

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

Columbia, South Carolina

Report on Audit of Financial Statements

For the year ended June 30, 2007

State of South Carolina



Office of the State Auditor

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November 20, 2007

The Honorable Mark Sanford, 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, 2007, was issued by Rowell, Craven & Short, PA, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

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

Respectfully submitted,

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

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

RHGjr/trb

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of the University of South Carolina Department of Athletics - Columbia Campus (the Department) as of June 30, 2007, and the related statements of revenues, expenses, transfers, and changes in net assets and cash flows for the year then ended, which collectively comprise the Athletic Department's basic financial statements. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

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

As discussed in Notes 1 and 6, 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, 2007, and the respective changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2007 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The supplementary information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information included in the accompanying schedules has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly presented in all material respects in relation to the basic 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.

Rowell, Gorman & Short, P.A.

September 21, 2007
Charlotte, North Carolina

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

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

The University of South Carolina Department of Athletics is pleased to present its financial statements for fiscal year ended June 30, 2007. The emphasis of discussions about these statements will be on current year data. The Athletic Department is an auxiliary enterprise fund operation of the University and operates in harmony with the University's stated purposes and goals. The Department is committed to the intellectual, cultural, physical, and social development of the student-athletes of the University. The University is a member of the National Collegiate Athletic Association ("NCAA") and the Southeastern Conference ("SEC").

A requirement of the Management's Discussion and Analysis is that it should discuss the current year results in comparison with the prior year, with emphasis on the current year. This fact-based analysis should discuss the positive and negative aspects of the comparison with the prior year.

The report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) in Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments and Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Colleges and Universities. Certain assets and the related liabilities from which the Department derives benefit have not been included in the accompanying financial statements but have instead been recorded in the University's Net Assets, Invested in capital assets, net of related debts. 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 for asset acquisitions and debt retirement are included as operating activities and non-operating activities.

There are three basic financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and, the Statement of Cash Flows. This discussion and analysis of the Department's financial statements provides an overview of its financial activities for the year.

Summary of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the Department as of the end of the year. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the Department. The Statement of Net Assets presents end-of-year data concerning Assets (current and non-current), Liabilities (current and non-current), and Net Assets (Assets minus Liabilities). It is prepared using the accrual basis of accounting, whereby assets and revenues are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to us, regardless of when cash is exchanged.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operation of the Department. They are also able to determine how much the Department owes vendors and the amounts collected in advance ticket sales. Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the Department.

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

Management's Discussion and Analysis, continued

Summary of Net Assets

	<u>2007</u>	<u>2006</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Current assets	\$ 27,414,588	\$ 18,685,593	\$ 8,728,995	46.71 %
Non current assets	<u>6,000,000</u>	<u>6,500,000</u>	<u>(500,000)</u>	<u>(7.69) %</u>
Total assets	<u>33,414,588</u>	<u>25,185,593</u>	<u>8,228,995</u>	<u>32.67 %</u>
Current liabilities	24,005,877	18,585,564	5,420,313	29.16 %
Non current liabilities	<u>2,680,757</u>	<u>3,249,192</u>	<u>(568,435)</u>	<u>(17.49) %</u>
Total liabilities	<u>26,686,634</u>	<u>21,834,756</u>	<u>4,851,878</u>	<u>22.22 %</u>
Net assets unrestricted	<u>\$ 6,727,954</u>	<u>\$ 3,350,837</u>	<u>\$ 3,377,117</u>	<u>100.78 %</u>

The increase in current assets from 2006 to 2007 is primarily due to an increase in cash and cash equivalents from increased ticket prices and the amount of money received for the 2007 sales of football tickets that will be recognized as revenue in the 2008 fiscal year. Current liabilities increased from 2006 to 2007 due to the amount of deferred revenues from the cash received from the 2007 football season ticket sales and deferred revenue collected for football parking.

Summary of Revenues, Expenses and Changes in Net Assets

Total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the Statement of Revenues, Expenses, and Changes in Net Assets is to present the revenues received and expenses paid by the institution, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the Department.

Operating revenues are received for sales and services associated with athletic event admissions, SEC conference affiliation, student fees, and other fees and services provided to the supporters of Gamecocks Athletics. Operating expenses are those expenses paid for personnel, scholarships and grants, and game services and supplies. Non-operating revenues are revenues received for which goods and services are not provided. Gamecock Club gifts, investment income, endowment income, and interest related to Capital Assets, are all included in the non-operating section. The Statement of Revenues, Expenses and Changes in Net Assets reflect a positive increase in net assets for the current fiscal year.

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

Management's Discussion and Analysis, continued

Changes in Net Assets

For fiscal year 2006-2007 operating revenues increased, over the preceding year, as a result of increased admissions, specifically football season ticket prices. Other factors in increased operating revenues was due to an increase in conference revenue share, athletic related student fees, spring game and bowl revenues, as well as premium seating in fiscal year 2007 over 2006. The increase in non-operating revenues was primarily due to an increase in Gamecock Club contributions from fiscal year 2006 to 2007.

The increase in operating expenses can be attributed to mainly increased personnel. Other contributing factors include travel, supplies, utilities, and equipment. The increase in transfers from fiscal year 2006 to 2007 is due to transfer of funds for capital projects (Equestrian Farm, Academic Center) and debt service obligations.

