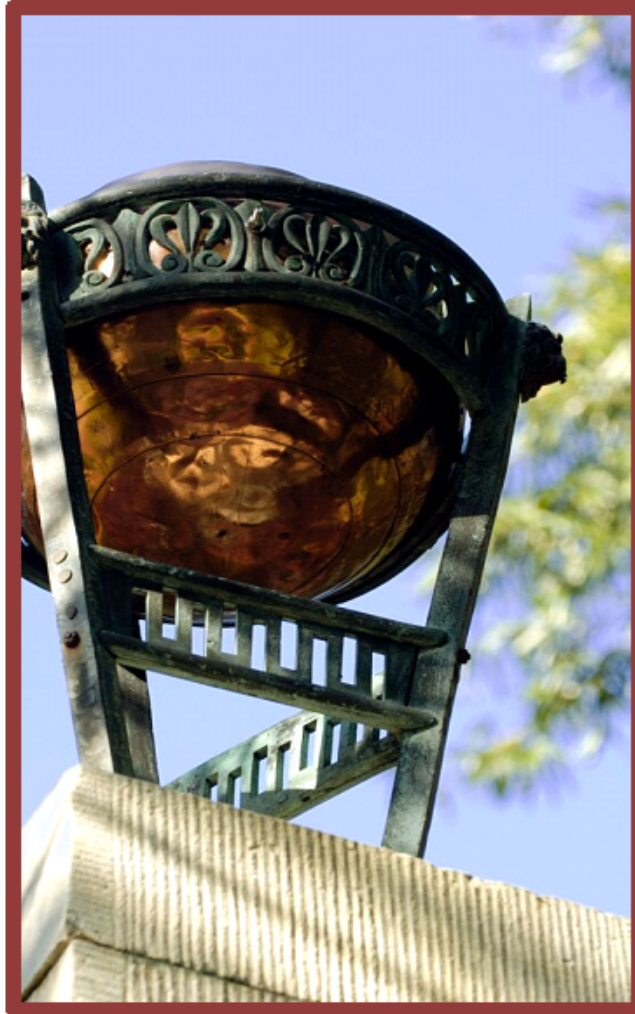




# UNIVERSITY OF SOUTH CAROLINA



## **Comprehensive Annual Financial Report** For the Year Ended June 30, 2015

A Component Unit of the State of South Carolina





## **ON THE COVER**

The Maxcy Monument, constructed in honor of the University's first president, Jonathan Maxcy, is featured on the front cover. The Monument was designed by Robert Mills, who also designed the Washington Monument, and is located in the center of the University's historic Horseshoe.

*All photos provided by University Creative Services and the MyCarolina Alumni Association*



# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2015

A Component Unit of the State of South Carolina

Prepared by the Controller's Office

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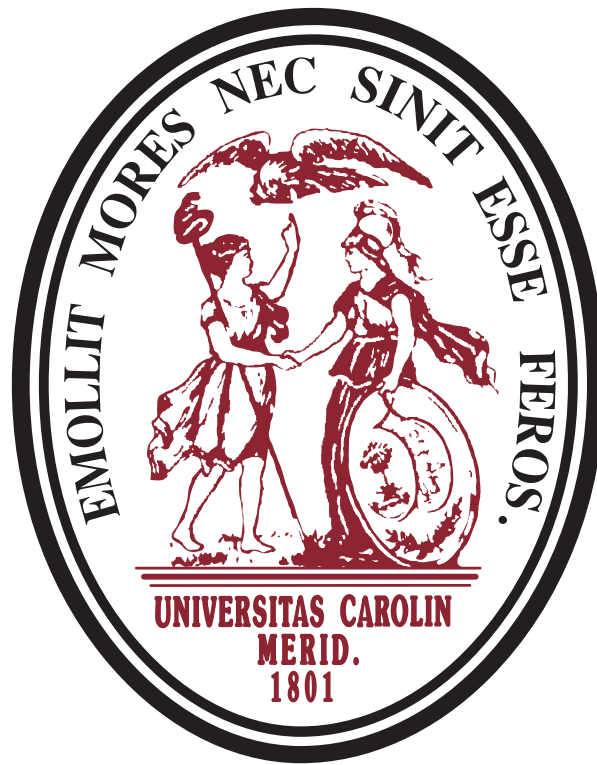
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# Introductory Section

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UNIVERSITY OF SOUTH CAROLINA

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UNIVERSITY OF  
**SOUTH CAROLINA**

Office of the President

*President's Letter*

November 10, 2015

Dear Carolina Community,

In August I began my 17th year at the University of South Carolina and my 8th as President. During this time we have navigated around quite a few impressive roadblocks—including a historic recession—however, I am pleased to report that our many accomplishments have overwhelmed our challenges. And we have every intention of accelerating our progress.



We are even now in the process of crafting a new plan to continue our momentum into the century's third decade by continuing to focus on a superior student experience. To that end, we have already opened a new University Advising Center to provide the most consistent, accessible and useful student advising we've ever offered. Centered on freshmen, transfer and students in transition, we plan to hire up to 25 additional first-year advisers who will help improve student retention and academic progression while decreasing time to graduation by reducing changes of major and streamlining course selection. We are also implementing a predictive analytics advising tool to provide early outreach and intervention to students who are at-risk of not succeeding in their majors. The data is used to determine the courses most predictive of graduation in a particular major and the necessary grade threshold to succeed in future classes in that major. The goal is not necessarily to change students' major decisions, but to provide them with early resources to avoid an extended time to degree or failure to complete a degree.

Our Graduation with Leadership Distinction program, now in its second year, is off to an impressive start. To earn this high honor, students must demonstrate extensive, purposeful leadership engagement beyond the classroom through four pathways. Our students are embracing this concept; more than 300 have already earned this distinction. It is gratifying that local employers are already taking note of the value of this designation as they make hiring decisions.

We are also perfecting our student experience by recruiting and retaining a world-class faculty. Indeed, our faculty members continue to accelerate their quest for research funding by breaking existing records. This past year they were awarded nearly a quarter of a billion dollars in sponsored awards, representing a 5.5 percent increase from 2014. The economic impact to the Midlands derived from these external research grants is estimated at \$630 million.

This year, the New York Times noted that USC's Honors College is a comparable alternative to Ivy League universities and a better bargain for parents. From Honors College to Capstone, Fulbright,

Goldwater, Magellan, Hollings Scholars and more, our students are excelling and taking advantage of all that USC offers. That's not all. We have 47 nationally ranked academic programs, more than any other university in the state, including our No. 1 undergraduate international business program and our No. 1 graduate international business program, as well as solid rankings in exercise science, engineering, public health, nursing, hospitality, criminology and others.

Two standout initiatives gaining national attention are Palmetto College and On Your Time Graduation. Since the 2013 launch of Palmetto College 1,452 students have been enrolled in one of seven online bachelor's degree completion programs. Of those, 385 have already earned a bachelor's degree. Most of these graduates have told us that they would not have received their degree, a raise, or improved their lives without Palmetto College. This is great news for our region and state.

On Your Time Graduation, in its third year, is a commitment to timely graduation and a reduction in student debt. We have re-engineered the academic year to twelve full months of classes. This allows students to accelerate their path to graduation. This past summer students enrolled in one or more of 600 courses including 43 Carolina Core courses – and as result of extensive lobbying led by USC, South Carolinians were able to use their lottery scholarship for summer classes.

As South Carolina's only Carnegie top-tier research university, we have a profound impact of \$4.1 billion annually on the Midlands and the state. Our Office of Economic Engagement has facilitated several significant public/private partnerships that promise to give South Carolina a competitive edge. For example, our IBM Center for Applied Innovation is the place where experts from the university and IBM work together to provide IT application services to both public and private sector organizations. They focus on Big Data and Analytics while providing internships for our students. The Center, which also houses Fluor Corporation technicians, will soon move to its new home in the Innovista Research District.

Finally, we are proud to be the first institution in the state to set and exceeded a \$1 billion campaign goal by more than \$43 million. We are grateful to our many friends within South Carolina and the nation – 136,850 to be exact, who have made a difference in the lives of Carolina students. As we like to say, "Thanks a billion."

I am honored to hold the position of President of this great university. I will continue to advocate for increased state funding. I feel optimistic that our General Assembly will join in our common cause to ease the burden of debt for South Carolina's families as they send their daughters and sons to college. It will always be my mission to fight for greater access, flexibility and affordability to higher education for every South Carolinian.

Sincerely

A handwritten signature in blue ink that reads "H Pastides". The signature is written in a cursive, flowing style.

Harris Pastides

## UNIVERSITY OF SOUTH CAROLINA Strategic Plan

***Focus Carolina***, initiated in 2008, is a strategic plan that outlines key decision-making for USC in the next decade and beyond. ***Focus Carolina*** is a comprehensive, system-wide strategic planning initiative announced by President Harris Pastides that involves the entire University family including hundreds of faculty, students, staff, and alumni.

***Focus Carolina*** articulates the University's quest for quality, leadership, innovation, diversity, access, global competition, and community engagement at all eight campuses of the University system. Specific initiatives include aerospace science and engineering; alternative fuels, materials science, composites technology, and nanotechnology; sustainability and the environment; P-20 education; and Rule of Law. Other goals include improvement of student retention and on-time graduation, increasing access to baccalaureate degree through USC's regional campuses, and engaging further with communities.

The full ***Focus Carolina*** strategic plan is available on the web at this address: <http://www.sc.edu/focuscarolina/>

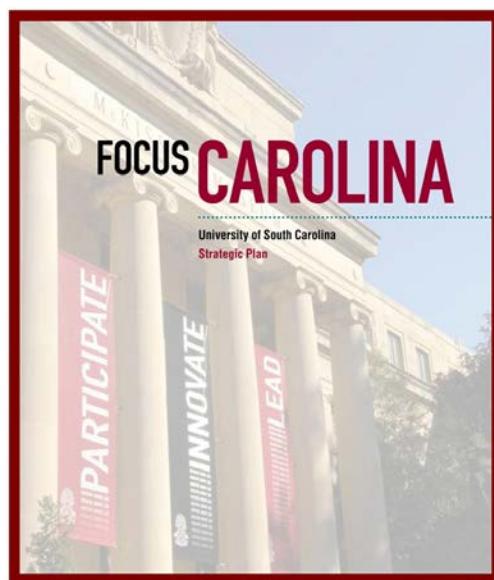
The comprehensive update from December 2011 is available on the web at this address: [http://www.sc.edu/focuscarolina/pdfs/Focus Carolina Full Planrev1.pdf](http://www.sc.edu/focuscarolina/pdfs/Focus_Carolina_Full_Planrev1.pdf)

On September 8, 2015, President Harris Pastides assembled his executive team for a day-long retreat to consider options for refining ***Focus Carolina*** and for developing a refreshed strategic plan for USC. President Pastides called for a plan for the University's future that assumes the priorities of ***Focus Carolina*** while establishing goals that are based on the most current dynamics in the state, the nation, and the world.

Tentatively named ***Carolina 2026***, this refreshed strategic plan will describe a vision for the University of South Carolina to carry the University from 2016 through 2026, USC's 225th anniversary. At the core of ***Carolina 2026*** will be a five-year strategic plan organized according to four guiding principles, that the University of South Carolina is 1) recognized for a superior student experience; 2) a globally recognized, high impact research university; 3) committed to developing flexible new models for college access and affordability; and 4) a vital part of South Carolina's economic and overall wellbeing.

At the October 16, 2015, meeting of USC's Board of Trustees, President Pastides and Provost Joan Gabel outlined for the Board a process by which a refreshed strategic plan will be developed, vetted, discussed with University stakeholders, and then presented to the Board in detail at a weekend retreat in late January of 2016. President Pastides and Provost Gabel committed to developing a refreshed strategic plan containing measurable goals, progress against which will be reported to the Board on a regular basis. Similarly, the strategic plan's goals will be aligned with an academic dashboard of metrics to be compared to data for peer institutions across time.

The University plans to adopt ***Carolina 2026*** in February of 2016, following the periods of development and discussion described above.



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## **DESAUSSURE COLLEGE**

Built in 1809, DeSaussure College is the second oldest building on campus and replete with historic interest. After the Civil War a portion of the building was used as a federal military prison. In 1918, it became the first women's dormitory on campus. Today it is used as a coed, apartment-style residence hall, home to Upperclass Honor students.

*All photos provided by University Creative Services and the MyCarolina Alumni Association.*





Vice President for Finance &  
Chief Financial Officer

*Letter of Transmittal*

November 10, 2015

President Pastides,  
Members of the Board of Trustees, and  
Friends of the University of South Carolina

We are pleased to present our Comprehensive Annual Financial Report of the University of South Carolina for the year ended June 30, 2015. This report includes the financial statements as well as other data that describes the University's financial position at the end of the year and helps ensure University accountability to the public. The annual report encompasses three major sections: Introductory, Financial, and Statistical, as well as all disclosures necessary for the reader to gain an understanding of the University's financial operations. The Financial Section presents management's discussion and analysis (MD&A) which, when read in conjunction with the financial statements and the notes to the financial statements, provides a more complete picture of the financial health of the USC System.

Responsibility for the accuracy of the information and for the completeness, reliability and fairness of all information contained in this report, rests with the University's administration. A comprehensive framework of internal controls has been established to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of controls should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. We believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors and to the Audit and Compliance Committee of the Board of Trustees and to provide management with reasonable, although not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition.

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, 2015, the University contracted with the independent certified public accounting firm of Elliott Davis Decosimo, LLC, to perform the University's annual audit. The auditors have issued an unmodified opinion, the most favorable outcome of the audit process.

The University's internal auditors also perform fiscal, compliance, and performance audits. The reports resulting from these audits are shared with University administration. Internal and external audit reports are provided to the Audit and Compliance Committee of the Board of Trustees. As a lump sum agency of the State of South Carolina, the University is required to provide a complete set of audited financial statements by October of each year for incorporation into the statewide Comprehensive Annual Financial Report. This report fulfills that requirement for the fiscal year ending June 30, 2015. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. The letter of transmittal complements the MD&A and should be read in conjunction with it.

### **Profile of the University**

The University of South Carolina is a state-supported, coeducational institution of higher education. The University of South Carolina is home to more than 200 years of history and tradition, rising from a single building in 1805 on what would become the heart of the campus, the Horseshoe. The Palmetto State established South Carolina College, the precursor to the University of South Carolina, on December 19, 1801, as part of an effort to unite South Carolinians in the wake of the American Revolution. Located in the Capital City, the University was purposefully located and positioned to become the State's higher education leader. Today the University of South Carolina is the state's flagship university and is one of 73 public universities, and the only university in South Carolina, listed by the Carnegie Foundation in the highest tier of research institutions in the United States. The University's mission is to educate the state's diverse citizens through teaching, research, creative activity, and service.

The University of South Carolina is governed by the Board of Trustees in accordance with Title 59 Chapter 117 of the State of South Carolina Code of Laws. The Board of the University of South Carolina is composed of 20 members including sixteen members elected by the General Assembly and one from each judicial circuit. Additionally, there are three *ex officio* members including the Governor (or designee), the State Superintendent of Education, and the President of the Greater University of South Carolina Alumni Association. The Governor also appoints one member at-large.

Ten separately chartered legal entities, whose activities are related to those of the University and whose primary purpose is to provide financial assistance and other support to the University and its education program, are discretely presented as component units of the University. These include the South Carolina Research Foundation, the University of South Carolina School of Medicine Educational Trust, the Beaufort-Jasper Higher Education Commission, the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the University of South Carolina Upstate Foundation; the University of South Carolina Upstate Capital Development Foundation; and the Educational Foundation of the University of South Carolina – Lancaster. Because the activities and resources of these entities are significant, provide a direct

benefit, and are accessible to the University, they are considered component units of the University and are discretely presented in the University's financial statements. Additional information on the reporting entity can be found in the notes to the financial statements.

The University of South Carolina's Columbia campus has 324 unique degree programs through its 14 degree-granting colleges and schools. The University houses the only public law school in South Carolina and has two medical campuses. The University developed an innovative partnership with the Greenville Hospital System that addresses a critical workforce development issue and builds upon the successful twenty-year relationship with this health care delivery system. No state support is available for this initiative, but it is made possible by a significant commitment of funds from the Greenville Hospital System and through student tuition. The first cohort of medical students enrolled in fall 2012 following a year of start-up activities. As of the fall 2015 term, 280 students are enrolled at the Greenville campus of the School of Medicine.

Access to the University is broad and deep. Joining the flagship campus in Columbia are four-year comprehensive, baccalaureate campuses in Aiken, Beaufort, and Upstate (Spartanburg-Greenville). Four two-year campuses-Lancaster, Sumter, Salkehatchie (Allendale and Walterboro), and Union help the University cover the state; making USC the most comprehensive and most affordable higher education system in South Carolina. Beginning in 2012, the Columbia campus welcomed the first class of 165 Gamecock Gateway students; a joint program with Midlands Technical College designed to provide a one-year residential program that offers access, affordability and the eventual opportunity to enroll at the University of South Carolina. This bridge program now enrolls 349 students and 464 students who completed the program are now fully enrolled at the University of South Carolina. Across the University System, the Palmetto College was launched in the fall of 2013 as an academic programs coordinating unit, with five million dollars of taxpayer support. This initiative has expanded baccalaureate degree programs to rural populations via expanded online learning. Palmetto College currently provides seven online bachelor's degree completion programs to 687 students, an increase of 37 percent over the founding year of the program.

The financial reporting entity for the financial statements is composed of the Columbia campus, including the School of Medicine with locations in Columbia and Greenville, and seven system campuses. The accompanying financial statements present all funds belonging to the University and its component units.

The University annually prepares a balanced operating budget. The budget development process is a comprehensive planning effort representative of the vision of the University to provide research, teaching, and service for the citizens of the State of South Carolina. Under the guidance of the Board of Trustees, the University establishes priorities, creates budgets and controls expenditures. The University President determines internal budget allocations under the advice of the Chancellors, Provost, Chief Operating Officer and the Chief Financial Officer. The process requires

participation beginning at the department level and reaching out to all campuses as the budget is developed to reflect the investments identified to significantly enhance the academic reputation, benefit students and contribute to the economic and societal health of the State of South Carolina. The budget includes all operating budgets of the University, including the educational and general activities, auxiliary enterprises, sponsored programs and capital projects. Upon approval of the annual operating budget each June, the Board of Trustees delegates authority for budget execution to University administration. Budget monitoring is performed on an ongoing basis. The Division of Administration and Finance prepares quarterly budget updates for the Board of Trustees and comprehensive reviews at mid-year and year-end. The budget update includes comparison of the approved budget to current budget, and comparison of budget to actual performance. Supplemental schedules of revenue and expenditures are prepared for each budget unit and by campus. Monthly financial reports are provided for each fund to individual managers responsible for each account.

### **Local Economy**

The economic position of the University is loosely tied to the State of South Carolina. The economy remains in measured recovery from the depths of the Great Recession. State tax and revenue collections continue to rebound from the lows reached in 2010. From 2008-09, the state reduced its general fund budget by \$1.66 billion or 24 percent from the peak in fiscal year 2007. These reductions translated to losses in state appropriations of more than \$112 million or 50 percent, for the University of South Carolina. State General Funds available for the 2015 year increased in the annual budget by approximately \$283.5 million. State gross general fund revenues exceeded the budget by approximately \$480 million, an increase of 6.8 percent for the 2015 fiscal year.

The University received approximately \$6 million in new, recurring state funds for academic initiatives, system campus parity funding and fringe benefit adjustments. An additional \$7 million in non-recurring funding was received for deferred maintenance, parity and an efficiency, effectiveness and accountability study. Modest increases in state funding are also provided for the 2016 fiscal year.

Higher education funding across South Carolina has been reduced as a proportion of total State General Fund Appropriations. The University has increased strategic efforts to collaborate with state business organizations, education advocacy groups and other state higher education institutions to rebuild relationships between the Universities and state legislators in an effort to place our institutions back to prominence.

Economists at the Darla Moore School of Business expected that state employment and income would slowly increase from 2012 through 2015, and those projections have proven true. At the end of June 2015, the state seasonally adjusted unemployment rate was 6.6 percent, compared to the national average of 5.3 percent. Total non-farm employment increased by 58,700 jobs, a gain of 3 percent during the year. The economic recovery in the state continues to be led by the manufacturing sector. As in 2014, South Carolina home sales have increased modestly as has the median home

price. Increasing mortgage rates have not yet slowed the housing recovery. Building permit activity and construction jobs continue to increase.

In budget development for 2015, the University expected stagnant or reductions in Federal grant funding due to the ongoing impact of Sequestration, as part of the plan for dealing with the Federal budget deficit. However, Federal grant awards for the prior year increased by approximately \$12.5 million across the system. The University expected the January 1, 2015 implementation of the Affordable Care Act to have a \$4.5 million impact for the year just ended; however, actual expenditures were approximately \$1.6 million for the first six months of the 2015 calendar year.

### **Long Term Financial Planning**

The University of South Carolina engages in a systematic, integrated, system-wide process of planning and evaluation that seeks to ensure clarity regarding the institution's mission, goals and outcomes; provide data-based feedback and assessment to ensure continual improvement for the University; and demonstrate that the University is effectively fulfilling its three-fold mission of teaching, research, and service. The University accomplishes this through *Focus Carolina*, the system-wide strategic planning effort, and the Annual Blueprint for Academic and Service Excellence process, which is the structured method for annual planning, evaluation, and assessment for each academic and service unit for the University. In September 2015, a new strategic planning process, *Carolina 2026*, was launched as an effort to describe a ten year plan that will take the University to the 225<sup>th</sup> anniversary. The Board of Trustees participates in the planning process through the Ad Hoc Committee on Strategic Planning, the Buildings and Grounds Committee, and the Executive Committee. This commitment naturally encompasses the long-term financial, budgetary, and capital planning.

In the 2015 fiscal year, the University completed the new Darla Moore School of Business, a \$106.5 million facility with more than 250,000 square feet that includes more than 2,000 classroom seats in 35 classrooms, 40 meeting rooms and project spaces and 136 faculty offices. In September 2014, ground was broken for the construction of an \$80 million new home for the School of Law designed to replace a 1970's era facility. Future renovation of the old Law School facility is expected to allow expansion of the undergraduate programs to meet the requirements of an increased student enrollment. The University is addressing deferred maintenance and expanding academic space through renovations of facilities located on the historic Horseshoe. This includes renovations of the former Health Sciences Center and Hamilton College. Both of these facilities were renovated throughout the 2015 fiscal year and opened in August 2015 as new academic spaces. The former Health Sciences Center now houses the College of Information and Communications. Hamilton College now houses the College of Social Work, an academic unit that had previously been scattered across five facilities. Following years of planning and approvals, in the 2016 fiscal year, construction will begin on a new Student Health Center. Planning and implementation of both the Housing Master Plan and Athletics Master Plan continues with increased emphasis on public-private partnerships. In an effort to think ahead and plan for the

future needs of facilities and facilities maintenance to support the growing academic mission of the University, the Division of Administration and Finance annually updates the University's Five-Year Facilities Plan. Upon approval by the President and Board of Trustees, this document becomes the action plan for facilities projects.

The Division of Administration and Finance annually prepares a comprehensive capital budget document each spring and works with a financial underwriter to determine and revise the debt capacity and impact that capital plans will have on the financial standing of the University. The University maintains a comprehensive debt management strategy and manages debt on a portfolio basis to ensure the highest attainable credit rating and the lowest cost of capital. In the summer of 2015, the University conducted a debt capacity study with First Southwest to determine whether current facility plans fit within the market limits for additional debt for the institution across the three credits – state institution bonds, higher education revenue bonds and athletic facilities revenue bonds. The results indicate that the institution maintains ample capacity for strategic projects provided that the University clearly communicates the importance of the investments and how each translates to continued enrollment and revenue growth.

### **Major Initiatives**

The University successfully completed the largest comprehensive fund-raising campaign in the history of the state of South Carolina. *Carolina's Promise* set a target for gifts and grants of \$1 billion for the University. As of June 30, 2015, the University had raised pledges and funds totaling \$1,043,265,730. Success of this campaign and continued diligent stewardship of state and tuition resources enables the University to advance the *Focus Carolina* plan, as revised in December 2011. The University's strategic plans, as put forth by our President include major initiatives that focus on educational quality, leadership, innovation, diversity, access, global competitiveness and community engagement.

In the 2015 fiscal year, the University continued to expand student programs designed to promote access and affordability for residents of South Carolina. These programs are the result of the President's goal to develop new models for college education. Palmetto College is a virtual college that provides higher education opportunities for students from all economic and geographic regions of the state to earn a bachelor's degree near or from their own homes. The Governor and the General Assembly provided \$5 million in new funds to begin this program which has now enrolled more than 500 students across the state. Each University campus is a participant in the Palmetto College through degree offerings originated at Columbia and the comprehensive campuses or by offering the general education requirements at the four two-year campuses.

The Gamecock Gateway enrolled the first class of 165 students in fall 2012 as a one-year residential bridge experience. This bridge program with the local technical college continued in its third year starting in fall 2014 with 323 students and then expanded modestly to serve 349 students currently. The success of the Gamecock Gateway is marked by the enrollment of these students into the full curriculum of the University of

South Carolina. To date, 464 students from the bridge program are earning degrees with the first cohort expected to graduate in spring 2016.

The On Your Time Graduation Initiative was developed as an alternative to the traditional university calendar and allows students to attend a flexible summer session designed to reduce the time to degree completion. The Columbia campus experienced growth in summer course offerings and credit hours increased by 12 percent from summer 2013 to summer 2014 and again expanded by another 8.5 percent to the 2015 summer term. For the first time in the summer 2015 term, South Carolina residents who have earned merit scholarships via the South Carolina Education Lottery have access to their awards year round. The University of South Carolina led the state's efforts to expand usage of these funds outside of the fall and spring academic calendar. Enhancing the summer offerings allows the University to better utilize academic space in all months of the year and provide students with different paths toward degree completion.

Within the strategic plan, the financing plans include allocating existing resources and focusing existing operations toward achieving many of the objectives. Other plans require new public and private sector resources to become fully implemented. University resources are committed mainly to adding to the hiring and retention of faculty while maintaining and improving the physical plant and technology infrastructure required to produce desired mission-oriented outcomes.

### **Highlights from 2014-2015**

Total student headcount enrollment across the system increased to 48,167 in fall 2014, an all-time high and an increase of nearly 1,500 students over the prior year. Critical student metrics including six year graduation rate, retention rate of first-time full-time freshmen and average SAT score have increased and are targeted for improvement to ensure the quality of a USC education. The University Provost's Office developed and maintains a comprehensive set of dashboard metrics designed to enhance academic quality. This dashboard enables the University to document and monitor progress, compare data with other institutions, set future targets, develop strategies to meet targets and detail the resource needs to support the strategies.

South Carolinians comprise approximately 72 percent of USC System enrollment, and their numbers have increased in the past 10 years. Conversely, South Carolinians' access to USC is never shortchanged by the admission of out-of-state students. In practical terms, the average out-of-state student pays nearly three times as much in tuition at the USC Columbia campus as do in-state students. In addition, out-of-state students pay two-and-a-half times the amount in-state students pay in fees for bond indebtedness, which is used to construct and renovate campus facilities.

Like many higher education institutions across the United States, the University relies on tuition as the primary source of funding. Both the regulatory and market environments will not tolerate future large tuition increases as a mechanism for funding the core mission. The University must gain access to new funding streams while

enhancing existing revenues to more capably support the core mission. The President's Palmetto College initiative is the best opportunity for the comprehensive and two-year regional campuses to collaborate with each other and Columbia to devise the strategies and develop the tools to open new markets and new revenue streams for all the campuses. Cost reductions and cost containment are the focus of the General Assembly and the Board of Trustees. The University continues to implement initiatives highlighted by the comprehensive external assessment conducted by Huron Consulting and participated in the state Higher Education Efficiency, Effectiveness and Accountability Review Committee in the 2015 fiscal year.

The University of South Carolina is investing in the information technology infrastructure with the implementation of OneCarolina across the Student Affairs Division and in student accounts and the conversion of the Finance, Human Resources and Payroll systems. In the prior three fiscal years Admissions, Financial Aid, the Registrar and the Bursar's Office met critical "go-live" dates in the conversion of the legacy student system. In the Finance, Payroll and Human Resources offices, we continue to work with outdated systems and processes. Conversion of these systems began with the Finance implementation on July 1, 2015. Human Resources and Payroll conversion will continue throughout fiscal years 2016 and 2017. The periods of implementation and stabilization remain critical for developing tools and reports that provide students with a user friendly interface to the University and provide the administration with vital data to manage the University.

Three years ago, the University hired new financial professionals in the Controller's and Budget Offices, reorganized the facilities administrative functions, and staffed administrative systems implementation team to ensure the talent and the depth of personnel are available to conduct current operations as the transition to newer systems and processes continues. In this fiscal year just completed, the Bursar's Office functions were reorganized from top to bottom following the student system conversion with an emphasis on student customer service. Recognizing the need for career paths and business expertise in academic units as well as the central administration, and acknowledging no reliable way to consistently develop finance and administration talent at USC using current structures, a training associates program was developed. This allows new entry-level associates to participate in a two-year program of training and practice designed to create the administrative leaders of tomorrow in the fields of finance, accounting, human resources, and business management. Once trained, these employees will take positions across the University. Acknowledging the gold-standard in financial reporting, the Controller's Office staff prepares the University's Comprehensive Annual Financial Report to bring reporting in line with the quality USC deserves. Additionally, new management reports were developed for senior administration and are followed by strategic meetings to address enrollment, budget, and long-term planning. Operationally, the University achieved Payment Card Industry (PCI) Compliance, successfully revised student fee payment and receivables procedures, evaluated all system campus higher education commissions to determine whether the entities were considered discretely presented component units, evaluated and implemented GASB 68, and revised many policies and procedures.



