

WEBER STATE UNIVERSITY

Intercollegiate Athletic Programs
Agreed-Upon Procedures Report
For the Year Ended June 30, 2014

Report No. 14-22



OFFICE OF THE
UTAH STATE AUDITOR

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AUDIT LEADERSHIP:

Van Christensen, CPA, Audit Director
Gregg Hastings, CPA, Audit Supervisor



OFFICE OF THE
UTAH STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee,
and
Charles A. Wight, President
Weber State University

We have performed the procedures enumerated below, which were agreed to by the 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, 2014. 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 Athletic Programs. As part of this review, we looked at the organization of the Intercollegiate Athletic Programs. 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 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 Athletic Program that had 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, 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.
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 Athletic Programs. All booster club activities are included under the accounting control of the University.

STATEMENT OF REVENUES AND EXPENSES – AGREED-UPON PROCEDURES

3. We obtained the Intercollegiate Athletic Programs' Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2014, 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 other than those described in the notes to the Statement.

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.
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 \$76,500 and 15%). There were no significant variances which were unexplained.
6. We performed the following procedures related to the Intercollegiate Athletic Programs' revenues and recalculated the totals for each category:
 - a. *Student Fees*
 - We obtained and documented an understanding of the University's methodology for allocating student fees to the Intercollegiate Athletic Programs.
 - We compared and agreed student fees reported by the University in the Statement to student enrollments for reasonableness.
 - b. *Direct Institutional Support*
 - We compared the direct institutional support recorded by the University with state appropriations, institutional authorizations, and/or other corroborative supporting documentation.

We found no exceptions as a result of these procedures.

7. We performed the following procedures related to the Intercollegiate Athletic Programs' expenses, and recalculated the totals for each category:
 - a. *Athletic Student Aid*
 - We selected a sample of 25 students from the listing of institutional student aid recipients.
 - We obtained individual student account detail for each selection and compared total aid from the related aid award letter to the student's account.
 - b. *Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities*
 - We obtained and inspected a listing of coaches employed by the University and related entities.
 - We selected a sample of 4 (10%) coaches' contracts that included football and men's and women's basketball.
 - We compared and agreed the financial terms and conditions of each contract selected to the related coaching salary, benefits, and bonuses recorded by the University and related entities in the Statement.
 - We obtained and inspected W-2s, 1099s, etc. for each selection.
 - We compared and agreed the W-2s, 1099s, etc. to the related coaching salaries, benefits, and bonuses paid by the University and related entities expenses as recorded by the University in the Statement.
 - c. *Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities*
 - We selected a sample of 4 (10%) support staff/administrative personnel employed by the University and related entities.
 - We obtained and inspected W-2s, 1099s, etc. for each selection.
 - We compared and agreed related W-2s, 1099s, etc. to the related support staff/administrative salaries, benefits, and bonuses paid by the University and related entities expenses as recorded by the University in the Statement.

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's Intercollegiate Athletic Program. Accordingly, we do not express any such opinion. 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
November 10, 2014

Weber State University
Intercollegiate Athletic Programs
Statement of Revenues and Expenses
For the Year Ended June 30, 2014

