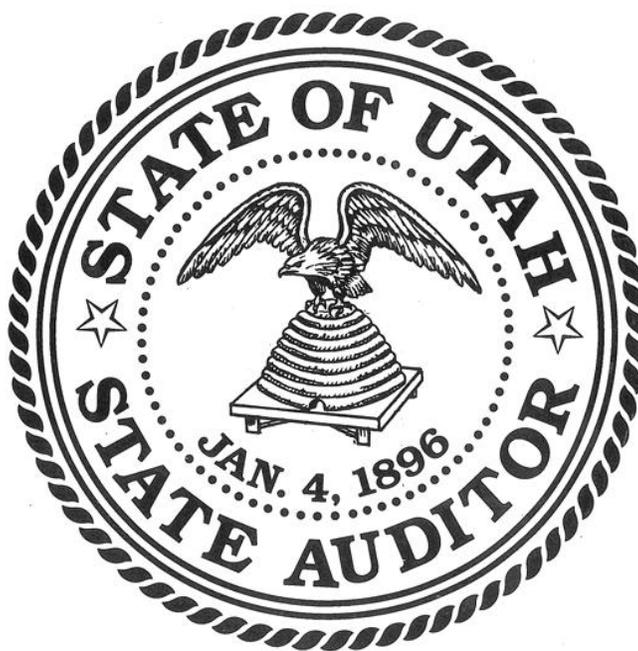


SOUTHERN UTAH UNIVERSITY

Intercollegiate Athletics Program
Agreed-Upon Procedures Report
For the Year Ended June 30, 2013

Report No. 13-41



**OFFICE OF THE
UTAH STATE AUDITOR**

SOUTHERN UTAH UNIVERSITY

Intercollegiate Athletics Program
Agreed-Upon Procedures Report
For the Year Ended June 30, 2013

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AUDIT LEADERSHIP:

Van Christensen, CPA, Audit Director
Jennifer Roth, CPA, Audit Supervisor



OFFICE OF THE
UTAH STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Richard E. Kendell, Interim President
Southern Utah University

We have performed the procedures enumerated below, which were agreed to by Southern Utah University's (University's) management, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (the Statement) of the University is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2013. The University's management is responsible for the Statement and the Statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this 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 the associated findings are as follows:

INTERNAL CONTROL – AGREED-UPON PROCEDURES

1. We reviewed the general control environment for the Intercollegiate Athletics Program. As part of this review, we looked at the organization of the Intercollegiate Athletics Program. We made certain inquiries of management regarding control consciousness, competence of personnel, adequate safeguarding and control of records and assets, the extent of the Internal Audit Department's involvement with athletics, and the controls over interactions with the Information Technology Department.

We also tested the specific elements of the control environment and accounting systems that are unique to the Intercollegiate Athletics Program that have not been addressed in connection with the audit of the University's financial statements. This included testing samples of transactions for compliance with internal control policies for the Ticket Office cash receipts, Athletics Business Office cash receipts, payroll transactions and non-payroll transactions. Our sample sizes were limited to 25 items or 10% of the population, whichever was smaller.

In our testing of cash receipts at the Athletics Business Office, we noted four instances where the University did not follow their established policies and procedures for cash receipting internal controls. For two of these four instances (totaling \$388), the receipts did not match the daily cash report or the amount reported in the general ledger. In the other

two instances (totaling \$1,240), receipts were not issued; thus, the University could not track cash receipts.

During our testing of non-payroll transactions, we noted one instance where a \$46 increase in a scholarship payment was not documented as being approved.

2. We reviewed and tested the University's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the Intercollegiate Athletics Program. The only booster group activity is the Thunderbird Athletic Club, which is under the accounting control of the University.

STATEMENT OF REVENUES AND EXPENSES – AGREED-UPON PROCEDURES

3. We obtained the Intercollegiate Athletics Program's Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2013, as prepared by management and as presented in Exhibit I. We agreed the revenues and expenses on the Statement to the University's general ledger and supporting schedules, as applicable. We ensured that the amounts were reported in accordance with the NCAA Guidelines and generally accepted accounting principles. We found no exceptions as a result of these procedures.
4. We compared and agreed samples of revenue receipts and expenses to adequate supporting documentation. We found no exceptions as a result of the comparisons other than those described in 1. above.
5. We compared each major revenue and expense account to prior period amounts and budget estimates. We obtained and documented an understanding of any significant variances (greater than \$50,000 and 15%). There were no significant variances which were unexplained.
6. We performed the following procedures related to the University's Intercollegiate Athletics Program revenues and recalculated the totals for each category:
 - a. *Ticket Sales*
 - We compared tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the University in the Statement and the related attendance figures.

We found no exceptions as a result of these procedures.

7. We performed the following procedures related to the University's Intercollegiate Athletics Program expenses, and recalculated the totals for each category:
 - a. *Recruiting*
 - We obtained and documented an understanding of the University's recruiting expense policies and compared and agreed them to existing institutional and NCAA-related policies.

b. *Team Travel*

- We obtained and documented an understanding of the University's team travel policies and compared and agreed them to existing institutional and NCAA-related policies.

We found no exceptions as a result of these procedures.

