

December 6, 1999

The Honorable James H. Hodges, Governor
and
Members of the Board of Trustees
University of South Carolina
Columbia, South Carolina

This report on the audit of the financial statements of the University of South Carolina Department of Athletics - Columbia Campus for the fiscal year ended June 30, 1999, was issued by Hough, Rowell & Short, 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,

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/sj

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Columbia, South Carolina

Report on Audit of Financial Statements

For the year ended June 30, 1999

Table of Contents

INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Balance Sheet.....	3
Statement of Revenues, Expenditures and Transfers.....	4-5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7-8
Notes to Financial Statements.....	9-21
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	
Year 2000 Issue	22
OTHER SUPPLEMENTARY FINANCIAL INFORMATION:	
Schedule of Revenues	23-24
Schedule of Revenues, Expenditures, Transfers and Changes in Fund Balance – Debt Service Fund.....	25
Schedule of Expenditures and Transfers.....	26-27
Schedule of Expenditures – Men's Olympic Sports	28-29
Schedule of Expenditures – Women's Olympic Sports	30-31
Schedule of Expenditures – Student Athletic Support Services.....	32-33
Schedule of Expenditures – Administrative Support Services.....	34-35
Schedule of Endowment Fund Assets	36-38
Schedule of Changes in Endowment Fund Balances.....	39-41
Schedule of Gamecock Club and Athletics Department Revenues and Expenditures and Transfers.....	42-43
Schedule of Gamecock Club Expenditures – Budget to Actual.....	44
OTHER INFORMATION (UNAUDITED):	
Schedule of Revenues – Undesignated/Departmentally Designated Funds	45-46

Table of Contents, continued

Schedule of Expenditures and Transfers – Undesignated/Departmentally Designated Funds	47
Schedule of Changes in Fund Balances – Undesignated/Departmentally Designated Funds.....	48
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL.....	49
LETTER OF COMMENT.....	50

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheet of the University of South Carolina Department of Athletics - Columbia Campus (the Department) as of June 30, 1999, and the related statements of revenues, expenditures and transfers, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the management of the University of South Carolina Department of Athletics – Columbia Campus. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, results of operations, and cash flows of only that portion of the funds of the University of South Carolina that is applicable to its Department of Athletics – Columbia Campus.

As discussed in Notes 1, 6 and 12, certain assets and the related liabilities from which the Department derives benefits are not recorded by the Department but are instead recorded in the University's endowment and plant funds.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of South Carolina Department of Athletics – Columbia Campus as of June 30, 1999, and the results of its operations, and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information on page 22 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the Y2K issue, its effects, the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established, and the success of remediation efforts will not be fully determinable until the year 2000 and after and because insufficient evidence exists to support the disclosures. In addition, we do not provide assurance that the Department is or will become year 2000 compliant, that the Department's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Department does business are or will become year 2000 compliant.

Our audit was made for the purpose of forming an opinion on the financial statements referred to above taken as a whole. The supplemental information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The information presented in the Other Information section is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied to the audit of the financial statements, and accordingly, we express no opinion on it.

October 28, 1999
Charlotte, North Carolina

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Balance Sheet
June 30, 1999

Assets

Current assets:

Cash and cash equivalents	\$ 8,391,973
Accrued investment and endowment income receivable	182,338
Accounts receivable	508,018
Notes receivable	3,080,000
Prepaid expenditures	30,571
Due from other funds	350,000
	<hr/>
Total assets	\$ 12,542,900
	<hr/> <hr/>

Liabilities and Fund Balance

Current liabilities:

Accounts payable	\$ 259,249
Accrued payroll and related benefits	275,280
Accrued compensated absences and liabilities	720,636
Deferred revenue:	
Football ticket sales	5,667,460
Other	1,781,837
Other liabilities	13,391
	<hr/>
Total liabilities	8,717,853

Fund balance	3,825,047
	<hr/>
Total liabilities and fund balance	\$ 12,542,900
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Statement of Revenues, Expenditures and Transfers
For the year ended June 30, 1999

Revenues:

Admissions, net of \$1,146,678 for bond seat assessment and \$362,692 for admissions taxes	\$ 7,138,759
Guarantees	1,276,539
Student athletic fees	466,322
Gamecock Club	8,353,281
Investment income	510,509
Endowment income	71,421
Premium seating	1,885,166
Southeastern Conference share	5,855,508
Gifts	557,955
Other	2,239,459
Outside sources: Block "C" Association	<u>36,622</u>
Total revenues	<u>28,391,541</u>

Expenditures:

Personnel	9,485,597
Grants (Scholarships)	3,984,900
Team travel	1,713,496
General travel	318,002
Recruiting	702,492
Game services	1,203,480
Other services	511,532
Supplies and uniforms	880,490
General administration, supplies and services	6,137,026
Guarantees	1,571,087
Outside sources: Block "C" Association	<u>36,622</u>
Total expenditures	<u>26,544,724</u>

Excess of revenues over expenditures	<u>1,846,817</u>
---	------------------

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Statement of Revenues, Expenditures and Transfers, Continued
For the year ended June 30, 1999

Transfers:

Transfers to the University:

University general scholarships	350,000
University band	145,000
Debt service	400,000
Capital projects	554,259
Other transfers	254,881
	<hr/>

Total transfers	1,704,140
	<hr/>

Excess of revenues over expenditures and transfers	\$ 142,677
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Statement of Changes in Fund Balances
For the year ended June 30, 1999*

Fund balances, at beginning of year	\$ 3,682,370
Excess of revenues over expenditures and transfers	<u>142,677</u>
Fund balances, at end of year	<u><u>\$ 3,825,047</u></u>

The accompanying notes are an integral part of the financial statements.

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Statement of Cash Flows
For the year ended June 30, 1999

Cash flows from operating activities:

Excess of revenues over expenditures	\$ 1,846,817
Investment and endowment income reclassified to investing activity	(581,930)
Adjustments to reconcile excess of revenues over expenditures, net of investment and endowment income, to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts and notes receivable	(2,871,151)
Decrease in prepaid expenditures	14,412
Increase in due from other funds	(350,000)
Increase in accounts payable	258,937
Increase in accrued compensated absences	13,265
Increase in deferred revenues	1,140,242
Increase in accrued payroll and related liabilities	259,008
Decrease in other liabilities	(128,973)
	<hr/>
Net cash required by operating activities	(399,373)
	<hr/>

Cash flows from investing activities:

Interest income received on investments and endowment funds	462,561
	<hr/>
Net cash provided by investing activities	462,561
	<hr/>

Cash flows from non-capital financing activities:

Transfers to the University	(1,704,140)
	<hr/>
Net cash used by non-capital financing activities	(1,704,140)
	<hr/>

Net decrease in cash and cash equivalents	(1,640,952)
Cash and Cash Equivalents, at beginning of year	10,032,925
	<hr/>
Cash and Cash Equivalents, at end of year	\$ 8,391,973
	<hr/>

The accompanying notes are an integral part of the financial statements.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Statement of Cash Flows, Continued
For the year ended June 30, 1999

SUPPLEMENTARY DISCLOSURE OF ACCOUNTING POLICY FOR CAPITAL AND RELATED FINANCING ACTIVITIES:

As discussed in Notes 1 and 6, certain assets and the related liabilities from which the Department derives benefit have not been included in the accompanying balance sheet but have instead been recorded in the University's plant funds. Current revenue and expenditures related to those assets specifically associated with the Department's operations have been recorded as revenues and expenditures of the Department. Accordingly, certain capital and related financing activities amounting to \$319,933 for equipment acquisitions are included as operating activities rather than capital and related financing activities on the statement of cash flows.

