smaller class sizes and research incentives.
- Considers downward trends in endowment values and spending levels.
- Anticipates additional state appropriation budget cuts in fiscal year 2010.
- Meets inflationary costs such as the rising costs of utilities.

In addition to the efficiency-enhancing measures discussed above, the fiscal year 2010 operating budget relies on internal budget cuts, aggressive cost savings, greater reliance on generated revenue and grants and contracts, and responsible increases in tuition and fees to offset the University's funding cuts. These actions, in addition to approximately \$17.2 million in Federal Stimulus funding, allowed the University to hold tuition increases to 4.5% for in-state residents and 7.5% for nonresidents.

Major Initiatives

In 2008-09 Clemson University continued to deliver value and a quality education for students, and economic development for South Carolina, despite the challenges of a slumping economy and falling levels of state support. The University has a plan – a Road Map — that aligns with the statewide plan for higher education developed in 2008-09. The scale and timetable for implementation will be adjusted because of economic realities, but those realities make it even more important that we be focused, strategic and good stewards of the resources we have.

For students, Clemson is delivering an undergraduate experience that is comparable to a small, private university, with the added benefits of a major research enterprise. The university maintained its reputation for quality and value, including its #22 ranking among national public universities by US News & World Report, and continued its progress toward its goals. It set a record for applications at both the undergraduate and graduate levels. A total of 16,281 undergraduate applications were received for admission in Fall 2009, and more students were accepted into the Bridge to Clemson program in conjunction with Tri-County Technical College.

Major student initiatives and achievements included the announcement that Clemson would guarantee to all Palmetto Fellows in the College of Engineering and Science additional scholarship support to make up for costs not covered by the Palmetto Fellows program. To meet the demand for students proficient in physical science, mathematics and engineering fields, incoming freshmen in the college will receive a minimum of \$4,500.

As a research university, Clemson plays a major role in supporting innovation and economic development in South Carolina through such facilities as the Clemson University International Center for Automotive Research near Greenville, the Clemson Advanced Materials Center in Anderson County and the Clemson University Restoration Institute in North Charleston.

The University developed a new “Strategic Plan for Research and Economic Development at Clemson,” which outlined goals, approaches and a two-year action plan.

Supercomputing at Clemson University continued to garner worldwide attention. The Palmetto Cluster, a supercomputer that provides a cost-effective shared computing infrastructure for faculty, researchers and graduate students, is ranked in the top 10 supercomputing sites at US academic institutions by TOP500.

Private gifts to Clemson University totaled \$78.7 million for the 2008-2009 fiscal year that ended June 30, 2009. The total includes \$43.1 million given by donors to the Clemson University Foundation to support academics and athletic capital projects, \$16 million added to the inventory of planned gifts and \$19.6 million to IPTAY, which supports athletic scholarships.

The foundation received \$23.3 million in cash, \$11.4 million in pledges, \$3.8 million in real estate gifts and \$4.6 million in gifts-in-kind.

Major gift highlights for the year include:

- \$2 million from Clemson alumnus Tom Chapman of Atlanta, half to establish a leadership program in the College of Business and Behavioral Science, and the balance used to expand and enhance Doug Kingsmore Stadium.
- \$2.5 million from Metromont to name and support the Richard H. Pennell Center for Real Estate Development.
- \$1 million bequest from Laurens attorney Albert McAlister to endow a scholarship fund in memory of his late father, Paul W. McAlister, a life trustee of Clemson.
- \$3.5 million from BB&T to expand the Clemson Institute for the Study of Capitalism.

Clemson also dedicated its new Harris A. Smith Building, home to the Sonoco Institute of Packaging Design and Graphics, which was built and furnished entirely with private funds.

Support from Clemson alumni remained strong, with 28.3 percent giving back to the university in 2008-09. And a retired Clemson University professor’s endowment for a chair in the entomology, soils and plant sciences department is the largest gift to the university ever from a faculty member (John Morse and his wife, Suzanne).

In addition, more than 300 gifts totaling \$71,363 were made to the Clemson University Foundation for the One Clemson Furlough Relief Fund, and almost \$500,000 in unrestricted gifts were made to a new giving program, The Leadership Circle, and went largely to emergency student support.

Generous private gifts and a state match have raised a total of \$8 million to establish the Advanced Fiber-based Materials Center of Economic Excellence at Clemson University. Clemson also received approval from the SC Endowed Chairs Review Board to establish a Center of Economic Excellence in Tissue Systems Characterization with \$3 million in state funds that require an additional \$3 million in non-state matching funds.

In addition, five research and technology projects were awarded \$3.95 million from federal appropriations this year, including:

- The Clemson University Cyberinstitute, which will link South Carolina to university researchers, industry partners and technology entrepreneurs throughout the nation through the national high-speed network called National LambdaRail.
- Advanced photonics research at Clemson’s Center for Optical Materials Science and Engineering Technologies (COMSET), which focuses on developing novel optical materials.
- A Cellulosic biofuels pilot plant at the Clemson University Restoration Institute in North Charleston, will develop ways to economically convert plant materials into fuel and help reduce the nation’s dependence on fossil fuels.
- Research on fruit tree genetics and the causes and control of diseases like peach tree short life.
- An incubation center, located at the Advanced Materials Center in Anderson County, which will provide space for advanced materials-related start-up companies.

Other new research initiatives include:

- \$1.5 million research award from NIH to Naren Vyavahare, Hunter Endowed Chair and professor of bioengineering, to develop durable bioprosthetic heart valves.
- \$800,000 to researchers in geology and environmental toxicology to clean toxic water from oil and gas drilling
- \$700,000 from the Centers for Disease Control to a mechanical engineering researcher to investigate methods to prevent black lung disease by reducing harmful particulate levels in coal mines.
- \$1 million National Institutes of Health grant to Clemson neuroscientists to study hearing defects and the development of the middle ear.
- \$570,000 to food science researchers to study food safety in child-care centers.

Other highlights of the year included:

- Claude Lilly, dean of the College of Business and Behavioral Science at Clemson University, was re-elected chairman of the Federal Reserve Bank of Richmond's Charlotte branch.
- Esin Gulari, dean of the College of Engineering and Science, was named to the National Science Board.
- Physics professor Terry Tritt received the 2008 Governor's Award for Excellence in Scientific Research. Tritt has received international attention in his study of thermoelectric energy.
- John Ballato, professor in Clemson University's School of Materials Science and Engineering, was elected a Fellow of the American Ceramic Society.
- Professor of physics and astronomy Apparao Rao was named a Fellow of the American Physical Society.
- Shelie Miller, an assistant professor in the department of environmental engineering and earth sciences, and School of Computing professor Jason Hallstrom both received \$400,000 NSF CAREER Award.
- Piano professor Linda Li-Bleuel was named a 2008 Fulbright Scholar.
- Clemson's Parks, Recreation and Tourism Management program sponsored the first-ever national Summit on the Value of Play, which brought together educators, researchers and recreation professionals interested in fighting childhood diseases and obesity through outdoor play activity.
- The Call Me MISTER program, which began at and is headquartered at Clemson, expanded into its 7th state, Florida. Its goal is to educate African-American men to be elementary school teachers and role models.
- A new book published by Clemson University Digital Press explores the many aspects of the life of university founder Thomas Green Clemson.
- Clemson University alumni across the nation participated in community service projects in Clemson's first ever National Alumni Day of Service Saturday, April 4.
- Clemson was again named to the President's Higher Education Community Service Honor Roll for exemplary

service efforts and service to America's communities.

- Clemson University student Mary Katherine Watson of Summerville, a graduate student in biosystems engineering, received a National Science Foundation Graduate Research Fellowship.
- Clemson Ethics Bowl team finishes second in the national Ethics Bowl Championships in Cincinnati, Ohio.

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, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Sincerely,



Brett A. Dalton
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clemson University
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

CLEMSON UNIVERSITY BOARD OF TRUSTEES

(as of June 30, 2008)

TRUSTEES

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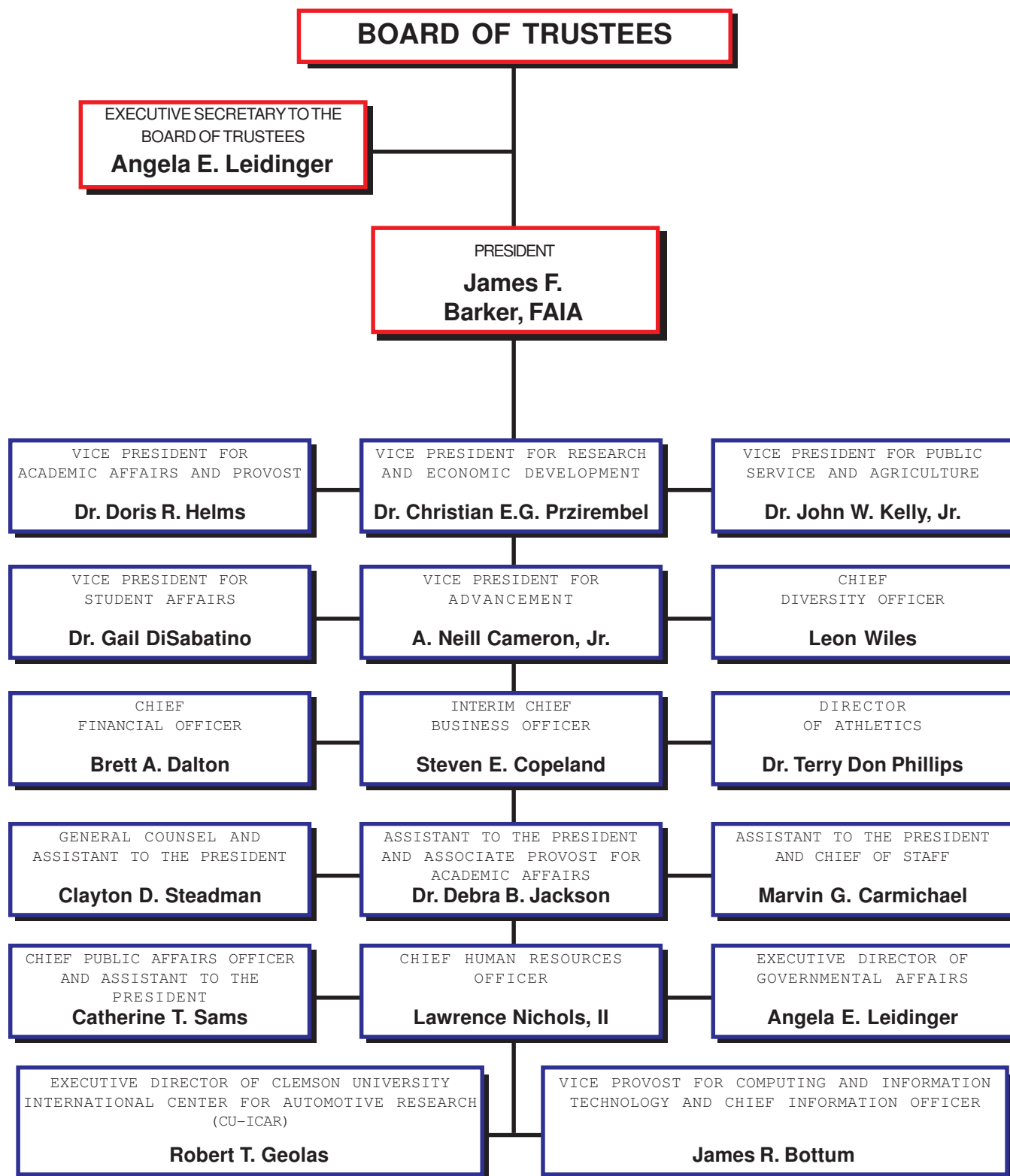
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Retired
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Allen P. Wood
Retired
Mosley, Wilkins, Wood Associates, Ltd.

CLEMSON UNIVERSITY ORGANIZATION CHART





Financial Section

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Clemson University (the University), a department of the State of South Carolina, as of and for the year ended June 30, 2009, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Clemson University Research Foundation (a discretely presented component unit) and the Clemson University Foundation (a discretely presented component unit). The Clemson University Research Foundation and the Clemson University Foundation's reflect 100% of total assets, 100% of net assets, and 100% of total revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these discretely presented components units, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the University are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the business-type activities of the State of South Carolina that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of South Carolina as of June 30, 2009, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component units of the University as of June 30, 2009, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2009 on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

Greenwood, South Carolina
October 5, 2009

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 2009. While audited financial statements for fiscal year 2008 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on current year data.

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

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

Statement of Net Assets

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

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

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

Assets – increase of \$5 million

- Current assets increased by \$9.8 million. A decline in unrestricted cash of \$12.1 million was offset by an increase in restricted cash of \$22.1 million. The unrestricted cash decrease was attributable to several factors. Operating funds previously transferred for the Packaging and Design building, Bio-Life Sciences building, Sandhill Research and Education Center, CU-ICAR, and Rhodes Hall Annex were spent in the current fiscal year. Accumulated cash balances in Public Service Activities (PSA) were expended due to state budget cuts in the current fiscal year. Hiring, travel, and spending

Condensed Summary of Net Assets (thousands of dollars)

	2009	2008	Increase/ (Decrease)	Percent Change
Assets				
Current assets	\$ 254,202	\$ 244,363	\$ 9,839	4.03%
Capital assets, net	590,568	575,700	14,868	2.58%
Other assets	127,355	147,041	(19,686)	(13.39)%
Total Assets	<u>972,125</u>	<u>967,104</u>	<u>5,021</u>	0.52%
Liabilities				
Current Liabilities	84,203	94,684	(10,481)	(11.07)%
Noncurrent Liabilities	143,080	151,350	(8,270)	(5.46)%
Total Liabilities	<u>227,283</u>	<u>246,034</u>	<u>(18,751)</u>	(7.62)%
Net Assets				
Invested in capital assets, net of debt	456,106	429,669	26,437	6.15%
Restricted - nonexpendable	35,785	33,916	1,869	5.51%
Restricted - expendable	207,228	207,042	186	0.09%
Unrestricted	45,723	50,443	(4,720)	(9.36)%
Total Net Assets	<u>\$ 744,842</u>	<u>\$ 721,070</u>	<u>\$ 23,772</u>	3.30%

freezes resulted in a slight increase in Education & General (E&G) cash balances. Several factors contributed to the increase in restricted cash balances. Due to the suspension of construction projects, there was an increase of \$9.3 million in debt service funds that were not used for capital projects or debt service in the current fiscal year. The IPTAY Scholarship fund balance increased \$6.6 million. Bond mandated transfers to Improvement funds by Athletics and Dining Services totaled \$2.6 million. Transfers from Athletics and Housing for future debt service totaled \$1.5 million. The University received \$2.6 million in Research University Infrastructure bond proceeds in the current fiscal year. Accounts Receivable decreased \$1.1 million due to the receipt of \$3.2 million in accrued state bond proceeds recorded in the prior fiscal year, offset by an increase in receivables for contractual commitments for Information Systems Development fees. The grants and contracts receivable decrease of \$300,000 was primarily attributable to one-time funding in the prior fiscal year for federal land-grant Hatch funds. Contributions receivable increased \$1.2 million related to the current portion of a pledge from The Cliffs Communities. The prepaid expenses decline of \$300,000 was mainly due to a deposit that was prepaid in the prior fiscal year for the purchase of a fire truck. Inventories increased approximately \$300,000 due to the new Apple Store.