8. We reviewed the footnotes to the Statement and found them to be proper and in compliance with NCAA guidelines.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses of the University. Accordingly, we do not express any such opinions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, and Administration of the University and authorized representatives of the NCAA and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

Office of the Utah State Auditor

Office of the Utah State Auditor
December 20, 2013

Southern Utah University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
For the Year Ended June 30, 2013

	<u>Administration</u>	<u>Men's Basketball</u>	<u>Football</u>	<u>Other Sports</u>	<u>Total</u>
Revenues:					
Institutional Support	\$ 1,701,649	\$ 340,316	\$ 764,409	\$1,928,069	\$ 4,734,443
Tuition Waivers (Note A)	36,428	141,856	384,176	706,140	1,268,600
Student Activity Fees	-	94,594	456,397	788,305	1,339,296
NCAA & Conference Revenue	-	67,908	327,641	565,918	961,467
Guarantees	-	355,000	751,500	25,000	1,131,500
Admissions	-	104,650	81,948	45,943	232,541
Sponsorships	-	38,100	76,200	76,200	190,500
Gifts – Restricted	58,909	103	8,397	53,738	121,147
Gifts in Kind	25,694	-	-	-	25,694
Endowment Income	6,161	-	-	-	6,161
Other Revenues	<u>119,301</u>	<u>180</u>	<u>13,051</u>	<u>34,818</u>	<u>167,350</u>
Total Revenues	<u>1,948,142</u>	<u>1,142,707</u>	<u>2,863,719</u>	<u>4,224,131</u>	<u>10,178,699</u>
Expenses:					
Salaries and Benefits	1,077,731	318,940	579,404	1,155,712	3,131,787
Other Operating Expenses	902,997	272,982	394,080	384,183	1,954,242
Travel	31,567	250,859	432,442	995,679	1,710,547
Gifts in Kind	25,694	-	-	-	25,694
Financial Aid (Note A)	<u>102,548</u>	<u>231,140</u>	<u>927,976</u>	<u>1,618,009</u>	<u>2,879,673</u>
Total Expenses	<u>2,140,537</u>	<u>1,073,921</u>	<u>2,333,902</u>	<u>4,153,583</u>	<u>9,701,943</u>
Excess (Deficiency) of Revenues over Expenses	<u>\$ (192,395)</u>	<u>\$ 68,786</u>	<u>\$ 529,817</u>	<u>\$ 70,548</u>	<u>\$ 476,756</u>

Southern Utah University
Intercollegiate Athletics Program
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2013

A. Basis of Presentation

The accompanying Statement of Revenues and Expenses (the Statement) has been prepared on the accrual basis of accounting. Financial aid expenses include scholarship allowances in the amount of \$1,759,747. Tuition waivers have been reported as Tuition Waivers Revenue and Financial Aid Expense. The purpose of the Statement is to present a summary of the financial activity of the Intercollegiate Athletics Program of the University for the year ended June 30, 2013. Because the Statement presents only a selected portion of the activity of the University, it is not intended to and does not present either the financial position or changes in financial position for the University in total.

B. Allocation Among Sports

The revenues and expenses of the major sports, which include men's basketball and football, are reported separately. All other sports have been combined and reported as "Other Sports." The administrative functions of the Intercollegiate Athletics Program, which support all sports, have been combined for reporting purposes in the column "Administration."

C. Institutional Support

Institutional support represents allocation by the University administration of general unrestricted funds for various athletic programs. The allocations were primarily used to fund the salaries of athletic administration, coaches, and other athletic program personnel.

Additionally, the University incurs expenses for accounting, payroll, physical plant, and other general administrative costs, including depreciation, that benefit the Intercollegiate Athletics Program. However, these costs have not been allocated to the Intercollegiate Athletics Program and are not reported in this statement.

D. Gifts

Direct contributions to the Intercollegiate Athletics Program greater than ten percent of the total gift revenue from groups of two or more individuals were as follows:

There were no gifts greater than ten percent of the total gift revenue from groups of two or more individuals. In addition, there were no significant changes to endowments for the Intercollegiate Athletics Program during the year ended June 30, 2013.

Southern Utah University
Intercollegiate Athletics Program
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2013

E. Capital Assets

The University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related capital assets is the same as for all University capital assets.

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$3,000 or more, and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements with a cost of \$20,000 or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. All land is capitalized and not depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets – 30 to 40 years for buildings; 20 to 40 years for infrastructure, land improvements, and library collections; and 3 to 20 years for equipment.

F. Internal Loan

On June 1, 2012, \$1,100,000 was transferred as an internal loan to SUU Athletics to fund the installation of an artificial turf field in Eccles Coliseum. Interest began accumulating June 1, 2012, at 2.26 percent annually. Principal and interest payments in the amount of \$125,000 will be paid each year beginning January 1, 2013 and ending January 1, 2022. In addition, the Intercollegiate Athletics Program agrees to transfer annually, per the same payment schedule, \$60,000 into a Renewal and Replacement fund to accumulate funds for replacement of the turf at the end of the expected 10-year life of the field.

G. KP Sports Agreement

The corporate sponsorship agreement between SUU Athletics and KP Sports and Entertainment, LLC signed on July 1, 2010 was ended effective November 30, 2012. SUU Athletics will handle all marketing and sponsorship agreements beginning during the 2013-2014 year.