The University's facilities plans provide the opportunity to address deferred maintenance, install a preventative maintenance program and grow the Columbia campus to address what has become an ever increasing demand for a USC education. In 2014-2015 the University completed the new Darla Moore School of Business. This iconic structure, designed by Raphael Viñoly Architects of New York, now enhances learning, research and collaboration and sets a new standard for innovation and energy efficiency in higher-education facilities. Priced at \$106.5 million, this is the largest and most complex capital project ever taken on by the University. As the University core shifts to the west, and in conjunction with the City of Columbia and the Department of Transportation, the University also completed a pedestrian safety project for the Assembly Street Corridor that leads to the new Darla Moore School of Business and the Innovista District. In September 2014, the University broke ground on a new home for the School of Law that will house the state's only public law school. Last year the University entered into a public-private partnership agreement with Holder Properties to develop additional student housing that opened at capacity for the fall 2015 term. Currently, the University is seeking a request for qualifications to address housing in the South Campus district. The current housing in these five facilities is outdated and the renewal and reconstruction in that area has been part of the long-term housing master plan. With the success of the first public-private partnership, the University anticipates this project will provide significant opportunity to outsource a portion of the housing operation.

Academic highlights from our more than 650 student athletes included 362 student athletes on the SEC Academic Honor Roll, leading the conference. Gamecock student athletes earned a collective 3.258 GPA in spring 2015, the second highest departmental grade point average ever at South Carolina. Ninety student athletes earned their degrees during spring and summer 2015 commencement ceremonies. Student Athletes give back to the community by providing more than 5,000 hours of community service. On the playing courts and fields, among the successes for the year include the first ever trip to the Final Four for the Women's Basketball team and an SEC Championship for Dawn Staley's team, a National Championship for Women's Equestrian, a victory for the football team in the Duck Commander Independence Bowl, a top 10 ranking for Men's Golf, the first ever NCAA Elite Eight appearance for Women's Soccer, and the third straight trip to the NCAA tournament. Athletic capital projects completed in the 2015 calendar year include the football indoor practice facility, outdoor practice fields, and renovations to the plaza surrounding Williams-Brice Stadium. Capital projects in progress include the renovation of the Field House, development of the track and field areas and improvements to Stone Soccer Stadium. Future projects in planning include the football operations facility and development of the east side suites in Williams-Brice Stadium.

Within the Division of Administration and Finance, the focus remains on service and technical excellence to support the academic enterprise. The Division upholds the Carolinian Creed as the guiding principles with teamwork, knowledge, and expertise forming the framework for service. The leadership team understands these concepts,

and the long term mission is to infuse all levels of Finance management and staff with these principles and framework. The staff has the responsibility to work those concepts into daily activities and practices.

### **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 the University of South Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the fourth consecutive year that the University has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this Comprehensive Annual Financial Report in a timely manner was made possible with the support of the University President and the Board of Trustees. The concerted efforts of professional staff in the Controller's Office and other University financial staff brought the report to conclusion. We appreciate the coordinated efforts of the University community, with special assistance from the Office of Institutional Assessment, Student Affairs, University Athletics, and University Communications. We wish to thank the Board of Trustees and the President for their continued commitment to the fiscal management of the University.

Sincerely,



Leslie Brunelli  
Vice President for Finance &  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**University of South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

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# UNIVERSITY OF SOUTH CAROLINA

## BOARD OF TRUSTEES



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Attorney



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Businesswoman



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3rd Judicial Circuit  
Physician



**J. Egerton Burroughs**  
15th Judicial Circuit  
Real Estate Developer



**Thad H. Westbrook**  
11th Judicial Circuit  
Attorney



**Mark W. Buyck, Jr.**  
Governor's Designee  
Attorney



**Mack I. Whittle, Jr.**  
13th Judicial Circuit  
Retired Bank President



**Thomas C. Cofield**  
Governor's Appointee  
Attorney



**Charles H. Williams**  
1st Judicial Circuit  
Attorney



**A. C. "Bubba" Fennell, III**  
8th Judicial Circuit  
Retired CPA



**Molly M. Spearman**  
State Superintendent of Education



**C. Edward Floyd**  
12th Judicial Circuit  
Surgeon



**Amy E. Stone**  
Secretary



**William C. Hubbard**  
5th Judicial Circuit  
Attorney

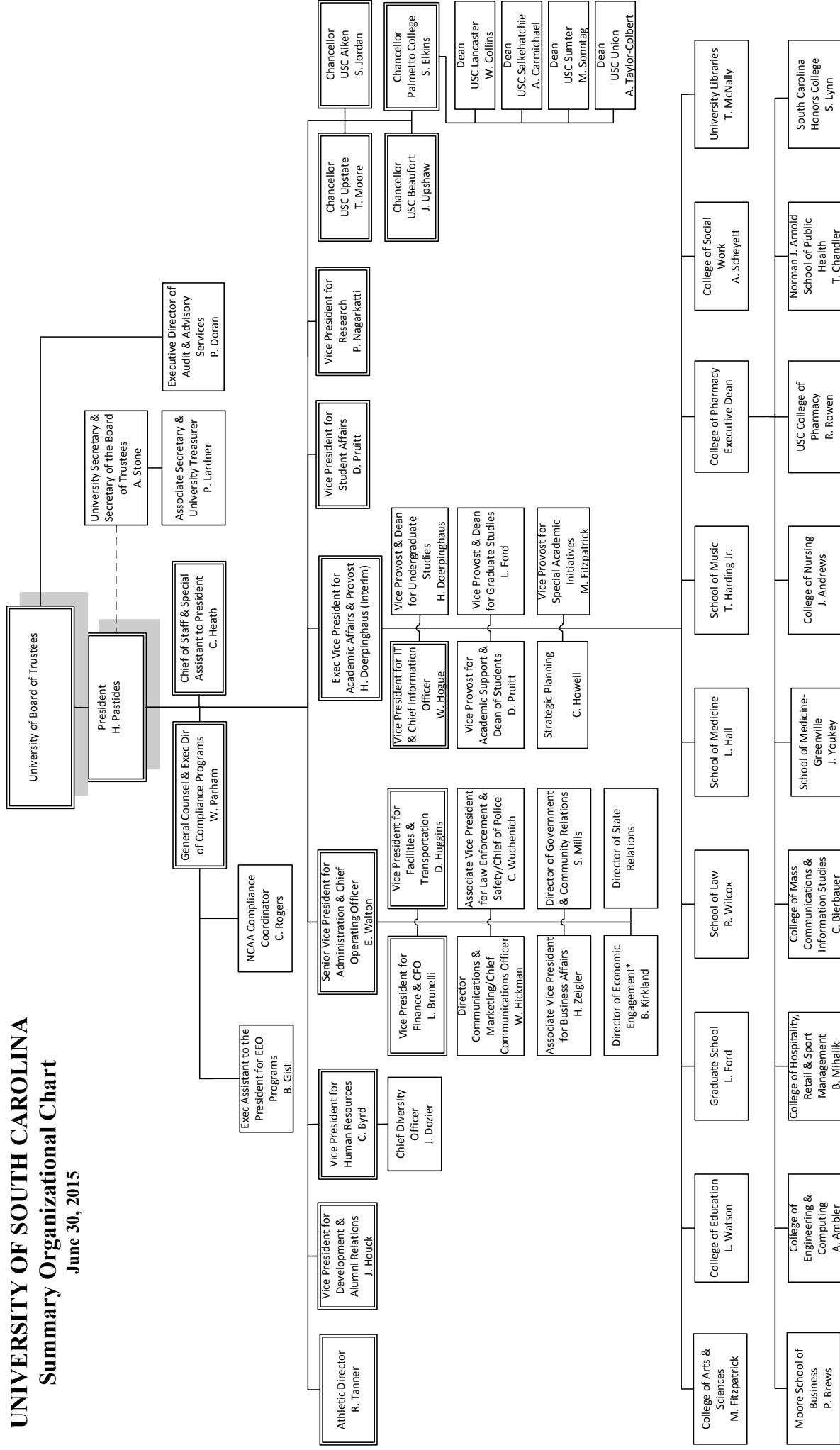


**Nikki R. Haley**  
Governor of South Carolina

# UNIVERSITY OF SOUTH CAROLINA

## Summary Organizational Chart

June 30, 2015



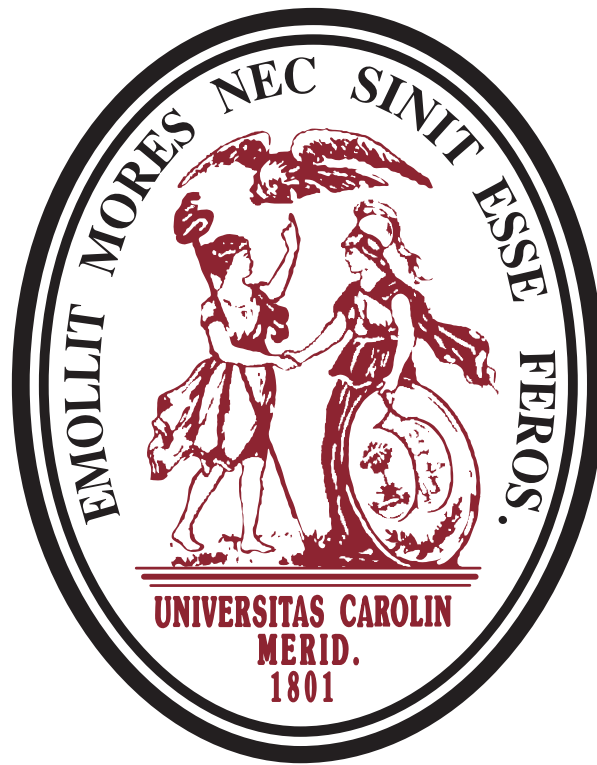
\*Special Contract Position

## University of South Carolina Officers

Harris Pastides	President
Helen Doerpinghaus	Interim Executive Vice President for Academic Affairs and Provost
Leslie Brunelli	Vice President for Finance and Chief Financial Officer
Chris Byrd	Vice President for Human Resources
Susan Elkins	Chancellor, Palmetto College
William Hogue	Vice President and Chief Information Officer
Jancy Houck	Vice President for University Development and Alumni Relations
Derrick Huggins	Vice President for Facilities & Transportation
Sandra Jordan	Chancellor, USC Aiken
Patrick Lardner	University Treasurer
Thomas Moore	Chancellor, USC Upstate
Prakash Nagarkatti	Vice President for Research
Walter Parham	General Counsel and Executive Director of Compliance Programs
Dennis Pruitt	Vice President for Student Affairs and Vice Provost for Academic Support
Amy Stone	University Secretary and Secretary of the Board of Trustees
Ray Tanner	Athletics Director
Jane Upshaw	Chancellor, USC Beaufort
Edward Walton	Senior Vice President for Administration and Chief Operating Officer

## University of South Carolina Financial Staff

Harry Bell	University Budget Director
Pamala Cope	Director of Payroll
Pamela Doran	Executive Director of Audit and Advisory Services
Charles FitzSimons	Director of Capital Budgets and Financing
Janis Hoffman	Director of Business Process Improvement
Tony Huggins	Director of Contract and Grant Accounting
Mandy Kibler	Director of General Accounting
Venis Manigo	Director of Purchasing
Jennifer Muir	University Controller
Mary Peak	Director of General Ledger Accounting
Jeffrey Perkins	Associate Vice President for Business & Finance, and Medical Business Affairs
Venessa Samuel	University Bursar
Sandra Smith	Director of Financial Reporting
Helen Zeigler	Associate Vice President for Business Affairs



## Financial Section



## Independent Auditor's Report

The Board of Trustees  
University of South Carolina  
Columbia, South Carolina

### Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University of South Carolina (the University), a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Carolina Research Foundation; the University of South Carolina School of Medicine Educational Trust; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the USC Upstate Foundation; the USC Upstate Capital Development Foundation; and the Educational Foundation of the University of South Carolina - Lancaster, which represent approximately 81 percent, 92 percent, and 96 percent, respectively, of the assets, net position/assets, and revenues of the University's aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the University of South Carolina School of Medicine Educational Trust; the Beaufort-Jasper Higher Education Commission; the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the USC Upstate Foundation; the USC Upstate Capital Development Foundation; and the Educational Foundation of the University of South Carolina - Lancaster were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States of America.



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

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the University as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Notes 1 and 5 to the financial statements, the University adopted the provisions of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 effective July 1, 2014. Our audit opinions are not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Schedule of the University's Contributions, Schedule of the University's Proportionate Share of the Net Pension Liability, and management's discussion and analysis on pages 31 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The introductory section, Columbia Campus Athletics Department Schedule of Funds Available for Debt Service, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Columbia Campus Athletics Department Schedule of Funds Available for Debt Service is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Columbia Campus Athletics Department Schedule of Funds Available for Debt Service is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2015, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Columbia, South Carolina  
October 16, 2015

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

**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS**

Management's Discussion and Analysis provides an overview and analysis of the University of South Carolina's (the University) financial activities for the fiscal year ended June 30, 2015, with comparative information for the fiscal year ended June 30, 2014. This information should be read in conjunction with the financial statements and accompanying footnotes that follow this section. Condensed fiscal year 2015 and 2014 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. In addition, this discussion will focus on operations and financial position of the primary institution, the University. This discussion will not include the discretely presented component units, the South Carolina Research Foundation, the University of South Carolina School of Medicine Educational Trust, the Beaufort-Jasper Higher Education Commission, the University of South Carolina's Development Foundation, Educational Foundation, Business Partnership Foundation, Alumni Association, the Upstate Foundation, the Upstate Capital Development Foundation, and the Educational Foundation of the University of South Carolina - Lancaster.

This report includes a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Codification Sections 2100-2900, *Financial Reporting*, and Co5, *Colleges and Universities*. The financial statements presented focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole.

There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements present financial information in a format similar to that used by private corporations. The University's net position is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

**STATEMENT OF NET POSITION**

The Statement of Net Position presents the assets, liabilities, deferred outflows/inflows, and net position of the University as of the end of the fiscal year. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the University. The Statement of Net Position presents end-of-year data concerning the following:

- Assets - Property that we own and what we are owed by others.
- Deferred Outflows of Resources – Consumption of net position that is applicable to a future reporting period.
- Liabilities - What we owe to others and have collected from others before we have provided the service.
- Deferred Inflows of Resources - Acquisition of net position that is applicable to a future reporting period.
- Net Position - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

The Statement of Net Position is prepared under the accrual basis of accounting, where revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to us, regardless of when cash is exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and its availability for expenditure by the institution. Net position is divided into the following three major categories:

- Net investment in capital assets - Provides the institution's equity in property, plant, and equipment owned by the institution.
- Restricted net position -
  - a. Nonexpendable restricted net position consists solely of the University's permanent endowment funds and is only available for investment purposes.
  - b. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
- Unrestricted net position – Represents resources available to the institution for any lawful purpose of the institution.

**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

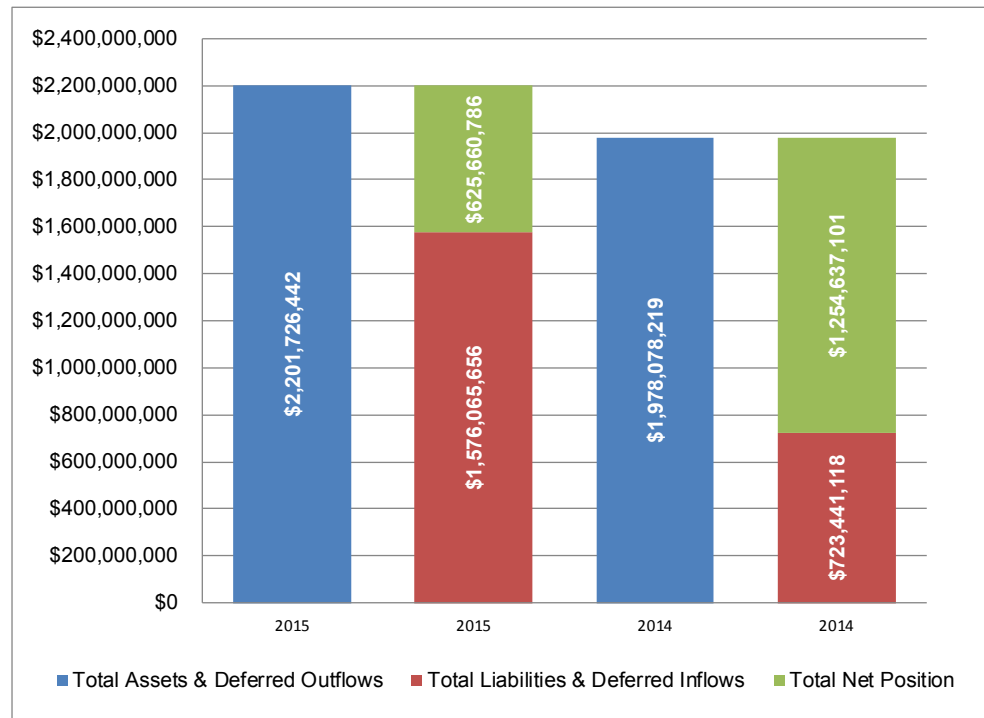
**Summary of Net Position**

	2015	2014	Increase/ (Decrease)	Percent Change
<b>Assets</b>				
Current assets	\$ 696,436,270	\$ 595,052,399	\$ 101,383,871	17.04%
Capital assets, net	1,320,468,300	1,261,158,803	59,309,497	4.70%
Other noncurrent assets	115,745,252	117,053,678	(1,308,426)	-1.12%
Total assets	2,132,649,822	1,973,264,880	159,384,942	8.08%
<b>Deferred Outflows of Resources</b>				
Deferred loss on debt refunding	6,306,226	4,813,339	1,492,887	31.02%
Deferred outflows related to net pension liability	62,770,394	-	62,770,394	0.00%
Total deferred outflows of resources	69,076,620	4,813,339	64,263,281	1335.11%
<b>Liabilities</b>				
Current liabilities	142,028,007	140,549,296	1,478,711	1.05%
Noncurrent liabilities	1,373,555,518	582,891,822	790,663,696	135.65%
Total liabilities	1,515,583,525	723,441,118	792,142,407	109.50%
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to net pension liability	60,482,131	-	60,482,131	0.00%
<b>Net Position</b>				
Net investment in capital assets	747,326,595	701,292,402	46,034,193	6.56%
Restricted - nonexpendable	82,076,853	79,285,311	2,791,542	3.52%
Restricted - expendable	129,704,175	137,628,764	(7,924,589)	-5.76%
Unrestricted	(333,446,837)	336,430,624	(669,877,461)	-199.11%
Total net position	\$ 625,660,786	\$ 1,254,637,101	\$ (628,976,315)	-50.13%

- Total assets of the University increased by \$159.4 million. Current assets increased \$101.4 million primarily due to bond issuance proceeds of \$95 million. Capital assets increased \$59.3 million due to starting construction of the new Law School, the completion of several academic building renovations and athletic facility projects during fiscal year 2015. (See Note 4 – Capital Assets).
- Deferred outflows of resources consist of:
  - The unamortized loss on debt refunding. See Note 1, Summary of Significant Accounting Policies, for more information.
  - The University's contributions after the measurement date and differences between the actual and expected experience in relation to the net pension liability recorded for the University's proportionate share of the State of South Carolina's SCRS and PORS net pension liability, due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. See Note 5, Pension Plans, for more information.
- The increase in total liabilities of \$792.1 million is primarily attributable to a \$713.7 million net pension liability recorded for the implementation of GASB 68. See Note 1, Summary of Significant Accounting Policies, for more information. Also, the University issued \$56.7 million in State Institution Bonds and \$38.3 million in Athletic Revenue Bonds during fiscal year 2015.

**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**



The net position of the University decreased during the year by \$629 million. The decrease is driven by the following:

- \$46 million increase in net investment in capital assets – Net investment in capital assets shows the difference between capital assets and the outstanding debt incurred to finance those capital assets. Not all long-term debt may be deducted from capital assets; only the debt issued to finance the University's capital assets is subtracted. Long-term debt associated with unspent bond proceeds is subtracted from the restricted capital project component of net position. Net investment in capital assets increased due to the start-up and completion of various capital projects, including several athletic facility projects, academic building renovations and continued upgrades to campus technology systems.
- \$8 million decrease in expendable restricted - Expendable restricted net position represents resources that are constrained to a particular purpose by externally imposed stipulations. These constraints may be derived from the donor of the resources or from an external entity. Also, restrictions can be imposed as a result of enabling legislation. The majority of the decrease in expendable restricted net position is attributed to a decrease in the amount expendable for debt service due to timing of the transfer of funds needed to make debt service payments.

**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

- \$670 million decrease in unrestricted net position - Unrestricted net position results from accumulated excesses of revenue over expenses derived from University operations. The University's unrestricted current funds are derived from state appropriations, student fees, institutional revenue and auxiliary operations that are not restricted for specific purposes. Unrestricted net position includes balances from operation of education and general activities, auxiliary enterprises, quasi-endowments and unexpended plant funds. Although unrestricted net position is not subject to externally imposed stipulations, most of these resources have been committed for specific University activities including academic and research programs, capital projects and significant upgrades to the campus technology network. The majority of the decrease was due to the \$713.7 million net pension liability recorded for the implementation of GASB 68. Also, during fiscal year 2015, the University continued to use unrestricted funding towards significant upgrades to campus technology systems.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public university's dependency on state aid and gifts will result in operating deficits. 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 net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution.

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.

**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

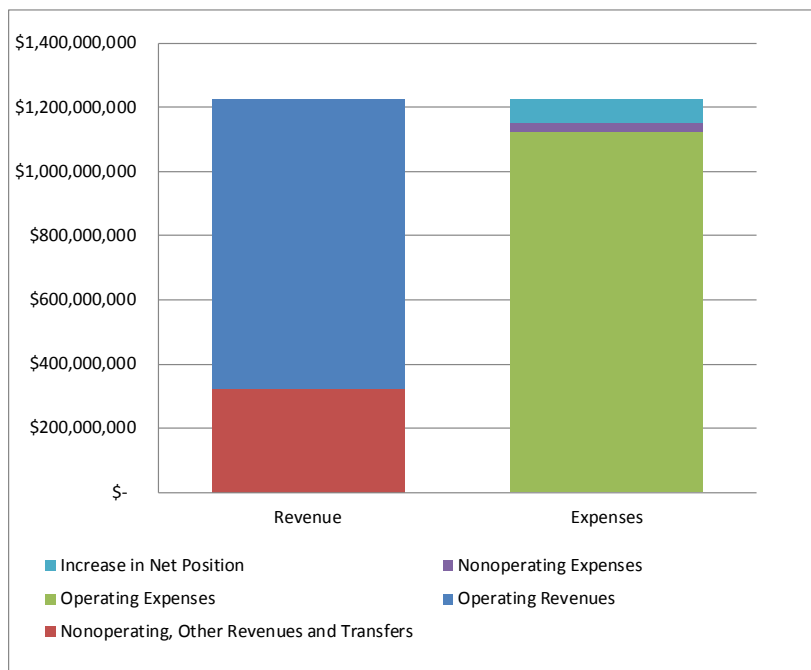
**Summary of Revenues, Expenses and Changes in Net Position**

	2015	2014	Increase/ (Decrease)	Percent Change
<b>Operating Revenues:</b>				
Student tuition and fees	\$ 712,136,344	\$ 656,383,335	\$ 55,753,009	8.49%
Less: scholarship allowance	(264,078,274)	(248,469,457)	(15,608,817)	6.28%
Federal grants and contracts	138,913,630	128,484,438	10,429,192	8.12%
State grants and contracts	87,637,878	88,353,867	(715,989)	-0.81%
Local grants and contracts	1,208,080	1,167,220	40,860	3.50%
Nongovernmental grants and contracts	36,704,523	38,818,002	(2,113,479)	-5.44%
Sales and services of educational and other activities	30,901,990	29,608,596	1,293,394	4.37%
Sales and services of auxiliary enterprises	151,286,254	136,614,294	14,671,960	10.74%
Less: scholarship allowance	(4,593,694)	(4,777,656)	183,962	-3.85%
Interest collected on student loans	305,201	333,104	(27,903)	-8.38%
Other fees	9,850,306	9,142,897	707,409	7.74%
Other operating revenues	3,979,707	3,629,411	350,296	9.65%
Total operating revenues	904,251,945	839,288,051	64,963,894	7.74%
<b>Nonoperating Revenues:</b>				
State appropriations	147,511,627	144,295,047	3,216,580	2.23%
Federal grants	52,451,941	52,113,444	338,497	0.65%
Gifts	45,548,469	46,444,101	(895,632)	-1.93%
Investment income	2,629,826	2,341,819	288,007	12.30%
Endowment income	3,144,094	6,250,350	(3,106,256)	-49.70%
Termination agreements	31,500,000	12,270,000	19,230,000	156.72%
Total nonoperating revenues	282,785,957	263,714,761	19,071,196	7.23%
Total revenues	1,187,037,902	1,103,002,812	84,035,090	7.62%
<b>Operating Expenses:</b>				
Salaries and wages	558,655,304	545,731,304	12,924,000	2.37%
Fringe benefits	177,884,858	161,584,611	16,300,247	10.09%
Services and supplies	269,854,851	248,900,315	20,954,536	8.42%
Utilities	34,936,609	34,604,552	332,057	0.96%
Scholarships and fellowships	17,951,730	18,946,028	(994,298)	-5.25%
Depreciation expense	66,353,807	62,340,212	4,013,595	6.44%
Total operating expenses	1,125,637,159	1,072,107,022	53,530,137	4.99%
<b>Nonoperating Expenses:</b>				
Loss on disposal of capital assets	2,248,978	720,043	1,528,935	212.34%
Interest on capital asset related debt	22,177,624	18,648,299	3,529,325	18.93%
Total nonoperating expenses	24,426,602	19,368,342	5,058,260	26.12%
Total expenses	1,150,063,761	1,091,475,364	58,588,397	5.37%
Other revenues	37,798,478	29,089,357	8,709,121	29.94%
Increase in net position	74,772,619	40,616,805	34,155,814	84.09%
Net position at beginning of year, as originally stated	1,254,637,101	1,214,020,296	40,616,805	3.35%
Restatement	(703,748,934)	-	(703,748,934)	0.00%
Net position at beginning of year, as restated	550,888,167	1,214,020,296	(663,132,129)	-54.62%
<b>Net position at end of year</b>	<b>\$ 625,660,786</b>	<b>\$ 1,254,637,101</b>	<b>\$ (628,976,315)</b>	<b>-50.13%</b>



**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**Revenues, Expenses, and Changes in Net Position**



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

- A net \$40.1 million increase in student tuition and fees and a \$14.9 million increase in sales and services of auxiliary enterprises along with a \$7.6 million increase in grants and contracts were largely responsible for the overall \$65 million increase in operating revenues.
  - Student tuition and fee revenue, net of the scholarship allowance, increased by \$40.1 million primarily due to a 3.16% tuition increase for USC System Columbia campus. Additionally, student demand for enrollment at the Columbia campus continued to increase with growth of 3.34% in full time equivalent students. For Columbia, the combined tuition and enrollment increase accounted for the majority of the fiscal year 2015 change.
  - Sales and services of auxiliary enterprises are driven by an increase in SEC revenues for the SEC Network launched during fiscal year 2015 and for football bowl games. There was also a 4.15% increase for University housing.
  - Federal contracts and grants increased \$10.4 million due to significant funding increases of \$5.7 million for the Arnold School of Public Health, namely in the areas of Epidemiology and Health Services Policy and Management, \$2 million for the School of Pharmacy's Centers of Biomedical Research Excellence, and \$2.2 million for the School of Social Work.

**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

- Operating expenses increased \$53.5 million, 5% over the prior year. The majority of the increase, approximately \$29.2 million, is due to the increase in personnel and fringe benefits from additional faculty and staff to serve the increased student enrollment, as well as the 2% state pay package and increases in retirement contribution and employer health insurance, and a \$7.6 million adjustment to fringe benefits due to the implementation of GASB 68. Services and supplies increased \$21 million due to inflationary and enrollment increases, on-going upgrades to campus technology systems and completion of various capital projects. Depreciation expense increased \$4 million due to the University's commitment to the five year Capital Plan resulting in the completion of strategic and deferred maintenance projects over the past several fiscal years.
- Nonoperating revenue and expense changes are primarily due to the lump sum payout of \$31.5 million from the Department of Justice for the cancelation of a lease agreement. For further details on the Department of Justice lease agreement, please refer to Note 14 in the Notes to the Financial Statements.

**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 the following five parts.

- Operating Activities - the net cash provided by (used for) the operating activities of the institution.
- Noncapital Financing Activities - the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes.
- Capital and Related Financing Activities - the cash used for the acquisition and construction of capital and related items.
- Investing Activities - the purchases, proceeds, and interest received from investing activities.
- Reconciliation - reconciles the net cash provided by (used for) to the operating income (loss) reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**ADOPTION OF NEW ACCOUNTING STANDARD**

The University implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions* (an amendment of *GASB Statement No. 27*), in the fiscal year ended June 30, 2015. The implementation of the statement required the University to record beginning net pension liability and the effects on unrestricted net position of contributions made by the University during the measurement period (fiscal year ended June 30, 2014). To the extent practical, in the first period that this Statement is applied, changes made to comply with this Statement should be reported as an adjustment of prior periods, and financial statements presented for the periods affected should be restated. If restatement of all prior periods presented is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position for the earliest period restated. In such circumstances, beginning balances for deferred inflows of resources and deferred outflows of resources related to pensions should not be reported. Since the information for the restatement of beginning balances of deferred inflows and resources or deferred outflows of resources is not available for the earliest period presented, the cumulative effect of the Statement implementation will be shown as a restatement to ending net position as of June 30, 2014, decreased by \$703,748,934. This decrease resulted in the cumulative restatement of unrestricted net position to a deficit balance of \$367,318,310 for the year ended June 30, 2014.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

During the year, various projects on the Columbia campus were in progress including renovations to the College of Information and Communications (formerly Health Sciences building) and College of Social Work buildings, construction of the Law School, and several projects addressing deferred maintenance. The Athletics department also had several projects in progress including a football indoor practice facility.

