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January 17, 2017

Dr. Vistasp M. Karbhari, President
The University of Texas at Arlington
321 Davis Hall, Box 19125
Arlington, Texas 76019-0125

Dear President Karbhari:

We have completed our Report on the Application of NCAA Agreed-Upon Procedures for the Intercollegiate Athletics Program at The University of Texas at Arlington (UT Arlington) for the Fiscal Year Ended August 31, 2016. The results of the engagement are detailed in the attached report.

We appreciate the assistance provided by you and the various departments at UT Arlington.

Sincerely,

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

cc: Ms. Kelly Davis, Chief Financial Officer and Vice President for Business Affairs
Mr. Jim Baker, Director of Athletics
Mr. John Mocek, Sr. Associate Athletics Director for Finance and Administration
Mr. Tony Burken, Associate Athletics Director for Business and Operations
Mr. David Medrano, Institutional Chief Audit Executive
Dr. Steven Leslie, Executive Vice Chancellor for Academic Affairs, UT System

**The University of Texas at Arlington
Department of Intercollegiate Athletics**

**Independent Auditor's Report on the
Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**



January 2017

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 WEST SIXTH STREET, SUITE B.140E
AUSTIN, TX 78701
(512) 499-4390



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

**INDEPENDENT¹ AUDITOR'S REPORT
ON THE APPLICATION OF AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the President of The University of Texas at Arlington (UT Arlington) solely to assist UT Arlington management in evaluating whether the accompanying Statement of Revenues and Expenses (SRE) of UT Arlington's Department of Intercollegiate Athletics (Athletics) was in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.15.1 for the Fiscal Year (FY) ended August 31, 2016. Management from UT Arlington is responsible for UT Arlington's SRE and compliance with NCAA 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 the specified users of the 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 following pages outline the required procedures and results, including any findings identified. Reportable findings are defined as errors or misclassifications equal to or greater than one percent of total revenues or total expenses. Also attached to this report are the following appendices: *Appendix A*, UT Arlington Intercollegiate Athletics Program SRE for the Fiscal Year Ended August 31, 2016; *Appendix B*, Summary of Findings and Recommendations; *Appendix C*, Follow-Up on Prior Findings and Recommendations; *Appendix D*, Notes to the Statement of Revenues and Expenses; and *Appendix E*, Variance Analysis.

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

Agreed-Upon Procedures Related to all Revenues and Expenses

- Agree the amounts reported on the SRE to UT Arlington's general ledger.

Revenues and expenses reported on the SRE materially agreed to the amounts reported in UT Arlington's general ledger. Please note there are certain items recorded on the SRE that are not required to be recorded in UT Arlington's general ledger system, including indirect institutional support and in-kind items. The NCAA requires that the value of these items be reported on the SRE to fully reflect the operations of Athletics.

- Perform the following procedures for all revenue and expense categories applicable to the SRE:
 - Compare and agree each operating revenue and expense category reported on the SRE during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 0.5 percent of the total revenues, no procedures are required for that specific category.
 - Compare and agree a sample of operating revenue receipts and operating expenses obtained from the above supporting schedules to adequate supporting documentation.

¹ The NCAA requires this agreed-upon procedures engagement to be conducted by an independent accountant. For purposes of this engagement, the NCAA considers the UT System Audit Office to be independent.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

- Compare each major revenue and expense account over 10 percent of the total revenues/expenses to prior period amounts and budget estimates. Obtain and document an understanding of any significant variations over the lesser of \$1 million or 10 percent. Report the analysis as a supplement to the final Agreed-Upon procedures report.

These procedures were performed for the revenue and expense categories listed below, except for those less than 0.5 percent of the total revenues or total expenses, as stated in the procedure above. If applicable, any material exceptions are noted below under the specific procedure. The results of the prior period and budget estimate comparisons are included in Appendix E, Variance Analysis.

- Identify and document aspects of UT Arlington's internal control structure that are unique to Athletics. Test specific elements of the control environment and accounting systems that (1) are unique to Athletics and (2) have not been addressed in connection with the audit of the institution's financial statements.

