

WEBER STATE UNIVERSITY

Intercollegiate Athletics Program
Agreed-Upon Procedures Report
For the Year Ended June 30, 2015

Report No. 15-34



OFFICE OF THE
UTAH STATE AUDITOR

WEBER STATE UNIVERSITY

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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 Weber State University's management, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (the Statement) of the University's Intercollegiate Athletics Program is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2015. 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

- A. We reviewed the general control environment for the Intercollegiate Athletics Program. As part of this review, we reviewed the organization of the Intercollegiate Athletics Program. We also made certain inquiries of management regarding departmental organization, control consciousness of staff, competency 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.
- B. We tested samples of cash receipts, payroll transactions, and non-payroll transactions to ensure that the internal controls of the Intercollegiate Athletics Program are the same as those addressed in connection with the audit of the University's financial statements for June 30, 2015. Our sample sizes were limited to 5 items each for cash receipts, payroll, and non-payroll transactions.
- C. 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.

Statement of Revenues and Expenses Agreed-Upon Procedures

- D. We obtained the Intercollegiate Athletics Program's Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2015, as prepared by management.
 - We agreed the amounts reported on the Statement to the University's general ledger. We ensured that the amounts were reported in accordance with NCAA Guidelines and generally accepted accounting principles.

- We compared and agreed each operating revenue and expense category that comprised more than 0.5% of total revenues or total expenses, as reported on the Statement during the reporting period, to supporting schedules provided by the University.
- We compared and agreed samples of 25 operating revenue receipts and 50 expenses obtained from the above supporting schedules to adequate supporting documentation.
- We compared each major revenue and expense account over 10% of the total revenues or total expenses to prior period amounts and budget estimates. We obtained and documented an understanding of any variations over the lesser of \$1 million or 10%. We have reported our analysis as a supplement to this final Agreed-Upon Procedures report (see Exhibit I).
- We reviewed the footnotes to the Statement for propriety and compliance with NCAA guidelines.

E. We performed the following procedures related to the Intercollegiate Athletics Program.

Revenue Procedures:

Student Fees

1. We compared and agreed student fees reported by the University in the Statement for the reporting period to student enrollments during the same reporting period and recalculated totals.
2. We obtained and documented an understanding of the University's methodology for allocating student fees to the Intercollegiate Athletics Program.

Direct State or Other Governmental Support

3. We compared direct state or other governmental support recorded by the University during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculated totals.

Expense Procedures:

Athletic Student Aid

4. We selected a 10% sample of students from the listing of University student aid recipients during the reporting period.
5. We obtained individual student account detail for each selection and compared total aid allocated from the related aid award letter to the student's account.
6. We performed a check to ensure the information for each student selected was accurately reported in the NCAA's Compliance Assistant software using criteria listed in the NCAA Guide.
7. We recalculated totals for each sport and overall.

Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

8. We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period. We selected a sample of 4 coaches' contracts that included football, and men's and women's basketball from the listing.

9. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the Statement during the reporting period.
10. We obtained and inspected summary payroll registers for the reporting period for each selection. We compared and agreed summary payroll registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period.
11. We compared and agreed the totals recorded to any employment contracts executed for the sample selected and recalculated totals.

Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities

12. We selected a sample of 4 support staff/administrative personnel employed by the University and related entities during the reporting period.
13. We obtained and inspected reporting period summary payroll registers for each selection. We compared and agreed related summary payroll registers to the related support staff/administrative salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period and recalculated totals.

Additional Agreed-Upon Procedure

- F. We compared and agreed the sports sponsored as reported in the NCAA Membership Financial Reporting System to the squad lists of the University.

We found no exceptions as a result of these procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement's compliance with NCAA Bylaw 3.2.4.15. 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.

As noted above, this agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. These standards require us to convey that "this report is intended 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
January 7, 2016

Weber State University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
For the Year Ended June 30, 2015