The accompanying notes are an integral part of the financial statements.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

The following are the significant accounting policies used in preparing the accompanying financial statements of the University of South Carolina (the University) Department of Athletics – Columbia Campus (the Department).

Reporting Entity – The core of the financial reporting entity is the primary government which has a separately elected governing body. An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is referred to herein as a primary entity. Both the University and the Department serve as primary entities. The University, a State supported institution of higher education, is subject to the laws of the State and the policies and procedures specified by the State for State agencies and institutions. The University is part of the primary government of the State of South Carolina and its funds are included in the State's Comprehensive Annual Financial Report.

The Department is an auxiliary enterprise fund of the University and includes the intercollegiate athletics programs of the University – Columbia Campus only. Accordingly, the Department treats as expenditures certain payments made to retire capital lease obligations which are recorded in the University's plant funds. Certain stadium admissions taxes and seat assessment and student athletic fees are recorded as revenue by the University in its plant fund. The Department is combined with the other University auxiliary enterprises and included in the University's accounts as follows: revenue and expenditures are reported separately as unrestricted current funds and assets, liabilities and fund balances are combined with other unrestricted funds for reporting purposes.

Within the Department and an integral part thereof is the Gamecock Club (the Club). The Club is a tax-exempt organization under provisions of the Internal Revenue Code 501(c)(3), is governed by a Board of Directors and organized to support the intercollegiate athletics programs of the Columbia Campus of the University. Expenditures are made in accordance with the Gamecock Club constitution and by-laws which state that the Club's purpose is to provide funds for athletic scholarships, operating expenditures of the Club, and projects and other needs consistent with the policy of promoting the athletic affairs of the University. The Gamecock Club's Board of Directors forwards its budget proposal recommendations to the Intercollegiate Activities Committee of the University's Board of Trustees. Adherence to line items of the budget by the Gamecock Club is not required by the University's Board.

Accrual Basis of Accounting – The financial statements of the Department have been prepared on the accrual basis in accordance with accounting practices customarily followed by governmental educational institutions. Revenues are reported in the accounting period when earned and expenditures are reported as the materials or services are received or when incurred. Transfers are reported when made.

In addition, the Department has elected to present a statement of cash flows prepared in conformity with the requirements for such a statement for governmental proprietary funds.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

1. **Summary of Significant Accounting Policies, continued:**

Endowment Income – Income earned on these funds is recorded as endowment income by the Department; however, endowment principal is not included in the assets of the Department. The endowment principal has been reported as an asset of the University's endowment fund.

Prepaid Items – Expenditures for services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods.

Deferred Revenues – Deferred revenues consist of receipts collected in advance which amounts have not yet been earned primarily for football ticket sales. Other deferred revenues consist primarily of advance collections for special seating areas for athletic events. Amounts are recognized as revenue when the event has occurred.

Budget – The Department's operating budget is approved by the University's Intercollegiate Activities Committee of the Board of Trustees and the University's full Board of Trustees.

Fund Accounting – In order to ensure observance of limitations and restrictions placed on the use of resources available to the Department, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements, the various funds comprising the Department have been combined because they had similar characteristics.

Other University Funds – Certain assets and liabilities from which the Department derives a benefit have not been included in the accompanying balance sheet but have instead been recorded in the University's endowment and plant funds. Current revenues, expenditures and transfers related to those assets and liabilities specifically associated with the Department's operations have been recorded as revenues and expenditures in the accompanying financial statements of the Department.

Cash and Cash Equivalents – The amounts shown in the financial statements as "cash and cash equivalents" represent petty cash, cash on deposit with the State Treasurer, and cash invested in various instruments by the State Treasurer as part of the State's cash management pool.

Most State agencies including the University participate in the cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds. For credit risk information pertaining to the cash management pool, see the deposits disclosure in Note 2.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies (Continued):

Cash and Cash Equivalents (Continued) – The State’s cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund’s equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State. Investments in the pool are recorded at fair value. Interest earned by the University’s special deposit accounts is retained by the University. Interest earned is allocated based on the percentage of the University’s accumulated daily interest receivable to the total undistributed interest received by the pool

Accrued Compensated Absences – Generally all permanent full-time State employees and certain part-time employees scheduled to work at least one-half of the agency’s workweek are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and 45 days annual vacation leave, except that faculty members do not accrue annual leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum, but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave earned for which the employees are entitled to paid time off or payment at termination. The University calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through paid time off or cash payments. The liability is inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments. The net change in the liability is recorded in the current year under personnel expenditures.

Income Taxes – The University and its Department of Athletics are a part of the primary government of the State of South Carolina and are consequently exempt from Federal and State income taxes.

An annual tax return of an organization exempt from income tax is filed to report the operations of the Gamecock Club of the University.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the other notes to the financial statements.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

2. Deposits and Investments:

The deposits and investments of the Department are under the control of the State Treasurer who, by law, has sole authority for investing State funds.

The following schedule reconciles deposits within the footnotes to the balance sheet amounts:

<u>Balance Sheet</u>		<u>Footnotes</u>	
Cash and Cash Equivalents	\$ 8,391,973	Cash on Hand	\$ 77,143
		Deposits held by State Treasurer	<u>8,314,830</u>
	<u>\$ 8,391,973</u>		<u>\$ 8,391,973</u>

Deposits Held by State Treasurer – State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 1999, all State Treasurer bank balances were fully insured or collateralized with securities held by the State or by its agents in the State's name.

With respect to investments in the State's cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to the carrying amounts, market values and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

Notes Receivable:

Note receivable includes an \$80,000 interest free relocation loan made to the Athletic Director when hired. The conditions of the loan, as modified, state that, if he stays employed by the University through April 30, 2003, the entire amount of the debt will be forgiven.

Additionally, the University entered into an agreement with the University of South Carolina Educational Foundation, a related party, as authorized by South Carolina Code of Laws, Section 59-101-410. In accordance with this section, the University may lend certain of its endowment funds and auxiliary funds to the University of South Carolina Educational Foundation. Under the terms of the agreement, the University will earn interest at a monthly rate as determined by the South Carolina State Treasurer. Notes receivable of \$3,000,000 and accrued interest receivable of \$156,363 were outstanding as of June 30, 1999.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

4. Endowment Income:

Endowment and similar funds on which income earned is available to the Department are as follows at June 30, 1999:

Endowments	\$ 2,775,245
Quasi-endowment	1,968,965
	<hr/>
Total	\$ 4,744,210
	<hr/>

Endowment funds are subject to the restrictions of donors requiring that the principal be invested in perpetuity and the income only be used. Quasi-endowment funds are funds which the University Board of Trustees, rather than the donor, has determined are to be retained and invested.