No material exceptions were noted as a result of this procedure.

- Identify all intercollegiate athletics-related affiliated and outside organizations and obtained those organizations' financial statements for the reporting period.

UT Arlington does not have any athletics-related affiliated and outside organizations with financial statements. UT Arlington does have the Maverick Club, which is operated by Athletics.

Agreed-Upon Procedures Related to Revenues

Ticket Sales

1. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by UT Arlington on the SRE and the related attendance figures and recalculate totals.

No material exceptions were noted as a result of this procedure.

Student Fees

2. Compare and agree student fees reported by UT Arlington on the SRE for the reporting period to student enrollments during the same reporting period and recalculate totals.
3. Obtain and document an understanding of UT Arlington's methodology for allocating student fees to intercollegiate athletics programs.
4. If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

The SRE initially reported the amount of student fees budgeted for FY 2016, based on information from the budget office, as that amount was made available for Athletics to spend. However, upon review of UT Arlington's annual financial report and general ledger, the actual student fee revenue collected was lower than the budgeted amount. Consequently, Athletics reclassified the difference as direct institutional support on the final SRE in Appendix A. Also,



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

see procedure #6 under Direct Institutional Support below. Appendix D describes the methodology for allocating student fees to the athletics program. Procedure 4 was not applicable.

Direct State or Other Governmental Support

5. Compare direct state or other governmental support recorded by UT Arlington during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculate totals.

Procedure was not applicable. Athletics did not get direct state or other governmental support.

Direct Institutional Support

6. Compare the direct institutional support recorded by UT Arlington during the reporting period with institutional supporting budget transfers, documentation, and other corroborative supporting documentation and recalculate totals.

The SRE initially reported the amount of student fees budgeted for FY 2016, based on information from the budget office, as that amount was made available for Athletics to spend. However, upon review of UT Arlington's annual financial report and general ledger, the actual student fee revenue collected was lower than the budgeted amount. Consequently, Athletics reclassified the difference as direct institutional support on the final SRE in Appendix A. Also, see procedure #4 under Student Fees above.

Transfers Back to Institution

7. Compare the transfers back to institution with permanent transfers back to institution from the athletics department and recalculate totals.

Procedure was not applicable. Athletics did not have any transfers back to the institution.

Indirect Institutional Support

8. Compare the indirect institutional support recorded by UT Arlington during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculate totals.

No material exceptions were noted as a result of this procedure.

Guarantees

9. Select a sample of settlement reports for away games during the reporting period and agree each selection to UT Arlington's general ledger and/or the SRE and recalculate totals.
10. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period. Compare and agree each selection to UT Arlington's general ledger and/or the SRE and recalculate totals.

No material exceptions were noted as a result of these procedures.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

Contributions

11. Obtain and review supporting documentation for any contributions of moneys, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization that constituted 10 percent or more of all contributions received for intercollegiate athletics during the reporting period and recalculate totals.

There was one contribution of services received by the intercollegiate athletics program from a donor that constituted greater than 10 percent of all contributions received by Athletics during the reporting period. Construction services which equaled approximately 11 percent of total money and in-kind contributions were provided by one donor during the reporting period. The System Audit Office obtained and reviewed sufficient documentation to indicate that the contribution was recorded appropriately. No material exceptions were noted as a result of this procedure.

In-Kind

12. Compare the in-kind recorded by UT Arlington during the reporting period with a schedule of in-kind donations and recalculate totals.

No material exceptions were noted as a result of this procedure.

Compensation and Benefits Provided by a Third-Party

13. Obtain the summary of revenues from affiliated and outside organizations (Summary) as of the end of the reporting period from UT Arlington. Select a sample of funds from the Summary and compare and agree each selection to supporting documentation, UT Arlington's general ledger and/or the Summary and recalculate totals.
14. If the third party was audited by independent auditors, obtain the related report.

Procedures were not applicable. Athletics did not receive third party funds for compensation or benefits.

