

Wright State University

Independent Accountant's Report on Applying Agreed-Upon Procedures
Performed on the Intercollegiate Athletic Program as
Required by NCAA Bylaw 3.2.4.15

June 30, 2017



Dave Yost • Auditor of State

Board of Trustees
Wright State University
3640 Col. Glenn Highway
Dayton, Ohio 45435

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Wright State University NCAA Report, Greene County, prepared by BKD, LLP, for the period July 1, 2016 through June 30, 2017.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wright State University is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 8, 2018

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Wright State University

June 30, 2017

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Dr. Cheryl B. Schrader, President
Wright State University
Dayton, Ohio

We have performed the procedures enumerated below, which were agreed to by management of Wright State University (University), solely to assist you with respect to evaluating whether the accompanying statement of revenues and expenses of the University is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.15 for the year ended June 30, 2017. The University is responsible for the statement of revenues and expenses ("Statement") and the Statement's compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the 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 findings obtained are described below.

Statement of Revenues and Expenses

1. We obtained the Statement, as prepared by the Department of Athletics of the University (Athletics), for the year ended June 30, 2017. We compared the revenue and expense amounts reported on the Statement which were greater than 4.0% of revenues or expenses, respectively, to the supporting schedules prepared by management of the University, noting they agreed without exception.
2. We compared a sample (see items 4-43 below) of operating revenue receipts and operating expenses obtained from the above operating revenue and expense supporting schedules to adequate supporting schedules. Excluding items 17 and 22 below, no exceptions were noted.
3. We compared each major revenue category greater than 10% of total revenues and each major expense category greater than 10% of total expenses on the Statement to prior year amounts and current year budgeted amounts. We obtained, from management of the University, and documented an understanding of any significant variances (greater than 10% change) from prior year amounts and current year budgeted amounts and noted the following:

Actual Revenue and Expenses as Compared to Prior Year

- *Supporting Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities* - Management indicated that the 10.75% increase is primarily attributable to new basketball coaching staff in 2017.

Actual Revenue and Expenses to Current Year Budget

No variances met the above criteria.

Revenues

4. *Ticket Sales* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
5. *Student Fees* - We inquired as to whether student fees are allocated to Athletics, and the University's management represented there are no restricted student fee allocations from the University to Athletics. All allocations are unrestricted and reported as direct institutional support.
6. *Direct State or Other Governmental Support* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
7. *Direct Institutional Support* - We compared direct institutional support recorded by Athletics with institutional transfer authorizations held by the Controller's Office of the University and noted no exceptions.
8. *Transfers Back to the Institution* - We inquired of the University's management who represented there were no transfers back to the institution during the year ended June 30, 2017.
9. *Indirect Institutional Support* - We inquired of the University's management who represented there was no indirect institutional support during the year ended June 30, 2017.
10. *Guarantees* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
11. *Contributions* - We obtained a list of contributions of all money, goods or services received directly by Athletics from individuals and other donors. There were no individual contributions greater than 10% of total contributions.
12. *Compensation and Benefits Provided by a Third-Party* - We inquired of the University's management as to whether Athletics received any revenues or contributions to specifically support compensation or benefits from outside organizations for the year ended June 30, 2017, and they represented there were no compensation or benefits provided by third parties.
13. *Media Rights* - We inquired of the University's management who represented there was no media rights revenue during the year ended June 30, 2017.
14. *NCAA Distributions* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
15. *Conference Distributions* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
16. *Program Sales, Concession, Novelty Sales and Parking* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.

17. *Royalties, Licensing, Advertisements and Sponsorships* - We obtained and inspected agreements related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period. We selected a sample of three agreements to test and compared and agreed the related revenues to the Statement and recalculated the totals. Two of the three agreements agreed without exception. For one of the agreements reviewed, the University's statement was allocated \$67,783 less than the agreement stated. Management represented that this difference is due to how the sponsorship revenue is allocated among University departments.
18. *Sports Camps Revenues* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
19. *Athletics Restricted Endowment and Investment Income* - We inquired of the University's management who represented there was no athletics restricted endowment and investment income during the year ended June 30, 2017.
20. *Other Operating Revenue* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
21. *Bowl Revenues* - We inquired of the University's management who represented there were no bowl revenues during the year ended June 30, 2017.

Expenses

22. *Athletic Student Aid* - We recalculated totals from the NCAA Membership Financial Reporting System (System) for each sport and overall without exception. As the University utilized the NCAA Compliance Assistance software during Spring and Fall terms, we selected a sample of 10% of students. As the University did not utilize the NCAA Compliance Assistance software during Summer term, we selected a sample of 20% of students. A total sample of 41 was selected from the listings of the University's student athlete aid recipients and performed the following:
 - a. For each selection, we obtained individual student account detail and compared total aid allocated from the student account system to the amounts reported to the System, noting an aggregate difference of \$2,984 resulting from two students by \$4,142 and \$(1,140), respectively.
 - b. For each selection, we performed a check of each student selected to determine their information was reported accurately in the System and noted all students whose full grant amount agreed to internal documentation.
 - c. For each selection who received a Pell grant, we determined the value of the grant was not included in the calculation of equivalencies or the total dollar amount of student athletic aid. We also determined if the students selected were included in the total number and total value of Pell Grants reported, noting one student tested had a difference of \$726.
23. *Guarantees* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.