5. NCAA Legislation:

The National Collegiate Athletic Association has adopted legislation that required all expenditures for or on behalf of an institution's intercollegiate athletics program, including those by outside organizations, to be included in the statement of revenue, expenditures and transfers of the institution's athletics department.

The Block C Association has been identified as an outside organization under NCAA legislation. The Block C Association has a fiscal year end of June 30. The following information received from the Block C Association reflects its activity for the year ended June 30, 1999.

Beginning Cash Balance	Cash Receipts	Contributions to or on Behalf of Program	Ending Cash Balance
<hr/>	<hr/>	<hr/>	<hr/>
\$ 23,177	\$ 30,670	\$ 36,622	\$ 7,225

The Block C Association expenditures of \$36,622 consist of expenditures made by the Block C Association on behalf of the Gamecock Club primarily for maintenance of football and basketball lounges, sports banquets and cookouts, senior awards, raffles and tickets. This amount is included in the revenue and the expenditures in the accompanying financial statements.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

6. Remittances and Transfers to the University:

The Department collects, as a bond seat assessment, a debt service tax on each football ticket sold and remits such taxes to the University. The taxes are to be used by the University to fund the cost of the related debt service. The University accounts for these taxes in the University's plant fund. Such amounts collected by the Department and remitted to the University for debt service, totaled \$1,146,678 and is not included in admissions revenue in the accompanying financial statements.

The Department also collects a State admission tax on tickets sold which it remits to the State upon collection and an academic scholarship fee of \$5 per ticket for tickets sold to the USC-Clemson football game, every even-numbered fiscal year, when the game is hosted by the University. The Department remits this academic scholarship fee to the University upon collection. Admissions revenue is presented in the accompanying financial statements net of \$362,692 for state admission tax collected. There were no scholarship fees collected in fiscal year 1999 since Clemson hosted the game in November, 1998.

The University Board of Trustees adopted a bond resolution during the year ended June 30, 1999 which, among other things, provided for the University to maintain a special student fee in amount sufficient to make the debt service payments on Department-related debt. The University accounts for these fees in the University's plant fund. The total amount collected by the University was \$593,738 for the year ended June 30, 1999. The University's plant fund earned interest on these debt service funds of \$62,825 for the year ended June 30, 1999. Student athletic fees revenue is reported net of the \$593,738 special student fee in the accompanying financial statements.

In addition to the above remittances, the Department made certain transfers to the University as detailed in the financial statements.

Beginning with the 1994-1995 fiscal year, the Department was obligated to remit approximately \$500,000 to the University to pay for various University services which benefit the Department. The \$500,000 is included in general administration expenditures.

7. Gamecock Club (The Club):

Specific provisions govern the use of excess revenue over expenditures for the Club. Revenue and expenditures for the Club amounted to \$8,725,028 and \$7,598,617 respectively, and are included in the accompanying financial statements. Such revenues include \$8,023,854 of contributions by Club members and \$701,174 from other sources, principally gifts-in-kind income and endowment and investment income.

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Notes to Financial Statements, Continued

7. **Gamecock Club (The Club), continued:**

The Department recognizes revenue from pledges when collected. Outstanding pledges to the Club as of June 30, 1999 amounted to approximately \$1,586,000. These pledges are due in the next fiscal year; and no estimate has been made for uncollectible pledges.

8. **Pension Plans:**

The majority of employees of the Department are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

The Retirement Division maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Under the SCRS, employees are eligible for a full service retirement annuity upon reaching age 65 or completion of 30 years credited service regardless of age. The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 percent of an employee's average final compensation multiplied by the number of years of credited service. Early retirement options with reduced benefits are available as early as age 55. Employees are vested for a deferred annuity after five years service and qualify for a survivor's benefit upon completion of 15 years credited service. Disability annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of five years credited service. A group-life insurance benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service.

Since July 1, 1988, employees participating in the SCRS have been required to contribute 6 percent of all compensation. Effective July 1, 1998, the employer contribution rate became 9.58 percent which included a 2.03 percent surcharge to fund retiree health and dental insurance coverage. The Department's actual contributions to the SCRS for the years ended June 30, 1999, 1998 and 1997 were approximately \$268,558, \$230,922 and \$209,000 respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for each year. Also, the Department paid employer group-life insurance contributions of approximately \$5,335 in the current fiscal year at the rate of .15 percent of compensation.

The amounts paid by the Department of pension and group-life benefits are reported as employer contribution expenditures within the personnel expenditure category of the Department.

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Notes to Financial Statements, Continued

8. **Pension Plans, Continued:**

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates. Annual benefits, payable monthly for life, are based on length of service and on average final compensation (an annualized average of the employee's highest 12 consecutive quarters of compensation).

The Systems do not make separate measurements of assets for individual employers. Under Title 9 of the South Carolina Code of Laws, the Department's liability under the plans is limited to the amount of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. Therefore, the Department's liability under the pension plans is limited to the amounts appropriated thereof in the South Carolina Appropriation Act and amounts from other applicable revenue sources. Accordingly, the Department recognizes no contingent liability for unfunded costs associated with participation in the plans.

At retirement, employees participating in the SCRS may receive additional service credit for up to 90 days for accumulated unused sick leave.

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's four-year higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 7.55 percent, plus the retiree surcharge of 2.03 percent from the employer in fiscal year 1999.

Certain of the Department's employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to ORP were approximately \$178,963 from the Department as employer (excluding the surcharge) and \$142,222 from its employees as plan members. In addition, the Department paid approximately \$3,557 for group-life insurance coverage for these employees. All amounts were remitted to the South Carolina Retirement Division for distribution to the respective annuity policy providers.

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Notes to Financial Statements, Continued

9. Post-employment and Other Employee Benefits:

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to active and certain retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the Department are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

These benefits are provided through annual appropriations by the General Assembly to the Department for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable sources of the Department for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis. Currently, approximately 18,900 State retirees meet these eligibility requirements.

The Department recorded employer contributions expenditures within the functional expenditure categories for these insurance benefits for active employees in the approximate amount of \$296,213 for the year ended June 30, 1999. As discussed in Note 8, the Department paid approximately \$120,327 applicable to the 2.03% surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to Department retirees is not available. By State law, the Department has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS benefits.

10. Deferred Compensation Plans:

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the Department have elected to participate. The multiple-employer plans, created under Internal Revenue Code Section 457, 401(k) and 403(b), are accounted for as agency funds of the State and included in the Comprehensive Annual Financial Report of the State of South Carolina. Employees may withdraw the current value of their contributions prior to termination if they meet requirements specified by the applicable plan.

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Notes to Financial Statements, Continued

10. **Deferred Compensation Plans, Continued:**

Compensation deferred under the Section 401(k) and 403(b) plans is placed in trust for the contributing employee. The State has no liability for losses under the plans.

On August 20, 1996, the provisions of Internal Revenue Code Section 457 were amended by adding subsection (g). That subsection provides that new plans will not be considered eligible plans unless all assets and income of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries. Existing plans also must comply with this requirement by January 1, 1999. South Carolina's plan adopted this change effective July 24, 1998.

