

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

BALL STATE UNIVERSITY
NCAA FINANCIAL REPORT
MUNCIE, INDIANA

July 1, 2010 to June 30, 2011



FILED
02/16/2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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**INDEPENDENT ACCOUNTANT'S REPORT ON
THE APPLICATION OF AGREED-UPON PROCEDURES**

Dr. Jo Ann Gora
President
Ball State University
2000 W. University Avenue
Muncie, Indiana 47306

We have performed the procedures enumerated below, which were agreed to by the management of Ball State University, solely to assist you in evaluating whether the accompanying Statement of Revenue and Expenditures of Ball State University is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.16 for the year ended June 30, 2011. Ball State University's management is responsible for the Statement of Revenue and Expenditures ("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.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenditures

- a. We obtained the Statement of Revenues and Expenditures for the Year Ended June 30, 2011, Exhibit A, as prepared by management and attached to this document. We recalculated the addition of the amounts on the Statement, traced the University amounts on the Statement to management's worksheets, and to the 3-35600 series of accounts on the University's financial accounting system. We compared the Foundation amounts to a summary of accounts obtained from the Ball State Foundation.
- b. We compared current year amounts with prior year amounts for each classification of University accounts on Exhibit A and supported fluctuations of greater than \$25,000 or 10 percent of the prior year's amount.
- c. We compared total revenues and expenditures by classification to the prior year's financial report, noting that the current year amounts compare favorably with the prior year amounts.
- d. The attached Statement of Revenues and Expenditures is a summary of the transactions for the Intercollegiate Athletics. The Statement includes the revenues and expenditures relating to Intercollegiate Athletics recorded in the Ball State Foundation's (an outside booster organization) accounting records. We did not examine any supporting documentation for the financial information reported by the Ball State Foundation.

INDEPENDENT ACCOUNTANT'S REPORT ON
THE APPLICATION OF AGREED-UPON PROCEDURES
(Continued)

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenue and Expenditures of Ball State University. 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 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.

STATE BOARD OF ACCOUNTS

January 13, 2012

BALL STATE UNIVERSITY
STATEMENT OF REVENUES AND EXPENDITURES
INTERCOLLEGIATE ATHLETICS
For the Year Ended June 30, 2011

	2011					Totals	2010 Total
	Football	Mens Basketball	Womens Basketball	Other Sports	Non-Program Specific		
University Accounts:							
Revenues:							
Ticket sales	\$ 738,003	\$ 221,728	\$ 17,437	\$ 15,551	\$ 18,403	\$ 1,011,122	\$ 714,144
Contributions	64,599	63,859	8,500	221,019	316,242	674,219	543,756
Guarantees	1,125,000	135,000	4,000	16,500	15,000	1,295,500	1,062,817
Advertising Sales	-	-	-	5,400	618,010	623,410	477,858
Concession commissions	19,317	14,036	3,718	619	1,006	38,696	37,430
Royalty and licensing commissions	-	-	-	-	92,778	92,778	89,379
Printed programs	944	15	70	10,537	16,347	27,913	27,429
Parking fees	28,929	1,772	-	-	15,997	46,698	48,070
NCAA and MAC revenue	-	129,050	-	-	1,090,055	1,219,105	1,267,632
Dedicated student fees	-	-	20,000	3,750	10,505,386	10,529,136	10,410,593
Additional designated support	-	-	-	53,831	17,669	71,500	4,099
General fund support for:							
Salaries	108,460	-	317,323	989,976	777,438	2,193,197	2,195,561
Staff benefits	33,957	-	82,153	329,399	283,902	729,411	777,598
Other	25,808	-	-	44,316	7,054	77,178	139,342
TOTAL REVENUES	2,145,017	565,460	453,201	1,690,898	13,775,287	18,629,863	17,795,708
Expenditures:							
Coaches' salaries	1,477,003	380,108	317,323	1,227,422	-	3,401,856	3,204,580
Salaries and wages	144,001	35,427	38,176	33,932	2,150,822	2,402,358	2,278,927
Staff benefits	321,985	121,561	93,180	391,023	595,187	1,522,936	1,725,390
Operating supplies	230,553	36,468	13,189	178,983	140,989	600,182	568,270
Rental of equipment and facilities	38,124	1,830	192	54,900	41,103	136,149	137,258
Awards	8,617	1,568	2,249	23,542	3,181	39,157	30,415
Guarantees	575,000	73,100	600	4,308	123	653,131	713,787
Telephone	8,330	2,884	2,626	9,453	43,586	66,879	72,005
Travel	421,500	207,658	169,429	761,682	70,721	1,630,990	1,491,237
Meals and lodging	239,371	17,095	9,221	57,164	36,509	359,360	339,648
Officials	63,725	61,024	47,275	66,106	-	238,130	237,265
Postage	14,564	1,236	1,495	3,973	8,045	29,313	33,655
Printing and photography	78,349	12,096	9,480	20,827	45,508	166,260	152,167
Grants-in-aid	2,204,451	331,862	411,878	3,061,640	3,606	6,013,437	5,450,818
Association dues	130,900	850	510	4,482	115,338	252,080	251,393
Equipment	74,689	52	167	36,381	102,730	214,019	232,272
Repairs and maintenance	59,049	330	3,365	2,672	20,990	86,406	129,796
Insurance	28,889	13,321	6,407	136,620	43,899	229,136	263,440
Other miscellaneous expenses	93,374	71,520	19,139	18,482	386,502	589,017	483,385
TOTAL EXPENDITURES	6,212,474	1,369,990	1,145,901	6,093,592	3,808,839	18,630,796	17,795,708
REVENUES OVER/(UNDER) EXPENDITURES	\$ (4,067,457)	\$ (804,530)	\$ (692,700)	\$ (4,402,694)	\$ 9,966,448	\$ (933)	\$ -
Foundation Accounts:							
Revenues	\$ 500,784	\$ 80,309	\$ 12,921	\$ 333,348	\$ 1,095,288	\$ 2,022,650	\$ 2,526,933
Expenditures	292,129	70,494	9,394	406,808	855,792	1,634,617	2,159,658
REVENUES OVER/(UNDER) EXPENDITURES	\$ 208,655	\$ 9,815	\$ 3,527	\$ (73,460)	\$ 239,496	\$ 388,033	\$ 367,275