- Net capital assets increased \$14.9 million. Non-depreciable assets increased \$14.1 million due to construction in progress. Current campus projects reflected in Construction in Progress include: the West Zone renovation of Memorial Stadium, the Rhodes Hall Annex, the new Bio-Life Sciences building, the new Academic Success Center, an addition to Kingsmore Stadium, and one public service building, the Sandhill Research Education Center in Columbia, SC. Depreciable net assets increased \$812,000 this fiscal year. The net value of buildings increased \$4.3 million this past fiscal year due to the completion of the Baruch Office and Lab building in Georgetown, SC, the Chilled Water System building, and the President's Rotunda. The Chilled Water System project also contributed to an increase of \$649,000 in utilities and other non-structural improvements. A spending freeze and increased capital outlay to furnish CUFICAR in the prior year led to a decline of \$4.9 million in equipment. The sale of an aging motor pool fleet was offset by the purchase of a new fire truck resulting in an increase of \$449,000 in vehicles. Computer software increased \$346,000 due to the purchase and development of new Data Warehouse software.
- Other assets decreased \$19.7 million. The balance on loan to the Clemson University Foundation (CUF) decreased \$21 million as a result of appreciation and realized losses due to the stock market downturn. An increase in federal Perkins loans resulted in a decrease of \$714,000 in restricted noncurrent cash and an increase of \$930,000 in student loans receivable. Investments decreased \$620,000 due to appreciation losses on endowment assets held by Wachovia, and contributions receivable increased \$1.7 million due to

the long term portion of the Cliffs Communities pledge.

Liabilities – decrease of \$18.8 million

- Current liabilities decreased by \$10.5 million. Accounts payable decreased \$10.9 million, due to the spending freeze in place for most of the fiscal year, reduced payroll liabilities, one time equipment purchases in the prior fiscal year, and the suspension of capital projects. The \$1.4 million decrease in deposits was primarily due to ticket sales in the prior year for the August, 2008 football game with the University of Alabama, held in the Georgia Dome in Atlanta. The \$500,000 decrease in deferred revenues was attributable to a decline in football ticket sales offset by an increase in student payments for the second summer and fall semesters, orientation fees, and study abroad fees. Accrued payroll and related liabilities increased \$1.9 million. Thirty percent of the first July payday was attributable to fiscal year 2009 and increased amounts due to Blue Cross and Workers Compensation were contributing factors to this increase. Retirement incentive plans for Facilities and Public Service Activities personnel was responsible for the \$200,000 decrease in the current portion of accrued compensated absences and related liabilities. An increase in the current portion of long-term debt for bonds payable of \$700,000 was the result of higher principal payments on previously existing debt.
- Noncurrent liabilities decreased by \$8.3 million. The University incurred no long-term debt this past fiscal year. Consequently, principal payments of existing bonds, notes and capital leases payable resulted in a decline of \$12.1 million. The State mandated 1 percent pay raise was responsible for an increase in the long-term portion of accrued compensated absences and related liabilities of \$891,000. The \$2.9 million increase in funds held for others was the result of the football coach's termination settlement.

Net Assets – increase of \$23.8 million

- Capital assets, net of related debt increased \$26.4 million. This resulted from increases in net capital assets of \$14.9 million as discussed above, along with a decrease in capital debt of \$12.1 million, and increased net disposals of \$386,000.
- The \$1.9 million increase in restricted – nonexpendable net assets for scholarships and fellowships resulted from \$2.5 million in State lottery funding for University endowed professorships, less appreciation losses for endowment assets held by Wachovia.
- Restricted for expendable net assets increased \$186,000, based on the following:
 - Restricted – expendable net assets for scholarships and fellowships decreased \$15.3 million due to unrealized restricted endowment losses which were offset by an increase in scholarship gifts from IPTAY.
 - Restricted – expendable assets for research increased approximately \$320,000, resulting primarily from a decrease in deferred revenues for sponsored programs.
 - Restricted – expendable assets for instructional/

departmental use increased \$1.4 million due to capital gifts for Phase II of the WestZone project in Memorial Stadium.

- Restricted – expendable assets for student loans exhibited no material change.
- Restricted – expendable assets for capital projects increased \$12 million due to a \$9 million increase in excess debt service funds due to a freeze on construction projects, and substantial increases by auxiliaries to bond-mandated improvement funds in anticipation of the replacement of existing dining and housing facilities.
- Restricted – expendable assets for debt service increased \$1.8 million due to transfers by Athletics and Housing for future debt service.
- Unrestricted net assets decreased \$4.7 million, based on the following:
 - Unrestricted - educational and general net assets increased \$4 million. In the prior year, approximately \$12 million was transferred to unrestricted expended plant for construction projects. There were no similar transfers in the current fiscal year due to the spending and construction freeze.
 - Unrestricted – funds designated for plant fund projects decreased \$8.7 million. Funds that were previously transferred for the Packaging and Design building, the Bio-Life Sciences building, Sandhill Research and Education Center, CU-ICAR, and the Rhodes Hall Annex were spent in the current fiscal year. Accounts Payable also declined due to the completion and capitalization of construction projects.
 - Unrestricted – public service activities net assets decreased \$2.7 million. Previously accumulated cash balances were expended in the current fiscal year due to budget cuts.
 - Unrestricted – auxiliaries increased \$2.7 million due to the refund from a State consortium for excess premiums paid for the self-funded student insurance plan, the sale and privatization of the motor pool, and an increase in Information Systems Development contracts.

Statement of Revenues, Expenses and Changes in Net Assets

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

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received

by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution.

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

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

Decisive Action

At its October, 2008, meeting, the University's Board of Trustees took quick and decisive action in response to the then-undeclared economic recession. A mandatory five-day furlough for all employees, including executive and athletic staff, was announced and put in place by the end of November. Numerous capital construction projects were suspended or terminated and a related bond issue to finance them was cancelled. Hiring freezes for non-essential personnel and a freeze on non-essential travel were initiated and would last throughout the fiscal year. Budgets for equipment and services and supplies were also cut. Increased general and administrative charges were assessed for self-supporting auxiliaries and an additional surcharge was announced for the fiscal year ending June 30, 2009. Later, early retirement plans were executed for Facilities and Public Service Activities employees.

These actions enabled the University to continue to offer the quality education promised its students despite more than \$35 million in state appropriation budget cuts. If not referred to specifically, they nevertheless constitute a consistent and recurring theme in the following discussion of "Total Revenues" and "Total Expenses" for the fiscal year ending June 30, 2009.

Total Revenues –decrease of \$20.3 million

- Operating revenues increased \$29.6 million, based on the following:
 - Student tuition and fees increased \$17 million, the result of a Board approved increase of 5.5 percent for residents and 7.5 percent for nonresidents. Enrollment also increased substantially over the prior year.
 - Sales and services revenues increased \$7.4 million. Sales and services of pledged auxiliaries increased \$5.7 million. An increase in Housing and Dining revenues resulted from Board-approved fee increases of 6.05 percent and 6 percent, respectively. An increased conference

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

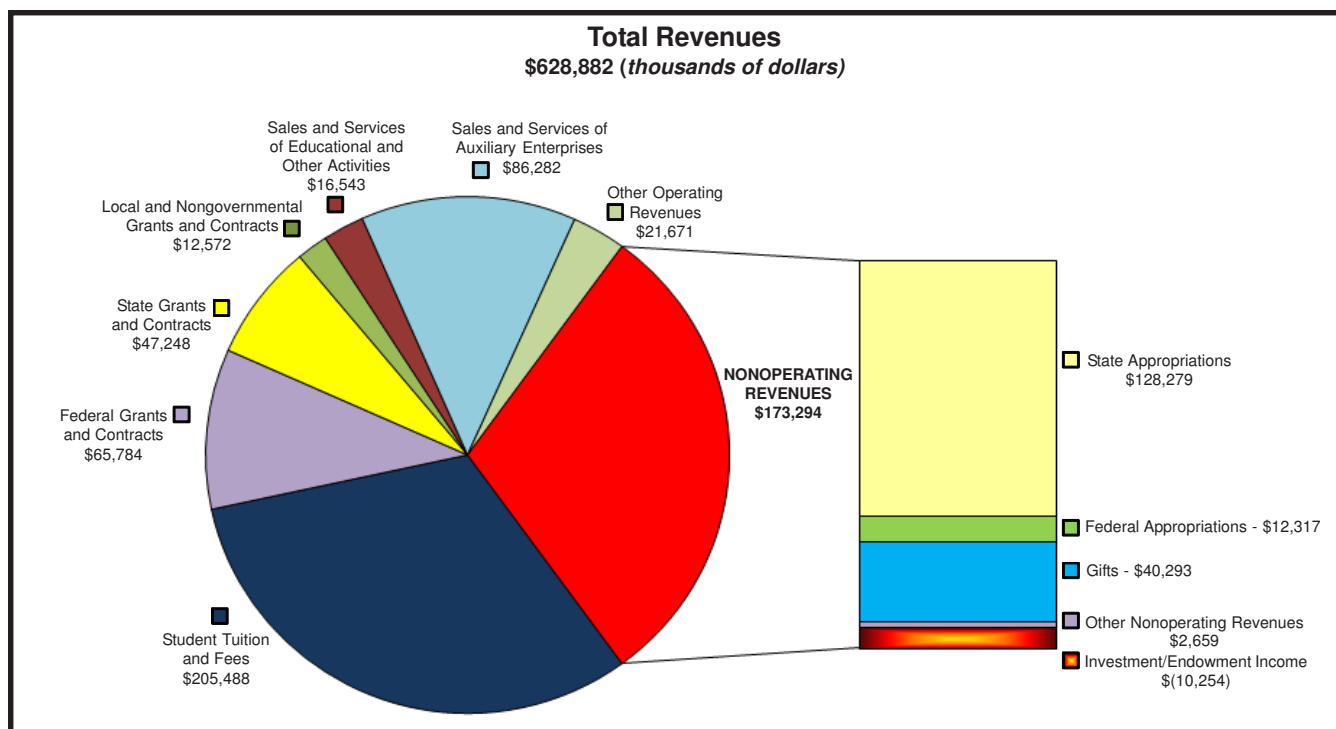
	2009	2008	Increase/ (Decrease)	Percent Change
Revenues:				
Student tuition and fees	\$ 205,488	\$ 188,530	\$ 16,958	8.99%
Sales and services	102,825	95,427	7,398	7.75%
Grants and contracts	125,604	117,001	8,603	7.35%
Other operating revenues	21,671	25,013	(3,342)	(13.36)%
Total operating revenues	455,588	425,971	29,617	6.95%
State appropriations	128,279	167,224	(38,945)	(23.29)%
Federal appropriations	12,317	14,186	(1,869)	(13.17)%
Gifts	40,293	39,020	1,273	3.26%
Investment income (loss)	(10,254)	1,416	(11,670)	(824.15)%
Other nonoperating revenues	1,944	1,389	555	39.96%
Proceeds from the sale capital assets	715	—	715	100.00%
Total nonoperating revenues	173,294	223,235	(49,941)	(22.37)%
Total revenues	628,882	649,206	(20,324)	(3.13)%
Expenses:				
Compensation and employee benefits	394,708	402,601	(7,893)	(1.96)%
Services and supplies	158,556	174,642	(16,086)	(9.21)%
Utilities	19,376	17,951	1,425	7.94%
Depreciation	33,364	32,697	667	2.04%
Scholarships and fellowships	13,382	10,845	2,537	23.39%
Total operating expenses	619,386	638,736	(19,350)	(3.03)%
Interest expense	6,637	7,196	(559)	(7.77)%
Loss on disposal of capital assets, before proceeds	802	443	359	81.04%
Refunds to grantors	213	386	(173)	(44.82)%
Facilities and administrative remittances to the State	608	710	(102)	(14.37)%
Total nonoperating expenses	8,260	8,735	(475)	(5.44)%
Total expenses	627,646	647,471	(19,825)	(3.06)%
Income before other revenues, expenses, gains or losses	1,236	1,735	(499)	(28.76)%
State capital appropriations	6,986	19,501	(12,515)	(64.18)%
Capital grants and gifts	13,059	3,998	9,061	226.64%
Additions to permanent endowments	2,491	5,898	(3,407)	(57.77)%
Change in net assets	23,772	31,132	(7,360)	(23.64)%
Net assets, beginning	721,070	689,938	31,132	4.51%
Net assets, ending	\$ 744,842	\$ 721,070	\$ 23,772	3.30%

distribution and game guarantees resulted in a \$3 million increase in Athletics revenues. Non-pledged auxiliaries sales and services increased \$1.4 million. Increases in Information Systems Development contractual commitments and Telecommunications fees were partially offset by a reduction in revenues from the disposal of the University's motor pool fleet. The \$275,000 increase in sales and services of educational activities resulted primarily from timber sales.

- Grants and contracts revenues increased \$8.6 million. Revenues from federal grants and contracts increased \$4.1 million due to an increase in federal sponsored projects, notably from the Department of Defense, Department of Energy and the Department of Health and Human Services. State grants were up \$3.8 million primarily due to increases in State Lottery funded Palmetto Fellowships, LIFE and Need-Based scholarships. Local grants and contracts revenues were

substantially the same as the prior year. Nongovernmental grants and contracts increased \$500,000 due to a substantial increase in grants from private Foundations, offset by declines in grants from private corporations, CURF, and International sources.

- Other operating revenues decreased \$3.3 million. A \$3 million decrease in computer service fees was the single largest contributor to this decline. Internal revenues decreased \$1 million and an additional \$2 million decrease was the result of a network upgrade completed in the prior year.
- Nonoperating revenues decreased \$49.9 million, based on the following:
 - State appropriations decreased \$38.9 million. Appropriations for Educational & General (E&G) activities decreased \$27.7 million, including a decrease of \$25 million in Budget and Control Board mandated reductions and a \$2.7 million reduction for salary and



benefits. Appropriations for Public Service Activities (PSA) decreased \$11.2 million, including a decrease of \$10.6 million in Budget and Control Board mandated reductions and a \$1 million reduction for salary and benefits.

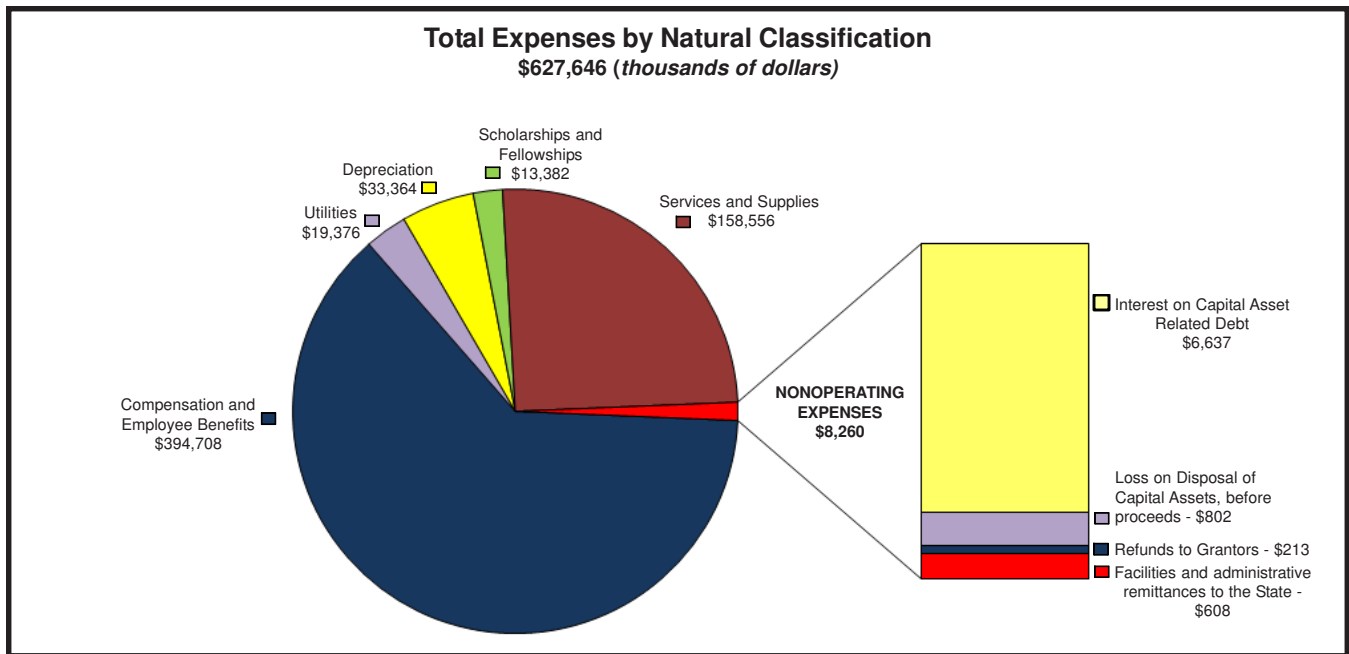
- Federal appropriations decreased \$1.9 million due to one-time funding provided by the US Department of Agriculture for Hatch and McIntire Stennis agricultural research projects in the prior year.
- Gifts increased \$1.3 million. A \$3 million pledge from The Cliffs Communities, as well as gifts from related organizations, were offset by a decline of \$2.7 million in IPTAY scholarship funding.
- Investment income decreased \$11.7 million. Investment Income for cash amounts held by the State Treasurer decreased \$1.2 million and realized and unrealized losses on amounts held by CUF decreased \$10.5 million.
- Other nonoperating revenues increased \$555,000 and was attributable to a refund of \$963,000 from a State consortium for excess premiums paid for self funded student insurance, offset by a decrease in one-time funding for asbestos abatement that was received in the prior year.
- The University received \$715,000 in proceeds from the sale of the motor pool fleet, engineering equipment, E&G surplus equipment, and Edisto farm equipment this fiscal year. There were no similar sales last year.

