

State of South Carolina



Office of the State Auditor

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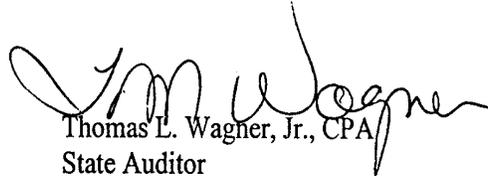
January 28, 2000

The Honorable James H. Hodges, 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 Clemson University Intercollegiate Athletics Program for the year ended June 30, 1999, was issued by Rogers & Laban, PA, 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

CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
YEAR ENDED JUNE 30, 1999

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

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**INDEPENDENT ACCOUNTANT'S 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 described below, which were agreed to by the South Carolina Office of the State Auditor and the management of Clemson University, solely to assist the University in complying with NCAA Constitution section 6.2.3.1 for the fiscal year ended June 30, 1999. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the 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. The procedures and associated findings are as follows:

1. We obtained from management the statement of revenues, expenditures, and transfers of the Clemson University Intercollegiate Athletics Program for the year ended June 30, 1999, as prepared by management of the University and shown as Attachment A in this report. We recalculated the addition of the amounts on the statement, traced those amounts to management's worksheets and agreed the amounts on management's worksheets to the relevant accounts in the University's general ledger. We discussed the nature of the worksheet adjustments with management to satisfy ourselves that the adjustments were appropriate. We found no exceptions as a result of the procedures.
2. We tested selected material additions to restricted, endowment, and plant funds accounts related to intercollegiate athletics to determine if they were properly recorded in the University's accounting records, are properly disclosed in the report, and are not included in the statement of revenues, expenditures, and transfers of the intercollegiate athletics program. We tested selected restricted gifts and endowment and investment income recognized as current year revenues to determine if they were reported as revenues when expended, not when received. We found no exceptions as a result of the procedures.
3. We scanned the intercollegiate athletics program contributions revenue accounts detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. No such contributions were noted.
4. From recorded intercollegiate athletics program revenues, we selected certain receipts for intercollegiate athletics and tested them to determine if they were properly recorded and classified in the accounting records based on our review of the supporting documentation. We found no exceptions as a result of the procedures.



5. We asked management to describe specific elements of the University's internal controls unique to the intercollegiate athletics program's accounting system and financial reporting.
 - a) Based on the materiality of certain revenue sources as reported on the statement, we tested selected recorded ticket sales, conference distributions, executive box rentals, game guarantees, broadcasting rights, donated services and concessions revenues to determine if they were complete and properly classified based on a review of the supporting documentation of football ticket sales reports prepared by management, ticket prices, and number of games; contracts with the ACC, a concession company and a broadcast company; game guarantee contracts; executive box rental contracts; schedules showing the fair rental values of vehicles and review of various general ledger accounts. We also tested the selected recorded revenues to determine if internal controls over the recording of these revenues were operating as described. Our findings as a result of these procedures are presented in the accountant's comments section of this report.
 - b) Based on the materiality of certain expenditure accounts reported on the statement, we tested selected recorded expenditures for travel, maintenance and general administration, and financial aid to determine if these expenditures were complete, properly classified, and properly authorized based on a review of the supporting documentation of vendor invoices, travel vouchers, contracts with suppliers, purchase orders and supporting workpapers for the allocation of financial aid expenditures and if internal controls over the recording of these expenditures were operating as described. We found no exceptions as a result of the procedures.
 - c) We obtained a copy of the University's internal auditor's reports on its review and reconciliation of the football and basketball ticket sales reports. We tested the reconciliations for one of the six home football games and one of the fifteen home basketball games by verifying its mathematical accuracy and agreeing amounts thereon to the supporting documentation. We found no exceptions as a result of the procedures.
 - d) We tested the reasonableness of the amount reported for the transfer in of student athletic fees revenue to our estimate of those fees using the estimated number of athletic seats used by students for football and basketball times the faculty/staff ticket price. We found no material unexplained variances.
6. We obtained daily cash receipts reports for the intercollegiate athletics program prepared by the ticket office and the athletic department business office. We randomly selected two of these reports for testing, verified their clerical accuracy, reviewed supporting documentation to determine if the receipts were properly classified, and traced the receipts to the University's general ledger accounts for the intercollegiate athletics program. We found no exceptions as a result of the procedures.
7. We examined guarantee contracts for all football and basketball games during fiscal year 1999 and compared the contract revenues to recorded revenues in the general ledger for agreement. We also compared guarantee expenses per the contracts to expenditures recorded in the program's accounts in the general ledger. We found no exceptions as a result of the procedures.
8. We obtained a schedule of the athletic department salaries and agreed those amounts to the appropriate general ledger salary accounts. We estimated the related employer contributions expenditures using the University's average fringe benefits rates for comparably paid employees and compared our estimates with reported expenditures in the appropriate general ledger accounts. Our finding as a result of these procedures is presented in the accountant's comments section of this report.