A = Includes \$1,098,719 to Fund Deficit from Account 3-35600-0921.

The accompanying notes are an integral part of the statement.

BALL STATE UNIVERSITY
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETICS
AS OF JUNE 30, 2011

Note 1. Basis of Presentation

The accompanying Statement of Revenues and Expenses ("Statement") of Intercollegiate Athletics has been prepared on the accrual basis of accounting. The purpose of the Statement is to present a summary of revenues and expenditures of the intercollegiate athletics of the University for the year ended June 30, 2011. The Statement includes those intercollegiate athletics revenues and expenditures made on behalf of the University's athletics by outside organizations not under the accounting control of the University. Because the Statement presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows for the year then ended. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

Note 2. Affiliated Organizations

The University athletic accounts received \$2 million from the Ball State University Foundation, Inc. The amounts received are included in the accompanying Statement identified separately as Foundation Accounts.

Note 3. Capital Assets

Capital assets consist of buildings and equipment which are stated at historical cost or actual cost where determinable. Construction-in-progress (CIP) is capitalized at actual cost as expenses are incurred. All gifts of capital assets are recorded at fair market value as of the date of donation.

Repair and replacement expenditures that do not extend the useful life of the asset, and expenditures for personal property of less than \$5,000 are expensed rather than capitalized.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 50 years for buildings and 3 to 10 years for equipment.

A summary of changes in capital assets associated with the Intercollegiate Athletics follows for the year ended June 30, 2011.

BALL STATE UNIVERSITY
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETICS
AS OF JUNE 30, 2011
(Continued)

Category	July 1, 2010 Balance	Additions	Deletions	June 30, 2011 Balance
Depreciable capital assets:				
Buildings	\$ 62,697,662	\$ -	\$ 3,563	\$ 62,694,099
Equipment	<u>668,903</u>	<u>284,311</u>	<u>14,268</u>	<u>938,946</u>
Total capital assets	<u>63,366,565</u>	<u>284,311</u>	<u>17,831</u>	<u>63,633,045</u>
Less: accumulated depreciation				
Buildings	20,104,669	1,252,249	-	21,356,918
Equipment	<u>453,923</u>	<u>60,353</u>	<u>14,268</u>	<u>500,008</u>
Total accumulated depreciation	<u>20,558,592</u>	<u>1,312,602</u>	<u>14,268</u>	<u>21,856,926</u>
Total net capital assets	<u>\$ 42,807,973</u>	<u>\$ (1,028,291)</u>	<u>\$ 3,563</u>	<u>\$ 41,776,119</u>

Note 4. Student Athlete Opportunity Fund

The University received \$180,056 from the NCAA to benefit student-athletes or their families in the 2011 fiscal year. Of those monies, \$180,056 was spent for those purposes in the current fiscal year and is included in the report.