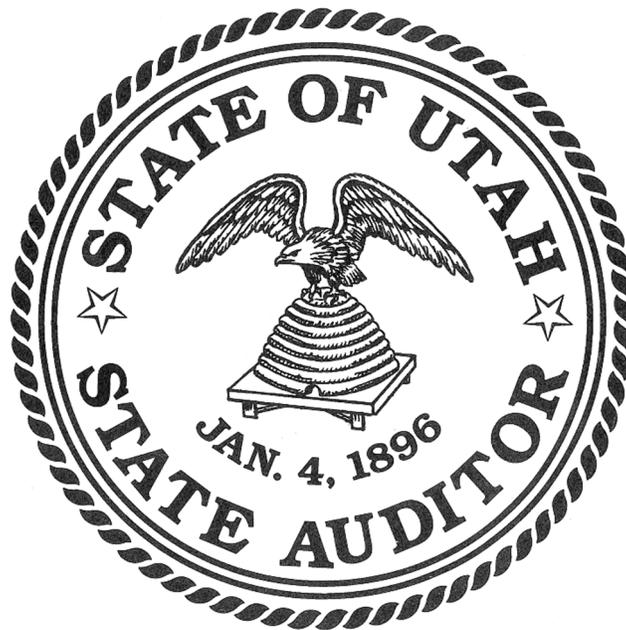


WEBER STATE UNIVERSITY

Intercollegiate Athletics Program
Agreed-Upon Procedures Report
For the Year Ended June 30, 2019

Report No. 19-27



OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Hollie Andrus, CPA, Audit Director
Andrew Driggs, Audit Senior



OFFICE OF THE
STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee,
and
Dr. Brad L. Mortensen, 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 (Program) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2019. 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 performed and the associated findings are as follows:

Internal Control Agreed-upon Procedures

- A. We reviewed the general control environment for the Program. As part of this review, we reviewed the organization of the 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, controls over interactions with the Information Technology Department, and other relevant matters. We found no exceptions as a result of these procedures.
- B. We tested samples of Ticket Office cash receipts, Athletic Department 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, 2019. Our sample sizes were limited to 5 items each for Ticket Office cash receipts, Athletic Department cash receipts, payroll, and non-payroll transactions. We found no exceptions as a result of these procedures.
- C. We reviewed and tested the University's procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the Program. All booster group activity is under the accounting control of the University; therefore, we performed no additional procedures.

Statement of Revenues and Expenses Agreed-Upon Procedures

- D. We obtained the Program's Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2019, 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 4.0% 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 selected in step B above and in the Revenue and Expense Procedures noted below 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. We obtained and documented an explanation of any variations greater than 10%. We have reported our analysis as a supplement to this Agreed-Upon Procedures report (see Exhibit I).
 - We reviewed the footnotes to the Statement for propriety and compliance with NCAA guidelines.

We agreed to report on any matter that came to our attention that caused us to believe that any of the specified accounts or items needed to be adjusted by more than \$100,000. We found no exceptions as a result of these procedures.

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

Revenue Procedures:

Student Fees

1. We obtained documentation of the University's methodology for allocating student fees to the Intercollegiate Athletics Program.
2. We recalculated the totals of the athletic department's methodology for supporting that they are able to count each sport. We tied the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.

Direct Institutional Support

3. We compared the direct institutional support recorded by the University during the reporting period with institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculated totals.

Expense Procedures:

Athletic Student Aid

4. We selected 31 student athletes, representing 10% of student athletes receiving aid, 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 in the University's student system to the student's detail in the NCAA's Compliance Assistant (CA) software.
6. We performed a check to ensure the information for each student selected was accurately reported in the NCAA's Compliance Assistant software using the criteria listed in the NCAA 2019 Agreed-Upon Procedures 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 10% 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 payroll summary registers for the reporting period for each selection. We compared and agreed payroll summary 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 10% of the support staff/administrative personnel employed by the University and related entities during the reporting period.
13. We obtained and inspected reporting period payroll summary registers for each selection. We compared and agreed related payroll summary 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.

We found no exceptions greater than \$100,000 as a result of these procedures.

Additional Agreed-Upon Procedures

F. Grants-in-Aid:

- We compared and agreed the sports sponsored as reported in the NCAA Membership Financial Reporting System (MFRS) to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from Compliance Assistance (CA).
- We compared current year Grants-in-Aid revenue distribution equivalencies to the prior year reported equivalencies per the Membership Financial Report submission. The variance between years was 1.95%.