Total Expenses – decrease of \$19.8 million

- Operating expenses decreased \$19.4 million, based on the following:
 - Compensation and employee benefits decreased \$7.9 million. Classified salaries for staff and unclassified salaries for faculty decreased despite a state mandated 1 percent cost-of-living increase. Reasons for the decline

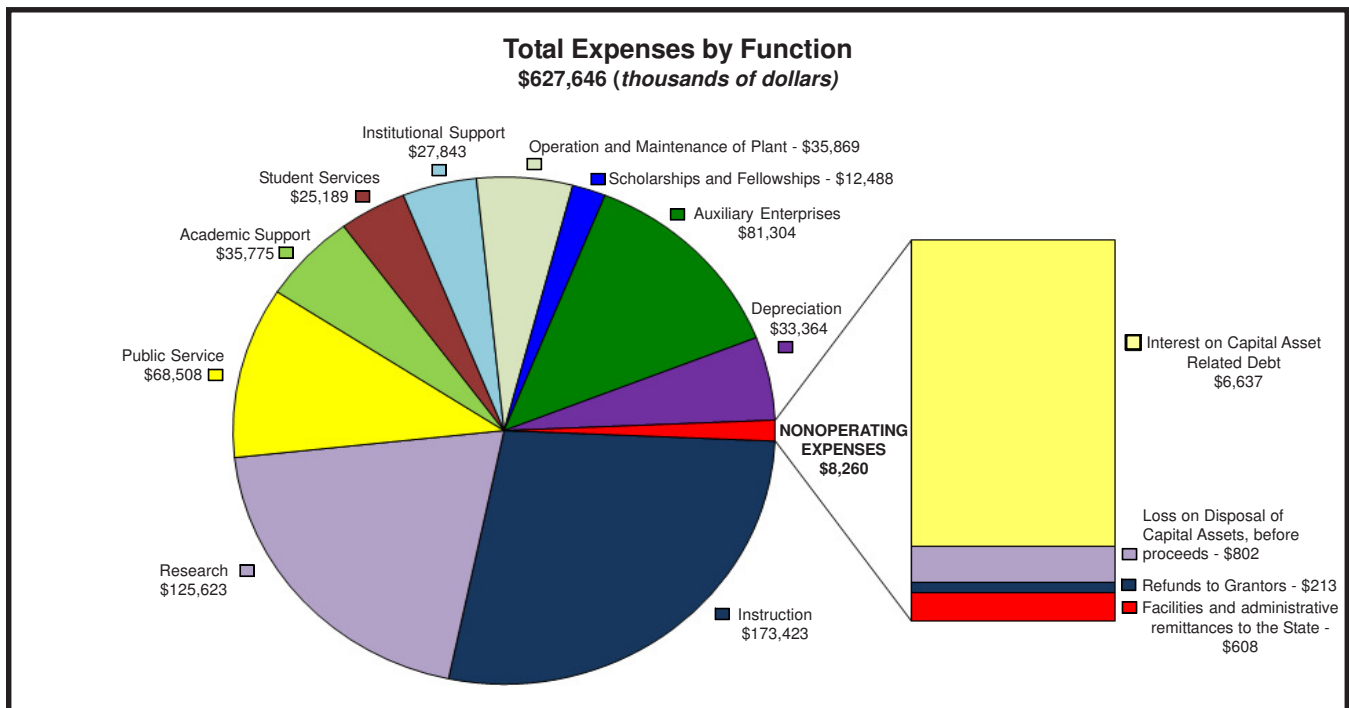
include a University-wide mandatory five day furlough, a hiring freeze for most of the fiscal year, and early retirement plans for Public Service and Facilities employees. Employer fringe benefit costs increased \$5.9 million, a reflection of rising benefits costs.

- Services and supplies expenses decreased \$16.1 million. Instruction costs were substantially the same as last year although there was a decline in professional and continuing education program costs. The research decrease of \$2.9 million was attributable largely to the one-time funding increase last year for federal Hatch and McIntire Stennis agricultural research programs that could not be spent on recurring costs, such as salaries. The \$3.7 million decrease in public service costs was attributable to state appropriation budget cuts for Public Service Activities, a decline of \$1.1 million due to prior year renovations at Camp Bob Cooper, and \$695,000 related to the prior year Madren Center AV upgrade. Academic support costs increased \$2.7 million due an increase in network and licensing costs of \$1.48 million and an increase in state earmarked appropriation funding for the University Center in Greenville of \$501,000 and funding for SC Lightrail of \$731,000. Student services costs decreased approximately \$755,000. The Solid Orange spring event was not held in 2009, resulting in a savings of \$439,000, and Tiger Paw Productions, which provides discounted student tickets for concert events, costs decreased \$276,000. The \$2.3 million decrease in institutional support costs are related to projects that were completed in the prior year, including furnishing CU-ICAR, a PeopleSoft HR software upgrade, and the purchase of E-Procurement software. Those declines were partially offset by an increase in campus liability



insurance, a new BMW Impact fee for maintenance at CU-ICAR, and furnishing the new Packaging and Design building. Operation and maintenance of plant costs decreased \$13.6 million. Non-capitalized repairs and renovations to campus buildings decreased due to budget cuts and a freeze on construction and renovation projects. Auxiliary services costs increased \$4.6 million due to an increase in the general and administrative overhead charge to auxiliaries of \$2.2 million, Housing renovation projects totaling \$1.2 million, a Food Services cost increase of 6%, and an increase in programming contracts in Information Systems Development. These increases are partially offset by a savings of \$1.2 million due to the privatization of the University's motor pool fleet.

- Utilities expenses increased \$1.4 million. Almost all of this increase was attributable to rising energy costs for heat, light and power.
- Depreciation expenses increased \$667,000. Approximately \$23 million in new buildings and other nonstructural improvements resulted in an increase in depreciation expense of \$615,000. The purchase of new Data Warehouse software resulted in an increase of depreciation expense of \$173,000. The sale of the motor pool fleet resulted in a decrease of \$121,000 in depreciation expense for vehicles and equipment.



UNAUDITED

- Scholarships and fellowships expenses increased \$2.5 million. This increase was attributable to the increase in State-funded and Clemson University Foundation-funded scholarships and the increase in tuition for resident and nonresident students.
- Nonoperating expenses decreased \$475,000, based on the following:
 - Interest expense decreased \$559,000. The University incurred no additional debt this past fiscal year.
 - Losses on disposal of capital assets increased \$359,000. The sale of the University's motor pool fleet and the disposal of a mainframe computer resulted in this increase.
 - Refunds to grantors decreased \$173,000. There was a decline in fixed payment amounts that had to be returned to sponsors when the cost of work performed did not equal the amount received.
 - Facilities and administrative costs remitted to the State decreased \$102,000. The State requires such costs collected for non-research sponsored projects in excess of \$200,000 to be remitted. E&G program remittances decreased \$58,000 and PSA program remittances decreased \$44,000.
- The State capital appropriations decrease of \$12.5 million was attributable to an \$8.7 million decline in Research Infrastructure and Economic Development bond proceeds upon the completion of the Campbell Graduate Education Center at CU-ICAR. There was a decline of \$6.2 million in state appropriations for public service activities projects including \$3.6 million that was appropriated in the prior year for new buildings and a \$2.6 million decrease in capital reserve fund proceeds for the new office building at Baruch Research and Education Center. Offsetting these declines was an increase of \$2.4 million in State capital improvement bond revenues for the construction of Rhodes Hall.
- Capital grants and gifts increased \$9.1 million due to a \$4 million increase in IPTAY capital gifts for the WestZone project, \$4.3 million in gifts from CUF for University capital projects, and \$800,000 in gifts for the Clemson Architectural Center in Charleston, the Lee Hall Expansion and Renovation project, and the Duckworth Family Pavilion.
- The \$3.4 million decrease in additions to permanent endowments resulted from a decrease in State lottery funded endowed professorships from the previous year.

Statement of Cash Flows

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

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2009 and June 30, 2008 were as follows:

Capital Assets (net of accumulated depreciation)				
	2009	2008	Increase/ (Decrease)	Percent Change
Capital Assets:				
Land	\$ 26,734,383	\$ 26,734,383	\$ 0	0.00%
Construction in progress	39,351,413	25,295,446	14,055,967	55.57%
Utilities systems and other non-structural improvements	25,538,088	24,889,493	648,595	2.61%
Buildings and improvements	435,224,970	430,950,349	4,274,621	0.99%
Computer software	345,560	—	345,560	100.00%
Equipment	54,449,237	59,356,291	(4,907,054)	(8.27)%
Vehicles	8,924,182	8,474,406	449,776	5.31%
Total	\$ 590,567,833	\$ 575,700,368	\$ 14,867,465	2.58%

The University had no land acquisitions or sales this past fiscal year.

Construction in progress fixed assets increased 56 percent. Among the campus projects incurring expenditure increases in excess of one million dollars were: the WestZone renovation of Memorial Stadium, the Rhodes Hall Annex, the Bio-Life Science Building, the Sandhill Research and Education Center, the Academic Success Center, and the addition to the Doug Kingsmore

baseball stadium.

The modest increase in Utilities Systems and Other Non-Structural Improvements was attributable to infrastructure components for the new Chilled Water Treatment facility.

The Buildings increase of approximately \$4.3 million was attributable to the completion of the Baruch Office/Lab Building, the Chilled Water Treatment facility, and the Rotunda in President's Park, less depreciation on previously existing buildings.

The increase in computer software of approximately \$346,000 stemmed from the purchase and development of data warehouse software this past fiscal year.

The \$4.9 million decline in equipment costs stemmed from a University-wide freeze on the purchase of non-essential equipment for much of the fiscal year. In addition, equipment purchases in the previous fiscal year were extraordinarily high as the University equipped and furnished the Carroll A. Campbell Graduate Education Center at CU-ICAR.

The University sold its aging motor pool fleet this past fiscal year and entered into a contract with a rental car firm to meet its fleet services needs. Remaining University-owned vehicles are relatively newer and account for the percentage increase in the value of vehicles over the previous year.

Debt Administration

The University's financial statements indicate \$133,637,265 in bonds payable, \$873,101 in capital leases payable and \$1,394,065 in notes payable at June 30, 2009.

The University's bonded indebtedness consisted of: General Obligation Bonds of \$45,685,000, Plant Improvement Bonds of \$1,610,000 and various Revenue Bond issues totaling \$86,342,265. General Obligation Bonds are obligations of the State of South Carolina and are secured as to principal and interest by a pledge of full faith, credit, and taxing power of the State and are paid with tuition and matriculation fees. Plant Improvement Bonds are secured by a pledge of a special student fee designated for the improvement of plant. Revenue bonds issued for student and faculty housing, plant improvement, parking and various auxiliary facilities are paid with pledged net revenues, special imposed student fees, and stadium seat taxes.

The \$873,101 in capital leases is comprised of one lease for land and real estate and an equipment lease.

The \$1,394,065 in notes payable is comprised of a note from the South Carolina State Energy Office to upgrade campus lighting, a construction loan with the Clemson University Foundation, a component unit, and a note with Bank of America used to construct a new scoreboard in Memorial Stadium.

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

Economic Outlook

As a State supported higher education institution, the University's economic position is closely tied to the State of South Carolina. The State ended fiscal year 2009 with a \$98.2 million budgetary deficit.

In his end-of-the-year news release, State Comptroller General, Richard Eckstrom, noted that the "State continues to experience tough economic times". Despite several budget cuts that lowered the State budget from an original amount of \$1.2 billion to approximately \$975 million, Mr. Eckstrom was forced to drawdown the entire Capital Reserve Fund of \$133.2 million, and the entire General Reserve Fund of \$108.1 million. According to Eckstrom, "The fact that the state overspent by nearly \$100 million once again underscores the need to re-examine the prevailing philosophy about spending, to close the gap between what we spend and what we can afford. We must set priorities – identifying those essential things state government should do and resisting the urge to spend on things that are less essential or can be delayed until better economic times."

State appropriations to fund operations decreased almost \$39 million for fiscal year 2009, a decline of 23 percent from the previous year. Ominously, this decreased amount became the base state appropriations budget for fiscal year 2010. Furthermore, the State Budget & Control Board announced another 4 percent across-the-board appropriation cut for state agencies in the first quarter of fiscal year 2010.

State scholarship programs funded with lottery proceeds increased \$2.8 million in fiscal year 2009. In addition, through the Endowed Chairs program, which matches private contributions for endowed professorships, the University received almost \$2.5 million in State lottery proceeds this past fiscal year.

The \$12.5 million decline in State capital appropriations was anticipated upon the completion of the Carroll E. Campbell Graduate Education Center at CU-ICAR, in Greenville, SC. This facility was substantially financed with State Research University Infrastructure and Economic Development bonds and substantially all of the proceeds from the related bond issue were drawn down in fiscal year 2009. In late June of 2009, the State did issue an additional \$18.3 million in Research University Infrastructure bonds for three University capital projects: the Clemson University Restoration Institute, the University's Innovation Center, and the Biomedicine/Bioengineering Complex. All three of these projects are underway and will be funded with these proceeds.

Partially in response to the decline in state appropriations for operations, the University's Board of Trustees adopted a budget for fiscal year 2010 that included a 4.5 percent tuition increase for in-state students and a 7.5 percent increase for out-of-state students.