24. *Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities* - We obtained a listing of coaches employed by the University and randomly selected three coaches (Jeff Mercer, Scott Nagy and Katrina Merriweather), which included baseball, men's basketball and women's basketball coaches. We compared and agreed the financial terms and conditions of their contracts, and compared the salaries and bonuses for each selection to the related coaching salaries, benefits and bonuses recorded in the Statement and noted no exceptions. We further inspected payroll summary registers for the year ended June 30, 2017, for each selection and agreed them to the related coaching salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the Statement and noted no exceptions.
25. *Coaching Other Compensation and Benefits Paid by a Third Party* - We inquired of the University's management, as to whether there were any coaching compensation or benefits paid by a third party and they represented there were no other compensation or benefits provided by third parties.
26. *Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities* - We selected a sample of three support staff/administrative personnel employed by the University (Chris Bethel, Robert Grant and Sara Hill), and compared the related salaries, benefits and bonuses paid by the University to the Statement and noted no exceptions.
27. *Support Staff/Administrative Salaries, Benefits and Bonuses Paid by a Third Party* - We inquired of the University's management as to whether there were any support staff/administrative salaries, benefits or bonuses paid by a third party and they represented there were no support staff/administrative compensation or benefits provided by third parties.
28. *Severance Payments* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
29. *Recruiting* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
30. *Team Travel* - We obtained the team travel policies for Athletics and compared them to the NCAA policies. No exceptions were noted. We obtained the supporting schedule for team travel expenses and agreed the amounts in the supporting schedules to the Statement, noting no exceptions.
31. *Equipment, Uniforms, and Supplies* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
32. *Game Expenses* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
33. *Fund Raising, Marketing and Promotion* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
34. *Sports Camp Expenses* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
35. *Spirit Groups* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
36. *Athletic Debt Service, Leases and Rental Fees* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.

37. *Direct Overhead and Administrative Expenses* - We obtained the general ledger detail and compared it to the total expenses reported. We selected a sample of three transactions and validated the existence of the transaction and accuracy of recording and recalculated the totals, noting no exceptions.
38. *Indirect Allocated Institutional Support* - We inquired of the University's management who represented there was no indirect allocated institutional support during the year ended June 30, 2017.
39. *Medical Expenses and Medical Insurance* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
40. *Memberships and Dues* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
41. *Other Operating Expenses* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
42. *Student-Athlete Meals* - We noted this line item was below the prescribed testing threshold of 4.0%, thus no additional procedures were performed.
43. *Bowl Expenses* - We inquired of the University's management who represented there were no bowl expenses during the year ended June 30, 2017.

Additional Minimum Agreed-Upon Procedures

44. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the University, noting no discrepancies.
45. We obtained the University's Sports Sponsorship and Demographics Forms Report for the fiscal year and determined 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, noting no discrepancies.
46. Once countable sports were confirmed per number 46 above, we determined that the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System, noting no discrepancies.
47. We agreed the total number of student-athletes who received a Pell Grant award during the academic year and the total value of these Pell Grants reported in the System to a report generated out of the University's student financial aid system, noting a total value difference of \$726.

Other Reporting Items

48. *Excess Transfers to Institution and Conference Realignment Expenses* - We inquired of the University's management who represented there were no excess transfers or conference realignment expenses during the year ended June 30, 2017.
49. *Total Athletics Related Debt* - We inquired of the University's management who represented there was no athletic related capital debt during the year ended June 30, 2017.
50. *Total Institutional Debt* - We agreed the total outstanding debt of the University to supporting documentation and the University's audited financial statements, without exception.

51. *Value of Athletics Dedicated Endowments* - We inquired of the University's management who represented a schedule of athletics dedicated endowments is not maintained, indicating all athletic related funds are pooled within multiple funds along with many other University Funds. However, we were able to agree the total fair market value of University endowments to supporting documentation, the University's general ledger and the audited financial statements, without exception, as described at item 52 below.
52. *Value of Institutional Endowments* - We agreed the total fair market value of University endowments to supporting documentation, the University's general ledger and the audited financial statements, without exception.
53. *Total Athletics Related Capital Expenditures* - We inquired of the University's management who represented there were no athletic related capital expenditures during the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the specified elements, accounts and items described above or on compliance with the requirements noted above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Cincinnati, Ohio
December 14, 2017

Wright State University
Statement of Revenues and Expenses
For the Year Ended June 30, 2017

