

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

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

UNIVERSITY OF SOUTHERN INDIANA
NCAA FINANCIAL REPORT
EVANSVILLE, INDIANA

July 1, 2014 to June 30, 2015



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STATE OF INDIANA

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING OF AGREED-UPON PROCEDURES

To: The Management of the University of Southern Indiana

We have performed the procedures enumerated below, which were agreed to by the management of the University of Southern Indiana (University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses of Intercollegiate Athletics was prepared in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2015. The University's management is responsible for the Statement of Revenues and Expenses of Intercollegiate Athletics. 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: Policies and Procedures Related to Intercollegiate Athletics – Agreed-Upon Procedures

1. We obtained an organization chart of the Intercollegiate Athletic Department (Department). In addition, we obtained documentation for and considered policies and procedures unique to the Department. We performed a review of activities determined to be unique to Intercollegiate Athletics to determine adherence to established policies and procedures. The review of activities is outlined below:
 - (a) We haphazardly selected five ticket sales reports for review.
 - (b) We haphazardly selected five athletic travel claims for review.

No exceptions were found as a result of applying these procedures.

2. We inquired of the Department in regard to the controls in place to ensure the Intercollegiate Athletics Financial Aid recipients were eligible and remain eligible for aid.

No exceptions were found as a result of applying these procedures.

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

Affiliated and Outside Organizations – Agreed-Upon Procedures

3. We inquired of the Intercollegiate Athletic Department to determine organizations, affiliated and outside, that provided funds to the Department. For the sole organization identified, the University of Southern Indiana Foundation, Inc. (Foundation), we obtained and reviewed the audited financial statements. Finally, we compared the reported Foundation amounts on the Statement to a summary of accounts obtained from the Foundation of Revenues and Expenses of Intercollegiate Athletics (Statement).

No exceptions were found as a result of applying these procedures.

Statement of Revenues and Expenses of Intercollegiate Athletics – Agreed-Upon Procedures

4. We obtained the Statement of for the Year Ended June 30, 2015, Exhibit A, as prepared by management and attached to this document. We then performed the following procedures:
 - (a) Recalculated the mathematical accuracy of the amounts on the Statement.
 - (b) Traced the amounts on the Statement to management's supporting worksheet for categories over 0.5 percent of total revenues or total expenses.
 - (c) Agreed the amounts on the worksheets to the related series of accounts on the University's financial accounting system.

No exceptions were found as a result of applying these procedures.

5. We compared and agreed a sample of five operating revenue receipts and five expense claims from supporting schedules to supporting documentation for validity and proper classification.

No exceptions were found as a result of applying these procedures.

6. We compared the revenue and expense accounts over 10 percent of the total revenues or total expenses to prior period amounts and budget estimates. Any variations over the lesser of \$1 million or 10 percent were further reviewed by obtaining and documenting an understanding of the variation. The comparison has been included as Supplement A.

No exceptions were found as a result of applying these procedures.

7. We compared tickets sold during the reporting period, complementary tickets provided during the reporting period, and unsold tickets to the related revenue reported in the Statement.

No exceptions were found as a result of applying these procedures.

INDEPENDENT ACCOUNTANT'S REPORT ON
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(Continued)

8. We obtained and documented an understanding of the University's methodology for allocating student fees to Intercollegiate Athletics. We compared and agreed student fees reported in the Statement to student enrollments during the reporting period.

No exceptions were found as a result of applying these procedures.

9. We compared direct state or other governmental support recorded by the University with state appropriations, institutional authorizations, and/or other corroborative supporting documentation.

No exceptions were found as a result of applying these procedures.

10. We compared direct institutional support recorded with the institutional supporting budget transfers documentation and other corroborative supporting documentation.

No exceptions were found as a result of applying these procedures.

11. We did not compare the transfers back to the institution with permanent transfers back to the institution from the athletics department as no transfers were reported.

12. We compared the indirect institutional support recorded with expense payments, cost allocation detail, and other corroborative supporting documentation.

No exceptions were found as a result of applying these procedures.