CLEMSON UNIVERSITY

STATEMENT OF NET ASSETS

June 30, 2009

	Clemson University	Clemson University Research Foundation
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 100,259,934	\$ 2,348,981
Restricted Assets - Current:		
Cash and cash equivalents	118,118,308	5,341,305
Accounts receivable (Net of provision for doubtful accounts of \$110,919)	8,349,294	2,645,977
Grants and contracts receivable	20,495,462	—
Contributions receivable, net	1,762,361	—
Interest and income receivable	1,740,710	—
Student loans receivable	23,041	—
Inventories	1,087,447	—
Prepaid expenses	2,301,367	76,276
Other	64,139	—
Total current assets	<u>254,202,063</u>	<u>10,412,539</u>
Noncurrent Assets:		
Notes receivable	94,803,010	—
Contributions receivable, net	2,033,330	—
Investments	2,001,024	—
Restricted Assets - Noncurrent:		
Cash and cash equivalents	18,380,823	—
Student loans receivable	9,638,894	—
Other	498,851	—
Capital assets, not being depreciated	66,085,796	193,882
Capital assets, net of accumulated depreciation	524,482,037	2,085,686
Total noncurrent assets	<u>717,923,765</u>	<u>2,279,568</u>
Total assets	<u>\$ 972,125,828</u>	<u>\$ 12,692,107</u>
LIABILITIES		
Current Liabilities:		
Accounts and retainages payable	\$ 12,390,902	\$ 2,662,002
Accrued payroll and related liabilities	13,477,223	—
Accrued compensated absences and related liabilities	14,217,294	—
Accrued interest payable	859,718	6,065
Deferred revenues	28,183,880	2,385,401
Bonds payable	11,296,137	—
Capital leases payable	442,805	—
Notes payable	354,255	50,025
Deposits	1,588,552	—
Funds held for others	1,392,361	13,678
Total current liabilities	<u>84,203,127</u>	<u>5,117,171</u>
Noncurrent Liabilities:		
Arbitrage payable	39,484	—
Accrued compensated absences and related liabilities	8,900,706	—
Funds held for others	10,328,815	—
Bonds payable	122,341,128	—
Capital leases payable	430,296	—
Notes payable	1,039,810	1,025,617
Total noncurrent liabilities	<u>143,080,239</u>	<u>1,025,617</u>
Total liabilities	<u>\$ 227,283,366</u>	<u>\$ 6,142,788</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 456,105,668	\$ 1,203,927
Restricted for nonexpendable purposes:		
Scholarships and fellowships	35,785,109	—
Restricted for expendable purposes:		
Scholarships and fellowships	119,023,770	—
Research	1,437,232	2,867,622
Instructional/departmental use	24,502,435	—
Loans	1,778,732	—
Capital projects	49,969,781	—
Debt service	10,517,026	—
Unrestricted	45,722,709	2,477,770
Total net assets	<u>\$ 744,842,462</u>	<u>\$ 6,549,319</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the year ended June 30, 2009

	Clemson University	Clemson University Research Foundation
REVENUES		
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of \$60,711,007)	\$ 205,487,619	\$ —
Federal grants and contracts	65,784,204	4,453,863
State grants and contracts	47,247,662	—
Local grants and contracts	872,224	—
Nongovernmental grants and contracts	11,699,980	1,836,342
Sales and services of educational and other activities	16,542,830	—
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$11,465,508)	77,400,477	—
Sales and services of auxiliary enterprises - not pledged	8,881,649	—
Other operating revenues	21,670,907	5,144,447
Total operating revenues	<u>455,587,552</u>	<u>11,434,652</u>
EXPENSES		
Operating Expenses:		
Compensation and employee benefits	394,708,055	—
Services and supplies	158,556,165	11,574,435
Utilities	19,375,773	147,402
Depreciation	33,364,460	234,803
Scholarships and fellowships	13,382,122	—
Total operating expenses	<u>619,386,575</u>	<u>11,956,640</u>
Operating loss	<u>(163,799,023)</u>	<u>(521,988)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	128,279,159	—
Federal appropriations	12,317,200	—
Gifts	40,293,104	140,199
Interest income	10,028,749	100,633
Endowment income (loss)	(20,283,017)	—
Interest on capital asset related debt	(6,637,212)	(80,874)
Other nonoperating revenues	1,943,586	—
Gain/Loss on disposal of capital assets	(85,974)	—
Refunds to grantors	(212,165)	—
Facilities and administrative remittances to the State	(607,942)	—
Net nonoperating revenues	<u>165,035,488</u>	<u>159,958</u>
Income before other revenues, expenses, gains or losses	1,236,465	(362,030)
State capital appropriations	6,985,604	—
Capital grants and gifts	13,058,723	—
Additions to permanent endowments	2,491,475	—
Increase in net assets	<u>23,772,267</u>	<u>(362,030)</u>
NET ASSETS		
Net assets, Beginning of Year	721,070,195	6,911,349
Net assets, End of Year	<u>\$ 744,842,462</u>	<u>\$ 6,549,319</u>

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY

STATEMENT OF CASH FLOWS

For the year ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Payments from customers	\$ 269,309,148
Grants and contracts	123,012,768
Payments to suppliers	(174,713,912)
Payments to employees	(319,010,005)
Payments for benefits	(77,048,184)
Payments to students	(43,920,994)
Inflows from Stafford loans	53,170,559
Outflows from Stafford loans	(7,226,123)
Loans to students	(25,193)
Collection of loans	796,773
Net cash used by operating activities	<u>(175,655,163)</u>

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	128,013,757
Federal appropriations	12,944,837
Gifts and grants	76,983,115
Net cash flow provided by noncapital financing activities	<u>217,941,709</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

State capital appropriations	10,185,306
Capital grants and gifts received	12,267,093
Proceeds from sale of property	716,060
Purchases of capital assets	(49,530,893)
Principal paid on capital debt and leases	(11,569,044)
Interest and fees	(6,546,893)
Net cash used by capital activities	<u>(44,478,371)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	11,229,200
Proceeds from stock sales	207,975
Net cash flows used by investing activities	<u>11,437,175</u>
Net change in cash	9,245,350
Cash beginning of year	<u>227,513,715</u>
Cash end of year	<u><u>\$ 236,759,065</u></u>

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

Operating loss	\$ (163,799,023)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	33,364,460
Change in asset and liabilities:	
Receivables net	(37,555,150)
Grants and contracts receivable	(1,163,168)
Student loans receivable	(923,242)
Prepaid expenses	269,243
Inventories	(290,670)
Other	67,730
Accounts and retainages payable	(9,320,304)
Accrued payroll and related liabilities	2,041,497
Accrued compensated absences and related liabilities	683,000
Deferred revenue	(1,221,422)
Deposits held for others	2,191,886
Net cash used by operating activities	<u><u>\$ (175,655,163)</u></u>

NON-CASH TRANSACTIONS

Decrease in fair value of investments	(17,328,429)
Capital assets acquired through gifts	694,072

RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES

Current assets:	
Cash and cash equivalents	\$ 100,259,934
Restricted cash and cash equivalents	118,118,308
Noncurrent assets	18,380,823
Total cash and cash equivalent balances	<u><u>\$ 236,759,065</u></u>

See accompanying notes to basic financial statements.

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

June 30, 2009

ASSETS

Cash and cash equivalents	\$ 20,735,159
Contributions receivable, net	26,992,211
Due from related organizations	1,801,699
Investments	220,930,265
Investments held for Clemson University	94,803,010
Cash surrender value of life insurance	1,197,992
Land held for resale	11,900
Land, buildings and equipment, net	9,733,787
Investments held in trust for affiliate	1,903,122
Other assets	649,131
Total assets	\$ 378,758,276

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued liabilities	\$ 445,860
Due to related organizations	28,091
Accrued liability to Clemson University due to net investment appreciation	4,515,659
Note payable to Clemson University	90,287,351
Deposits held for others	1,178,891
Actuarial liability of annuities payable	5,513,839
Trust funds administered for affiliate	1,903,122
Total liabilities	103,872,813

Net Assets:

Unrestricted	(21,447)
Temporarily restricted	75,542,312
Permanently restricted	199,364,598
Total net assets	274,885,463
Total liabilities and net assets	\$ 378,758,276

See accompanying notes to basic financial statements.

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

Year ended June 30, 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:				
Gifts and bequests	\$ 1,255,912	\$ 13,813,620	\$ 7,834,744	\$ 22,904,276
Income on investments	2,683,700	3,612,344	—	6,296,044
Net realized and unrealized gains (losses) on investments...	(5,759,513)	(65,247,728)	518	(71,006,723)
Program income	865,171	629,250	53	1,494,474
Other income	563,888	1,447	50,769	616,104
Change in value of split-interest agreements	117,302	(82,536)	(4,303,612)	(4,268,846)
Reclassification of donor intent	(253,314)	1,508,992	(1,255,678)	—
Total revenues and gains	(526,854)	(45,764,611)	2,326,794	(43,964,671)
Net assets released from restrictions	22,497,912	(22,497,912)	—	—
Total revenues, gains and other support	21,971,058	(68,262,523)	2,326,794	(43,964,671)
EXPENSES:				
Program expenses - grant to Clemson University	1,570,819	—	—	1,570,819
Program expenses - alumni operations	605,009	—	—	605,009
Program expenses - endowments	7,455,105	—	—	7,455,105
Program expenses - operations	5,754,011	—	—	5,754,011
Program expenses - capital projects	9,597,718	—	—	9,597,718
Total program expenses	24,982,662	—	—	24,982,662
General administrative	1,227,933	—	—	1,227,933
Fundraising	2,199,012	—	—	2,199,012
Total expenses	28,409,607	—	—	28,409,607
(Decrease) increase in net assets before other changes	(6,438,549)	(68,262,523)	2,326,794	(72,374,278)
OTHER CHANGES:				
Losses on investments, net of distributions	(16,523,334)	16,523,334	—	—
(Decrease) increase in net assets before cumulative effect of change in accounting principle	(22,961,883)	(51,739,189)	2,326,794	(72,374,278)
Cumulative effect of change in accounting principle	(10,957,981)	10,957,981	—	—
Change in net assets	(33,919,864)	(40,781,208)	2,326,794	(72,374,278)
Net assets at beginning of year	33,898,417	116,323,520	197,037,804	347,259,741
Net assets at end of year	\$ (21,447)	\$ 75,542,312	\$ 199,364,598	\$ 274,885,463

See accompanying notes to basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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

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

Reporting Entity

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

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

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

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

Financial Statement Presentation

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

Measurement Focus and Basis of Accounting

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

NOTES TO FINANCIAL STATEMENTS

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

The Clemson University Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Non-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to CUF's financial information in the University's financial reporting entity for these differences.

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

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

Cash and Cash Equivalents

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

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

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

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

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

Investments

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

Receivables

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

Inventories

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

Noncurrent Cash and Investments

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

Capital Assets

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

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

Deferred Revenues

Deferred revenues include amounts received for tuition

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

Deposits

Deposits represent dormitory room deposits, security deposits for possible room damage and key loss, other deposits, and student fee refunds. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Funds Held for Others

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

Prepaid Expenses

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

Internal Service and Auxiliary Enterprise Activities

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

Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS

benefit payments net change in the liability is recorded in the current year in the applicable functional expenditure categories.

Noncurrent Liabilities

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

Net Assets

The University's net assets are classified as follows:

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

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

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

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

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

Income Taxes

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

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

Classification of Revenues and Expenses

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

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

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

Educational Activities Revenue

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

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students'

NOTES TO FINANCIAL STATEMENTS

behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Deferred Charges

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

Rebatable Arbitrage

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

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

NOTE 2.

CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

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

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

Reconciliation of Deposits and Investments			
Statement of Net Assets		Footnotes	
Cash and cash equivalents:		Cash on hand	\$ 248,108
Current - unrestricted	\$ 100,259,934	Deposits held by State Treasurer	236,437,449
Current - restricted	118,118,308	Other deposits	73,508
Noncurrent - restricted	18,380,823	Investments held by State Treasurer	154,439
Investments	2,001,024	Other investments	1,846,585
Total	\$ 238,760,089	Total	\$ 238,760,089

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, interest rate risk, concentration risk 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, 2009, \$4,377,532 of the \$236,437,449 identified above as "Deposits held by State Treasurer" is attributable to unrealized appreciation.

Other Deposits

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

Investments Held by State Treasurer

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

Other Investments

The University also has investments in mutual funds as authorized by a single donor. The mutual funds with a fair value of \$1,846,585, are held, and invested by, Wachovia, Inc., as trustee in accordance with the endowment agreement specified by the donor.

NOTES TO FINANCIAL STATEMENTS

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

“Other Investments” are stated at fair value and include unrealized appreciation of \$511,489. 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, 2009 were as follows:

Other Investments			
	Fair Value	Effective Maturity (Years)	Credit Rating
Domestic bond fund	\$ 596,178	6.7	N/A
International bond fund	140,027	10.2	N/A
Equity funds	1,110,380	N/A	N/A
Total other investments	\$ 1,846,585		

NOTE 3. RECEIVABLES

University receivables reported in the Statement of Net Assets as of June 30, 2009, were as follows:

University Receivables			
	Current	Noncurrent	Total
Accounts receivable, net	\$ 8,349,294	\$ —	\$ 8,349,294
Grants and contracts receivable	20,495,462	—	20,495,462
Notes receivable	—	94,803,010	94,803,010
Contributions receivable, net	1,762,361	2,033,330	3,795,691
Interest and income receivable	1,740,710	—	1,740,710
Student loans receivable	23,041	9,638,894	9,661,935
Total university receivables	\$ 32,370,868	\$ 106,475,234	\$ 138,846,102

Accounts receivable are reported net of allowances for doubtful accounts of \$110,919 based on credit losses experienced in prior years and evaluation of current portfolios. Student payment allowances of \$86,000, parking services allowances of \$19,919, and telecommunications allowances of \$5,000 comprise this amount. Contributions receivable are reported net of allowances for current uncollectible pledges of \$218,400 and allowances for noncurrent uncollectible pledges of \$372,895.

Accounts receivable for the year ended June 30, 2009, were comprised of the following balances:

Accounts Receivable	
Computer services	\$ 3,093,767
Students/scholarships	1,578,830
Auxiliaries	1,331,572
Educational program	835,119
Camps	668,667
Fees	312,781
Professional development/conferences	286,153
State bond proceeds	110,114
Other	132,291
Total accounts receivable	\$ 8,349,294

NOTES TO FINANCIAL STATEMENTS

Grants and contracts receivable are comprised of amounts due for sponsored research projects, federal land-grant appropriations, and federal scholarship programs. Grants and contract receivable for the year ended June 30, 2009, were comprised of the following balances:

Grants and Contracts Receivable					
	Federal	State	Local	Nongovernmental	Total
Sponsored research	\$ 13,470,681	\$ 1,544,376	\$ 191,142	\$ 2,400,110	\$ 17,606,309
Land-grant appropriations	1,643,484	—	—	—	1,643,484
Scholarship programs	1,245,669	—	—	—	1,245,669
Total grants and contracts receivable	\$ 16,359,834	\$ 1,544,376	\$ 191,142	\$ 2,400,110	\$ 20,495,462

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

Contributions Receivable			
	Current	Noncurrent	Total
University programs	\$ 1,104,514	\$ 1,943,618	\$ 3,048,132
Athletic scholarships	657,847	89,712	747,559
Total contributions receivable	\$ 1,762,361	\$ 2,033,330	\$ 3,795,691

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, 2009, the University had notes receivable from the Clemson University Foundation, a related party, totaling \$94,803,010. This amount includes the original loan of \$35,358,188, additional amounts totaling \$54,929,162 loaned since the fiscal year 1999 original loan, plus related income and appreciation. Funds loaned to the Clemson University Foundation will be paid back to the University with interest at a rate equal to that which is necessary to produce a sum which is equal to the total return (consisting of appreciation and income), provided, however, such rate will not be less than zero. The Memorandum of Understanding between Clemson University and the Clemson

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, is summarized as follows:

Capital Assets				
	Beginning Balance June 30, 2008	Increases	Decreases	Ending Balance June 30, 2009
Capital assets not being depreciated:				
Land and improvements	\$ 26,734,383	\$ —	\$ —	\$ 26,734,383
*Construction in progress	25,295,446	29,451,925	15,395,958	39,351,413
Total capital assets not being depreciated	<u>52,029,829</u>	<u>29,451,925</u>	<u>15,395,958</u>	<u>66,085,796</u>
Depreciable capital assets:				
Utilities systems and other non-structural improvements	40,102,316	2,420,278	—	42,522,594
Buildings and improvements	657,706,815	20,453,568	498,806	677,661,577
Computer software	938,422	518,340	—	1,456,762
Equipment	173,635,676	10,727,368	4,585,320	179,777,724
Vehicles	16,310,633	883,669	2,085,563	15,108,739
Total depreciable capital assets at historical cost	<u>888,693,862</u>	<u>35,003,223</u>	<u>7,169,689</u>	<u>916,527,396</u>
Less accumulated depreciation for:				
Utilities systems and other non-structural improvements	15,212,823	1,771,683	—	16,984,506
Buildings and improvements	226,756,466	16,146,532	466,391	242,436,607
Computer software	938,422	172,780	—	1,111,202
Equipment	114,279,385	15,126,789	4,077,687	125,328,487
Vehicles	7,836,227	146,676	1,798,346	6,184,557
Total accumulated depreciation	<u>365,023,323</u>	<u>33,364,460</u>	<u>6,342,424</u>	<u>392,045,359</u>
Depreciable capital assets, net	<u>523,670,539</u>	<u>1,638,763</u>	<u>827,265</u>	<u>524,482,037</u>
Capital assets, net	<u>\$ 575,700,368</u>	<u>\$ 31,090,688</u>	<u>\$ 16,223,223</u>	<u>\$ 590,567,833</u>
* Includes current fiscal year capitalized interest of \$400,467				
NOTE: There were \$716,060 of proceeds received from the disposal of capital assets.				