	<u>2007</u>	<u>2006</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 45,943,709	\$ 38,426,613	\$ 7,517,096	19.56 %
Non-operating revenues	<u>14,600,822</u>	<u>13,631,644</u>	<u>969,178</u>	<u>7.10 %</u>
Total revenues	<u>60,544,531</u>	<u>52,058,257</u>	<u>8,486,274</u>	<u>16.30 %</u>
Expenses:				
Operating expenses	51,515,157	48,516,433	2,998,724	6.18 %
Non-operating expenses	72,443	64,074	8,369	13.06 %
Transfers, net	<u>5,579,814</u>	<u>4,517,840</u>	<u>1,061,974</u>	<u>23.50 %</u>
Total expenses and transfers	<u>57,167,414</u>	<u>53,098,347</u>	<u>4,069,067</u>	<u>7.66 %</u>
Increase(Decrease) in net assets	3,377,117	(1,040,090)	4,417,207	424.69 %
Net assets, beginning of year	<u>3,350,837</u>	<u>4,390,927</u>	<u>(1,040,090)</u>	<u>23.68 %</u>
Net assets, end of year	<u>\$ 6,727,954</u>	<u>\$ 3,350,837</u>	<u>\$ 3,377,117</u>	<u>100.78 %</u>

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

Management's Discussion and Analysis, continued

Summary of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the Department during the year. The statement is divided into sections. One section presents the operating cash flows and shows the net cash used by the operating activities of the Department. Another section presents cash flows from investing activities. Other sections show the interest received on investment and endowment funds, cash flows from non-capital financing activities, and net transfers to the University and reflects the non-capital financing activity amounts. The last section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

Capital Asset and Debt Support

The Department engaged in several capital construction projects in the fiscal year ended June 30, 2007. The Department funded approximately \$2.8 million toward construction and capital improvement projects. Construction projects consisted of \$800,000 spent on the initial preparations for the academic center scheduled to open in the fall 2009. Williams Brice stadium improvements consist of approximately \$406,000 toward the renovation of the stadium elevator, \$490,000 toward the football training room renovation, and \$195,550 to painting the stadium light towers. Approximately \$235,000 was spent on the Thomas Cooper Library to provide a temporary academic center until the new center is completed. An additional \$700,000 was set aside to purchase Onewood Farm, which is the home of the University of South Carolina Equestrian team. In addition the Department continues to fund debt service payments for additions made to Williams Brice Stadium and for construction of the Colonial Center. As mentioned above these payments are not reflected within the Department Statement of Revenues, Expenses, and Changes in Net Assets, but rather they are included in the University's statements. Additional contributions to debt service amounts, funded by the Department, in excess of the bond fee collected on football and men and women's basketball tickets totaled \$970,000 for fiscal year 2006-07.

Economic Outlook

The Department is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the fiscal year beyond those unknown variations having a global effect on all types of business operations. The Department's overall financial position remains strong. Certain budgetary actions have been implemented to improve the annual net income results for future years. The Athletics Department has also initiated a capital fund campaign for future capital construction projects that will assist in improving its overall financial performance. The Department will maintain a constant review over resources to maintain its ability to react to internal and external issues.

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

*Statement of Net Assets
For the year ended June 30, 2007*

Assets

Current assets:

Cash and cash equivalents	\$ 21,278,641
Accounts and notes receivable, net of allowance of \$2,363	1,719,963
Accrued investment and endowment income receivable	1,840,327
Pledges receivable, net of allowance of \$110,000	2,042,880
Prepaid expenses	32,777
Advance to other funds, current portion	<u>500,000</u>

Total current assets	<u>27,414,588</u>
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Noncurrent assets:

Notes receivable	3,000,000
Advance to other funds, noncurrent portion	<u>3,000,000</u>

Total noncurrent assets	<u>6,000,000</u>
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Total assets	<u><u>\$ 33,414,588</u></u>
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Liabilities**Current liabilities:**

Accounts payable	\$ 1,417,452
Accrued payroll and related benefits	90,807
Accrued compensated absences, current portion	664,293
Other liabilities	832,797

Deferred revenues:

Football ticket sales	18,935,187
Parking	1,255,655
Arena suites	466,833
Other	342,853

Total current liabilities	24,005,877
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Noncurrent liabilities:

Accrued compensated absences, noncurrent portion	589,090
Deferred revenues	2,091,667

Total noncurrent liabilities	2,680,757
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Total liabilities	26,686,634
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Net Assets

Unrestricted	6,727,954
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Total net assets	\$ 6,727,954
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The accompanying notes are an integral part of the financial statements.

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

*Statement of Revenues, Expenses, and Changes in Net Assets
For the year ended June 30, 2007*

Revenues:

Operating revenues:	
Student fees	\$ 1,197,375
Sales and services of auxiliary enterprises	44,746,334
	<hr/>
Total operating revenues	45,943,709

Expenses:

Operating expenses:	
Compensation and employee benefits	17,289,508
Service and supplies	25,032,795
Utilities	1,263,373
Scholarships and fellowships	7,929,481
	<hr/>
Total operating expenses	51,515,157
	<hr/>
Operating loss	(5,571,448)

Nonoperating revenues (expenses):

Gifts	13,810,058
Investment income	686,685
Endowment income	104,079
Interest on capital assets related debt	(72,443)
Net nonoperating revenues	14,528,379

**Income before other revenues, expenses
gains or losses**

8,956,931

Transfers to the University	5,314,963
Transfers to auxiliary and other	555,422
Transfers from the University	(290,571)
	<hr/>

Total transfers

5,579,814

Increase in net assets	3,377,117
Net assets, beginning of year	3,350,837
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Net assets, end of year	<u><u>\$ 6,727,954</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, 2007*

Cash flows from operating activities:

Student athletic fees	\$ 1,197,375
Sales and services of auxiliary enterprises	48,174,239
Payments to employees	(17,036,912)
Payments to suppliers and vendors	(24,677,869)
Payments for scholarships and fellowships	(7,929,481)

Net cash used by operating activities	<u>(272,648)</u>
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Cash flows from noncapital financing activities:

Gifts	14,122,711
Transfer to auxiliary enterprises and other	(922,320)
Transfers from university	290,571

Net cash provided by noncapital financing activities	<u>13,490,962</u>
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Cash flows from capital and related financing activities:

Interest paid on debt	(72,443)
Transfers for debt service	(970,000)
Transfers to university for capital projects	(3,478,065)

Net cash used by capital and related financing activities	<u>(4,520,508)</u>
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Cash flows from investing activities:

Cash from investment income	390,962
Cash from endowment income	104,079

Net cash provided by investing activities	<u>495,041</u>
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Net increase in cash and cash equivalents	9,192,847
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Cash and cash equivalents, beginning of year	<u>12,085,794</u>
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Cash and cash equivalents, end of year	<u><u>\$ 21,278,641</u></u>
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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, 2007*

Reconciliation of net operating loss to net cash used in operating activities:

Adjustments to reconcile operating loss to net cash used by operating activities	
Operating loss	\$ (5,571,448)
Changes in current assets and liabilities	
Accounts receivable, net	420,371
Prepaid expenses	26,551
Accounts payable	818,263
Accrued payroll and other liabilities	25,335
Accrued compensated absences	227,261
Other liabilities	773,485
Deferred revenues	<u>3,007,534</u>
Net cash used by operating activities	<u><u>\$ (272,648)</u></u>
Non-cash transactions:	
Gifts in kind	<u><u>\$ 392,850</u></u>

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 expenses 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. The Department is combined with the other University auxiliary enterprises and included in the University's accounts as follows: revenue and expenses are reported separately as unrestricted funds and assets, liabilities and net assets 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 expenses 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.