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues					
Ticket sales	\$ 291,982	\$ 8,533	\$ 19,683	\$ -	\$ 320,198
Guarantees	235,000	15,000	34,000	-	284,000
Contributions	297,630	2,194	107,843	62,048	469,715
Direct state or other government support	-	-	-	13,640	13,640
Direct institutional support	1,921,842	1,363,792	4,609,582	668,799	8,564,015
NCAA distributions	8,401	4,190	26,198	277,719	316,508
Conference distributions	15,000	-	-	15,000	30,000
Program, concessions, novelty and parking sales	38,037	8,667	95,846	38,552	181,102
Royalties, licensing, advertisements, and sponsorships	220,003	220,004	2,000	19,737	461,744
Sports camp revenues	20,125	1,735	26,760	-	48,620
Other operating revenue	2,242	623	19,370	210,299	232,534
Total operating revenues	<u>3,050,262</u>	<u>1,624,738</u>	<u>4,941,282</u>	<u>1,305,794</u>	<u>10,922,076</u>
Operating Expenses					
Athletics student aid	371,615	407,123	2,136,303	37,739	2,952,780
Guarantees	135,000	18,000	-	-	153,000
Coaching salaries, benefits and bonuses paid by the University and related entities	1,074,648	477,786	1,063,910	-	2,616,344
Support staff/administrative compensation, benefits and bonuses paid by the university and related entities	304,272	183,715	271,776	1,635,342	2,395,105
Severance payments	215,837	-	12,926	-	228,763
Recruiting	78,156	86,860	66,872	-	231,888
Team travel	180,280	138,088	718,939	-	1,037,307
Equipment, uniforms, and supplies	57,400	37,517	204,648	8,615	308,180
Game expenses	239,340	102,896	86,989	195	429,420
Fundraising, marketing, and promotion	149,876	29,567	50,970	104,005	334,418
Sport camp expenses	3,651	1,336	10,647	-	15,634
Spirit groups	9,058	9,059	-	119,384	137,501
Athletics facilities debt service, leases and rental fees	54,274	16,209	23,775	-	94,258
Direct overhead and administrative expenses	24,197	27,806	57,724	875,163	984,890
Medical expenses and medical insurance	5,782	7,557	24,936	215,959	254,234
Membership and dues	590	480	3,659	6,332	11,061
Student-athlete meals (nontravel)	37,263	27,739	64,627	25,463	155,092
Other operating expenses	109,023	53,000	142,581	112,195	416,799
Total operating expenses	<u>3,050,262</u>	<u>1,624,738</u>	<u>4,941,282</u>	<u>3,140,392</u>	<u>12,756,674</u>
Deficiency of Revenues Under Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,834,598)</u>	<u>\$ (1,834,598)</u>

Wright State University
Notes to Statement of Revenues and Expenses
June 30, 2017

Note 1: Summary of Presentation Policies

The amounts in the accompanying statement of revenues and expenses were obtained from Wright State University's (University) general ledger, which is maintained on an accrual basis. All revenues and expenses directly related to various sports were disclosed as such, except items which were not applicable. The primary purpose of the agreed-upon procedures report is to ensure the president of the University is made aware of all financial activity (both internal and external) for athletics purposes and to assist the University in exercising control over the financial activity made by or on behalf of the intercollegiate athletics program.

Note 2: Property, Plant and Equipment

Capital assets include land, land improvements, infrastructure, buildings, machinery, equipment, software, library books, publications and construction in progress. They are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. Normal repairs and maintenance are expensed in the year in which the expenses are incurred. The threshold for capitalizing moveable equipment with an estimated useful life of more than one year is \$5,000. Using the straight-line method, capital assets are depreciated over their estimated useful lives; generally, 40 years for buildings, 30 years for land improvements and infrastructure, 15 years for library books and publications, and 5 to 10 years for machinery and equipment. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements. Effective with the fiscal year ended June 30, 2015, the capitalization threshold for the purchase of moveable equipment may be waived when the acquisition is related to a major project. Moveable equipment items attributable to a major project may be capitalized and depreciated over a five-year useful life. A major project is defined as a project in which: (1) the total construction cost (building improvement, land improvement, infrastructure, etc.) is anticipated to be \$100,000 or more and the moveable capital equipment expenditures are expected to be at least \$100,000; or (2) although the construction costs are anticipated to be less than \$100,000, the total project costs, including moveable equipment, are anticipated to be at least \$200,000.

Note 3: Contributions from the Wright State University Foundation, Inc. (Foundation)

The Foundation receives gifts and contributions that are restricted for the related athletics programs. These funds are used when additional funds are needed for current expenses and/or special projects. Foundation revenues are recorded in the Statement in an amount equal to the amount expended during the fiscal year. There were no amounts greater than 10% of total contributions for athletics.



Dave Yost • Auditor of State

WRIGHT STATE UNIVERSITY - NCAA

GREENE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 18, 2018