



CLEMSON UNIVERSITY

OMB Circular A-133 Reports

Year ended June 30, 2007

(With Independent Auditors' Reports Thereon)

EIN# 57-6000254

State of South Carolina



Office of the State Auditor

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November 29, 2007

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

The Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* and the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards of Clemson University for the fiscal year ended June 30, 2007, were issued by KPMG, LLP., Certified Public Accountants, under contract with the South Carolina Office of State Auditor. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with the basic financial statements of Clemson University for the fiscal year ended June 30, 2007, issued by KPMG, LLP, Certified Public Accountants, dated October 11, 2007.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/trb

CLEMSON UNIVERSITY

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Federal grantor/pass-through grantors/agencies or cluster title	Federal CFDA Number	Expenditures
Federal Award Expenditures		
Research and Development - Cluster:		
Department of Agriculture	10.RD	\$ 6,269,452
Pass-through programs from:		
Alabama A&M University	10.RD	12,273
Auburn University	10.RD	10,394
Carolina Seafood	10.RD	12,516
Cornell University	10.RD	45,912
Fort Valley State University	10.RD	25,874
Hebert Green Agroecology, Inc.	10.RD	14,744
Iowa State University	10.RD	72,376
Kansas State University	10.RD	29,344
Lowcountry Food Bank	10.RD	13,503
Mississippi State University	10.RD	16,280
Mississippi State University	10.RD	(42)
National 4-H Council	10.RD	835
National Forest Foundation	10.RD	32,337
NC State University	10.RD	33,903
North Carolina State University	10.RD	15,824
North Dakota State University	10.RD	4,111
Penn State University	10.RD	14,979
Rutgers, The State University of New Jersey	10.RD	5,196
SC Department of Natural Resources	10.RD	5,125
SC Forestry Commission	10.RD	19,029
Southern Regional Aquaculture Center	10.RD	25,919
Texas A&M University	10.RD	19,524
Texas Tech University	10.RD	2,303
University of Florida	10.RD	36,789
University of Georgia	10.RD	295,066
University of Nebraska - Lincoln	10.RD	10
University of SC	10.RD	1,517
University of Georgia	10.RD	90,666
University Of Maryland	10.RD	7,825
University of Mississippi	10.RD	2,000
UT-Batelle	10.RD	82,869
Virginia Polytechnic Institute	10.RD	107,863
Total Department of Agriculture		<u>7,326,317</u>
Department of Commerce	11.RD	361,990
Pass-through programs from:		
College of Charleston	11.RD	14,924
National Textile Center	11.RD	1,078,685
SC Department of Natural Resources	11.RD	27,013
SC Sea Grant Consortium	11.RD	118,678
University of Florida	11.RD	20,293
Total Department of Commerce		<u>1,621,583</u>

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Federal grantor/pass-through grantors/agencies or cluster title	Federal CFDA Number	Expenditures
Department of Defense	12.RD	\$ 6,861,086
Pass-through programs from:		
Appleton	12.RD	276,277
Auburn University	12.RD	172,960
Battelle Memorial Institute	12.RD	18,346
Brookhaven National Laboratory	12.RD	(1)
Clarkson University	12.RD	25,008
Clemson Univ Research Foundation	12.RD	282,715
Concurrent Technologies Corporation	12.RD	12,367
Eagan, McAllister Associates, Inc.	12.RD	12,662
Edmund Optics, Inc.	12.RD	297,741
ITT Industries	12.RD	68,192
Kiara Networks	12.RD	10,135
Luna Innovations	12.RD	74,673
Materials Sciences Corporation	12.RD	10,327
MIT Lincoln Laboratory	12.RD	4,502
Penn State University	12.RD	218,842
Point Reyes Bird Observatory	12.RD	33,067
Sarratt Acquisition Management, Inc	12.RD	89,068
SC Research Authority	12.RD	1,412,338
SC State University	12.RD	2,292
Science Applications International Corp	12.RD	6,838
The Research Foundation - NY State University	12.RD	10,000
Thermo Analytics, Inc	12.RD	132,842
University of Illinois	12.RD	17,226
University Of Maryland	12.RD	192,971
University of Michigan	12.RD	163,616
University of Missouri - Columbia	12.RD	97,690
Universal Technology Corp.	12.RD	5,495
University of Dayton Research Institute	12.RD	46,587
Total Department of Defense		<u>10,555,862</u>
Department of Housing and Urban Development		
Pass-through programs from:		
Anderson University	14.RD	10,133
Total Department of Housing and Urban Development		<u>10,133</u>
Department of the Interior	15.RD	366,763
Pass-through programs from:		
Boeing Phantom Works	15.RD	516
Kentucky Fish & Wildlife Resources	15.RD	4,101
SC Department of Natural Resources	15.RD	116,622
Total Department of the Interior		<u>488,002</u>