Basis of Accounting – For financial reporting purposes, the Department is considered a special-purpose government engaged only in business-type activities. Accordingly, the Department's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses.

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

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Financial Statements – The financial statement presentation for the Department meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. The financial statement presentation presents a comprehensive perspective of the Department's net assets, revenues, expenses, changes in net assets, and cash flows.

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 a restricted net asset on the University's financial statement.

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 statement of net assets but have instead been recorded in the University's endowment and plant funds. Current revenues, expenses and transfers related to those assets and liabilities specifically associated with the Department's operations have been recorded as revenues and expenses 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.

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 liability and expenses incurred are recorded at year end as accrued compensated absences in the statement of net assets, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net assets.

Noncurrent Liabilities – Noncurrent liabilities include estimated amounts for accrued compensated absences that will not be paid within the next fiscal year and deferred revenues that will not be recognized the next fiscal year.

Net Assets – The Department’s net assets are classified as follows:

Unrestricted Net Assets – Unrestricted net assets represent resources derived from student fees, goods and services of auxiliary enterprises. These resources are used for transactions relating to the general operations of the Department and to meet current expenses of the Department.

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 accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pledges Receivable – Pledges to the Gamecock Club are recorded as revenue at the time of the pledge. An estimate of uncollectible pledges has been provided for.

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

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies (Continued):

Classification of Revenues – The Department has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues – Operating revenues generally result from exchange transactions to provide goods or services related to the Departments principal on-going operations.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues would include gifts and contributions and investment income.

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 statement of net asset amounts.

<u>Balance Sheet</u>		<u>Footnotes</u>	
Cash and Cash Equivalents	\$ 21,278,641	Cash overdraft	\$ (193,984)
		Deposits held by	
		State Treasurer	21,472,625
	<u>-</u>		<u>21,472,625</u>
	<u>\$ 21,278,641</u>		<u>\$ 21,278,641</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, 2007, 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 internal 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 agents in the State's name. Information pertaining to the reported amounts, fair values and the credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

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

Notes to Financial Statements, Continued

3. Notes Receivable:

The University has 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 \$1,751,056 were outstanding as of June 30, 2007.

4. Endowment Income:

Endowment and similar funds on which income earned is available to the Department are as follows at June 30, 2007:

Endowments	\$ 3,147,865
Quasi-endowment	<u>3,634,664</u>
Total	<u><u>\$ 6,782,529</u></u>

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 revenues, expenditures and transfers of the institution's athletics department.

The USC Lettermens Association has been identified as an outside organization under NCAA legislation. The USC Lettermens Association has a fiscal year end of June 30. The following information received from the USC Lettermens Association reflects its activity for the year ended June 30, 2007.

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

Notes to Financial Statements, Continued

5. NCAA Legislation (continued):

<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Contributions to or on Behalf of Program</u>	<u>Ending Cash Balance</u>
\$ 50,865	\$ 46,403	\$ 46,403	\$ 50,865

The USC Lettermens Association expenditures of \$46,403 consists of expenditures made by the USC Lettermens 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 expenditures in the accompanying supplemental schedules.

6. Remittances and Transfers to the University:

The Department collects, as a bond seat assessment, a debt service tax on each football and basketball 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 \$2,085,553, and are 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 \$10 (\$9.52 net of tax) 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. There were no scholarship fees collected in the fiscal year 2007 since the game was hosted by Clemson University.

The University Board of Trustees adopted a bond resolution during the year ended June 30, 2004, 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 \$1,291,238 for the year ended June 30, 2007. The University's plant fund earned interest on these debt service funds of \$100,281 for the year ended June 30, 2007. Student athletic fees revenue is reported net of the special student fee 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 (continued):

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 \$650,000 to the University to pay for various University services, which benefit the Department. The \$650,000 is included in general administration expenditures.

7. Gamecock Club (The Club):

Specific provisions govern the use of excess revenue over expenditures and transfers for the Club. Revenue and expenditures for the Club amounted to \$14,463,691 and \$14,158,320 respectively, and are included in the accompanying financial statements. Such revenues include \$13,195,844 of contributions by Club members and \$1,267,847 from other sources, principally gifts-in-kind income and endowment and investment income. At June 30, 2007, pledges totaling \$2,152,880 due by December 31, 2007 are outstanding but not delinquent. The \$110,000 allowance for uncollectible pledges is based on previous collection history and is considered to be a reasonable estimate.

8. Pension Plans:

The Retirement Division of the State Budget and Control Board 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.

The majority of employees of the Athletic 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, 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.

Under the SCRS, employees are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 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 (five years effective January 1, 2003). Disability annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of five years credited service (this requirement does not apply if the disability is the result of a job-related injury). 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.

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

Notes to Financial Statements, Continued

8. Pension Plans (continued):

Since July 1, 2006, employees participating in the SCRS are required to contribute 6.5 percent of all compensation. Effective July 1, 2006, the employer contribution rate became 11.40 percent, which included a 3.35 percent surcharge to fund retiree health and dental insurance coverage. The Athletic Department's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2007, 2006 and 2005 were \$283,700, \$298,100 and \$339,906 respectively, and equaled the required contributions of 8.05 percent (excluding the surcharge) for each year. Also, the Athletic Department paid employer group-life insurance contributions of \$5,306 in the current fiscal year at the rate of .15 percent of compensation.

