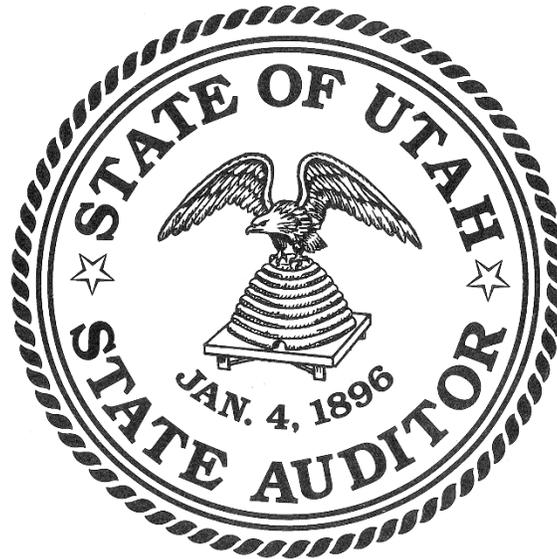


WEBER STATE UNIVERSITY

Intercollegiate Athletics Program
Agreed-Upon Procedures Report
For the Year Ended June 30, 2017

Report No. 17-24



OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Hollie Andrus, CPA, Audit Director
Gregg Hastings, CPA, Audit Supervisor



OFFICE OF THE
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 (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, 2017. 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, 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 specific elements of the control environment and accounting systems that are unique to the Intercollegiate Athletics Program that were not addressed in connection with the audit of the University's financial statements. This included testing samples of Ticket Office cash receipts, Athletic Department cash receipts, payroll transactions, and non-payroll transactions for compliance with internal control policies and procedures. 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, 2017, 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. 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 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 greater than \$100,000 as a result of these revenue procedures.

Expense Procedures:

Athletic Student Aid

4. We selected a sample of 30 of the total 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 (Software). For twenty seven of the thirty student athletes selected, we identified variances ranging from (\$15,715.48) to \$3,911.44 between the NCAA's Software and Banner.

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 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' 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 11 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.

We found no exceptions greater than \$100,000 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 to the squad lists of 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. We then ensured that the University reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.
- 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 NCAA Membership Financial Reporting System (System) to a report, generated out of the University's financial aid records, of all student-athlete Pell Grants. For those student athletes selected in Step 4 above, we traced their Pell Grant information to the NCAA Membership Financial Reporting System. The University's financial aid records included 5 student athletes receiving Pell Grants that were not included in the System.

Except as mentioned above, we found no exceptions greater than \$100,000 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 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 State Auditor

Office of the State Auditor
January 11, 2018

Weber State University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
For the Year Ended June 30, 2017

	<u>Men's Basketball</u>	<u>Football</u>	<u>Women's Basketball</u>	<u>Other Sports</u>	<u>Non-Program Specific</u>	<u>2017 Totals</u>
<u>Revenues</u>						
Ticket Sales	\$ 345,598	\$ 171,441	\$ 24,992	\$ 28,817	\$ -	\$ 570,848
Conference Distributions	-	-	-	-	1,117	1,117
NCAA Distributions	108,092	38,700	-	2,499	1,060,441	1,209,732
Program Sales and Concessions	-	-	-	2,323	-	2,323
Guarantees	130,000	300,000	12,000	22,115	-	464,115
Media Rights	712	22,566	35	17	-	23,330
Student Fees	-	-	-	-	2,215,360	2,215,360
Royalties, Licensing, Advertisement and Sponsorships	373,203	305,348	-	-	-	678,551
Gifts In Kind	14,029	40,946	6,135	17,794	23,841	102,745
Contributions	116,901	89,275	6,676	138,399	537,356	888,607
Restricted Endowment/Investment Income	7,536	18,394	65	21,468	69,919	117,382
Institutional Support	498,921	1,404,509	391,582	1,901,052	1,612,364	5,808,428
State Appropriations	64,717	334,164	52,952	519,089	25,000	995,922
Indirect Institutional Support	-	-	-	-	79,033	79,033
Sports Camp Revenues	63,056	24,312	33,356	126,961	-	247,685
Other Revenue	-	28,595	-	63,755	357,891	450,241
Total Revenues	<u>1,722,765</u>	<u>2,778,250</u>	<u>527,793</u>	<u>2,844,289</u>	<u>5,982,322</u>	<u>13,855,419</u>
<u>Expenses</u>						
Coaching Salaries and Benefits	710,800	974,255	330,411	1,148,249	-	3,163,715
Other Salaries and Benefits	48,049	52,913	6,053	19,978	1,296,873	1,423,866
Severance Payments	-	-	-	-	-	-
Team Travel	290,250	332,217	139,099	721,939	-	1,483,505
Recruiting	68,787	73,526	32,039	35,965	-	210,317
Athletic Student Aid	323,541	1,500,519	361,878	2,021,110	44,832	4,251,880
Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	18,544	90,077	108,621
Direct Overhead and Admin Expenses	10,088	12,576	4,335	20,465	74,039	121,503
Sports Equipment, Uniforms & Supplies	29,727	177,481	22,120	192,605	-	421,933
Insurance and Medical Expenses	-	220	300	1,000	298,819	300,339
Spirit Groups	-	-	-	-	187,767	187,767
Memberships and Dues	14,783	10,320	13,500	6,760	68,758	114,121
Fund Raising, Marketing, & Promotion	2,888	34,434	-	23,876	463,390	524,588
Indirect Institutional Support	-	-	-	-	79,033	79,033
Sports Camp Expenses	11,519	37,026	10,524	33,152	-	92,221
Student Athlete Meals	26,804	99,919	6,711	32,167	-	165,601
Other Expenses	66,246	79,757	17,823	70,450	361,351	595,627
Home Game Expenses	149,292	128,034	87,207	84,686	-	449,219
Guarantees	18,500	40,000	8,000	16,036	-	82,536
Total Expenses	<u>1,771,274</u>	<u>3,553,197</u>	<u>1,040,000</u>	<u>4,446,982</u>	<u>2,964,939</u>	<u>13,776,392</u>
Excess of Revenues over Expenses	<u>\$ (48,509)</u>	<u>\$ (774,947)</u>	<u>\$ (512,207)</u>	<u>\$ (1,602,693)</u>	<u>\$ 3,017,383</u>	<u>\$ 79,027</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, 2017