13. We did not compare and agree settlement reports for away games during the reporting period to the general ledger and the Statement because they are reported as part of the Guarantees line item which was below the threshold set for review.

14. We did not compare and agree contractual agreements pertaining to revenues derived from guaranteed contests to the general ledger and the Statement because this line item was below the threshold set for review.

15. We did not compare the in-kind contributions and other contributions recorded by the institution with a schedule of donations as no in-kind contributions were reported.

16. We did not obtain and inspect agreements in order to gain an understanding of the institution's total media rights received and reported on the Statement as no revenues from media rights were reported.

17. We did not compare and agree the media right revenues to a summary statement of all media rights identified and the general ledger as there were no media right revenues reported.

18. We compared the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative documents.

No exceptions were found as a result of applying these procedures.

INDEPENDENT ACCOUNTANT'S REPORT ON
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(Continued)

19. We obtained and inspected agreements related to the conference distributions and participation in revenues from tournaments to gain an understanding of relevant terms and conditions. We compared and agreed the related revenues to the general ledger.

No exceptions were found as a result of applying these procedures.

20. We did not compare the amount recorded in the revenue reporting category to the general ledger detail of program sales, concessions, novelty sales and parking because this line item was below the threshold set for review.

21. We gained an understanding of the institution's participation in revenues from royalties, licensing advertisements, and sponsorships. We obtained and inspected agreements related to the institution's participation in revenues from royalties, licensing, advertisements, and sponsorships. We compared and agreed the related revenues to the general ledger and the Statement.

No exceptions were found as a result of applying these procedures.

22. We did not obtain an understanding of the institution's methodology for recording revenues from sports camps because no sports camp revenues were reported.

23. We did not obtain and inspect endowment agreements to gain an understanding of the relevant terms and conditions as no endowment and investment income was reported.

24. We selected a sample of 19 students from the listing of University student aid recipients. We obtained individual account detail for each and compared the total aid allocated from the award letter to the student's account. Finally, for those student selected, we ensured their information was reported accurately in the NCAA's Compliance Assistant software.

No exceptions were found as a result of applying these procedures.

25. We did not obtain and inspect visiting institution's away-game settlement reports as no expenses were reported.

26. We did not obtain and inspect contractual agreements pertaining to expenses recorded from guaranteed contests. We also did not compare and agree related amounts expensed by the institution to the general ledger and the Statement because this line item was below the threshold set for review.

27. We obtained and inspected a list of coaches paid by the University. We selected a sample of four coaches' contracts paid by the University that included men's and women's basketball, softball, and men's cross country. For all coaches selected, we compared and agreed the financial terms and conditions of the selected coaches' contracts to the related salaries, benefits, and bonuses recorded in the Statement; obtained and inspected payroll summary registers; and compared and agreed payroll summary registers to the related coaching salaries, benefits, and bonuses recorded in the Statement. Coaches paid by a third party were not tested due to no expenses being reported for this expense category.

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

No exceptions were found as a result of applying these procedures.

28. We selected a sample of five support staff/administrative personnel employed by the University. For all support staff/administrative personnel selected, we obtained and inspected payroll summary registers, and we compared and agreed related summary payroll registers to the individual's salary, benefits, and bonuses paid. Support staff/administrative personnel paid by a third party were not tested due to no expenses being reported for this expense category.

No exceptions were found as a result of applying these procedures.

29. There were no severance payments from the University during the reporting period; therefore, no testing was performed.

30. We obtained and documented an understanding of recruiting expense policies. We compared and agreed it to the existing University policy and NCAA related policies. We obtained general ledger detail for recruiting expenses and compared them to the total recruiting expenses reported in the Statement.

No exceptions were found as a result of applying these procedures.

31. We obtained and documented an understanding of team travel policies. We compared and agreed it to the existing University policy and NCAA related policies. We compared general ledger team travel expenses identified to the total team travel expenses reported in the Statement.

No exceptions were found as a result of applying these procedures.

32. We obtained general ledger detail and compared it to total expenses reported for equipment, uniforms, and supply expenses. We selected a sample of ten transactions to validate the existence of the transaction and the accuracy of recording.

No exceptions were found as a result of applying these procedures.

