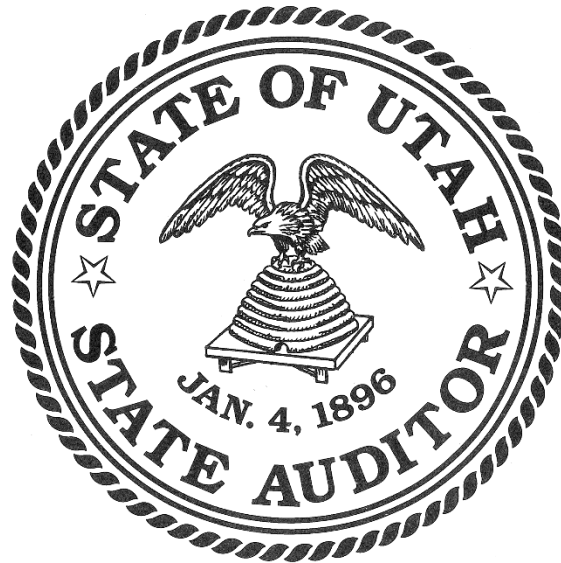


WEBER STATE UNIVERSITY

Intercollegiate Athletics Program
Agreed-Upon Procedures Report
For the Year Ended June 30, 2018

Report No. 18-29



OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Hollie Andrus, CPA, Audit Director
Doug Seager, CPA, Audit Manager
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 (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, 2018. 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 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, 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, 2018. Our sample sizes were limited to 5 items each for Ticket Office cash receipts, Athletic Department cash receipts, payroll transactions, 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 organizational activity for or on behalf of the Intercollegiate Athletics Program. All booster group activity is under the accounting control of the University; therefore, we performed no further procedures.

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, 2018, 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 understanding 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 greater than \$100,000 as a result of these procedures.

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

Revenue Procedures:

Student Fees

1. Because student fees reported in the Statement are not based on student enrollments, we could not compare and agree student fees reported in the Statement for the reporting period to student enrollments during the same reporting period and recalculate totals. Our procedures performed in Step E.2. are considered adequate.
2. We obtained documentation of the University's methodology for allocating student fees to the Intercollegiate Athletics Program, recalculated the totals based on the University's methodology, and tied the calculation to supporting documents.

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.

We found no exceptions as a result of these revenue procedures.

Expense Procedures:

Athletic Student Aid

4. We selected a sample of 30 student athletes 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 (Banner) to the student's detail in the NCAA's Compliance Assistance Software (CA Software). For 26 of the 30 student athletes selected, we identified variances ranging from (\$987.21) to \$531.63 between the CA Software and Banner, with an aggregate net (\$870.04) difference for all students selected.
6. We performed a check to ensure the information for each student selected was accurately reported in the NCAA's CA software using criteria listed in the NCAA 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 5 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 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 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.

Except as mentioned above, we found no exceptions as a result of these expense procedures.

Additional Agreed-Upon Procedures

- F. We compared and agreed the sports sponsored as reported in the NCAA Membership Financial Reporting System (MFRS) to the Calculation of Revenue Distribution Equivalencies (CRDE) Report or equivalent supporting equivalency calculations from the University.
- G. We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year and validated that the countable sports reported by the University met the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum-contest requirement. We then ensured that the University reported these sports as countable for revenue distribution purposes within the MFRS.
- H. We agreed the total number of 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 found no exceptions as a result of these additional 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 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 State Auditor

Office of the State Auditor
January 04, 2019

Weber State University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
For the Year Ended June 30, 2018

	<u>Men's Basketball</u>	<u>Football</u>	<u>Women's Basketball</u>	<u>Other Sports</u>	<u>Non-Program Specific</u>	<u>2018 Totals</u>
<u>Revenues</u>						
Ticket Sales	\$ 392,660	\$ 332,674	\$ 26,451	\$ 71,175	\$ -	\$ 822,960
Conference Distributions	-	-	-	-	668	668
NCAA Distributions	111,764	107,250	-	1,434	790,452	1,010,900
Program Sales and Concessions	-	11,215	-	-	-	11,215
Guarantees	128,000	615,000	36,000	8,500	-	787,500
Media Rights	750	16,942	750	58	-	18,500
Student Fees	-	-	-	-	2,300,384	2,300,384
Royalties, Licensing, Advertisement and Sponsorships	467,286	382,325	-	-	-	849,611
Gifts In Kind	11,299	34,824	5,936	17,117	22,138	91,314
Contributions	251,567	87,277	193	138,945	640,103	1,118,085
Restricted Endowment/Investment Income	7,448	14,992	80	37,272	72,455	132,247
Direct Institutional Support	458,958	1,485,269	364,547	1,937,235	1,777,150	6,023,159
State Appropriations	75,179	348,313	69,196	513,641	33,034	1,039,363
Indirect Institutional Support	-	-	-	-	78,305	78,305
Sports Camp Revenues	99,226	17,677	14,487	78,353	-	209,743
Other Revenue	37,010	38,215	-	54,861	310,793	440,879
Total Revenues	<u>2,041,147</u>	<u>3,491,973</u>	<u>517,640</u>	<u>2,858,591</u>	<u>6,025,482</u>	<u>14,934,833</u>
<u>Expenses</u>						
Coaching Salaries and Benefits	736,437	1,038,012	324,302	1,202,712	-	3,301,463
Other Salaries and Benefits	47,578	60,589	2,060	16,429	1,417,362	1,544,018
Severance Payments	-	-	-	8,617	-	8,617
Team Travel	227,267	471,105	168,145	721,315	-	1,587,832
Recruiting	109,576	64,661	28,444	47,740	-	250,421
Athletic Student Aid	335,496	1,546,715	368,410	1,977,132	34,675	4,262,428
Direct Overhead and Admin Expenses	5,949	13,057	3,788	31,851	68,633	123,278
Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	21,039	94,647	115,686
Sports Equipment, Uniforms & Supplies	40,522	188,690	22,732	214,017	-	465,961
Medical Expenses and Insurance	600	-	300	900	348,583	350,383
Spirit Groups	-	-	-	-	259,139	259,139
Memberships and Dues	14,942	10,656	13,199	8,695	75,096	122,588
Fund Raising, Marketing, & Promotion	18,902	20,043	273	21,942	596,923	658,083
Indirect Institutional Support	-	-	-	-	78,305	78,305
Sports Camp Expenses	11,040	16,555	4,361	28,313	-	60,269
Student Athlete Meals	31,654	115,616	6,236	36,964	-	190,470
Other Expenses	44,103	154,245	21,809	63,622	384,392	668,171
Game Expenses	207,544	249,147	136,722	131,356	-	724,769
Guarantees	107,500	40,000	7,000	9,909	-	164,409
Total Expenses	<u>1,939,110</u>	<u>3,989,091</u>	<u>1,107,781</u>	<u>4,542,553</u>	<u>3,357,755</u>	<u>14,936,290</u>
Excess of Revenues over Expenses	<u>\$ 102,037</u>	<u>\$ (497,118)</u>	<u>\$ (590,141)</u>	<u>\$ (1,683,962)</u>	<u>\$ 2,667,727</u>	<u>\$ (1,457)</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, 2018

