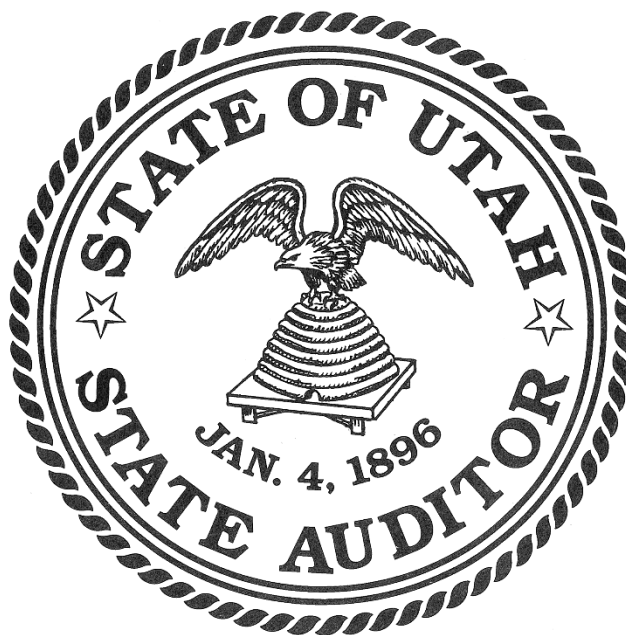


Weber State University

Intercollegiate Athletics Program
Agreed-Upon Procedures Report
For the Year Ended June 30, 2021

Report No. 21-11



OFFICE OF THE STATE AUDITOR

Audit Leadership:

John Dougall, State Auditor
Doug Seager, CPA, Audit Director
Caleb Tindall, CPA, 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 3.2.4.17 for the year ended June 30, 2021. 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, Business Office cash receipts, payroll transactions, and non-payroll transactions to ensure that the internal controls of the Program are the same as those addressed in connection with the audit of the University's financial statements for June 30, 2021. Our sample sizes were limited to 5 items each for 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 Intercollegiate Athletics Program's Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2021, 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 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. We obtained documentation of the University's methodology for allocating student fees to the Program.
2. We recalculated the totals of the Program's methodology for supporting that it is able to count each sport. We tied the calculation to the Athletics student fees request and University Master Allocation spreadsheets.

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 recalculated totals.

We found no exceptions as a result of these procedures.

Expense Procedures:

Athletic Student Aid

4. We selected 30 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 2021 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 4 coaches which represents over 10% of the 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 11, which represents 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 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). There were no noted discrepancies between the reports.
- 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 less than +/-4%.

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 were no variances 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.

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 3.2.4.17. 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

November 17, 2021

Weber State University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
For the Year Ended June 30, 2021

Operating Revenues	Men's		Women's		Non-Program	2021
	Basketball	Football	Basketball	Other Sports	Specific	Totals
Ticket Sales	\$ 18,498.00	\$ 165,960.69	\$ 152.00	\$ 16,691.26	\$ -	201,301.95
Conference Distributions	-	-	-	-	-	-
NCAA Distributions	125,973.20	19,500.00	-	21,674.40	775,280.00	942,427.60
Program, Novelty, Parking, Concession Sales	-	9,626.00	-	-	-	9,626.00
Guarantees	62,500.00	-	43,000.00	-	-	105,500.00
Media Rights	806.82	1,602.56	151.52	39.40	13,228.89	15,829.19
Student Fees	-	-	-	-	2,457,052.10	2,457,052.10
Royalties, Licensing, Advertisement and Sponsorships	88,012.74	72,010.42	-	-	528.50	160,551.66
Gifts in Kind	28,957.04	66,979.01	16,621.23	17,431.01	57,739.67	187,727.96
Contributions	101,884.97	-	-	1,114.48	451,428.40	554,427.85
Restricted Endowment and Investment Income	551.00	-	-	150.00	55,253.41	55,954.41
Direct Institutional Support	493,739.09	1,675,763.11	392,136.35	2,110,593.57	1,933,367.97	6,605,600.09
Direct State or Other Govnt Support	115,475.51	315,787.00	73,549.37	658,985.67	1,788,416.20	2,952,213.75
Indirect Institutional Support	-	-	-	-	69,376.65	69,376.65
Sports-Camp Revenues	3,400.00	73,072.86	-	6,697.51	-	83,170.37
Other Revenue	1,000.00	38,731.34	-	5,867.50	189,493.05	235,091.89
Total Operating Revenues	\$ 1,040,798.37	2,439,032.99	525,610.47	2,839,244.80	7,791,164.84	14,635,851.47
Operating Expenses						
Coaching Salaries and Benefits	741,876.49	1,222,821.67	361,173.20	1,298,748.80	-	3,624,620.16
Other Salaries and Benefits	49,704.41	77,097.34	1,592.24	2,674.81	1,538,724.85	1,669,793.65
Severance Payments	-	-	-	-	-	-
Team Travel	130,881.54	43,710.43	110,558.42	490,620.44	-	775,770.83
Recruiting	11,734.20	4,514.87	8,524.41	10,422.99	-	35,196.47
Athletic Student Aid	412,054.29	1,618,096.73	378,765.08	2,082,972.45	88,171.29	4,580,059.84
Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	7,446.58	95,797.41	103,243.99
Direct Overhead and Admin Expenses	11,071.77	24,749.95	4,544.97	29,166.42	68,724.42	138,257.53
Sports Equip, Uniforms and Supplies	77,187.47	241,845.61	26,150.03	281,974.91	11,129.46	638,287.48
Medical Expenses and Insurance	6,722.97	-	167.76	2,810.79	323,555.29	333,256.81
Spirit Groups	-	-	-	-	273,959.39	273,959.39
Memberships and Dues	14,604.92	9,580.00	14,151.90	5,371.08	68,168.00	111,875.90
Fund Raising, Marketing, & Promotion	-	21,516.94	-	398.65	176,978.07	198,893.66
Indirect Institutional Support	-	-	-	-	69,376.65	69,376.65
Sports-Camp Expenses	3,629.86	24,143.70	-	6,905.04	-	34,678.60
Student Athlete Meals	40,113.84	98,144.11	8,215.40	45,764.11	800.68	193,038.14
Other Operating Expenses	52,818.94	99,995.35	37,850.79	56,387.57	293,117.60	540,170.25
Game Expenses	93,417.66	150,710.53	65,820.77	142,677.60	-	452,626.56
Guarantees	6,000.00	-	140.25	522.24	-	6,662.49
Total Operating Expenses	\$ 1,651,818.36	3,636,927.23	1,017,655.22	4,464,864.48	3,008,503.11	13,779,768.40
Excess of Revenues Over Expenses	\$ (611,019.99)	\$ (1,197,894.24)	\$ (492,044.75)	\$ (1,625,619.68)	\$ 4,782,661.73	\$ 856,083.07