The South-Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees covered under PORS are eligible for a monthly pension payable at age 55 with a minimum of five years service or 25 years credited service regardless of age. In addition, employees who have five years of credited service prior to age 55 can retire; yet defer receipt of benefits until they reach age 55. A member is vested for a deferred annuity with five years service. The benefit formula for full benefits effective since July 1, 1989, for the PORS is 2.14 percent of the employee's average final salary multiplied by the number of years of credited service. Disability annuity benefits and the group-life insurance benefits for PORS members are similar to those for SCRS participants. Accidental death benefits provide a monthly pension of 50 percent of the member's budgeted compensation at the time of death.

Since July 1, 1988, the employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2004, the employer contribution rate became 13.65 percent, which, as for the SCRS, included the 3.35 percent surcharge. The Athletic Department's actual contributions to the PORS for the years ending June 30, 2007, 2006, and 2005, were \$34,600, \$20,900, and \$17,600 respectively, and equaled the required contributions of 10.3 percent (excluding the surcharge) for each year. Also, the Athletic Department paid employer group-life insurance contributions of \$672 and accidental death insurance contributions of \$672 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

The amounts paid by the Athletic Department for pension, group-life insurance, and accidental death benefits are reported as employer contributions expenditures within the applicable current funds' functional expenditure categories to which the related salaries are charged.

**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 pension plan. Employee and employer contribution rates to SCRS (and PORS) 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 and pension liabilities for individual employers. Under Title 9 of the South Carolina Code of Laws, the Athletic 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 Athletic Department's liability under the pension plans is limited to the contribution requirements for the applicable year from amounts appropriated therefore in the South Carolina Appropriation Act and amounts from other applicable revenue sources. Accordingly, the Athletic Department recognizes no contingent liability for unfunded costs associated with participation in the plans.

At retirement, employees participating in the SCRS or PORS may receive additional service credit (at a rate of 20 days equals one month of service) for up to 90 days for accumulated unused sick leave.

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 available to all employees 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, 8.05 percent, plus the retiree surcharge of 3.35 percent from the employer in fiscal year 2007.

Certain of the Athletic Department's employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to ORP were \$578,300 (excluding the surcharge) from the Athletic Department as employer and \$467,000 from its employees as plan members. All amounts were remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

**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 certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the Athletic 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 Athletic 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 Athletic 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 21,400 State retirees meet these eligibility requirements.

The Athletic Department recorded employer contributions expenditures within the functional expenditure categories for these insurance benefits for active employees in the amount of \$652,600 for the year ended June 30, 2007. As discussed in Note 8, the Athletic Department paid \$370,000 applicable to the 3.35 percent 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 Athletic Department retirees is not available. By State law, the Athletic 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 and PORS 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 Sections 457, 401 (k) and 403 (b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw 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

11. Retirement Incentive

Section 59-103-150 of the South Carolina Code of Laws allows the University's Board of Trustees to implement an early retirement plan for its faculty. Two objectives of this law were to help institutions of higher education reallocate resources and effect cost-saving measures. The University did not implement such a plan.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows active members of the South Carolina Retirement System who are eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirements benefits which will include any cost of living adjustments granted during the TERI period. Participants who entered the TERI program prior to July 1, 2005 do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Participants who entered the TERI program as of July 1, 2005 or after are required to make SCRS contributions but do not earn service credit, and are ineligible to receive disability retirement benefits.

12. 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 a variable number of parking spaces during the home football games at \$125 per space per year. The expenditure for the year ended June 30, 2007 was \$36,750 under this lease. The lease extends automatically for one year periods unless either party notifies of intent not to renew.

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, 2007 was \$59,500 under this lease.

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

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

Notes to Financial Statements, Continued

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 offices 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.

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 2007 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:

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

Notes to Financial Statements, Continued

14. Risk Management, Continued:

- 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 (Division of Insurance and Grant 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 coverage's listed above are through the applicable State self-insured plan except dependent and optional life premiums are remitted to commercial carriers.

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 no 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.

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

Notes to Financial Statements, Continued

15. Installment Notes Payable:

University note payable secured by fitness equipment, dated October, 2004, payable in annual installments of \$36,153, matures October, 2007, with interest at 2.86%.	\$ 35,148
University note payable secured by ticketing equipment, dated February 2006 payable in annual installments of \$90,727 with interest at 5.9%, maturing February 2011.	<u>315,037</u>
Total Installment Notes Payable	<u>\$ 350,185</u>

The scheduled maturities of the combined installments notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 107,261	\$ 19,620	\$ 126,881
2009	76,373	14,354	90,727
2010	80,886	9,841	90,727
2011	<u>85,665</u>	<u>5,062</u>	<u>90,727</u>
	<u>\$ 350,185</u>	<u>\$ 48,877</u>	<u>\$ 399,062</u>

16. Life Income Fund:

During a previous fiscal year, the Department received a substantial gift from a donor. The gift was recorded in the Endowment Fund as a life income fund. The terms of the agreement provide that upon the death of the donor the fund is to be used for the construction of the South End Zone Project or the repayment of monies advanced for the construction of the project. In return, the Department agrees to name the facility for the donor's family. The value of the fund at June 30, 2007 totaled \$1,078,572.

OTHER SUPPLEMENTARY INFORMATION

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

*Schedule of Revenues
For the year ended June 30, 2007*

Revenues:

Admissions

Football, net of \$1,367,214 for bond seat assessment and \$794,238 for admission taxes	\$ 16,044,718
Men's basketball, net of \$670,788 for bond seat assessment and \$95,827 for admission taxes	1,916,540
Olympic sports, net of \$26,197 for bond seat assessment and \$35,398 for admission taxes	<u>692,899</u>
Total admissions	<u>18,654,157</u>

Guarantees

Football	250,000
Olympic sports	<u>7,500</u>
Total guarantees	<u>257,500</u>

Student Athletic Fees	<u>1,197,375</u>
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Gamecock Club

Regular members contributions	13,159,798
Junior members contributions	36,046
Credit card revenue	165,000
Gifts in kind	<u>392,850</u>
Total Gamecock Club	<u>13,753,694</u>