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

<u>Federal grantor/pass-through grantors/agencies or cluster title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Justice	16.RD	\$ 85,514
Pass-through programs from:		
Boys and Girls Clubs of America	16.RD	(1,715)
FirstPic Inc.	16.RD	(1,954)
Total Department of Justice		<u>81,846</u>
Department of Labor		
Pass-through programs from:		
Upstate Workforce Investment Board	17.RD	11,230
Total Department of Labor		<u>11,230</u>
Department of Transportation	20.RD	318,068
Pass-through programs from:		
Clemson University Research Foundation	20.RD	11,771
Innovative Pavement Research Foundation	20.RD	6,034
Oregon State University	20.RD	34,586
SC Department of Transportation	20.RD	647,645
Total Department of Transportation		<u>1,018,105</u>
Appalachian Regional Commission	23.RD	42,404
Total Appalachian Regional Commission		<u>42,404</u>
National Aeronautics and Space Administration	43.RD	690,157
Pass-through programs from:		
College of Charleston	43.RD	98
Jet Propulsion Laboratory	43.RD	45,282
National Space Biomedical Research Institute	43.RD	151,206
NEI Corporation	43.RD	11,825
SC Space Grant Consortium	43.RD	195,748
Smithsonian Astrophysical Observatory	43.RD	3,528
Space Micro Inc	43.RD	64,543
University of California	43.RD	0
Total National Aeronautics and Space Administration		<u>1,162,386</u>
National Science Foundation	47.RD	10,184,845
Pass-through programs from:		
American Center for Mongolian Studies	47.RD	3,698
Arizona State University	47.RD	89,703
Chembrane Research & Engineering, Inc.	47.RD	12,336
College of Charleston	47.RD	810
Colorado School of Mines	47.RD	949
Colorado State University	47.RD	54,767
Consortium for Oceanographic Research & Education	47.RD	89,507
Duke University	47.RD	187,067
Furman University	47.RD	1,447
Greenville Technical College	47.RD	\$ 194,356

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Federal grantor/pass-through grantors/agencies or cluster title	Federal CFDA Number	Expenditures
Kent Sea Tech Corporation	47.RD	11,327
Massachusetts Institute of Technology	47.RD	1,190
Mississippi State University	47.RD	1,081
NC State University	47.RD	4,384
North Carolina State University	47.RD	51,334
Ohio State University	47.RD	33,461
Purdue University	47.RD	45,931
SC Research Authority	47.RD	1,132,051
SC State University	47.RD	90,058
Solidica	47.RD	46,016
SRI International	47.RD	102,368
The Academy of Natural Science	47.RD	2,074
The Shodor Education Foundation, Inc	47.RD	65,095
University of California	47.RD	75,489
University of California, San Diego	47.RD	(0)
University of Central Florida	47.RD	107
University of Florida	47.RD	11,952
University of Kentucky	47.RD	28,931
University of Minnesota	47.RD	18,000
University of New Hampshire	47.RD	28,651
University of Tennessee	47.RD	83,266
University Of California, Santa Barbara	47.RD	75,104
ZDD-Ruth Rast	47.RD	114
Total National Science Foundation		12,727,467
Environmental Protection Agency	66.RD	151,400
Pass-through programs from:		
Commonwealth of Virginia	66.RD	36,684
Friends of Lake Keowee Society, Inc	66.RD	23,417
Southern Environmental Law Center	66.RD	3,281
Southern Illinois University Edwardsville	66.RD	22,788
TetraTech Inc.	66.RD	260
University of SC	66.RD	2,198
University of South Alabama	66.RD	17,043
Total Environmental Protection Agency		257,070
Department of Energy	81.RD	1,940,256
Pass-through programs from:		
ADA Technologies, Inc.	81.RD	26,574
Argonne National Laboratory	81.RD	33,350
Aspen Systems, Inc.	81.RD	19,351
Clemson Univ Research Foundation	81.RD	977,147
Kent Sea Tech Corporation	81.RD	70,585
Los Alamos National Laboratory	81.RD	17,647
Louisiana State University	81.RD	105,768

