

**WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
ROCK HILL, SOUTH CAROLINA**

---

**Independent Auditors' Report On  
Applying Agreed-Upon Procedures  
June 30, 2005**

# *State of South Carolina*



## *Office of the State Auditor*

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

THOMAS L. WAGNER, JR., CPA  
STATE AUDITOR

(803) 253-4160  
FAX (803) 343-0723

January 30, 2006

The Honorable Mark Sanford, Governor  
and  
Members of the Board of Trustees  
Winthrop University  
Rock Hill, South Carolina

This report on the review of the statement of revenues, expenditures and transfers of the Winthrop University Intercollegiate Athletics Program for the fiscal year ended June 30, 2005, and the application of certain agreed-upon procedures to the accounting records of the Winthrop University Intercollegiate Athletics Program was issued by Cline Brandt Kochenower & Co., P.A., 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,

A handwritten signature in black ink, appearing to read "Tom Wagner".

Thomas L. Wagner, Jr., CPA  
State Auditor

TLWjr/trb

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
For the Year Ended June 30, 2005

Table of Contents

State Auditor's Transmittal Letter	
Independent Auditors' Report On Applying Agreed-Upon Procedures	1-5
Statement of Revenues, Expenditures and Transfers	6-7
Notes to the Statement	8

CLINE BRANDT KOCHENOWER  
& Co., P.A.  
Certified Public Accountants  
*Established 1950*

Independent Auditors' Report On  
Applying Agreed-Upon Procedures

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

Dr. Anthony J. DiGirogio  
President  
Winthrop University  
114 Tillman Hall  
Rock Hill, South Carolina 29733

We have audited the financial statements of Winthrop University as of and for the year ended June 30, 2005, and have issued our unqualified report thereon under date of September 1, 2005. At your request, we have also performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor and the Board of Trustees and management of Winthrop University, solely to assist these users in evaluating the performance of the University's Intercollegiate Athletics Program (IAP) and to assist the University in complying with NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2005. Management is responsible for Winthrop University's compliance with the requirements of NCAA Bylaw 6.2.3.1, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. This engagement to apply agreed-upon procedures was performed in accordance with attestation 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 made 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:

**Procedures Related to the Statement of Revenues, Expenditures and Transfers**

1. We obtained the statement of revenues, expenditures and transfers of Winthrop University Intercollegiate Athletics Program for the year ended June 30, 2005, as prepared by management of the University and shown on pages 8 and 9 (Attachment A) in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the financial statement to management's worksheets and compared the amounts on management's worksheets to the 91000 & 92000 series of accounts in the University's general ledger.

We found no exceptions as a result of this procedure.

2. We obtained from management a list of all outside organizations not under the University's accounting control that have as its principal or one of its principal purposes the generating of resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the Program. We then confirmed the amounts received from these outside organizations directly with the responsible official of these organizations. We compared the amount per the confirmation with the amount recorded in the Athletic Department's general ledger and on the Statement of Revenues, Expenditures and Transfers.

We found no exceptions as a result of this procedure.

3. We scanned the Intercollegiate Athletics Program contributions revenue account detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For these recorded receipts, we obtained and read correspondence from the donor to determine the receipts were classified in accordance with NCAA guidelines, to identify those received from independent outside sources and to determine that the source and value of each such contribution is disclosed in a footnote to the statement.

We found the contribution described in Note I of Attachment B to be the only individual contribution in excess of ten percent of all contributions.

4. We asked management to describe the basis for allocating student activity fees and student athletic fees to athletics and obtained from management the reconciliation of total student fees revenue. We obtained the University's general ledger detail in FRS from management and compared the total with the amount of Student Activity Fee revenue recorded in the general ledger and on the Statement of Revenues, Expenditures and Transfers.

We found no exceptions as a result of this procedure.

5. We obtained all daily cash receipts reports for the Intercollegiate Athletics Program prepared by various program representatives. We then selected a sample and recalculated the reports, compared the amount on the department deposit receipt with the amount on the cashier's office deposit transmittal, and compared the amount recorded on the cashier's office deposit transmittal to the amount recorded in University's general ledger accounts for the Intercollegiate Athletics Program.