Investment income	<u>686,685</u>
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Endowment income	<u>104,079</u>
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Southeastern Conference share	<u>11,081,989</u>
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Premium seating

Club seats	606,750
Suite seats	783,280
Zone seats	1,124,075
Arena founders seats	<u>163,500</u>
Total premium seating	<u>2,677,605</u>

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

*Schedule of Revenues, Continued
For the year ended June 30, 2007*

Gifts (Other)	<u>221,364</u>
Other	
Football radio and television rights	1,895,888
Basketball radio and television rights	631,963
Programs, souvenirs and concessions	857,214
Mailing fees	263,985
Royalties	363,967
Corporate sponsorship	611,356
Miscellaneous	<u>1,958,143</u>
Total other	<u>6,582,516</u>
Total	<u>55,216,964</u>
Colonial Center non-athletic events revenues	<u>5,327,567</u>
Total revenues	<u><u>\$ 60,544,531</u></u>

This schedule excludes USC Lettermens 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, 2007*

Revenues:

Student fees	\$ 1,291,238
Seat assessment (Williams Brice Stadium and Colonial Center)	2,085,553
Investment income	<u>100,281</u>

Total revenues	<u>3,477,072</u>
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Expenditures:

Principal	2,750,000
Interest	1,249,524
Other	<u>31,043</u>

Total expenditures	<u>4,030,567</u>
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Transfers:

For debt service	<u>970,000</u>
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Total transfers	<u>970,000</u>
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Excess of revenues and transfers over expenditures	416,505
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Fund balances, beginning of year	<u>126,553</u>
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Fund balances, end of year	<u><u>\$ 543,058</u></u>
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- (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, 2007*

	<u>Football</u>	<u>Men's Basketball</u>	<u>Men's Olympic Sports</u>	<u>Women's Olympic Sports</u>	<u>Student Athletic Support Services</u>
Expenditures:					
Personnel	\$ 2,964,206	\$ 801,631	\$ 1,428,159	\$ 2,353,439	\$ 2,242,398
Grants	2,782,796	405,036	1,448,804	3,069,933	63,123
Team travel	1,053,072	406,800	575,343	1,129,719	49,394
General travel	57,635	15,569	17,083	32,376	34,067
Recruiting	283,505	98,340	116,363	246,835	
Game services	211,516	123,635	84,570	175,360	20,788
Other services	71,255	713	89,366	23,452	423,429
Supplies and uniforms	266,433	76,664	258,372	265,348	295,436
General administration	489,708	67,824	135,763	404,637	385,943
Guarantees	<u>1,430,000</u>	<u>357,500</u>	<u>30,368</u>	<u>90,184</u>	<u>-</u>
Total expenditures	9,610,126	2,353,712	4,184,191	7,791,283	3,514,578
Transfers, net	<u>26,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,600</u>
Total expenditures and transfers	<u>\$ 9,636,830</u>	<u>\$ 2,353,712</u>	<u>\$ 4,184,191</u>	<u>\$ 7,791,283</u>	<u>\$ 3,644,178</u>

This section excludes USC Lettermens Association revenues

Administrative Support Services	Gamecock Club	Facilities	Administration	Colonial Center Non-Athletic Events	Total
\$ 2,980,383	\$ 427,745	\$ 1,294,047	\$ 1,442,631	\$ 1,354,869	\$ 17,289,508
11,279		2,568	145,943		7,929,482
230					3,214,558
99,382	85,499	4,880	71,536	45,204	463,231
					745,043
1,611,154	93,071	1,133	92,103	161,087	2,574,417
106,706	194,909	318,708	4,586	1,637,042	2,870,166
247,864	9,342	10,900	11,226	173	1,441,758
1,826,720	1,747,660	3,288,669	3,254,407	1,353,518	12,954,849
196,536	-	-	-	-	2,104,588
7,080,254	2,558,226	4,920,905	5,022,432	4,551,893	51,587,600
323,155	-	738,649	4,051,284	310,422	5,579,814
<u>\$ 7,403,409</u>	<u>\$ 2,558,226</u>	<u>\$ 5,659,554</u>	<u>\$ 9,073,716</u>	<u>\$ 4,862,315</u>	<u>\$ 57,167,414</u>

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

*Schedule of Expenditures – Men’s Olympic Sports
For the year ended June 30, 2007*

Expenditures:	<u>Baseball</u>	<u>Golf</u>
Personnel	\$ 550,720	\$ 165,887
Grants	296,129	92,106
Team travel	168,283	46,816
General travel	956	4,027
Recruiting	31,804	6,345
Game services	37,336	
Other services	571	75,000
Supplies and uniforms	81,046	29,159
General administration	16,465	63,276
Guarantees	<u>18,808</u>	<u>-</u>
Total expenditures	<u><u>\$ 1,202,118</u></u>	<u><u>\$ 482,616</u></u>

<u>Soccer</u>	<u>Swimming</u>	<u>Tennis</u>	<u>In and Outdoor Track and Cross Country</u>	<u>Totals</u>
\$ 196,762	\$ 138,903	\$ 152,457	\$ 223,430	\$ 1,428,159
226,344	272,026	188,013	374,186	1,448,804
89,474	36,298	51,318	183,154	575,343
1,597	856	3,744	5,903	17,083
17,507	23,872	14,043	22,792	116,363
13,052	558	31,146	2,478	84,570
	984	1,561	11,250	89,366
36,208	21,846	53,710	36,403	258,372
14,665	12,480	12,095	16,782	135,763
11,000	-	-	560	30,368
<u>\$ 606,609</u>	<u>\$ 507,823</u>	<u>\$ 508,087</u>	<u>\$ 876,938</u>	<u>\$ 4,184,191</u>

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

*Schedule of Expenditures – Women’s Olympic Sports
For the year ended June 30, 2007*