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Schedule of Expenditures of Federal Awards
Year ended June 30, 2007

Federal grantor/pass-through grantors/agencies or cluster title	Federal CFDA Number	Expenditures
Medical University of SC	81.RD	\$ 52,407
National Association of State Energy	81.RD	246,752
Penn State University	81.RD	54,704
Research Triangle Institute	81.RD	77,171
Sandia National Laboratories	81.RD	19,740
SC Institute Energy Studies	81.RD	45,721
SC State University	81.RD	67,401
SCUREF	81.RD	457,917
SeaAg, Inc.	81.RD	72,818
University of California	81.RD	170,757
UT-Battelle, LLC	81.RD	140,534
UT-Battelle, LLC	81.RD	37,608
Total Department of Energy		4,634,208
Department of Education		
Pass-through programs from:		
Council For Opportunity In Education	84.RD	(4)
Iowa Department of Education	84.RD	13,129
National Writing Project Corp.	84.RD	48,122
NCEE	84.RD	24,187
New Hampshire Department of Education	84.RD	76,722
Pickens County School District	84.RD	25,351
SC Commission on Higher Education	84.RD	148,276
SC Department of Education	84.RD	154,252
University of Connecticut	84.RD	186,657
University of Kentucky	84.RD	11,000
University of Tennessee	84.RD	1,919
Total Department of Education		689,611
Department of Health and Human Services		
Pass-through programs from:		
BioSurfaces	93.RD	24,387
Chesterfield County Coordinating Council	93.RD	44,959
Children's Hospital Boston	93.RD	13,119
Emory University	93.RD	23,161
Greenville Technical College	93.RD	14,997
Medical College of GA	93.RD	131,788
Medical University of SC	93.RD	14,380
Oconee Memorial Hospital	93.RD	107,443
Ohio University	93.RD	51,734
Rutgers, The State University of New Jersey	93.RD	95,902
SC Department of Mental Health	93.RD	1,088
SC Department of Social Services	93.RD	257,557
University of Kentucky	93.RD	12,812
University of SC	93.RD	362,808
University of Washington	93.RD	42,791
Widmeyer Communications	93.RD	36,034

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Federal grantor/pass-through grantors/agencies or cluster title	Federal CFDA Number	Expenditures
Total Department of Health and Human Services		\$ 5,005,294
Corporation for National and Community Service		
Pass-through programs from:		
Institute for Global Education and Service Learning	94.RD	34,557
Total Corporation for National and Community Service		34,557
US Agency for International Development:	98.RD	80,064
Pass-through programs from:		
Virginia Polytechnic Institute	98.RD	162,510
Total US Agency for International Development		242,574
Total Research and Development		45,908,647
Student Financial Aid - Cluster:		
Department of Education:		
Federal Supplemental Educational Opportunity Grants	84.007	792,875
Federal Family Education Loans	84.032	38,871,456
Federal Work-Study Program	84.033	543,390
Federal Work-Study Program	84.033	50,000
Federal Perkins Loan Program Federal Capital Contributions	84.038	93,587
Federal Pell Grant Program	84.063	4,917,255
Academic Competitiveness Grant	84.375	187,300
National Science and Mathematics Access to Retain Talent Grant	84.376	261,312
Total Department of Education		45,717,175
Total Student Financial Aid		45,717,175
Other Programs:		
Department of Agriculture:		
2007 Sale Area Layout and Harvesting Institute-SALHI East	10.000	26,803
Agricultural Research Basic and Applied Research	10.001	84,510
Plant and Animal Disease, Pest Control, and Animal Care	10.025	834,233
Farmers' Market Promotion Program	10.168	3,013
Grants for Agricultural Research, Special Research Grants	10.200	6,528
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	(0)
Grants for Agricultural Research Competitive Research Grants	10.206	855
Higher Education Challenge Grants	10.217	31,863
Integrated Programs	10.303	11,218
Integrated Programs	10.303	136,634
International Science and Education Grants	10.305	15,664
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	1,738,408
Cooperative Extension Service - Smith Lever	10.500	193,706
Cooperative Extension Service	10.500	6,303,148
Rural Business Enterprise Grants	10.769	36,888
Environmental Quality Incentives Program	10.912	139,900
South Carolina Rural Development Cooperative Agreement	10.999	3,147
South Carolina Commissioner's School for Agriculture	10.999	1,000