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, 2017 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 \$713,698. 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, 2017. 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 additional costs have been reported as described in Note F.

D. Gifts

During fiscal year 2017, the Intercollegiate Athletics Program received gifts totaling \$4,491,540 of which only \$888,607 is reported in the Financial Statement (gifts and changes in endowment and plant funds related to Intercollegiate Athletics along with contributions not used are not included in the Financial Statement in accordance with NCAA guidelines).

Weber State University
 Intercollegiate Athletics Program
 Notes to the Statement of Revenues and Expenses
 For the Year Ended June 30, 2017

The Intercollegiate Athletics Program received generous gifts of \$2,000,000 from an anonymous donor, \$1,068,045 from Rory Youngberg and \$200,000 from Annette Marquardt-Kimball in support of the Football Facilities North Entrance Stadium Project. The Intercollegiate Athletics Program also received gifts of \$10,000 from Burton Financial and \$10,000 from Northwestern Mutual to help fund the lighting project at the Soccer Field. These gifts have not been reported in the statement.

Contributions reported in the Statement	\$ 888,607
Contributions not reported in the Statement:	
Football Facilities North Entrance Project	3,293,816
Soccer Field Lighting Project	20,000
Additions to Endowments	39,823
Contributions not used	249,294
Total Contributions	\$ 4,491,540

As part of the \$888,607 contributions received and reported in the Statement, \$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). The Men’s Basketball program received donations of \$100,000 from Lifetime Products (Barry & Kathleen Mower) and \$200,000 from Nolan Archibald.

E. Plant Fund

In support of the Women’s Soccer program, the University placed lighting at the Wildcat Soccer Field in September 2016. This addition to the field has enabled the program to host night matches with the first official home match under the lights taking place October 14, 2016. The total cost of this project was \$456,515.

Also completed in fiscal year 2017 was the Dee Events Center upper ring landscape project. This project focused on the exterior of the west and south entrances in an effort to modernize, brand and beautify the facility. The total cost of this project was \$366,041.

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 historical cost, or at acquisition value 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

Weber State University
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2017

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 2017, 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>
2018	\$ 2,610,000	\$ 2,020,765	\$ 4,630,765
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	4,613,588
2023-2027	16,860,000	6,093,814	22,953,814
2028-2032	13,915,000	2,760,465	16,675,465
2033-2037	3,205,000	1,052,900	4,257,900
2038-2040	2,190,000	223,716	2,413,716
	<u>\$ 50,080,000</u>	<u>\$ 19,330,792</u>	<u>\$ 69,410,792</u>

Weber State University
Intercollegiate Athletics Program
Auditor's Analysis of Significant Variances
For the Year Ended June 30, 2017

COMPARISON OF ACTUAL CURRENT YEAR TO ACTUAL PRIOR YEAR

	<u>2017 Totals</u>	<u>2016 Totals</u>	<u>Variance \$ Over/(Under)</u>	<u>Variance % Over/(Under)</u>
Operating Revenues				
Student Fees	\$ 2,215,360	\$ 2,141,536	\$ 73,824	3.45%
Institutional Support	5,808,428	6,291,501	(483,073)	(7.68%)
Operating Expenses				
Coaching Salaries and Benefits	3,163,715	3,002,916	160,799	5.35%
Other Salaries and Benefits	1,423,866	1,445,381	(21,515)	(1.49%)
Total Salaries/Benefits	4,587,581	4,448,297	139,284	3.13%
Team Travel	1,483,505	1,667,182	(183,677)	(11.02%) *
Athletic Student Aid	4,251,880	3,643,928	607,952	16.68% **

COMPARISON OF ACTUAL TO BUDGET

	<u>2017 Totals</u>	<u>2017 Budget</u>	<u>Budget Variance \$ Over/(Under)</u>	<u>Budget Variance % Over/(Under)</u>
Operating Revenues				
Student Fees	\$ 2,215,360	\$ 2,152,536	\$ 62,824	2.92%
Institutional Support	5,808,428	5,201,113	607,315	11.68% ***
Operating Expenses				
Coaching Salaries and Benefits	3,163,715			
Other Salaries and Benefits	1,423,866			
Total Salaries and Benefits	4,587,581	4,191,182	396,399	9.46%
Team Travel	1,483,505	1,045,200	438,305	41.94% ****
Athletic Student Aid	4,251,880	3,249,009	1,002,871	30.87% **

* Variance due to various teams who participated in post-season tournaments in FY2016 but not in FY2017.

** Variance due to an increase in cost of attendance in the areas of tuition, student fees, housing, meal plan and stipends, as well as an increase in athletic scholarships awarded.

*** Variance due to unguaranteed allocations to the Intercollegiate Athletics Program not included in budgeted amounts but allocated in FY2017.

**** Variance due to finalization of team schedules, which included more away competitions, after budget information was submitted to University.