G. Sports Sponsorship:

- We obtained the University's Sports Sponsorship and Demographics Form submitted to the NCAA for the reporting year and validated that the countable NCAA sports reported by the University met the minimum requirements set forth in Bylaw 20.9.6.3 related to the number of contests and the number of participants in each contest that are counted toward meeting the minimum contest requirement. We then ensured that the University properly reported these sports as countable for revenue distribution purposes within the MFRS.
- We compared the current year number of Sports Sponsored to the prior year reported total per the Membership Financial Report submission. There was no variance between years.

H. Pell Grants:

- We agreed the total number of Division I student athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the MFRS to a report, generated out of the University's financial aid records, of all student athlete Pell Grants.
- We compared the current year Pell Grants total to the prior year reported total per the Membership Financial Report submission. The variance between years was less than +/-20 grants.

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 such an 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 for the information and use of the Board of Trustees, Audit Committee, and Administration of the University and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to *Utah Code* Title 63G Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

Office of the State Auditor

Office of the State Auditor

January 13, 2020

Weber State University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
For the Year Ended June 30, 2019

	<u>Men's Basketball</u>	<u>Football</u>	<u>Women's Basketball</u>	<u>Other Sports</u>	<u>Non-Program Specific</u>	<u>2019 Totals</u>
Revenues						
Ticket Sales	\$ 366,919	\$ 472,674	\$ 23,309	\$ 65,722	\$ -	\$ 928,624
Conference Distributions	-	-	-	-	3,181	3,181
NCAA Distributions	115,184	30,250	-	27,281	789,964	962,679
Program Sales and Concessions	-	14,023	-	-	-	14,023
Guarantees	121,400	550,000	14,000	9,000	-	694,400
Media Rights	232	18,019	232	46	-	18,529
Student Fees	-	-	-	-	2,347,955	2,347,955
Royalties, Licensing, Advertisement and Sponsorships	280,949	229,868	-	-	-	510,817
Gifts In Kind	15,616	38,559	-	16,601	24,048	94,824
Contributions	246,230	84,821	11,183	196,209	674,118	1,212,561
Restricted Endowment/Investment Income	10,262	24,188	206	25,034	90,580	150,270
Direct Institutional Support	480,771	1,533,219	315,354	2,035,095	1,848,344	6,212,783
State Appropriations	66,497	318,287	55,474	625,820	36,121	1,102,199
Indirect Institutional Support	-	-	-	-	79,117	79,117
Sports Camp Revenues	29,597	107,002	4,597	86,584	-	227,780
Other Revenue	-	42,934	-	58,766	376,839	478,539
Total Revenues	<u>1,733,657</u>	<u>3,463,844</u>	<u>424,355</u>	<u>3,146,158</u>	<u>6,270,267</u>	<u>15,038,281</u>
Expenses						
Coaching Salaries and Benefits	753,663	1,133,432	296,360	1,249,522	-	3,432,977
Other Salaries and Benefits	49,523	99,389	7,416	18,847	1,463,510	1,638,685
Severance Payments	-	-	-	-	-	-
Team Travel	248,396	366,723	131,585	786,848	-	1,533,552
Recruiting	94,808	67,439	40,562	39,864	-	242,673
Athletic Student Aid	378,164	1,509,953	312,737	2,201,163	47,107	4,449,124
Direct Overhead and Admin Expenses	8,936	23,347	8,560	28,297	73,206	142,346
Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	18,355	90,000	108,355
Sports Equipment, Uniforms & Supplies	38,921	197,863	24,436	244,442	6,107	511,769
Medical Expenses and Insurance	200	-	-	720	354,790	355,710
Spirit Groups	-	-	-	-	249,889	249,889
Memberships and Dues	17,982	15,068	14,316	6,577	85,971	139,914
Fund Raising, Marketing, & Promotion	7,320	38,505	28	28,353	270,291	344,497
Indirect Institutional Support	-	-	-	-	79,117	79,117
Sports Camp Expenses	9,715	53,186	10,587	33,730	-	107,218
Student Athlete Meals	30,340	133,274	9,809	43,536	1,149	218,108
Other Expenses	36,745	153,955	26,574	71,801	432,567	721,642
Game Expenses	142,920	300,659	87,414	98,230	-	629,223
Guarantees	95,773	-	5,500	5,000	-	106,273
Total Expenses	<u>1,913,406</u>	<u>4,092,793</u>	<u>975,884</u>	<u>4,875,285</u>	<u>3,153,704</u>	<u>15,011,072</u>
Excess of Revenues over Expenses	<u>\$ (179,749)</u>	<u>\$ (628,949)</u>	<u>\$ (551,529)</u>	<u>\$ (1,729,127)</u>	<u>\$ 3,116,563</u>	<u>\$ 27,209</u>

The accompanying notes are an integral part of this Statement.