We found no exceptions as a result of this procedure.

6. We obtained and read copies of the game guarantee contracts. We recalculated the total amount of the contracts, and compared this amount with the amount recorded as Guarantee revenue on the Statement of Revenues, Expenditures and Transfers. We also compared expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger.

We found no exceptions as a result of this procedure.

7. We obtained a schedule of athletics department salaries from management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on the Statement of Revenues, Expenditures and Transfers. We calculated the related fringe expenditures using Winthrop's fringe benefit rate and compared the amounts calculated with the reported expenditures in the appropriate general ledger accounts.

We found no exceptions as a result of this procedure.

### Procedures Related to Internal Control Over Financial Reporting

8. We obtained from management the general ledger activity for all cash receipts related to intercollegiate athletics. We selected a sample of individual receipts and compared the recorded cash receipt amount to the amount on the cashier office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the treasurer's office.

We noted three instances in our sample where the computerized event report balance did not match the amount deposited. Management explained that a \$10 variance per ticket handler per event had been established to allow for mistakes that might occur. The variance was \$30 out of deposits totaling \$4,473.

9. We asked management to describe specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.

We noted a weakness relating to the control environment for event ticket sales. The Director of Athletic and Coliseum Operations sets up events and ticket pricing, manages box office sales, adjusts/deletes sales records, and has access to the safe where ticket proceeds are kept; ticket sellers do not count their tills at the end of their shift. Current responsibilities for this position cross record keeping and asset management lines.

*Management's Response:* The ticket seller form has been adjusted so that the seller counts the till after the event and records amount and signs.

10. We obtained from management a listing of coliseum events for the year and from this list we selected a sample of events. For coliseum lease events we obtained and read the signed rental agreement. We compared the amount of lease revenue per the contract with the amount recorded in the general ledger. For the events that have ticket sales, we compared the number of tickets sold per the lease agreement with the amount of tickets sold per the future ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the future ticket sales report, by the individual ticket price. We obtained and read the correspondence accompanying any concession revenue commission checks received. We compared the amount on the accompanying correspondence with the amount recorded in the general ledger.

	Event	Date	Amount
1.	Women's Basketball	January 3, 2004	\$ 499
2.	Women's Basketball	January 22, 2005	469
3.	Women's Basketball	February 26, 2005	550
5.	Men's Baseball	February 10, 2005	742
6.	Men's Baseball	February 27, 2005	817
7.	Men's Baseball	May 4, 2005	972
9.	Men's Basketball	November 11, 2004	3,488
10.	Men's Basketball	December 30, 2004	4,371
11.	Men's Basketball	January 31, 2005	4,867
13.	Volleyball	September 14, 2004	130
14.	Women's Soccer	October 12, 2004	49
15.	Men's Soccer	September 11, 2004	\$ 68

We found no exceptions as a result of this procedure.

11. We selected a sample of recorded expenditures for contractual services, travel, uniforms, financial aid and equipment and supplies from the general ledger. We compared the classification of the selected expenditures in the statement to the classifications permitted by NCAA Guidelines as stated by the NCAA Audit Legislation. For the selected expenditures we obtained the related disbursement package to determine the items required by Winthrop's procurement policy were included and that the expenditure had been authorized in accordance with Winthrop's procurement policy.

Description	Voucher Number	Amount Disbursed
1. Oaktronics, Inc.	P510555	\$ 1,395.90
2. Our Three Sons	P510907	8,500.00
3. All American Flags	P511700	2,930.90
4. George Scott Neisle	P510094	5,300.00
5. Thomas N. Hickmon		517.37
6. K-Mart	P5103340	48.97
7. Hewlett Packard Co.	P510434	861.18
8. Pal's Printing and Embroidery	P511575	259.70
9. John B. Cox	P510806	5,460.00
10. United States Soccer	P510156	925.00
11. Event Medics of North	P510107	175.00
12. Babolat Competition	P511364	491.84
13. York Co. Treasurer		578.10
14. Blue Sky Charter	P510570	525.00
15. Southern Dent Pro's	PCS2036	209.84
16. Globe Ticket & Label	P510986	1,100.94
17. ARA	P511121	1,912.24
18. J Frost Usave	PC59225	164.65
19. Studio Displays	P511210	2,153.24
20. Joel McCartney for Volleyball		2,565.00
21. Cooks Auto Rental	P510382	197.49
22. Keen Sports Co.	P510216	9,443.44
23. Sprint	P510224	130.13
24. Wilson Sporting Good	P510590	1,551.84
25. Sports Shack	P5111129	\$ 1,451.42

