

December 10, 1998

The Honorable David M. Beaseley, Governor
and
Members of the Board of Trustees
Winthrop University
Rock Hill, South Carolina

This report on the review of the statement of revenues, expenditures and transfers of the Winthrop University Intercollegiate Athletics Program for the fiscal year ended June 30, 1998, and the application of certain agreed-upon procedures to the accounting records of the Winthrop University Intercollegiate Athletics Program was issued by Finch Hamilton & Co., LLC., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

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

Respectfully submitted,

Thomas L. Wagner, Jr., CPA
State Auditor

TLW/cwc

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Rock Hill, South Carolina

June 30, 1998

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures described below, which were agreed to by the South Carolina Office of the State Auditor and the Board of Trustees and management of Winthrop University, solely to assist the University in complying with NCAA Bylaw 6.2.3.1. for the fiscal year ended June 30, 1998. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures and associated findings are as follows:

1. We obtained from management the statement of revenues, expenditures and transfers of Winthrop University Intercollegiate Athletics Program for the year ended June 30, 1998, as prepared by management of the University and shown on pages 7 and 8 in this report. We recalculated the addition of the amounts on the statement, traced those amounts to management's worksheets and agreed the amounts on management's worksheets to the 91000 & 92000 series of accounts in the University's general ledger. We discussed the nature of the worksheet adjustments with management to satisfy ourselves that the adjustments were appropriate. We found no exceptions as a result of the procedures.
2. We obtained from management a list of all outside organizations not under the University's accounting control. Such an organization has as its principal or one of its principal purposes the generating of resources for or on behalf of the University's intercollegiate athletics program or the promotion of the program. We also obtained descriptions of the University's methods for gathering information on the nature and extent of each of those organizations' activities for or on behalf of the intercollegiate athletics program. We found no exceptions as a result of the procedures.

3. From management, we obtained copies of each outside organization's statement of revenues and expenditures for the University's fiscal year and confirmed the revenues and expenditures on these statements directly with responsible officials of the respective organizations. We found no exceptions as a result of the procedures.
4. We obtained from management a listing of all expenditures made directly by the respective outside organizations (not under the University's accounting control) to or on behalf of the University's intercollegiate athletics program or employees to determine if they are included as revenues and expenditures on the University's intercollegiate athletics program's accounting records and its statement of revenues, expenditures, and transfers. Our finding as a result of these procedures is presented in Comment #1 in the Accountants' Comments section of this report.
5. We requested a listing of all expenditures made directly by other external parties (e.g. related parties, foundations, individuals, business, or other organizations) for or on behalf of the University's intercollegiate athletes program or its employees to determine if they were included as revenues in the University's statement of revenues, expenditures and transfers. We also obtained descriptions of the University's methods for gathering information on the nature of extent of such gifts/contributions by those parties. For fiscal year 98, management told us that no expenditures by such external parties were made. We found no exceptions as a result of the procedures.
6. We scanned the intercollegiate athletics program contributions revenue accounts detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For these recorded receipts, we reviewed the supporting documentation to determine if they were properly classified, to identify those received from independent outside sources (those which don't have as one of their principal purposes the promotion and support of the athletics program), and to determine that the source and value of each such contribution is disclosed in a footnote to the statement. We found no exceptions as a result of the procedures.
7. From deposit transmittals, we randomly selected 25 receipts for intercollegiate athletics and tested them to determine if they were properly recorded and classified in the accounting records based on our review of the supporting documentation. The total of the selected receipts was 33% of the aggregate total of recorded receipts. We found no exceptions as a result of the procedures.
8. We asked management to describe specific elements of the University's internal control unique to the intercollegiate athletics program's accounting system and financial reporting.
 - a. Based on the materiality of certain revenue sources as reported on the statement, we tested all recorded ticket sales and game guarantees and selected recorded facility leasing, NCAA and conference grants, and concession reports to determine if the items were complete and properly classified based on a review of supporting documentation of basketball ticket sales reports prepared by coliseum director, contracts with lessees, game guarantee contracts, NCAA and conference distributions, and concession reports. The tested facility leasing documents and concession reports were chosen randomly. The total of selected items of facility leasing was 12% of the total of 41 leased events, the total of the selected concession reports were 28% of the total of recorded concession receipts, and the total of selected NCAA and conference grants was 77% of the total recorded NCAA and conference grants receipts. We also tested the selected recorded revenues to determine if internal control related to financial reporting over these revenues were operating as described. We found no exceptions as a result of the procedures.
 - b. Based on the materiality of certain expenditure accounts reported on the statement, we tested

randomly selected recorded expenditures for contractual services, travel, uniforms, financial aid and equipment and supplies to determine if these expenditures were properly valued, properly classified, and properly authorized based on a review of the supporting documentation of vendor invoices and purchase requisitions and if internal control related to financial reporting over expenditures were operating as described. The total of the selected expenditures was 19% of the aggregate of total recorded expenditures. We found no exceptions as a result of the procedures.

- c. We asked management to describe the basis for allocating student fees to athletics and obtained from management the reconciliation of total student fees revenue. We tested the reasonableness of reported student activities fees and of student athletic fees to our estimates of those fees using prior years allocations. We found no exceptions as a result of the procedures.
9. We obtained all daily cash receipts reports for the intercollegiate athletics program prepared by various program representatives. We randomly selected two of these reports, one from women's basketball and one from track and cross country for testing, verified their clerical accuracy, reviewed supporting documentation to determine if the receipts were properly classified, and traced the receipts to the University's general ledger accounts for the intercollegiate athletics program. We found no exceptions as a result of the procedures. The totals of the tested women's basketball and track and cross country were 6% and 89%, respectively, of the total recorded receipts for the applicable two reports.
10. We examined guarantee contracts for all basketball games during fiscal year 1998. We compared the contract revenues to recorded revenues in the general ledger. We also compared basketball guarantee expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger. We found no exceptions as a result of the procedures.
11. We obtained a schedule of athletics department salaries and agreed those amounts to the appropriate general ledger salary accounts. We estimated the related employer contributions expenditures using the University's average fringe benefits rates for comparably paid employees and compared our estimates with reported expenditures in the appropriate general ledger accounts. We identified no material unexplained variance.
12. We reviewed the status of the deficiencies described in the findings reported in the prior year to determine if the University has taken adequate corrective action. We found the University has taken adequate corrective action on all of the previously reported weaknesses.

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

This report is intended solely for the use of the specified users and should not be used by those who have not agreed to the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

November 17, 1998

ACCOUNTANTS' COMMENTS

WINTHROP UNIVERSITY

1. OUTSIDE ORGANIZATIONS EXPENDITURES

Finding

One expenditure made directly by the Winthrop Foundation, an outside organization, on behalf of the Winthrop University Intercollegiate Athletics Program was not included as revenues and expenditures on the accounting records nor on the statement of revenues, expenditures and transfers. The amount of expenditure omitted is \$2,863 which represents one expenditure by the Foundation for the intercollegiate athletics program for the fiscal year.

The omitted \$2,863 was identified when we obtained from management a listing of all expenditures made directly by outside organizations on behalf of the intercollegiate athletics program. The statement has been revised to include the \$2,863 as revenues and expenditures on the statement of revenues, expenditures and transfers.

Recommendation

We recommend that the University adjust the statement of revenues, expenditures and transfers to include the expenditures made by the Winthrop Foundation on behalf of athletics and refine procedures to record those amounts in future years.

Response

We concur with the recommendation. We will enhance procedures to ensure all outside organization expenditures made on behalf of the Winthrop University Intercollegiate Athletics Program are recorded in future years.

STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM

Year Ending June 30, 1998

	Men's Basketball	Other Sports	Nonprogram Specific	Total
Revenues				
Ticket sales	\$ 15,510	\$ 2,872	\$ --	\$ 18,382
Guarantees	92,500	11,700		104,200
Coliseum parking	--	--	7,822	7,822
Coliseum concessions	--	--	35,367	35,367
Coliseum facility leasing	--	--	140,518	140,518
Entry fees	--	13,981	--	13,981
Facility seat tax	--	--	3,217	3,217
Summer camp	--	--	13,341	13,341
Student activities fees	--	--	1,839,319	1,839,319
Student athletic fees	--	--	202,069	202,069
Advertising	24,972	1,175	12,864	39,011
Interest income	--	--	19,122	19,122
Contributions - restricted	--	10,321	1,715	12,036
Contributions - unrestricted	--	--	73,403	73,403
Contributed support - Winthrop Foundation	18,842	10,917	99,968	129,727
NCAA and conference grants	43,389	--	77,388	120,777
Other	--	--	284	284
TOTAL REVENUES	195,213	50,966	2,526,397	2,772,576
Expenditures				
Salaries				
Coaches	157,779	315,945	--	473,724
Other	6,446	58,394	376,735	441,575
Graduate Assistantships	--	9,875	16,210	26,085
Fringe benefits	38,833	93,110	82,568	214,511
Financial aid	94,983	400,156	750	495,889
Telephone	9,532	14,345	26,648	50,525
Repairs	--	318	7,532	7,850
Printing and advertising	1,785	5,893	45,380	53,058
Contractual services	16,432	61,890	95,836	174,158
Food services	1,574	5,164	29,259	35,997
Travel				
Team	31,797	165,873	2,572	200,242
Recruiting	20,878	27,020	--	47,898
Other	2,412	12,250	19,794	34,456
Uniforms	8,796	58,102	5,986	72,884
Rents	--	4,423	5,885	10,308
Insurance	--	--	27,461	27,461
Dues, taxes, licenses and subscriptions	1,310	5,149	25,310	31,769
Awards	--	282	2,175	2,457

STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS--CONTINUED

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM

Year Ending June 30, 1998

	Men's Basketball	Other Sports	Nonprogram Specific	Total
Expenditures—Continued				
Equipment and supplies	\$ 1,039	\$ 18,057	\$ 89,273	\$ 108,369
Purchases for resale	--	--	14,831	14,831
Guarantees	6,150	1,900	--	8,050
Postage	1,042	1,980	22,511	25,533
Other	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
 TOTAL EXPENDITURES	 400,788	 1,260,126	 896,716	 2,557,630
 Transfers out for debt service	 <u>--</u>	 <u>--</u>	 <u>202,069</u>	 <u>202,069</u>
 Total transfers	 <u>--</u>	 <u>--</u>	 <u>202,069</u>	 <u>202,069</u>
 (DEFICIT) EXCESS REVENUES (UNDER) OVER EXPENDITURES AND TRANSFERS	 <u>\$ (205,575)</u>	 <u>\$ (1,209,160)</u>	 <u>\$ 1,427,612</u>	 <u>\$ 12,877</u>

NOTE TO STATEMENT
WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM

June 30, 1998

NOTE A - CONTRIBUTIONS

Contributed support from the Winthrop Foundation, an outside organization, in the amount of \$ 129,727 results from the Foundation making or committing to make expenditures on behalf of the intercollegiate athletics program for items such as athletic scholarships and equipment.