

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

Columbia, South Carolina

Report on Audit of Financial Statements

For the year ended June 30, 2006

State of South Carolina



Office of the State Auditor

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

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

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

December 12, 2006

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, 2006, 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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Rowell, Craven & Short, PA
Certified Public Accountants

7540 Matthews-Mint Hill Road
Charlotte, NC 28227
Phone: 704-545-9771
Fax: 704-545-0946
www.rowellcravenshort.com

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, 2006, 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, 6 and 13, 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, 2006, 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 30, 2006 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 inquires 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, Cannon & Shont, P.A.

September 30, 2006
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, 2006. 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>2006</u>	<u>2005</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Current assets	\$ 18,685,593	\$ 15,351,287	\$ 3,334,306	21.72 %
Non current assets	6,500,000	7,000,000	(500,000)	(7.14) %
Total assets	<u>25,185,593</u>	<u>22,351,287</u>	<u>2,834,306</u>	<u>12.68 %</u>
Current liabilities	18,585,564	14,259,210	4,326,354	30.34 %
Non current liabilities	3,249,192	3,701,150	(451,958)	12.22 %
Total liabilities	<u>21,834,756</u>	<u>17,960,360</u>	<u>3,874,396</u>	<u>21.58 %</u>
Net assets unrestricted	<u>\$ 3,350,837</u>	<u>\$ 4,390,927</u>	<u>\$ (1,040,090)</u>	<u>23.69 %</u>

The increase in current assets from 2005 to 2006 is primarily due to an increase in cash and cash equivalents from increased ticket prices and the amount of money received for the 2006 sales of football tickets that will be recognized as revenue in the 2007 fiscal year. Current liabilities increased from 2005 to 2006 due to the amount of deferred revenues from the cash received from the 2006 football season ticket sales.

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 2005-2006 operating revenues increased, over the preceding year, as a result of going from six home games in 2004-2005 to seven games in 2005-2006. Another major factor in increased operating revenues was due to an increase in conference revenue share in fiscal year 2006 over 2005. The increase in non-operating revenues was primarily due to a slight increase in Gamecock Club contributions from fiscal year 2005 to 2006.

The increase in operating expenses can be attributed to increased scholarship costs arising from increased tuition. The increase in transfers from fiscal year 2005 to 2006 is due to transfer of funds for capital projects (Crews weight room facility) and debt service obligations.

	<u>2006</u>	<u>2005</u>	<u>Increase/ Decrease</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 38,426,613	\$ 33,435,746	\$ 4,990,867	14.93 %
Non-operating revenues	13,631,644	12,791,736	839,908	6.57 %
Total revenues	<u>52,058,257</u>	<u>46,227,482</u>	<u>5,830,775</u>	<u>12.61 %</u>
Expenses:				
Operating expenses	48,516,433	46,413,001	2,103,432	4.53 %
Non-operating expenses	64,074	74,274	(10,200)	(13.73) %
Transfers, net	<u>4,517,840</u>	<u>2,395,291</u>	<u>2,122,549</u>	<u>88.61 %</u>
Total expenses and transfers	<u>53,098,347</u>	<u>48,882,566</u>	<u>4,215,781</u>	<u>8.62 %</u>
Decrease in net assets	(1,040,090)	(2,655,084)	1,614,994	60.83 %
Net assets, beginning of year	<u>4,390,927</u>	<u>7,046,011</u>	<u>(2,655,084)</u>	<u>37.68 %</u>
Net assets, end of year	<u><u>\$ 3,350,837</u></u>	<u><u>\$ 4,390,927</u></u>	<u><u>\$ (1,040,090)</u></u>	<u><u>23.69 %</u></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, 2006. The Department funded approximately \$3,500,000 toward construction projects and repairs and maintenance. Construction projects consisted of \$750,000 spent on the initial preparations for the new baseball stadium scheduled to open in spring 2008. Approximately \$430,000 went toward the replacement of the roost roof that was not covered by insurance from damages and \$461,000 toward various components of the Charles Crews Football Facility. Repairs and maintenance projects included Williams Brice Stadium sideline sod replacement, Colonial Center ticket office renovations, and other minor expenditures for Colonial Center and Williams Brice Stadium upgrades. 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 \$1,382,000 for fiscal year 2005-06.