NOTE 5. DEFERRED REVENUES

Deferred revenues consist primarily of athletic ticket sales and related fees and unearned student revenues for the second summer session and fall semester. These monies were collected in advance and were not earned at June 30, 2009.

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

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

A summary listing of deferred revenue follows:

Deferred Revenues	
Athletic event receipts - fall semester	\$ 13,566,229
Sponsored research programs	7,368,774
Academic and other fees - second summer semester	5,205,890
Educational programs	1,139,828
Admission fees - fall semester	594,271
Public service programs	170,400
Other	88,486
Other auxiliary fees - second summer session	27,111
Professional development fees	22,891
Total deferred revenues	<u>\$ 28,183,880</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. BONDS PAYABLE AND NOTES PAYABLE

Bonds Payable

At June 30, 2009, bonds payable consisted of the following:

Bonds Payable	Interest Rate	Maturity Dates	June 30, 2009 Balance	Debt Retired in Fiscal Year 2009
General Obligation Bonds				
Bonds dated 4/01/95 (Series 1995A)	5.25%	6/1/2010	\$ 300,000	\$ 280,000
Bonds dated 6/01/97 (Series 1997B)	4.80%	6/1/2010	1,170,000	1,120,000
Bonds dated 7/01/02 (Series 2002B)	4.00-4.375%	6/1/2017	18,165,000	625,000
Bonds dated 3/01/03 (Series 2003B)	3.00-4.50%	6/1/2017	7,480,000	795,000
Bonds dated 12/01/03 (Series 2003F)	3.00-4.25%	6/1/2018	7,040,000	465,000
Bonds dated 4/01/07 (Series 2007B)	2.50-4.50%	6/1/2021	11,530,000	690,000
			<u>45,685,000</u>	
Plant Improvement Refunding Bonds				
Bonds dated 3/01/98 (Series 1998)	4.50%	5/1/2011	1,610,000	750,000
			<u>1,610,000</u>	
Revenue Bonds				
Bonds dated 1/01/98 (Series 1998A)	4.75%	5/1/2012	6,315,000	2,095,000
Bonds dated 5/01/00 (Series 2000)	0.00%	5/1/2009	—	1,090,000
Bonds dated 8/01/03 (Series 2003)	4.00-5.00%	5/1/2018	24,375,000	765,000
Bonds dated 12/1/05 (Series 2005)	4.00-5.00%	5/1/2020	20,800,000	435,000
			<u>51,490,000</u>	
Athletic Facilities Revenue Bonds				
Bonds dated 6/01/01 (Series 2001)	4.125-4.75%	5/1/2016	11,825,000	1,355,000
Bonds dated 6/01/03 (Series 2003)	3.00-5.00%	5/1/2023	6,985,000	10,000
Bonds dated 12/1/05 (Series 2005)	4.00-6.00%	5/1/2025	14,600,000	200,000
			<u>33,410,000</u>	
Subtotal bonds payable			132,195,000	10,675,000
Plus unamortized bond premium			1,442,265	141,136
Less unamortized bond deferred loss			—	(314,716)
Total bonds payable			<u><u>\$ 133,637,265</u></u>	<u><u>\$ 10,501,420</u></u>

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

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

Series 2001, 2003 and 2005. In addition, a surety bond was purchased for the Athletic Facilities Revenue Bonds, Series 2001, 2003 and 2005. The insurance guarantees payment of principal and interest until all debt has been retired.

Tuition fees for the fiscal year ended June 30, 2008 were \$15,534,450 which results in a legal annual debt service limit at June 30, 2009 of \$13,981,005. This amount is equal to 90% of tuition fees collected for the prior fiscal year.

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

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

NOTES TO FINANCIAL STATEMENTS

percent; June 1, 2009 and thereafter at par.

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

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

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

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

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

The Series 2003 Athletic Facilities Revenue Bonds maturing prior to May 1, 2014 shall not be subject to redemption; however, they shall be subject to redemption prior to maturity on or after May 1, 2014 at the option of the Board of Trustees on or after May 1, 2013, in whole or in part for the

principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption, plus the following redemption premium: May 1, 2013 through April 30, 2014 at 101 percent and May 1, 2014 and thereafter at 100 percent.

The Series 2003F General Obligation Bonds maturing on and after June 1, 2014, are subject to redemption, in whole or in part, at any time in any order of maturity to be determined by the State, on and after June 1, 2013, at the redemption price of par plus accrued interest to the date fixed for redemption.

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

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

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

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.

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, 2009, are as follows:

Revenue and Athletic Facilities Revenue Bonds

	Principal	Interest	Total
Year Ending June 30			
2010	\$ 6,230,000	\$ 3,940,885	\$ 10,170,885
2011	6,535,000	3,657,422	10,192,422
2012	6,845,000	3,357,985	10,202,985
2013	7,170,000	3,044,748	10,214,748
2014	7,510,000	2,709,378	10,219,378
2015 through 2019	35,695,000	7,870,823	43,565,823
2020 through 2024	12,275,000	2,234,118	14,509,118
2025	2,640,000	118,800	2,758,800
	<u>\$ 84,900,000</u>	<u>\$ 26,934,159</u>	<u>\$ 111,834,159</u>

Amounts including interest required to complete payment of the Plant Improvement bonds as of June 30, 2009, are as follows:

Plant Improvement Refunding Bonds

	Principal	Interest	Total
Year Ending June 30			
2010	\$ 790,000	\$ 72,450	\$ 862,450
2011	820,000	36,900	856,900
	<u>\$ 1,610,000</u>	<u>\$ 109,350</u>	<u>\$ 1,719,350</u>

Amounts including interest required to complete payment of the General Obligation Bonds as of June 30, 2009, are as follows:

General Obligation Bonds

	Principal	Interest	Total
Year Ending June 30			
2010	\$ 4,135,000	\$ 1,858,725	\$ 5,993,725
2011	4,310,000	1,689,540	5,999,540
2012	4,490,000	1,513,678	6,003,678
2013	4,675,000	1,328,252	6,003,252
2014	4,865,000	1,142,990	6,007,990
2015 through 2019	20,790,000	2,604,515	23,394,515
2020 through 2021	2,420,000	109,200	2,529,200
	<u>\$ 45,685,000</u>	<u>\$ 10,246,900</u>	<u>\$ 55,931,900</u>

NOTES TO FINANCIAL STATEMENTS

The University reported principal retirements and interest expenditures related to the bonds as follows for the year ended June 30, 2009:

Principal Retirements and Interest Expenses

Bond Type	Principal	Interest
General obligation bonds	\$ 3,975,000	\$ 2,005,687
Plant improvement refunding bonds	750,000	100,575
Revenue bonds	4,385,000	2,816,266
Athletic facilities revenue bonds	1,565,000	1,524,298
	<u>\$ 10,675,000</u>	<u>\$ 6,446,826</u>

Arbitrage Liability Accrual

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

Notes Payable

At June 30, 2009, notes payable consisted of the following:

Notes Payable

	Interest	Maturity	Amount
SC Energy Office Note dated 7/1/03	1.000%	7/1/2013	\$ 250,885
Banc of America Leasing Note dated 7/18/05	5.420%	7/18/2012	1,143,180
Total			<u>\$ 1,394,065</u>

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

The aggregate debt service payments due on the notes payable at June 30, 2009 are as follows:

Debt Service - Notes Payable

Year Ending June 30	Principal	Interest	Total
2010	\$ 354,255	\$ 60,449	\$ 414,704
2011	371,522	43,182	414,704
2012	389,716	24,988	414,704
2013	227,386	5,816	233,202
2014	51,186	515	51,701
Total debt service	<u>\$ 1,394,065</u>	<u>\$ 134,950</u>	<u>\$ 1,529,015</u>

Total principal paid on notes payable was \$482,436 for the year ended June 30, 2009. Total interest expense for notes payable was \$75,822.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LEASE OBLIGATIONS

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

Future commitments for capital leases (which here and on the Statement of Net Assets include other installment purchase agreements) and for noncancellable operating leases having remaining terms in excess of one year as of June 30, 2009, were as follows:

Capital and Operating Lease Commitments

	Capital Leases	Operating Leases
Year Ending June 30:		
2010	\$ 528,750	\$ 632,545
2011	481,250	149,570
2012	—	46,266
2013	—	46,266
2014	—	46,266
2015-2016	—	92,532
Total minimum lease payments	1,010,000	\$ 1,013,445
Less: Interest	98,566	
Less: Executory costs	38,333	
Principal outstanding - Clemson University	\$ 873,101	

Capital Leases

Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between 2010 and 2011. Expenditures for fiscal year 2009 were \$528,750 of which \$94,564 represented interest and \$20,000 represented executory costs. Total principal paid on capital leases was \$411,608 for the fiscal year ended June 30, 2009. Interest rates range from 0 percent to 7.58 percent. The following is a summary of the carrying values of assets held under capital lease at June 30, 2009:

Assets Held Under Capital Lease

	Value at Lease Inception	Accumulated Depreciation	Net
Buildings	\$ 5,186,862	\$ 3,202,882	\$ 1,983,980
Equipment	16,206	6,482	9,724
Totals	\$ 5,203,068	\$ 3,209,364	\$ 1,993,704

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

The University had two capital leases with unrelated parties in the current fiscal year. In June 1991, the University entered into a capital lease of \$5,186,862 at 7.58 percent whereby the University leases a building for a twenty year period that began June 1991, and expires June 2011. The outstanding liability at June 30, 2009 on this capital lease is \$869,386. In September 2005, the University entered into a capital lease of \$16,206 at 7.33 percent for equipment whereby the University leases the equipment for a five year period that began in September 2005, and expires September 2010. The University has the option to purchase the equipment for the payment of \$1.00 at the expiration of the lease. The outstanding liability at June 30, 2009 for this capital lease was \$3,714.

Operating Leases

The University's noncancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2010 through 2016. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancelable if the State of South Carolina does not provide adequate funding but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis.

In 1996, the University entered into a real property operating lease with the Clemson University Research Foundation (CURF), a component unit, for office space. The current lease extends through February, 2010. Under this agreement, the University paid CURF \$120,799 in the current

year.

In 2001, the University entered into a real property operating lease with CURF, a component unit, for office space. The current lease extends through April, 2010. Under this agreement, the University paid CURF \$18,150 in the current year.

NOTE 8. RETIREMENT PLANS

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

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

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

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

whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Participants are considered retired during the TERI period, they do make SCRS contributions, do not earn service credit, and are eligible to receive group life insurance benefits, but not eligible for disability retirement benefits.

From July 1, 1988 – June 30, 2005 employees participating in the SCRS were required to contribute 6 percent of eligible compensation. Effective July 1, 2006 the employee contribution rate increased to 6.50 percent of eligible compensation. Effective July 1, 2008, the employer contribution rate was 12.74 percent which includes a 3.50 percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2009, 2008 and 2007, were approximately \$15,139,737, \$14,933,409, and \$11,836,277 respectively, and equaled the required contributions (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of approximately \$398,075 in the current fiscal year at the rate of .15 percent of compensation.

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

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

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2008, the employer contribution rate became 14.15 percent which, as for the SCRS, included a 3.50 percent surcharge. The University's actual contributions to the PORS for the years ending June 30, 2009, 2008, and 2007 were approximately \$327,246 \$241,876, and

\$292,636 respectively, and equaled the required contributions of 10.65 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of \$4,625 and accidental death insurance contributions of \$4,625 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

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

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

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

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

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

ORP participation is available to all employees who meet eligibility requirements for membership in the SCRS. Election into either SCRS or ORP must be made within their first thirty (30) days of employment. A State ORP participant may irrevocably elect to join the SCRS during any open enrollment period (January 1 – March 31) after the first annual anniversary but before the fifth annual anniversary of the person's initial enrollment period in the State ORP. The State ORP participant

shall become a member of the SCRS effective on the first of April following the participant's election to join the SCRS. An employee who exercises an option to not participate in the South Carolina Retirement Systems is not eligible to participate in the State Optional Retirement Program, unless a break in service occurs.

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

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer in fiscal year 2009.

Certain of the University's employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were approximately \$3,606,740 (excluding the surcharge) from the University as employer and \$6,149,136 from its employees as plan members. Employee contributions of 6.50 percent, and 5.00 percent of the employer contribution were remitted directly to the respective annuity policy providers. The balance of the employer portion was remitted to the Retirement Division of the State Budget and Control Board. The obligation for payment of benefits resides with the insurance companies.

NOTE 9. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. Clemson University contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit post-employment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-

NOTES TO FINANCIAL STATEMENTS

five years of service for 100% employer funding and fifteen through twenty-four 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.

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.50% and 3.42% of annual covered payroll for 2009 and 2008, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. Clemson University paid approximately \$9,325,641 and \$9,456,017 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2009 and 2008, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2009 and 2008.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for

the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

NOTE 10. DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the Section 401(k) and the 457 plans is placed in trust for the contributing employee. The section 401(k) and 457 plan sponsor is the South Carolina Deferred Compensation Commission. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Eligibility rules and penalties may apply. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009 was as follows:

Long-Term Liabilities					
	July 1, 2008	Additions	Reductions	June 30, 2009	Due Within One Year
Bonds payable, notes payable and capital lease obligations:					
General obligation bonds	\$ 49,660,000	\$ —	\$ 3,975,000	\$ 45,685,000	\$ 4,135,000
Plant improvement bonds	2,360,000	—	750,000	1,610,000	790,000
Revenue bonds	55,875,000	—	4,385,000	51,490,000	4,590,000
Athletic facilities revenue bonds	34,975,000	—	1,565,000	33,410,000	1,640,000
Subtotal bonds payable	142,870,000	—	10,675,000	132,195,000	11,155,000
Unamortized revenue bond premium	1,583,401	—	141,136	1,442,265	141,137
Deferred amount on revenue bond refunding	(314,716)	—	(314,716)	—	—
Total bonds payable	144,138,685	—	10,501,420	133,637,265	11,296,137
Capital lease obligations	1,284,709	—	411,608	873,101	442,805
Notes payable	1,876,501	—	482,436	1,394,065	354,255
Total bonds, notes and capital leases	147,299,895	—	11,395,464	135,904,431	12,093,197
Other liabilities:					
Accrued compensated absences	22,435,000	14,206,105	13,523,105	23,118,000	14,217,294
Funds held for others	7,396,457	3,531,082	—	10,927,539	598,724
Arbitrage payable	39,484	—	—	39,484	—
Total other liabilities	29,870,941	17,737,187	13,523,105	34,085,023	14,816,018
Total long-term liabilities	\$ 177,170,836	\$ 17,737,187	\$ 24,918,569	\$ 169,989,454	\$ 26,909,215

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

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 \$267,084,401. The \$267,084,401 includes estimated costs of \$124,252,284 for capital projects currently in progress plus \$142,832,117 estimated costs for other capital projects already in service. Of the total estimated cost, \$87,304,619 was unexpended at June 30, 2009. Of the total expended through June 30, 2009, the University has capitalized substantially complete and in use projects in the amount of \$22,702,794. Of the unexpended balance the University has remaining commitment balances of \$20,028,648 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Retainages payable on these capitalized projects as of June 30, 2009 was \$912,979.

NOTES TO FINANCIAL STATEMENTS

Capital projects at June 30, 2009 which constitute construction in progress that are to be capitalized when completed are listed below.

Construction Costs and Commitments

Project Number	Project	Approximate Cost	Amount Expended
9807	Academic Success Center	\$ 12,784,000	\$ 2,406,502
9542	Baruch Temporary Living Quarters	400,000	38,565
9878	Bioengineering Research Center	3,500,000	21,813
9871	Bio/Life Sciences Building	50,000,000	5,088,327
9884	Dining Hall/Post Office	600,000	538,114
9541	Edisto Peanut Lab	300,000	36,347
9874	Fernow St. Café Renovation	1,232,223	127,435
9883	Innovation Center Construction	6,000,000	111,946
9870	IT Facility Construction	1,000,000	653,413
9885	Kingsmore Baseball Stadium Addition	3,000,000	1,019,498
9886	Lee Complex Expansion	465,000	451,919
9867	Memorial Stadium WEZ II	16,151,061	12,246,273
9864	North Charleston Land and Renovation	10,420,000	231,661
9865	Rhodes Hall Annex	11,500,000	10,247,881
9532	Sandhill REC Office/Lab	6,900,000	6,131,719
		<u>\$ 124,252,284</u>	<u>\$ 39,351,413</u>

The amount expended includes only capitalized project expenses and capitalized interest on construction debt for projects less than 95% complete and not in service at June 30, 2009. No noncapitalized expenditures are included in these totals.