	<u>Men's Basketball</u>	<u>Football</u>	<u>Women's Basketball</u>	<u>Other Sports</u>	<u>Non-Program Specific</u>	<u>2015 Totals</u>
<u>Operating revenues</u>						
Ticket Sales	\$ 332,492	\$ 159,784	\$ 10,456	\$ 16,208	\$ -	\$ 518,940
Conference Distributions	128,356	-	-	-	146,706	275,062
NCAA Distributions	-	-	-	17,885	480,614	498,499
Program Sales and Concessions	-	200	-	2,224	-	2,424
Guarantees	90,000	465,000	12,000	13,200	-	580,200
Media Rights	3,622	10,698	-	-	-	14,320
Student Fees	-	-	-	-	2,089,255	2,089,255
Royalties, Licensing, Advertisement and Sponsorships	345,869	282,983	-	-	-	628,852
Contributions	-	-	-	-	-	-
Gifts In Kind	12,552	38,169	6,205	12,083	30,690	99,699
Contributions	71,576	31,882	7,611	174,179	557,078	842,326
Restricted Investment/Endowment Income	2,044	17,205	26	16,628	70,401	106,304
Institutional Support	415,472	1,370,451	330,009	1,779,471	1,855,718	5,751,121
Indirect Institutional Support	-	-	-	-	79,158	79,158
Sports Camp Revenues	20,655	21,517	22,446	49,767	-	114,385
Other Revenue	-	32,818	175	22,207	274,256	329,456
Total Operating Revenues	<u>1,422,638</u>	<u>2,430,707</u>	<u>388,928</u>	<u>2,103,852</u>	<u>5,583,876</u>	<u>11,930,001</u>
<u>Operating Expenses</u>						
Coaching Salaries and Benefits	651,961	929,262	313,479	1,033,508	-	2,928,210
Other Salaries and Benefits	46,449	56,217	4,740	13,259	1,444,274	1,564,939
Severance Payments	-	-	-	36,466	-	36,466
Team Travel	232,640	352,102	104,753	745,851	-	1,435,346
Recruiting	82,236	50,099	31,529	33,802	-	197,666
Athletic Student Aid	287,383	1,175,470	273,838	1,372,248	38,614	3,147,553
Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	15,538	90,017	105,555
Direct Overhead and Admin Expenses	4,960	13,245	1,784	20,008	93,932	133,929
Sports Equipment, Uniforms & Supplies	33,371	161,971	23,592	171,089	9,053	399,076
Insurance and Medical Expenses	-	-	-	-	350,382	350,382
Spirit Groups	-	-	-	-	182,426	182,426
Membership and Dues	15,631	10,172	12,600	10,804	60,126	109,333
Fund Raising, Marketing, & Promotion	4,173	14,829	-	5,480	396,948	421,430
Indirect Institutional Support	-	-	-	-	79,158	79,158
Sports Camp Expenses	8,685	5,249	11,602	9,615	-	35,151
Other Expense	65,766	178,307	10,970	99,637	324,667	679,347
Home Game Expense	129,465	109,665	87,193	66,619	-	392,942
Guarantees	22,500	-	6,000	-	-	28,500
Total Operating Expenses	<u>1,585,220</u>	<u>3,056,588</u>	<u>882,080</u>	<u>3,633,924</u>	<u>3,069,597</u>	<u>12,227,409</u>
Excess of Revenues over Expenses	<u>\$ (162,582)</u>	<u>\$ (625,881)</u>	<u>\$ (493,152)</u>	<u>\$ (1,530,072)</u>	<u>\$ 2,514,279</u>	<u>\$ (297,408)</u>

The accompanying notes are an integral part of this Statement.

Weber State University
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2015

A. Basis of Presentation

The accompanying Weber State University (University) Intercollegiate Athletics Program's Statement of Revenues and Expenses (Statement) for the year ended June 30, 2015 has been prepared on the accrual basis of accounting with the exception that Institutional Support revenues and Athletic Student Aid expenses have not been reduced for scholarship allowances in the amount of \$601,876. The purpose of the Statement is to present a summary of revenues and expenses of the Intercollegiate Athletics Program of the University for the fiscal year ended June 30, 2015. 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 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 Athletics Program. These costs have been allocated to the Intercollegiate Athletics Program as described in Note F.

Weber State University
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2015

D. Gifts

During fiscal year 2015, the Intercollegiate Athletics Program received gifts totaling \$1,711,895 of which only \$942,025 is reported in the Statement (changes in endowment and plant funds related to intercollegiate athletics along with contributions not used are not included in the Statement in accordance with NCAA guidelines). The Intercollegiate Athletics Program received generous gifts of \$250,000 from Petersen Advantage LLC and \$200,000 from the Stewart Education Foundation for the new Athletics Academic Center to be built east of the tennis courts. The Intercollegiate Athletics Program also received \$200,000 from Roger Trincherro in continued support of the Robert L. and Annette Marquardt Fieldhouse Football Indoor Practice Facility. In addition, \$200,000 was received from the Stewart Education Foundation in support of the Intercollegiate Athletics Program (\$100,000) and Men’s and Women’s Golf Programs (\$100,000).

