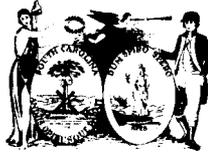


State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
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THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

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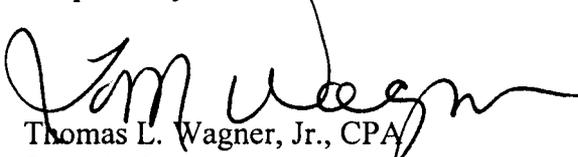
January 12, 2005

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, 2004, 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



KPMG LLP
Suite 2300
Three Wachovia Center
401 South Tryon Street
Charlotte, NC 28202-1911

Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. 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, 2004 and the effectiveness of the University's internal control over financial reporting as of June 30, 2004. 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.

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, 2004, 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 in agreement.

- B. We scanned the University's general ledger for individual contributions that constituted more than 10% of IPTAY (the fundraising arm of Clemson University Athletics) 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, 2004 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 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 in agreement.



- E. For athletic guarantees revenue, we obtained a detail listing 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 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 four corporate sponsors: Coca Cola, Alltel, Naturally Fresh and Nike and agreed the revenue per the signed contracts to the sponsorship revenue recorded by the University on the general ledger.

The schedule and the detail were in agreement; and we found the amounts recorded in the general ledger for sponsorship by Coca Cola, Alltel, Naturally Fresh and Nike to be in agreement with the signed corporate sponsorship contracts.

Procedures Related to Internal Control Over Financial Reporting

- G. Fifteen days' deposits for the year ended June 30, 2004 were judgmentally 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:

Reference	Date	Amount
1. 04-0038530	November 3, 2003	\$ 23,452.00
2. 04-0038606	November 5, 2003	26,401.50
3. 04-0038108	October 16, 2003	180,497.00
4. 04-0038112	October 16, 2003	196,135.00
5. 04-0038056	October 15, 2003	62,660.00
6. 04-0037985	October 13, 2003	40,170.00
7. 04-0041276	March 1, 2004	990.00
8. 04-0040573	February 2, 2004	1,030.00
9. 01-0019090	February 3, 2004	32,551.00
10. 01-0019034	January 23, 2004	39,416.00
11. 04-0038326	October 28, 2003	1,158.00
12. 04-0039050	November 21, 2003	16,321.00
13. 04-0039171	November 26, 2003	12,687.00
14. 04-0041748	March 16, 2004	10,234.00
15. 04-0040504	January 29, 2004	14,995.00

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



H. Thirty cash disbursement for the Intercollegiate Athletic Program for the year ended June 30, 2004 were judgmentally 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:

Description	Voucher #	Disbursement Amount
1. Candy for Central Spirit baseball game	00214779	\$ 199.75
2. OV Weekend-Baseball Travel & Lodging	00188235	\$ 1,650.49
3. Official Visits	00191956	\$ 1,052.72
4. AVCA National Con. NCAA Final Four	00204470	\$ 1,362.35
5. NC State- Womens Basketball	00204549	\$ 3,608.63
6. Clemson Baseball-Lubbock TX	00208759	\$ 7,021.50
7. Duke Acc Tourney Baseball	00219225	\$ 25,520.46
8. Architectural Steel and Aluminum Frame	00178261	\$ 27,500.00
9. Reimburse-East Coast Signs for hanging signs	00187181	\$ 2,200.00
10. Resume Books for Graduating Athletics	00197406	\$ 1,230.30
11. Fuel Surcharge	00207667	\$ 472.65
12. 3 casese orange paper, 3 cases purple paper	00207082	\$ 990.70
13. Maintenance Agreement	00197564	\$ 9,995.00
14. Men's basketball- Mark Calloway	00181356	\$ 1,347.11
15. Legal Services	00222639	\$ 715.00
16. Team Colorblock	00190680	\$ 2,655.00
17. Membership Renewals	00183097	\$ 255.00
18. Eglomise Ornaments and Christmas Card Design	00196686	\$ 5,884.50
19. Atlantic Coast Conference- RINCAA	00185245	\$ 13,446.95
20. Software Lease	00199925	\$ 1,199.50
21. Bus- College Park, MD	00186976	\$ 3,600.00
22. Bus- Spartanburg, SC	00207081	\$ 500.00
23. Video Cabinet with Clemson Paws	00208593	\$ 4,200.00
24. Sports Streaming 2003	00209266	\$ 6,075.00
25. Salaries	Not Applicable	\$ 66,300.00
26. Salaries	Not Applicable	\$ 80,000.00
27. Salaries	Not Applicable	\$ 86,000.00
28. Salaries	Not Applicable	\$ 150,000.00
29. Salaries	Not Applicable	\$ 86,000.00
30. Salaries	Not Applicable	\$ 133,000.00

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



- I. Fifteen gift receipts for the year ended June 30, 2004 were judgmentally 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:

	Donor Identification Number	Batch Date	Amount
1.	56705	June 15, 2004	\$ 1,500.00
2.	725799	June 15, 2004	\$ 1,100.00
3.	51170	June 15, 2004	\$ 3,000.00
4.	313204	March 16, 2004	\$ 5,000.00
5.	22650	March 16, 2004	\$ 500.00
6.	28661	March 16, 2004	\$ 2,000.00
7.	23154	March 16, 2004	\$ 1,000.00
8.	243690	March 16, 2004	\$ 1,000.00
9.	45672	March 5, 2004	\$ 2,000.00
10.	24548	March 5, 2004	\$ 2,000.00
11.	54272	March 5, 2004	\$ 1,000.00
12.	425701	March 5, 2004	\$ 5,000.00
13.	10165	January 2, 2004	\$ 1,100.00
14.	66993	January 2, 2004	\$ 2,000.00
15.	515400	January 2, 2004	\$ 2,000.00

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, 2004. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matter 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, 2004

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETIC PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2004**

UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

	Football	Basketball	Other Sports	NonProgram Specific	IPTAY	IPTAY LEARNING CENTER	Total
REVENUES:							
Ticket Sales	\$ 10,472,810	\$ 1,117,046	\$ 206,935	\$ -	\$ -	\$ -	\$ 11,796,791
Bowl Revenues	991,940	-	-	-	-	-	991,940
Athletic Guarantees	1,052,558	327,305	19,519	-	-	-	1,399,382
Program Sales	235,304	6,000	19	-	-	-	241,323
Radio and TV Rights	-	-	-	275,500	-	-	275,500
Concessions	762,948	67,722	94,833	-	-	-	925,503
Conference Distribution	5,101,230	2,890,249	-	908,343	-	-	8,899,822
Executive Box Rental	1,277,018	-	-	-	-	-	1,277,018
Licensing	-	-	-	714,458	-	-	714,458
Corporate Sponsorship	-	-	-	1,292,253	-	-	1,292,253
IPTAY contributions -							
Restricted	1,484,353	483,990	1,984,681	1,259,818	1,919,636	903,500	8,035,978
Donated Services	69,292	41,700	89,640	113,583	22,693	9,387	346,295
Investment Income -							
Restricted	-	-	-	1,078,411	-	-	1,078,411
Other	225,384	128,923	244,811	308,444	-	-	907,562
Total Revenues	21,672,837	5,062,935	2,640,438	5,950,810	1,942,329	912,887	38,182,236

**EXPENDITURES AND
MANDATORY TRANSFERS:**

Coaches Salaries	248,946	420,781	857,770	-	-	-	1,527,497
Other Salaries	1,621,769	765,283	691,135	3,323,271	454,147	673,076	7,528,681
Fringe Benefits	502,699	488,289	528,591	1,299,848	159,708	157,609	3,136,744
Travel:							
Recruiting	345,067	241,052	192,846	-	-	-	778,965
Non-recruiting	740,935	552,135	942,074	129,307	45,128	7,405	2,416,984
Telephone	54,270	49,332	60,650	89,599	14,825	8,659	277,335
Utilities	-	-	-	557,670	-	-	557,670
Financial Aid	1,484,353	483,990	1,984,681	1,259,818	4,972	-	5,217,814
Maintenance and General							
Administration	2,850,358	1,055,803	1,058,897	5,972,135	1,344,193	73,541	12,354,927
Athletic Guarantees	1,804,000	491,873	36,180	-	-	-	2,332,053
Insurance	352	-	5,556	152,706	48,556	-	207,170
Equipment and Improvements	32,809	22,785	15,635	491,928	-	-	563,157
Total Expenditures	9,685,558	4,571,323	6,374,015	13,276,282	2,071,529	920,290	36,898,997

**EXPENDITURES AND
MANDATORY TRANSFERS**

(CONTINUED):							
Mandatory Transfers:							
Principal and interest	-	-	-	238,000	-	-	238,000
Total Expenditures and Mandatory Transfers	9,685,558	4,571,323	6,374,015	13,514,282	2,071,529	920,290	37,136,997

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETIC PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2004
UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

	Football	Basketball	Other Sports	NonProgram Specific	IPTAY	IPTAY LEARNING CENTER	Total
NONMANDATORY							
TRANSFERS (IN)/OUT:							
Student Fees	(1,157,319)	(123,441)	-	-	-	-	(1,280,760)
Student Services	-	-	-	10,000	-	-	10,000
Construction projects	-	-	-	485,554	-	-	485,554
Student Band Support	-	-	-	93,952	(33,452)	-	60,500
Departmental Support	-	-	-	(174,802)	-	15,000	(159,802)
Total	<u>(1,157,319)</u>	<u>(123,441)</u>	<u>-</u>	<u>414,704</u>	<u>(33,452)</u>	<u>15,000</u>	<u>(884,508)</u>
Excess (deficiency) of revenues over expenses and transfers	<u>\$ 13,144,598</u>	<u>\$ 615,053</u>	<u>\$ (3,733,577)</u>	<u>\$ (7,978,176)</u>	<u>\$ (95,748)</u>	<u>\$ (22,403)</u>	<u>\$ 1,929,747</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, 2004

(Unaudited – See Accompanying Independent Accountants’ Report on Applying Agreed-Upon Procedures)

(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 fundraising arm of Clemson University Athletics, are included in the accompanying statement.