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Federal grantor/pass-through grantors/agencies or cluster title	Federal CFDA Number	Expenditures
Pass-through programs from:		
SC Downtown Development Association:		
SCRDC Web Development	10.000	\$ 433
SC Forestry Commission:		
Using the Media to Deliver Arboricultural/Horticultural Information	10.000	1,179
Invasive Species, Rights-of-Way and Forest Management	10.664	17,603
University of Georgia:		
Implement Plan of Work For The Southern Region Sustainable Agricultural Research & Education (SARE) Program	10.200	10,146
University Of Maryland:		
Developing an E- Learning Resources for Water Nutrient Managment and Conservation	10.303	1,723
University of Florida:		
Regional Plant Diagnostic Center Laboratory	10.304	65,944
Kansas State University:		
USDA/Army Youth Development Project - 4-H Military Grant	10.500	10,772
USDA/Army Youth Development Project - Operation Military Kids	10.500	25,837
NC State University:		
Direct Marketing Training for Ag Professionals	10.500	2,000
North Dakota State University:		
Financial Security for All Community of Practice	10.500	2,752
University of Florida:		
Southern Regional Plant Diagnostic Network, Soybean Rust Monitoring and Coordination	10.500	6,343
SC Department of Social Services:		
2006 Food Stamp Outreach	10.561	93,749
2007 FSOCUP Project #2: Clemson University, Clemson Community Care, & United Christian Ministries	10.561	9,451
2007 FSOCUP Project #4: Clemson University, St. Francis Community Ministries, & Holy Ground Church	10.561	19,570
2007 FSOCUP Project #5: Clemson University, United Ministries, & Foothills Family Resources	10.561	126
Total Department of Agriculture		<u>9,835,145</u>
Department of Commerce:		
Pass-through programs from:		
SC Sea Grant Consortium:		
4-H Marine Science Camp (Camp Sewee) Camper Scholarship	11.417	988
The South Carolina Sea Grant Extension Program	11.417	87,910
SC Department of Natural Resources:		
The Flow of South Carolina Harvested Seafood Products Through SC Markets	11.472	7,351
Total Department of Commerce		<u>96,248</u>
Department of Housing and Urban Development:		
Opportunities for Youth Youthbuild Program	14.243	107,016