11. **Leases:**

The Department leases parking spaces for home football games under the following long-term operating leases:

Lease dated March 1, 1995, amended February 13, 1997, with The South Carolina Educational Television Commission (ETV) for 176 parking spaces during the home football games at \$75 per space per year. The lease runs until February 28, 2004 and provides for an increase in the rate of not more than ten percent per year. The expenditure for the year ended June 30, 1999 was \$13,200 under this lease.

Lease dated August 6, 1986 with the State Agricultural and Mechanical Society for use of the State fairgrounds for parking during home football games. The agreement provides for the payment of \$8,500 per home game except those played during the State Fair when no payment shall be made. There are usually six or seven home games and can be as many as two games during the State Fair. The annual cost would range from \$34,000 for four home games to \$59,500 for seven home games. The expenditure for the year ended June 30, 1999 was \$42,500 under this lease.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

11. Leases, continued:

The future commitments under the ETV lease are as follows:

<u>Years ending June 30,</u>	
2000	\$ 13,200
2001	13,200
2002	13,200
2003	13,200
2004	<u>13,200</u>
	<u><u>\$ 66,000</u></u>

The charges are included in Gamecock Club expenditures for game services.

12. Commitments:

The Department committed to repay \$1,000,000 to the endowment funds of the University. The Department receives the earnings on certain endowment funds. These funds were advances by the endowment fund to the unexpended plant fund of the University to pay for a new scoreboard in the football stadium. \$80,000 was repaid by the Department during 1999 and is included in transfers for capital projects. The balance of the advances at June 30, 1999 was \$775,000.

13. Transactions with State Entities:

The Department had significant transactions with the State of South Carolina and various State agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various office of the State Budget and Control Board include retirement plans administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

13. Transactions with State Entities, continued:

The Department had financial transactions with various State agencies during the fiscal year. Payments were made to divisions of the State Budget and Control board for retirement and insurance plans contributions, surplus property disposal fees, insurance coverage, and telephone and interagency mail services. Payments were also made to other agencies for unemployment and workers' compensation coverage for employees. The amounts of 1999 expenditures applicable to these transactions are not readily available.

The Department provided no services free of charge to other State agencies during the fiscal year.

14. Risk Management:

Insurance Coverage – The Department is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks except business interruption insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded this coverage in any of the past three years. The Department pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits.

State management believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

- a) Claims of State employees for unemployment compensation benefits (Employment Security Commission);
- b) Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund);
- c) Claims of covered public employees for health and dental insurance benefits (office of Insurance Services); and
- d) Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement Systems.)

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums are remitted to commercial carriers.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

14. Risk Management, Continued:

The Department and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following University assets, activities, and/or events:

- a) Theft of, damage to, or destruction of assets;
- b) Real property, its contents, and other equipment;
- c) Motor vehicles;
- d) Torts;
- e) Natural disasters; and
- f) Medical malpractice claims against covered hospitals, employees, third-and fourth-year medical students, and student health practitioners at student health services.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability insurance. Also, the IRF purchases reinsurance for catastrophic property and medical professional liability insurance. Reinsurance permits partial recovery of losses from reinsurers, but the IRF remains primarily liable. The IRF's rates are determined actuarially.

State agencies and other entities are the primary participants in the State's Health and Disability Insurance Fund and IRF.

The Department obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation up to \$500,000.

The Department has recorded insurance premium expenditures in the applicable functional expenditure categories.

In management's opinion, claims losses in excess of insurance coverage, if any, are unlikely and, if incurred, would be insignificant to the Department's financial position. Furthermore, there is not evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded; and, therefore, no loss accrual has been recorded.

REQUIRED SUPPLEMENTARY INFORMATION

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Required Supplementary Information (Unaudited)

Year 2000 Issue

The Department is an auxiliary enterprise fund of the primary entity which is the University of South Carolina. The Department relies on the University for its accounting and data processing functions. Accordingly, the year 2000 issue has an impact on the Department.

The year 2000 (“Y2K”) issue arises because most computer software programs allocate two digits to the year date field on the assumption that the first two digits will be 19. Without reprogramming, such programs will interpret, for the example, the year 2000 as the year 1900. Also, some programs may be unable to recognize that the year 2000 is a leap year.

The year 2000 issue may affect electronic equipment containing computer chips that have date recognition features such as environmental systems, elevators, and vehicles – as well as computer software programs. In addition, the year 2000 issue affects not only computer applications and equipment under the University’s direct control but also the systems of other entities with which the University transacts business. Some of the University’s systems/equipment affected by the year 2000 issue are critical to the continued and uninterrupted operations of the University.

Because of the unprecedented nature of the Y2K issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the University is or will be Y2K ready, the University’s remediation efforts will be successful in whole or in part, or that parties with whom the University does business will be year 2000 ready.

The University has used current staff to conduct various assessments of Y2K issues. A project plan for remediation of University systems, including timelines, has been developed, costs determined and resources allocated. The University’s Y2K plan includes multiple review steps to achieve compliance in all critical areas. Testing of all remediated systems is part of the remediation project plan. The University has projected that Y2K compliance will cost as estimated \$1,080,000 and will be funded from current state funds.

Work to address the year 2000 issue with respect to each system critical to conducting operation falls predominantly within one of the following stages of work:

1. **Awareness stage** – Establishing a budget and project plan for dealing with the year 2000 issue.
2. **Assessment stage** – Identifying the systems and components for which year 2000 work is needed.
3. **Remediation stage** – Making changes to systems/equipment.
4. **Validation/testing stage** – Validating and testing changes that were made during the remediation stage.

At June 30, 1999, the University had completed the awareness, assessment, and remediation stages and was performing, or had completed, validation/testing work for mission-critical systems and equipment relating to the following: accounting, payroll, budgeting, receivables, debt management, facilities, human resource management, student information, telephone, purchasing, University Advancement.

The University is making contingency plans for the possible failure of computer systems and embedded devices and also for possible interruptions to the University’s business.

OTHER SUPPLEMENTARY INFORMATION

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Revenues
For the year ended June 30, 1999*

Revenues:

Admissions

Football, net of \$1,146,678 for bond seat assessment and

\$290,586 for admission taxes \$ 5,770,359

Basketball, net of \$64,749 for admission taxes 1,294,985

Olympic sports, net of \$7,363 for admission taxes 73,415

Total 7,138,759

Guarantees

Football ,061,020

Basketball 211,319

Olympic sports 4,200

Totals 1,276,539

Student Athletic Fees 466,322

Gamecock Club

Regular members contributions 8,003,224

Junior members contributions 20,630

Buffet revenue 32,172

Credit card revenue 48,540

Gifts in kind 242,950

Key road parking 5,765

Total Gamecock Club 8,353,281

Investment income 510,509

Endowment income 71,421

Premium seating

Club seats 502,966

Suite seats 617,000

Zone seats 765,200

Total premium seating 1,885,166

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Revenues, Continued
For the year ended June 30, 1999*

Southeastern Conference share	5,855,508
	<hr/>
Gifts (Designated Funds)	557,955
	<hr/>
Other	
Football radio and television rights	494,159
Basketball radio and television rights	145,341
Programs, souvenirs and concessions	546,852
Mailing fees	69,292
Royalties	82,679
Corporate sponsorships	224,250
Post season events	43,740
Space rentals	104,776
Miscellaneous	528,370
	<hr/>
Totals	2,239,459
	<hr/>
Total revenues	\$ 28,354,919
	<hr/>

