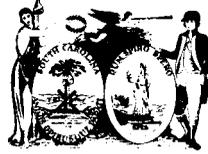


**CLEMSON UNIVERSITY
NCAA REPORT**

Report on Applying Agreed-Upon Procedures

Year ended June 30, 2003

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

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STATE AUDITOR

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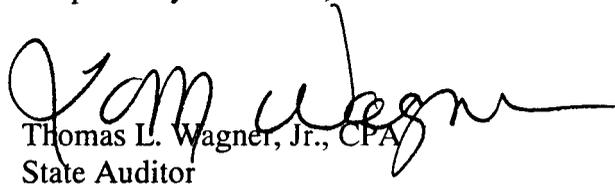
November 4, 2003

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
Clemson University
Clemson, South Carolina

This report on the application of certain agreed-upon procedures to the accounting records and the statement of revenues, expenditures, and transfers of the Intercollegiate Athletics Program of Clemson University for the fiscal year ended June 30, 2003, was issued by KPMG, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,



Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb



Suite 900
55 Beattie Place
Greenville, SC 29601-2106

Independent Accountants' Report on Applying Agreed-Upon Procedures

Thomas L. Wagner, Jr., CPA
State Auditor
State of South Carolina
Columbia, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Office of the State Auditor and the management of Clemson University (the University) solely to assist you in evaluating whether the Statement of Revenues, Expenditures and Transfers of the Intercollegiate Athletic Program of Clemson University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2003 and the effectiveness of the University's internal control over financial reporting as of June 30, 2003. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specific users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Materiality for the purposes of this report has been determined to be \$25,000.

Procedures Related to Statement of Revenues, Expenditures and Transfers

- A. We obtained the Statement of Revenues, Expenditures and Transfers for the year ended June 30, 2003, as prepared by management and shown in Schedule I herein. We recalculated the mathematical accuracy of the amounts on the schedule and agreed the amounts to the University's general ledger.

We found such amounts to be materially in agreement.

- B. We scanned the University's general ledger for individual contributions that constituted more than 10% of the IPTAY contributions – restricted gift revenue included in Schedule I.

We found no individual contributions that exceeded 10% of IPTAY contributions – restricted gift revenue.

- C. We obtained the reconciliation of revenue from football ticket sales between the general ledger and the University's Paciolan System Ticket Status Report for the year ended June 30, 2003 prepared by the athletics administration accountants and reviewed by the Associate Athletic Director for Finance, and compared such revenue to the corresponding amount in Schedule I.

The Ticket Status Report and the revenue from football ticket sales per Schedule I were materially in agreement.

- D. For IPTAY contributions – restricted gift revenue, we compared the amount per the general ledger to the corresponding amount in Schedule I.

The schedule and the general ledger were materially in agreement.



- E. For athletic guarantees revenue, we obtained a detail of the revenue reported and compared the amount per the detail to the corresponding amount in Schedule I. The balance represents Atlantic Coast Conference distributions and one contractual obligation. We agreed the contractual obligation to a copy of the signed contract, and agreed the amount reflecting Atlantic Coast Conference distributions to the Atlantic Coast Conference distributions statement.

The schedule and the detail were materially in agreement; and we found such amounts to be in agreement with supporting contracts.

- F. We obtained the corporate sponsorship revenue detail and compared the amount per the detail to the corresponding amount in Schedule I. We chose 4 corporate sponsors: Coca Cola, Naturally Fresh, Gatorade and MBNA and agreed the revenue per signed contracts to the sponsorship revenue recorded by the University on the general ledger.

The schedule and the detail were materially in agreement; and we found the amounts recorded in the general ledger for sponsorship for Coca Cola, Naturally Fresh, Gatorade and MBNA in agreement with the signed corporate sponsorship contract.

Procedures Related to Internal Control Over Financial Reporting

- G. Fifteen days' deposits for the year ended June 30, 2003 were haphazardly selected from daily receipt reports from the University's point of sale units located in the ticket office.

Each day's cash receipts were compared to validated deposit slips. The items selected were as follows:

	<u>Reference</u>	<u>Date</u>	<u>Amount</u>
1.	04-0034832	September 10, 2002	\$ 868.00
2.	02-0036374	September 18, 2002	77,316.00
3.	02-0036373	September 19, 2002	101,898.00
4.	01-0015258	September 23, 2002	5,610.00
5.	02-0036465	September 24, 2002	8,721.00
6.	02-0036591	October 1, 2002	3,819.00
7.	03-0023000	October 10, 2002	4,338.00
8.	04-0035515	October 18, 2002	9,144.00
9.	00144078	October 22, 2002	91,680.00
10.	04-0035653	October 25, 2002	85,032.00
11.	01-0015538	November 1, 2002	1,944.00
12.	04-0035909	November 13, 2002	180.00
13.	04-0036076	November 19, 2002	4,896.00
14.	04-0036109	November 20, 2002	3,313.00
15.	03-0023459	November 25, 2002	1,518.00

We found such amounts from the daily receipt reports to be in agreement with the validated deposit slips.