We found no exceptions as a result of this procedure.

### Procedures Related to Expenditures by Outside Organizations

12. We obtained from management a listing of all expenditures made directly by the respective outside organizations (not under the University's accounting control) on behalf of the University's Intercollegiate Athletics Program or employees to determine if they were included as revenues and expenditures on the University's Intercollegiate Athletics Program's accounting records and the Program's statement of revenues, expenditures, and transfers. We compared the amounts of this list with the amounts recorded on management's worksheets.

We noted \$36,731 of in-kind expenditures that had not been added to the statement. Management adjusted the statement numbers to reflect this change.

*Management's Response:* Action has been taken to include expenditures in the future.

13. We requested a listing of all expenditures made directly by other external parties (e.g. related parties, foundations, individuals, business, or other organizations) for or on behalf of the University's Intercollegiate Athletics program or the Program's employees to determine if they were included as revenues in the Program's statement of revenues, expenditures, and transfers.

We found \$21,946 of in-kind revenues that had not been recognized on the statement. Management adjusted the statement numbers to reflect the change.

*Management's Response:* Action has been taken to include revenues in the future.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with NCAA Bylaw 6.2.3.1 or the expression of an opinion on The Statement of Revenues, Expenditures and Transfers of the Intercollegiate Athletics Program of Winthrop University for the year ended June 30, 2005 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and procedures one through twelve of this report. 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 Office of the South Carolina State Auditor and the Board of Trustees and management of Winthrop University and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink, appearing to read "Clint Boudt" followed by a stylized flourish and the initials "E. Co. RA".

November 17, 2005



**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Statement of Revenues, Expenditures and Transfers  
For the Year Ended June 30, 2005  
(Unaudited)

<b>REVENUES</b>	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Ticket Sales	\$ 96,864	4,032	37,716	-	138,612
Guarantees	185,000	15,500	21,496	-	221,996
Coliseum Parking	-	-	-	-	-
Coliseum Concessions	746	-	-	28,903	29,649
Coliseum Facility Leasing	-	-	-	69,822	69,822
Entry Fees	-	-	40,352	-	40,352
Summer Camps	-	-	-	10,039	10,039
Student Activity Fees	153,897	135,135	598,960	2,629,500	3,517,492
Student Athletic Fees	-	-	-	498,490	498,490
Advertising	87,895	-	45,279	4,137	137,311
Interest Income	-	-	-	20,393	20,393
Contributions - Restricted	1,030	520	59,884	-	61,434
Contributions - Unrestricted	-	-	-	83,657	83,657
Contributed Support					
Winthrop Foundation - Note A	-	-	15,585	60,353	75,938
NCAA and Conference Grants	40,000	-	-	170,804	210,804
NCAA Distribution	41,317	-	10,719	-	52,036
	<u>\$ 606,749</u>	<u>155,187</u>	<u>829,991</u>	<u>3,576,098</u>	<u>5,168,025</u>
Total Revenues	\$ 606,749	155,187	829,991	3,576,098	5,168,025

SEE ACCOMPANYING NOTE

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Statement of Revenues, Expenditures and Transfers, Continued  
For the Year Ended June 30, 2005  
(Unaudited)