Expenditures:	<u>Basketball</u>	<u>Softball</u>	<u>Volleyball</u>	<u>Swimming</u>	<u>Tennis</u>
Personnel	\$ 799,454	\$ 209,814	\$ 240,694	\$ 199,884	\$ 140,780
Grants	414,189	386,033	325,651	391,451	228,015
Team travel	299,194	121,964	113,516	52,234	82,882
General travel	13,245	474	2,189	1,231	992
Recruiting	73,405	18,227	30,738	34,352	10,598
Game services	111,617	17,079	15,787	803	7,327
Other services	38	1,996	286	1,416	685
Supplies and uniforms	23,714	13,723	14,614	31,438	39,957
General administration	76,621	13,410	26,553	17,959	11,762
Guarantees	<u>83,588</u>	<u>-</u>	<u>5,854</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 1,895,065</u>	<u>\$ 782,720</u>	<u>\$ 775,882</u>	<u>\$ 730,768</u>	<u>\$ 522,998</u>

<u>Lacrosse</u>	<u>Golf</u>	<u>In and Outdoor Track and Cross Country</u>	<u>Soccer</u>	<u>Equestrian</u>	<u>Totals</u>
\$ -	\$ 155,549	\$ 296,174	\$ 181,676	\$ 129,414	\$ 2,353,439
	139,715	496,014	360,776	328,089	3,069,933
	58,487	242,785	83,924	74,733	1,129,719
	3,088	7,825	1,050	2,282	32,376
	10,771	30,212	17,883	20,649	246,835
		3,284	10,508	8,955	175,360
	403	14,913	376	3,339	23,452
	28,552	48,256	33,270	31,824	265,348
1,670	37,681	22,247	16,367	180,367	404,637
-	-	742	-	-	90,184
<u>\$ 1,670</u>	<u>\$ 434,246</u>	<u>\$ 1,162,452</u>	<u>\$ 705,830</u>	<u>\$ 779,652</u>	<u>\$ 7,791,283</u>

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

*Schedule of Expenditures and Transfers – Student Athletic Support Services
For the year ended June 30, 2007*

	Athletic Training Room	Academic Support Services
Expenditures:		
Personnel	\$ 551,379	\$ 857,765
Grants		16,906
Team travel		
General travel	14,269	13,497
Recruiting		
Game services	954	15,461
Other services	418,710	1,700
Supplies and uniforms	248,762	3,002
General administration	243,615	73,814
Guarantees	<u>-</u>	<u>-</u>
Total expenditures	1,477,689	982,145
Transfers	<u>126,000</u>	<u>3,600</u>
Total expenditures and transfers	<u><u>\$ 1,603,689</u></u>	<u><u>\$ 985,745</u></u>

Strength Conditioning Program	Cheerleading	Wellness Program Testing	Totals
\$ 681,602	\$ 60,133	\$ 91,519	\$ 2,242,398
11,217	35,000		63,123
	49,394		49,394
6,190	111		34,067
	4,373		20,788
1,561	1,458		423,429
8,066	35,606		295,436
33,944	8,341	26,229	385,943
-	-	-	-
742,580	194,416	117,748	3,514,578
-	-	-	129,600
<u>\$ 742,580</u>	<u>\$ 194,416</u>	<u>\$ 117,748</u>	<u>\$ 3,644,178</u>

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

*Schedule of Expenditures and Transfers – Administrative Support Services
For the year ended June 30, 2007*

	<u>Media Relations</u>	<u>Business Office</u>	<u>Ticket Office</u>	<u>Game Management</u>	<u>NCAA Compliance</u>	<u>Olympic Sports Adminstration</u>
Expenditures:						
Personnel	\$ 439,314	\$491,298	\$ 217,387	\$ 783,557	\$ 274,644	\$ 267,367
Grants				3,279	8,000	
Team travel				230		
General travel	3,875	687	9,234		10,046	8,301
Recruiting						
Game services	11,502		1,088	1,237,045		373
Other services	668	350	100	79,364	141	
Supplies and uniforms	32,743		93,068	15,329		14,939
General administration	234,536	15,852	472,997	357,088	25,930	17,632
Guarantees	-	-	-	196,536	-	-
Total expenditures	722,638	508,187	793,874	2,672,428	318,761	308,612
Transfers:	-	-	-	-	-	-
Total expenditures and transfers	<u>\$ 722,638</u>	<u>\$508,187</u>	<u>\$ 793,874</u>	<u>\$ 2,672,428</u>	<u>\$ 318,761</u>	<u>\$ 308,612</u>

<u>Concession</u>	<u>Video Support</u>	<u>Marketing Promotions Advertising</u>	<u>Airplane Operations</u>	<u>Premium Seating</u>	<u>Total</u>
\$ -	\$ 260,402	\$ 136,746	\$ 108,800	\$ 868	\$ 2,980,383
					11,279
					230
	1,948	6,532	58,759		99,382
					-
		10,417		350,729	1,611,154
2,710	8,332	2,642	234	12,165	106,706
	27,592	61,525		2,668	247,864
22,704	37,190	233,485	295,724	113,582	1,826,720
-	-	-	-	-	196,536
25,414	335,464	451,347	463,517	480,012	7,080,254
-	-	-	323,155	-	323,155
<u>\$ 25,414</u>	<u>\$ 335,464</u>	<u>\$ 451,347</u>	<u>\$ 786,672</u>	<u>\$ 480,012</u>	<u>\$ 7,403,409</u>

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

*Schedule of Endowment Fund Assets (1)
For the year ended June 30, 2007*

	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	330,130	588,689		918,819
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
G. 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, 2007*

	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
Ethan & Shannon M. Nord	175,000			175,000
James W. Maner, Jr.	159,229			159,229
	<hr/>	<hr/>	<hr/>	<hr/>
Total endowments	2,430,926	588,689	128,250	3,147,865
	<hr/>	<hr/>	<hr/>	<hr/>

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

*Schedule of Endowment Fund Assets (1), Continued
For the year ended June 30, 2007*

	Cash and Cash Equivalents	Fund held in Trust by Others	Real Estate	Total
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	47,243			47,243
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	59,229	2,289,201		2,348,430
Athletic Life Income Fund-Crews	-	1,078,572	-	1,078,572
	<hr/>	<hr/>	<hr/>	<hr/>
Total quasi-endowments	260,391	3,367,773	6,500	3,634,664
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 2,691,317</u>	<u>\$ 3,956,462</u>	<u>\$ 134,750</u>	<u>\$ 6,782,529</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, 2007*