33. We obtained general ledger detail and compared it to total expenses reported for game expenses. We selected a sample of ten transactions to validate the existence of the transaction and the accuracy of recording.

No exceptions were found as a result of applying these procedures.

34. We obtained general ledger detail and compared it to total expenses reported for fund-raising, marketing, and promotion expenses. We selected a sample of five transactions to validate the existence of the transaction and the accuracy of recording.

No exceptions were found as a result of applying these procedures.

35. We did not obtain general ledger detail and compare it to total expenses reported for sports camp expenses as no expenses were reported for this expense category.

INDEPENDENT ACCOUNTANT'S REPORT ON
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(Continued)

- 36. We did not obtain general ledger detail and compare it to total expenses reported for spirit group expenses as no expenses were reported for this expense category.
- 37. We did not obtain general ledger detail and compare it to total expenses reported for athletic facility debt service, leases, and rental fees as no expenses were reported for this expense category.
- 38. We did not obtain general ledger detail and compare it to total expenses reported for direct overhead and administrative expenses because this line item was below the threshold set for review.
- 39. We obtained general ledger detail and compared it to total expenses reported for medical expenses and medical insurance. We selected a sample of five transactions to validate the existence of the transaction and the accuracy of recording.

No exceptions were found as a result of applying these procedures.

- 40. We did not obtain general ledger detail and compare it to total expenses reported for memberships and dues because this line item was below the threshold set for review.
- 41. We obtained general ledger detail and compared it to total expenses reported for other operating expense. We selected a sample of five transactions to validate the existence of the transaction and the accuracy of recording. Transfers were not tested because no transfer expense was reported.


No exceptions were found as a result of applying these procedures.

- 42. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the University.

No exceptions were found as a result of applying 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 of Revenues and Expenses of Intercollegiate Athletics and related notes. 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.


Paul D. Joyce, CPA
State Examiner

January 12, 2016

SUPPLEMENT A
TO THE
INDEPENDENT ACCOUNTANT'S REPORT ON
THE APPLICATION OF AGREED-UPON PROCEDURES
For the Year Ended June 30, 2015

	FY15 Total	FY14 Total	Dollar Change	Percentage Change	FY15 Budget	Budget to Actual Comparison (Over)/Under Budget	Percentage Change to Budgeted Amount
Operating Revenues:							
Direct Institutional Support	\$ 3,645,576	\$ 3,420,413	\$ 225,163	6.58%	N/A*		
Indirect Facilities & Administrative Support	1,375,804	1,329,343	46,461	3.50%	N/A*		
Operating Expenses:							
Athletics Student Aid	\$ 1,287,360	\$ 1,327,724	\$ (40,364)	-3.04%	\$ 1,326,383	\$ 39,023	2.94%
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	1,148,194	1,028,571	119,623	11.63%	1,326,778	178,584	13.46% A
Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities	659,038	623,240	35,798	5.74%	639,432	(19,606)	-3.07%
Indirect Facilities and Administrative Support	1,375,804	1,329,343	46,461	3.50%	N/A*		

* This revenue/expense classification is not a budgeted item.

A The increase was the result of hiring a new men's soccer coach and a new men's basketball assistant coach in FY15 plus annual raises with benefit increases.

UNIVERSITY OF SOUTHERN INDIANA
STATEMENT OF REVENUES AND EXPENSES
OF INTERCOLLEGIATE ATHLETICS
For the Year Ended June 30, 2015