<b>EXPENDITURES</b>	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Salaries					
Coaches	\$ 239,683	159,383	597,920	-	996,986
Other	-	-	-	783,208	783,208
Graduate Assistantships	4,345	8,690	18,890	11,380	43,305
Fringe Benefits	58,568	40,294	155,469	194,300	448,631
Financial Aid	183,004	213,852	771,792	-	1,168,648
Telephone	5,202	3,473	18,712	33,324	60,711
Repairs	684	903	210	7,615	9,412
Printing and Advertising	2,533	1,712	8,398	85,574	98,217
Contractual Services	50,526	16,138	79,578	109,697	255,939
Food Services	8,958	425	10,222	31,180	50,785
Travel					
Team	95,986	46,991	403,648	2,600	549,225
Recruiting	17,474	20,983	45,236	-	83,693
Other	5,867	3,425	11,116	16,229	36,637
Uniforms	16,476	17,026	78,509	7,068	119,079
Rents	2,462	15,124	8,880	5,832	32,298
Insurance	2,214	1,834	2,826	87,467	94,341
Dues, Licenses and Subscriptions	2,631	3,351	6,937	25,626	38,545
Awards	335	1,854	4,250	12,206	18,645
Equipment and Supplies	21,642	5,717	49,043	110,681	187,083
Purchases for Resale	-	-	-	14,386	14,386
Guarantees	13,971	5,088	15,477	-	34,536
Postage	1,454	709	2,123	19,030	23,316
In-Kind Expenditures - Foundation	-	-	-	36,731	36,731
<b>Total Expenditures</b>	<b>734,015</b>	<b>566,972</b>	<b>2,289,236</b>	<b>1,594,134</b>	<b>5,184,357</b>
<b>TRANSFERS IN (OUT)</b>					
Transfers In for Scholarships	-	-	-	587,607	587,607
Transfers Out for Capital Lease	(5,943)	-	-	-	(5,943)
Transfers Out for Debt Service	-	-	-	(326,950)	(326,950)
<b>Total Transfers</b>	<b>(5,943)</b>	<b>-</b>	<b>-</b>	<b>260,657</b>	<b>254,714</b>
(Deficit) Excess Revenues (Under) Over Expenditures and Transfers	<u>\$ (133,209)</u>	<u>(411,785)</u>	<u>(1,459,245)</u>	<u>2,242,621</u>	<u>238,382</u>

SEE ACCOMPANYING NOTE

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Notes to the Statement  
June 30, 2005  
(Unaudited)

**NOTE 1-CONTRIBUTIONS**

Contributed support from the Winthrop Foundation, an outside organization, in the amount of \$53,992 results from the Foundation making or committing to make expenditures on behalf of the Intercollegiate Athletics Program for items such as athletic scholarships and equipment. This amount is more than ten percent of the total contributions received for intercollegiate athletics during the year ended June 30, 2005. No other contributions, from individual sources, in excess of the ten percent were received during the fiscal year.

**NOTE 2-NET 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. Winthrop University follows capitalization guidelines established by the State of South Carolina. 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. The University has selected a useful life of 25 to 50 years for buildings, renovations and land improvements. The useful life for machinery, equipment and vehicles varies between 2 and 25 years depending on the asset. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Interest cost incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2005, there were no material capitalized interest costs incurred.

**NOTE 3-INTERCOLLEGIATE ATHLETICS DEBT**

**Intercollegiate Athletics Debt**  
Annual Maturities

	2003 Institution Bonds*	2004 Institution Bonds*	2001 Athletic Facilities Revenue Bonds	1981 Athletic Facilities Notes Payable
2006	\$ 239,138	403,531	208,128	119,847
2007	245,112	407,656	202,620	119,847
2008	245,738	406,156	197,112	119,847
2009	246,188	404,156	191,604	119,847
2010	246,462	402,932	186,096	119,846
2011-2015	1,275,068	2,054,438	847,860	119,847
2016-2020	1,313,538	2,163,166	710,160	-
2021-2025	535,740	894,275	125,508	-
Total	<u>\$ 4,346,984</u>	<u>7,136,310</u>	<u>2,669,088</u>	<u>719,081</u>

\* Sixty-nine percent of the 2003 Bonds and 44 percent of the 2004 Bonds were used for athletics.