Weber State University
Intercollegiate Athletics Program
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2019

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, 2019 has been prepared on the accrual basis of accounting except for institutional support, athletic student aid expense, and gifts. Direct Institutional Support revenues and Athletic Student Aid expenses have not been reduced for scholarship allowances in the amount of \$833,294. Gifts or contributions are recognized in the statement when both received and used, rather than when pledged or received. 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, 2019. 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 & Field – 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. Direct Institutional Support

Direct 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.

D. Contributions

During fiscal year 2019, the Intercollegiate Athletics Program received gifts totaling \$1,671,759 of which only \$1,212,561 is reported in the Financial Statement (gifts and changes

Weber State University
Intercollegiate Athletics Program
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2019

in endowment and plant funds for Intercollegiate Athletics along with contributions not used are not included in the Financial Statement in accordance with NCAA guidelines). Contributions received but not reported in the statement are listed below in the reconciliation schedule:

Contributions reported in the Statement	\$1,212,561
Contributions not reported in the Statement:	
Grand North Entrance Stadium Project	338,477
Soccer Field Lighting Project	10,000
Additions to Endowments	95,076
Contributions not used	15,645
Total Contributions	\$ 1,671,759

As part of the \$1,671,759 in contributions, \$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 (\$100,000). Additionally, the Men’s Basketball program received donations of \$100,000 from Lifetime Products (Barry & Kathleen Mower) and \$195,261 from Nolan Archibald.

E. Plant Fund

The Grand North Entrance Stadium Project that began in FY18 is scheduled for completion by the start of the 2019 Football season. This new 27,000 square-foot multi-use building sits between the stadium’s track and parking lot beyond the north end zone. This building contains a weight room, football locker rooms, coach’s offices, equipment room, 125-seat team meeting room, stadium entrance, ticket office, souvenir shop, and stadium plaza. Ground breaking for this new facility took place on September 15, 2018 and as of June 30, 2019 the total construction cost was \$11,249,277.

In October 2018, Weber State University purchased undeveloped land at 4150 Palmer Drive, Ogden UT 84403 at a cost of \$300,000. This land which is located next to Ogden Golf and Country Club will be developed in conjunction with the Country Club for the mutual benefit of both parties and Weber State University Golf Teams will use the Country Club as a home facility. A Management Agreement governing this property was signed by both parties in August 2019 and will run for 50 years. The initial improvements to be constructed on the property will include a practice area and a new hole #2 tee box.

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.

Weber State University
Intercollegiate Athletics Program
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2019

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 2019, Weber State University had Series 2010A, Series 2012, Series, 2015 and Series 2017 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>
2020	\$ 2,760,000	\$ 1,865,068	\$ 4,625,068
2021	2,860,000	1,753,558	4,613,558
2022	2,990,000	1,623,588	4,613,558
2023	3,095,000	1,495,388	4,590,388
2024	3,240,000	1,361,438	4,601,438
2025-2029	18,170,000	4,715,109	22,885,109
2030-2034	7,490,000	1,800,063	9,290,063
2035-2039	3,420,000	720,772	4,140,772
2040	755,000	38,128	793,128
	<u>\$ 44,780,000</u>	<u>\$ 15,373,112</u>	<u>\$ 60,153,112</u>

Weber State University
 Intercollegiate Athletics Program
 Auditor's Analysis of Significant Variances
 For the Year Ended June 30, 2019

COMPARISON OF ACTUAL CURRENT YEAR TO ACTUAL PRIOR YEAR

	<u>2019 Totals</u>	<u>2018 Totals</u>	<u>Variance \$ Over/(Under)</u>	<u>Variance % Over/(Under)</u>
Operating Revenues				
Student Fees	\$ 2,347,955	\$ 2,300,384	\$ 47,571	2.07%
Direct Institutional Support	6,212,783	6,023,159	189,624	3.15%
Operating Expenses				
Coaching Salaries and Benefits	3,432,977	3,301,463	131,514	3.98%
Other Salaries and Benefits	1,638,685	1,544,018	94,667	6.13%
Team Travel	1,533,552	1,587,832	(54,280)	(3.42%)
Athletic Student Aid	4,449,124	4,262,428	186,696	4.38%