	Fund Balance July 1, 2006	Contributions	Other Income (2)	Fund Balance June 30, 2007
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	839,436	25,000	54,383	918,819
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
G. 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	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
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, 2007*

	Fund Balance July 1, 2006	Contributions	Other Income (2)	Fund Balance June 30, 2007
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
Ethan W. & Shannon M. Nord	175,000			175,000
James Maner, Jr.	159,229	-	-	159,229
Total endowments	3,068,482	25,000	54,383	3,147,865

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

*Schedule of Changes in Endowment Fund Balances (1), Continued
For the year ended June 30, 2007*

	Fund Balance July 1, 2006	Contributions	Other Income (2)	Fund Balance June 30, 2007
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	46,533	710		47,243
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	2,263,282		85,148	2,348,430
Athletic Life Income Fund	1,262,271		(183,699)	1,078,572
Total quasi-endowments	3,732,505	710	(98,551)	3,634,664
Totals	\$ 6,800,987	\$ 25,710	\$ (44,168)	\$ 6,782,529

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

(2) Includes gain or (loss) 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, 2007*

	<u>Gamecock Club</u>	<u>Athletics Department</u>	<u>Total</u>
Revenues:			
Admission and guarantees	\$	\$ 18,911,657	\$ 18,911,657
Student athletic fees		1,197,375	1,197,375
Gamecock Club contributions and Athletic Gifts	13,195,844	221,364	13,417,208
Investment income	331,239	355,446	686,685
Endowment income	104,079		104,079
Corporate sponsorship		611,356	611,356
Programs, souvenirs and concessions		857,214	857,214
Radio and television rights		2,527,851	2,527,851
Mailing fees		263,985	263,985
Royalties		363,967	363,967
Southeastern Conference		11,081,989	11,081,989
Premium seating		2,677,605	2,677,605
Gifts in kind	392,850		392,850
Other revenue	439,679	1,683,464	2,123,143
	<hr/>	<hr/>	<hr/>
Total	14,463,691	40,753,273	55,216,964
Colonial Center non-athletic events	<hr/> -	<hr/> 5,327,567	<hr/> 5,327,567
	<hr/>	<hr/>	<hr/>
Total revenue	14,463,691	46,080,840	60,544,531 (A)
	<hr/>	<hr/>	<hr/>
Expenditures:			
Personnel	1,485,829	14,448,810	15,934,639
Grants	7,929,482		7,929,482
Team travel		3,214,558	3,214,558
General travel	172,024	246,003	418,027
Recruiting	745,043		745,043
Game services	109,486	2,303,844	2,413,330
Other services	615,553	617,571	1,233,124
Supplies and uniforms	261,106	1,180,479	1,441,585
General administration	2,387,042	9,214,289	11,601,331
Guarantees	<hr/> -	<hr/> 2,104,588	<hr/> 2,104,588
	<hr/>	<hr/>	<hr/>
Total	13,705,565	33,330,142	47,035,707
Colonial Center non-athletic events	<hr/> -	<hr/> 4,551,893	<hr/> 4,551,893
	<hr/>	<hr/>	<hr/>
Total expenditures	13,705,565	37,882,035	51,587,600 (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, 2007*

	Gamecock Club	Athletics Department	Total
Transfers to the University	452,755	5,127,059	5,579,814
Total transfers	452,755	5,127,059	5,579,814
Total expenditures and transfers	14,158,320	43,009,094	57,167,414
Excess of revenues over expenditures and transfers	\$ 305,371	\$ 3,071,746	\$ 3,377,117

(A) Excludes USC Lettermens Association revenues of \$46,403

(B) Excludes USC Lettermens Association expenses of \$46,403

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

*Schedule of Gamecock Club Expenditures – Budget to Actual
For the year ended June 30, 2007*

	Original and Final Budget	Actual	Variance - Positive (Negative)
Grant-in-aid:			
Tuition and fees	\$ 5,196,444	\$ 3,920,262	\$ 1,276,182
Lodging	1,306,080	1,365,661	(59,581)
Meals	874,699	868,327	6,372
Books	370,302	378,792	(8,490)
Summer school	311,748	1,137,466	(825,718)
Vacation meals and lodging	130,482	258,974	(128,492)
Total Grant-in-aid	8,189,755	7,929,482	260,273
Recruiting:			
Coaches' recruiting	504,714	418,550	86,164
Prospects travel and maintenance	316,696	229,485	87,211
Brochures and printing	59,999	67,646	(7,647)
Other recruiting	26,010	29,362	(3,352)
Operations:			
Club operations	2,375,657	2,403,737	(28,080)
Academic support services	867,475	968,839	(101,364)
Student wellness program	158,022	117,748	40,274
Junior Gamecock Club	27,928	38,112	(10,184)
Airplane operations	653,400	786,672	(133,272)
Sports medicine	957,025	1,052,310	(95,285)
Non-budgeted expenses	-	116,377	(116,377)
Total recruiting/operations	5,946,926	6,228,838	(281,912)
Total Grant-in-aid and recruiting/operations	\$ 14,136,681	\$ 14,158,320	(21,639)

OTHER INFORMATION
(Unaudited)

Typical Department of Athletics 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, 2007*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Totals</u>
Revenues:			
Admissions:			
Football	\$ 16,044,718	\$ -	16,044,718
Basketball	1,916,540		1,916,540
Olympic sports	692,899		692,899
Total admissions	<u>18,654,157</u>	<u>-</u>	<u>18,654,157</u>
Guarantees:			
Football	250,000		250,000
Olympic sports	7,500		7,500
Total guarantees	<u>257,500</u>	<u>-</u>	<u>257,500</u>
Student athletic fees	<u>1,197,375</u>	<u>-</u>	<u>1,197,375</u>
Gamecock Club:			
Regular members contributions	13,159,798		13,159,798
Junior members contributions	36,046		36,046
Credit card revenue	165,000		165,000
Gifts in kind	392,850		392,850
Total Gamecock Club	<u>13,753,694</u>	<u>-</u>	<u>13,753,694</u>
Endowment income	<u>104,079</u>	<u>-</u>	<u>104,079</u>
Investment income	<u>686,685</u>	<u>-</u>	<u>686,685</u>