The accompanying notes are an integral part of this financial statement.

Weber State University
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2021

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, 2021 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 \$876,569. 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, 2021. 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 & Cross Country – 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.

Weber State University
 Intercollegiate Athletics Program
 Notes to the Statement of Revenues and Expenses
 For the Year Ended June 30, 2021

D. Contributions

During fiscal year 2021, the Intercollegiate Athletics Program received gifts totaling \$3,108,931 of which only \$541,062 is reflected in the statement. This number reflects the amount of contributions received and used in FY21 per NCAA guidelines. Total contributions reported in the statement is \$554,428 which includes \$13,366 from prior year contributions that were spent in FY21 (gifts and changes 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:

FY21 Contributions reported in the Statement	\$ 541,062
FY21 Contributions not reported in the Statement:	
Youngberg Center Football Facility	1,528,381
Contributions to Endowments	279,175
Contributions not used	760,313
 Total FY21 Contributions	 \$ 3,108,931

The Athletics department received generous gifts used towards the Youngberg Football Center Facility from the Marquardt's totaling \$500,744, from Big-D Construction totaling \$410,134 and from Nancy Behnken totaling \$399,353. The Stewart Education Foundation donated a total of \$437,500 in support of the Athletics Department (\$215,000), Men's and Women's Golf Programs (\$200,000), and the Wildcat Club Scholarship Fund (\$22,500).

E. Plant Fund

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. In FY21 the total expenses incurred for land improvements were \$668,233.

The Dee Events Center, home to our Men's and Women's Basketball teams, underwent a few capital projects in FY21. The Sound System project incurred final expenses of \$258,220 and is now complete. In addition, there were more expenses related to the Generator Replacement and Relocation project totaling \$104,113.

Weber State University
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2021

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.

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 2021, Weber State University had Series 2012, Series 2015, Series 2017, Series 2019, and Series 2021 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.

Weber State University
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2021

The scheduled maturities for these outstanding bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2022	\$ 2,925,000	\$ 1,466,161	\$ 4,391,161
2023	3,235,000	1,544,761	4,779,761
2024	3,400,000	1,400,511	4,800,511
2025	3,550,000	1,248,611	4,798,611
2026	3,720,000	1,089,711	4,809,711
2027-2031	17,095,000	3,269,730	20,364,730
2032-2036	5,950,000	1,031,113	6,981,113
2037-2041	4,705,000	316,920	5,021,920
	<u>\$44,580,000</u>	<u>\$11,367,518</u>	<u>\$55,947,518</u>

Weber State University
 Intercollegiate Athletics Program
 Auditor's Analysis of Significant Variances
 For the Year Ended June 30, 2021

Exhibit 1

COMPARISON OF ACTUAL CURRENT YEAR TO ACTUAL PRIOR YEAR

	2021	2020	Variance \$	Variance %	
<u>Operating Revenues</u>	<u>Totals</u>	<u>Totals</u>	<u>Over/(Under)</u>	<u>Over/(Under)</u>	
Student Fees	2,457,052.10	2,417,372.91	39,679.19	1.64%	
Direct Institutional Support	6,605,600.09	6,616,115.60	(10,515.51)	-0.16%	
Direct State or Other Govnt Support	2,952,213.75	1,319,912.97	1,632,300.78	123.67%	A
<u>Operating Expenses</u>					
Coaching Salaries and Benefits	3,624,620.16	3,651,929.90	(27,309.74)	-0.75%	
Other Salaries and Benefits	1,669,793.65	1,795,007.79	(125,214.14)	-6.98%	
Athletic Student Aid	4,580,059.84	4,351,958.71	228,101.13	5.24%	

Explanation for Variances:

- A. The fiscal year 2021 increase was due to the University allocating to the Program federal funds to cover revenues lost as a result of the COVID-19 Pandemic.