	<u>Men's Basketball</u>	<u>Football</u>	<u>Women's Basketball</u>	<u>Other Sports</u>	<u>Non-Program Specific</u>	<u>2014 Totals</u>
<u>Operating revenues</u>						
Ticket Sales	\$ 316,844	\$ 166,046	\$ 11,169	\$ 14,831	\$ -	\$ 508,890
NCAA/Conference and Tournament Proceeds	401,753	-	-	20,309	634,373	1,056,435
Program Sales and Concessions	294	-	-	-	943	1,237
Guarantees	175,000	700,000	28,000	2,500	-	905,500
Radio and Television Rights	245	16,621	-	18	-	16,884
Student Fees	-	-	-	-	2,009,728	2,009,728
Sponsorships, Marketing and Promotions	288,814	236,303	-	-	-	525,117
Contributions	99,416	55,971	8,105	153,059	546,804	863,355
Restricted Investment/Endowment Income	1,944	16,409	128	6,914	76,175	101,570
Institutional Support	357,520	1,523,033	328,600	1,669,833	1,598,465	5,477,451
Indirect Facilities and Admin. Support	-	-	-	-	1,396,308	1,396,308
Sports Camp Revenues	47,996	25,514	21,363	69,591	-	164,464
Other Revenue	-	40,412	-	25,968	284,017	350,397
Total Operating Revenues	<u>1,689,826</u>	<u>2,780,309</u>	<u>397,365</u>	<u>1,963,023</u>	<u>6,546,813</u>	<u>13,377,336</u>
<u>Operating Expenses</u>						
Coaching Salaries and Benefits	591,546	1,001,612	311,991	1,078,658	-	2,983,807
Other Salaries and Benefits	45,025	20,227	9,547	23,535	1,259,823	1,358,157
Team Travel	215,855	279,266	130,711	650,348	-	1,276,180
Recruiting	78,278	57,441	31,397	25,673	-	192,789
Financial Aid	284,102	1,237,420	263,180	1,227,980	20,816	3,033,498
Direct Facilities, Maintenance and Rental	19,054	28,971	8,148	34,389	147,912	238,474
Equipment Purchases	41,683	154,412	24,456	190,521	23,144	434,216
Insurance and Medical Expenses	-	-	-	-	254,662	254,662
Spirit Groups	-	-	-	-	172,580	172,580
Membership and Dues	30,041	13,079	12,232	8,684	77,651	141,687
Fund Raising, Marketing and Promotion	-	-	-	-	373,546	373,546
Indirect Facilities and Admin. Support	-	-	-	-	1,396,308	1,396,308
Sports Camp Expenses	7,713	4,379	5,950	10,620	-	28,662
Other Expense	53,856	109,430	12,438	94,538	517,690	787,952
Home Game Expense	307,233	140,400	86,015	77,878	4,385	615,911
Guarantees	51,650	60,000	7,000	-	-	118,650
Total Operating Expenses	<u>1,726,036</u>	<u>3,106,637</u>	<u>903,065</u>	<u>3,422,824</u>	<u>4,248,517</u>	<u>13,407,079</u>
Excess of Revenues over Expenses	<u>\$ (36,210)</u>	<u>\$ (326,328)</u>	<u>\$ (505,700)</u>	<u>\$ (1,459,801)</u>	<u>\$ 2,298,296</u>	<u>\$ (29,743)</u>

The accompanying notes are an integral part of this Statement.

Weber State University
Intercollegiate Athletic Programs
Notes to the Financial Statement
For the Year Ended June 30, 2014

A. Basis of Presentation

The accompanying Weber State University (University) Intercollegiate Athletic Programs' Statement of Revenues and Expenses (Statement) for the year ended June 30, 2014 has been prepared on the accrual basis of accounting with the exception that Institutional Support revenues and Financial Aid expenses have not been reduced for scholarship allowances in the amount of \$825,193. The purpose of the Statement is to present a summary of revenues and expenses of the Intercollegiate Athletic Programs of the University for the fiscal year ended June 30, 2014. 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 of the University in total.

B. Allocation Among Sports

1. The athletic programs reflected in the accompanying Statement of Revenues and Expenses under *Other Sports* include the following:

Track – men and women
Golf – men and women
Tennis – men and women
Volleyball – women
Soccer – women
Softball – women

2. The activities reflected as *Non-Program Specific* include revenues and expenses for non-allocated fees and costs such as maintenance, general administration, publicity, cheerleading, etc.