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Federal grantor/pass-through grantors/agencies or cluster title	Federal CFDA Number	Expenditures
Total Department of Housing and Urban Development		\$ 107,016
Department of the Interior:		
Charles Pinckney National Historic Site - Implement Workshop Recommendations July 26, 2005	15.999	294
Incorporating SE MAPS into the Kings Mountain Outreach Program	15.999	18,698
Oscar Wigington Scenic Byway, Sumter National Forest	15.999	1,074
Pass-through programs from:		
SC Dept of Archives & History:		
FY2005 Federal Grant (Hopewell Property)	15.904	1,785
Total Department of the Interior		<u>21,851</u>
Department of Transportation:		
Pass-through programs from:		
SC Department of Transportation:		
Transportation Technology Transfer Service (T3S)	20.205	414,722
Edisto Island Open Land Trust:		
A Planning Framework for Highway 174 on Edisto Island, SC	20.215	22,788
Total Department of Transportation		<u>437,510</u>
National Endowment for the Arts:		
Promotion of the Arts Grants to Organizations and Individuals	45.024	12,541
Total National Endowment for the Arts		<u>12,541</u>
National Science Foundation:		
Education and Human Resources	47.076	5,366
Pass-through programs from:		
Florence-Darlington Technical College:		
SC ATE National Resource Center for Expanding Excellence in Technician Education	47.076	26,664
SC Research Authority:		
The SC CAREER Network-Enhancing Coordination Between South Carolina's Most Elite Scholars	47.076	276
Vision: A Science, Math and Engineering Collaborative Model	47.076	1,164
Total National Science Foundation		<u>33,470</u>
Small Business Administration:		
Pass-through programs from:		
University of South Carolina:		
Small Business Development Center - Operating Grant (Federal)	59.037	245,110
Total Small Business Administration		<u>245,110</u>
Environmental Protection Agency:		
Modeling Assessment of the Benefits of Partial DNAPL Source Removal	66.500	3,071
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	535,915

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Federal grantor/pass-through grantors/agencies or cluster title	Federal CFDA Number	Expenditures
Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach	66.716	\$ 1,158
Environmental Education Grants	66.951	(0)
Pass-through programs from:		
University of Georgia:		
Protecting Children's Health through Water Quality Education	66.000	6,486
Pickens County Soil & Water Conservation:		
Fecal Coliform Education in the Twelve Mile Creek Watershed	66.319	41,221
Anderson County Soil & Water Conservation:		
Big Generostee Creek TMDL Implementation Through Reduction on Fecal Coliform Pollution	66.460	20,491
Research Planning Inc:		
TMDL Implementation for Fecal Coliform Bacteria and Turbidity in the Big Wateree Creek Watershed Fairfield County	66.460	1,759
TMDL Implementation for Fecal Coliform Bacteria in Allison Creek, Calabash Branch, Beaverdam Creek and Brown Creek	66.460	756
TMDL Implementation for Fecal Coliform in the Fishing Creek Watershed	66.460	1,701
SC Department of Health and Env Control:		
Enoree River TMDL project	66.460	44,704
Middle Savannah Watershed Total Maximum Daily Load Implementation Project	66.460	24,035
Stream Restoration and Demonstration	66.460	1,507
Tyger River Total Maximum Daily Load Implementation Project	66.460	96,578
Total Environmental Protection Agency		<u>779,382</u>
Department of Education:		
Fund for the Improvement of Postsecondary Education	84.116	152,043
Fund for the Improvement of Education	84.215	102,068
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	708,825
Pass-through programs from:		
Council For Opportunity In Education:		
Revising COE Online Community	84.103	18,186
SC Department of Education:		
Personnel Development Collaboration: Project CREATE	84.027	29,510
Agricultural Education Teacher Education Grant	84.048	12,920
Agricultural Education Teacher Education Grant	84.048	58,756
SC FFA Center Caretaker	84.048	21,682
South Carolina State Improvement Grant	84.323	20,898
University Of Oregon:		
National Center of Secondary, Transition and Postsecondary Outcomes for Students with Disabilities	84.324	49,222
University of Tennessee:		
PEPNet-South	84.326	39,706
Colleton County School District:		
Youth Leadership/Dropout Prevention Program	84.360	(970)
Minnesota State Department of Education:		
Dropout Prevention, Retention, and Graduation	84.360	49,993