Contributions reported in the Statement	\$ 942,025
Contributions not reported in the Statement:	
Indoor Practice Facility / Academic Center	650,000
Contributions not used	119,870
Total Contributions	<u><u>\$ 1,711,895</u></u>

The gifts of \$250,000 from Petersen Advantage LLC and \$200,000 from the Stewart Education Foundation went towards the construction of the new Athletics Academic Center. Construction will be completed sometime in December 2015 or January 2016. Roger Trincherro donated \$200,000 for the construction of the Robert L. and Annette Marquardt Fieldhouse. These gifts have not been reported in the Statement.

E. Plant Fund

Several athletic-related construction projects were completed in fiscal year 2015. These projects include Dee Events Center (DEC) South Stairs Replacement, DEC Parking Lot Phase V, and construction of East Stadium Restrooms. The total cost of these projects was \$1.71 million.

F. Indirect Institutional Support

Indirect institutional support includes overhead not charged directly to the Athletics Department. These charges include an allocated amount, based on square footage of athletic facilities, for utilities and general and administrative functions of the University. Depreciation is no longer reported per the NCAA 2015 Agreed-Upon Procedures Guide.

Weber State University
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2015

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 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 \$250,000 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 2015, Weber State University had Series 2007, Series 2010A, Series 2012, and Series 2015 outstanding revenue bonds.

These outstanding bonds are not an obligation to the University’s Intercollegiate Athletics Program, but are secured by the University’s pledged Student Facilities System which includes the Student Union Building, the University Bookstore, the Dee Event Center, Series 2012 System Facilities, 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>
2016	\$ 2,410,000	\$ 2,231,596	\$ 4,641,596
2017	2,470,000	2,147,528	4,617,528
2018	2,575,000	2,056,690	4,631,690
2019	2,665,000	1,964,943	4,629,943
2020	2,740,000	1,888,218	4,628,218
2021-2025	15,420,000	7,602,317	23,022,317
2026-2030	17,970,000	4,272,464	22,242,464
2031-2035	6,065,000	1,527,103	7,592,103
2036-2040	3,535,000	547,422	4,082,422
	<u>\$ 55,850,000</u>	<u>\$ 24,238,281</u>	<u>\$ 80,088,281</u>

Weber State University
Intercollegiate Athletics Program
Auditor's Analysis of Significant Variances
For the Year Ended June 30, 2015

COMPARISON OF ACTUAL CURRENT YEAR TO ACTUAL PRIOR YEAR

	<u>2015 Totals</u>	<u>2014 Totals</u>	<u>Variance \$ Over/(Under)</u>	<u>Variance % Over/(Under)</u>
Operating Revenues				
Student Fees	\$ 2,089,255	\$ 2,009,728	\$ 79,527	3.96%
Institutional Support	5,751,121	5,477,451	273,670	5.00%
Operating Expenses				
Coaching Salaries and Benefits	2,928,210	2,983,807	(55,597)	(1.86%)
Other Salaries and Benefits	1,564,939	1,358,157	206,782	15.23% ***
Total Salaries/Benefits	4,493,149	4,341,964	151,185	3.48%
Team Travel	1,435,347	1,276,180	159,167	12.47% **
Athletic Student Aid	3,147,553	3,033,498	114,055	3.76%

COMPARISON OF ACTUAL TO BUDGET

	<u>2015 Totals</u>	<u>2015 Budget</u>	<u>Budget Variance \$ Over/(Under)</u>	<u>Budget Variance % Over/(Under)</u>
Operating Revenues				
Student Fees	\$ 2,089,255	\$ 2,022,228	\$ 67,027	3.31%
Institutional Support	5,751,121	6,453,564	(702,443)	(10.88%) *
Operating Expenses				
Salaries and Benefits	4,493,149	4,144,883	348,266	8.40%
Team Travel	1,435,347	1,264,555	170,792	13.51% **
Athletic Student Aid	3,147,553	3,205,961	(58,408)	(1.82%)

* Decrease is due to no longer reporting depreciation.

** Increase is due to Big Sky Tournament/NCAA Tournament as well as an increase in away football games.

*** COLA, merit, and/or equity raises in addition to two more salaried positions.