C. Institutional Support

Institutional Support represents allocations by the University administration of general unrestricted funds for various athletic programs. The allocations were primarily used to fund the salaries of coaches and other athletic program personnel. Other allocations were used to fund expenses for maintaining statistical athletic event information and for Wildcat Club personnel. Additionally, the University makes expenditures for accounting, payroll, personnel, and other general administrative costs that benefit the Intercollegiate Athletic Programs. These costs have been allocated to the Intercollegiate Athletic Programs as described in Note F.

Weber State University
Intercollegiate Athletic Programs
Notes to the Financial Statement
For the Year Ended June 30, 2014

D. Gifts

During fiscal year 2014, the Athletics Department received gifts totaling \$1,913,355 of which only \$863,355 is reported in the Statement (changes in endowment and plant funds related to intercollegiate athletics are not included in the Statement in accordance with NCAA guidelines). The Athletic Department received a generous gift of \$750,000 from the George S. and Dolores Eccles Foundation and \$200,000 from Roger Trincherro for the Robert L. and Annette Marquardt Field House Football Indoor Practice Facility. The department also received \$300,000 from the Stewart Education Foundation in support of the Athletic Department (\$100,000), Men’s and Women’s Golf Programs (\$100,000), and Dee Event Center scoreboard (\$100,000).

Contributions reported in the Statement	\$ 863,355
Contributions not reported in the Statement:	
Indoor Practice Facility / DEC Scoreboard	<u>1,050,000</u>
Total Contributions	<u><u>\$ 1,913,355</u></u>

E. Plant Fund

The gift of \$750,000 the from George S. and Dolores Eccles Foundation and \$200,000 from Roger Trincherro went towards the construction of the Robert L. and Annette Marquardt Fieldhouse. The Stewart Foundation donated \$100,000 for the Dee Event Center scoreboard. These gifts have not been reported in the Statement.

Several athletic-related construction projects were completed in fiscal year 2014. These projects include the Robert L. and Annette Marquardt Fieldhouse Football Indoor Practice Facility, the Stewart Stadium Restroom Remodel West Side and Fiber Replacement, the Dee Events Center Concrete and West Stairs Replacement, and the Dee Events Center Improvements Phase IV. The total cost of these projects was \$5.86 million.

F. Indirect Facilities and Administrative Support

Indirect facilities and administrative support include overhead and depreciation not charged directly to the Athletics Department. These charges include an allocated amount, based on square footage of athletic facilities, for utilities, general and administrative functions of the University, and depreciation for athletic-related facilities. Of the \$1,396,308 in indirect support, \$1,319,045 is depreciation expense for athletic-related facilities.

G. University Capital Asset Guidelines

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

Weber State University
Intercollegiate Athletic Programs
Notes to the Financial Statement
For the Year Ended June 30, 2014

includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements with a cost of \$50,000 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 – 40 years for buildings; 20 years for infrastructure, land improvements, and library collections; and 3 to 10 years for equipment.

Disposition of surplus and obsolete assets is processed through the University's Property Control.

H. Long-Term Debt Maturities

As of the end of fiscal year 2014, Weber State University had Series 2005, Series 2007, Series 2010A, and Series 2012 outstanding revenue bonds.

These outstanding bonds are not an obligation to the University's Intercollegiate Athletic Programs, but are secured by the University's pledged Student Facilities System which includes the Student Union Building, the University Bookstore, the Dee Event Center, and student housing facilities.

The scheduled maturities for these outstanding bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2015	\$ 2,190,000	\$ 2,462,565	\$ 4,652,565
2016	2,255,000	2,386,990	4,641,990
2017	2,320,000	2,301,372	4,621,372
2018	2,425,000	2,208,534	4,633,534
2019	2,520,000	2,114,287	4,634,287
2020-2024	14,045,000	9,028,574	23,073,574
2025-2029	16,860,000	6,046,099	22,906,099
2030-2034	12,215,000	2,328,814	14,543,814
2035-2039	3,420,000	720,772	4,140,772
2040	755,000	38,128	793,128
	<u>\$ 59,005,000</u>	<u>\$ 29,636,135</u>	<u>\$ 88,641,135</u>