We were not engaged to, and did not, perform an audit, the objective of which is the expression of an opinion on the specified areas, accounts, or items. Further, we were not engaged to express an opinion on the effectiveness of the internal controls over financial reporting described in paragraph one and procedures one through eight of this report. Accordingly, we do not express such opinions. Had we performed additional procedures or had we conducted an audit or review of the financial statements of the University's intercollegiate athletics program or any part thereof, other matters might have come to our attention that would have been reported to you.

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

Rogers & Laban, PA

Columbia, South Carolina
January 11, 2000

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

**ACCOUNTANT'S COMMENTS
YEAR ENDED JUNE 30, 1999**

ERRORS IN SCHEDULES

Our testing of the schedules supporting donated services and salaries for the amounts reported on the Statement of Revenues, Expenditures and Transfers disclosed the following:

1. The schedule listing the value of donated services for donated vehicles initially used the personal portion of lease values instead of the total lease value resulting in donated services revenue and fringe benefit expenditures to be understated by approximately \$68,000.
2. The schedule listing the salaries for basketball under reported coaches salaries by approximately \$80,000 and over reported other salaries by a similar amount.

The Statement of Revenues, Expenditures and Transfers was revised to correct these errors.

We recommend that additional care be taken in the preparation of schedules supporting the statement.

REVENUES MISCLASSIFIED

Our review of the general ledger accounts disclosed that \$10,541 of guarantee revenue for basketball had been reported as other revenue in the Statement of Revenues, Expenditures and Transfers. The \$10,541 was identified in the University's general ledger as guarantee income from hosting the NIT tournament by personnel in the athletics department.

We recommend that additional care be taken to ensure that all revenues are properly classified.

CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
YEAR ENDED JUNE 30, 1999

	Football	Basketball	Other Sports	Nonprogram Specific	IPTAY	IPTAY Learning Center	Total
REVENUES:							
Ticket Sales	\$7,926,249	\$1,797,578	\$ 147,549				\$ 9,871,376
Athletic Guarantees	770,136	18,992	1,500				790,628
Program Sales	198,023	8,255	4,215				210,493
Radio and TV Rights				\$ 491,461			491,461
Concessions	454,255	75,471	25,448				555,174
Conference Distribution	2,975,425	2,632,106	130,800				5,738,331
Executive Box Rental	933,179						933,179
Licensing				345,279			345,279
Corporate Sponsorship				359,622			359,622
IPTAY contributions -							
Restricted	929,323	343,713	1,254,706	991,848	\$ 2,409,126	\$ 777,170	6,705,886
Donated Services	70,694	47,157	66,055	96,224	15,300		295,430
Investment Income -							
Unrestricted				118,043			118,043
Other	127,711	331,271	269,961	121,566			850,509
Total Revenues	14,384,995	5,254,543	1,900,234	2,524,043	2,424,426	777,170	27,265,411