Non-Capitalized

At June 30, 2009 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 \$32,673,512. This amount includes costs incurred to date of \$22,003,108 and estimated costs to complete of \$10,670,404. The University has remaining commitment balances with certain parties related to these projects of \$1,776,283. Retainages payable on the non-capitalized projects as of June 30, 2009, was \$ 89,677. The University anticipates funding these projects out of current resources, current and future bond issues, state capital improvement bond proceeds, private gifts and student fees.

NOTE 13. RELATED PARTIES

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

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

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

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

Clemson University Real Estate Foundation

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

Clemson University Continuing Education and Conference Complex Corporation

The Clemson University Continuing Education and Conference Complex Corporation (Finance Corporation), is a separately chartered corporation established in September, 1993, to construct, operate and manage the golf course and hotel components of the Clemson University Continuing Education and Conference Complex. The Finance Corporation's actions are governed by its Board of Directors. The Finance Corporation reimbursed the University \$214,665 for salaries for time devoted by University employees to the Finance Corporation.

NOTES TO FINANCIAL STATEMENTS

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 \$479,643 in expenses to reimburse CAFDB for administrative and educational expenses incurred at the Charles E. Daniel Center for Building Research and Urban Studies in Genoa, Italy, which is owned by CAFDB, and at the Barcelona facility, which is operated for the University by CAFDB.

NOTE 14. TRANSACTIONS WITH STATE ENTITIES

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

The original appropriation is the University's base budget amount presented in the General Funds column of Sections 9 and 35 of Part IA of the 2008-09 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, 2009:

State Appropriations			
	Educational and General	Public Service	Total
Original appropriation	\$ 102,602,055	\$ 50,896,444	\$ 153,498,499
State raise pay plan appropriation	1,079,668	433,122	1,512,790
Less: Budget and Control Board mandated appropriation reductions	(24,891,130)	(10,652,446)	(35,543,576)
Recurring appropriations - H.4800:			
Clemson University International Center for Automotive Research	2,000,000	—	2,000,000
Call Me Mister Program	1,300,000	—	1,300,000
Municipal services	931,747	—	931,747
Center for Optical Materials, Science, Engineering and Technology	900,000	—	900,000
Films and fibers	814,749	—	814,749
Engineering research	791,272	—	791,272
Wireless center	500,000	—	500,000
Proviso 90.13 - Nonrecurring revenue transfers:			
Light Rail	700,000	—	700,000
Operating expenses	—	275,000	275,000
Appropriation allocations from the State Commission on Higher Education:			
For Academic Endowment Match	66,647	—	66,647
For Clemson Agriculture Education Teachers - teacher recruitment	—	454,427	454,427
For Nursing Faculty Salary Supplements	77,604	—	77,604
Total state appropriation revenues	\$ 86,872,612	\$ 41,406,547	\$ 128,279,159

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

NOTES TO FINANCIAL STATEMENTS

Following is a summary of amounts received from State agencies for scholarships, sponsored research, capital and public service projects for the fiscal year ended June 30, 2009:

Other Amounts Received from State Agencies

	Operating Revenues	Nonoperating Revenues	Capital and Endowment Proceeds	Total
Received from the Commission on Higher Education (CHE):				
LIFE Scholarships	\$ 23,409,175	\$ —	\$ —	\$ 23,409,175
Palmetto Scholarships	15,992,043	—	—	15,992,043
Need-Based Grants	2,030,612	—	—	2,030,612
HOPE Scholarships	79,595	—	—	79,595
University Center	1,459,171	—	—	1,459,171
Access and Equity Competitive Grants	—	54,869	—	54,869
Civil Engineering Research - Department LLR	—	63,000	—	63,000
SC Experimental Programs to Stimulate Competitive Research	—	647,821	—	647,821
SC Manufacturing Extension Partnership	—	88,831	—	88,831
SC Alliance for Minority Participation	—	34,331	—	34,331
Centers of Excellence	—	197,746	—	197,746
Received from the Department of Education	1,243,006	—	—	1,243,006
Received from Department of Health and Environmental Control	632,345	—	—	632,345
Received from various other state agencies	1,745,361	—	—	1,745,361
Received from agencies outside South Carolina	656,354	—	—	656,354
State lottery funding for permanent endowments	—	—	2,489,011	2,489,011
Capital reserve fund proceeds	—	—	867,127	867,127
Capital improvement bond revenues	—	—	4,950,127	4,950,127
Research infrastructure bond proceeds	—	—	1,075,891	1,075,891
Economic development bond revenues	—	—	92,459	92,459
Total other amounts received from State Agencies	\$ 47,247,662	\$ 1,086,598	\$ 9,474,615	\$ 57,808,875

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 \$11,019,193, comprised of \$3,996,512 in fees for computer services classified as other operating revenues, and \$7,022,681 in information and systems development fees classified as sales and services of auxiliary enterprises.

Also, the University collected and remitted \$35,216 in pesticide penalties and other fees to the State General Fund.

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

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

The University had financial transactions with various State agencies during the fiscal year. Significant payments were made to divisions of the State Budget and Control Board for pension and insurance plans employee and employer contributions, insurance coverage, office supplies, and interagency mail. Significant payments were also made for

unemployment and workers compensation coverage for employees to the Employment Security Commission and State Accident Fund. The amounts of 2009 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:

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

In addition, the Chief Administrative Officer and Chief Financial Officer are each covered for \$250,000 under specific public official bonds, and the postmaster is covered under a performance bond for \$25,000. The Chief Administrative Officer, Chief Financial Officer, Director of Accounting for Related Organizations, Director of University Revenues and Receivables, Chief Executive Officer of the Clemson University Foundation and Treasurer of the Clemson University Foundation are each covered under a \$2,000,000 bond.

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

The University has not transferred the portion of the risk of loss related to insurance policy deductibles, and policy limits for all coverage to a State or commercial insurer. The University has not reported an estimated claims loss expenditure, and the related liability at June 30, 2009, 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, 2009, and the amount of the loss is reasonably estimable.

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

NOTE 16. CONTINGENCIES AND LITIGATION

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

The various federal programs administered by the University for fiscal year 2009 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts, if any, which may be due federal grantors have not been determined but the University believes that any such amounts in the aggregate would not have a material adverse effect on the financial position of the University. Therefore, an estimated loss has not been recorded.

NOTES TO FINANCIAL STATEMENTS

NOTE 17. OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2009 are summarized as follows:

Operating Expenses by Function

	Compensation and Employee Benefits	Services and Supplies	Utilities	Depreciation	Scholarships and Fellowships	Total
Instruction	\$ 147,001,896	\$ 24,948,680	\$ 975,187	\$ —	\$ 496,857	\$ 173,422,620
Research	85,816,040	37,270,366	1,994,627	—	541,681	125,622,714
Public Service	47,541,087	19,386,506	1,561,475	—	19,000	68,508,068
Academic Support	23,886,902	9,974,024	1,914,801	—	—	35,775,727
Student Services	16,953,563	7,933,792	301,687	—	—	25,189,042
Institutional Support	22,584,253	4,968,048	290,381	—	—	27,842,682
Operation and Maintenance of Plant	17,504,391	10,333,777	8,030,788	—	—	35,868,956
Scholarships and Fellowships	2,095	161,516	—	—	12,324,584	12,488,195
Auxiliary Services	33,417,828	43,579,456	4,306,827	—	—	81,304,111
Depreciation	—	—	—	33,364,460	—	33,364,460
	<u>\$ 394,708,055</u>	<u>\$ 158,556,165</u>	<u>\$ 19,375,773</u>	<u>\$ 33,364,460</u>	<u>\$ 13,382,122</u>	<u>\$ 619,386,575</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 2009, this rate was 4.0%. At June 30, 2009, net appreciation losses of (\$4,564,322) were recorded, and were reported in the Statement of Net Assets as restricted for expendable scholarships and fellowships.

NOTE 19. DETAILS OF RESTRICTED ASSETS

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

Details of Retricted Assets

Current:

Cash and cash equivalents:	
As specified by sponsors/donors	\$ 52,451,965
University administered loans	160,062
Payment of maturing debt	10,651,218
Bond proceeds and other amounts restricted for capital projects	54,102,998
Funds held for others	752,065
	<u>\$ 118,118,308</u>

Noncurrent:

Cash and cash equivalents:	
Endowments	\$ 19,002,378
Federal Perkins Loan Program	(621,555)
	<u>\$ 18,380,823</u>

Student Loans Receivable:	
Federal Perkins Loan Program	<u>\$ 9,638,894</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Statement of Activities

	2009	2008	Increase/ (Decrease)
Charges for services	\$ 433,916,645	\$ 400,957,744	\$ 32,958,901
Operating grants and contributions	65,970,529	81,025,128	(15,054,599)
Capital grants and contributions	13,058,723	3,998,244	9,060,479
Less: expenses	(626,321,926)	(646,761,620)	20,439,694
Net program revenue (expense)	(113,376,029)	(160,780,504)	47,404,475
General revenues:			
Contributions to permanent endowments	2,491,475	5,898,217	(3,406,742)
Transfers:			
State appropriations	128,279,159	167,224,064	(38,944,905)
State capital appropriations	867,127	3,488,049	(2,620,922)
Proviso 73.12 supplemental capital appropriations	—	3,600,000	(3,600,000)
Capital improvement bond proceeds	4,950,127	2,573,429	2,376,698
Economic development bond proceeds	92,459	908,361	(815,902)
Research infrastructure bond proceeds	1,075,891	8,930,519	(7,854,628)
Less: transfers out to state agencies/funds	(607,942)	(709,861)	101,919
Total general revenue and transfers	137,148,296	191,912,778	(54,764,482)
Change in net assets	23,772,267	31,132,274	(7,360,007)
Net assets - beginning	721,070,195	689,937,921	31,132,274
Net assets - ending	\$ 744,842,462	\$ 721,070,195	\$ 23,772,267

NOTE 21. COMPONENT UNITS

Clemson University Foundation

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

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

Effective July 1, 2008, CUF adopted the provisions of FASB Staff Position No. 117-1, *Endowments of Not-for Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* ("FSP 117-1"). FSP 117-1 provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and also required disclosures about endowments funds, both donor-restricted endowment funds and board-designated endowment funds. South Carolina enacted a version of UPMIFA into the Code of

Laws effective July 1, 2008.

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 2009 were recorded by the University as nonoperating gift revenues totaling \$11,784,760. CUF also reimbursed the University \$944,402 for salaries for time devoted by University employees to CUF and to fund other University initiatives.

Equipment donated by CUF to the University totaled \$120,995 and was recorded as capital grants and gifts in the Statement of Revenues, Expenses and Changes in Net Assets. Also recorded as capital grants and gifts upon receipt were CUF donations totaling \$5,529,166 for University building projects. As of June 30, 2009, CUF had remaining commitments of approximately \$3,002,000 for University building projects.

As referenced in Note 3, a 1999 amendment to the South Carolina Code of Laws allowed state-supported universities to lend endowment balances on deposit with the State Treasurer to entities (like CUF) whose existence is primarily providing financial assistance and other support to the institution and its educational program. At fiscal year end, the amount loaned, including income and appreciation, totaled \$94,803,010.

CUF charges an annual fee of 0.65 percent for managing

NOTES TO FINANCIAL STATEMENTS

the University's endowments. For the fiscal year ending June 30, 2009, the management fee was \$548,796, net of current year income, gains and appreciation losses of \$20,381,279. At fiscal year end, \$122,939 in accounts payable was due to CUF.

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

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

CUF Endowment and board-designated funds are invested on the basis of a total return policy to provide income and to realize appreciation in investment values. Under this policy, earnings, not to exceed a specified percentage, could be used to support the intended purposes. Any such earnings used to support the intended purposes are allocated only from those funds which have a market value in excess of historical value.

A summary of investments at fair value at June 30, 2009 follows:

Investments

Money market funds	\$ 15,039,479
Treasury/agency	19,108,079
Mortgage backed securities	4,482,236
Corporate bonds	17,521,222
Global bonds	910,338
U.S. Equities	145,986,890
Global equities	50,927,963
Hedge funds	15,515,583
Private equity	8,455,848
Real estate	8,478,372
Commodities	9,953,520
Closely-held securities	1,220,571
Other	36,296
Subtotal - marketable investments	297,636,397
Subordinated note receivable from Clemson	
University Real Estate Foundation	20,000,000
	<u>\$ 317,636,397</u>

Clemson University Research Foundation

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

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

The University performs research and development under performance agreements for CURF, and receives payment for all direct and indirect costs which are incurred in accordance with the terms of the performance agreements. Revenues totaling \$4,833,562 from CURF were recorded by the University in the Statement of Revenues, Expenditures and Changes in Net Assets as operating nongovernmental grants and contracts. Grants and contracts receivable in the Statement of Net Assets include \$13,354 due from CURF at June 30, 2009.

Also, the University made \$138,949 in operating lease payments to CURF for office space. CURF reimbursed the University \$101,463 for salaries for time devoted by University employees to CURF.

*Supplementary Information
to the Financial Statements*

CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
AUXILIARY REVENUE BONDS (SERIES 1998, 2000, 2003 AND 2005)
For the year ended June 30, 2009

	Dining Services	Vending Operations	Bookstore	Parking Services	Housing	Total
Revenues:						
Student meal plans	\$ 12,423,411	\$ —	\$ —	\$ —	\$ —	\$ 12,423,411
Food service commissions	1,372,882	—	—	—	—	1,372,882
Other	—	—	—	—	126,449	126,449
Residence halls	—	—	—	—	24,089,561	24,089,561
Campus vending machines	—	500,410	—	—	—	500,410
ATM rental	—	82,630	—	—	—	82,630
Contract revenue	—	331,183	1,361,545	104,079	184,894	1,981,701
Parking permits	—	—	—	2,040,802	—	2,040,802
Transit fees	—	—	—	996,960	—	996,960
Parking citations	—	—	—	858,147	—	858,147
Investment income	84,760	29,026	25,997	33,225	149,391	322,399
Total revenues	<u>\$ 13,881,053</u>	<u>\$ 943,249</u>	<u>\$ 1,387,542</u>	<u>\$ 4,033,213</u>	<u>\$ 24,550,295</u>	<u>\$ 44,795,352</u>
Expenses:						
Salaries	96,895	36,619	44,951	672,204	4,837,913	5,688,582
Fringe benefits	31,851	12,031	14,749	168,161	1,268,109	1,494,901
Travel	2,625	—	—	8,193	34,373	45,191
Contractual services	9,348,158	—	—	1,336,464	1,629,307	12,313,929
Repairs	239,359	5,272	2,921	80,681	403,652	731,885
Telecommunications	5,135	195	—	5,725	219,465	230,520
Heat, light, and power	665,114	13,826	11,994	10,224	1,755,431	2,456,589
Water, sewer and garbage	56,014	—	—	10	325,740	381,764
Rents	108,885	—	—	73,635	17,864	200,384
Supplies and materials	176,242	—	85	70,132	545,404	791,863
Insurance	16,271	235	—	5,705	194,229	216,440
University debit card fees	312,731	42,927	—	3,370	185,155	544,183
Cable television	—	—	—	—	280,021	280,021
Security	—	—	—	—	465,965	465,965
Other operating expenses	822,916	57,088	90,383	551,136	2,733,263	4,254,786
Capital outlay	129,058	—	—	6,889	(7,075)	128,872
Total expenses	<u>12,011,254</u>	<u>168,193</u>	<u>165,083</u>	<u>2,992,529</u>	<u>14,888,816</u>	<u>30,225,875</u>
Net revenues	<u>\$ 1,869,799</u>	<u>\$ 775,056</u>	<u>\$ 1,222,459</u>	<u>\$ 1,040,684</u>	<u>\$ 9,661,479</u>	<u>\$ 14,569,477</u>

CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
ATHLETIC FACILITIES REVENUE BONDS (SERIES 2001, 2003 AND 2005)
For the year ended June 30, 2009

	Football	Basketball	Other Sports	NonProgram Specific	Total
Revenues:					
Ticket sales	\$ 19,144,930	\$ 1,407,090	\$ 410,555	\$ —	\$ 20,962,575
Student fees	1,411,599	124,341	—	—	1,535,940
Away game sales and guarantees	2,854,585	306,478	—	—	3,161,063
Contributions	2,501,339	772,818	2,800,399	2,487,454	8,562,010
Third-party support	649,072	253,000	48,500	—	950,572
Direct institutional support	803,036	401,263	1,719,706	—	2,924,005
NCAA/Conference distributions including tournament revenues	6,589,446	4,943,802	214,948	—	11,748,196
Broadcast, television, radio and internet rights	—	—	—	932,500	932,500
Program sales, concessions, novelty sales and parking	1,489,043	113,075	108,034	1,307,303	3,017,455
Royalties, advertisements and sponsorships	130,000	—	—	2,295,411	2,425,411
Endowment and investment income	—	—	—	441,157	441,157
Other	281,190	47,199	35,091	203,352	566,832
Total operating revenues	<u>35,854,240</u>	<u>8,369,066</u>	<u>5,337,233</u>	<u>7,667,177</u>	<u>57,227,716</u>
Expenses:					
Athletic student aid	2,893,216	1,106,268	4,444,604	880,445	9,324,533
Guarantees	1,620,000	596,169	25,224	—	2,241,393
Coaching salaries, benefits and bonuses paid by the institution and related entities	7,252,417	2,275,831	2,952,366	—	12,480,614
Coaching other compensation and benefits paid by a third party	649,072	253,000	48,500	—	950,572
Support staff/administrative salaries, benefits and bonuses paid by the institution and related entities	869,880	315,945	112,736	6,440,286	7,738,847
Recruiting	321,591	208,920	290,754	—	821,265
Team travel	1,403,779	722,210	1,129,684	145,498	3,401,171
Equipment, uniforms and supplies	569,430	79,920	368,374	189,267	1,206,991
Game expenses	1,875,092	435,492	225,935	—	2,536,519
Fund raising, marketing and promotion	—	—	—	357,151	357,151
Direct facilities, maintenance and rental	156,111	27,154	23,977	1,923,616	2,130,858
Indirect facilities and administrative support	—	—	—	1,995,905	1,995,905
Other operating expenses	1,232,284	422,261	459,140	5,451,196	7,564,881
Total operating expenditures	<u>18,842,872</u>	<u>6,443,170</u>	<u>10,081,294</u>	<u>17,383,364</u>	<u>52,750,700</u>
Net Revenues	<u>\$ 17,011,368</u>	<u>\$ 1,925,896</u>	<u>\$ (4,744,061)</u>	<u>\$ (9,716,187)</u>	<u>\$ 4,477,016</u>



Statistical Section
(unaudited)

Statistical Section

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

CONTENTS	Page
Financial Trends	64
These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.	
Debt Capacity	69
These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.	
Operating Information	72
These schedules contain service and capital asset data to help the reader understand how the information in the University's financial report relates to the services the University provides and the activities it performs.	
Demographic and Economic Information	78
These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's and the State's financial activities take place.	

SCHEDULE OF REVENUES BY SOURCE

For the Fiscal Year (amounts expressed in thousands)									
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Revenues:									
Student tuition and fees (net of scholarship allowances)	\$ 205,488	\$ 188,530	\$ 176,240	\$ 166,912	\$ 149,405	\$ 131,049	\$ 111,346	\$ 97,269	\$ 85,753
Federal grants and contracts	65,784	61,611	57,203	59,589	58,488	63,438	62,687	51,222	43,783
State grants and contracts	47,248	43,414	35,947	36,181	35,052	31,451	29,158	19,885	20,090
Local grants and contracts	872	799	851	1,311	1,678	1,136	1,319	1,103	837
Nongovernmental grants and contracts	11,700	11,177	11,138	9,435	9,800	9,742	10,140	8,656	7,100
Sales and services of educational and other activities	16,543	16,268	14,027	14,351	13,646	11,596	9,675	9,481	7,757
Sales and services of auxiliary enterprises (net of scholarship allowances)	86,282	79,159	77,359	71,774	65,443	63,585	60,049	58,158	59,647
Other operating revenues	21,671	25,013	19,206	16,438	14,496	14,263	13,204	12,156	11,310
Total operating revenues	455,588	425,971	391,971	375,991	348,008	326,260	297,578	257,930	236,277
State appropriations	128,279	167,224	150,335	134,678	126,589	126,020	139,615	155,453	165,918
Federal appropriations	12,317	14,186	9,667	11,338	10,986	10,339	11,492	9,772	16,260
Gifts	40,293	39,020	34,413	31,381	28,686	24,295	23,232	26,892	30,318
Interest income	10,029	8,462	6,585	3,340	5,102	4,916	7,587	7,405	8,048
Endowment income	(20,283)	(7,046)	16,003	7,804	6,252	6,769	2,563	(1,788)	(439)
Other nonoperating revenues	1,944	1,389	753	483	657	991	1,490	1,423	519
Proceeds from the sale of capital assets	715	—	20,061	—	5,029	—	—	14,016	—
Total nonoperating revenues	173,294	223,235	237,817	189,024	183,301	173,330	185,979	213,173	220,624
Total revenues	\$ 628,882	\$ 649,206	\$ 629,788	\$ 565,015	\$ 531,309	\$ 499,590	\$ 483,557	\$ 471,103	\$ 456,901

For the Fiscal Year (percent of total income)									
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Revenues:									
Student tuition and fees (net of scholarship allowances)	32.7%	29.0%	28.0%	29.5%	28.1%	26.2%	23.0%	20.6%	18.8%
Federal grants and contracts	10.5%	9.5%	9.1%	10.5%	11.0%	12.7%	13.0%	10.9%	9.6%
State grants and contracts	7.5%	6.7%	5.7%	6.4%	6.6%	6.3%	6.0%	4.2%	4.4%
Local grants and contracts	0.1%	0.1%	0.1%	0.2%	0.3%	0.2%	0.3%	0.2%	0.2%
Nongovernmental grants and contracts	1.9%	1.7%	1.8%	1.7%	1.8%	1.9%	2.1%	1.8%	1.6%
Sales and services of educational and other activities	2.6%	2.5%	2.2%	2.5%	2.6%	2.3%	2.0%	2.0%	1.7%
Sales and services of auxiliary enterprises (net of scholarship allowances)	13.7%	12.2%	12.4%	12.7%	12.3%	12.7%	12.4%	12.3%	13.1%
Other operating revenues	3.4%	3.9%	3.0%	2.9%	2.8%	2.9%	2.7%	2.7%	2.4%
Total operating revenues	72.4%	65.6%	62.3%	66.4%	65.5%	65.2%	61.5%	54.7%	51.8%
State appropriations	20.4%	25.8%	23.9%	23.8%	23.8%	25.2%	28.9%	33.0%	36.2%
Federal appropriations	2.0%	2.2%	1.5%	2.1%	2.1%	2.1%	2.4%	2.1%	3.6%
Gifts	6.4%	6.0%	5.5%	5.6%	5.4%	4.9%	4.8%	5.7%	6.6%
Interest income	1.6%	1.3%	1.0%	0.6%	1.0%	1.0%	1.6%	1.6%	1.8%
Endowment income	(3.2)%	(1.1)%	2.5%	1.4%	1.2%	1.4%	0.5%	(0.4)%	(0.1)%
Other nonoperating revenues	0.3%	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%	0.1%
Proceeds from the sale of land	0.1%	0.0%	3.2%	0.0%	0.9%	0.0%	0.0%	3.0%	0.0%
Total nonoperating revenues	27.6%	34.4%	37.7%	33.6%	34.5%	34.8%	38.5%	45.3%	48.2%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Due to reporting format and definition changes prescribed by Governmental Standards Statement No. 34 and 35, only information for fiscal years 2000-01 through 2008-09 is available.
Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF EXPENSES BY USE

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

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

Note: Due to reporting format and definition changes prescribed by Governmental Standards No. 34 and 35, only information for fiscal year 2000-01 through 2008-09 is available.

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF EXPENSES BY FUNCTION

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

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

Note: Due to reporting format and definition changes prescribed by Governmental Standards No. 34 and 35, only information for fiscal year 2000-01 through 2008-09 is available.

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF NET ASSETS AND CHANGES IN NET ASSETS

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

Note: Due to reporting format and definition changes prescribed by Governmental Standards Statements No. 34 and 35, only information for fiscal years 2000-01 through 2008-09 is available.
Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	For the Fiscal Year									
	(amounts expressed in thousands except for outstanding debt per student)									
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
General Obligation Bonds	\$ 45,685	\$ 49,660	\$ 53,475	\$ 43,655	\$ 46,605	\$ 49,460	\$ 42,465	\$ 9,915	\$ 10,900	\$ 11,830
Plant Improvement Bonds	1,610	2,360	3,080	3,770	4,435	5,070	5,685	6,275	6,845	7,360
Revenue Bonds	51,490	55,875	61,155	64,981	61,322	63,982	38,475	40,910	43,355	45,695
Athletic Facilities Revenue Bonds	33,410	34,975	36,465	37,685	23,840	24,935	25,975	19,960	20,985	—
Notes Payable	1,394	1,876	2,335	2,771	852	1,048	706	155	202	475
Capital Lease Obligations	873	1,285	1,920	3,143	4,276	5,355	6,369	7,323	8,205	9,034
Total Outstanding Debt	\$ 134,462	\$ 146,031	\$ 158,430	\$ 156,005	\$ 141,330	\$ 149,850	\$ 119,675	\$ 84,538	\$ 90,492	\$ 74,394
Full-time equivalent students	17,367	16,250	16,226	16,044	15,948	15,780	15,620	15,800	16,053	15,685
Outstanding debt per student	\$ 7,742	\$ 8,987	\$ 9,764	\$ 9,724	\$ 8,862	\$ 9,496	\$ 7,662	\$ 5,351	\$ 5,637	\$ 4,743

Note: Outstanding debt per student calculated using fall semester full-time equivalent student enrollment data for the last ten academic years (page 7x).

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	
2009	\$ 19,607	\$ 19,607	\$ 3,975	\$ 2,006	\$ 5,981	3.28
2008	15,534	15,534	3,815	2,158	5,973	2.60
2007	11,941	11,941	4,180	1,876	6,056	1.97
2006	8,733	8,733	2,950	1,836	4,786	1.82
2005	7,120	7,120	2,855	1,932	4,787	1.49
2004	6,881	6,881	4,005	1,921	5,926	1.16
2003	6,876	6,876	1,615	1,530	3,145	2.19
2002	4,843	4,843	985	555	1,540	3.14
2001	4,325	4,325	930	608	1,538	2.81
2000	3,568	3,568	875	658	1,533	2.33

Plant Improvement Bonds

Fiscal Year Ended June 30,	Tuition and Matriculation Fees	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
			Principal	Interest	Total	
2009	\$ 1,147	\$ 1,147	\$ 750	\$ 101	\$ 851	1.35
2008	1,061	1,061	720	132	852	1.25
2007	985	985	690	162	852	1.16
2006	1,003	1,003	665	190	855	1.17
2005	1,005	1,005	635	216	851	1.18
2004	1,003	1,003	615	242	857	1.17
2003	1,002	1,002	590	266	856	1.17
2002	1,177	1,177	570	292	862	1.37
2001	1,204	1,204	515	324	839	1.43
2000	1,114	1,114	485	354	839	1.33

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

Revenue Bonds

Fiscal Year Ended June 30,	Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2009	\$ 44,795	\$ 30,226	\$ 14,569	\$ 4,385	\$ 2,816	\$ 7,201	2.02
2008	43,043	26,913	16,130	4,185	3,016	7,201	2.24
2007	41,597	26,836	14,761	4,000	3,204	7,204	2.05
2006	39,855	26,706	13,149	3,505	3,233	6,738	1.95
2005	38,524	25,354	13,170	2,605	3,126	5,731	2.30
2004	35,444	23,579	11,865	2,555	3,048	5,603	2.12
2003	34,284	22,143	12,141	2,435	2,157	4,592	2.64
2002	32,701	21,941	10,760	2,445	2,290	4,735	2.27
2001	31,370	22,254	9,116	2,340	2,398	4,738	1.92
2000	29,996	21,559	8,437	2,340	1,235	3,575	2.36

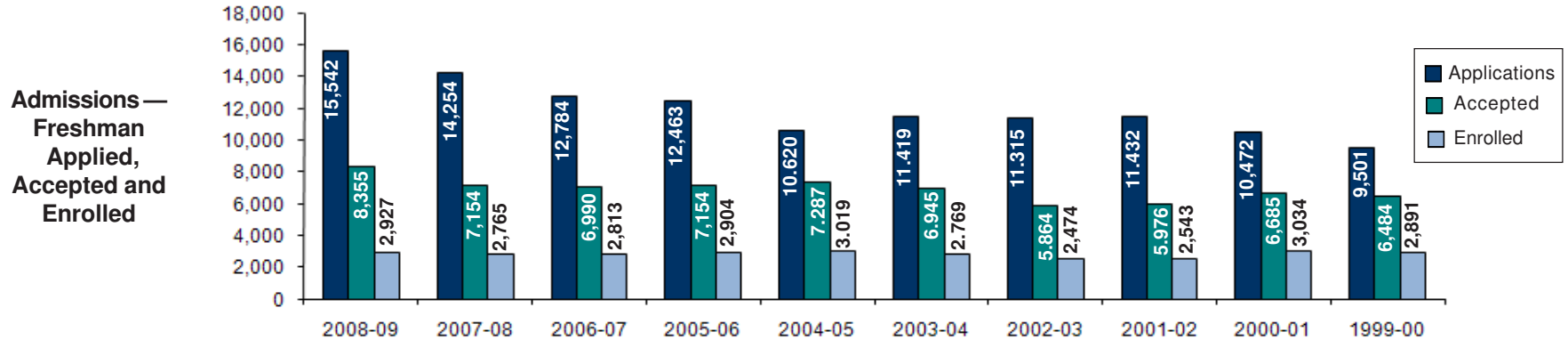
Note: The revenue bonds are secured by revenues from five sources: dining services, vending operations, the university bookstore, student housing and parking.