Media Rights

15. Obtain and inspect agreements to understand the total media (broadcast, television, radio) rights received by UT Arlington or through their conference offices as reported on the SRE.
16. Compare and agree the media right revenues to a summary statement of all media rights identified, if applicable, and UT Arlington's general ledger and recalculate totals.

Procedures were not applicable. Athletics did not have media rights agreements.

NCAA Distributions

17. Compare the amounts recorded in the revenue and expense reporting to UT Arlington's general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

No material exceptions were noted as a result of this procedure.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

Conference Distributions

18. Obtain and inspect agreements related to UT Arlington's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions.
19. Compare and agree the related revenues to UT Arlington's general ledger and/or the SRE and recalculate totals.

No material exceptions were noted as a result of these procedures.

Program Sales, Concessions, Novelty Sales, and Parking

20. Compare the amount recorded in the revenue reporting category to UT Arlington's general ledger detail of program sales, concessions, novelty sales, and parking as well as any other corroborative supporting documents and recalculate totals.

No material exceptions were noted as a result of this procedure.

Royalties, Licensing, Advertisements, and Sponsorships

21. Obtain and inspect agreements related to UT Arlington's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.
22. Compare and agree the related revenues to UT Arlington's general ledger and/or the SRE and recalculate totals.

No material exceptions were noted as a result of these procedures.

Sports Camp Revenues

23. Inspect sports-camp contracts between UT Arlington and persons conducting institutional sports-camps or clinics during the reporting period to obtain an understanding of the UT Arlington's methodology for recording revenues from sports-camps.
24. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to UT Arlington's general ledger and/or the SRE and recalculate totals.

No material exceptions were noted as a result of these procedures.

Athletics Restricted Endowment and Investment Income

25. Obtain and inspect endowment agreements to gain an understanding of the relevant terms and conditions.
26. Compare and agree the classification and use of endowments and investment income reported on the SRE during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.

No material exceptions were noted as a result of these procedures.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

Other Operating Revenue

27. Perform minimum agreed-upon procedures referenced for all revenue categories (see page 1) and recalculate totals.

No material exceptions were noted as a result of this procedure.

Agreed-Upon Procedures Related to Expenses

Athletic Student Aid

28. Select a sample of students from the listing of institutional student aid recipients during the reporting period.
29. Obtain individual student-account detail for each selection and compare the total aid allocated from the related aid award letter to the student's account.
30. Perform a check of each student selected to ensure their information was reported accurately in the NCAA Membership Financial Reporting System.
31. Recalculate totals for each sport and overall.

No material exceptions were noted as a result of these procedures.

Guarantees

32. Obtain and inspect visiting institution's away game settlement reports received by UT Arlington during the reporting period and agree related expenses to UT Arlington's general ledger and/or the SRE and recalculate totals.
33. Obtain and inspect contractual agreements pertaining to expenses recorded by UT Arlington from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the institution during the reporting period to UT Arlington's general ledger and/or the SRE and recalculate totals.

No material exceptions were noted as a result of these procedures.

Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

34. Obtain and inspect a listing of coaches employed by UT Arlington and related entities during the reporting period. Select a sample of coaches' contracts, including football and men's and women's basketball from the listing.
35. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by UT Arlington and related entities on the SRE during the reporting period.
36. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by UT Arlington and related entities expense recorded by UT Arlington on the SRE during the reporting period.
37. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

No material exceptions were noted as a result of these procedures.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

Coaching Other Compensation and Benefits Paid by a Third-Party

38. Obtain and inspect a listing of coaches paid by third parties during the reporting period. Select a sample of coaches' contracts, including football and men's and women's basketball from the listing.
39. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third-party and recorded by UT Arlington on the SRE during the reporting period.
40. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party expenses recorded by UT Arlington on the SRE during the reporting period and recalculate totals.

Procedures were not applicable. Coaches did not receive compensation or benefits paid by third parties.