This schedule excludes Block C Association revenues.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Revenues, Expenditures, Transfers
and Changes in Fund Balance –
Debt Service Fund (1)
For the year ended June 30, 1999*

	Debt Service Fund
Revenues:	
Student fees	\$ 593,738
Seat assessment	1,146,678
Investment income	62,825
Total revenues	1,803,241
Expenditures:	
Principal	2,075,000
Interest	507,606
Other	22,259
Total expenditures	2,604,865
Transfers:	
For debt service	400,000
Total transfers	400,000
Excess of revenues over (under) expenditures and transfers	(401,624)
Fund balances, beginning of year	(15,307)
Fund balances, end of year	\$ (416,931)

(1) These funds for Department-related liability transactions are recorded in the University's Retirement of Indebtedness Plant Fund.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures and Transfers
For the year ended June 30, 1999*

	Football	Men's Basketball	Men's Olympic Sports	Women's Olympic Sports
Expenditures:				
Personnel	\$ 2,532,961	\$ 505,662	\$ 820,745	\$ 1,272,775
Grants	,338,686	210,185	819,573	1,484,519
Team travel	315,791	310,043	396,899	643,799
General travel	43,145	19,212	22,920	42,746
Recruiting	254,409	107,872	113,205	225,860
Game services	149,901	74,482	63,671	108,883
Other services	15,431	6,749	28,290	15,111
Supplies and uniforms	217,252	37,267	136,956	169,046
General administration	391,514	16,246	104,252	246,209
Guarantees	1,375,000	144,575	22,736	28,776
Total expenditures	6,634,090	1,532,293	2,529,247	4,237,724
Transfers				
Total expenditures and transfers	\$ 6,634,090	\$ 1,532,293	\$ 2,529,247	\$ 4,237,724

This schedule excludes Block C Association expenditures

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures and Transfers
For the year ended June 30, 1999*

Student Athletic Support Services	Administrative Support Services	Gamecock Club	Facilities	Administration	Total
\$ 1,103,608	\$ 1,401,818	\$ 339,144	\$ 771,454	\$ 737,430	\$ 9,485,597
54,735	178			77,015	3,984,891
46,237	727				1,713,496
27,537	46,665	5,873	2,931	106,973	318,002
					702,492
15,871	700,076	66,756	333	23,507	1,203,480
129,756	36,694	52,892	175,181	51,428	511,532
225,189	90,299	313	4,168		880,490
305,536	836,987	1,108,128	865,084	2,163,079	6,137,035
					1,571,087
1,908,469	3,114,590	1,573,106	1,819,151	3,159,432	26,508,102
(4,200)				708,340	1,704,140
\$ 1,904,269	\$ 3,114,590	\$ 1,573,106	\$ 1,819,151	\$ 4,867,772	\$ 28,212,242

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures – Men’s Olympic Sports
For the year ended June 30, 1999*

Expenditures	<u>Baseball</u>	<u>Golf</u>
Personnel	\$ 219,007	\$ 139,048
Grants	164,947	49,997
Team travel	81,622	46,707
General travel	1,525	5,435
Recruiting	33,348	5,465
Game services	22,861	334
Other services	5,383	13,108
Supplies and uniforms	47,543	21,228
General administration	19,437	17,742
Guarantees	<u>500</u>	
Total expenditures	<u><u>\$ 607,173</u></u>	<u><u>\$ 299,064</u></u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures – Men's Olympic Sports
For the year ended June 30, 1999*

<u>Soccer</u>	<u>Swimming</u>	<u>Tennis</u>	<u>In and Outdoor Track and Cross Country</u>	<u>Totals</u>
\$ 143,637	\$ 115,014	\$ 92,501	\$,538	\$ 820,745
167,690	158,834	74,649	203,456	819,573
	70,884	60,423	91,553	396,899
	5,488	1,437	3,975	22,920
29,037	12,697	13,423	19,235	13,205
15,052	839	22,850	1,735	63,671
1,462	679	6,062	1,596	28,290
14,637	8,421	29,849	15,278	136,956
21,948	23,817	11,240	9,904	104,088
11,400				22,900
<u>\$ 455,633</u>	<u>\$ 396,673</u>	<u>\$ 312,434</u>	<u>\$ 458,270</u>	<u>\$ 2,529,247</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures – Women’s Olympic Sports
For the year ended June 30, 1999*

Expenditures:	<u>Basketball</u>	<u>Softball</u>	<u>Volleyball</u>	<u>Swimming</u>
Personnel	\$ 330,964	\$ 138,662	\$ 189,973	\$ 124,008
Grants	227,845	185,335	196,682	180,589
Team travel	153,530	87,005	63,426	53,555
General travel	15,063	3,548	4,199	3,382
Recruiting	97,205	,619	31,390	22,484
Game services	60,567	6,169	9,959	
Other services	4,934	,645	2,220	161
Supplies and uniforms	33,153	9,577	16,559	10,664
General administration	64,452	12,097	23,141	12,735
Guarantees	<u>24,700</u>			
Total expenditures	<u><u>\$,012,413</u></u>	<u><u>\$ 455,657</u></u>	<u><u>\$ 537,549</u></u>	<u><u>\$ 407,578</u></u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures – Women's Olympic Sports
For the year ended June 30, 1999*

<u>Tennis</u>	<u>Golf</u>	<u>In and Outdoor Track and Cross Country</u>	<u>Soccer</u>	<u>Equestrian</u>	<u>Totals</u>
\$ 80,676	\$ 91,664	\$ 160,506	\$ 10,972	\$ 45,350	\$ 1,272,775
118,738	88,426	292,779	194,125		1,484,519
60,786	29,933	131,746	32,820	30,998	643,799
732	5,970	5,721	3,666	465	42,746
3,456	3,916	27,679	28, 1		225,860
8,483	14,548	2,496	4,811	2,203	109,236
6,838	(5,473)	2,297	2,489		15,111
29,040	17,328	21,985	20,420	10,320	169,046
10,852	16,583	14,253	17,660	73,847	245,620
	<u>3,312</u>		<u>1,000</u>		<u>29,012</u>
<u>\$ 319,601</u>	<u>\$ 266,207</u>	<u>\$ 659,462</u>	<u>\$ 416,074</u>	<u>\$ 163,183</u>	<u>\$ 4,237,724</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

***Schedule of Expenditures – Student Athletic Support Services
For the year ended June 30, 1999***

	<u>Athletic Training Room</u>	<u>Academic Support Services</u>
Expenditures:		
Personnel	\$ 277,689	\$ 521,688
Grants	22,384	1,840
Team travel		
General travel	9,174	11,459
Recruiting		
Game services	7,662	114
Other services	104,822	857
Supplies and uniforms	178,824	123
General administration	199,958	51,532
Guarantees		
Total expenditures	800,513	587,613
Transfers		<u>(4,200)</u>
Total expenditures and transfers	<u>\$ 800,513</u>	<u><u>\$ 583,413</u></u>

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Schedule of Expenditures – Student Athletic Support Services
For the year ended June 30, 1999