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, 2006*

Assets

Current assets:

Cash and cash equivalents	\$ 12,085,794
Accounts and notes receivable, net of allowance of \$2,363	2,140,334
Accrued investment and endowment income receivable	1,544,604
Pledges receivable, net of allowance of \$135,487	2,355,533
Prepaid expenses	59,328
Advance to other funds, current portion	<u>500,000</u>

Total current assets 18,685,593

Noncurrent assets:

Notes receivable	3,000,000
Advance to other funds, noncurrent portion	<u>3,500,000</u>

Total noncurrent assets 6,500,000

Total assets \$ 25,185,593

Liabilities

Current liabilities:

Accounts payable	\$	599,189
Accrued payroll and related benefits		65,472
Accrued compensated absences, current portion		535,430
Other liabilities		59,312

Deferred revenues:

Football ticket sales		16,516,968
Arena suites		506,833
Other		302,360

Total current liabilities 18,585,564

Noncurrent liabilities:

Accrued compensated absences, noncurrent portion		490,692
Deferred revenues		2,758,500

Total noncurrent liabilities 3,249,192

Total liabilities 21,834,756

Net Assets

Unrestricted		3,350,837
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Total net assets \$ 3,350,837

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, 2006*

Revenues:

Operating revenues:	
Student fees	\$ 597,515
Sales and services of auxiliary enterprises	37,829,098
	<u>38,426,613</u>

Total operating revenues

Expenses:

Operating expenses:	
Compensation and employee benefits	15,957,692
Service and supplies	23,419,773
Utilities	1,071,556
Scholarships and fellowships	8,067,412
	<u>48,516,433</u>

Total operating expenses

Operating loss

Nonoperating revenues (expenses):

Gifts	13,066,374
Investment income	457,891
Endowment income	107,379
Interest on capital asset related debt	(64,074)
Net nonoperating revenues	<u>13,567,570</u>

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

3,477,750

Transfers to the University	4,111,379
Transfers to auxiliary and other	651,461
Transfers from the University	(245,000)
	<u>(245,000)</u>

Total transfers

4,517,840

Decrease in net assets	(1,040,090)
Net assets, beginning of year	4,390,927
	<u>4,390,927</u>

Net assets, end of year	<u>\$ 3,350,837</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
For the year ended June 30, 2006*

Cash flows from operating activities:	
Student athletic fees	\$ 597,515
Sales and services of auxiliary enterprises	41,603,201
Payments to employees	(15,835,206)
Payments to suppliers and vendors	(24,683,421)
Payments for scholarships and fellowships	(8,067,408)
Net cash used by operating activities	<u>(6,385,319)</u>
Cash flows from noncapital financing activities:	
Gifts	13,472,600
Transfer to auxiliary enterprises and other	(718,133)
Transfers from university	245,000
Net cash provided by noncapital financing activities	<u>12,999,467</u>
Cash flows from capital and related financing activities:	
Interest paid on debt	(64,073)
Tranfers for debt service	(1,382,000)
Transfers to university for capital projects	(2,162,707)
Net cash used by capital related financing activities	<u>(3,608,780)</u>
Cash flows from investing activities:	
Cash from investment income	240,160
Endowment income per statement	107,379
Net cash provided by investing activities	<u>347,539</u>
Net increase in cash and cash equivalents	3,352,907
Cash and cash equivalents, beginning of year	<u>8,732,887</u>
Cash and cash equivalents, end of year	<u><u>\$ 12,085,794</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, continued
For the year ended June 30, 2006*

Adjustments to reconcile operating loss to net cash used by operating activities	
Operating loss	\$ (10,089,820)
Changes in current assets and liabilities	
Accounts receivable, net	(374,137)
Prepaid expenses	204,242
Accounts payable	(418,133)
Accrued payroll and other liabilities	9,775
Accrued compensated absences	112,716
Other liabilities	21,799
Deferred revenues	<u>4,148,239</u>
Net cash used by operating activities	<u><u>\$ (6,385,319)</u></u>
Non-cash transactions:	
Gifts in kind	<u><u>\$ 189,000</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 Department's 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	\$ 12,085,794	Cash on Hand	\$ (406,045)
	-	Deposits held by State Treasurer	<u>12,491,839</u>
	<u>\$ 12,085,794</u>		<u>\$ 12,085,794</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, 2006, 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 \$1,509,474 were outstanding as of June 30, 2006.

4. Endowment Income:

Endowment and similar funds on which income earned is available to the Department are as follows at June 30, 2006:

Endowments	\$ 3,068,482
Quasi-endowment	<u>3,732,505</u>
Total	<u><u>\$ 6,800,987</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, 2006.

**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	\$ 62,036	\$ 62,036	\$ 50,865

The USC Lettermens Association expenditures of \$62,036 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 \$2,116,074, and is not included in admissions revenue in the accompanying financial statements.

The Department also collects a State admission tax on tickets sold, which it remits to the State upon collection and an academic scholarship fee of \$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. The scholarship fees collected in fiscal year 2006 totaled \$626,168.