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Federal grantor/pass-through grantors/agencies or cluster title	Federal CFDA Number	Expenditures
SC Department of Education:		
Math and Science Partnership	84.366	\$ 699,298
Mathematics Science Partnership	84.366	950
SC Commission on Higher Education:		
Digital Express	84.367	38,762
Digital Express-Year 2	84.367	37,458
Total Department of Education		<u>2,039,307</u>
Department of Health and Human Services:		
Substance Abuse and Mental Health Services		
Projects of Regional and National Significance	93.243	4,172
Drug-Free Communities Support Program Grants	93.276	108,632
Advanced Education Nursing Traineeships	93.358	38,426
Mentoring Children of Prisoners	93.616	68,703
Pass-through programs from:		
SC Department of Health and Environmental Control:		
Enhancement of Jurisdictional Disease Surveillance Through		
Integration of Tracking and Reporting of Zoonotic Diseases by CVDC	93.283	85,391
Medical University of SC:		
Implantable Microsensors for Wireless Hemodynamic		
and Oxygenation Monitoring	93.389	20,000
University of South Carolina:		
A Partnership to Promote Physical Activity		
and Healthy Eating in AME Churches	93.837	5,290
Total Department of Health and Human Services		<u>330,614</u>
Corporation for National and Community Service:		
Pass-through programs from:		
SC Department of Education:		
Project SPIRIT Colleton	94.004	18,594
Project SPIRIT Fairfield	94.004	15,993
Project SPIRIT Oconee	94.004	17,155
Shiloh Activity Center Project		
SPIRIT (Heirloom Garden)	94.004	(3,119)
SC Department of Education:		
AmeriCorp Funds for Youth		
Leadership/Dropout Prevention Program	94.006	100,503
SC Department of Education:		
AmeriCorp Training Grant	94.009	945
AmeriCorps Training Travel Grant	94.009	1,978
Total Corporation for National and Community Service		<u>152,050</u>
Department of Homeland Security:		
Pass-through programs from:		
SC Law Enforcement Division:		
Buffer Zone Protection Program	97.004	29,242
SC Law Enforcement Division:		

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Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Federal grantor/pass-through grantors/agencies or cluster title	Federal CFDA Number	Expenditures
Agroterroism - Veterinary Lab Surge	97.067	\$ 1,768
Agroterroism-Lab Surge Capacity	97.067	21,702
Animal Emergency Planner	97.067	39,159
Regional and County CART Teams	97.067	48,308
State Animal and Plant Response Teams	97.067	102,512
SC Law Enforcement Division:		
2005 Buffer Zone Protection Program		
Clemson University Sports Complex	97.078	49,621
Total Department of Homeland Security		<u>292,313</u>
Total Federal Awards		\$ <u><u>106,008,377</u></u>

See accompanying notes to Schedule of Federal Expenditures of Federal Awards.

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Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Clemson University (the University) and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures for student financial aid programs include the federal share of students' Federal Supplemental Educational Opportunity Grant (FSEOG) program grants and Federal Work Study (FWS) program earnings, certain other federal financial aid for students and administrative cost allowances, where applicable.

Expenditures for federal research and development programs are determined using the cost accounting principles and procedures set forth in OMB Circular A-21, *Cost Principles for Educational Institutions*. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

(3) Federal Perkins Loan Program (CFDA Number 84.038)

The Federal Perkins Loan Program is administered directly by the University and balances and transactions relating to the program are included in the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan program was \$8,019,800 as of June 30, 2007.

(4) Matching

Under the FWS program, the University matched \$151,777 in total compensation for the year ended June 30, 2007 in addition to the federal share of expenditures in the accompanying schedule of expenditures of federal awards.

Under the FSEOG program, the University matched \$264,125 in funds awarded to students for the year ended June 30, 2007 in addition to the federal share of expenditures in the accompanying schedule of expenditures of federal awards.

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Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

(5) Subrecipients

Of the federal expenditures presented in the schedule, the University provided federal awards to subrecipients as follows:

<u>Federal granting agency</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Department of Agriculture	10.025	\$ 21,732
Department of Agriculture	10.200	36,048
Department of Agriculture	10.206	9,109
Department of Agriculture	10.219	13,216
Department of Agriculture	10.303	50,468
Department of Agriculture	10.457	28,144
Department of Agriculture	10.500	84,830
Department of Agriculture	10.561	120,864
Department of Agriculture	10.912	100,115
Total Department of Agriculture		<u>464,526</u>
Department of Commerce	11.113	107,888
Department of Commerce	11.452	60,000
Total Department of Commerce		<u>167,888</u>
Department of Defense	12.000	969,117
Department of Defense	12.300	1,018
Department of Defense	12.420	23,407
Department of Defense	12.431	569,935
Department of Defense	12.910	889,291
Total Department of Defense		<u>2,452,768</u>
Department of Housing and Urban Development	14.243	6,586
Department of Interior	15.999	11,033
Total Department of Interior		<u>11,033</u>
Department of Transportation	20.108	2,104
Department of Transportation	20.205	15,000
Total Department of Transportation		<u>17,104</u>