Strength Conditioning Program	Cheerleading	Wellness Program Testing	Totals
\$ 238,458	\$ 27,088	\$ 38,685	\$,103,608
,123	28,445	943	54,735
	46,144		46,144
4,066	1,338	,593	27,630
274	7,424	397	15,871
2,987	2,849	18,241	129,756
10,555	22,461	13,226	225,189
34,528	,985	7,533	305,536
<hr/>	<hr/>	<hr/>	<hr/>
291,991	137,734	90,618	,908,469
			<hr/> (4,200)
<hr/>	<hr/>	<hr/>	<hr/>
\$ 291,991	\$ 137,734	\$ 90,618	\$ 1,904,269

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures – Administrative Support Services
For the year ended June 30, 1999*

	<u>Sports Information</u>	<u>Business Office</u>	<u>Ticket Office</u>	<u>Game Management</u>	<u>NCAA Compliance</u>
Expenditures:					
Personnel	\$ 266,969	\$ 275,413	\$ 248,110	\$ 78,654	\$ 68,225
Grants					
Team travel					
General travel	13,820	4,597	3,568	759	4,636
Recruiting					
Game services	,528			452,999	
Other services	378	79	416	13,274	41
Supplies and uniforms	39,208		14,767	13,653	
General administration	172,247	18,148	151,712	274,746	7,791
Guarantees					
Total expenditures	<u>\$ 494,150</u>	<u>\$ 298,337</u>	<u>\$ 418,573</u>	<u>\$ 934,085</u>	<u>\$ 80,693</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures – Administrative Support Services
For the year ended June 30, 1999*

Olympic Sports Adminstration	Concession	Video Support	Marketing Promotions Advertising	Premium Seating	Total
\$ 234,015	\$	\$ 102,339	\$ 28,093	\$	\$,401,818
12,996		6,466	550		47,392
1,146					1,146
3,661				241,888	700,076
207	3,155	16,393	456	2,195	36,694
2,736		7,998		,937	90,299
24,938	15,187	13,260	84,135	75,001	837,165
<u>\$ 279,699</u>	<u>\$ 18,342</u>	<u>\$ 156,456</u>	<u>\$ 113,234</u>	<u>\$ 321,021</u>	<u>\$ 3,114,590</u>

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Schedule of Endowment Fund Assets (1)
For the year ended June 30, 1999

	Cash and Cash Equivalents	Fund held in Trust by Others	Real Estate	Total
Endowments:				
Robert Bond	\$ 25,000	\$	\$ -	\$ 25,000
Chester Wingate	25,000		-	25,000
Elliot Close	26,172	-	-	26,172
B.T. Bootle	19,983	-	-	19,983
Joseph Rosen	7,285	-	39,417	46,702
Harvey Rosen	25,785	-	20,916	46,701
Peter & Peggy Oliver	3,000	-	28,500	31,500
Donald Russell, Jr.	30,000	-	-	30,000
W.G. Moorer	25,000	-	-	25,000
Rebecca Rosen Nurick	7,285	-	39,417	46,702
Ernest A. Brooks	79,870	800,558	-	880,428
Kathryn C. Inabinet	25,000	-	-	25,000
Jerry E. Spann	12,187	-	-	12,187
Roy E. Hudgens	25,000	-	-	25,000
Hubert R. Kelly	25,000	-	-	25,000
Stuart C. Hope	25,000	-	-	25,000
Thomas Glazebrook	25,000	-	-	25,000
B. Thomas Snyder, Jr.	40,000	-	-	40,000
Kyle Snyder	40,000	-	-	40,000
Jack W. Markusen	40,000	-	-	40,000
S.E. Carter, Jr.	40,000			40,000
David E. & Susan C. Connelly	25,050			25,050
Leonard Browder	25,000			25,000
Robert Ringer	25,000			25,000
Atlas Electric Co./G.H. Timmons	28,000			28,000
Marshall Martin, Jr.	25,050			25,050
Aquarian Pools/W.M. Muller	25,000			25,000
Clyde & Jean Branham	25,000			25,000
Carol Mosack	40,000			40,000
Martha E. Barbour	2,500			2,500
Cherokee County Gamecock Club	25,000			25,000
E.L. Pooser, Jr.	25,000			25,000
Terry A. Snyder	25,500			25,500
Ham & Larae Godwin-Beale	25,000			25,000
J. Graham Shaw	25,969			25,969
D. Larry Salley	15,000			15,000
Lisa & Mark Campbell	25,000			25,000
W.E. Stillwell, Jr.	40,000			40,000
Raett & Amy Richardson	25,002			25,002
Darryl R. Davids	43,000			43,000

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Schedule of Endowment Fund Assets (1), Continued
For the year ended June 30, 1999

	Cash and Cash Equivalents	Fund held in Trust by Others	Real Estate	Total
Endowments, Continued:				
R. Thomas Moore	25,000			25,000
Canteen of Dixie	25,000			25,000
Philip J. Babb	10,000			10,000
Charles F. Crews	40,000			40,000
Dr. & Mrs. David R. Beckham, Jr.	25,000			25,000
Samuel H. Vickers	25,000			25,000
F.R. Bush	25,000			25,000
James T. Martin	25,000			25,000
A. Brian McIntyre	25,000			25,000
M. Graham Proffitt, III	25,000			25,000
David W. Moon	25,000			25,000
Sam L. Thomas	25,000			25,000
Mary R. Ellis	40,000			40,000
Mary Felder Clay	25,000			25,000
Mr. & Mrs. William Morris	25,000			25,000
Edward O. Caughman	25,000			25,000
Dr. & Mrs. James Stands	40,000			40,000
James & Sherrie Hall	25,000			25,000
James E. Brown	40,000			40,000
Thomas L. Taylor, Jr.	25,000			25,000
T.R. McConnell	40,000			40,000
Mr. & Mrs. Bill Dukes	25,000			25,000
Mortimer Smith	27,449			27,449
Ervin Hickman	25,000			25,000
David Curry	25,000			25,000
Mitchell Bailey	25,000			25,000
Harvey Capell	24,000			24,000
William Hutchinson	1,350			1,350
Bruce Volk	2,000			2,000
William Moore	40,000			40,000
Total endowments	<u>846,437</u>	<u>800,558</u>	<u>128,250</u>	<u>2,775,245</u>

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Schedule of Endowment Fund Assets (1), Continued
For the year ended June 30, 1999

	<u>Cash and Cash Equivalents</u>	<u>Fund held in Trust by Others</u>	<u>Real Estate</u>	<u>Total</u>
Quasi-endowments:				
General	44,221		-	44,221
Peggy Shaw	-		6,500	6,500
P.F. Laborde, Jr.	11,919		-	11,919
Rex Enright	2,765			2,765
Mike Johnson	12,272			12,272
Pat McGuire	4,832			4,832
J.D. Parler	4,953			4,953
Doc Ellisor	614			614
Rut L. Osborne	34			34
Frank McGuire	8,655			8,655
Gamecock Club	38,798	-		38,798
Pizza Hut	16,000	-		16,000
D.L. Kingsbury	5,500	-		5,500
F.J. Collins, Jr.	25,000	-		25,000
Joe Morrison	17,154	-		17,154
Gamecock Club Insurance	2,406	1,767,342		1,769,748
Total quasi-endowments	<u>195,123</u>	<u>1,767,342</u>	<u>6,500</u>	<u>1,968,965</u>
Totals	<u><u>\$ 2,041,560</u></u>	<u><u>\$ 2,567,900</u></u>	<u><u>\$ 134,750</u></u>	<u><u>\$ 4,744,210</u></u>

(1) These funds for Department-related endowment balances are recorded in the University's endowment and similar funds.