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, 2018 has been prepared on the accrual basis of accounting except for institutional support, athletic student aid expense, and gifts. Institutional Support revenues and Athletic Student Aid expenses have not been reduced for scholarship allowances in the amount of \$695,355. 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, 2018. 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. 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 2018, the Intercollegiate Athletics Program received contributions totaling \$2,893,646 of which only \$1,118,085 is reported in the Statement (changes in endowment and plant funds related to intercollegiate athletics, along with contributions not

Weber State University
 Intercollegiate Athletics Program
 Notes to the Statement of Revenues and Expenses
 For the Year Ended June 30, 2018

used, are not included in the Statement in accordance with NCAA guidelines). Contributions received but not reported in the Statement include generous gifts from the Stewart Education Foundation in the amount of \$1,019,185 and \$91,721 from Nancy Behnken in support of the Grand North Entrance Stadium Project. We also received a gift of \$10,000 from Burton Financial in support of the lighting project at the Soccer Field and a gift of \$75,000 from Justin Nielsen in support of Men’s Basketball. Below is a reconciliation schedule of contributions for fiscal year 2018:

Contributions reported in the Statement	\$ 1,118,085
Contributions not reported in the Statement:	
Grand North Entrance Stadium Project	1,274,271
Soccer Field Lighting Project	10,000
Additions to Endowments	70,680
Contributions not used	420,610
Total Contributions	\$ 2,893,646

As part of the \$1,118,085 contributions received and reported in the Statement, \$400,000 was received from the Stewart Education Foundation in support of the Intercollegiate Athletics Program (\$200,000) and Men’s and Women’s Golf (\$200,000). Additionally, the Men’s Basketball program received donations of \$100,000 from Lifetime Products (Barry & Kathleen Mower) and \$199,403 from Nolan Archibald.

E. Plant Fund

The Dee Events Center Storefront Glass project was completed in fiscal year 2018. This project extended the entrances into the facility to enclose ticket seller booths, installed new glass and remodeled the stores and concessions areas, and created the fireplace lounge. The total cost of this project was \$870,871.

The Grand North Entrance Stadium Project began in fiscal year 2018 and is in the initial design phase. This project will be the construction of a new 27,000 square foot multi-use building that will sit between the stadium’s track and parking lot beyond the north end zone. The building will contain a weight room, an equipment room, football locker rooms, coaches’ offices, a 125-seat team meeting room, a new stadium entrance, a ticket office, a souvenir shop, and a stadium plaza. Ground breaking for this new facility took place on September 15, 2018, and the project is estimated to be completed by the beginning of the 2019 football season.

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 the Statement of Revenues and Expenses
For the Year Ended June 30, 2018

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 2018, 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 Events 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>
2019	\$ 2,690,000	\$ 1,936,918	\$ 4,626,918
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
2024-2028	17,525,000	5,407,922	22,932,922
2029-2033	10,755,000	2,225,282	12,980,282
2034-2038	3,310,000	889,187	4,199,187
2039-2040	1,485,000	113,121	1,598,121
	<u>\$ 47,470,000</u>	<u>\$ 17,310,032</u>	<u>\$ 64,780,032</u>

Weber State University
Intercollegiate Athletics Program
Auditor's Analysis of Significant Variances
For the Year Ended June 30, 2018

COMPARISON OF ACTUAL CURRENT YEAR TO ACTUAL PRIOR YEAR

	<u>2018 Totals</u>	<u>2017 Totals</u>	<u>Variance \$ Over/(Under)</u>	<u>Variance % Over/(Under)</u>
Operating Revenues				
Student Fees	\$ 2,300,384	\$ 2,215,360	\$ 85,024	3.84%
Direct Institutional Support	6,023,159	5,808,428	214,731	3.70%
Operating Expenses				
Coaching Salaries and Benefits	3,301,463	3,163,715	137,748	4.35%
Other Salaries and Benefits	1,544,018	1,423,866	120,152	8.44%
Team Travel	1,587,832	1,483,505	104,327	7.03%
Athletic Student Aid	4,262,428	4,251,880	10,548	.25%