CLEMSON UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

<u>Federal granting agency</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Appalachian Regional Commission	23.002	\$ 30,662
National Science Foundation	47.041	791,081
National Science Foundation	47.049	390,671
National Science Foundation	47.050	27,861
National Science Foundation	47.070	3,936
National Science Foundation	47.074	17,859
National Science Foundation	47.076	61,927
Total National Science Foundation		<u>1,293,335</u>
Department of Environmental Protection Agency	66.460	1,773
Department of Energy	81.049	13,368
Department of Energy	81.064	8,496
Department of Energy	81.087	144,237
Department of Energy	81.113	114,076
Department of Energy	81.121	57,741
Department of Energy	81.999	141,210
Total Department of Energy		<u>479,128</u>
Department of Education	84.116	48,795
Department of Education	84.215	66,968
Department of Education	84.287	90,866
Department of Education	84.326	176,400
Total Department of Education		<u>383,029</u>
Department of Health and Human Services	93.009	10,000
Department of Health and Human Services	93.276	71,140
Department of Health and Human Services	93.286	13,739
Department of Health and Human Services	93.375	367,131
Department of Health and Human Services	93.616	84,114
Department of Health and Human Services	93.837	7,700
Department of Health and Human Services	93.853	18,131
Total Department of Health and Human Services		<u>571,955</u>
Agency for International Development	98.001	93,498
Agency for International Development	98.009	73,583
Total Agency for International Development		<u>167,081</u>
		<u>\$ 6,046,868</u>



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards*

Mr. Richard H. Gilbert, Jr., CPA
Interim State Auditor
State of South Carolina
Columbia, South Carolina

We have audited the financial statements of the business-type activities and discretely presented component units of Clemson University (the University), a department of the State of South Carolina, as of and for the year ended June 30, 2007, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 11, 2007. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Clemson University Foundation, a discretely presented component unit, as described in our report on the University's financial statements. The financial statements of the Clemson University Foundation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the University's financial statements that is more than inconsequential will not be prevented or detected by the University's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the University's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the University in a separate letter dated October 11, 2007.

This report is intended solely for the information and use of the Interim State Auditor, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 11, 2007



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Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Mr. Richard H. Gilbert, Jr., CPA
Interim State Auditor
State of South Carolina
Columbia, South Carolina

Compliance

We have audited the compliance of Clemson University (the University) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* (Compliance Supplement) that are applicable to its major federal program for the year ended June 30, 2007. The University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but

not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the University's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the University's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the University's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the University's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities and discretely presented component units of Clemson University, a department of the State of South Carolina, as of and for the year ended June 30, 2007, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 11, 2007. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Interim State Auditor, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 29, 2007, except as to the
schedule of expenditures of federal awards,
which is as of October 11, 2007

CLEMSON UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

(1) Summary of Auditors' Results

- (a)** The type of report issued on the basic financial statements: **Unqualified Opinion**
- (b)** Significant deficiencies in internal control were disclosed by the audit of the basic financial statements: **None Reported** Material weaknesses: **None**
- (c)** Noncompliance which is material to the basic financial statements: **None**
- (d)** Significant deficiencies in internal control over major programs: **None Reported**
Material weaknesses: **None**
- (e)** The type of report issued on compliance for major programs: **Unqualified Opinion**
- (f)** Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **None**
- (g)** Major Federal programs: **Research and Development Cluster (various CFDA numbers)**
- (h)** Dollar threshold used to distinguish between Type A and Type B programs: **\$2,011,300**
- (i)** Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **Yes**

(2) Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*: None

(3) Findings and Questioned Costs Relating to Federal Awards: None