Exhibit A

	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
Operating Revenues:					
Ticket Sales	\$ 86,724	\$ 19,994	\$ 17,242	\$ -	\$ 123,960
Guarantees	3,000	1,500	-	-	4,500
Contributions	33,653	17,880	301,786	1,000	354,319
Direct Institutional Support	439,970	491,212	1,906,791	807,602	3,645,575
Indirect Facilities & Administrative Support	158,179	138,828	672,074	406,724	1,375,805
NCAA/Conference Distribution Including All Tournament Revenues	-	7,000	39,906	18,016	64,922
Program Sales, Concessions, Novelty Sales & Parking	864	229	3,180	-	4,273
Royalties, Licensing, Advertisements & Sponsorships	-	70	38,610	100,075	138,755
Other	46	-	48,734	9,708	58,488
	<u>722,436</u>	<u>676,713</u>	<u>3,028,323</u>	<u>1,343,125</u>	<u>5,770,597</u>
Total Operating Revenues					
Operating Expenses:					
Athletics Student Aid	212,749	220,167	836,782	17,662	1,287,360
Guarantees	27,336	7,920	900	17,700	53,856
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	219,168	186,175	742,852	-	1,148,195
Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities	12,643	7,268	43,640	595,487	659,038
Recruiting	19,803	9,093	16,258	993	46,147
Team Travel	35,379	66,164	394,605	81	496,229
Equipment, Uniforms & Supplies	10,462	9,998	151,198	-	171,658
Game Expenses	12,500	12,950	31,650	35,664	92,764
Fund Raising, Marketing & Promotion	9,042	5,559	35,404	16,276	66,281
Direct Facilities, Maintenance & Rental	-	-	5,899	112	6,011
Indirect Facilities and Administrative Support	158,179	138,828	672,074	406,724	1,375,805
Medical Expenses and Medical Insurance	313	-	2,069	87,982	90,364
Membership and Dues	1,505	850	5,012	13,140	20,507
Other Operating Expenses	3,357	2,600	69,909	140,108	215,974
	<u>722,436</u>	<u>667,572</u>	<u>3,008,252</u>	<u>1,331,929</u>	<u>5,730,189</u>
Total Operating Expenses					
Excess of Operating Revenues Over Operating Expenses	<u>-</u>	<u>9,141</u>	<u>20,071</u>	<u>11,196</u>	<u>40,408</u>
Other Scholarships	-	-	74,539	-	74,539
Total Affiliated or Outside Support	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,539</u>	<u>\$ -</u>	<u>\$ 74,539</u>

The accompanying notes are an integral part of the statement.

UNIVERSITY OF SOUTHERN INDIANA
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES
OF INTERCOLLEGIATE ATHLETICS
As of June 30, 2015

Note 1. Basis of Presentation

The accompanying Statement of Revenues and Expenses of Intercollegiate Athletics (Statement) has been prepared on the accrual basis of accounting. The purpose of the Statement is to present a summary of revenues and expenses of the intercollegiate athletics of the University for the year ended June 30, 2015. The Statement includes those intercollegiate revenues and expenses 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. Contributions

All contributions in Fiscal Year 2015 came from the University of Southern Indiana Foundation which is a component unit of the University.

Note 3. Capital Assets

Capital assets consist of buildings, equipment, and land improvements which are stated at historical cost or actual cost where determinable.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 8 to 50 years for building components, 3 to 10 years for equipment, and 15 years for land improvements.

A summary of changes in capital assets associated with the Intercollegiate Athletics follows for the year ended June 30, 2015.

Category	July 1, 2014 Balance	Additions	Deletions	June 30, 2015 Balance
Depreciable Capital Assets:				
Buildings	\$ 5,899,952	\$ -	\$ -	\$ 5,899,952
Equipment	309,904	-	19,782	290,122
Land Improvements	<u>2,226,872</u>	<u>-</u>	<u>-</u>	<u>2,226,872</u>
Total Capital Assets	<u>8,436,728</u>	<u>-</u>	<u>19,782</u>	<u>8,416,946</u>
Less: Accumulated Depreciation				
Buildings	5,124,082	108,813	-	5,232,895
Equipment	279,171	6,696	19,782	266,085
Land Improvements	<u>540,956</u>	<u>145,085</u>	<u>-</u>	<u>686,041</u>
Total Accumulated Depreciation	<u>5,944,209</u>	<u>260,594</u>	<u>19,782</u>	<u>6,185,021</u>
Total Net Capital Assets	<u>\$ 2,492,519</u>	<u>\$ (260,594)</u>	<u>\$ -</u>	<u>\$ 2,231,925</u>

Note 4. Debt

There was no debt related to intercollegiate athletics as of June 30, 2015. Total University debt at June 30, 2015 was \$111,435,107.