The University's indebtedness consists of bonds payable of \$637.5 million and notes payable of \$265,261. During the current year, \$56.7 million in state institution bonds were issued for construction of the new Law School and Student Health Center, \$30.6 million in State Institution refunding bonds were issued to achieve interest savings, and \$38.3 million in Athletic Facility Revenue Bonds were issued to fund various athletic capital projects.

For more detailed information on capital asset and debt activity please refer to Note 4 – Capital Assets and Note 9 – Bonds and Notes Payable in the Notes to the Financial Statements.

**ECONOMIC OUTLOOK**

The economic position of the University is loosely tied to that of the State of South Carolina (the State) as evidenced by the University's sustained strong financial performance despite significant reductions in state appropriations following the Great Recession for the period 2008 through 2012. The University system received additional recurring state funding to begin the 2016 fiscal year to support a portion of state employee health insurance increases and provide parity funding for University system campuses to address the base state funding per student inequities. Additionally the State provided new funding totaling \$2 million to support the On Your Time Graduation Initiative. This initiative, developed by the University's President, recognizes that the traditional university academic calendar has become antiquated and inflexible for today's student, many times impeding timely degree completion, costing students more in tuition and student loans, and delaying employment in South Carolina's economy. By redefining the traditional university academic calendar, providing flexibility and maximizing assets, the University will provide a model for colleges and universities in the State and beyond her borders. This \$2 million in new funding is added to \$1.2 million received in the 2015 year.

**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

The State finished the 2015 fiscal year on a positive note with full funding of the State's Rainy Day Fund at 5% of the prior year's General Fund Revenues and also fully funded the Capital Reserve Account at 2% of the prior year's General Fund Revenues. The University is a beneficiary of the seventh straight year of state surpluses, with just more than \$2.6 million in non-recurring state funds and excess lottery proceeds available for operations and maintenance projects in 2016. In 2015 the State funded a subcommittee designed to study higher education efficiency, effectiveness and accountability review for all public higher education institutions and supporting this initiative through allocation of \$2.7 million. However, following several meetings of this specially appointed committee, the State directed the funds be provided to each institution in 2016 for deferred maintenance, resulting in \$1.1 million available to the USC System for deferred maintenance.

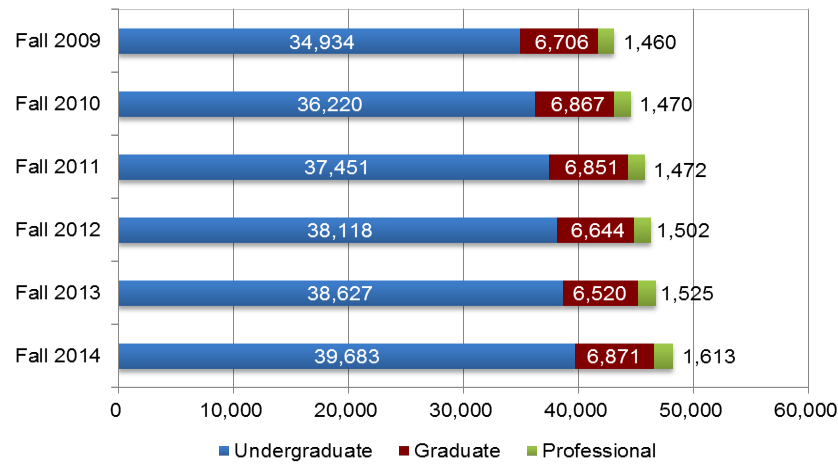
The University's overall financial position remains strong. The University relies on tuition and fees to support the general operating budget and is aware of State funding support when tuition and fees are set. For the 2016 year, the University of South Carolina's tuition increase was held to its lowest percentage change in seventeen years. Tuition increases for the 2016 year are in line with the Higher Education Price Index (HEPI) but will not cover the full impact of all inflationary needs and new initiatives. In the face of funding challenges, looming cost increases from utilities and health insurance, and strategic needs to address academic and student support initiatives, the USC Board of Trustees approved a conservative and prudent budget that holds the tuition increase to 2.9%, the smallest increase since 1999. Resident undergraduate tuitions for two other public institutions in the State exceed the tuition rate for the USC Columbia campus. System campus tuitions are comparable with similar institutions in the State.

Demand for enrollment and interest in the University remains strong with record numbers of applications received and a freshman class enrolled at the USC Columbia campus for Fall 2015 of more than 5,125 students. Preliminary data indicates that this entering class is also the most academically talented in the University's history with an average SAT score of 1210 and an average ACT score of 27.4. The University continues to cultivate both student quality and access through innovative programs such as the Gamecock Gateway. The Gamecock Gateway is a program in its fourth year designed as a bridge to enrollment at the University. This one-year residential program is offered by invitation only to students who begin their course work at a local technical college and have access to University programs before transferring in their second year. For the Fall 2015 semester 349 new students are enrolled in the Gamecock Gateway and 464 students from the first two years of the bridge program are now fully enrolled at USC Columbia.

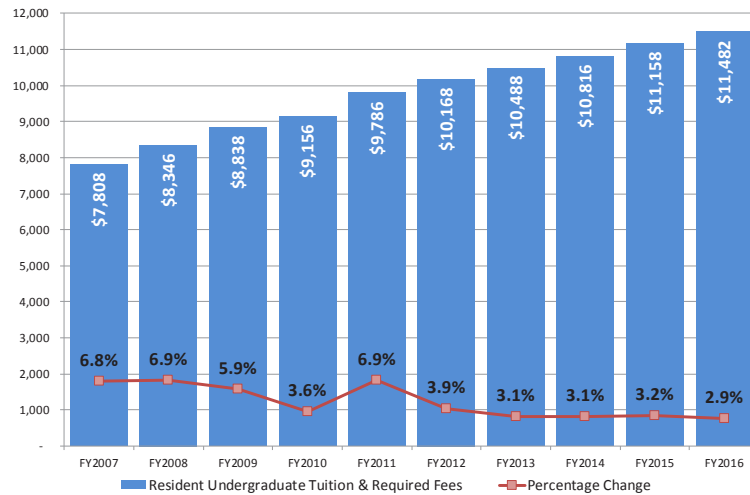
University fundraising celebrates the completion of Carolina's Promise, the largest capital campaign in University history with a \$1 billion goal. As of June 30, 2015 the University raised \$1,043,265,730 exceeding the goal with support from 136,850 donors. Research grant awards were \$242.8 million in the 2015 fiscal year, a \$12.6 million increase over the prior year. The University research award experience continues to be counter to the national trend of declining Federal awards due to Sequestration.

**UNIVERSITY OF SOUTH CAROLINA**  
**Management's Discussion and Analysis**  
**(Unaudited)**

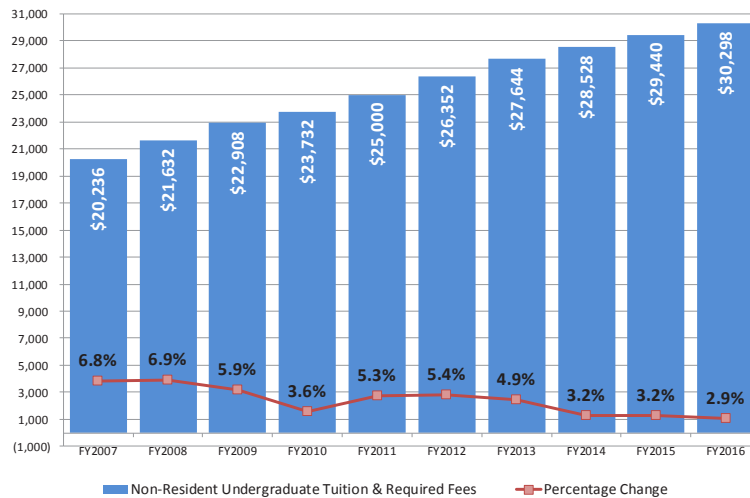
**USC System Headcount Enrollment**



**USC Columbia Resident Undergraduate Tuition & Required Fees**



**USC Columbia Non-Resident Undergraduate Tuition & Required Fees**



**UNIVERSITY OF SOUTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2015**

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 419,796,807
Restricted - cash and cash equivalents	213,952,319
Accounts receivable, net	50,203,585
Student loans receivable, current	3,519
Capital improvement bonds proceeds receivable	82,695
Inventories	2,912,671
Prepaid items	5,573,242
Funds due from others	3,911,432
	<hr/>
Total current assets	696,436,270

## Noncurrent assets:

Restricted - cash and cash equivalents	87,922,947
Investments	4,895,638
Prepaid items	2,100,000
Restricted - federal student loans receivable	18,033,612
Capital assets, net of accumulated depreciation	1,320,468,300
Other assets	2,793,055
	<hr/>
Total noncurrent assets	1,436,213,552
	<hr/>
Total assets	2,132,649,822

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred loss on debt refunding	6,306,226
Deferred outflows related to net pension liability	62,770,394
	<hr/>
Total deferred outflows of resources	69,076,620

**LIABILITIES**

## Current liabilities:

Accounts payable	20,567,029
Retainage payable - current portion	1,421,644
Accrued interest payable	4,575,703
Accrued payroll and related liabilities	16,297,813
Accrued compensated absences - current portion	19,718,670
Capital lease obligations - current portion	792,494
Bonds and notes payable - current portion	27,369,433
Unearned revenues	46,479,986
Deposits	2,299,985
Other liabilities	553,606
Funds held for others	1,951,644
	<hr/>
Total current liabilities	142,028,007

## Noncurrent liabilities:

Retainage payable	2,165,889
Accrued compensated absences	14,875,488
Federal loan liability	17,383,055
Capital lease obligations	15,052,727
Bonds and notes payable	610,412,888
Net pension liability	713,665,471
	<hr/>
Total noncurrent liabilities	1,373,555,518
	<hr/>
Total liabilities	1,515,583,525

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to net pension liability	60,482,131
	<hr/>

**NET POSITION**

Net investment in capital assets	747,326,595
Restricted for:	
Nonexpendable	82,076,853
Expendable	
Scholarships, research, instruction, and other	27,868,218
Loans	2,871,816
Capital projects	95,494,717
Debt service	3,469,424
Unrestricted	(333,446,837)
	<hr/>
Total net position	\$ 625,660,786

*See Notes to the Financial Statements*

**UNIVERSITY OF SOUTH CAROLINA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the year ended June 30, 2015**

**OPERATING REVENUES**

Student tuition and fees (\$31,758,209 pledged for bonds)	\$ 712,136,344
Less: scholarship allowance	(264,078,274)
Federal grants and contracts	138,913,630
State grants and contracts	87,637,878
Local grants and contracts	1,208,080
Nongovernmental grants and contracts	36,704,523
Sales and services of educational and other activities	30,901,990
Sales and services of auxiliary enterprises	
(\$21,155,532 pledged for bonds)	151,286,254
Less: scholarship allowance	(4,593,694)
Interest collected on student loans	305,201
Other fees (\$4,026,918 pledged for bonds)	9,850,306
Other operating revenues	3,979,707
	<hr/>
Total operating revenues	904,251,945

**OPERATING EXPENSES**

Salaries and wages	558,655,304
Fringe benefits	177,884,858
Services and supplies	269,854,851
Utilities	34,936,609
Scholarships and fellowships	17,951,730
Depreciation expense	66,353,807
	<hr/>
Total operating expenses	1,125,637,159
	<hr/>
Operating loss	(221,385,214)

**NONOPERATING REVENUES (EXPENSES)**

State appropriations	147,511,627
Federal grants	52,451,941
Gifts	45,548,469
Investment income	2,629,826
Endowment income	3,144,094
Loss on disposal of capital assets	(2,248,978)
Interest on capital asset related debt	(22,177,624)
Lease termination agreement	31,500,000
	<hr/>
Net nonoperating revenues	258,359,355
	<hr/>
Income before other revenues	36,974,141
	<hr/>
State capital appropriations	8,175,348
Capital grants and gifts	26,653,609
Additions to permanent endowments	2,969,521
	<hr/>
Change in net position	74,772,619

**NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED**

1,254,637,101

## Restatement

(703,748,934)

**NET POSITION, BEGINNING OF YEAR, AS RESTATED**

550,888,167

**NET POSITION, END OF YEAR**\$ 625,660,786

*See Notes to the Financial Statements*

**UNIVERSITY OF SOUTH CAROLINA**  
**Statement of Cash Flows**  
**For the year ended June 30, 2015**

**OPERATING ACTIVITIES**

Student tuition and fees	\$ 448,126,629
Research grants and contracts	265,346,053
Sales and services of educational and other activities	30,723,657
Sales and services of auxiliary enterprises	148,730,967
Student loans disbursed	(3,027,132)
Student loans collected	3,311,308
Interest collected on student loans	305,201
Inflows from federal direct student loans	286,750,904
Outflows from federal direct student loans	(285,596,459)
Payments to employees for services	(557,424,337)
Payments for employee benefits	(168,216,822)
Payments to suppliers	(311,162,370)
Payments to students for scholarships and fellowships	(17,951,730)
Other receipts	13,787,825
Inflows from agency funds	79,847,094
Outflows from agency funds	<u>(76,564,537)</u>
Net cash used for operating activities	<u>(143,013,749)</u>

**NONCAPITAL FINANCING ACTIVITIES**

State appropriations	147,511,627
Federal grants	52,451,941
Gifts and grants	42,276,219
Additions to permanent endowments	3,844,558
Lease termination agreement	31,500,000
Federal loan liability	<u>297,337</u>
Net cash provided by noncapital financing activities	<u>277,881,683</u>

**CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from capital debt	180,630,370
Proceeds from state capital appropriations	10,917,500
Capital grants and gifts	18,718,267
Proceeds from sale of capital assets	162,440
Purchase and construction of capital assets	(113,524,030)
Principal paid on capital asset related debt	(98,279,447)
Interest paid on capital asset related debt	<u>(26,338,947)</u>
Net cash used for capital and related financing activities	<u>(27,713,847)</u>

**INVESTING ACTIVITIES**

Proceeds from note receivable	6,445,101
Investment Income	2,783,527
Endowment Income	<u>3,203,616</u>
Net cash provided by investing activities	<u>12,432,244</u>
Net increase in cash and cash equivalents	119,586,331

**Cash and cash equivalents, beginning of year**

602,085,743

**Cash and cash equivalents, end of year**

**\$ 721,672,074**

**Reconciliation of cash and cash equivalents**

Cash and cash equivalents	\$ 419,796,807
Restricted - cash and cash equivalents, current	213,952,319
Restricted - cash and cash equivalents, noncurrent	<u>87,922,947</u>
	<u><b>\$ 721,672,073</b></u>

*See Notes to the Financial Statements*

(Continued)



**UNIVERSITY OF SOUTH CAROLINA**  
**Statement of Cash Flows**  
**For the year ended June 30, 2015**

**Reconciliation of operating loss to net cash used  
for operating activities**

Operating loss	\$ (221,385,214)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation expense	66,353,807
Accrued benefits related to net pension liability	7,628,275
Student loans cancelled	179,076
Change in current assets and liabilities	
Accounts receivable, net	(1,782,767)
Student loans receivable	284,176
Capital improvement bonds receivable - noncapital	25,091
Inventories	(139,939)
Prepaid items	6,571,861
Accounts payable	(14,491,947)
Retainage payable - noncapital	1,510,039
Accrued payroll	292,825
Accrued benefits	2,039,761
Accrued compensated absences	938,142
Unearned revenues	4,654,419
Deposits	2,869
Other liabilities	(131,225)
Funds due from/held for others, net	4,437,002
Net cash used for operating activities	<u><u>\$ (143,013,749)</u></u>

**NONCASH TRANSACTIONS**

Gifts of capital assets reducing proceeds of capital grants and gifts	<u><u>\$ 12,276,052</u></u>
Net change in capital grants and gifts receivables and unearned revenues	<u><u>\$ 4,340,710</u></u>
Loss on disposal of capital assets, net	<u><u>\$ (2,248,978)</u></u>
Change in value of other assets for cash surrender value of life insurance recognized in endowment income	<u><u>\$ 118,457</u></u>
Change in value of investments recognized in endowment and investment income	<u><u>\$ (177,979)</u></u>

**UNIVERSITY OF SOUTH CAROLINA**  
**South Carolina Research Foundation**  
**Governmental Discretely Presented Component Unit**  
**Statement of Net Position**  
**June 30, 2015**

**ASSETS**

Current assets

Cash and cash equivalents	\$ 512,488
Restricted cash and cash equivalents	55,877,229
Accounts receivable, net	26,893,148
Prepaid items and deposits	<u>99,466</u>
Total current assets	<u>83,382,331</u>

Noncurrent assets

Capital assets, net of accumulated depreciation	<u>207,664</u>
Total noncurrent assets	<u>207,664</u>
Total assets	<u>83,589,995</u>

**LIABILITIES**

Current liabilities

Accounts payable and accrued expenses	67,840,132
Unearned revenue	14,940,765
Current portion of notes payable	<u>20,640</u>
Total liabilities	<u>82,801,537</u>

**NET POSITION**

Net investment in capital assets	33,638
Unrestricted	<u>754,820</u>
Total net position	<u><b>\$ 788,458</b></u>

*See Notes to the Financial Statements*

**UNIVERSITY OF SOUTH CAROLINA**  
**South Carolina Research Foundation**  
**Governmental Discretely Presented Component Unit**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the year ended June 30, 2015**

**REVENUES**

Operating revenues	
Federal grants and contracts	\$ 30,661,397
Nongovernmental grants and contracts	91,654,027
Management fees and recoveries	5,376,708
Royalty income	250,821
Other operating revenues	<u>21</u>
Total operating revenues	<u>127,942,974</u>

**EXPENSES**

Operating expenses	
Salaries and benefits	771,998
Services and supplies	795,324
Research and development direct costs	<u>126,381,240</u>
Total operating expenses	<u>127,948,562</u>
Operating loss	<u>(5,588)</u>

**NONOPERATING REVENUES (EXPENSES)**

Private gifts and donations	(162,665)
Interest income	<u>8,552</u>
Net nonoperating expenses	<u>(154,113)</u>
Change in net position	(159,701)

<b>NET POSITION, BEGINNING OF YEAR</b>	<u>948,159</u>
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<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 788,458</u></u>
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*See Notes to the Financial Statements*

**UNIVERSITY OF SOUTH CAROLINA**  
**School of Medicine Educational Trust**  
**Governmental Discretely Presented Component Unit**  
**Statement of Net Position**  
**June 30, 2015**

**ASSETS**

## Current assets

Cash and cash equivalents	\$ 20,362,134
Investments	9,861,009
Patient accounts receivable, less allowance for doubtful accounts of \$2,502,000	2,529,000
Other accounts receivable	9,978,880
Limited use assets	<u>354,177</u>
Total current assets	<u>43,085,200</u>

## Noncurrent assets

Capital assets, net of accumulated depreciation	<u>11,677,267</u>
Total noncurrent assets	<u>11,677,267</u>
Total assets	<u>54,762,467</u>

**LIABILITIES**

## Current liabilities

Accounts payable and accrued expenses	5,358,166
Accrued compensated balances	1,053,555
Current portion of revenue bonds	4,675,000
Current portion of capital lease obligations	<u>306,325</u>
Total current liabilities	<u>11,393,046</u>

## Noncurrent liabilities

Long term capital lease obligations	<u>590,908</u>
Total noncurrent liabilities	<u>590,908</u>
Total liabilities	<u>11,983,954</u>

**NET POSITION**

Net investment in capital assets	7,447,200
Unrestricted	<u>35,331,313</u>
Total net position	<u><u>\$ 42,778,513</u></u>

*See Notes to the Financial Statements*

**UNIVERSITY OF SOUTH CAROLINA**  
**School of Medicine Educational Trust**  
**Governmental Discretely Presented Component Unit**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the year ended June 30, 2015**

**REVENUES**

Operating revenues	
Patient charges, net of contractual allowances and discounts	\$ 35,108,909
Less provision for bad debts	<u>(2,502,000)</u>
Net patient service revenue less provision for bad debts	32,606,909
Other contract and professional income	26,796,489
Realized investment income, net	471,051
Rental income	101,250
Other income	<u>11,337,386</u>
Total operating revenues	<u>71,313,085</u>

**EXPENSES**

Operating expenses	
Support of medical school and clinical facilities	6,776,150
Operation of clinical facilities	56,898,078
Operation of building and equipment	<u>2,300,174</u>
Total operating expenses	<u>65,974,402</u>
Operating income	5,338,683

**NONOPERATING REVENUES (EXPENSES)**

Unrealized loss on investment holdings, net	<u>(248,484)</u>
Change in net position	5,090,199

<b>NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED</b>	38,438,314
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Restatement	<u>(750,000)</u>
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<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>	<u>37,688,314</u>
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<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 42,778,513</u></u>
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*See Notes to the Financial Statements*

**UNIVERSITY OF SOUTH CAROLINA**  
**Beaufort-Jasper Higher Education Commission**  
**Governmental Discretely Presented Component Unit**  
**Statement of Net Position**  
**June 30, 2015**

**ASSETS**

## Current assets

Cash and cash equivalents	\$ 4,043,595
Restricted cash and cash equivalents	2,634,544
Investments	1,438,317
Accounts receivable, net	849,682
Prepaid expenses	<u>36,114</u>
Total current assets	<u>9,002,252</u>

## Noncurrent assets

Capital assets, net of accumulated depreciation	<u>40,333,323</u>
Total noncurrent assets	<u>40,333,323</u>
Total assets	<u>49,335,575</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred loss on debt refunding	<u>778,510</u>
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**LIABILITIES**

## Current liabilities

Accounts payable and accrued expenses	77,774
Retainage payable	152,448
Accrued compensated balances	21,000
Current portion of long term debt	<u>1,699,552</u>
Total current liabilities	<u>1,950,774</u>

## Noncurrent liabilities

Long term capital lease obligations	<u>35,699,679</u>
Total noncurrent liabilities	<u>35,699,679</u>
Total liabilities	<u>37,650,453</u>

**NET POSITION**

Net investment in capital assets	6,405,221
Restricted for capital projects and debt service	2,634,544
Unrestricted	<u>3,423,867</u>
Total net position	<u><u>\$ 12,463,632</u></u>

*See Notes to the Financial Statements*

**UNIVERSITY OF SOUTH CAROLINA**  
**Beaufort-Jasper Higher Education Commission**  
**Governmental Discretely Presented Component Unit**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the year ended June 30, 2015**

**REVENUES**

Operating revenues	
Housing	\$ 4,228,408
Dining	2,031,308
Other operating revenues	<u>83,000</u>
Total operating revenues	<u>6,342,716</u>

**EXPENSES**

Operating expenses	
Cost of sales and services	2,999,161
Administrative expenses	591,256
Depreciation and amortization	<u>1,239,031</u>
Total operating expenses	<u>4,829,448</u>
Operating income	<u>1,513,268</u>

**NONOPERATING REVENUES (EXPENSES)**

County appropriations	2,000,000
Investment income	8,516
Interest on capital asset debt	(571,928)
Gift to USC Beaufort	(827,652)
Gift to the USC Educational Foundation	(15,000)
Loss on disposal of capital assets	(100,277)
Proceeds from litigation settlement	<u>1,300,721</u>
Net nonoperating revenues	<u>1,794,380</u>
Change in net position	3,307,648

<b>NET POSITION, BEGINNING OF YEAR</b>	<u>9,155,984</u>
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<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 12,463,632</u></u>
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*See Notes to the Financial Statements*

**UNIVERSITY OF SOUTH CAROLINA**  
**Non-Governmental Discretely Presented Component Units**  
**Statements of Financial Position**  
**June 30, 2015**

	University of South Carolina Development Foundation	University of South Carolina Educational Foundation	University of South Carolina Business Partnership Foundation	Greater University of South Carolina Alumni Association	USC Upstate Foundation	USC Upstate Capital Development Foundation	Educational Foundation of the University of South Carolina Lancaster	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,104,221	\$ 8,819,346	\$ 1,949,589	\$ 5,767,614	\$ 333,430	\$ 579,122	\$ 462,357	\$ 20,015,679
Investments	35,897,932	344,899,954	54,059,441	6,344,653	9,261,260	6,959,429	8,073,062	465,495,731
Real estate held for investment	25,305,723	1,814,646	-	-	-	-	-	27,120,369
Assets held in trust	-	67,459,212	5,089,881	-	226,682	-	-	72,775,775
Accounts receivable	163,229	5,382,076	1,370,037	2,149,571	-	-	-	9,064,913
Contributions receivable, net	2,280,315	43,049,096	3,855,132	-	2,440,305	107,667	333,269	52,065,784
Prepaid expenses	26,428	-	11,535	253,991	-	3,077,858	-	3,369,812
Other assets	487,003	704,028	52,904	41,355	-	-	-	1,285,290
Fixed assets, net of depreciation	67,998,678	-	-	19,846,433	125,549	16,613,399	8,742,247	113,326,306
Total assets	<u>\$ 134,263,529</u>	<u>\$ 472,128,358</u>	<u>\$ 66,388,519</u>	<u>\$ 34,403,617</u>	<u>\$ 12,387,226</u>	<u>\$ 27,337,475</u>	<u>\$ 17,610,935</u>	<u>\$ 764,519,659</u>
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 6,820,850	\$ 8,875,118	\$ 703,802	\$ 3,914,778	\$ 3,275	\$ -	\$ -	\$ 20,317,823
Lines-of-credit	21,250,076	-	-	-	-	-	-	21,250,076
Deferred revenues	316,708	-	2,650	301,200	-	-	-	620,558
Bonds and notes payable	63,471,567	22,157,226	-	17,016,917	2,250,000	15,212,376	4,309,681	124,417,767
Interest rate swap	4,977,137	-	-	-	-	2,153,949	-	7,131,086
Other liabilities	442,682	8,561,564	340,774	-	100,195	3,266,193	-	12,711,408
Total liabilities	97,279,020	39,593,908	1,047,226	21,232,895	2,353,470	20,632,518	4,309,681	186,448,718
<b>NET ASSETS</b>								
Unrestricted	9,192,519	67,192,144	13,978,977	8,839,638	692,786	6,704,957	5,751,464	112,352,485
Temporarily restricted	24,828,012	151,969,814	23,581,443	4,331,084	3,270,350	-	2,375,072	210,355,775
Permanently restricted	3,365,928	213,372,492	27,780,873	-	6,070,620	-	5,174,718	255,764,631
Total Foundation net assets	37,386,459	432,534,450	65,341,293	13,170,722	10,033,756	6,704,957	13,301,254	578,472,891
Noncontrolling interest	(401,950)	-	-	-	-	-	-	(401,950)
Total net assets	36,984,509	432,534,450	65,341,293	13,170,722	10,033,756	6,704,957	13,301,254	578,070,941
Total liabilities and net assets	<u>\$ 134,263,529</u>	<u>\$ 472,128,358</u>	<u>\$ 66,388,519</u>	<u>\$ 34,403,617</u>	<u>\$ 12,387,226</u>	<u>\$ 27,337,475</u>	<u>\$ 17,610,935</u>	<u>\$ 764,519,659</u>

*See Notes to the Financial Statements*



**UNIVERSITY OF SOUTH CAROLINA**  
**Non-Governmental Discretely Presented Component Units**  
**Statements of Activities**  
**For the year ended June 30, 2015**

	University of South Carolina Development Foundation	University of South Carolina Educational Foundation	University of South Carolina Business Partnership Foundation	Greater University of South Carolina Alumni Association	USC Upstate Foundation	USC Upstate Capital Development Foundation	Educational Foundation of the University of South Carolina Lancaster	Total
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>								
Revenues, gains and other support								
Contributions	\$ 13,475	\$ 18,460,285	\$ 1,421,389	\$ 1,770,030	\$ 175,932	\$ 53,280	\$ 1,059,577	\$ 22,953,968
Investment returns	1,089,563	3,053,884	621,581	113,931	179,684	244,322	49,582	5,352,547
Net realized and unrealized gains (losses)	(4,666,234)	2,892,941	-	214,739	(65,235)	(235,299)	-	(1,859,088)
Earned income	4,565,531	-	2,499,377	428,739	3,424	650,000	-	8,147,071
Other	462,939	1,653,655	-	1,656,382	91,436	-	42,512	3,906,924
Net assets released from restrictions:								
Transfers	-	-	712,291	-	-	-	196,813	909,104
Reclassification based on law change	-	-	253	-	-	-	-	253
Satisfaction of program restrictions	-	5,893,438	2,758,737	-	1,409,674	-	46,097	10,107,946
Expiration of time restrictions	217,045	8,798,597	-	272,968	-	-	-	9,288,610
Total revenues, gains and other support	1,682,319	40,752,800	8,013,628	4,456,789	1,794,915	712,303	1,394,581	58,807,335
Expenses								
Scholarships and student assistance	-	10,313,379	1,095,514	251,843	134,446	-	197,807	11,992,989
Program services	1,128,644	35,434,533	5,438,464	1,902,043	306,646	-	640,910	44,851,240
Supporting services	4,379,983	4,675,781	294,692	1,173,857	1,399,753	-	355,483	12,279,549
Other expenses	-	-	-	-	174,173	1,450,556	-	1,624,729
Total expenses	5,508,627	50,423,693	6,828,670	3,327,743	2,015,018	1,450,556	1,194,200	70,748,507
Excess revenues over (under) expenses	(3,826,308)	(9,670,893)	1,184,958	1,129,046	(220,103)	(738,253)	200,381	(11,941,172)
Interest rate swap fair value adjustment	(2,559,758)	-	-	-	-	(32,312)	-	(2,592,070)
Change in unrestricted net assets	(6,386,066)	(9,670,893)	1,184,958	1,129,046	(220,103)	(770,565)	200,381	(14,533,242)

**See Notes to the Financial Statements**

(Continued)

**UNIVERSITY OF SOUTH CAROLINA**  
**Non-Governmental Discretely Presented Component Units**  
**Statements of Activities**  
**For the year ended June 30, 2015**

	University of South Carolina Development Foundation	University of South Carolina Educational Foundation	University of South Carolina Business Partnership Foundation	Greater University of South Carolina Alumni Association	USC Upstate Foundation	USC Upstate Capital Development Foundation	Educational Foundation of the University of South Carolina Lancaster	Total
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>								
Contributions	1,270,050	11,956,906	1,979,548	528,132	990,683	-	(20,518)	16,704,801
Investment returns	445,719	2,648,953	1,907,699	-	478	-	235,635	5,238,484
Net realized and unrealized gains	-	6,750,264	-	-	-	-	-	6,750,264
Other	11,498	163	-	254,927	104,007	-	-	370,595
Net assets released from restrictions:								
Transfers	-	-	(1,804,854)	-	-	-	(263,523)	(2,068,377)
Reclassification based on law change	-	-	(253)	-	-	-	-	(253)
Satisfaction of program restrictions	-	(6,012,541)	(2,758,737)	-	(1,409,674)	-	(46,097)	(10,227,049)
Expiration of time restrictions	(217,045)	(12,812,543)	-	(272,968)	-	-	-	(13,302,556)
Change in temporarily restricted net assets	1,510,222	2,531,202	(676,597)	510,091	(314,506)	-	(94,503)	3,465,909
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>								
Contributions	-	9,619,955	345,003	-	66,155	-	142,772	10,173,885
Net assets released from restrictions:								
Transfers	-	-	1,092,563	-	-	-	66,710	1,159,273
Satisfaction of program restrictions	-	119,103	-	-	-	-	-	119,103
Expiration of time restrictions	-	4,013,946	-	-	-	-	-	4,013,946
Change in permanently restricted net assets	-	13,753,004	1,437,566	-	66,155	-	209,482	15,466,207
Change in net assets	(4,875,844)	6,613,313	1,945,927	1,639,137	(468,454)	(770,565)	315,360	4,398,874
Net change attributable to noncontrolling interest	(56,514)	-	-	-	-	-	-	(56,514)
<b>NET ASSETS, BEGINNING OF YEAR, AS ORIGINALLY STATED</b>	42,318,817	425,921,137	63,395,366	11,531,585	10,502,210	7,695,328	12,985,894	574,350,337
Restatement	-	-	-	-	-	(219,806)	-	(219,806)
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	42,318,817	425,921,137	63,395,366	11,531,585	10,502,210	7,475,522	12,985,894	574,130,531
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 37,386,459</u>	<u>\$ 432,534,450</u>	<u>\$ 65,341,293</u>	<u>\$ 13,170,722</u>	<u>\$ 10,033,756</u>	<u>\$ 6,704,957</u>	<u>\$ 13,301,254</u>	<u>\$ 578,472,891</u>

*See Notes to the Financial Statements*

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

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

***Nature of Operations*** - The University of South Carolina (the University) is a State-supported, coeducational institution of higher education. The University's primary purpose is to provide undergraduate, graduate, and professional education to students and conduct research and other activities that advance fundamental knowledge.