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 \$765,609 for the year ended June 30, 2006. The University's plant fund earned interest on these debt service funds of \$55,741 for the year ended June 30, 2006. 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 for the Club. Revenue and expenditures for the Club amounted to \$13,304,228 and \$13,613,106 respectively, and are included in the accompanying financial statements. Such revenues include \$12,489,222 of contributions by Club members and \$815,006 from other sources, principally gifts-in-kind income and endowment and investment income. At June 30, 2006, pledges totaling \$2,401,020 due by December 31, 2006 are outstanding but not delinquent. The \$135,487 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, 2005, employees participating in the SCRS are required to contribute 6.25 percent of all compensation. The rate increases to 6.5 percent on July 1, 2006. Effective July 1, 2004, the employer contribution rate became 10.80 percent, which included a 3.25 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, 2006, 2005 and 2004 were \$298,100, \$339,900 and \$326,200 respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for each year. Also, the Athletic Department paid employer group-life insurance contributions of \$5,800 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 13.55 percent, which, as for the SCRS, included the 3.25 percent surcharge. The Athletic Department's actual contributions to the PORS for the years ending June 30, 2006, 2005, and 2004, were \$20,900, \$17,600, and \$21,000 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 \$406 and accidental death insurance contributions of \$406 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, 7.55 percent, plus the retiree surcharge of 3.25 percent from the employer in fiscal year 2006.

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 \$484,800 (excluding the surcharge) from the Athletic Department as employer and \$401,400 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 \$574,900 for the year ended June 30, 2006. As discussed in Note 8, the Athletic Department paid \$341,500 applicable to the 3.25 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 group life insurance benefits or 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, 2006 was \$26,250 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, 2006 was \$51,000 under this lease.

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

The Department leases space for the equestrian program under the following long term operating lease:

Lease dated May 18, 2004 with One Wood Farm for the exclusive lease of the equestrian facility in Blythewood. The three year agreement provides for the payment of \$6,000 per month for the first year, and \$6,200 per month for the subsequent years. The expenditure for the year ended June 30, 2006 was \$74,400 under this lease.

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

Notes to Financial Statements, Continued

13. Commitments:

The Department committed to repay \$1,000,000 to the endowment funds of the University. The Department receives the earnings on certain endowment funds. These funds were advances by the endowment fund to the plant fund of the University to pay for a scoreboard and message board in the football stadium. \$130,000 was repaid by the Department during 2006 and is included in general administration expenditures. The balance of the advances at June 30, 2006 was \$130,000.

14. 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 2006 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.

15. 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

15. 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

16. Installment Notes Payable:

University note payable secured by stadium message board dated October, 1999, payable in annual installments of \$75,203, matures November, 2006 with interest at 5.359%.	\$	71,378
University note payable secured by aircraft, dated July, 2001, payable in monthly interest only payment of \$6,458 through June, 2003 and monthly principal payments of \$10,417 plus interest in 2004 through 2011, matures June 2011 with interest at 7.75%.		625,000
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%.		69,319
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.		383,126
Total Installment Notes Payable	\$	1,148,823

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

	Principal	Interest	Total
2007	\$ 298,638	\$ 72,443	\$ 371,081
2008	232,261	53,929	286,190
2009	201,373	38,976	240,349
2010	205,886	24,776	230,662
2011	210,665	10,309	220,974
	\$ 1,148,823	\$ 200,433	\$ 1,349,256

17. 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, 2006 totaled \$1,262,271.

OTHER SUPPLEMENTARY INFORMATION

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

*Schedule of Revenues
For the year ended June 30, 2006*

Revenues:

Admissions

Football, net of \$1,385,307 for bond seat assessment and \$583,501 for admission taxes	\$ 11,381,423
Men's basketball, net of \$680,840 for bond seat assessment and \$92,519 for admission taxes	1,849,406
Olympic sports, net of \$48,556 for bond seat assessment and \$26,448 for admission taxes	<u>546,267</u>
Total admissions	<u>13,777,096</u>

Guarantees

Football	800,000
Men's basketball	34,000
Olympic sports	<u>10,000</u>
Total guarantees	<u>844,000</u>

Student Athletic Fees

597,515

Gamecock Club

Regular members contributions	12,463,992
Junior members contributions	25,230
Buffet revenue	56,307
Credit card revenue	165,000
Gifts in kind	<u>189,000</u>
Total Gamecock Club	<u>12,899,529</u>

Investment income

457,891

Endowment income

107,379

Premium seating

Club seats	540,767
Suite seats	625,136
Zone seats	965,535
Arena founders seats	<u>185,791</u>
Total premium seating	<u>2,317,229</u>

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

*Schedule of Revenues, Continued
For the year ended June 30, 2006*

Southeastern Conference share	<u>10,479,269</u>
Gifts (Designated Funds)	<u>388,152</u>
Other	
Football radio and television rights	1,813,636
Basketball radio and television rights	594,819
Programs, souvenirs and concessions	867,079
Mailing fees	117,528
Royalties	177,314
Corporate sponsorship	474,176
Miscellaneous	<u>1,314,867</u>
Total other	<u>5,359,419</u>
Total	<u>47,227,479</u>
Colonial Center non athletic events revenues	<u>4,830,778</u>
Total revenues	<u><u>\$ 52,058,257</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, 2006*

Revenues:	
Student fees	\$ 765,609
Seat assessment (Williams Brice Stadium and Colonial Center)	2,116,074
Investment income	<u>55,741</u>
Total revenues	<u>2,937,424</u>
 Expenditures:	
Principal	2,865,000
Interest	1,276,717
Other	<u>51,262</u>
Total expenditures	<u>4,192,979</u>
 Transfers:	
For debt service	<u>1,382,000</u>
Total transfers	<u>1,382,000</u>
Excess of revenues and transfers over expenditures	126,445
Fund balances, beginning of year	<u>109</u>
 Fund balances, end of year	 <u><u>\$ 126,554</u></u>

(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, 2006*

	<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	\$ 2,697,684	\$ 786,276	\$ 1,411,218	\$ 2,193,081	\$ 2,123,706
Grants	2,697,632	484,009	1,561,178	3,254,288	50,929
Team travel	839,406	495,334	536,427	1,187,313	48,335
General travel	40,271	14,735	13,190	33,152	29,791
Recruiting	248,585	122,819	130,420	253,602	
Game services	297,945	141,553	97,363	150,950	18,122
Other services	20,605	2,299	18,569	23,657	320,937
Supplies and uniforms	262,471	75,998	200,571	203,551	185,644
General administration	467,837	115,441	103,683	402,635	477,493
Guarantees	1,850,000	292,000	25,036	89,296	-
Total expenditures	9,422,436	2,530,464	4,097,655	7,791,525	3,254,957
Transfers	-	-	-	-	-
Total expenditures and transfers	<u>\$ 9,422,436</u>	<u>\$ 2,530,464</u>	<u>\$ 4,097,655</u>	<u>\$ 7,791,525</u>	<u>\$ 3,254,957</u>

This section excludes USC Lettermens Association revenues

Administrative Support Services	Gamecock Club	Facilities	Administration	Colonial Center Non-Athletic Events	Total
\$ 2,535,909	\$ 424,859	\$ 1,113,608	\$ 1,228,220	\$ 1,443,131	\$ 15,957,692
11,718		7,658			8,067,412
4,535	23,555				3,134,905
209,386	8,082	2,145	32,260	48,968	431,980
(595)					754,831
1,146,323	245,590	2,775	63,876	32,982	2,197,479
64,016	135,240	365,219	224,239	1,294,389	2,469,170
175,378	5,202	2,914	51,385	3,486	1,166,600
2,023,733	1,525,335	1,633,197	4,110,074	1,246,184	12,105,612
38,494	-	-	-	-	2,294,826
6,208,897	2,367,863	3,127,516	5,710,054	4,069,140	48,580,507
-	-	-	4,111,379	406,461	4,517,840
<u>\$ 6,208,897</u>	<u>\$ 2,367,863</u>	<u>\$ 3,127,516</u>	<u>\$ 9,821,433</u>	<u>\$ 4,475,601</u>	<u>\$ 53,098,347</u>

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

*Schedule of Expenditures – Men’s Olympic Sports
For the year ended June 30, 2006*

Expenditures:	<u>Baseball</u>	<u>Golf</u>
Personnel	\$ 555,552	\$ 173,870
Grants	314,158	116,702
Team travel	87,828	44,949
General travel	1,101	2,086
Recruiting	42,164	7,613
Game services	46,618	
Other services	1,102	159
Supplies and uniforms	88,283	17,639
General administration	33,186	19,128
Guarantees	18,459	-
Total expenditures	<u><u>\$ 1,188,451</u></u>	<u><u>\$ 382,146</u></u>

<u>Soccer</u>	<u>Swimming</u>	<u>Tennis</u>	<u>In and Outdoor Track and Cross Country</u>	<u>Totals</u>
\$ 194,275	\$ 147,669	\$ 140,869	\$ 198,983	\$ 1,411,218
280,812	322,113	144,332	383,061	1,561,178
76,184	72,619	79,187	175,660	536,427
508	1,053	3,285	5,157	13,190
23,408	20,123	13,531	23,581	130,420
11,603	277	36,247	2,618	97,363
1,973	599	2,332	12,404	18,569
4,727	22,662	44,732	22,528	200,571
19,040	10,610	7,986	13,733	103,683
5,500	-	-	1,077	25,036
<u>\$ 618,030</u>	<u>\$ 597,725</u>	<u>\$ 472,501</u>	<u>\$ 838,802</u>	<u>\$ 4,097,655</u>

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

*Schedule of Expenditures – Women’s Olympic Sports
For the year ended June 30, 2006*

Expenditures:	<u>Basketball</u>	<u>Softball</u>	<u>Volleyball</u>	<u>Swimming</u>
Personnel	\$ 683,108	\$ 200,626	\$ 240,300	\$ 203,925
Grants	447,893	346,986	352,554	444,822
Team travel	400,910	78,314	102,206	100,283
General travel	8,518	708	5,557	1,453
Recruiting	77,964	19,123	25,676	27,788
Game services	92,547	14,363	12,265	383
Other services	230		18	827
Supplies and uniforms	29,640	8,370	6,426	31,296
General administration	77,761	6,535	23,297	14,653
Guarantees	87,981	(300)	-	-
Total expenditures	<u>\$ 1,906,552</u>	<u>\$ 674,725</u>	<u>\$ 768,299</u>	<u>\$ 825,430</u>

<u>Tennis</u>	<u>Golf</u>	<u>In and Outdoor Track and Cross Country</u>	<u>Soccer</u>	<u>Equestrian</u>	<u>Totals</u>
\$ 128,402	\$ 158,604	\$ 298,474	\$ 173,311	\$ 106,331	\$ 2,193,081
264,718	145,423	574,591	352,129	325,172	3,254,288
75,408	44,930	263,491	60,693	61,078	1,187,313
1,091	4,668	7,736	508	2,913	33,152
7,531	14,437	35,371	25,210	20,502	253,602
7,986	3,918	3,928	10,374	5,186	150,950
3,320	138	18,608		516	23,657
36,611	17,333	33,792	22,563	17,520	203,551
10,728	21,422	20,600	13,324	214,315	402,635
-	-	1,615	-	-	89,296
<u>\$ 535,795</u>	<u>\$ 410,873</u>	<u>\$ 1,258,206</u>	<u>\$ 658,112</u>	<u>\$ 753,533</u>	<u>\$ 7,791,525</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, 2006*

	<u>Athletic Training Room</u>	<u>Academic Support Services</u>
Expenditures:		
Personnel	\$ 464,746	\$ 873,307
Grants	854	188
Team travel		95
General travel	16,117	8,066
Recruiting		
Game services	589	11,551
Other services	313,955	1,483
Supplies and uniforms	152,437	1,476
General administration	350,810	75,163
Guarantees	-	-
	<u>1,299,508</u>	<u>971,329</u>
Total expenditures	1,299,508	971,329
Transfers	<u>-</u>	<u>-</u>
	<u>\$ 1,299,508</u>	<u>\$ 971,329</u>
Total expenditures and transfers	<u>\$ 1,299,508</u>	<u>\$ 971,329</u>

Strength Conditioning Program	Cheerleading	Wellness Program Testing	Totals
\$ 651,098	\$ 56,367	\$ 78,188	\$ 2,123,706
12,287	37,600		50,929
	48,240		48,335
5,608			29,791
388	5,594		18,122
2,366	3,133		320,937
4,359	27,372		185,644
13,717	2,507	35,296	477,493
-	-	-	-
689,823	180,813	113,484	3,254,957
-	-	-	-
<u>\$ 689,823</u>	<u>\$ 180,813</u>	<u>\$ 113,484</u>	<u>\$ 3,254,957</u>

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

*Schedule of Expenditures and Transfers – Administrative Support Services
For the year ended June 30, 2006*

Expenditures:	<u>Sports Information</u>	<u>Business Office</u>	<u>Ticket Office</u>	<u>Game Management</u>	<u>NCAA Compliance</u>
Personnel	\$ 412,253	\$ 409,740	\$ 236,199	\$ 641,281	\$ 159,705
Grants				2,396	9,322
Team travel				4,535	
General travel	8,801	125	7,040		6,845
Recruiting				(595)	
Game services	13,323		1,102	891,065	
Other services	636			56,257	270
Supplies and uniforms	41,158		53,501	29,585	10
General administration	181,022	43,125	766,428	586,487	19,310
Guarantees	-	-	-	38,494	-
Total expenditures	<u>657,193</u>	<u>452,990</u>	<u>1,064,270</u>	<u>2,249,505</u>	<u>195,462</u>
Transfers:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers	<u>\$ 657,193</u>	<u>\$ 452,990</u>	<u>\$ 1,064,270</u>	<u>\$ 2,249,505</u>	<u>\$ 195,462</u>

Olympic Sports Adminstration	Concession	Video Support	Marketing Promotions Advertising	Airplane Operations	Premium Seating	Total
\$ 327,268	\$ -	\$ 197,351	\$ 41,615	\$ 110,497	\$ -	\$ 2,535,909
						11,718
						4,535
4,733		461	1,675	179,706		209,386
						(595)
4,343			426		236,064	1,146,323
	2,200	4,054			599	64,016
36,468		12,831	65		1,760	175,378
16,981	16,169	39,230	39,043	207,596	108,342	2,023,733
-	-	-	-	-	-	38,494
389,793	18,369	253,927	82,824	497,799	346,765	6,208,897
-	-	-	-	-	-	-
<u>\$ 389,793</u>	<u>\$ 18,369</u>	<u>\$ 253,927</u>	<u>\$ 82,824</u>	<u>\$ 497,799</u>	<u>\$ 346,765</u>	<u>\$ 6,208,897</u>

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

*Schedule of Endowment Fund Assets (1)
For the year ended June 30, 2006*

Endowments:	Cash and Cash Equivalents	Fund held in Trust by Others	Real Estate	Total
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	253,361	586,075		839,436
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, 2006*

	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	2,354,157	586,075	128,250	3,068,482

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

*Schedule of Endowment Fund Assets (1), Continued
For the year ended June 30, 2006*

	<u>Cash and Cash Equivalents</u>	<u>Fund held in Trust by Others</u>	<u>Real Estate</u>	<u>Total</u>
Quasi-endowments:				
General	44,221			44,221
Peggy Shaw			6,500	6,500
P.F. Laborde, Jr.	11,919			11,919
Rex Enright	2,765			2,765
Mike Johnson	12,272			12,272
Pat McGuire	4,832			4,832
J.D. Parler	4,953			4,953
Doc Ellisor	614			614
Rut L. Osborne	34			34
Frank McGuire	8,655			8,655
Gamecock Club	46,533			46,533
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	2,204,053		2,263,282
Athletic Life Income Fund-Crews	-	1,262,271		1,262,271
	<u>259,681</u>	<u>3,466,324</u>	<u>6,500</u>	<u>3,732,505</u>
Total quasi-endowments				
	<u>\$ 2,613,838</u>	<u>\$ 4,052,399</u>	<u>\$ 134,750</u>	<u>\$ 6,800,987</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, 2006*

Endowments:	Fund Balance July 1, 2005	Contributions	Other Income (2)	Fund Balance June 30, 2006
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	840,546		(1,110)	839,436
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, 2006*

	<u>Fund Balance July 1, 2005</u>	<u>Contributions</u>	<u>Other Income (2)</u>	<u>Fund Balance June 30, 2006</u>
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
	<hr/>	<hr/>	<hr/>	<hr/>
Total endowments	3,069,592	-	(1,110)	3,068,482
	<hr/>	<hr/>	<hr/>	<hr/>

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

*Schedule of Changes in Endowment Fund Balances (1), Continued
For the year ended June 30, 2006*

	<u>Fund Balance July 1, 2005</u>	<u>Contributions</u>	<u>Other Income (2)</u>	<u>Fund Balance June 30, 2006</u>
Quasi-endowments:				
General	44,221			44,221
Peggy Shaw	6,500			6,500
P.F. Laborde, Jr.	11,919			11,919
Rex Enright	2,765			2,765
Mike Johnson	12,272			12,272
Pat McGuire	4,832			4,832
J.D. Parler	4,953			4,953
Doc Ellisor	614			614
Rut L. Osborne	34			34
Frank McGuire	8,655			8,655
Gamecock Club	46,433	100		46,533
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	2,220,688		42,594	2,263,282
Athletic Life Income Fund	950,831		311,440	1,262,271
	<u>3,378,371</u>	<u>100</u>	<u>354,034</u>	<u>3,732,505</u>
Total quasi-endowments				
	<u>\$ 6,447,963</u>	<u>\$ 100</u>	<u>\$ 352,924</u>	<u>\$ 6,800,987</u>
Totals				

(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, 2006*

	<u>Gamecock Club</u>	<u>Athletics Department</u>	<u>Total</u>
Revenues:			
Admission and guarantees	\$	\$ 14,621,096	\$ 14,621,096
Student athletic fees		597,515	597,515
Gamecock Club contributions and Athletic Gifts	12,489,222	388,152	12,877,374
Investment income	217,102	240,789	457,891
Endowment income	107,379		107,379
Corporate sponsorship		474,176	474,176
Programs, souvenirs and concessions		867,079	867,079
Radio and television rights		2,408,455	2,408,455
Mailing fees		117,528	117,528
Royalties		177,314	177,314
Southeastern Conference		10,479,269	10,479,269
Premium seating		2,317,229	2,317,229
Gifts in kind	189,000		189,000
Other revenue	301,525	1,234,649	1,536,174
	<u>13,304,228</u>	<u>33,923,251</u>	<u>47,227,479</u>
Total			
Colonial Center non-athletic events	-	4,830,778	4,830,778
	<u>-</u>	<u>4,830,778</u>	<u>4,830,778</u>
Total revenue	<u>13,304,228</u>	<u>38,754,029</u>	<u>52,058,257</u> (A)
Expenditures:			
Personnel	1,486,851	13,027,710	14,514,561
Grants	8,067,412		8,067,412
Team travel	23,650	3,111,255	3,134,905
General travel	211,971	171,041	383,012
Recruiting	754,831		754,831
Game services	270,956	1,893,541	2,164,497
Other services	450,678	724,103	1,174,781
Supplies and uniforms	158,691	1,004,423	1,163,114
General administration	2,188,066	8,671,362	10,859,428
Guarantees		2,294,826	2,294,826
	<u>13,613,106</u>	<u>30,898,261</u>	<u>44,511,367</u>
Total			
Colonial Center non-athletic events	-	4,069,140	4,069,140
	<u>-</u>	<u>4,069,140</u>	<u>4,069,140</u>
Total expenditures	<u>13,613,106</u>	<u>34,967,401</u>	<u>48,580,507</u> (B)

**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, 2006*

	Gamecock Club	Athletics Department	Total
Transfers to the University	-	4,517,840	4,517,840
Total transfers	-	4,517,840	4,517,840
Total expenditures and transfers	13,613,106	39,485,241	53,098,347
Excess of expenditures over revenues	\$ (308,878)	\$ (731,212)	\$ (1,040,090)

(A) Excludes USC Lettermens Association revenues of \$62,036

(B) Excludes USC Lettermens Association expenses of \$62,036

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

*Schedule of Gamecock Club Expenditures – Budget to Actual
For the year ended June 30, 2006*

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
Grant-in-aid:			
Tuition and fees	\$ 4,384,780	\$ 5,225,423	\$ (840,643)
Lodging	1,081,500	1,272,467	(190,967)
Meals	835,500	886,177	(50,677)
Books	324,440	370,317	(45,877)
Summer school	381,000	216,188	164,812
Vacation meals and lodging	96,750	96,840	(90)
	<u>7,103,970</u>	<u>8,067,412</u>	<u>(963,442)</u>
Recruiting:			
Coaches' recruiting	556,700	434,354	122,346
Prospects travel and maintenance	317,446	268,041	49,405
Brochures and printing	47,475	52,436	(4,961)
Operations:			
Club operations	1,856,654	2,348,496	(491,842)
Academic support services	831,699	971,141	(139,442)
Student wellness program	155,240	113,484	41,756
Junior Gamecock Club	21,150	27,709	(6,559)
Airplane operations	438,272	497,799	(59,527)
Sports medicine	803,650	833,908	(30,258)
Non-budgeted expenses	-	(1,674)	1,674
	<u>5,028,286</u>	<u>5,545,694</u>	<u>(517,408)</u>
Total recruiting/operations	<u>5,028,286</u>	<u>5,545,694</u>	<u>(517,408)</u>
Total Grant-in-aid and recruiting/operations	<u>\$ 12,132,256</u>	<u>\$ 13,613,106</u>	<u>(1,480,850)</u>

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, 2006*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Totals</u>
Revenues:			
Admissions:			
Football	\$ 11,381,423	\$ -	11,381,423
Basketball	1,849,406		1,849,406
Olympic sports	546,267	-	546,267
Totals	<u>13,777,096</u>	<u>-</u>	<u>13,777,096</u>
Guarantees:			
Football	800,000		800,000
Basketball	34,000		34,000
Olympic sports	10,000	-	10,000
Totals	<u>844,000</u>	<u>-</u>	<u>844,000</u>
Student athletic fees	<u>597,515</u>	<u>-</u>	<u>597,515</u>
Gamecock Club:			
Regular members contributions	12,463,992		12,463,992
Junior members contributions	25,230		25,230
Buffet revenue	56,307		56,307
Credit card revenue	165,000		165,000
Gifts in kind	189,000	-	189,000
Total Gamecock Club	<u>12,899,529</u>	<u>-</u>	<u>12,899,529</u>
Endowment income	<u>107,379</u>	<u>-</u>	<u>107,379</u>
Investment income	<u>457,891</u>	<u>-</u>	<u>457,891</u>

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

*Schedule of Revenues – Undesignated/Departmentally Designated Funds, Continued
For the year ended June 30, 2006*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Totals</u>
Premium seating:			
Club seats	540,767		540,767
Suite seats	625,136		625,136
Zone seats	965,535		965,535
Arena founders seats	185,791	-	185,791
	<u>2,317,229</u>	<u>-</u>	<u>2,317,229</u>
Total premium seating			
	<u>2,317,229</u>	<u>-</u>	<u>2,317,229</u>
Southeastern Conference share	<u>10,479,269</u>	<u>-</u>	<u>10,479,269</u>
Gifts	<u>151,428</u>	<u>236,724</u>	<u>388,152</u>
Other:			
Football radio and television rights	1,813,636		1,813,636
Basketball radio and television rights	594,819		594,819
Programs, souvenirs and concessions	867,079		867,079
Mailing fees	117,528		117,528
Royalties	177,314		177,314
Corporate sponsorships	474,176		474,176
Miscellaneous	1,314,867	-	1,314,867
	<u>5,359,419</u>	<u>-</u>	<u>5,359,419</u>
Totals			
	<u>5,359,419</u>	<u>-</u>	<u>5,359,419</u>
Colonial Center non-athletic events revenues	<u>4,830,778</u>	<u>-</u>	<u>4,830,778</u>
Outside sources:			
USC Lettermens Association	<u>62,036</u>		<u>62,036</u>
Total revenue	<u>\$ 51,883,569</u>	<u>\$ 236,724</u>	<u>\$ 52,120,293</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, 2006*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Totals</u>
Expenditures:			
Personnel	\$ 14,514,561	\$ -	\$ 14,514,561
Grants (Scholarships)	8,067,412		8,067,412
Team travel	3,134,905		3,134,905
General travel	383,012		383,012
Recruiting	754,831		754,831
Game services	2,164,497		2,164,497
Supplies and uniforms	1,112,125	50,989	1,163,114
General administration	10,087,607	771,822	10,859,429
Other services	954,937	219,844	1,174,781
Guarantees	2,294,826		2,294,826
	<hr/>	<hr/>	<hr/>
Total	43,468,713	1,042,655	44,511,368
Colonial Center non-athletic events	4,069,140		4,069,140
Outside services:			
USC Lettermens Association	62,036	-	62,036
	<hr/>	<hr/>	<hr/>
Total expenditures	47,599,889	1,042,655	48,642,544
	<hr/>	<hr/>	<hr/>
Transfers:			
University general scholarships	313,018		313,018
University band	181,108	72,547	253,655
Debt service	1,382,000		1,382,000
Colonial Center non-athletic events	406,461		406,461
Capital Projects	1,822,313		1,822,313
Other	1,437,524	(1,097,132)	340,392
	<hr/>	<hr/>	<hr/>
Total transfers	5,542,424	(1,024,585)	4,517,839
	<hr/>	<hr/>	<hr/>
Total expenditures and transfers	\$ 53,142,313	\$ 18,070	\$ 53,160,383
	<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, 2006*

	Undesignated	Departmentally Designated	Total
Fund balances , beginning of year	\$ 4,373,008	\$ 17,919	\$ 4,390,927
Excess of revenues over (under) expenditures and transfers	(1,258,744)	218,654	(1,040,090)
Fund balances , at end of year	\$ 3,114,264	\$ 236,573	\$ 3,350,837

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

*Schedule of Expenditures and Transfers – Departmentally Designated Funds
For the year ended June 30, 2006*

	Reserve and Replacements	New Arena	Totals
Expenditures:			
Personnel	\$ -	\$ -	\$ -
Grants			
Team travel			
General travel			
Recruiting			
Game services			
Other services	219,844		219,844
Supplies and uniforms	50,989		50,989
General administration	765,819	6,003	771,822
Guarantees	-	-	-
	1,036,652	6,003	1,042,655
Total expenditures			
Transfers	(1,024,586)	-	(1,024,586)
	\$ 12,066	\$ 6,003	\$ 18,069
Total expenditures and transfers	\$ 12,066	\$ 6,003	\$ 18,069

**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, 2006*

Revenues:

Ticket sales and rental charges	\$ 2,183,868
Arena suites	949,398
Concessions	563,180
Corporate sponsorships	1,041,297
Investment income	23,687
Other	93,035

Total revenue	<u>4,854,465</u>
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Expenditures:

Personnel	1,443,131
Travel	48,968
Event services	1,327,371
Supplies	3,486
General administration	1,246,184

Total expenditures	<u>4,069,140</u>
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Excess of revenue over expenditures	<u>785,325</u>
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Transfers:

Transfers to the University:	
Capital projects	651,461
Transfers from the University:	
Parking	<u>(245,000)</u>

Total net transfers	<u>406,461</u>
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Excess of revenue over expenditures and transfers	<u><u>\$ 378,864</u></u>
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Rowell, Craven & Short, PA
Certified Public Accountants

7540 Matthews-Mint Hill Road
Charlotte, NC 28227
Phone: 704-545-9771
Fax: 704-545-0946
www.rowellcravenshort.com

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, 2006 and have issued our report thereon dated September 30, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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 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, Board of Trustees, and others within the Department and is not intended to be and should not be used by anyone other than these specified parties.

Rowell, Cannon & Shant, P.A.

September 30, 2006
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 an issue that should be addressed:

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

As a follow-up to the previous year comments we would like to report the areas of concern have been addressed. The accountability for football and basketball ticket sales was much improved and with the conversion to the Pacolian Ticketing System the accountability factor will be even greater.

The issue of travel allowances has been addressed and advances are now required to be settled at the conclusion of the event.

Procedures are now in place for guarantee contracts to be signed and maintained in a central location within the Athletic Department.