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

*Schedule of Revenues – Undesignated/Departmentally Designated Funds, Continued
For the year ended June 30, 2007*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Totals</u>
Premium seating:			
Club seats	606,750		606,750
Suite seats	783,280		783,280
Zone seats	1,124,075		1,124,075
Arena founders seats	163,500		163,500
Total premium seating	<u>2,677,605</u>	<u>-</u>	<u>2,677,605</u>
Southeastern Conference share	<u>11,081,989</u>	<u>-</u>	<u>11,081,989</u>
Gifts	<u>157,314</u>	<u>64,050</u>	<u>221,364</u>
Other:			
Football radio and television rights	1,895,888		1,895,888
Basketball radio and television rights	631,963		631,963
Programs, souvenirs and concessions	857,214		857,214
Mailing fees	263,985		263,985
Royalties	363,967		363,967
Corporate sponsorships	611,356		611,356
Miscellaneous	1,958,143		1,958,143
Total other	<u>6,582,516</u>	<u>-</u>	<u>6,582,516</u>
Colonial Center non-athletic events revenues	<u>5,327,567</u>	<u>-</u>	<u>5,327,567</u>
Outside sources:			
USC Lettermens Association	46,403	-	46,403
Total revenue	<u><u>\$ 60,526,884</u></u>	<u><u>\$ 64,050</u></u>	<u><u>\$ 60,590,934</u></u>

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

*Schedule of Expenditures and Transfers –
Undesignated/Departmentally Designated Funds, continued
For the year ended June 30, 2007*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Totals</u>
Expenditures:			
Personnel	\$ 15,840,046	\$ 94,593	\$ 15,934,639
Grants (Scholarships)	7,929,482		7,929,482
Team travel	3,214,558		3,214,558
General travel	413,535	4,492	418,027
Recruiting	745,043		745,043
Game services	2,412,301	1,029	2,413,330
Supplies and uniforms	1,434,096	7,489	1,441,585
General administration	10,284,752	1,316,579	11,601,331
Other services	1,224,730	8,394	1,233,124
Guarantees	2,104,588	-	2,104,588
	<hr/>	<hr/>	<hr/>
Total	45,603,131	1,432,576	47,035,707
Colonial Center non-athletic events	4,551,893		4,551,893
Outside services:			
USC Lettermens Association	46,403	-	46,403
	<hr/>	<hr/>	<hr/>
Total expenditures	50,201,427	1,432,576	51,634,003
	<hr/>	<hr/>	<hr/>
Transfers:			
University general scholarships	250,000		250,000
University band	483,780	72,547	556,327
Debt service	970,000		970,000
Colonial Center non-athletic events	310,422		310,422
Capital Projects	2,826,963	666,102	3,493,065
Other	2,026,315	(2,026,315)	-
	<hr/>	<hr/>	<hr/>
Total transfers	6,867,480	(1,287,666)	5,579,814
	<hr/>	<hr/>	<hr/>
Total expenditures and transfers	\$ 57,068,907	\$ 144,910	\$ 57,213,817
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**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, 2007*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Total</u>
Fund balances, beginning of year	\$ 3,114,264	\$ 236,573	\$ 3,350,837
Excess of revenues over (under) expenditures and transfers	<u>3,457,977</u>	<u>(80,860)</u>	<u>3,377,117</u>
Fund balances, end of year	<u><u>\$ 6,572,241</u></u>	<u><u>\$ 155,713</u></u>	<u><u>\$ 6,727,954</u></u>

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

*Schedule of Expenditures and Transfers – Departmentally Designated Funds
For the year ended June 30, 2007*

	<u>Reserve and Replacements</u>	<u>Totals</u>
Expenditures:		
Personnel	\$ -	\$ -
Grants		
Team travel		
General travel		
Recruiting		
Game services		
Other services	8,394	8,394
Supplies and uniforms	7,489	7,489
General administration	1,271,933	1,271,933
Guarantees	<u>-</u>	<u>-</u>
Total expenditures	1,287,816	1,287,816
Transfers	<u>738,649</u>	<u>738,649</u>
Total expenditures and transfers	<u><u>\$ 2,026,465</u></u>	<u><u>\$ 2,026,465</u></u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS
CAROLINA CENTER – NON-ATHLETIC EVENTS**

*Schedule of Revenue, Expenditures and Transfers
For the year ended June 30, 2007*

Revenues:

Ticket sales and rental charges	\$ 2,597,805
Arena suites	972,030
Concessions	582,773
Corporate sponsorships	1,033,419
Investment income	24,208
Other	141,540

Total revenue	<u>5,351,775</u>
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Expenditures:

Personnel	1,354,869
Travel	45,204
Event services	1,798,129
Supplies	173
General administration	1,353,518

Total expenditures	<u>4,551,893</u>
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Excess of revenue over expenditures	<u>799,882</u>
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Transfers:

Transfers to the University:	
Capital projects	555,422
Transfers from the University:	
Parking	(245,000)

Total net transfers	<u>310,422</u>
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Excess of revenue over expenditures and transfers	<u><u>\$ 489,460</u></u>
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

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

We have audited the financial statements of The University of South Carolina Department of Athletics — Columbia Campus (the Department) as of and for the year ended June 30, 2007 and have issued our report thereon dated September 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that are reported to management in our letter of comment included on the following page.

This report is intended solely for the information and use of the audit committee, management, others within the Department, the State Auditor's office and is not intended to be and should not be used by anyone other than these specified parties.

Rowell, Green & Shont, P.A.

September 21, 2007
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. However, during our examination we noted a couple of issues that should be addressed:

- 1) While examining a sample of Gamecock Club pledge cards, we noted numerous instances where the pledge card had not been signed by the donor. In order for the pledge to be binding the donor must sign the card. We recommend in the future all pledge cards received unsigned be returned to the donor for signature. We also recommend more emphasis be placed on timely collection of pledges in accordance with Gamecock Club policies and procedures.

Previous Year Comments

Item number 1 above is a repeat comment from the previous year and will be addressed in the fiscal year 2007-08.