EXPENDITURES AND**MANDATORY TRANSFERS:**

Expenditures:

Coaches Salaries	1,194,722	591,718	893,246				2,679,686
Other Salaries	184,038	74,133	63,697	2,393,863	319,782	530,848	3,566,361
Fringe Benefits	353,682	171,559	262,711	844,867	102,483	92,164	1,827,466
Travel:							
Recruiting	177,300	237,864	156,263				571,427
Non-recruiting	459,987	536,647	661,883	112,325	27,065	10,898	1,808,805
Telephone	78,223	103,374	82,027	108,532	11,197	11,004	394,357
Utilities			1,802	271,192			272,994
Financial Aid	929,323	343,713	1,254,706	991,848			3,519,590
Maintenance and General							
Administration	3,195,933	839,158	833,214	3,353,632	1,220,878	131,760	9,574,575
Athletic Guarantees	1,761,020	319,843	35,311				2,116,174
Insurance	731		1,155	140,967	13,483		156,336
Equipment and Improvements		28,090	137,922	172,031		496	338,539
Total Expenditures	8,334,959	3,246,099	4,383,937	8,389,257	1,694,888	777,170	26,826,310

CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
YEAR ENDED JUNE 30, 1999

	Football	Basketball	Other Sports	Nonprogram Specific	IPTAY	IPTAY Learning Center	Total
EXPENDITURES AND MANDATORY TRANSFERS (CONTINUED):							
Mandatory Transfers:							
Principal and interest				500,000			500,000
Total Expenditures and Mandatory Transfers	<u>8,334,959</u>	<u>3,246,099</u>	<u>4,383,937</u>	<u>8,889,257</u>	<u>1,694,888</u>	<u>777,170</u>	<u>27,326,310</u>
NONMANDATORY TRANSFERS (IN)/OUT:							
Student Fees				(1,037,552)			(1,037,552)
Student Services				13,500			13,500
Construction projects				680,196	629,538		1,309,734
Endowment of Scholarships				229,250			229,250
General Scholarships				229,250			229,250
Women's Rowing Team			(100,000)		100,000		-
Total			<u>(100,000)</u>	<u>114,644</u>	<u>729,538</u>		<u>744,182</u>
Excess (deficiency) of revenues over expenditures and transfers	<u>\$6,050,036</u>	<u>\$2,008,444</u>	<u>\$(2,383,703)</u>	<u>\$(6,479,858)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (805,081)</u>

Notes:

1. IPTAY contributions - restricted represents the amount of IPTAY contributions expended for financial aid or IPTAY operations.
2. Financial aid to individuals who assist the Athletic Department in either an administrative or coaching capacity is classified as non-program specific.

CLEMSON
UNIVERSITY

February 29, 2000

Mr. Thomas L. Wagner, State Auditor
Office of the State Auditor
P.O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Wagner:

Under contract with your office, the certified public accounting firm of Rogers & Laban recently completed the agreed upon procedures to assist Clemson University in complying with NCAA constitution section 6.2.3.1 for the fiscal year ended June 30, 1999. In conjunction with this engagement, Rogers and Laban issued "Accountants Comments" on the Intercollegiate Athletics Program.

This report identified several comments and recommendations. To avoid future comments, we will consider delaying the accountants arrival for the agreed upon procedure to assure that information is complete and accurate. Clemson University's response follows:

Errors in Schedules

Additional care will be taken to in the preparation of schedules supporting the Statement of Revenues, Expenditures and Transfers. An additional analytical procedure will be implemented to avoid future problems of this nature.

Revenues Misclassified

An additional procedure will be implemented to assure that all guarantee Income will be identified directly to the sport.

Please feel free to contact me if any further discussions are necessary.

Sincerely,



Scott Ludlow
Chief Financial Officer

cc: James Barker
R. W. Robinson
Thornton Kirby
Michael Hughey



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