Support Staff/Administrative Salaries, Benefits, and Bonuses Paid By the University and Related Entities

41. Select a sample of support staff/administrative personnel employed by UT Arlington and related entities during the reporting period.
42. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related payroll summary registers to the related support staff/administrative salaries, benefits, and bonuses paid by UT Arlington and related entities expense recorded by UT Arlington on the SRE during the reporting period and recalculate totals.

No material exceptions were noted as a result of these procedures.

Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party

43. Select a sample of support staff/administrative personnel employed by third parties during the reporting period.
44. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by UT Arlington on the SRE during the reporting period and recalculate totals.

Procedures were not applicable. Support and administrative staff did not receive compensation or benefits paid by third parties.

Severance Payments

45. Select a sample of employees receiving severance payments by UT Arlington during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.

Procedure was not applicable. Athletics did not make any severance payments.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

Recruiting

46. Obtain and document an understanding of UT Arlington's recruiting expense policies.
47. Compare and agree to existing institutional- and NCAA-related policies.
48. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

No material exceptions were noted as a result of these procedures.

Team Travel

49. Obtain and document an understanding of UT Arlington's team travel policies.
50. Compare and agree to existing institutional- and NCAA-related policies.
51. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

No material exceptions were noted as a result of these procedures.

Equipment, Uniforms, and Supplies

52. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Game Expenses

53. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Fund Raising, Marketing, and Promotion

54. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Sports Camps Expenses

55. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Spirit Groups

56. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

Athletic Facility Debt Service, Leases and Rental Fees

57. Obtain a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g., debt financing agreements, leases, rental agreements).
58. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

No material exceptions were noted as a result of these procedures.

Direct Overhead and Administrative Expenses

59. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Indirect Institutional Support

60. Test with revenue section - Indirect Institutional Support (see procedure #8 on page 3).

No material exceptions were noted as a result of this procedure.

Medical Expenses and Medical Insurance

61. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Memberships and Dues

62. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Other Operating Expenses and Transfers to Institution

63. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure.

Additional Minimum Agreed-Upon Procedures

Bowl Revenues

- A. Obtain and inspect agreements related to UT Arlington's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant terms and conditions.
- B. Compare and agree the related revenues to UT Arlington's general ledger, and/or the SRE and recalculate totals.



The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016

Procedures were not applicable. Athletics did not have bowl revenues.

Student-Athletic Meals (non-travel)

- C. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Procedure was not applicable. Athletics did not have non-travel student-athletic meals.

Bowl Expenses

- D. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Procedure was not applicable. Athletics did not have bowl expenses.

NCAA Financial Reporting System

- Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution.

No material exceptions were noted as a result of this procedure.

- Obtain UT Arlington's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by UT Arlington meet the minimum requirements set forth by 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. Once countable sports have been confirmed, ensure that UT Arlington has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

No material exceptions were noted as a result of this procedure.

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 SRE of Athletics. 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 relates only to the procedures specified above and does not extend to UT Arlington's financial statements.

This report is intended solely for the information and use of UT Arlington management and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

Gan Louie, CIA, CISA
Audit Supervisor



The University of Texas at Arlington
 Independent Auditor's Report on the Application of Agreed-Upon Procedures
 For the Fiscal Year Ended August 31, 2016