- H. Thirty cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2003 were haphazardly selected from the University's general ledger. For each of these thirty disbursements, we compared the disbursed amount and payee information to supporting

documentation (i.e. signed receipts, invoices and documentation of receipt). For employee compensation we used the signed employee contract or the most recent salary adjustment form as supporting documentation for the disbursement amount. Each disbursement was authorized by the signature of the Associate Athletic Director for Finance. The items selected were as follows:

	<u>Description</u>	<u>Voucher #</u>	<u>Disbursement Amount</u>
1.	Collegiate Directories	00138647	\$ 4,051.69
2.	US Postal Service	00131652	35,000.00
3.	US Postal Service	00149002	20,000.00
4.	Carr Sports Associates	00156544	13,937.95
5.	Electric City Printing	00135318	88,061.63
6.	Electric City Printing	00141915	44,832.23
7.	Paciolan	00134080	40,000.00
8.	Greenville Turf & Tractor	00135697	58,061.50
9.	DJ Ortho	00145012	10,215.70
10.	Architectural Equipment Systems	00148632	97,746.46
11.	Shyatt	00130808	55,500.00
12.	CharterSerach	00137716	50,002.24
13.	Young	00154358	400.00
14.	Premier Electronics	00156481	1,500.00
15.	Twin Builders	00150925	22,692.50
16.	Coastal Carolina guarantee	00150147	40,000.00
17.	CharterSerach	00141671	22,692.50
18.	Tommy Bowden	00140269	142,350.00
19.	Aramark	00136997	65,759.62
20.	ACC - settlements	00153870	900,000.00
21.	Southern Bleacher Company	00147235	58,571.50
22.	Superior Fitness Systems	00134998	4,129.75
23.	Med Spec	00135896	10,640.28
24.	US Postal Service	00160230	30,000.00
25.	Salaries - Basketball	N/A	132,600.00
26.	Salaries - Baseball	N/A	135,000.00
27.	Salaries - Football	N/A	177,085.00
28.	Salaries - Soccer	N/A	80,000.00
29.	Salaries - Basketball	N/A	132,600.00
30.	Salaries - Golf	N/A	80,000.00

We found the disbursement amounts to be in agreement with supporting documentation.

- I. Fifteen gift receipts for the year ended June 30, 2003 were haphazardly selected from the University's general ledger. For each of these fifteen gift receipts, we compared the amount of the gift and donor information to supporting check copies, receipts and acknowledgement letters. The items selected were as follows:

	<u>Donor</u>	<u>Batch Date</u>	<u>Amount</u>
1.	159178	6/18/2003	\$ 1,500.00
2.	135282	6/30/2003	100.00
3.	301789	6/11/2003	900.00
4.	641583	6/12/2003	100.00
5.	1856977	6/16/2003	220.00
6.	484199	12/18/2002	1,000.00
7.	53667	12/18/2002	500.00
8.	33668	12/18/2002	250.00
9.	37878	12/19/2002	2,000.00
10.	317502	12/19/2002	250.00
11.	462899	6/4/2003	900.00
12.	388890	6/6/2003	1,500.00
13.	196565	6/6/2003	2,000.00
14.	49986	9/4/2002	100.00
15.	221698	9/10/2002	500.00

We found the gift receipts to be in agreement with the supporting check copies, receipts and acknowledgement letters.

* * * * *

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Statement of Revenues, Expenditures and Transfers of the Intercollegiate Athletic Program of Clemson University or the effectiveness of Clemson University Intercollegiate Athletic Department's internal control over financial reporting for the year ended June 30, 2003. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the State Auditor and management of Clemson University and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

September 29, 2003

CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETIC PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2003