***Reporting Entity*** - The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. GASB Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and classifies reporting requirements for those organizations. Based on these criteria, the financial statements include the University as the primary government and other related entities as discretely presented component units. The University's discretely presented component units are discussed in Note 11.

The University is composed of the Columbia campus, including the Columbia School of Medicine, the Greenville School of Medicine, and seven system campuses. The University is a component unit of the State of South Carolina (the State). As a discretely presented component unit of the State, the University is financially accountable to and fiscally dependent on the State. Its Board of Trustees is appointed by the Governor and/or the General Assembly of the State.

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

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

***Basis of Accounting*** - For financial reporting purposes, the University is considered to be engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The University participates in the State's internal cash management pool, administered by the State Treasurer. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. 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 reports its deposits in the general deposit account at cost and its special deposit accounts at fair value. Interest earned, including interest income, realized gains (losses) and unrealized gains (losses), by the University's special deposit accounts is posted at the end of each month based on the percentage of the University's accumulated daily income receivable to the total income receivable of 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.

**Investments** - The University accounts for its investments at fair value in accordance with GASB Codification Section 150, *Investments*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment or endowment income in the statement of revenues, expenses and changes in net position.

**Accounts Receivable** - Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal, State, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

**Inventories** - Inventories are carried at the lower of cost or market as determined by various methods.

**Noncurrent Cash and Investments** - Noncurrent cash and investments primarily consist of permanently endowed funds, debt service reserve funds and federal student loan funds. These funds are externally restricted and are classified as restricted noncurrent assets in the statement of net position.

**Prepaid Items** - Expenditures for services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. Amounts reported in this asset account consist primarily of rent, subscriptions, library periodicals, maintenance and service agreements, and travel reservations and deposits.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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. 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 two years and depreciable land improvements, buildings and improvements, and intangible assets 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 3 to 60 years for buildings and improvements and land improvements; 2 to 25 years for machinery, equipment, and vehicles; and 3 to 10 years for intangibles. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken in the month of disposition.

The University capitalizes as a component of construction in progress interest cost in excess of earnings on invested debt proceeds associated with the capital projects. Therefore, asset values in capital assets include such interest costs. Capitalized interest for fiscal year 2015 was \$1,583,751.

**Unearned Revenues and Deposits** - Unearned revenues include amounts billed for tuition and fees and certain auxiliary activities (including, but not limited to, athletic ticket sales and parking revenues) prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits represent dormitory room deposits, security deposits for possible room damage and key loss, and other miscellaneous deposits. 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.

**Compensated Absences** - Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net position.

**Noncurrent Liabilities** - Noncurrent liabilities include (1) principal amounts of 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; (3) net pension liability; and (4) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

**Deferred Outflows of Resources** - the consumption of net position that is applicable to future reporting periods. The University's deferred outflows of resources consist of (1) Deferred loss on debt refunding - the defeasance of previously outstanding bonds resulted in deferred refunding losses. These deferred losses are recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter; (2) Net pension liability - decreases in net pension liability that were not included in pension expense are reported as deferred outflows of resources. Also, employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Deferred Inflows of Resources*** - the acquisition of net position that is applicable to future reporting periods. The University's deferred inflows of resources consist of increases in the net pension liability that were not included in pension expense.

***Net Position*** - Components of the University's net position are classified as follows:

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

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

*Restricted - expendable:* The restricted expendable component of net position includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Unrestricted:* The unrestricted component of net position represents resources derived from student tuition and fees, 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.

The University policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources then to unrestricted resources.

***Income Taxes*** - The University is a political subdivision of the State and, is therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations on related income. Certain activities of the University may be subject to taxation as unrelated business income.

***Classification of Revenues*** - The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues:* Operating revenues generally result from exchange transactions to provide goods or services related to the University's principal ongoing operations.

These revenues include:

- (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students;
- (2) receipts for scholarships including federal grants and contract revenue where the governmental agency has identified the qualified student recipients;
- (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and
- (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

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

Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements.

To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

**Rebatable Arbitrage** - Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, 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 these earnings exceeds the effective yield on the related tax-exempt debt issued.

Governmental units that issue no more than \$5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. The University had no rebatable arbitrage liability at June 30, 2015.

**Donor-Restricted Endowments** - Endowments are subject to restrictions requiring that the principal be invested and that only the income be used for specific purposes. If a donor has not provided specific timing instructions, state law permits the Board of Trustees to authorize for expenditure the endowment's net appreciation. Any net appreciation that is spent is required to be spent for the purpose for which the endowment was established. The University has a total return policy for authorizing and spending endowment income.

At June 30, 2015, \$12,831,337 of the amount reported as *net position, restricted expendable - scholarships, research, instruction and other*, represented net appreciation of donor-restricted endowments.

**Adoption of new accounting standard** - Effective for the fiscal year ending June 30, 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. As a result of this implementation, the University will now report its portion of the State of South Carolina's net pension liability. Since the information for the restatement of beginning balances of deferred inflows of resources or deferred outflows of resources is not available for the earliest period presented, the cumulative effect of the Statement implementation will be shown as a restatement to beginning net position. The effect of this implementation is discussed in Note 5.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 2 - CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS**

Most 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 deposits and investments are deposited with or managed by financial institutions and brokers as restricted by donors.

The following schedule reconciles deposits and investments within the notes to the statement of net position amounts:

<b>Statement of Net Position</b>		<b>Notes</b>	
Cash and cash equivalents (current)	\$ 419,796,807	Cash on hand	\$ 435,020
Restricted cash and cash equivalents (current) for:		Deposits held by State Treasurer	717,868,856
Debt service	4,692,040	Other deposits	3,368,197
Scholarship, research, instruction, and other	32,074,603	Investments held by State Treasurer	3,047,775
University administered loans	238,114	Other investments	1,847,863
Capital projects	176,947,562		
	<u>213,952,319</u>		
Restricted cash and cash equivalents (noncurrent) for:			
Endowments	76,600,563		
Federal student loans	1,992,193		
Debt service reserves	9,330,191		
	<u>87,922,947</u>		
Investments (noncurrent)	4,895,638		
	<u><u>\$ 726,567,711</u></u>		<u><u>\$ 726,567,711</u></u>

***Deposits Held by State Treasurer*** - State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to the 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 agents in the State's name. Information pertaining to the reported amounts, fair values, and the 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, 2015, \$7,544,792 of the \$721,868,856 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 were fully collateralized by securities held by the pledging bank's trust department.

***Investments Held by State Treasurer and Other Investments*** - The University's investments include common stock held by the State Treasurer for the University.



**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 2 - CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, Continued**

The University has other investments which are managed by financial institutions or brokers as specified by the donors. Purchased investments are valued at fair value. Investments received from donors are valued at the lesser of their fair value on the date promised or received or fair value as of fiscal year-end.

Custodial credit risk is the risk that in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investments or collateral securities that are in possession of an outside party.

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 totaling \$1,655,863 were collateralized by securities held by the pledging bank's trust department but not in the University's name.

The net change in unrealized depreciation of investments for the current fiscal year was \$177,979.

**NOTE 3 - RECEIVABLES**

***Accounts Receivable*** - Accounts receivable consisted of the following:

Student and sponsors	\$ 27,809,204
Auxiliary enterprises	4,641,147
Federal grants and contracts	18,178,475
State grants and contracts	218,004
Local grants and contracts	61,082
Non-governmental grants and contracts	2,157,684
Accrued interest	1,143,556
	<hr/>
	54,209,152
Less allowance for doubtful accounts	(4,005,567)
	<hr/>
Accounts receivable, net	<b><u>\$ 50,203,585</u></b>

Allowances for doubtful accounts are based upon actual losses experienced in prior years and evaluations of the current accounts.

***Student Loans Receivable and Federal Loan Liability***- Student loans made through the Federal Perkins and the Federal Nursing and Health Professions loan programs comprise substantially all of the student loans receivable, and are restricted for such loans. The loan programs provide various repayment options: students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise.

The amount reported as a federal loan liability is the amount of federal contributions and net earnings on the loans that would have to be repaid to the federal government if the University ceased to participate in the programs.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 3 - RECEIVABLES, Continued**

As the University determines that loans are uncollectible, the loans are assigned to the federal agency administering the loan programs.

***Capital Improvement Bonds Proceeds Receivable*** - This amount represents outstanding state capital improvement and infrastructure bond fund proceeds, and capital reserve fund appropriations that have been expended but not yet drawn.

The State has authorized capital improvement bonds, research infrastructure bonds, university infrastructure bonds and capital reserve fund appropriations to fund improvements and expansion of state facilities. The University is not obligated to repay these funds to the State. Authorized funds can be requested once the State authorities have given approval to begin specific projects and project expenditures have been incurred.

At June 30, 2015 the University had \$759,843 of outstanding state capital improvement bond authorization, \$2,836,340 of outstanding research infrastructure bond authorization, \$4,164 of outstanding university infrastructure bond authorization and \$12,447,982 of capital reserve fund appropriations. These funds are available from the State but have not been drawn down yet because the expenditures have not been incurred.

***Notes Receivable*** - As authorized by South Carolina Code of Laws, the University may lend certain of its endowment and auxiliary funds to the University of South Carolina Educational Foundation (the Foundation), a discretely presented component unit. Under the terms of the agreement, the University will earn interest on the principal and cumulative interest balance at a monthly rate as determined by the State Treasurer.

During fiscal year 2015, the Foundation paid off the principal portion of the notes receivable in the amount of \$6,445,101. Interest payments of \$270,606 were received from the Foundation in fiscal year 2015.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 4 - CAPITAL ASSETS**

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2015</u>
Capital assets not being depreciated				
Land and improvements	\$ 79,919,429	\$ -	\$ -	\$ 79,919,429
Construction in progress	47,351,888	60,451,859	2,755,388	105,048,359
Works of art and historical treasures	27,421,862	3,913,775	-	31,335,637
	<u>154,693,179</u>	<u>64,365,634</u>	<u>2,755,388</u>	<u>216,303,425</u>
Total capital assets not being depreciated				
Other capital assets				
Land improvements	104,934,263	3,803,892	-	108,738,155
Buildings and improvements	1,543,038,650	33,381,302	1,836,529	1,574,583,423
Machinery, equipment and other	181,936,440	13,817,164	4,777,995	190,975,609
Vehicles	16,515,005	1,466,741	473,119	17,508,627
Intangibles	42,670,579	13,995,377	-	56,665,956
	<u>1,889,094,937</u>	<u>66,464,476</u>	<u>7,087,643</u>	<u>1,948,471,770</u>
Total capital assets at historical cost				
Less accumulated depreciation for				
Land improvements	27,482,985	4,344,905	-	31,827,890
Buildings and improvements	598,259,160	42,694,276	137,610	640,815,826
Machinery, equipment and other	138,597,349	12,413,587	4,069,221	146,941,715
Vehicles	11,020,447	1,149,729	469,394	11,700,782
Intangibles	7,269,372	5,751,310	-	13,020,682
	<u>782,629,313</u>	<u>66,353,807</u>	<u>4,676,225</u>	<u>844,306,895</u>
Total accumulated depreciation				
Other capital assets, net	<u>1,106,465,624</u>	<u>110,669</u>	<u>2,411,418</u>	<u>1,104,164,875</u>
Capital assets, net	<u>\$ 1,261,158,803</u>	<u>\$ 64,476,303</u>	<u>\$ 5,166,806</u>	<u>\$ 1,320,468,300</u>

**NOTE 5 - PENSION PLANS**

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues its own Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. A copy of PEBA's CAFR is available on PEBA's website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to South Carolina Public Employee Benefit Authority, Retirement Systems Finance, 202 Arbor Lake Dr., Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the annual financial report of the state.

***Plan Description***

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

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 5 - PENSION PLANS, Continued**

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

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

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

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

**ORP** - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (ORP), which is a defined contribution plan. ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the retirement systems for financial statement purposes.

Employee and Employer contributions to the ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8.0 percent) and a portion of the employer contribution (5.0 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.75 percent) and an incidental death benefit contribution (0.15 percent), if applicable, which is retained by SCRS.

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

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 5 - PENSION PLANS, Continued**

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

**SCRS** - A Class II member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years of credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class III member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class II and Class III members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively.

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

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

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

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

UNIVERSITY OF SOUTH CAROLINA  
Notes to the Financial Statements

**NOTE 5 - PENSION PLANS, Continued**

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member’s job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member’s job and they have a minimum of eight years of credited service. For disability applications received after December 31, 2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits. An incidental death benefit equal to an employee’s annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree’s beneficiary of up to \$6,000 based on years of service at retirement.

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

Required **employee** contribution rates for fiscal year 2014-2015 are as follows:

<b><u>SCRS</u></b>	
Employee Class II	8.00% of earnable compensation
Employee Class III	8.00% of earnable compensation
<b><u>ORP</u></b>	
	8.00% of earnable compensation
<b><u>PORS</u></b>	
Employee Class I	\$21 per month
Employee Class II	8.41% of earnable compensation
Employee Class III	8.41% of earnable compensation

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 5 - PENSION PLANS, Continued**

Required **employer** contribution rates for fiscal year 2014-2015 are as follows:

**SCRS**

Employer Class II	10.75% of earnable compensation
Employer Class III	10.75% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

**ORP**

Employer Contribution	10.75% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

**PORS**

Employer Class I	7.80% of earnable compensation
Employer Class II	13.01% of earnable compensation
Employer Class III	13.01% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

Of the ORP employer contribution of 10.75% of earnable compensation, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

SCRS - The University's actual retirement and incidental death program contributions to the SCRS for the years ended June 30, 2015, 2014, and 2013 were:

Fiscal Year Ended	Retirement		Incidental Death	
	Rate	Contribution	Rate	Contribution
2015	10.750%	\$28,671,000	0.150%	\$400,000
2014	10.450%	\$26,410,000	0.150%	\$379,000
2013	10.450%	\$26,289,000	0.150%	\$377,000

PORS - The University's actual retirement, incidental death program and accidental death program contributions to the PORS for the years ended June 30, 2015, 2014, and 2013 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2015	13.010%	\$850,000	0.200%	\$13,100	0.200%	\$13,100
2014	12.440%	\$791,000	0.200%	\$12,700	0.200%	\$12,700
2013	11.900%	\$706,000	0.200%	\$11,900	0.200%	\$11,900

For fiscal year 2015, total contributions requirements to the ORP were approximately \$24,351,571 (excluding the surcharge) from the University as employer and approximately \$18,122,100 from its employees as plan members.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 5 - PENSION PLANS, Continued**

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

Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. The TERI program will end effective June 30, 2018 and a member's participation may not continue after this date. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

**Net Pension Liability** - At June 30, 2015, the University reported liabilities of \$703,562,633 and \$10,102,838 for its proportionate share of the SCRS and PORS net pension liability, respectively. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of that date. The University's proportionate shares of the net pension liabilities were based on the University's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the University's proportionate shares of the SCRS and PORS plans were 4.086408% and 0.52740%, which was the same as its proportionate shares of the net pension liabilities measured as of June 30, 2013, respectively.

**Pension Expense** - For the year ended June 30, 2015, the University recognized pension expense of \$49,310,432 and \$883,331 for SCRS and PORS, respectively.

**Deferred inflows of resources and deferred outflows of resources** - At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each of the respective plans:

**South Carolina Retirement System**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 19,935,471	\$ -
Net difference between projected and actual earnings on pension plan investments	-	59,313,877
University contributions subsequent to the measurement date	41,694,195	-
Total	<u>\$ 61,629,666</u>	<u>\$ 59,313,877</u>



**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 5 - PENSION PLANS, Continued**

**Police Officers Retirement System**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 269,434	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,168,254
University contributions subsequent to the measurement date	871,294	-
Total	<u>\$ 1,140,728</u>	<u>\$ 1,168,254</u>

The \$41,694,195 and \$871,294 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2015 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2016.

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

	<u>SCRS</u>
Year ended June 30:	
2016	\$ (8,662,222)
2017	(8,662,222)
2018	(8,662,222)
2019	(13,391,734)
	<u>\$ (39,378,400)</u>

	<u>PORS</u>
Year ended June 30:	
2016	\$ (222,188)
2017	(222,188)
2018	(222,188)
2019	(232,254)
	<u>\$ (898,818)</u>

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 5 - PENSION PLANS, Continued**

***Actuarial Assumptions and Methods***

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined by PEBA's consulting actuary Gabriel, Roeder, Smith and Company (GRS) based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013 valuations for SCRS and PORS.

	<b>SCRS</b>	<b>PORS</b>
	Entry age	Entry age
Actuarial cost method		
Actuarial assumptions		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

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

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

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 5 - PENSION PLANS, Continued**

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, the statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Short Term			
Cash	2.0%	0.3%	0.01%
Short Duration	3.0%	0.6%	0.02%
Domestic Fixed Income			
Core Fixed Income	7.0%	1.1%	0.08%
High Yield	2.0%	3.5%	0.07%
Bank Loans	4.0%	2.8%	0.11%
Global Fixed Income			
Global Fixed Income	3.0%	0.8%	0.02%
Emerging Markets Debt	6.0%	4.1%	0.25%
Global Public Equity	31.0%	7.8%	2.42%
Global Tactical Asset Allocation	10.0%	5.1%	0.51%
Alternatives			
Hedge Funds (Low Beta)	8.0%	4.0%	0.32%
Private Debt	7.0%	10.2%	0.71%
Private Equity	9.0%	10.2%	0.92%
Real Estate (Broad Market)	5.0%	5.9%	0.29%
Commodities	3.0%	5.1%	0.15%
Total Expected Real Return	100.0%		5.88%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.63%

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 5 - PENSION PLANS, Continued**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the sensitivity of the net pension liability to changes in the discount rate.

**Sensitivity Analysis** - The following table presents the University's proportionate share of the net pension liabilities of the respective plans calculated using the discount rate of 7.50 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.00% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1.00% Increase (8.5%)</b>
SCRS	\$910,429,448	\$703,562,633	\$530,942,151
PORS	14,109,782	10,102,838	6,776,085

**Pension Plan Fiduciary Net Position** - The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2014, net pension liability amounts for SCRS and PORS are as follows (amounts expressed in thousands):

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension</b>
SCRS	\$42,955,205,796	\$25,738,521,026	\$17,216,684,770	59.9%
PORS	5,899,529,434	3,985,101,996	1,914,427,438	67.5%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the System's notes to the financial statements and required supplementary information.

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing the financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publically available on PEBA's Retirement Benefits' website.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 5 - PENSION PLANS, Continued**

***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 plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

***Restatement for Adoption of New Accounting Standard*** - The University implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ended June 30, 2015. The implementation of the statement required the University to record beginning net pension liability and the effects on unrestricted net position of contributions made by the University during the measurement period (fiscal year ended June 30, 2014). As a result, ending unrestricted net position for the University for the year ended June 30, 2014 decreased by \$703,748,934. This decrease resulted in the restatement of unrestricted net position to a deficit balance of \$367,318,310 for the year ended June 30, 2014.

**NOTE 6 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS**

***Plan Description*** - In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The University contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple employer defined benefit postemployment healthcare, and long-term disability plans administered by the Insurance Benefits Division (IB), a part of the South Carolina Public Employee Benefit Authority (PEBA). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 6 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS, Continued**

**Funding Policies** - Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the Retiree Medical Plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 5.00% of annual covered payroll for 2015 and 4.92% of annual covered payroll for 2014. The IB sets the employer contribution rate based on a pay-as-you-go basis. The University paid approximately \$24,685,000 and \$23,474,000 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2015 and 2014, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2015 and 2014. The University recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$247,000 and \$243,000 for the years ended June 30, 2015 and 2014, respectively.

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

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

**NOTE 7 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS**

The University is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of University management, there are no material claims or lawsuits against the University that are not covered by insurance or whose settlement would materially affect the University's financial position.

The University participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

The University had outstanding commitments under construction contracts of \$88,527,268 for capital and \$28,720,927 for noncapital projects. The University anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and state capital improvement bond proceeds.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 8 - LEASE OBLIGATIONS**

The future minimum lease payments for noncancelable operating leases are as follows:

2016	\$ 2,302,533
2017	1,718,317
2018	1,404,795
2019	1,252,472
2020	907,166
2021-2025	3,422,650
2026-2030	<u>3,141,667</u>
Total minimum lease payments	<u><u>\$ 14,149,600</u></u>

The preceding payment schedule relates to noncancelable operating leases having remaining terms of more than one year and expiring in various fiscal years from 2016-2030. These noncancelable operating leases include agreements between the University and third party vendors as well as other State agencies and related parties. Certain operating leases provide for renewal options at their fair rental value at the end of their lease term. Total real property operating lease payments were \$4,415,443 for fiscal year 2015. Of this amount, \$549,486 was paid to other State agencies. In the current fiscal year, the University incurred expenses of \$1,154,008 for office copier contingent rentals on a cost per copy basis.

The University also has a 35 year operating lease agreement for two city blocks of parking surrounding the Colonial Life Arena for \$100,000 per year. In accordance with the terms of the lease, in fiscal year 2003, the University paid \$3,500,000, representing rent due for the entire term. As of June 30, 2015, the remaining unamortized prepaid balance related to the parking lease agreement was \$2,200,000 with \$100,000 reflected as a current asset.

***Capital Leases***

Buildings, land, and equipment held by the University under capital leases as of June 30, 2015:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings	\$ 18,815,394	\$ 3,543,213	\$ 15,272,181
Land	270,000	-	270,000
Equipment	548,000	79,917	468,083

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 8 - LEASE OBLIGATIONS, Continued**

The future minimum capital lease obligations and the net present value of the minimum capital lease payments are as follows:

2016	\$ 1,637,946
2017	5,505,425
2018	1,226,831
2019	1,220,417
2020	1,055,373
2021-2025	4,944,917
2026-2030	4,944,190
2031	<u>735,254</u>
Total minimum lease payments	21,270,353
Less amount representing interest	<u>(5,425,132)</u>
Present value of minimum lease payments	<u><u>\$ 15,845,221</u></u>

Capital lease obligations consist of:

Agreement with USC Upstate Foundation for land and building, dated February 2010, payable in monthly principal payments of \$6,500, with a fixed interest rate of 4.11%. This agreement expires in December 2019.

\$ 319,955

Agreement with USC Upstate Foundation for land and building, dated August 2011, payable in monthly principal payments of \$4,050, with a fixed interest rate of 3.57%. This agreement expires in August 2020.

268,634

Agreement with the Columbia Parking Facilities Corporation payable in monthly principal payments ranging from \$30,000 to \$80,000 and a payment of approximately \$4,000,000 due in March 2017. Interest rates range from 5.085% to 6.815%. This agreement expires in March 2031.

14,829,142

Agreement with Hewlett Packard payable in monthly principal payments of \$9,859 with a fixed interest rate of 3.05%. This agreement expires in April 2019.

427,490

\$ 15,845,221



**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 9 - BONDS AND NOTES PAYABLE**

**Bonds Payable** - Bonds payable consisted of the following:

	Original Debt	Interest Rates (Outstanding)	Maturity Dates	June 30, 2015 Balance	Debt Retired in Fiscal Year 2015
<b>State Institution Bonds</b>					
Series 2006B	\$ 58,000,000	5.25%	04/01/16	\$ 2,685,000	\$ 36,735,000
Series 2009B	8,550,000	3.0% to 5.0%	04/01/29	6,455,000	355,000
Series 2011A Refunding	20,085,000	2.25% to 5.0%	03/01/22	14,580,000	1,815,000
Series 2011E	23,955,000	2.25% to 5.0%	03/01/31	20,495,000	900,000
Series 2012A Refunding	21,475,000	2.5% to 5.0%	04/01/24	13,665,000	3,160,000
Series 2014A	15,190,000	3.0% to 5.0%	04/01/34	14,600,000	590,000
Series 2015A	56,725,000	2.0% to 5.0%	04/01/35	56,725,000	-
Series 2015B Refunding	30,625,000	4.0% to 5.0%	04/01/26	30,625,000	-
<b>Total State Institution Bonds</b>				<b>159,830,000</b>	<b>43,555,000</b>
<b>Revenue Bonds</b>					
Series 2005A	12,400,000	3.75% to 5.0%	05/01/35	9,820,000	310,000
Series 2005A Refunding	48,075,000	4.0% to 5.0%	06/01/30	29,420,000	2,540,000
Series 2006A	13,995,000	4.0% to 4.375%	06/01/26	9,020,000	640,000
Series 2008A	64,335,000	3.25% to 5.25%	06/01/38	56,835,000	1,345,000
Series 2008A Athletic	27,395,000	4.0% to 5.5%	05/01/38	26,080,000	630,000
Series 2009A	28,920,000	3.25% to 5.0%	06/01/39	25,475,000	615,000
Series 2010A	28,510,000	3.125% to 5.0%	06/01/40	25,810,000	580,000
Series 2010A Athletic	65,855,000	4.0% to 5.0%	05/01/40	60,490,000	1,240,000
Series 2010B Refunding Athletic	12,840,000	3.0% to 5.0%	05/01/27	10,800,000	610,000
Series 2012	61,945,000	3.0% to 5.0%	05/01/35	61,945,000	-
Series 2012 Refunding	28,110,000	3.0% to 5.0%	05/01/34	25,705,000	1,220,000
Series 2012A Athletic	13,580,000	2.5% to 4.0%	05/01/42	12,760,000	290,000
Series 2012B Refunding Athletic	6,350,000	3.5%	05/01/32	6,350,000	-
Series 2013	37,185,000	3.0% to 5.0%	05/01/43	36,035,000	825,000
Series 2015A Athletic	38,270,000	3.0% to 5.0%	05/01/45	38,270,000	-
<b>Total Revenue Bonds</b>				<b>434,815,000</b>	<b>10,845,000</b>
Subtotal bonds payable				594,645,000	54,400,000
Plus unamortized bond premiums				43,471,640	1,998,347
Less unamortized bond discounts				(599,580)	(28,745)
<b>Total Bonds Payable</b>				<b>\$ 637,517,060</b>	<b>\$ 56,369,602</b>

State institution bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged up to the amount of the annual debt requirements for the payment of principal and interest on state institution bonds. The legal debt margin for state institution bonds shall not exceed ninety percent of tuition fees received from the preceding fiscal year for the University as a whole.

Tuition fees used to calculate the University's debt service limit on bond indebtedness for the preceding year were \$28,810,276, which results in a legal annual debt service at June 30, 2015 of \$25,929,247. The annual debt service payments for the fiscal year were \$14,295,667. Tuition revenue pledged in fiscal year 2015 was \$30,034,165 for state institution bonds.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 9 - BONDS AND NOTES PAYABLE, Continued**

General revenue bonds are payable from a pledge of net revenues derived by the University from the operation of the facilities constructed with the bond proceeds. General revenue bonds may also be payable from a pledge of additional funds. Additional funds are all available funds and academic fees of the University which are not (i) otherwise designated or restricted; (ii) funds derived from appropriations; and (iii) tuition funds pledged to the repayment of state institution bonds. Pledged net revenues for general revenue bonds in fiscal year 2015 were \$18,558,506.

Athletic facilities revenue bonds are payable from a pledge of net revenues of the athletic department, gross receipts of a special admission fee to facilities and a special student fee as authorized by the governing board. Pledged revenues for athletic facilities revenue bonds in fiscal year 2015 were \$1,724,044 of special student fees, \$4,026,918 of special admission fees and \$2,597,026 of athletic department revenues.

The University believes it is in compliance with all related bond covenants of its issued debt.

During fiscal year 2015, the University issued bond anticipation notes (BANs) to provide interim financing for capital improvements. On November 20, 2014 the University issued \$13,000,000 in State Institution BANs. On December 15, 2014 the University issued \$30,000,000 in Athletic BANs. Both of these BANs were retired in May of 2015 with funds received from bond issuances discussed below.

On May 7, 2015 the University issued \$56,725,000 in State Institution bonds for construction of the new School of Law and construction of the new Student Health Center.

On May 7, 2015 the University issued \$30,625,000 in State Institution Refunding bonds to fully advance refund the Series 2006B State Institution bonds with a final maturity of April 1, 2026 and to be called on October 1, 2016. The refunding transaction resulted in a deferred loss on refunding of \$1,887,699, an aggregate debt payment reduction of \$2,027,063 over the next 11 years and an economic gain of \$1,844,204. The refunding bonds were used to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for retirement of the \$36,048,268 of refunded University bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position.

On May 14, 2015, on behalf of the Athletic Department, the University issued \$38,270,000 in Athletic Facilities Revenue bonds for the construction of the Football Indoor Practice Facility, improvements to the Williams-Brice Plaza, renovations to the indoor and outdoor track facilities and construction of a new soccer building at the Columbia campus.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 9 - BONDS AND NOTES PAYABLE, Continued**

The scheduled maturities of the University bonds payable by type are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>State Institution Bonds</b>			
2016	\$ 11,840,000	\$ 6,665,990	\$ 18,505,990
2017	9,330,000	6,460,225	15,790,225
2018	9,725,000	6,056,875	15,781,875
2019	10,105,000	5,643,725	15,748,725
2020	10,590,000	5,144,400	15,734,400
2021-2025	50,110,000	18,363,675	68,473,675
2026-2030	33,765,000	7,989,931	41,754,931
2031-2035	24,365,000	2,313,600	26,678,600
<b>Total</b>	<b><u>\$ 159,830,000</u></b>	<b><u>\$ 58,638,421</u></b>	<b><u>\$ 218,468,421</u></b>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Revenue Bonds</b>			
2016	\$ 13,185,000	\$ 20,137,988	\$ 33,322,988
2017	13,770,000	19,751,238	33,521,238
2018	13,985,000	19,169,100	33,154,100
2019	14,535,000	18,617,050	33,152,050
2020	15,205,000	17,970,750	33,175,750
2021-2025	84,500,000	78,847,750	163,347,750
2026-2030	95,605,000	57,954,594	153,559,594
2031-2035	100,455,000	34,550,406	135,005,406
2036-2040	67,470,000	12,256,300	79,726,300
2041-2045	16,105,000	1,679,075	17,784,075
<b>Total</b>	<b><u>\$ 434,815,000</u></b>	<b><u>\$ 280,934,251</u></b>	<b><u>\$ 715,749,251</u></b>

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 9 - BONDS AND NOTES PAYABLE, Continued**

**Notes Payable** - Notes payable consisted of the following:

Note payable to acquire rare Indian pottery collection, dated December 2008, payable in annual installments of \$31,458, matures December 2015, imputed fixed interest rate of 2.15%.

\$ 30,825

Note payable to acquire energy savings equipment and lighting retrofit, dated December 2008, payable in annual installments of \$51,581 subject to amount drawn at any given time, matures April 2020, fixed interest rate of 3.00%.

234,436

\$ 265,261

The scheduled maturities of the notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 75,043	\$ 7,696	\$ 82,739
2017	45,544	5,707	51,251
2018	46,910	4,340	51,250
2019	48,318	2,933	51,251
2020	49,446	1,804	51,250
<b>Total</b>	<u><u>\$ 265,261</u></u>	<u><u>\$ 22,480</u></u>	<u><u>\$ 287,741</u></u>

**NOTE 10 - LONG-TERM LIABILITIES**

Long-term liability activity was as follows:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2015</u>	<u>Due Within One Year</u>	<u>Long Term Portion</u>
Bonds Payable:						
State Institution Bonds	\$ 116,035,000	\$ 87,350,000	\$ 43,555,000	\$ 159,830,000	\$ 11,840,000	\$ 147,990,000
Revenue Bonds	407,390,000	38,270,000	10,845,000	434,815,000	13,185,000	421,630,000
Subtotal Bonds Payable	523,425,000	125,620,000	54,400,000	594,645,000	25,025,000	569,620,000
Unamortized Bond Premiums	33,459,617	12,010,370	1,998,347	43,471,640	2,298,135	41,173,505
Unamortized Bond Discounts	(628,325)	-	(28,745)	(599,580)	(28,745)	(570,835)
Total Bonds Payable	556,256,292	137,630,370	56,369,602	637,517,060	27,294,390	610,222,670
Notes Payable	399,461	-	134,200	265,261	75,043	190,218
Total Bonds and Notes Payable	<u><u>\$ 556,655,753</u></u>	<u><u>\$ 137,630,370</u></u>	<u><u>\$ 56,503,802</u></u>	<u><u>\$ 637,782,321</u></u>	<u><u>\$ 27,369,433</u></u>	<u><u>\$ 610,412,888</u></u>
Capital Lease Obligations	\$ 16,590,468	\$ -	\$ 745,247	\$ 15,845,221	\$ 792,494	\$ 15,052,727
Accrued Compensated Absences	\$ 33,656,016	\$ 22,801,449	\$ 21,863,307	\$ 34,594,158	\$ 19,718,670	\$ 14,875,488

Additional information regarding bonds and notes payable is included in Note 9.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 11 - COMPONENT UNITS**

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. They include the South Carolina Research Foundation, the University of South Carolina School of Medicine Educational Trust (the Trust), and the Beaufort-Jasper Higher Education Commission, all of which are considered governmental component units. In addition, the University of South Carolina Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Greater University of South Carolina Alumni Association; the University of South Carolina Upstate Foundation; the University of South Carolina Upstate Capital Development Foundation; and the Educational Foundation of the University of South Carolina - Lancaster are considered nongovernmental component units because they do not meet the definition of a governmental entity. Because the activities and resources of these entities are significant, provide a direct benefit, and are accessible to the University, they are considered component units of the University and are discretely presented in the University's financial statements accordingly as governmental or non-governmental reporting entities.

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

**Governmental Discretely Presented Component Units**

The South Carolina Research Foundation (the Foundation) operates as a supporting organization of the University of South Carolina's teaching, research, and public service missions. It will support research programs of clear relevance to the state and nation. The research areas focus on the environment, new technologies, economic development, health sciences and social issues. The Foundation receives research funding from private sources and also competes for federal funds. The University receives funds for research from the Foundation. In 2013, University and Research Foundation management agreed to administrative process changes that allowed the University to resume its historic role of directly processing new federal grant and contract transactions. The University expects that over the next several years this decision will result in the University processing all federal grant and contract transactions and an equal reduction in the federal grant activities processed by the Research Foundation. Complete financial statements for the Foundation can be obtained at USC Foundations, 208 Osborne Building, USC, Columbia, SC 29208, Attention: Russell Meekins.

The University of South Carolina School of Medicine Educational Trust (the Trust) is organized and operates exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the University of South Carolina School of Medicine. The Trust is governed by a board consisting of the Dean of the University's School of Medicine, the Chairman of each of the twelve departments of the School of Medicine, as well as other employees of the University School of Medicine. The Trust is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described under Section 501(c)(3).

The Trust is involved in continuing discussions regarding the integration of patient operations with its primary affiliated hospital/healthcare partner. During fiscal year 2015, a new 501(c)(3) entity was formed. The two members are Palmetto Health and the Trust. The new entity's name is Palmetto Health University of South Carolina Medical Group ("PHUSCMG"). It is expected that this new entity will become operational in the Spring of 2016. Board members of PHUSCMG have been appointed and an Executive Dean has been hired and is actively working towards the operational start date. PHUSCMG will provide healthcare services to substantially the same patient and demographic populations as before.

Complete financial statements for the Trust can be obtained at the University of South Carolina School of Medicine Educational Trust, Post Office Box 413, Columbia, South Carolina 29202.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 11 - COMPONENT UNITS, Continued**

The Beaufort-Jasper Higher Education Commission (the Commission) was created in 1994 by the General Assembly of South Carolina. The Commission's primary purpose is to provide support and encouragement for all undertakings to improve the higher education opportunities for the benefit of the citizens and residents of Beaufort and Jasper Counties. The Commission serves as the liaison between the University of South Carolina Beaufort campus (USC Beaufort) and the Beaufort and Jasper communities as well as the oversight committee for campus dormitories and the student center including the construction and management of those facilities. Complete financial statements for the Commission can be obtained at 1 University Boulevard, Bluffton, SC 29909.

**Non-Governmental Discretely Presented Component Units**

The University of South Carolina Development Foundation (the Foundation) operates exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the University including, but not limited to, promoting, encouraging, and aiding scientific research and investigation at the University. The University receives funds for rent, the lease of real property and reimbursement for computer and personnel services provided by the University from the Foundation. The University also pays the Foundation for the lease of real property and for research programs. Complete financial statements for the Foundation can be obtained at USC Foundations, 208 Osborne Building, USC, Columbia, SC 29208, Attention: Russell Meekins.

The University of South Carolina Educational Foundation (the Foundation) operates for the benefit and support of the University of South Carolina. Its objectives include the establishment and implementation of long-range fundraising programs to assist in the expansion and improvement of the educational functions of the University. The University receives from the Foundation funds for scholarships, awards and stipends to students, faculty and administrative staff; library collections; reimbursement for computer and personnel services provided by the University; and interest earnings on notes receivable from the Foundation (See Note 3). As of June 30, 2015 the Foundation held approximately \$281,581,420 in endowment funds for the University. Complete financial statements for the Foundation can be obtained at USC Foundations, 208 Osborne Building, USC, Columbia, SC 29208, Attention: Russell Meekins.

The University of South Carolina Business Partnership Foundation (the Foundation) was formed to bring together representatives of business and government to assist in conducting conferences, seminars, and management programs to further the education, development and effectiveness of management personnel in the State and region. The University receives funds for scholarships, reimbursement of personnel services, fringe benefits and other administrative costs from the Foundation. Complete financial statements for the Foundation can be obtained at USC Foundations, 208 Osborne Building, USC, Columbia, SC 29208, Attention: Russell Meekins.

The Greater University of South Carolina Alumni Association (the Association) was formed to serve the students after they graduate. The Association's objectives are providing job placement and counseling, communicating the aspirations and needs of the University, helping graduates keep in touch with one another, and providing programs of continuing education. The University receives funds for scholarships from the Association and provides office and meeting space at no cost to the Association. Complete financial statements for the Association can be obtained at USC Foundations, 208 Osborne Building, USC, Columbia, SC 29208, Attention: Russell Meekins.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 11 - COMPONENT UNITS, Continued**

The USC Upstate Foundation (the Foundation) was established to accept gifts for charitable, benevolent, cultural, and education purposes and to provide student housing and other real property for the exclusive use and benefit of the University of South Carolina Upstate. The University receives funds from the Foundation for scholarships and reimbursement for personnel and student housing services provided by the University. Complete financial statements for the Foundation can be obtained at USC Upstate Foundation, 800 University Way, Spartanburg, SC 29303.

The USC Upstate Capital Development Foundation (the Foundation) was established to accept real property donated to the University of South Carolina Upstate, serve as the purchasing agent for property on behalf of USC Upstate that is integral to the growth of the campus, and to manage property under leasing agreements to the University. Complete financial statements for the Foundation can be obtained at USC Upstate Capital Development Foundation, 800 University Way, Spartanburg, SC 29303.

The Educational Foundation of the University of South Carolina - Lancaster (the Foundation) operates for the benefit and support of the University of South Carolina at Lancaster. Its objectives include the establishment and implementation of long-range fund-raising programs to assist in the expansion and improvement of the educational functions of the University. The University receives from the Foundation funds for scholarships, rent, and reimbursement for computer and personnel services provided by the University. Complete financial statements for the Foundation can be obtained at PO Box 809, Lancaster, SC 29721.

Various transactions occur between the University and the component units. A summary of those transactions follows:

**Funds Received from Component Units**

South Carolina Research Foundation	\$ 10,985,542
USC School of Medicine Educational Trust	4,110,189
Beaufort-Jasper Higher Education Commission	827,652
USC Development Foundation	158,900
USC Educational Foundation	34,172,556
USC Business Partnership Foundation	907,607
Greater USC Alumni Association	457,039
USC Upstate Foundation	328,118
USC Upstate Capital Foundation	-
Educational Foundation of USC Lancaster	1,005
	<u>\$ 51,948,608</u>

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 11 - COMPONENT UNITS, Continued**

The majority of the South Carolina Research Foundation revenues are recorded by the University as federal grants and contracts revenues and the majority of revenues from the other component units are recorded as private gifts revenue. Federal grants and contracts receivables include \$3,389,365 due from the South Carolina Research Foundation at June 30, 2015.

**Funds Paid to Component Units**

South Carolina Research Foundation	\$ 213,959
USC School of Medicine Educational Trust	3,801,896
Beaufort-Jasper Higher Education Commission	3,125,250
USC Development Foundation	399,785
USC Educational Foundation	284,605
USC Business Partnership Foundation	181
Greater USC Alumni Association	1,657,241
USC Upstate Foundation	22,542
USC Upstate Capital Foundation	137,148
Educational Foundation of USC Lancaster	-
	<u><u>\$ 9,642,607</u></u>

**NOTE 12 - RELATED PARTIES**

There are several separately chartered legal entities which do not meet the criteria established by GASB Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, to be treated as component units of the University. These entities are the local higher education commissions. While they are not financially accountable to the University, these organizations exist primarily to provide financial assistance and other support to the University system campuses and the educational programs. The activities of these entities are not included in the University's financial statements. However, the University's statements for the year ended June 30, 2015 include significant transactions between them and the University which are as follows:

***Aiken County Commission for Higher Education Commission*** - The Aiken County Commission for Higher Education (the Commission) was created under Act 103 of the 1961 Session of the General Assembly of South Carolina. The Commission is composed of eight members who are appointed by the Governor on the recommendation of a majority of the Aiken County Legislative Delegation. In addition, the Superintendent of Education for Aiken County and the Chair of the Aiken Commission for Technical Education are ex-officio members of the Commission. The Commission's purpose is the establishment and maintenance of an institution of higher education in Aiken County and it is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and generally, to take such actions in its name necessary to secure for Aiken County and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Aiken County to accomplish these objectives. During the year ended June 30, 2015, the Commission made grants to the University of South Carolina Aiken (USC Aiken) totaling \$92,615 for campus maintenance and enhancements. USC Aiken provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. The Commission leases its land and buildings to USC Aiken for \$1 annually. At June 30, 2015, the Commission had a net position of \$1,979,148.



**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 12 - RELATED PARTIES, Continued**

***Lancaster County Commission for Higher Education*** - The Lancaster County Commission for Higher Education (the Commission) was created under Act 126 of the 1959 Session of the General Assembly of South Carolina. The Commission is composed of seven members who are appointed by the Governor on the recommendation of a majority of the Lancaster County Legislative Delegation, including the Senator. The Commission's purpose is the encouragement of higher education in Lancaster and adjacent areas and, more specifically, the establishment in Lancaster County of facilities to offer standard freshman and sophomore college courses, and such other courses as deemed desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for Lancaster County and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Lancaster County designated specifically for the University of South Carolina Lancaster (USC Lancaster). During the fiscal year ended June 30, 2015, the Commission received an annual appropriation of \$1,321,639. The Commission disbursed \$1,000,000 to USC Lancaster for operations and maintenance of the physical plant and \$9,643 to vendors for insurance, professional services, and commencement expenses. There was also an \$80,000 disbursement to the Educational Foundation of USC Lancaster for Founders Hall. USC Lancaster provides accounting and cash management services to the Commission at no charge. At June 30, 2015, the Commission had a net position of \$398,685.

***Western Carolina Higher Education Commission*** - The Western Carolina Higher Education Commission (the Commission) was created under Act 270 in the 1984 Session of the General Assembly of South Carolina. The Commission is composed of ten members, two of whom are from each of the following counties: Allendale, Bamberg, Barnwell, Colleton, and Hampton. The members are appointed by the Governor upon the recommendation of a majority of the Legislative Delegations from the respective counties. The Commission's purpose is the encouragement of higher education in the respective counties and adjacent areas and, more specifically, the establishment of facilities to offer standard freshman and sophomore college courses, and such other courses as deemed desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for its respective counties and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Allendale, Bamberg, Barnwell, Colleton, and Hampton counties to accomplish these objectives. The Commission paid expenditures on behalf of the University of South Carolina Salkehatchie (USC Salkehatchie) of \$78,261 for the fiscal year ended June 30, 2015. The Commission allows the use of its land and buildings to USC Salkehatchie at no cost. USC Salkehatchie provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. At June 30, 2015, the Commission had a net position of \$107,562.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 12 - RELATED PARTIES, Continued**

***Mid-Carolina Commission for Higher Education, formerly known as Sumter County Commission for Higher Education*** - The Sumter County Commission for Higher Education was created under Act 50 of the 1965 Session of the General Assembly of South Carolina. In 1996, by an act of the state legislature, the Sumter County Commission for Higher Education was restructured as the Mid-Carolina Commission for Higher Education (the Commission) representing Sumter, Lee, and Clarendon Counties. The nine commission members are appointed by the Governor upon recommendation by the respective county legislative delegations, with one each from Lee and Clarendon Counties, and the remaining seven members from Sumter County. The purpose of the Commission is the encouragement of higher education in Sumter County and adjacent areas and, more specifically, the establishment in Sumter County of facilities to offer standard freshman and sophomore college courses, and such other courses as deemed desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for its respective counties and adjacent areas the necessary educational facilities to provide higher education. The University of South Carolina Sumter (USC Sumter) operates the Sumter Campus under contract with the Commission at a cost of \$1 annually. During the fiscal year ended June 30, 2015, the Commission made payments to USC Sumter totaling \$355,288 for the operation and maintenance of the campus. At June 30, 2015, the Commission had a net position of \$264,717.

***Union Laurens Commission for Higher Education*** - The Union County Commission for Higher Education was created by Act 23 in the 1965 Session of the General Assembly of South Carolina and was repealed by Act 288 of the 1987 Session of the General Assembly of South Carolina which created the Union Laurens Commission for Higher Education (the Commission). The Commission is composed of nine members, with seven being residents of Union County and two being residents of Laurens County. The members are appointed by the Governor upon recommendation by the Union and Laurens County Legislative Delegations. The Commission is responsible for the encouragement of higher education in Union and Laurens Counties and adjacent areas and, more specifically, the establishment in Union and Laurens Counties of facilities to offer standard freshman and sophomore college courses and those other courses considered desirable. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for its respective counties and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Union and Laurens counties of \$133,356 to accomplish these objectives. During the year ended June 30, 2015, the Commission made grants to the University of South Carolina Union (USC Union) totaling \$147,290 for campus projects and maintenance, rental of facilities, community service and institutional support. The Commission provides its land and buildings to USC Union at no cost. USC Union provides clerical, accounting, and cash management services to the Commission at no charge. At June 30, 2015, the Commission had a net position of \$2,343,179.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 12 - RELATED PARTIES, Continued**

***Spartanburg County Commission for Higher Education*** - The Spartanburg County Commission for Higher Education (the Commission) was created under Act 36 of the 1967 Session of the General Assembly of South Carolina. The Commission is composed of seventeen members who are appointed by the Governor on the recommendation of a majority of the Spartanburg County Legislative Delegation. The Commission is responsible for the encouragement of higher education in Spartanburg County and adjacent areas and, more specifically, the establishment in Spartanburg County of facilities necessary to provide for an institution of higher education. The Commission is empowered to enter into contracts, make binding agreements, negotiate with educators and educational institutions and, generally, take such actions in its name as are necessary to secure for Spartanburg County and adjacent areas the necessary educational facilities to provide higher education. The Commission receives an annual appropriation from Spartanburg County to accomplish these objectives. During the year ended June 30, 2015, the Commission made grants to the University of South Carolina Upstate (USC Upstate) totaling \$13,000. The Commission paid expenditures on behalf of USC Upstate of \$14,976 for the fiscal year ended June 30, 2015. The Commission controls land owned by the County and provides the land to USC Upstate at no cost. USC Upstate provides accounting and record maintenance services to the Commission at no charge. At June 30, 2015, the Commission had a net position of \$780,000.

**NOTE 13 - RISK MANAGEMENT**

The University has implemented a comprehensive Enterprise Risk Management (ERM) and Insurance program which incorporates the fundamentals of risk identification, risk assessment, risk treatment, risk monitoring and risk review. The University has established an ERM process using the guidance of International Standards Organization (ISO) 3100-2009 "Risk Management - Principals and Guidelines". ISO provides principles, framework and process for managing any form of risk in a systematic, transparent and credible manner. The ERM program is committed to: preventing adverse claim experience through training, education and inspection; advising and assisting university managers in identifying potential risks and losses; advising and assisting university managers in implementing controls to mitigate risks; and procuring appropriate insurance policies. The University mitigates the financial consequences of physical, human, and financial loss by purchasing insurance through the State Budget and Control Board Office of the Insurance Reserve Fund (IRF). As needed, the IRF policies are supplemented by the purchase of policies through the private insurance market. Several sections of the South Carolina Code of Laws authorize and require the State Budget and Control Board, through the IRF, to provide insurance to governmental entities. These statutes in turn require most state entities to purchase insurance through the IRF. These sections include:

**Title 1 - Administration of Government**, Section 1-11-140 - 141. Authority to provide tort liability insurance to governmental entities, their employees, and charitable medical facilities.

**Title 1 - Administration of Government**: Section 1-11-147. Automobile Liability Reinsurance.

**Title 10 - Public Buildings and Property**: Section 10-7-10 through 10-7-40. Authority to insure public buildings and contents.

**Title 10 - Public Buildings and Property**: Section 10-7-12. Authority to purchase reinsurance.

**Title 10 - Public Buildings and Property**: Section 10-7-130. Authority to hold monies paid as premiums for the purpose of paying Insured losses.

**Title 11 - Public Finance**: Section 11-9-75. Debt Collection Procedures.

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 13 - RISK MANAGEMENT, Continued**

**Title 15 - Civil Remedies and Procedures:** Section 15-78-10 through 15-78-150. S.C. Governmental Tort Claims Act. Authority to provide liability insurance.

**Title 38 - Insurance:** Section 38-13-190. Requires South Carolina Insurance Department Audits of Insurance Reserve Fund Finance.

**Title 59 - Education:** Section 59-67-710 & 59-67-790. Authority to insure school buses and pupils transported by school bus.

**Title 59 - Education:** Section 59-67-790. Pupil Injury Fund.

The IRF functions as a governmental insurance operation with the mission to provide insurance specifically designed to meet the needs of governmental entities at the lowest possible cost. The IRF operates like an insurance company, by issuing policies, collecting premiums (based on actuarially calculated rates), and by paying claims from the accumulated premiums in accordance with the terms and conditions of the insurance policies it has issued.

All premiums received by the IRF are deposited with the Office of the State Treasurer where the funds are maintained as the IRF Trust Account. By statutory requirement, these funds are to be used to pay claims and operating expenses of the fund. The Office of the State Treasurer is responsible for investing these funds. The costs of settled claims have not exceeded the University's insurance coverage in any of the past three years.

The IRF uses no agents, brokers, or advertising, and does not actively solicit accounts. The lack of a profit motive and the lack of acquisition expenses such as agents' commissions, along with the use of the investment income in rate determination allow the IRF to maintain the lowest possible rate structure. Not all governmental entities elect to purchase their insurance through the IRF. The South Carolina Tort Claims Act allows political subdivisions of the State access to other mechanisms to meet their insurance needs at their discretion. Some entities participate in other self-insurance pools, some purchase commercial insurance, and some elect to self-insure their insurance exposures.

The various types of property insurance policies maintained by the University include: Building and Personal Property, Inland Marine, Data Processing Equipment, Business Interruption and Builders' Risk. Additionally, Risk Management maintains a variety of casualty insurance policies including Automobile and Aircraft Property Damage and Liability, Directors and Officers Liability, General Tort Liability, Medical Professional Liability, an Employee Fidelity Bond, and Student Workers' Compensation.

**NOTE 14 - UNITED STATES DEPARTMENT OF JUSTICE**

In February 2010, the University signed an addendum to the Operating Agreement with the United States Department of Justice. In the addendum, the Department of Justice was to renovate and exclusively occupy the Close-Hipp Building located on the University's Columbia campus. Due to unforeseen circumstances, the University and the Department of Justice canceled this addendum and the Department of Justice made a lump sum cash payment of \$31.5 million to the University representing the good faith estimate of the present value of the lease proceeds. The \$31.5 million was recognized as "Lease termination agreement" on the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2015. The lease termination funds converted into a quasi-endowment fund with the approval of University's Board of Trustees (see Note 16).

**UNIVERSITY OF SOUTH CAROLINA**  
**Notes to the Financial Statements**

**NOTE 15 - OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification are summarized as follows:

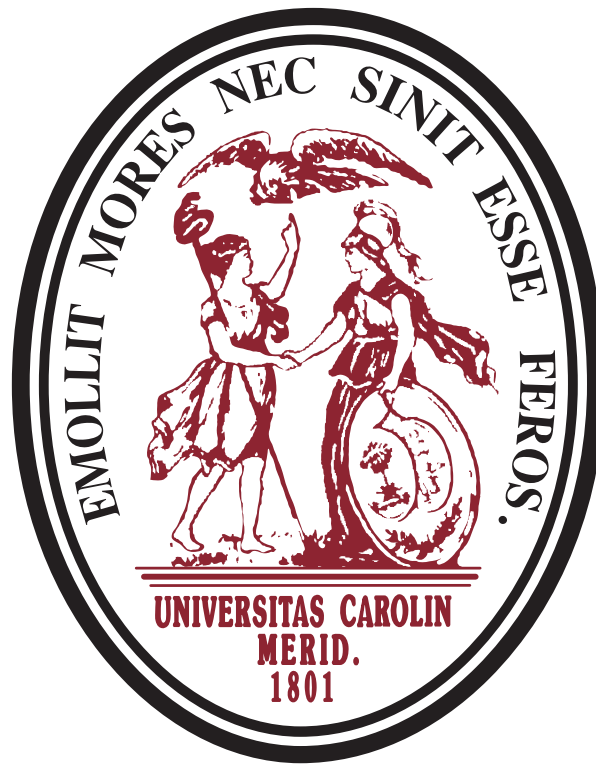
	<b><u>Salaries and Wages</u></b>	<b><u>Fringe Benefits</u></b>	<b><u>Services and Supplies</u></b>	<b><u>Utilities</u></b>	<b><u>Scholarships and Fellowships</u></b>	<b><u>Depreciation</u></b>	<b><u>Total</u></b>
Instruction	\$255,455,085	\$ 81,136,450	\$ 34,703,514	\$ 106,201	\$ 536,611	\$ -	\$ 371,937,861
Research	62,779,990	23,256,807	35,603,425	4,767	268,515	-	121,913,504
Public service	35,383,750	10,287,276	18,662,497	36,490	149,386	-	64,519,399
Academic support	49,649,027	15,378,558	30,994,774	26,626	11,544	-	96,060,529
Student services	34,885,473	10,825,487	25,980,604	852,783	72,799	-	72,617,146
Institutional support	43,515,859	13,955,786	13,395,511	177,846	16,227	-	71,061,229
Operation & plant maintenance	27,680,268	10,167,092	42,208,020	24,316,758	1,615	-	104,373,753
Auxiliary enterprises	49,095,886	11,339,309	68,112,808	9,415,138	588,501	-	138,551,642
Scholarships and fellowships	209,966	1,538,093	193,698	-	16,306,532	-	18,248,289
Depreciation	-	-	-	-	-	66,353,807	66,353,807
Total operating expenses	<b><u>\$558,655,304</u></b>	<b><u>\$177,884,858</u></b>	<b><u>\$269,854,851</u></b>	<b><u>\$34,936,609</u></b>	<b><u>\$ 17,951,730</u></b>	<b><u>\$66,353,807</u></b>	<b><u>\$1,125,637,159</u></b>

**NOTE 16 - ENDOWMENTS AND SIMILAR FUNDS**

The University's endowment funds and type consist of the following:

<b><u>Net Position Classification</u></b>	<b><u>True Endowment</u></b>	<b><u>Quasi Endowment</u></b>	<b><u>Total</u></b>
Restricted - nonexpendable	\$ 82,076,853	\$ -	\$ 82,076,853
Restricted - expendable			
Scholarships, research, instruction and other	-	1,818,049	1,818,049
Unrestricted	-	69,933,401	69,933,401
<b>Total</b>	<b><u>\$ 82,076,853</u></b>	<b><u>\$ 71,751,450</u></b>	<b><u>\$ 153,828,303</u></b>

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# Required Supplementary Information

to the Financial Statements

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**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of the University's Contributions**  
**For the Year Ended June 30, 2015**

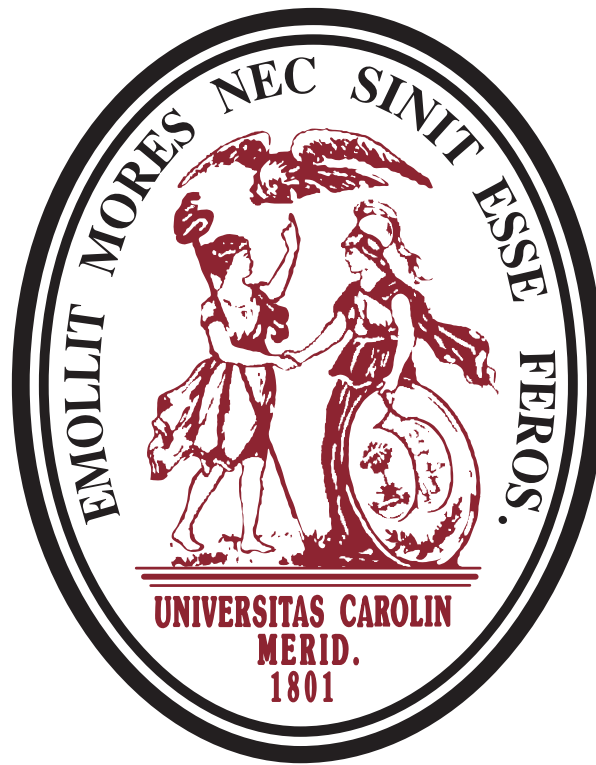
	<b>SCRS</b>	
	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 41,694,195	\$ 39,325,215
Contributions made to pension plan	41,694,195	39,325,215
Contribution deficiency (excess)	\$ -	\$ -
University's covered employee payroll during the measurement period	\$ 252,726,758	\$ 250,774,743
Contributions as a portion of covered employee payroll	16.50%	15.68%

	<b>PORS</b>	
	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 871,294	\$ 814,472
Contributions made to pension plan	871,294	814,472
Contribution deficiency (excess)	\$ -	\$ -
University's covered employee payroll during the measurement period	\$ 6,360,803	\$ 5,934,668
Contributions as a portion of covered employee payroll	13.70%	13.72%

**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of the University's Proportionate Share of the Net Pension Liability**  
**For the Year Ended June 30, 2015**

	<b>SCRS</b>	
	<b>2015</b>	<b>2014</b>
University's proportion of the net pension liability	4.086408%	4.086408%
University's proportionate share of the net pension liability	<u>\$ 703,562,633</u>	<u>\$ 732,955,826</u>
University's covered employee payroll	<u>\$ 266,705,412</u>	<u>\$ 252,726,758</u>
University's proportionate share of the net pension liability as a percentage of its covered employee payroll	263.80%	290.02%
Plan fiduciary net position as a percentage of the total pension liability	59.90%	59.90%

	<b>PORS</b>	
	<b>2015</b>	<b>2014</b>
University's proportion of the net pension liability	0.52740%	0.52740%
University's proportionate share of the net pension liability	<u>\$ 10,102,838</u>	<u>\$ 10,932,795</u>
University's covered employee payroll	<u>\$ 6,534,580</u>	<u>\$ 6,360,803</u>
University's proportionate share of the net pension liability as a percentage of its covered employee payroll	154.61%	171.88%
Plan fiduciary net position as a percentage of the total pension liability	67.50%	67.50%



# Supplementary Information

to the Financial Statements

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**UNIVERSITY OF SOUTH CAROLINA**  
**Columbia Campus Athletics Department**  
**Schedule of Funds Available for Debt Service**  
**For the year ended June 30, 2015**

**REVENUES**

Admissions/ticket sales <sup>(1)</sup>	\$ 21,571,812
Student athletic fees	2,636,141
Guarantees	103,000
Contributions	31,209,408
NCAA/Conference (SEC) distributions	32,855,333
Broadcast, television, radio and internet rights	6,215,000
Direct institutional support	2,947,429
Program, concession, novelty sales and parking	3,861,155
Royalties, licensing, advertisements and sponsorships	4,143,324
Sports camp revenues	338,903
Endowment and investment income	339,665
Other operating revenues	<u>4,022,172</u>
Total revenues	<u>110,243,342</u>

**EXPENSES**

Scholarships and fellowships	13,047,438
Guarantees	2,770,495
Compensation and employee benefits	38,036,376
Recruiting	1,325,408
Team travel	6,235,039
Equipment, uniforms and supplies	3,383,240
Game expenses	5,906,220
Fund raising, marketing and promotion	2,306,497
Sports camp expenses	110,455
Direct facilities, maintenance and rental	13,406,665
Spirit groups	388,612
Medical expenses and insurance	1,051,062
Memberships and dues	85,624
Other operating expenses	<u>8,832,367</u>
Total expenses	<u>96,885,498</u>
Net revenues	13,357,844

**MANDATORY TRANSFERS**

	<u>2,103,245</u>
Net revenues after mandatory transfers	<u>11,254,599</u>

**OTHER RECEIPTS**

Admissions fees	4,026,918
Special student fees	1,724,044
Interest and other	<u>125,670</u>
Total other receipts	<u>5,876,632</u>

**Total funds available for debt service** \$ 17,131,231

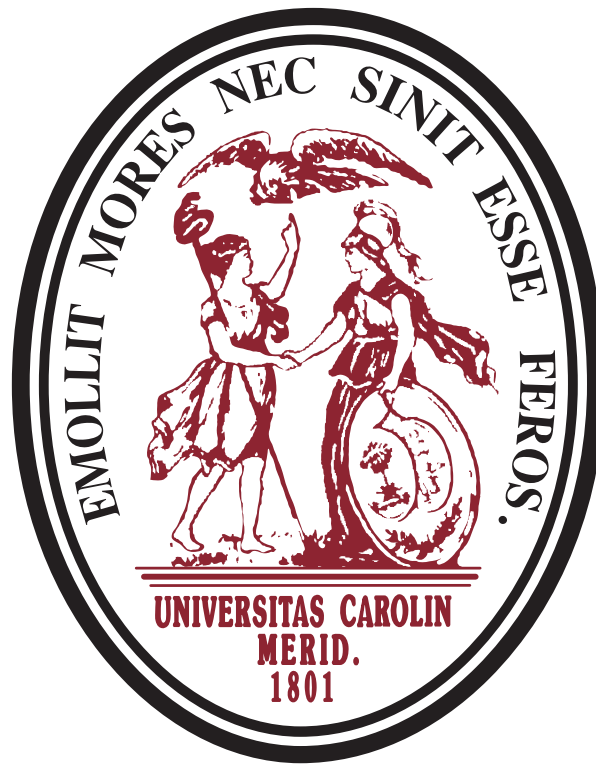
<sup>(1)</sup> Excludes Admission fees



## THE TORCHBEARER

*The Torchbearer* statue located in front of Wardlaw College, the University's School of Education building, was given to the University by the artist, Anna Hyatt Huntington. It is a tradition for second year graduate students to decorate and touch the statue in celebration of completing their "Comp" exams.

*All photos provided by University Creative Services and the MyCarolina Alumni Association.*



# Statistical Section

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**UNIVERSITY OF SOUTH CAROLINA**  
**Statistical Section**

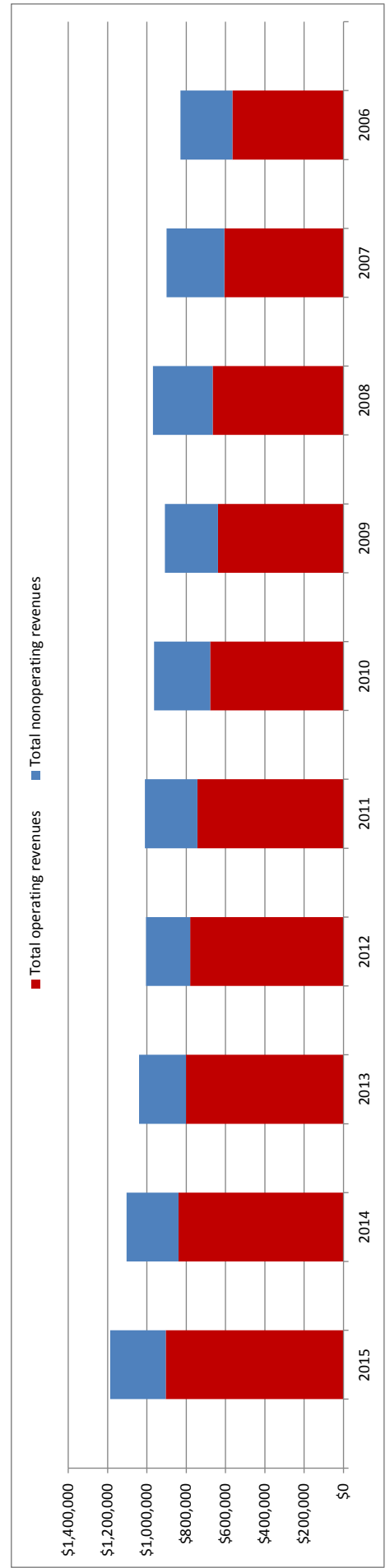
This section of the University of South Carolina Comprehensive Annual Financial Report presents detailed data as context for understanding and analyzing the information provided in the financial statements, note disclosures and required supplementary information. This supporting documentation conveys a broad perspective on the University’s and State of South Carolina’s financial condition.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends.....</b>	<b>102-109</b>
These schedules contain trend information to help the reader understand how the University’s financial performance has changed over time.	
<b>Debt Capacity.....</b>	<b>110-111</b>
These schedules present information to help the reader assess the affordability of the University’s current levels of outstanding debt and its ability to issue additional debt in the future.	
<b>Operating Information.....</b>	<b>112-118</b>
These schedules contain information about the University’s operations and resources to help the reader understand how the University’s financial information relates to the services it provides.	
<b>Demographic and Economic Information.....</b>	<b>119-121</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the University’s financial activities take place and to help make comparisons over time.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Financial Statements for the relevant years.

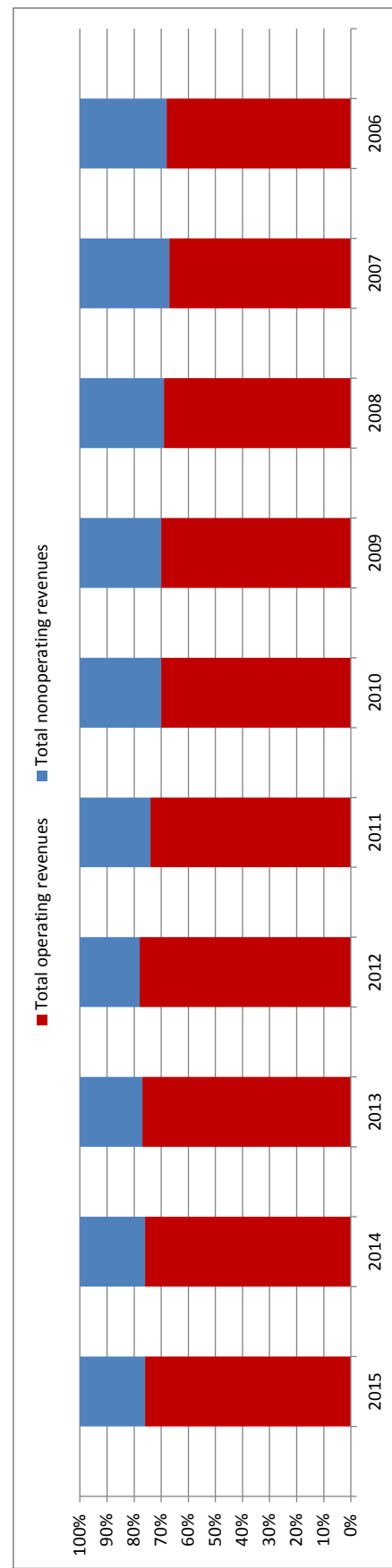
**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of Revenues By Source**  
 Last Ten Fiscal Years  
 (amounts in thousands)

	Fiscal Year Ended June 30,									
Revenues	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Student tuition and fees (net of scholarship allowances)	\$ 448,058	\$ 407,914	\$ 383,366	\$ 359,234	\$ 331,713	\$ 296,871	\$ 275,408	\$ 314,960	\$ 282,389	\$ 253,542
Federal grants and contracts	138,914	128,485	128,745	135,957	147,393	130,115	118,854	113,668	107,406	110,853
State grants and contracts	87,638	88,354	85,610	80,832	78,346	76,985	75,997	73,803	65,858	63,023
Local grants and contracts	1,208	1,167	1,329	1,337	1,439	1,245	1,061	960	774	728
Nongovernmental grants and contracts	36,704	38,818	34,932	38,481	26,027	26,196	26,988	28,606	25,471	23,998
Sales and services of educational and other activities	30,902	29,609	27,263	26,500	27,938	24,217	25,429	22,682	20,082	19,171
Sales and services of auxiliary enterprises (net of scholarship allowances)	146,693	131,836	128,220	125,215	116,176	110,315	102,288	99,436	92,736	81,886
Interest collected on student loans	305	333	301	328	309	303	253	224	224	245
Other fees	9,850	9,143	5,982	5,967	6,099	6,151	7,035	6,439	6,928	6,319
Other operating revenues	3,980	3,629	5,450	5,465	7,034	5,618	4,440	4,213	4,238	4,499
<b>Total operating revenues</b>	<b>904,252</b>	<b>839,288</b>	<b>801,198</b>	<b>779,316</b>	<b>742,474</b>	<b>678,016</b>	<b>637,753</b>	<b>664,991</b>	<b>606,106</b>	<b>564,264</b>
State appropriations	147,512	144,295	136,401	118,333	124,637	160,184	173,279	230,508	215,046	199,309
Federal grants	52,452	52,113	52,618	53,320	94,125	65,552	28,952	25,152	22,269	22,078
Gifts	45,548	46,444	43,918	38,401	37,967	42,086	53,780	37,848	45,754	38,351
Investment income	2,630	2,342	2,465	7,823	5,570	9,420	10,898	8,496	7,217	4,085
Endowment income	3,144	6,250	3,392	6,679	6,120	8,383	3,067	1,762	3,704	1,752
Other nonoperating revenues	31,500	12,270	-	-	14	14	-	-	-	-
Gain on disposal of capital assets, net	-	-	-	-	-	-	936	-	-	-
<b>Total nonoperating revenues</b>	<b>282,786</b>	<b>263,714</b>	<b>238,794</b>	<b>224,556</b>	<b>268,433</b>	<b>285,639</b>	<b>270,912</b>	<b>303,766</b>	<b>293,990</b>	<b>265,575</b>
<b>Total revenues</b>	<b>\$ 1,187,038</b>	<b>\$ 1,103,002</b>	<b>\$ 1,039,992</b>	<b>\$ 1,003,872</b>	<b>\$ 1,010,907</b>	<b>\$ 963,655</b>	<b>\$ 908,665</b>	<b>\$ 968,757</b>	<b>\$ 900,096</b>	<b>\$ 829,839</b>



**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of Revenues By Source**  
 Last Ten Fiscal Years  
 (percent of total revenues)

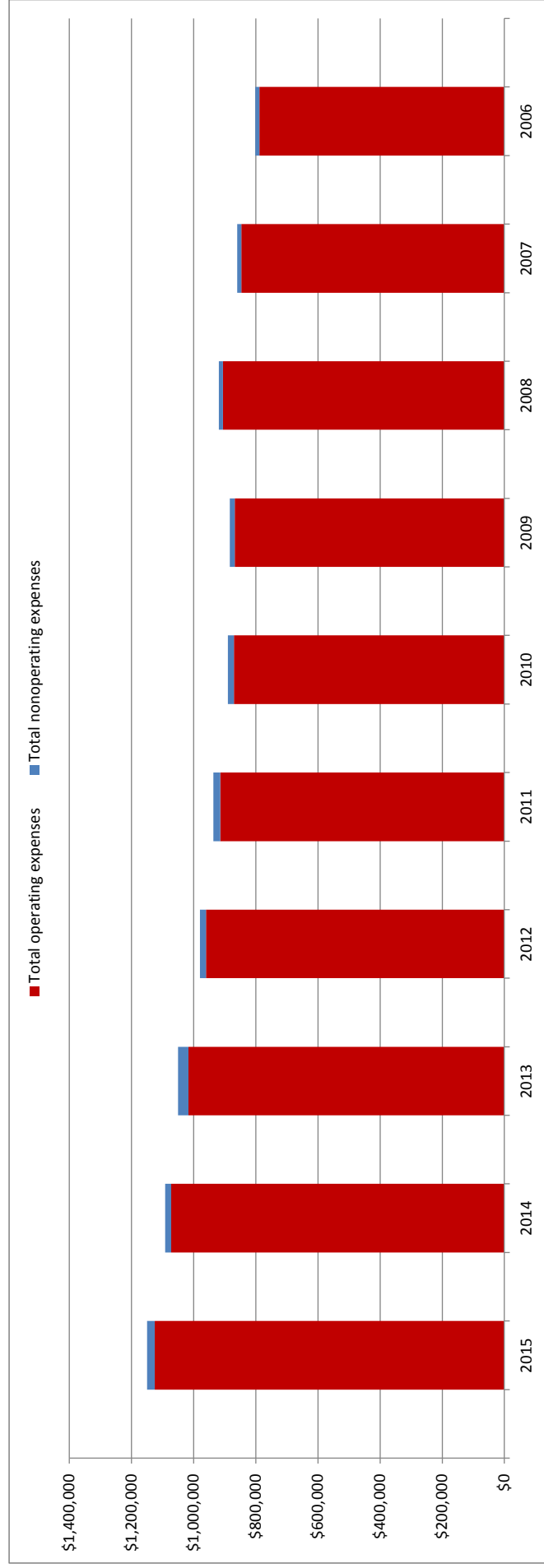
	Fiscal Year Ended June 30,									
Revenues	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Student tuition and fees (net of scholarship allowances)	38%	37%	37%	36%	33%	31%	30%	33%	31%	31%
Federal grants and contracts	12%	12%	12%	13%	15%	13%	13%	12%	12%	13%
State grants and contracts	7%	8%	8%	8%	8%	8%	8%	8%	7%	8%
Local grants and contracts	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Nongovernmental grants and contracts	3%	3%	3%	4%	2%	3%	3%	3%	3%	3%
Sales and services of educational and other activities	3%	3%	3%	3%	3%	2%	3%	2%	2%	2%
Sales and services of auxiliary enterprises (net of scholarship allowances)	12%	12%	12%	12%	11%	11%	11%	10%	10%	10%
Interest collected on student loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other fees	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Other operating revenues	0%	0%	1%	1%	1%	1%	1%	0%	1%	0%
Total operating revenues	76%	76%	77%	78%	74%	70%	70%	69%	67%	68%
State appropriations	13%	13%	14%	11%	12%	17%	19%	24%	24%	24%
Federal grants	4%	5%	5%	5%	9%	7%	3%	2%	3%	3%
Gifts	4%	4%	4%	4%	4%	4%	6%	4%	5%	5%
Investment income	0%	0%	0%	1%	0%	1%	1%	1%	1%	0%
Endowment income	0%	1%	0%	1%	1%	1%	1%	0%	0%	0%
Other nonoperating revenues	3%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Gain on disposal of capital assets, net	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total nonoperating revenues	24%	24%	23%	22%	26%	30%	30%	31%	33%	32%
<b>Total revenues</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



Source: University of South Carolina Financial Statements

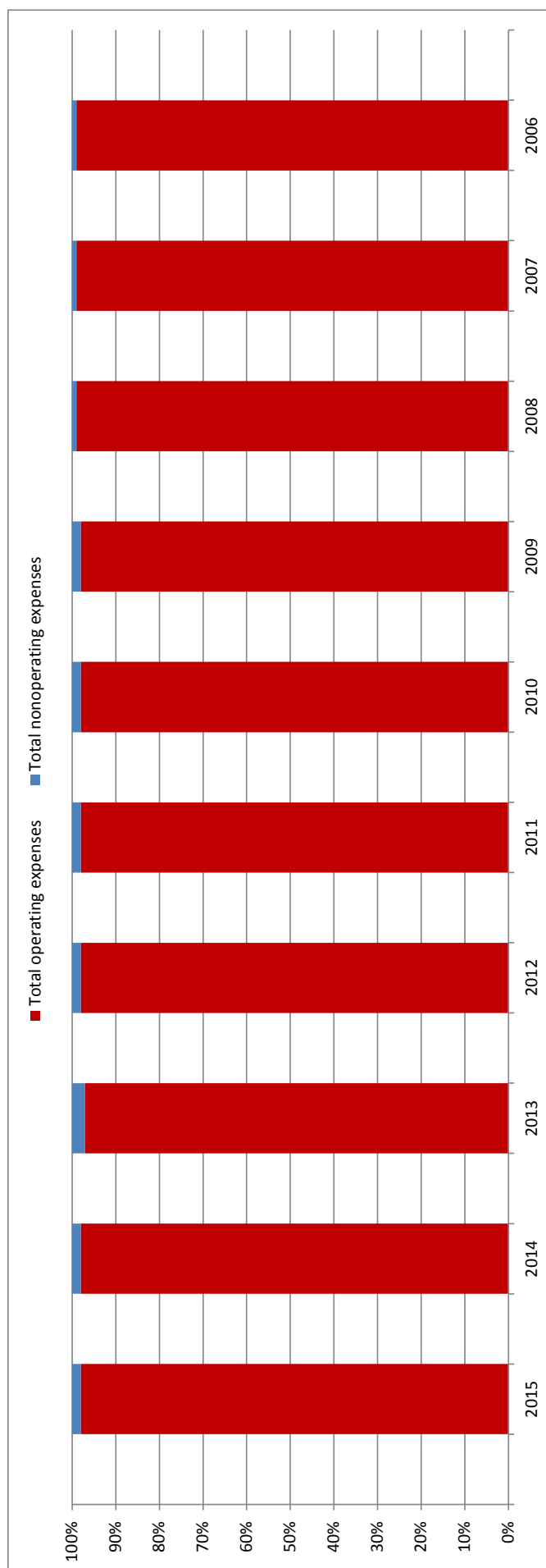
**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of Expenses By Use**  
 Last Ten Fiscal Years  
 (amounts in thousands)

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Compensation and employee benefits	\$ 736,540	\$ 707,316	\$ 677,157	\$ 636,503	\$ 595,861	\$ 574,398	\$ 574,690	\$ 575,610	\$ 529,085	\$ 498,933
Services and supplies	269,855	248,900	235,707	223,142	216,733	197,044	202,315	187,876	186,502	175,269
Utilities	34,936	34,605	31,090	29,515	29,803	28,061	26,938	26,601	24,703	25,111
Scholarships and fellowships	17,952	18,946	19,960	20,206	21,792	21,378	17,129	74,854	63,858	54,953
Depreciation	66,354	62,340	53,334	51,253	50,819	49,324	46,495	40,889	42,769	34,204
<b>Total operating expenses</b>	<b>1,125,637</b>	<b>1,072,107</b>	<b>1,017,248</b>	<b>960,619</b>	<b>915,008</b>	<b>870,205</b>	<b>867,567</b>	<b>905,830</b>	<b>846,917</b>	<b>788,470</b>
Loss on disposal of capital assets	2,249	720	14,313	575	1,760	717	-	777	716	2,800
Interest on capital asset related debt	22,178	18,648	18,762	19,025	19,579	19,040	16,154	12,800	12,492	10,489
Other nonoperating expenses	-	-	-	-	-	-	4	-	-	-
<b>Total nonoperating expenses</b>	<b>24,427</b>	<b>19,368</b>	<b>33,075</b>	<b>19,600</b>	<b>21,339</b>	<b>19,757</b>	<b>16,158</b>	<b>13,577</b>	<b>13,208</b>	<b>13,289</b>
<b>Total expenses</b>	<b>\$ 1,150,064</b>	<b>\$ 1,091,475</b>	<b>\$ 1,050,323</b>	<b>\$ 980,219</b>	<b>\$ 936,347</b>	<b>\$ 889,962</b>	<b>\$ 883,725</b>	<b>\$ 919,407</b>	<b>\$ 860,125</b>	<b>\$ 801,759</b>



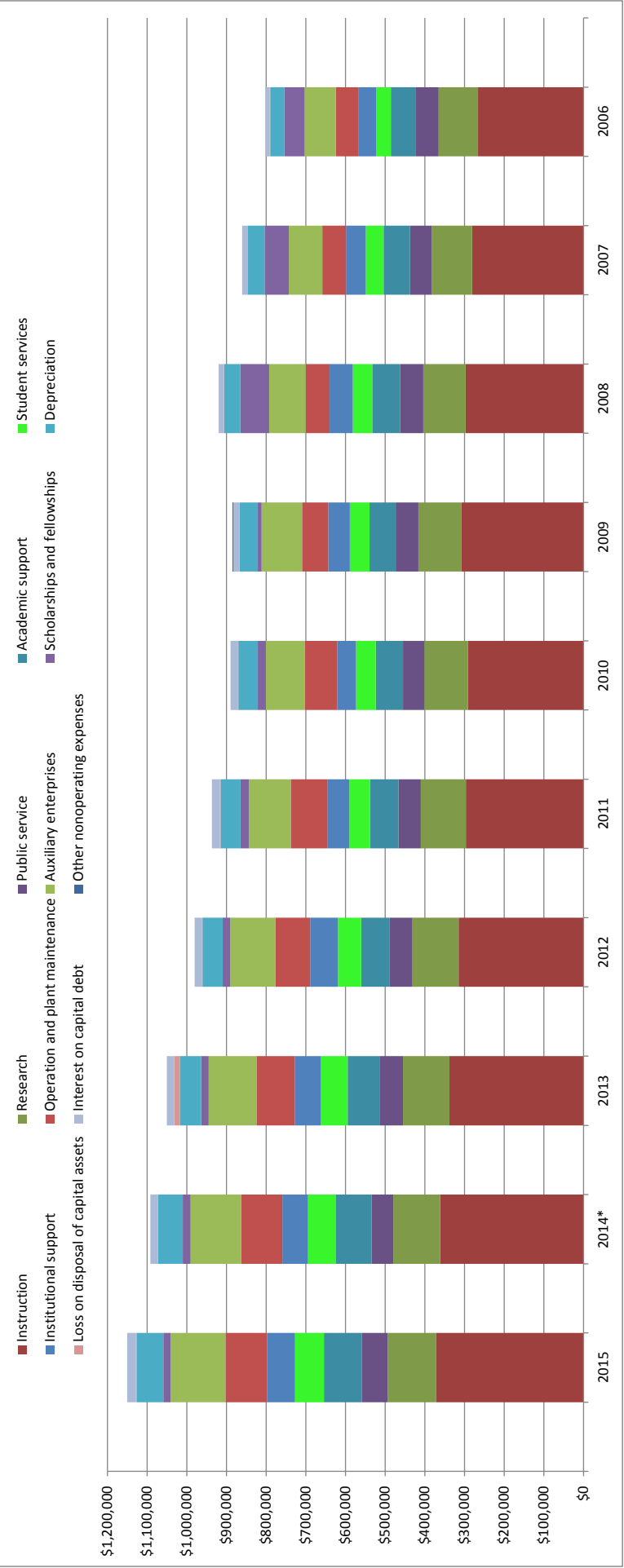
**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of Expenses By Use**  
 Last Ten Fiscal Years  
 (percent of total expenses)

	Fiscal Year Ended June 30,									
<b>Expenses</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Compensation and employee benefits	64%	65%	65%	65%	64%	65%	65%	63%	62%	63%
Services and supplies	23%	23%	22%	23%	23%	22%	23%	20%	22%	22%
Utilities	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Scholarships and fellowships	2%	2%	2%	2%	2%	2%	2%	8%	7%	7%
Depreciation	6%	5%	5%	5%	6%	6%	5%	5%	5%	4%
<b>Total operating expenses</b>	<b>98%</b>	<b>98%</b>	<b>97%</b>	<b>98%</b>	<b>98%</b>	<b>98%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>
Loss on disposal of capital assets	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%
Interest on capital asset related debt	2%	2%	2%	2%	2%	2%	2%	1%	1%	1%
Other nonoperating expenses	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Total nonoperating expenses</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
<b>Total expenses</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



UNIVERSITY OF SOUTH CAROLINA  
Schedule of Expenses By Function  
Last Ten Fiscal Years  
(amounts in thousands)

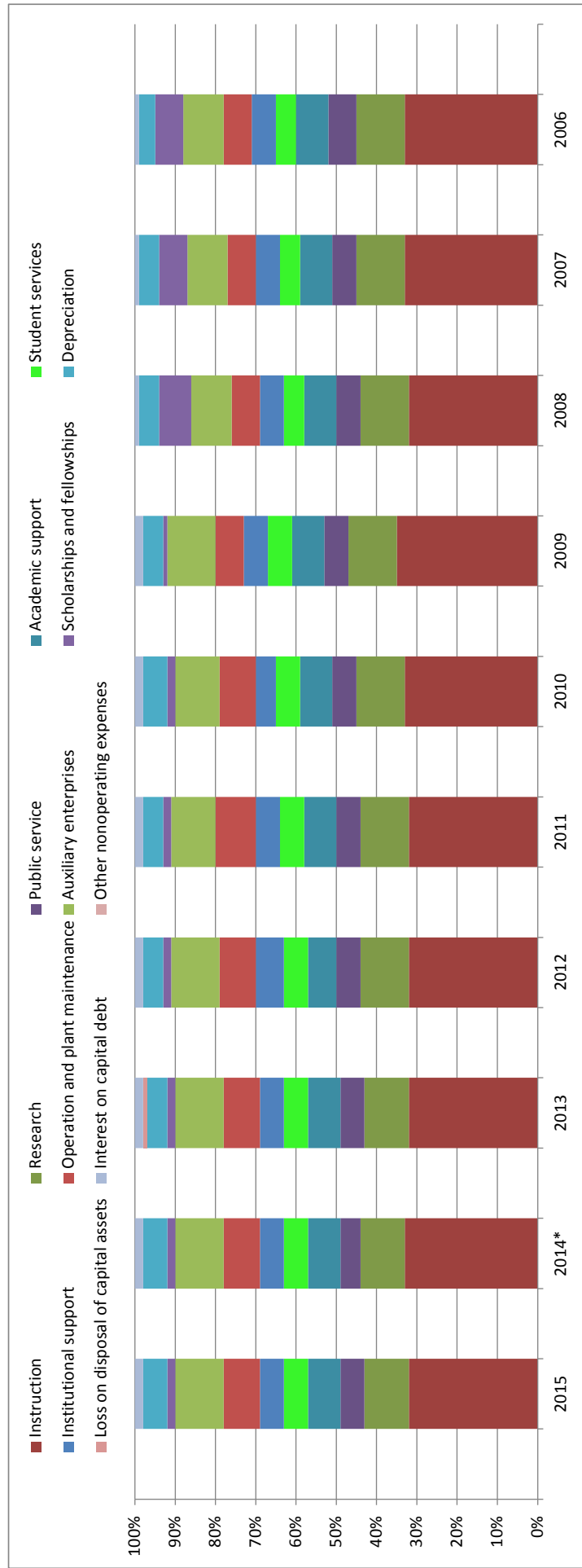
Expenses	Fiscal Year Ended June 30,									
	2015	2014*	2013	2012	2011	2010	2009	2008	2007	2006
Instruction	\$ 371,938	\$ 361,122	\$ 338,336	\$ 315,093	\$ 296,837	\$ 291,267	\$ 307,708	\$ 297,188	\$ 280,626	\$ 266,123
Research	121,913	118,274	117,024	116,169	113,563	109,769	108,456	106,506	101,333	99,207
Public service	64,519	54,273	57,162	57,305	55,876	53,664	57,125	58,835	55,724	56,940
Academic support	96,061	91,081	82,072	71,975	71,651	68,890	65,885	69,991	66,280	63,563
Student services	72,617	69,469	67,066	58,241	52,225	50,011	49,844	48,821	44,940	36,204
Institutional support	71,061	64,981	65,870	70,397	54,839	47,090	54,638	58,453	49,788	44,499
Operation and plant maintenance	104,374	103,108	97,133	86,999	93,328	81,146	65,453	60,896	59,964	57,878
Auxiliary enterprises	138,552	128,388	119,908	114,216	105,454	98,964	102,344	92,027	84,104	77,976
Scholarships and fellowships	18,248	19,071	19,343	18,971	20,416	20,080	9,619	72,224	61,389	51,876
Depreciation	66,354	62,340	53,334	51,253	50,819	49,324	46,495	40,889	42,769	34,204
Loss on disposal of capital assets	2,249	720	14,313	575	1,760	717	-	777	716	2,800
Interest on capital debt	22,178	18,648	18,762	19,025	19,579	19,040	16,154	12,800	12,492	10,489
Other nonoperating expenses	-	-	-	-	-	-	4	-	-	-
<b>Total expenses</b>	<b>\$ 1,150,064</b>	<b>\$ 1,091,475</b>	<b>\$ 1,050,323</b>	<b>\$ 980,219</b>	<b>\$ 936,347</b>	<b>\$ 889,962</b>	<b>\$ 883,725</b>	<b>\$ 919,407</b>	<b>\$ 860,125</b>	<b>\$ 801,759</b>



\*2014 amounts have been reclassified to conform to current and prior year presentation.

**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of Expenses By Function**  
 Last Ten Fiscal Years  
 (percent of total expenses)

	2015	2014*	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Instruction	32%	33%	32%	32%	32%	33%	35%	32%	33%	33%
Research	11%	11%	11%	12%	12%	12%	12%	12%	12%	12%
Public service	6%	5%	6%	6%	6%	6%	6%	6%	6%	7%
Academic support	8%	8%	8%	7%	8%	8%	8%	8%	8%	8%
Student services	6%	6%	6%	6%	6%	6%	6%	5%	5%	5%
Institutional support	6%	6%	6%	7%	6%	5%	6%	6%	6%	6%
Operation and plant maintenance	9%	9%	9%	9%	10%	9%	7%	7%	7%	7%
Auxiliary enterprises	12%	12%	12%	12%	11%	11%	12%	10%	10%	10%
Scholarships and fellowships	2%	2%	2%	2%	2%	2%	1%	8%	7%	7%
Depreciation	6%	6%	5%	5%	5%	6%	5%	5%	5%	4%
Loss on disposal of capital assets	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%
Interest on capital debt	2%	2%	2%	2%	2%	2%	2%	1%	1%	1%
Other nonoperating expenses	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Total expenses</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

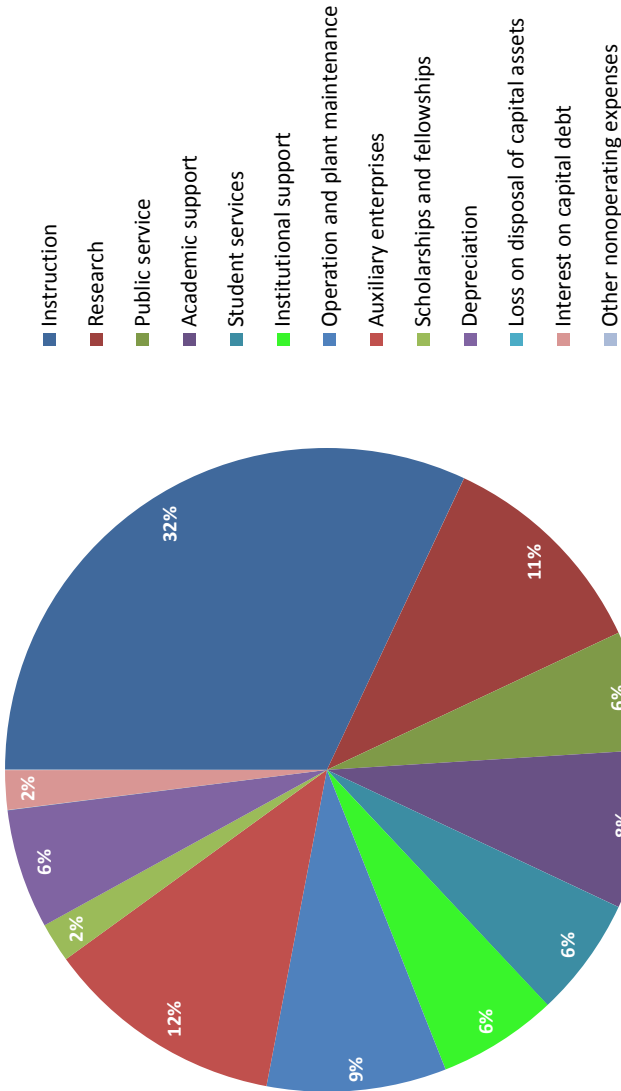


\* 2014 amounts have been reclassified to conform to current and prior year presentation.

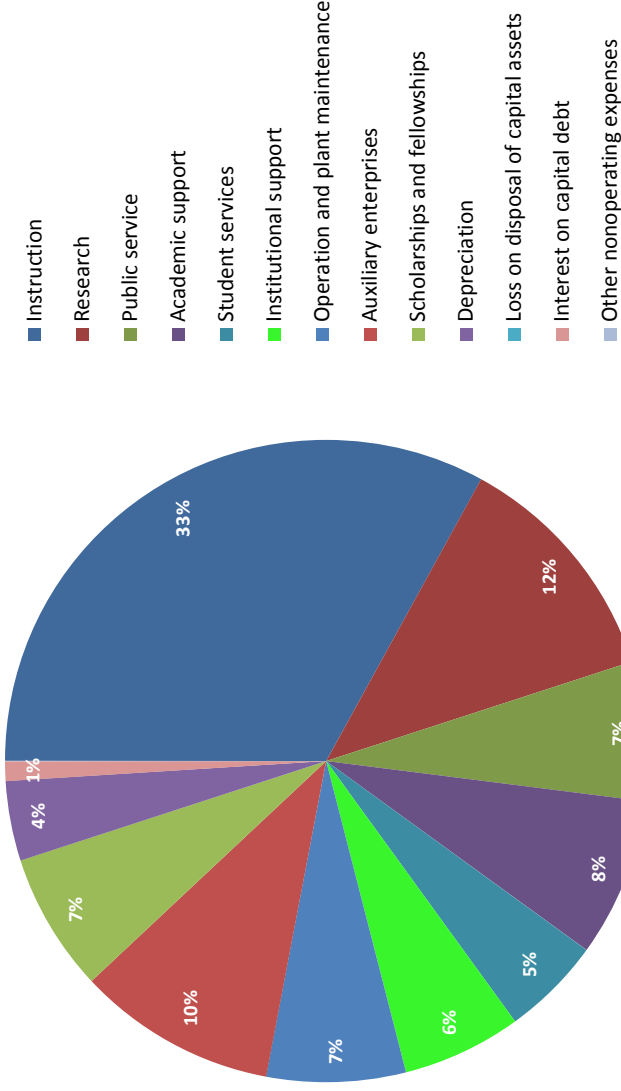
Source: University of South Carolina Financial Statements

UNIVERSITY OF SOUTH CAROLINA  
Schedule of Expenses By Function  
Current Fiscal Year and Nine Years Prior  
(percent of total expenses)

2015



2006





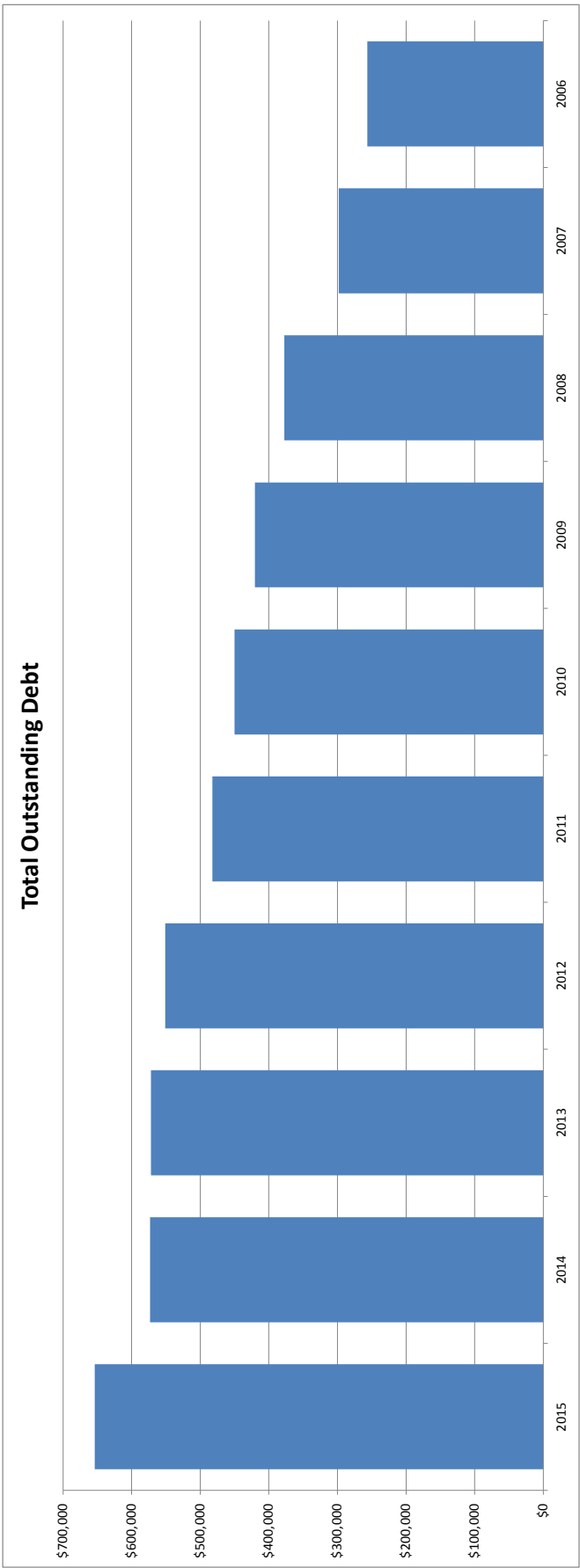
**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of Net Position and Changes in Net Position**  
 Last Ten Fiscal Years  
 (amounts in thousands)

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total revenues (from schedule of revenues by source)	\$ 1,187,038	\$ 1,103,002	\$ 1,039,992	\$ 1,003,872	\$ 1,010,907	\$ 963,655	\$ 908,665	\$ 968,757	\$ 900,096	\$ 829,839
Total expenses (from schedule of expenses by use and function)	(1,150,064)	(1,091,475)	(1,050,323)	(980,219)	(936,347)	(889,962)	(883,725)	(919,407)	(860,125)	(801,759)
Income (loss) before other revenues, and transfers	36,974	11,527	(10,331)	23,653	74,560	73,693	24,940	49,350	39,971	28,080
State capital appropriations	8,175	13,810	11,430	2,585	2,082	7,631	8,496	18,380	28,278	11,052
Capital grants and gifts	26,654	10,555	8,007	11,416	5,256	9,824	28,949	2,501	11,741	38,619
Additions to permanent endowments	2,970	4,725	1,674	5,384	18,090	6,446	17,594	101	6,537	2,664
Transfers to other state funds, net	-	-	-	(1,468)	(1,694)	(1,296)	(1,237)	(1,329)	(1,338)	(4,960)
Total changes in net position	74,773	40,617	10,780	41,570	98,294	96,298	78,742	69,003	85,189	75,455
Net position, beginning, as originally stated	1,254,637	1,214,020	1,203,240	1,161,670	1,063,376	967,078	888,336	819,333	734,144	658,689
Restatement	(703,749)	-	-	-	-	-	-	-	-	-
Net position, beginning, as restated	550,888	1,214,020	1,203,240	1,161,670	1,063,376	967,078	888,336	819,333	734,144	658,689
<b>Net position, ending</b>	<b>\$ 625,661</b>	<b>\$ 1,254,637</b>	<b>\$ 1,214,020</b>	<b>\$ 1,203,240</b>	<b>\$ 1,161,670</b>	<b>\$ 1,063,376</b>	<b>\$ 967,078</b>	<b>\$ 888,336</b>	<b>\$ 819,333</b>	<b>\$ 734,144</b>
Net investment in capital assets	\$ 747,327	\$ 701,292	\$ 671,053	\$ 569,666	\$ 592,929	\$ 596,114	\$ 597,305	\$ 533,500	\$ 538,158	\$ 533,029
Restricted - nonexpendable	82,077	79,285	73,766	72,136	66,491	48,148	41,080	24,470	25,452	17,914
Restricted - expendable	129,704	137,629	121,396	200,308	140,672	92,909	70,678	67,378	41,062	12,645
Unrestricted	(333,447)	336,431	347,805	361,130	361,578	326,205	258,015	262,988	214,661	170,556
<b>Total</b>	<b>\$ 625,661</b>	<b>\$ 1,254,637</b>	<b>\$ 1,214,020</b>	<b>\$ 1,203,240</b>	<b>\$ 1,161,670</b>	<b>\$ 1,063,376</b>	<b>\$ 967,078</b>	<b>\$ 888,336</b>	<b>\$ 819,333</b>	<b>\$ 734,144</b>

UNIVERSITY OF SOUTH CAROLINA  
Schedule of Ratios of Outstanding Debt

Last Ten Fiscal Years  
(amounts in thousands except for the FTE students and outstanding debt per student)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
State Institution Bonds	\$ 159,830	\$ 116,035	\$ 109,355	\$ 117,715	\$ 128,435	\$ 112,130	\$ 118,800	\$ 116,270	\$ 122,015	\$ 70,675
Revenue Bonds	280,065	288,140	295,415	264,725	212,100	218,320	195,300	170,370	109,640	113,105
Athletic Facilities Revenue Bonds	154,750	119,250	121,915	124,450	112,700	47,175	48,130	48,965	19,530	19,925
Bond Anticipation Notes Payable	-	-	-	-	-	17,600	19,600	-	4,500	6,855
Subtotal Bonds Payable	594,645	523,425	526,685	506,890	453,235	395,225	381,830	335,605	255,685	210,560
Unamortized Bond Premiums	43,472	33,459	33,906	31,725	14,401	5,129	3,708	3,875	974	1,042
Unamortized Bond Discounts	(600)	(628)	(657)	(685)	(461)	(479)	(508)	(45)	(57)	(72)
Unamortized Loss on Bond Refunding <sup>(1)</sup>	-	-	(5,208)	(5,604)	(3,829)	(2,221)	(2,358)	(2,494)	(2,631)	(2,767)
Total Bonds Payable	637,517	556,256	554,726	532,326	463,346	397,654	382,672	336,941	253,971	208,763
Notes Payable	265	399	604	1,467	1,424	34,267	37,785	40,289	43,648	47,165
Capital Lease Obligation	15,845	16,590	16,697	17,291	17,448	17,942	-	208	326	440
<b>Total Outstanding Debt</b>	<b>\$ 653,627</b>	<b>\$ 573,245</b>	<b>\$ 572,027</b>	<b>\$ 551,084</b>	<b>\$ 482,218</b>	<b>\$ 449,863</b>	<b>\$ 420,457</b>	<b>\$ 377,438</b>	<b>\$ 297,945</b>	<b>\$ 256,368</b>
Full Time Equivalent Students	43,167	42,065	41,097	40,475	39,592	37,965	36,374	35,179	34,050	33,254
Outstanding Debt per Student	\$ 15,142	\$ 13,628	\$ 13,919	\$ 13,615	\$ 12,180	\$ 11,849	\$ 11,559	\$ 10,729	\$ 8,750	\$ 7,709



Note: Outstanding debt per student calculated using Fall semester full-time equivalent student enrollment data for the last ten academic years.  
Source: USC Annual Bond Indebtedness Reports, annual Reports on Financial Statements, and USC Institutional Assessment & Compliance Office  
<sup>(1)</sup> Due to the implementation of GASB 65, Unamortized Loss on Bond Refunding is no longer reported as part of the Bonds Payable liability. Beginning in fiscal year 2014, it is now classified as a Deferred Outflow of Resources on the Statement of Net Position.

State Institution Bonds

Fiscal Year Ended June 30,	Tuition and Matriculation Fees	Total Revenue Available for Debt Service				Debt Service Requirements			
		Principal	Interest	Other Fees	Total	Principal	Interest	Other Fees	Coverage Ratio
2015	\$ 30,034	\$ 9,395	\$ 5,259	\$ 196	\$ 14,850	\$ 2,02			2.02
2014	28,810	8,510	4,600	4	13,114	2,20			2.20
2013	27,778	8,360	4,939	19	13,318	2,09			2.09
2012	26,111	4,955	4,955	103	13,313	1,96			1.96
2011	23,638	6,920	4,987	93	12,000	1,97			1.97
2010	23,074	6,670	5,229	2	11,901	1,94			1.94
2009	21,688	6,020	5,466	3	11,489	1,89			1.89
2008	19,121	5,745	5,431	2	11,178	1,71			1.71
2007	18,584	6,660	4,808	-	11,468	1,62			1.62
2006	15,709	3,405	3,310	3	6,718	2,34			2.34

Athletic Facilities Revenue Bonds

Fiscal Year Ended June 30,	Athletic Revenues	Athletic Operating Expenses & Mandatory Transfers	Net Athletic Revenues	Special Student Fee	Admissions Fees	Interest Earnings & Miscellaneous	Total Revenue Available for Debt Service	Debt Service Requirements		
								Principal	Interest	Coverage Ratio
2015	\$ 110,243	\$ 98,989	\$ 11,254	\$ 1,724	\$ 4,027	\$ 126	\$ 17,131	\$ 2,770	\$ 5,698	2.00
2014	98,620	89,014	9,606	1,691	4,072	161	15,530	2,665	5,639	1.87
2013	90,484	79,611	10,873	1,585	1,695	214	14,367	2,535	5,784	1.73
2012	87,608	79,628	7,980	1,551	1,709	262	11,502	2,195	5,436	1.50
2011	84,010	70,511	13,499	1,491	1,754	277	17,021	1,920	4,538	2.62
2010	79,879	62,970	16,909	1,498	1,803	362	20,572	2,955	2,875	3.52
2009	76,117	62,870	13,247	1,391	2,060	415	17,113	835	2,812	4.69
2008	66,546	56,646	9,900	1,316	2,024	101	13,341	4,915	1,140	2.20
2007	60,591	51,634	8,957	1,291	2,086	100	12,434	2,750	1,250	3.08
2006	52,120	48,643	3,477	766	2,172	58	6,473	2,865	1,277	1.54

Revenue Bonds

Fiscal Year Ended June 30,	Revenues	Operating Expenses	Net Revenue Available for Debt Service	Principal	Interest	Other Fees	Total	Debt Service Requirements	
								Principal	Coverage Ratio
2015	\$ 62,249	\$ 36,441	\$ 25,808	\$ 8,075	\$ 10,451	\$ 3	\$ 18,529	\$ 2,770	1.39
2014	58,008	33,586	24,422	7,275	10,861	3	18,139	2,665	1.35
2013	54,711	31,895	22,816	6,495	9,398	6	15,899	2,535	1.44
2012	53,705	30,519	23,186	6,505	9,731	140	16,376	2,195	1.42
2011	49,345	29,438	19,907	6,220	10,071	5	16,296	1,920	1.22
2010	48,667	29,582	19,085	5,490	9,079	3	14,572	2,955	1.31
2009	43,764	25,675	18,089	3,990	8,241	2	12,233	835	1.48
2008	40,385	23,452	16,933	3,605	5,361	6	8,972	4,915	1.89
2007	37,736	21,285	16,451	3,465	4,960	4	8,429	2,750	1.95
2006	35,826	21,778	14,048	3,333	4,139	338	7,810	2,865	1.80

Special Revenue Bonds

Fiscal Year Ended June 30,	Revenues	Additional Funds	Total Revenue Available for Debt Service	Principal	Interest	Other Fees	Total	Debt Service Requirements	
								Principal	Coverage Ratio
2015	\$ 74,263	\$ 699,171	\$ 773,434	\$ -	\$ 3,018	\$ 2	\$ 3,020	\$ 2,770	256.10
2014	73,562	642,077	715,639	-	3,018	2	3,020	2,665	236.97
2013	67,284	610,187	677,471	-	3,018	-	3,018	2,535	224.48
2012	70,425	579,634	650,059	-	159	-	159	2,195	4,088.42

Note: The Special Revenue Bonds were issued in 2012 therefore there is not 10 years of historical data to present.  
Source: USC Annual Bond Indebtedness Reports and Annual Reports on Financial Statements.

**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of Capital Asset Information**  
 Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Assignable Area By Room Use/Function Use Codes <sup>(1)</sup></b>										
Classrooms	485,392	433,447	468,616	418,613	414,930	418,832	407,832	406,683	403,166	415,026
Laboratories	1,034,664	950,490	982,770	983,826	983,594	967,433	923,919	919,989	905,021	879,652
Office, Support and Other	4,448,249	4,306,921	4,193,336	4,164,334	4,240,663	4,054,742	4,014,410	3,884,131	3,876,890	3,747,032
Auxiliary Services	3,872,022	3,865,428	3,627,060	3,589,702	4,213,104	4,120,283	3,970,535	3,992,422	3,950,146	3,290,787
<b>Total Assignable Square Feet</b>	<b>9,840,327</b>	<b>9,556,286</b>	<b>9,271,782</b>	<b>9,156,475</b>	<b>9,852,291</b>	<b>9,561,290</b>	<b>9,316,696</b>	<b>9,203,225</b>	<b>9,135,223</b>	<b>8,332,497</b>
<b>Student Housing <sup>(2)</sup></b>										
Traditional Residence Hall Beds	1,172	1,206	1,521	1,481	1,481	2,086	2,082	2,179	2,191	3,018
Suite-Style Hall Beds	3,295	3,299	2,982	2,972	2,416	2,420	1,883	1,887	1,887	1,904
Apartments and Apartment-Style Hall Beds	2,215	2,198	2,277	2,269	2,274	2,274	2,274	2,271	2,275	2,274
Units available	6,682	6,703	6,780	6,722	6,171	6,780	6,239	6,337	6,353	7,196
Units in use	6,593	6,539	6,739	6,658	6,218	6,303	6,185	6,154	6,294	7,013
Percent occupancy	98.7%	97.6%	99.4%	99.0%	100.8%	93.0%	99.1%	97.1%	99.1%	97.5%
<b>Dining Facilities <sup>(3)</sup></b>										
Locations	26	26	28	27	26	27	26	25	25	26
Average daily customers	18,557	12,776	15,667	13,902	14,283	13,937	13,815	13,158	12,988	12,755
<b>Parking Facilities <sup>(4)</sup></b>										
Parking spaces available	14,519	15,058	15,509	15,801	16,822	16,822	16,822	14,447	13,959	13,309
Parking permits issued to students	16,523	18,522	17,049	18,085	17,533	16,742	16,380	16,102	15,486	15,155
Parking permits issued to faculty/staff	7,283	6,594	6,112	6,244	5,853	5,833	5,811	5,778	5,774	6,619

(1) Assignable Area by Room Use and Function Use Codes as annually reported to the South Carolina Commission on Higher Education. This is a combination of two reports.

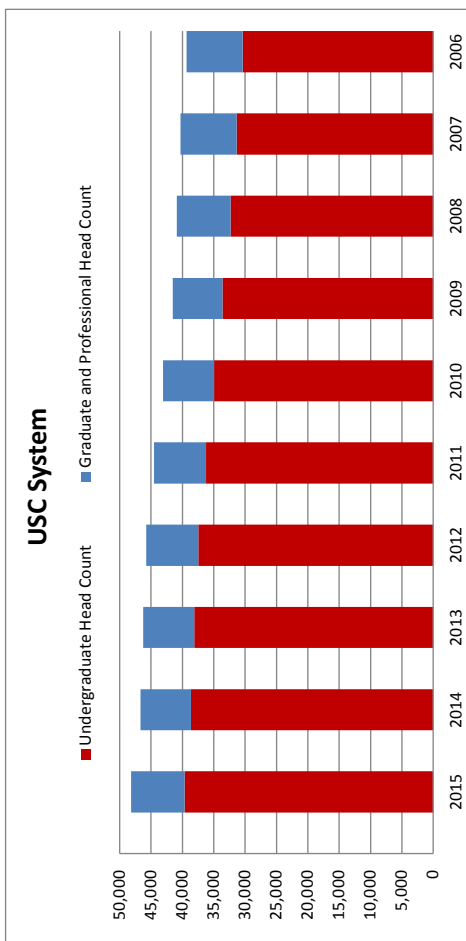
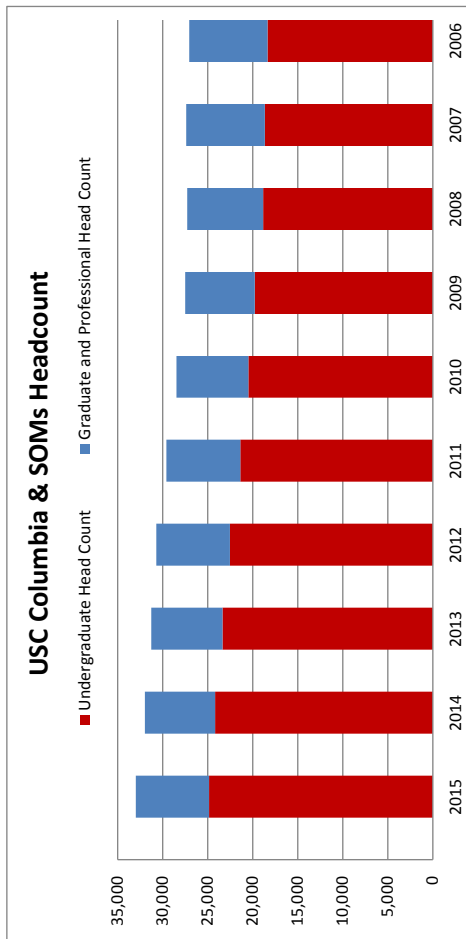
(2) Student Housing is available on the USC Columbia, USC Aiken, USC Beaufort and USC Upstate campuses. All of USC Beaufort and a portion of USC Upstate are outsourced. This reporting is USC Columbia only. Columbia Student Housing bed count does not include 743 beds in the Greek Village. These facilities are on leased University land, but the facilities are not assets of the University.

(3) Dining Facilities are available on the USC Columbia, USC Aiken, USC Beaufort, and USC Upstate campuses. All dining facilities are outsourced. This reporting is USC Columbia only.

(4) Parking Facilities are available on all USC campuses. Only USC Columbia treats parking operations as an auxiliary enterprise. This reporting is USC Columbia only.