APPENDIX A
THE UNIVERSITY OF TEXAS AT ARLINGTON INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

	Men's Basketball	Women's Basketball	Men's Track	Women's Track	Men's Tennis	Women's Tennis	Volleyball	Baseball	Softball	Men's Golf	Non-Program Specific	Total
Operating Revenues:												
1 Ticket Sales	\$ 195,312	\$ 17,750	\$ 44,908	\$ 9,129	\$ -	\$ -	\$ 15,259	\$ 42,042	\$ 21,256	\$ -	\$ 113,714	\$ 459,370
2 Direct State or Other Govt Support	-	-	-	-	-	-	-	-	-	-	-	-
3 Student Fees	-	-	-	-	-	-	-	-	-	-	5,099,560	5,099,560
4 Direct Institutional Support	79,518	74,012	17,137	12,763	4,875	11,625	19,361	15,570	8,683	-	3,852,171	4,095,715
5 Less - Transfers to Institution	-	-	-	-	-	-	-	-	-	-	-	-
6 Indirect Institutional Support	-	-	-	-	-	-	-	-	-	-	669,808	669,808
6A Indirect Inst Support - Debt, Lease, Rental	-	-	-	-	-	-	-	-	-	-	-	-
7 Guarantees	325,006	20,000	-	-	-	-	6,000	2,000	-	-	-	353,006
8 Contributions	1,796	5,795	2,830	-	6,575	-	150	23,709	12,579	131,746	284,862	470,042
9 In-Kind	-	-	-	-	-	-	4,360	4,360	2,180	82,925	92,070	185,895
10 3rd Party Compensation & Benefits	-	-	-	-	-	-	-	-	-	-	-	-
11 Media Rights	-	-	-	-	-	-	-	-	-	-	-	-
12 NCAA Distributions	-	-	1,950	-	-	-	-	-	-	-	277,021	278,971
13 Conference Distributions	-	-	-	-	-	-	-	-	-	-	560,516	560,516
14 Program Sales, Concessions, & Parking	-	-	-	-	-	-	-	-	-	-	7,801	7,801
15 Royalties, Advertising, & Sponsorships	-	-	-	-	-	-	-	-	-	-	544,075	544,075
16 Sports Camp Revenues	23,142	10,665	-	-	-	-	11,485	12,142	6,471	-	-	63,905
17 Athletics Rest Endow/Invest Income	8,356	1,386	-	-	-	-	-	13,019	-	2,805	21,364	46,930
18 Other Operating Revenue	-	-	111,635	-	6,777	-	-	26,825	1,395	28,842	64,640	240,114
19 Bowl Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenues	\$ 633,130	\$ 129,608	\$ 178,460	\$ 21,892	\$ 18,227	\$ 11,625	\$ 56,615	\$ 139,667	\$ 52,564	\$ 246,318	\$ 11,587,602	\$ 13,075,708
Operating Expenses:												
20 Athletics Student Aid	\$ 312,244	\$ 357,162	\$ 252,828	\$ 363,897	\$ 78,218	\$ 166,060	\$ 276,066	\$ 227,658	\$ 210,787	\$ 68,344	\$ 530,881	\$ 2,844,145
21 Guarantees	5,000	3,500	-	-	-	-	-	4,500	-	-	10,000	23,000
22 Coaching Salaries & Benefits	651,143	491,078	196,051	125,519	88,616	34,272	194,971	270,393	231,891	134,599	207,001	2,625,534
23 3rd Party Compensation & Benefits	-	-	-	-	-	-	-	-	-	-	-	-
24 Support Staff/Admin Salaries & Benefits	28,740	3,980	-	-	-	-	1,380	24,487	400	-	2,547,682	2,606,669
25 3rd Party Support Staff	-	-	-	-	-	-	-	-	-	-	-	-
26 Severance Payments	-	-	-	-	-	-	-	-	-	-	-	-
27 Recruiting	39,500	47,615	1,556	702	37	-	6,986	18,523	6,911	3,705	-	125,535
28 Team Travel	225,741	128,942	88,988	90,082	46,500	36,138	82,541	202,099	120,517	79,570	-	1,101,118
29 Sports Equip, Uniforms, & Supplies	55,130	46,948	23,504	19,242	29,374	22,569	45,824	68,099	18,987	64,450	11,170	405,297
30 Game Expenses	129,603	98,497	37,867	-	11,289	11,052	34,895	73,078	25,058	26,515	107,190	555,044
31 Fund Raising, Mktg, Promotions	-	-	-	-	-	-	-	-	-	-	257,484	257,484
32 Sports Camp Expenses	2,588	4,427	-	-	-	-	802	527	-	-	-	8,344
33 Spirit Groups	-	-	-	-	-	-	-	-	-	-	56,635	56,635
34 Debt Service, