January 28, 2000

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

This report on the application of certain agreed-upon procedures to the accounting records and the statement of revenues, expenditures and transfers of the Clemson University Intercollegiate Athletics Program for the year ended June 30, 1999, was issued by Rogers & Laban, 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,

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb
CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
YEAR ENDED JUNE 30, 1999
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES</td>
<td>1-3</td>
</tr>
<tr>
<td>ACCOUNTANT’S COMMENTS</td>
<td>4</td>
</tr>
<tr>
<td>STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS</td>
<td>Attachment A</td>
</tr>
<tr>
<td>MANAGEMENT’S RESPONSE</td>
<td>Attachment B</td>
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</tbody>
</table>
INDEPENDENT ACCOUNTANT'S 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 management of Clemson University, solely to assist the University in complying with NCAA Constitution section 6.2.3.1 for the fiscal year ended June 30, 1999. 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 the Clemson University Intercollegiate Athletics Program for the year ended June 30, 1999, as prepared by management of the University and shown as Attachment A 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 relevant 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 tested selected material additions to restricted, endowment, and plant funds accounts related to intercollegiate athletics to determine if they were properly recorded in the University’s accounting records, are properly disclosed in the report, and are not included in the statement of revenues, expenditures, and transfers of the intercollegiate athletics program. We tested selected restricted gifts and endowment and investment income recognized as current year revenues to determine if they were reported as revenues when expended, not when received. We found no exceptions as a result of the procedures.

3. 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. No such contributions were noted.

4. From recorded intercollegiate athletics program revenues, we selected certain 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. We found no exceptions as a result of the procedures.
5. We asked management to described specific elements of the University's internal controls 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 selected recorded ticket sales, conference distributions, executive box rentals, game guarantees, broadcasting rights, donated services and concessions revenues to determine if they were complete and properly classified based on a review of the supporting documentation of football ticket sales reports prepared by management, ticket prices, and number of games; contracts with the ACC, a concession company and a broadcast company; game guarantee contracts; executive box rental contracts; schedules showing the fair rental values of vehicles and review of various general ledger accounts. We also tested the selected recorded revenues to determine if internal controls over the recording of these revenues were operating as described. Our findings as a result of these procedures are presented in the accountant's comments section of this report.

   b) Based on the materiality of certain expenditure accounts reported on the statement, we tested selected recorded expenditures for travel, maintenance and general administration, and financial aid to determine if these expenditures were complete, properly classified, and properly authorized based on a review of the supporting documentation of vendor invoices, travel vouchers, contracts with suppliers, purchase orders and supporting workpapers for the allocation of financial aid expenditures and if internal controls over the recording of these expenditures were operating as described. We found no exceptions as a result of the procedures.

   c) We obtained a copy of the University's internal auditor's reports on its review and reconciliation of the football and basketball ticket sales reports. We tested the reconciliations for one of the six home football games and one of the fifteen home basketball games by verifying its mathematical accuracy and agreeing amounts thereon to the supporting documentation. We found no exceptions as a result of the procedures.

   d) We tested the reasonableness of the amount reported for the transfer in of student athletic fees revenue to our estimate of those fees using the estimated number of athletic seats used by students for football and basketball times the faculty/staff ticket price. We found no material unexplained variances.

6. We obtained daily cash receipts reports for the intercollegiate athletics program prepared by the ticket office and the athletic department business office. We randomly selected two of these reports 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.

7. We examined guarantee contracts for all football and basketball games during fiscal year 1999 and compared the contract revenues to recorded revenues in the general ledger for agreement. We also compared guarantee expenses 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.

8. We obtained a schedule of the athletic 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. Our finding as a result of these procedures is presented in the accountant's comments section of this report.

We were not engaged to, and did not, perform an audit, the objective of which is the expression of an opinion on the specified areas, accounts, or items. Further, we were not engaged to express an opinion on the effectiveness of the internal controls over financial reporting described in paragraph one and procedures one through eight of this report. Accordingly, we do not express such opinions. 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 for the information and use of the Governor, South Carolina Office of the State Auditor and the Board and management of the University and is not intended to be and should not be used by anyone other than these specified parties.

Rogers & Lalan, PA

Columbia, South Carolina
January 11, 2000
CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
ACCOUNTANT’S COMMENTS
YEAR ENDED JUNE 30, 1999

ERRORS IN SCHEDULES

Our testing of the schedules supporting donated services and salaries for the amounts reported on the Statement of Revenues, Expenditures and Transfers disclosed the following:

1. The schedule listing the value of donated services for donated vehicles initially used the personal portion of lease values instead of the total lease value resulting in donated services revenue and fringe benefit expenditures to be understated by approximately $68,000.

2. The schedule listing the salaries for basketball under reported coaches salaries by approximately $80,000 and over reported other salaries by a similar amount.

The Statement of Revenues, Expenditures and Transfers was revised to correct these errors.

We recommend that additional care be taken in the preparation of schedules supporting the statement.

REVENUES MISCLASSIFIED

Our review of the general ledger accounts disclosed that $10,541 of guarantee revenue for basketball had been reported as other revenue in the Statement of Revenues, Expenditures and Transfers. The $10,541 was identified in the University’s general ledger as guarantee income from hosting the NIT tournament by personnel in the athletics department.

We recommend that additional care be taken to ensure that all revenues are properly classified.
## CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
YEAR ENDED JUNE 30, 1999

### REVENUES:

<table>
<thead>
<tr>
<th>Football</th>
<th>Basketball</th>
<th>Other Sports</th>
<th>Nonprogram Specific</th>
<th>IPTAY Learning Center</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,926,249</td>
<td>$1,797,578</td>
<td>$147,549</td>
<td>$9,871,376</td>
<td>$790,628</td>
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<td>18,992</td>
<td>1,500</td>
<td>198,023</td>
<td>8,255</td>
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<td>454,255</td>
<td>75,471</td>
<td>25,448</td>
<td>491,461</td>
<td>491,461</td>
<td>$555,174</td>
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<td>2,975,425</td>
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<td>130,800</td>
<td>5,738,331</td>
<td>933,179</td>
<td>345,279</td>
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<tr>
<td>345,279</td>
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<td>345,279</td>
<td>359,622</td>
<td>359,622</td>
<td>359,622</td>
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<tr>
<td>929,323</td>
<td>343,713</td>
<td>1,254,706</td>
<td>991,848</td>
<td>2,409,126</td>
<td>777,170</td>
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<tr>
<td>70,694</td>
<td>47,157</td>
<td>66,055</td>
<td>96,224</td>
<td>15,300</td>
<td>965,430</td>
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<tr>
<td>118,043</td>
<td>118,043</td>
<td>118,043</td>
<td>118,043</td>
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<td>127,711</td>
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<td>121,566</td>
<td>850,509</td>
<td>27,265,411</td>
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### EXPENDITURES AND MANDATORY TRANSFERS:

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th>Coaches Salaries</th>
<th>Other Salaries</th>
<th>Fringe Benefits</th>
<th>Travel:</th>
<th>Financial Aid</th>
<th>Maintenance and General Administration</th>
<th>Athletic Guarantees</th>
<th>Insurance</th>
<th>Equipment and Improvements</th>
<th>Total Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coaches Salaries</td>
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<td>591,718</td>
<td>893,246</td>
<td>2,679,686</td>
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<td>Other Salaries</td>
<td>184,038</td>
<td>74,133</td>
<td>63,697</td>
<td>2,393,863</td>
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<td>530,848</td>
<td>3,566,361</td>
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</tr>
<tr>
<td>Fringe Benefits</td>
<td>353,682</td>
<td>171,559</td>
<td>262,711</td>
<td>844,867</td>
<td>102,483</td>
<td>92,164</td>
<td>1,827,466</td>
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</tr>
<tr>
<td>Travel:</td>
<td>177,300</td>
<td>237,864</td>
<td>156,263</td>
<td>571,427</td>
<td>1,802</td>
<td>271,192</td>
<td>272,994</td>
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</tr>
<tr>
<td>Recruiting</td>
<td>459,987</td>
<td>536,647</td>
<td>661,883</td>
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<td>27,065</td>
<td>10,898</td>
<td>1,808,805</td>
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<tr>
<td>Non-recruiting</td>
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<td>103,374</td>
<td>82,027</td>
<td>108,532</td>
<td>91,197</td>
<td>11,004</td>
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<tr>
<td>Telephone</td>
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<td>272,994</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>929,323</td>
<td>343,713</td>
<td>1,254,706</td>
<td>991,848</td>
<td>3,519,590</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Maintenance and General Administration</td>
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<td>839,158</td>
<td>833,214</td>
<td>3,353,632</td>
<td>1,220,878</td>
<td>131,760</td>
<td>9,574,575</td>
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</tr>
<tr>
<td>Athletic Guarantees</td>
<td>1,761,020</td>
<td>319,843</td>
<td>35,311</td>
<td>2,116,174</td>
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<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>731</td>
<td>1,155</td>
<td>140,967</td>
<td>13,483</td>
<td>156,336</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Equipment and Improvements</td>
<td>28,090</td>
<td>137,922</td>
<td>172,031</td>
<td>496</td>
<td>338,539</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>8,334,959</td>
<td>3,246,099</td>
<td>4,383,937</td>
<td>8,389,257</td>
<td>1,694,888</td>
<td>777,170</td>
<td>26,826,310</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
## CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
YEAR ENDED JUNE 30, 1999

<table>
<thead>
<tr>
<th>Football</th>
<th>Basketball</th>
<th>Other Sports</th>
<th>Nonprogram Specific</th>
<th>IPTAY Center</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,334,959</td>
<td>3,246,099</td>
<td>4,383,937</td>
<td>8,889,257</td>
<td>1,694,888</td>
<td>777,170</td>
</tr>
</tbody>
</table>

### EXPENDITURES AND MANDATORY TRANSFERS (CONTINUED):

Mandatory Transfers:
- Principal and interest: 500,000

Total Expenditures and Mandatory Transfers: 8,334,959

### NONMANDATORY TRANSFERS (IN)/OUT:

- Student Fees: (1,037,552)
- Student Services: 13,500
- Construction projects: 680,196, 629,538
- Endowment of Scholarships: 229,250
- General Scholarships: 229,250
- Women's Rowing Team: (100,000)

Total: (100,000) 114,644 729,538 744,182

### Excess (deficiency) of revenues over expenditures and transfers:

- Football: $6,050,036
- Basketball: $2,008,444
- Other Sports: $(2,383,703)
- Nonprogram Specific: $(6,479,858)
- IPTAY Center: $0
- Total: $0 $0 $(805,081)

### Notes:

1. IPTAY contributions - restricted represents the amount of IPTAY contributions expended for financial aid or IPTAY operations.
2. Financial aid to individuals who assist the Athletic Department in either an administrative or coaching capacity is classified as non-program specific.
February 29, 2000

Mr. Thomas L. Wagner, State Auditor
Office of the State Auditor
P.O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Wagner:

Under contract with your office, the certified public accounting firm of Rogers & Laban recently completed the agreed upon procedures to assist Clemson University in complying with NCAA constitution section 6.2.3.1 for the fiscal year ended June 30, 1999. In conjunction with this engagement, Rogers and Laban issued “Accountants Comments” on the Intercollegiate Athletics Program.

This report identified several comments and recommendations. To avoid future comments, we will consider delaying the accountants arrival for the agreed upon procedure to assure that information is complete and accurate. Clemson University’s response follows:

**Errors in Schedules**
Additional care will be taken to in the preparation of schedules supporting the Statement of Revenues, Expenditures and Transfers. An additional analytical procedure will be implemented to avoid future problems of this nature.

**Revenues Misclassified**
An additional procedure will be implemented to assure that all guarantee Income will be identified directly to the sport.

Please feel free to contact me if any further discussions are necessary.

Sincerely,

Scott Ludlow
Chief Financial Officer

cc: James Barker
R. W. Robinson
Thornton Kirby
Michael Hughey