Source: Clemson University Comprehensive Annual Financial Reports

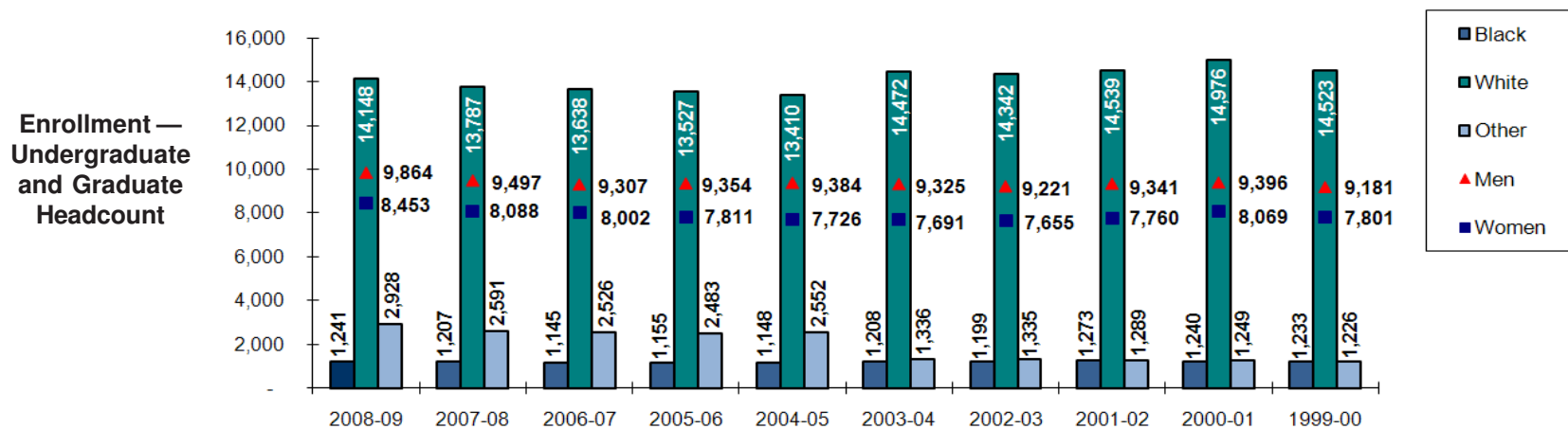
ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

Last Ten Academic Years

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Admissions-Freshman										
Accepted as a percentage of applications	53.8%	50.2%	54.7%	57.4%	68.6%	60.8%	51.8%	52.3%	63.8%	68.2%
Enrolled as a										
Percentage of accepted	35.0%	38.6%	40.2%	40.6%	41.4%	39.9%	42.2%	42.6%	45.4%	44.6%
SAT scores-total	1,227	1,221	1,217	1,225	1,204	1,204	1,205	1,191	1,172	1,158
Verbal	597	595	592	600	589	587	587	584	575	569
Math	630	626	625	625	615	617	618	607	597	589
South Carolina average SAT score-total	985	984	985	993	986	989	981	974	966	954



	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Enrollment										
Undergraduate and graduate FTE	17,367	16,250	16,226	16,043	15,948	15,780	15,620	15,800	16,053	15,685
Undergraduate and graduate headcount	18,317	17,585	17,309	17,165	17,110	17,016	16,876	17,101	17,465	16,982
Percentage of men	53.9%	54.0%	53.8%	54.5%	54.8%	54.8%	54.6%	54.6%	53.8%	54.1%
Percentage of women	46.1%	46.0%	46.2%	45.5%	45.2%	45.2%	45.4%	45.4%	46.2%	45.9%
Percentage of black	6.8%	6.9%	6.6%	6.7%	6.7%	7.1%	7.1%	7.4%	7.1%	7.3%
Percentage of white	77.2%	78.4%	78.8%	78.8%	78.4%	85.0%	85.0%	85.0%	85.7%	85.5%
Percentage of other	16.0%	14.7%	14.6%	14.5%	14.9%	7.9%	7.9%	7.6%	7.2%	7.2%

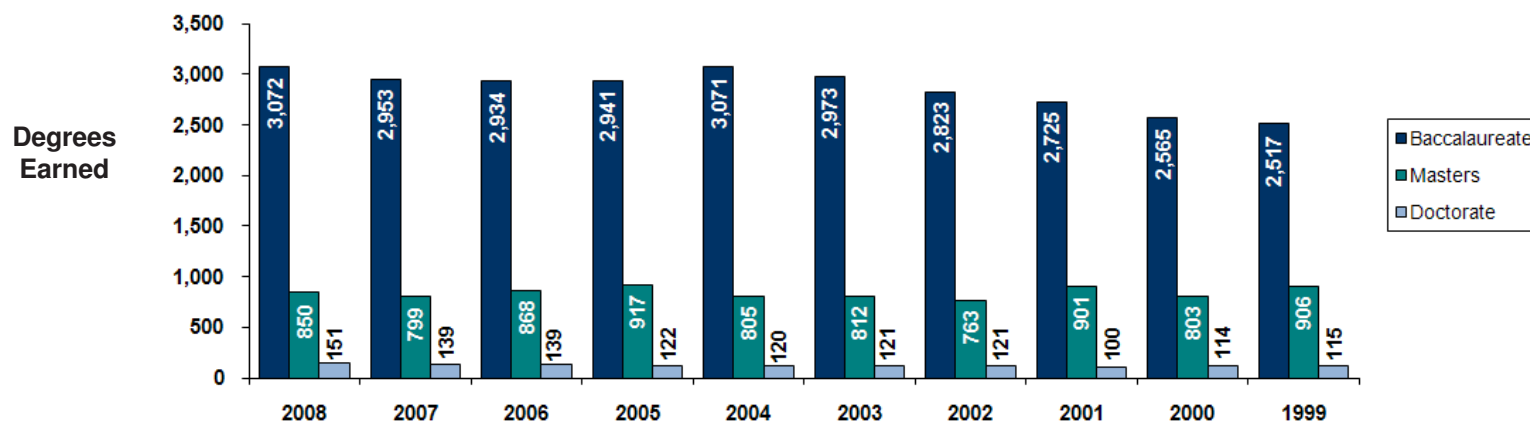


Degrees Earned*

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Baccalaureate	3,072	2,953	2,934	2,941	3,071	2,973	2,823	2,725	2,565	2,517
Masters**	850	799	868	917	805	812	763	901	803	906
Doctorate	151	139	139	122	120	121	121	100	114	115

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

** Masters awards include specialist degrees.



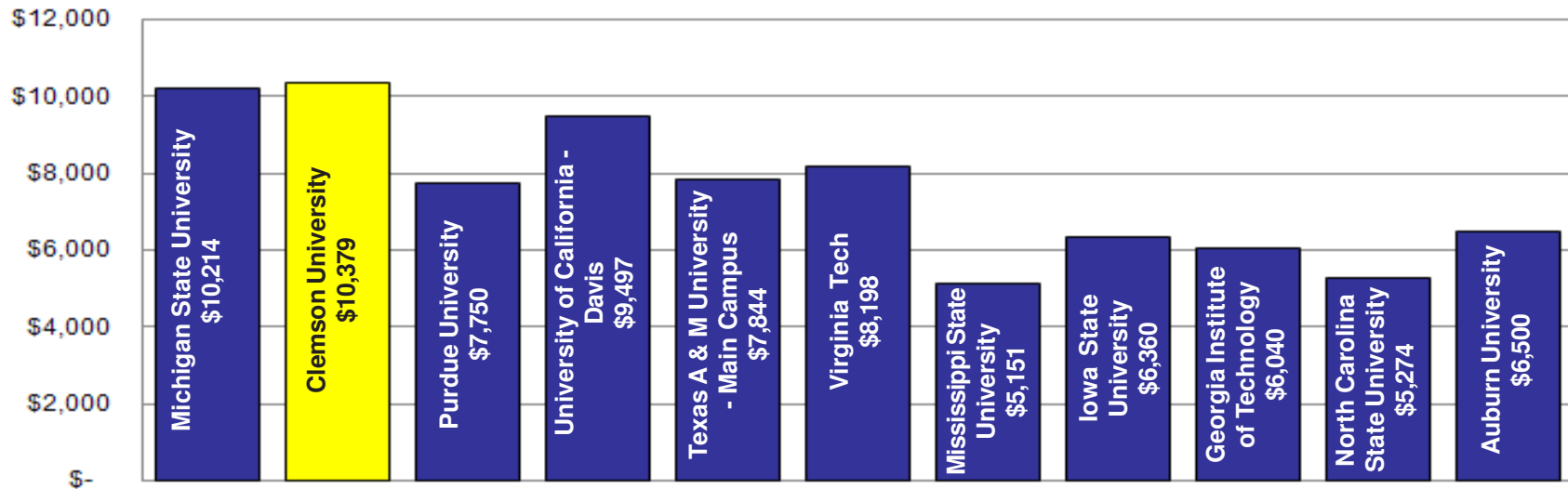
Source: Clemson University Office of Institutional Research Fact Book (www.clemson.edu/oirweb1/fb/factbook/)

UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES

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

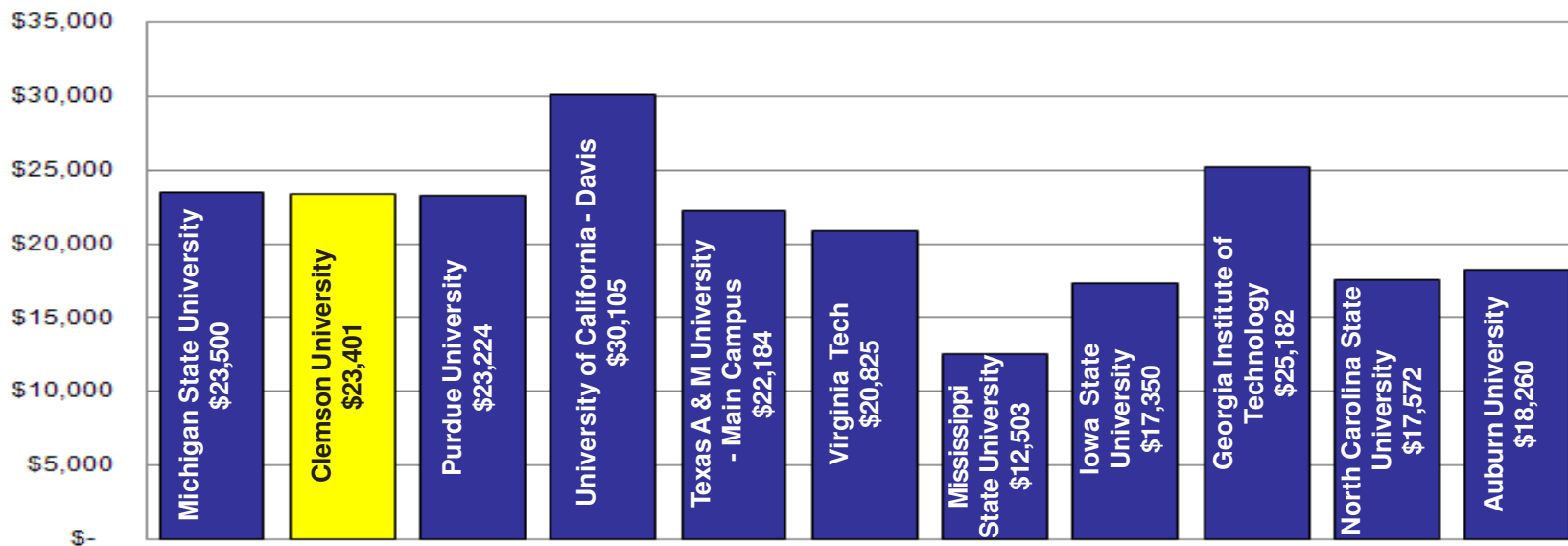
Institution - Resident	For the Fiscal Year									
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Michigan State University	\$ 10,214	\$ 9,640	\$ 8,793	\$ 7,945	\$ 7,000	\$ 6,703	\$ 5,022	\$ 4,632	\$ 4,256	\$ 4,120
Clemson University	10,379	9,937	9,400	8,816	7,840	6,934	5,834	4,490	3,590	3,470
Purdue University	7,750	7,416	7,096	6,458	6,092	5,860	5,580	4,164	3,872	3,724
Univsty of California-Davis	9,497	8,925	8,323	8,129	7,557	6,438	4,630	4,595	4,072	4,034
Texas A & M University - Main Campus	7,844	7,335	6,966	6,399	5,955	5,051	3,949	3,127	2,809	2,640
Virginia Tech	8,198	7,397	6,973	6,378	5,838	5,095	3,936	3,664	3,640	3,620
Mississippi State University	5,151	4,929	4,596	4,312	3,874	3,874	3,874	3,586	3,117	3,017
Iowa State University	6,360	6,161	6,060	5,634	5,426	5,028	4,110	3,442	3,132	3,004
Georgia Institute of Technology	6,040	5,642	4,926	4,648	4,278	4,076	3,616	3,454	3,308	3,108
North Carolina State University	5,274	5,117	4,783	4,338	4,260	3,970	3,827	3,302	2,814	2,414
Auburn University	6,500	5,834	5,496	5,278	4,828	4,426	3,784	3,260	3,050	2,895

Undergraduate Tuition and Fees - Resident - FY 2008-09



	For the Fiscal Year									
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Institution - Non Resident										
Michigan State University	\$ 23,500	\$ 23,500	\$ 21,438	\$ 19,697	\$ 17,845	\$ 16,663	\$ 12,276	\$ 11,310	\$ 10,388	\$ 10,042
Clemson University	23,401	21,867	19,824	18,440	16,404	14,532	12,932	11,284	9,784	9,456
Purdue University	23,224	22,224	21,266	19,824	18,700	17,640	16,260	13,872	12,904	12,348
University of California-Davis	30,105	28,545	27,007	25,949	24,513	20,648	17,009	15,669	14,686	14,208
Texas A & M University - Main Campus	22,184	15,675	15,216	14,679	13,695	12,131	9,181	8,191	7,969	7,824
Virginia Tech	20,825	19,775	19,049	17,837	16,581	15,029	13,552	12,488	12,128	11,844
Mississippi State University	12,503	11,420	10,552	9,772	8,780	8,780	8,780	8,125	7,065	6,119
Iowa State University	17,350	16,919	16,554	15,724	15,128	14,370	12,802	10,776	9,974	9,564
Georgia Institute of Technology	25,182	23,366	20,272	18,990	17,558	16,002	13,986	12,350	10,826	10,350
North Carolina State Univeristy	17,572	17,315	16,981	16,536	16,157	15,818	15,111	13,294	11,980	11,580
Auburn University	18,260	16,334	15,496	14,878	14,048	12,886	11,084	9,780	9,150	8,685

Undergraduate Tuition and Fees - Non Resident - FY 2008-09



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

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

FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

	For the Fiscal Year									
	<i>(Numbers are based on the October 1st Freeze date from the Clemson University Business System)</i>									
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Faculty										
Part-time	145	140	146	148	159	156	178	161	184	147
Full-time	1,307	1,293	1,246	1,175	1,099	1,095	1,088	1,087	1,057	1,055
Percentage tenured	38.6%	39.5%	40.6%	44.3%	44.8%	44.2%	44.9%	46.9%	48.5%	52.5%
Staff and administrators with faculty rank										
Part-time	197	200	204	229	227	201	210	206	224	242
Full-time	3,260	3,181	3,062	3,067	2,843	2,817	2,916	2,954	2,944	2,832
Total employees										
Part-time	342	340	350	377	386	357	388	367	408	389
Full-time	4,567	4,474	4,308	4,242	3,942	3,912	4,004	4,041	4,001	3,887
Students per full-time										
Faculty	14.0	13.6	13.9	14.6	15.6	15.5	15.5	15.7	16.7	16.6
Staff	5.6	5.5	5.7	5.6	5.8	5.8	5.5	5.5	5.6	5.9
Average annual faculty salary*	\$ 77,330	\$ 76,639	\$ 74,045	\$ 72,854	\$ 71,652	\$ 67,446	\$ 66,262	\$ 64,118	\$ 60,048	\$ 60,282

*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/)

SCHEDULE OF CAPITAL ASSET INFORMATION

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

Note: Prior fiscal year data is not readily available.

Sources:

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

DEMOGRAPHIC STATISTICS

State of South Carolina

Last Ten Calendar Years

Year	Population at July 1 (a)	Per Capita Income (b)	Average Annual Unemployment Rate (c)
1999	3,974,682	\$ 23,075	4.1%
2000	4,023,628	24,423	3.6%
2001	4,062,933	24,974	5.2%
2002	4,104,683	25,348	5.9%
2003	4,146,770	25,852	6.7%
2004	4,201,437	27,039	6.8%
2005	4,254,989	28,460	6.7%
2006	4,330,108	29,767	6.4%
2007	4,407,709	31,013	5.9%
2008	4,479,800	31,884	6.9%

(a) Source: U.S. Census Bureau

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

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

Source: South Carolina Comptroller General's Office

TEN LARGEST EMPLOYERS

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

2008	2001
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Blue Cross/Blue Shield of South Carolina
Greenville County School District	Michelin Tire Corporation
Greenville Hospital System	School District of Greenville
Michelin Tire Corporation	Springs Industries, Inc.
Palmetto Health Alliance, Inc.	University of South Carolina
U.S. Department of Defense	U.S. Department of Defense
U.S. Postal Service	U.S. Postal Service
University of South Carolina	Wal-Mart Associates, Inc
Wal-Mart Associates, Inc.	Westinghouse Savannah River

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

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

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

Prepared by:
Comptroller's Office
Administrative Services Building
P.O. Box 345321
Clemson, SC 29634-5321
Tel: (864) 656-2808 FAX: (864) 656-5600

Charles Tegen, Comptroller
Steve Crump, Associate Comptroller