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Schedule of Changes in Endowment Fund Balances (1)
For the year ended June 30, 1999

	Fund Balance July 1, 1998	Contributions	Other Income	Fund Balance June 30, 1999
Endowments:				
Robert Bond	\$ 25,000	\$	\$	\$ 25,000
Chester Wingate	25,000			25,000
Elliot Close	26,172			26,172
B.T. Bootle	19,983			19,983
Joseph Rosen	46,702			46,702
Harvey Rosen	46,701			46,701
Peter & Peggy Oliver	31,500			31,500
Donald Russell, Jr.	30,000		-	30,000
W.G. Moorer	25,000		-	25,000
Rebecca Rosen Nurick	46,702		-	46,702
Ernest A. Brooks	775,963		104,465	880,428
Kathryn C. Inabinet	25,000		-	25,000
Jerry E. Spann	12,187		-	12,187
Roy E. Hudgens	25,000		-	25,000
Hubert R. Kelly	25,000		-	25,000
Stuart C. Hope	25,000		-	25,000
Thomas Glazebrook	25,000		-	25,000
B. Thomas Snyder, Jr.	40,000		-	40,000
Kyle Snyder	40,000		-	40,000
Jack W. Markusen	40,000		-	40,000
S.E. Carter, Jr.	40,000		-	40,000
David E. & Susan C. Connelly	25,050			25,050
Leonard Browder	25,000			25,000
Robert Ringer	25,000			25,000
Atlas Electric Co./G.H. Timmons	28,000			28,000
Marshall Martin, Jr.	25,050			25,050
Aquarian Pools/W.M. Muller	25,000			25,000
Clyde & Jean Branham	25,000			25,000
Carl Mosack	40,000			40,000
Martha E. Barbour	2,500			2,500
Cherokee County Gamecock Club	25,000			25,000
E.L. Pooser, Jr.	25,000			25,000
Terry A. Snyder	25,500			25,500
Ham & Larae Godwin-Beale	20,000	5,000		25,000
J. Graham Shaw	25,969	-		25,969
D. Larry Salley	15,000	-		15,000
Lisa & Mark Campbell	25,000	-		25,000
W.E. Stillwell, Jr.	40,000	-		40,000
Raett & Amy Richardson	25,002	-		25,002
Darryl R. Davids	43,000	-		43,000
R. Thomas Moore	25,000	-		25,000

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Schedule of Changes in Endowment Fund Balances (1), Continued
For the year ended June 30, 1999

	Fund Balance July 1, 1998	Contributions	Other Income (2)	Fund Balance June 30, 1999
Endowments, Continued:				
Canteen of Dixie	25,000			25,000
Philip J. Babb	10,000			10,000
Charles F. Crews	40,000			40,000
Dr. & Mrs. David R. Beckham, Jr.	25,000			25,000
Samuel H. Vickers	25,000			25,000
F.R. Bush	25,000			25,000
James T. Martin	25,000			25,000
A. Brian McIntyre	25,000			25,000
M. Graham Proffitt, III	25,000			25,000
David W. Moon	25,000			25,000
Sam L. Thomas	25,000			25,000
Mary R. Ellis	40,000			40,000
Mary Felder Clay	25,000			25,000
Mr. & Mrs. William Morris	25,000			25,000
Edward O. Caughman	25,000			25,000
Dr. & Mrs. James Stands	40,000			40,000
James & Sherrie Hall	25,000			25,000
James E. Brown	40,000			40,000
Thomas L. Taylor, Jr.	25,000			25,000
T.R. McConnell	40,000			40,000
Mr. & Mrs. Bill Dukes	25,000			25,000
Mortimer Smith	27,449			27,449
Ervin Hickman	25,000			25,000
David Curry	25,000			25,000
Mitchell Bailey	25,000			25,000
Harvey Capell	24,000			24,000
William Hutchinson	1,350			1,350
Bruce Volk	2,000			2,000
William Moore	40,000			40,000
Total endowments	2,665,780	5,000	104,465	2,775,245

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Changes in Endowment Fund Balances (1), Continued
For the year ended June 30, 1999*

	Fund Balance July 1, 1998	Contributions	Other Income (2)	Fund Balance June 30, 1999
Quasi-endowments:				
General	44,221			44,221
Peggy Shaw	6,500			6,500
P.F. Laborde, Jr.	11,919			11,919
Rex Enright	2,765			2,765
Mike Johnson	12,272		-	12,272
Pat McGuire	4,832		-	4,832
J.D. Parler	4,953		-	4,953
Doc Ellisor	614	-	-	614
Rut L. Osborne	34	-	-	34
Frank McGuire	8,655	-	-	8,655
Gamecock Club	36,498	2,300	-	38,798
Pizza Hut	16,000	-	-	16,000
D.L. Kingsbury	5,500	-	-	5,500
F.J. Collins, Jr.	25,000	-	-	25,000
Joe Morrison	17,154	-	-	17,154
Gamecock Club Insurance	,626,748	-	143,000	,769,748
Total quasi-endowment	,823,665	2,300	143,000	,968,965
Totals	\$ 4,489,445	\$ 7,300	\$ 247,465	\$ 4,744,210

(1) These funds for Department-related endowment fund balances are recorded in the University's endowment and similar funds.

(2) Includes gain on sale of assets and increase in cash surrender value of life insurance.

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

*Schedule of Gamecock Club and Athletics Department
Revenues and Expenditures and Transfers
For the year ended June 30, 1999*

	<u>Gamecock Club</u>	<u>Athletics Department</u>	<u>Total</u>
Revenues:			
Admission and guarantees	\$	\$ 8,415,298	\$ 8,415,298
Student athletic fees	-	466,322	466,322
Gamecock Club contributions	8,023,854	-	8,023,854
Investment income	247,626	262,883	510,509
Endowment income	71,421	-	71,421
Post season events	-	43,740	43,740
Programs, souvenirs and concessions	-	546,852	546,852
Radio and television rights	-	639,500	639,500
Mailing fees	-	69,292	69,292
Royalties	-	82,679	82,679
Corporate sponsorships	-	224,250	224,250
Southeastern Conference	-	5,855,508	5,855,508
Premium seating	-	1,885,166	1,885,166
Gifts in kind	242,950	-	242,950
Other gifts	29,000	528,955	557,955
Other revenue	110,177	609,446	719,623
	<hr/>	<hr/>	<hr/>
Total revenue	8,725,028	19,629,891	28,354,919 (A)
	<hr/>	<hr/>	<hr/>
Expenditures:			
Personnel	947,967	8,537,630	9,485,597
Grants	3,984,900	-	3,984,900
Team travel	93	1,713,403	1,713,496
General travel	112,178	205,824	318,002
Recruiting	702,492	-	702,492
Game services	66,251	1,137,229	1,203,480
Other services	176,937	334,595	511,532
Supplies and uniforms	192,486	688,004	880,490
General administration	1,415,313	4,721,713	6,137,026
Guarantees	-	1,571,087	1,571,087
	<hr/>	<hr/>	<hr/>
Total expenditures	7,598,617	18,909,485	26,508,102 (B)
	<hr/>	<hr/>	<hr/>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

***Schedule of Gamecock Club and Athletics Department
Revenues and Expenditures and Transfers, Continued
For the year ended June 30, 1999***

	<u>Gamecock Club</u>	<u>Athletics Department</u>	<u>Total</u>
Transfers	(4,200)	,708,340	,704,140
Total transfers	(4,200)	,708,340	,704,140
Total expenditures and transfers	<u>7,594,417</u>	<u>20,617,825</u>	<u>28,212,242</u>
Excess of revenues over (under) expenditures and transfers	<u>\$,130,61</u>	<u>\$ (987,934)</u>	<u>\$ 142,677</u>

(A) Excludes Block C Association revenues of \$36,622

(B) Excludes Block C Association expenditures of \$36,622

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Schedule of Gamecock Club Expenditures – Budget to Actual
For the year ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Grant-in-aid:			
Tuition and fees	\$ 2,050,900	\$ 2,026,948	\$ 23,952
Lodging	643,700	708,976	(65,276)
Meals	670,600	569,921	100,679
Books	150,100	186,498	(36,398)
Summer school	232,500	418,909	(186,409)
Vacation meals and lodging	100,500	73,648	26,852
Total Grant-in-aid	<u>3,848,300</u>	<u>3,984,900</u>	<u>(136,600)</u>
Recruiting:			
Coaches' recruiting	343,800	413,030	(69,230)
Prospects travel and maintenance	192,300	220,318	(28,018)
Brochures and printing	32,300	54,602	(22,302)
Operations:			
Club operations	,552,572	1,479,885	72,687
Academic support services	547,448	581,573	(34,125)
Student wellness program	72,843	89,675	(16,832)
Junior Gamecock Club	15,500	15,842	(342)
Airplane operations	122,563	162,242	(39,679)
Sports medicine	437,000	500,440	(63,440)
Other	13,500	14,542	(1,042)
Non-budgeted expenses	-	77,368	(77,368)
Total recruiting/operations	<u>3,329,826</u>	<u>3,609,517</u>	<u>(279,691)</u>
Total Grant-in-aid and recruiting/operations	<u><u>\$ 7,178,126</u></u>	<u><u>\$ 7,594,417</u></u>	<u><u>\$ (416,291)</u></u>

OTHER INFORMATION
(Unaudited)

Typical Department of Athletic's Format as distributed during the fiscal year to the Board of Trustees

UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS

Schedule of Revenues – Undesignated/Departmentally Designated Funds
For the year ended June 30, 1999

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Totals</u>
Revenues:			
Admissions:			
Football	\$ 5,770,359	\$	5,770,359
Basketball	1,294,985		1,294,985
Olympic sports	73,415		73,415
Totals	<u>7,138,759</u>		<u>7,138,759</u>
Guarantees:			
Football	,061,020		,061,020
Basketball	211,319		211,319
Olympic sports	4,200		4,200
Totals	<u>,276,539</u>		<u>,276,539</u>
Student athletic fees	<u>466,322</u>		<u>466,322</u>
Gamecock Club:			
Regular members contributions	8,003,224		8,003,224
Junior members contributions	20,630		20,630
Buffet revenue	32,172		32,172
Credit card revenue	48,540		48,540
Gifts in kind	242,950		242,950
Key road parking	5,765		5,765
Total Gamecock Club	<u>8,353,281</u>		<u>8,353,281</u>
Endowment income	<u>71,421</u>		<u>71,421</u>
Investment income	<u>495,252</u>	<u>15,257</u>	<u>510,509</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Revenues – Undesignated/Departmentally Designated Funds, Continued
For the year ended June 30, 1999*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Totals</u>
Premium seating:			
Club seats	502,966		502,966
Suite seats	617,000		617,000
Zone seats	765,200		765,200
Total premium seating	<u>1,885,166</u>		<u>1,885,166</u>
Southeastern Conference share	<u>5,855,508</u>		<u>5,855,508</u>
Gifts	<u>29,000</u>	<u>528,955</u>	<u>557,955</u>
Other:			
Football radio and television rights	494,159		494,159
Basketball radio and television rights	145,341		145,341
Programs, souvenirs and concessions	546,852		546,852
Mailing fees	69,292		69,292
Royalties	82,679		82,679
Corporate sponsorships	224,250		224,250
Post season events	43,740	-	43,740
Space rentals	1,680	103,096	104,776
Block "C" Association	36,622		36,622
Miscellaneous	337,964	190,406	528,370
Totals	<u>1,982,579</u>	<u>293,502</u>	<u>2,276,081</u>
Total revenue	<u><u>\$ 27,553,827</u></u>	<u><u>\$ 837,714</u></u>	<u><u>\$ 28,391,541</u></u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures and Transfers –
Undesignated/Departmentally Designated Funds
For the year ended June 30, 1999*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Total</u>
Expenditures:			
Personnel	\$ 9,485,597	\$	\$ 9,485,597
Grants (Scholarships)	3,984,900		3,984,900
Team travel	1,713,496	-	1,713,496
General travel	317,182	820	318,002
Recruiting	702,492	-	702,492
Game services	1,203,480		1,203,480
Supplies and uniforms	880,490	-	880,490
General administration	5,146,209	990,817	6,137,026
Other services	462,244	49,288	511,532
Guarantees	1,571,087	-	1,571,087
Outside sources:			
Block "C" Association	36,622		36,622
Total expenditures	<u>25,503,799</u>	<u>1,040,925</u>	<u>26,544,724</u>
Transfers:			
Transfers to the University:			
University general scholarships	350,000		350,000
University band	145,000		145,000
Debt service	400,000		400,000
Other	,018,624	(209,484)	809,140
Total transfers	<u>1,913,624</u>	<u>(209,484)</u>	<u>,704,140</u>
Total expenditures and transfers	<u>\$ 27,417,423</u>	<u>\$ 831,441</u>	<u>\$ 28,248,864</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

***Schedule of Changes in Fund Balances –
Undesignated/Departmentally Designated Funds
For the year ended June 30, 1999***

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Total</u>
Fund balances, at beginning of year	\$ 3,566,992	\$ 15,378	\$ 3,682,370
Excess of revenues over expenditures and transfers	<u>136,404</u>	<u>6,273</u>	<u>142,677</u>
Fund balances, at end of year	<u><u>\$ 3,703,396</u></u>	<u><u>\$ 121,651</u></u>	<u><u>\$ 3,825,047</u></u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

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

In planning and performing our audit of the financial statements of the University of South Carolina Department of Athletics – Columbia Campus for the year ended June 30, 1999, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted no material weaknesses in the Department's system of internal control.

This report is intended solely for the information and use of the audit committee, management, and others within the organization.

October 28, 1999
Charlotte, North Carolina

LETTER OF COMMENT

There were no material weaknesses noted in the Department's system of internal control and we have communicated to management that fact in an exit conference.

There were no management letter comments made in the audit report for June 30, 1998.