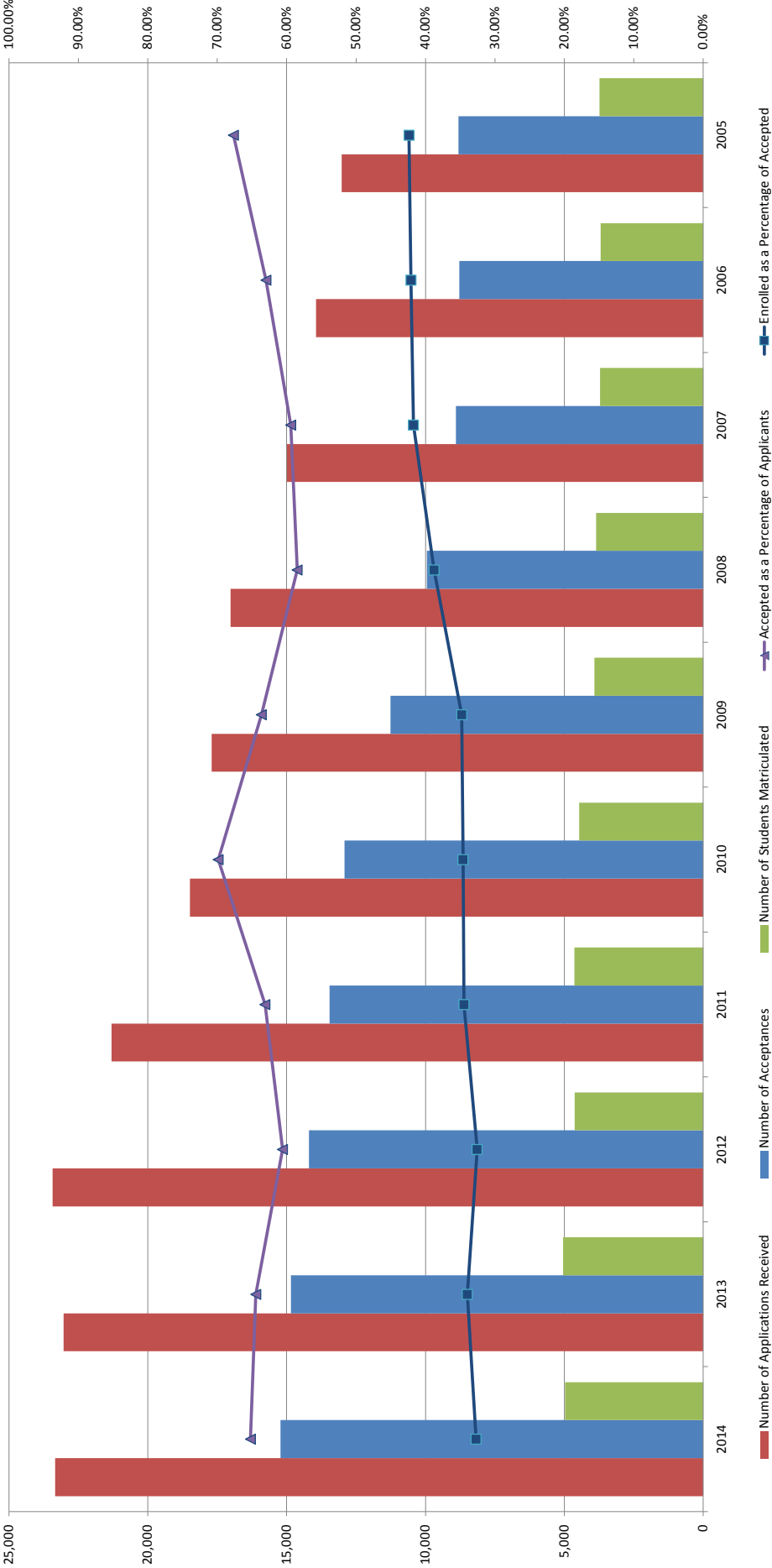
**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of Enrollment Statistics**  
 Last Ten Academic Years

	UNIVERSITY OF SOUTH CAROLINA									
	Schedule of Enrollment Statistics									
	Last Ten Academic Years									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>USC Columbia (including the SOMs)</b>										
Undergraduate Head Count	24,864	24,180	23,363	22,556	21,383	20,494	19,765	18,827	18,648	18,362
Graduate and Professional Head Count	8,108	7,784	7,925	8,165	8,214	7,987	7,723	8,445	8,742	8,703
Total Enrollment Head Count	32,972	31,964	31,288	30,721	29,597	28,481	27,488	27,272	27,390	27,065
Percentage of Men	44.80%	44.86%	44.79%	44.73%	44.70%	44.54%	43.83%	42.64%	42.00%	42.22%
Percentage of Women	55.20%	55.14%	55.21%	55.27%	55.30%	55.46%	56.17%	57.36%	58.00%	57.78%
Percentage White	73.94%	73.92%	74.88%	74.89%	75.36%	75.01%	71.32%	70.49%	69.93%	70.27%
Percentage African American or Black	10.43%	10.56%	11.08%	11.20%	10.95%	10.98%	11.67%	12.71%	13.13%	13.36%
Percentage Other Race and Not Reported	15.63%	15.52%	14.04%	13.91%	13.69%	14.01%	17.01%	16.80%	16.94%	16.37%
Undergraduate FTE	24,580	23,790	22,890	22,167	21,130	20,156	19,463	18,422	17,851	17,640
Graduate and Professional FTE	6,179	5,974	5,891	5,917	6,020	5,784	5,614	5,768	5,916	5,925
Total Enrollment FTE	30,759	29,764	28,781	28,084	27,150	25,940	25,077	24,190	23,767	23,565
<b>USC System</b>										
Undergraduate Head Count	39,683	38,627	38,118	37,451	36,220	34,934	33,577	32,294	31,378	30,398
Graduate and Professional Head Count	8,484	8,045	8,146	8,323	8,337	8,166	7,941	8,605	8,915	8,931
Total Enrollment Head Count	48,167	46,672	46,264	45,774	44,557	43,100	41,518	40,899	40,293	39,329
Percentage of Men	42.55%	42.62%	42.07%	42.06%	41.75%	41.76%	41.23%	40.16%	39.53%	39.78%
Percentage of Women	57.45%	57.38%	57.93%	57.94%	58.25%	58.24%	58.77%	59.84%	60.47%	60.22%
Percentage of White	68.34%	68.45%	68.94%	69.38%	69.67%	69.73%	67.95%	67.87%	67.51%	68.37%
Percentage of African American or Black	14.91%	15.16%	15.72%	16.24%	16.05%	15.58%	16.37%	16.86%	17.35%	17.07%
Percentage of Other Race and Not Reported	16.75%	16.39%	15.34%	14.38%	14.28%	14.69%	15.68%	15.27%	15.14%	14.56%
Undergraduate FTE	36,840	36,009	35,122	34,491	33,516	32,119	30,689	29,351	28,071	27,244
Graduate and Professional FTE	6,327	6,056	5,975	5,984	6,076	5,846	5,685	5,828	5,979	6,010
Total Enrollment FTE	43,167	42,065	41,097	40,475	39,592	37,965	36,374	35,179	34,050	33,254



UNIVERSITY OF SOUTH CAROLINA COLUMBIA  
Schedule of Admissions Statistics  
Last Ten Academic Years

USC Columbia	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Number of Applications Received	23,341	23,035	23,429	21,311	18,485	17,698	17,018	14,994	13,946	13,023
Number of Acceptances	15,219	14,844	14,199	13,451	12,914	11,264	9,954	8,908	8,782	8,812
Number of Students Matriculated	4,980	5,046	4,625	4,636	4,468	3,917	3,859	3,719	3,697	3,734
Accepted as a Percentage of Applicants	65.20%	64.44%	60.60%	63.12%	69.86%	63.65%	58.49%	59.41%	62.97%	67.66%
Enrolled as a Percentage of Accepted	32.72%	33.99%	32.57%	34.47%	34.60%	34.77%	38.77%	41.75%	42.10%	42.37%
Median Combined SAT Score	1210	1207	1199	1190	1187	1192	1191	1183	1172	1166

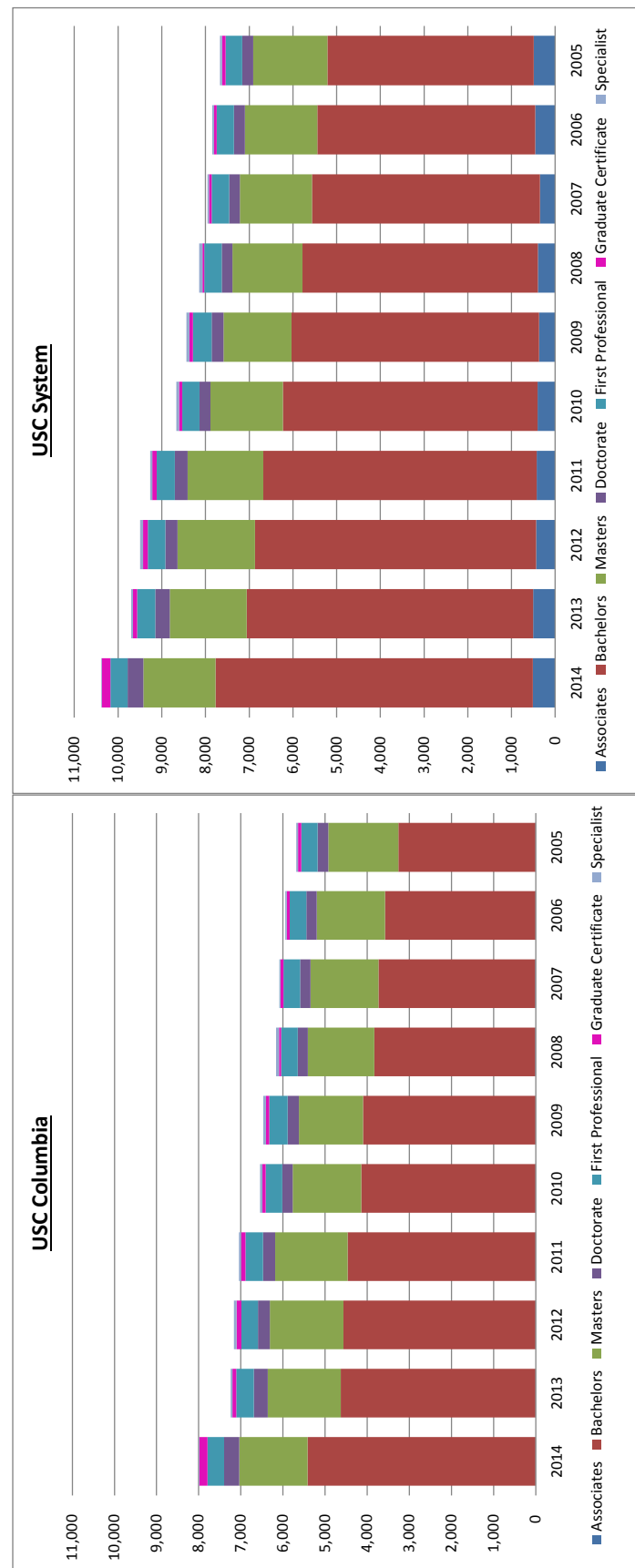


**UNIVERSITY OF SOUTH CAROLINA**  
**Schedule of Degree Data**  
 Last Ten Academic Years

<b>USC Columbia (including the SOMs)</b>										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Associates	4	4		6	8	5	11	11	8	4
Bachelors	5,412	4,622	4,556	4,462	4,135	4,092	3,823	3,725	3,571	3,260
Masters	1,623	1,735	1,749	1,719	1,623	1,525	1,574	1,612	1,622	1,663
Doctorate	358	334	279	289	249	270	243	244	246	253
First Professional	393	414	395	414	394	433	396	397	396	383
Graduate Certificate	199	92	112	103	76	77	47	66	64	77
Specialist	15	40	63	48	61	64	68	31	39	48
<b>Total Degrees Awarded</b>	<b>8,004</b>	<b>7,241</b>	<b>7,161</b>	<b>7,041</b>	<b>6,546</b>	<b>6,466</b>	<b>6,162</b>	<b>6,086</b>	<b>5,946</b>	<b>5,688</b>

<b>USC System</b>										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Associates	513	505	436	424	403	370	394	351	455	495
Bachelors	7,256	6,552	6,430	6,254	5,830	5,666	5,390	5,215	4,984	4,713
Masters	1,653	1,761	1,776	1,734	1,655	1,551	1,603	1,649	1,662	1,698
Doctorate	358	334	279	289	249	270	243	244	246	253
First Professional	393	414	395	414	394	433	396	397	396	383
Graduate Certificate	199	94	115	105	76	79	47	66	64	77
Specialist	15	40	63	48	61	64	68	31	39	48
<b>Total Degrees Awarded</b>	<b>10,387</b>	<b>9,700</b>	<b>9,494</b>	<b>9,268</b>	<b>8,668</b>	<b>8,433</b>	<b>8,141</b>	<b>7,953</b>	<b>7,846</b>	<b>7,667</b>



UNIVERSITY OF SOUTH CAROLINA  
Faculty and Staff Statistics  
Last Ten Academic Years

Faculty <sup>(1)</sup>	USC Columbia (including the SOMs)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Number of FTE Faculty	2,359	2,360	2,037	1,976	1,893	1,861	1,931	1,876	1,841	1,804
Number of Full-time Faculty	1,788	1,732	1,635	1,598	1,517	1,525	1,576	1,524	1,621	1,653
Number of Part-time Faculty	885	706	632	581	568	533	557	580	649	552
Number of Tenured Faculty	1,210	1,178	1,110	1,072	1,028	1,034	1,061	1,011	1,054	1,100
Tenure Ratio (%) Full-time	68%	68%	68%	67%	68%	68%	67%	66%	65%	67%
Average Faculty Salary	\$89,967	\$88,005	\$86,552	\$83,236	\$80,577	\$79,615	\$78,089	\$77,139	\$75,263	\$72,570
USC System <sup>(1)</sup>										
Number of FTE Faculty	3,134	3,237	2,875	2,827	2,748	2,678	2,745	2,632	2,592	2,485
Number of Full-time Faculty	2,393	2,317	2,175	2,153	2,078	2,078	2,142	2,037	2,165	2,179
Number of Part-time Faculty	1,376	1,043	1,109	1,036	1,037	977	962	974	1,076	926
Number of Tenured Faculty	1,620	1,562	1,463	1,438	1,401	1,395	1,439	1,368	1,415	1,476
Tenure Ratio (%) Full-time	68%	67%	67%	67%	67%	67%	67%	67%	65%	68%
Total Employees <sup>(2)</sup>										
USC Columbia (including the SOMs)										
Full-time FTE Position	4,799	4,730	4,633	4,503	4,475	4,499	4,704	4,653	4,540	4,480
Part-time FTE Position	78	92	96	93	97	80	81	414	85	82
Temporary	2,275	2,242	2,445	2,206	1,939	1,753	1,830	1,864	1,719	1,584
Research Grant	819	753	720	646	587	517	477	425	395	400
Students	6,003	6,114	5,803	5,743	5,370	5,471	5,620	5,241	4,979	5,175
Total Employees	13,974	13,931	13,697	13,191	12,468	12,320	12,712	12,597	11,718	11,721
Total Employees <sup>(2)</sup>										
USC System										
Full-time FTE Position	6,106	6,053	5,914	5,789	5,740	5,765	6,007	5,900	5,715	5,595
Part-time FTE Position	86	101	107	107	109	89	90	96	94	94
Temporary	3,196	3,183	3,404	3,140	2,867	2,584	2,675	2,653	2,532	2,342
Research Grant	848	782	752	683	630	560	519	461	437	444
Students	7,147	7,337	6,990	6,907	6,454	6,536	6,603	6,150	5,822	6,028
Total Employees	17,383	17,456	17,167	16,626	15,800	15,534	15,894	15,260	14,600	14,503
Students per Full-Time USC Columbia (including the SOMs)										
Faculty	17.20	17.18	17.60	17.57	17.90	17.01	15.91	15.87	14.66	14.26
Total Employees	6.41	6.29	6.21	6.24	6.07	5.77	5.33	5.20	5.24	5.26
Students per Full-Time USC System										
Faculty	18.04	18.15	18.90	18.80	19.05	18.27	16.98	17.27	15.73	15.26
Total Employees	7.07	6.95	6.95	6.99	6.90	6.59	6.06	5.96	5.96	5.94

Notes:

(1) USC Columbia Faculty Data and System Faculty Data compiled annually by the Office of Institutional Research and Assessment in October of each year.

(2) Total USC Columbia Employees and Total System Employees compiled annually by Human Resources. Information for the 2015 statistical summary is restated as October collection date for each year.



**UNIVERSITY OF SOUTH CAROLINA**  
**Undergraduate Required Tuition and Fees - Resident**  
 Comparison to Peer Institutions - Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Undergraduate Resident</b>										
University of South Carolina - Columbia	\$ 11,158	\$ 10,816	\$ 10,488	\$ 10,168	\$ 9,786	\$ 9,156	\$ 8,838	\$ 8,346	\$ 7,808	\$ 7,314
<b>SEC Institutions - Public</b>										
University of Alabama	9,826	9,450	9,200	8,600	7,900	7,000	6,400	5,700	5,278	4,864
University of Arkansas	7,848	7,818	7,554	7,174	6,768	6,460	6,400	6,038	5,808	5,494
Auburn University	10,200	9,852	9,446	8,698	7,900	6,972	6,500	5,834	5,496	5,278
University of Florida	6,310	6,263	6,143	5,657	5,045	4,373	3,777	3,257	3,206	3,094
University of Georgia	10,836	10,262	9,842	9,472	8,736	7,530	6,030	5,622	4,964	4,628
University of Kentucky	11,677	11,064	9,676	9,128	8,610	8,123	7,736	7,096	5,890	5,812
Louisiana State University	8,701	7,829	6,989	6,354	5,764	5,233	5,086	4,543	4,449	4,419
University of Mississippi	7,096	6,760	6,282	5,790	5,436	5,106	5,106	4,932	4,602	4,320
Mississippi State University	7,140	6,772	6,264	5,805	5,461	5,151	5,151	4,978	4,596	4,312
University of Missouri	10,286	9,415	9,257	8,989	8,501	8,501	8,467	8,098	7,784	7,415
University of Tennessee	11,876	11,194	9,092	8,396	7,382	6,850	6,250	5,932	5,622	5,290
Texas A&M University	9,355	8,506	8,506	8,419	8,386	8,177	7,844	7,335	6,966	6,399
<b>ACC Institutions - Public</b>										
Clemson University	13,446	13,054	12,674	12,304	11,908	11,078	10,608	9,870	9,400	8,886
Florida State University	6,507	6,507	6,402	5,826	5,238	4,566	3,988	3,355	3,307	3,208
Georgia Tech	11,394	10,650	10,098	9,652	8,716	7,606	6,040	5,642	4,926	4,648
University of Louisville	10,236	9,750	9,466	8,930	8,424	7,944	7,564	6,940	6,252	5,532
N.C. State University	8,296	8,206	7,788	7,018	6,529	5,474	5,286	5,117	4,784	4,367
University of North Carolina	8,336	8,340	7,693	7,008	6,665	5,625	5,397	5,340	5,033	4,613
University of Pittsburgh	17,772	17,100	16,590	16,132	14,936	14,154	13,642	12,876	12,138	11,436
Virginia Tech	12,017	11,455	10,923	10,509	9,459	8,605	8,189	7,397	6,973	6,378
University of Virginia	13,111	12,466	12,216	11,786	10,828	9,872	9,490	8,690	8,035	7,370
<b>Other Peer Institutions</b>										
University of Colorado - Boulder	10,789	10,347	9,482	9,152	8,511	7,932	7,278	6,635	5,643	5,372
University of Connecticut	12,700	12,022	11,242	10,670	10,416	9,886	9,338	8,852	8,362	7,912
University of Delaware	12,342	12,112	11,682	11,192	10,208	9,486	8,646	8,150	7,740	7,318
Indiana University	10,388	10,209	10,033	9,524	9,028	8,613	8,231	7,837	7,460	7,112
Rutgers University	13,813	13,499	13,073	12,754	12,559	11,886	11,540	10,686	9,958	9,221

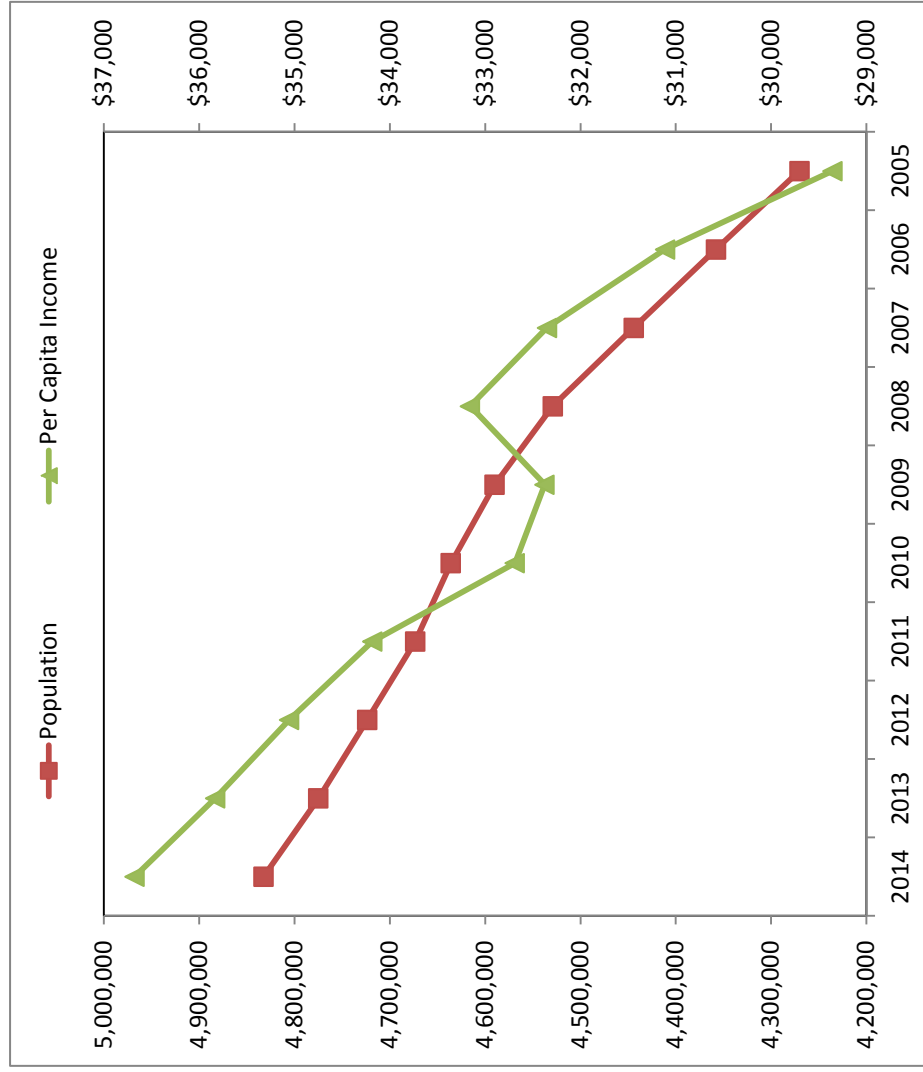
Source: Institutional websites and direct contact

**UNIVERSITY OF SOUTH CAROLINA**  
**Undergraduate Required Tuition and Fees - Nonresident**  
 Comparison to Peer Institutions - Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Undergraduate Nonresident</b>										
University of South Carolina - Columbia	\$ 29,440	\$ 28,528	\$ 27,644	\$ 26,352	\$ 25,362	\$ 23,732	\$ 22,908	\$ 21,632	\$ 20,236	\$ 18,956
<b>SEC Institutions - Public</b>										
University of Alabama	24,950	23,950	22,950	21,900	20,500	19,200	18,000	16,518	15,294	13,516
University of Arkansas	19,939	19,074	18,434	17,606	16,000	15,338	15,278	14,492	13,942	13,222
Auburn University	27,384	26,364	25,190	23,920	21,916	19,452	18,260	16,334	15,496	14,878
University of Florida	28,588	28,540	28,420	27,934	27,322	23,744	20,622	17,841	17,791	17,222
University of Georgia	29,046	28,472	28,052	27,682	26,946	25,740	22,342	20,726	18,040	16,848
University of Kentucky	23,947	22,150	19,864	18,740	17,678	16,678	15,884	14,896	13,970	12,798
Louisiana State University	26,411	25,735	22,265	19,362	16,549	14,383	13,800	12,843	12,749	12,719
University of Mississippi	19,144	17,628	16,266	14,796	13,890	13,044	12,468	11,436	10,566	9,744
Mississippi State University	18,478	16,960	15,828	14,670	13,801	13,021	12,503	11,469	10,552	9,772
University of Missouri	24,312	23,764	23,366	21,784	20,516	19,592	19,558	18,754	18,050	17,192
University of Tennessee	30,326	29,684	27,582	25,538	22,720	20,946	19,208	18,174	17,188	16,360
Texas A&M University	26,532	25,126	25,036	23,809	22,816	22,607	22,184	15,675	15,216	14,679
<b>ACC Institutions - Public</b>										
Clemson University	31,824	30,488	29,600	28,462	27,420	25,388	23,630	21,800	19,824	18,440
Florida State University	21,673	21,673	21,569	20,992	19,772	18,804	18,432	16,486	16,438	16,340
Georgia Tech	30,698	29,954	29,402	27,862	26,926	26,016	25,182	23,366	20,272	18,990
University of Louisville	24,124	23,638	22,950	21,650	20,424	19,272	18,354	17,734	16,072	15,092
N.C. State University	23,551	21,661	20,953	19,853	19,064	17,959	17,584	17,315	16,982	16,565
University of North Carolina	33,418	30,122	28,445	26,834	25,280	23,513	22,295	20,988	19,681	18,411
University of Pittsburgh	28,168	27,106	26,280	25,540	24,592	23,852	23,290	22,386	21,456	20,784
Virginia Tech	28,048	27,211	25,915	24,480	23,217	21,878	20,825	19,775	19,049	17,837
University of Virginia	42,297	39,852	37,546	36,108	33,102	31,430	29,572	27,705	25,959	24,114
<b>Other Peer Institutions</b>										
University of Colorado - Boulder	33,240	32,115	31,378	30,330	29,493	28,186	26,756	24,797	23,539	22,826
University of Connecticut	32,888	30,970	29,074	27,566	26,880	25,486	24,050	22,796	21,562	20,416
University of Delaware	30,692	29,932	28,772	27,462	25,408	23,186	21,126	19,400	18,450	17,474
Indiana University	33,241	32,350	31,483	29,540	27,689	26,160	24,769	22,316	20,472	19,508
Rutgers University	28,624	27,523	26,393	25,417	24,021	22,518	21,488	19,854	18,463	16,819

**UNIVERSITY OF SOUTH CAROLINA**  
**State of South Carolina Demographic Statistics**  
 Last Ten Calendar Years

Year	Personal Income (In thousands) (a)	Population at July 1 (a)	Per Capita Income (a)	Average Annual Unemployment Rate (b)
2014	\$ 177,242,275	4,832,482	\$ 36,677	6.4%
2013	171,088,428	4,774,839	35,831	7.6%
2012	165,595,079	4,723,723	35,056	9.1%
2011	159,747,330	4,673,348	34,183	10.4%
2010	151,536,772	4,635,835	32,688	11.2%
2009	148,602,980	4,589,872	32,376	11.5%
2008	150,165,760	4,528,996	33,157	6.8%
2007	143,767,529	4,444,110	32,350	5.6%
2006	135,575,067	4,357,847	31,111	6.4%
2005	125,347,404	4,270,150	29,354	6.8%



(a) Source: U.S. Department of Commerce, Bureau of Economic Analysis  
 (b) Source: U.S. Department of Labor, Bureau of Labor Statistics

**UNIVERSITY OF SOUTH CAROLINA**  
**State of South Carolina Employment By Industry**  
 Latest Completed Calendar Year and Nine Years Prior

	<b>2014</b>		<b>2005</b>	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Construction	82,300	4.23%	116,900	6.29%
Manufacturing	230,100	11.83%	259,900	13.99%
Trade, Transportation and Utilities	373,100	19.18%	362,500	19.51%
Information	26,500	1.37%	27,000	1.45%
Financial Activities	96,500	4.96%	92,500	4.98%
Professional and Business Services	254,100	13.06%	206,200	11.10%
Education and Health Services	225,800	11.61%	180,000	9.69%
Leisure and Hospitality	228,500	11.75%	203,200	10.93%
Other Services	71,700	3.69%	74,000	3.98%
Government	356,300	18.32%	335,900	18.08%
<b>Total</b>	<b>1,944,900</b>	<b>100.00%</b>	<b>1,858,100</b>	<b>100.00%</b>

**UNIVERSITY OF SOUTH CAROLINA**  
**State of South Carolina Ten Largest Employers**  
 Latest Completed Calendar Year and Nine Years Prior  
 Listed Alphabetically

2014	2005
Bi-Lo, LLC	Bi-Lo, LLC
Blue Cross Blue Shield of South Carolina	Blue Cross Blue Shield of South Carolina
Greenville Hospital System	Michelin North America, Inc.
Michelin North America, Inc.	Palmetto Health Alliance, Inc.
Palmetto Health Alliance, Inc.	School District of Greenville County
School District of Greenville County	U.S. Department of Defense
U.S. Department of Defense	U.S. Postal Service
U.S. Postal Service	University of South Carolina
University of South Carolina	Wal-Mart Associates, Inc.
Wal-Mart Associates, Inc.	Washington Savannah River Company



## USC SMOKESTACK

*All photos provided by University Creative Services and the MyCarolina Alumni Association.*



This Comprehensive Annual Financial Report is also available on the University of South Carolina's Financial Reporting website located at: [web.admin.sc.edu/fr/](http://web.admin.sc.edu/fr/)



# UNIVERSITY OF SOUTH CAROLINA

The University of South Carolina, founded in 1801 serves the state from its flagship Columbia campus, three comprehensive campuses, and four regional campuses. The University is committed to serving the citizens of South Carolina through its academic excellence and outreach. It has forged a variety of cooperative relationships with other academic institutions and health systems throughout the state, and a number of international connections for academic exchange and collaborative research.

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