	Football	Basketball	Other Sports	NonProgram Specific	IPTAY	IPTAY LEARNING CENTER	Total
REVENUES:							
Ticket Sales	\$ 9,951,651	\$ 1,136,437	\$ 237,569	\$ -	\$ -	\$ -	\$ 11,325,657
Bowl Revenues	1,250,853	-	-	-	-	-	1,250,853
Athletic Guarantees	1,081,526	324,053	4,288	-	-	-	1,409,867
Program Sales	234,678	5,000	24	-	-	-	239,702
Radio and TV Rights	-	-	-	363,000	-	-	363,000
Concessions	614,538	64,333	42,822	-	-	-	721,693
Conference Distribution	4,893,847	2,839,617	-	655,125	-	-	8,388,589
Executive Box Rental	1,183,965	-	-	-	-	-	1,183,965
Licensing	-	-	-	610,294	-	-	610,294
Corporate Sponsorship	-	-	-	1,222,751	-	-	1,222,751
IPTAY contributions -							
Restricted	1,376,512	488,398	1,928,801	1,350,461	2,326,165	974,800	8,445,137
Donated Services	76,648	55,694	86,524	97,533	21,266	8,250	345,915
Investment Income -							
Restricted	-	-	-	905,840	-	-	905,840
Other	206,744	99,757	208,980	91,915	-	-	607,396
Total Revenues	20,870,962	5,013,289	2,509,008	5,296,919	2,347,431	983,050	37,020,659
EXPENDITURES AND MANDATORY TRANSFERS:							
Coaches Salaries	1,288,536	688,317	1,477,197	-	-	-	3,454,050
Other Salaries	527,651	288,504	133,993	3,087,971	425,186	645,512	5,108,817
Fringe Benefits	460,772	313,628	482,596	1,263,519	124,471	130,523	2,775,509
Travel:							
Recruiting	150,797	121,407	136,372	-	-	-	408,576
Non-recruiting	1,164,980	528,173	1,066,856	177,355	29,373	9,733	2,976,470
Telephone	57,394	47,352	62,727	92,564	16,370	11,183	287,590
Utilities	-	-	-	507,786	-	-	507,786
Financial Aid	1,376,512	488,398	1,928,801	1,350,461	-	100	5,144,272
Maintenance and General							
Administration	2,665,727	1,286,741	830,436	5,179,406	1,487,817	185,868	11,635,995
Athletic Guarantees	1,800,000	540,594	36,151	-	-	-	2,376,745
Insurance	17,207	1,526	4,841	133,379	39,470	31	196,454
Equipment and Improvements	-	-	12,296	305,010	79,744	-	397,050
Total Expenditures	9,509,576	4,304,640	6,172,266	12,097,451	2,202,431	982,950	35,269,314
EXPENDITURES AND MANDATORY TRANSFERS (CONTINUED):							
Mandatory Transfers:							
Principal and interest	-	-	-	920,000	-	-	920,000
Total Expenditures and Mandatory Transfers	9,509,576	4,304,640	6,172,266	13,017,451	2,202,431	982,950	36,189,314

(Continued)

CLEMSON UNIVERSITY
 INTERCOLLEGIATE ATHLETIC PROGRAM
 STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
 FOR THE YEAR ENDED JUNE 30, 2003

	Football	Basketball	Other Sports	NonProgram Specific	IPTAY	IPTAY LEARNING CENTER	Total
NONMANDATORY							
TRANSFERS (IN)/OUT:							
Student Fees	(1,117,798)	(125,888)	-	-	-	-	(1,243,686)
Student Services	-	-	-	10,000	-	-	10,000
Construction projects	-	-	-	377,669	-	-	377,669
Student Band Support	-	-	-	-	145,000	-	145,000
Supplement Campus Budget	-	-	-	362,198	-	-	362,198
Total	<u>(1,117,798)</u>	<u>(125,888)</u>	<u>-</u>	<u>749,867</u>	<u>145,000</u>	<u>-</u>	<u>(348,819)</u>
Excess (deficiency) of revenues over expenses and transfers	<u>\$ 12,479,184</u>	<u>\$ 834,537</u>	<u>\$ (3,663,258)</u>	<u>\$ (8,470,399)</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 1,180,164</u>

See accompanying notes to statement of revenues, expenditures and transfers.

CLEMSON UNIVERSITY
(Intercollegiate Athletic Program)

Notes to Statement of Revenues, Expenditures and Transfers

June 30, 2003

(Unaudited – See Accompanying Agreed-Upon Procedures Letter)

(1) Summary of Significant Accounting Policies and Reporting Practices

The accompanying Statement of Revenues, Expenditures and Transfers includes revenue, expenditure and transfer accounts of Clemson University (the University) which relate to the Clemson University Athletic Department (the Department) which oversees the University's intercollegiate athletic program. The Department uses the accrual basis of accounting for revenues, expenditures and transfers.

(2) Financial Aid

The statement includes athletic financial aid awards for students participating in athletic programs. Financial aid awarded to athletic participants on the basis of other criteria, such as need or academic excellence, is not reflected in the statement.

Financial aid to individuals who assist the Athletic Department in either an administrative or coaching position is classified as non-program specific.

(3) Booster Activities

Activities of IPTAY, the University's booster organization, are included in the accompanying statement.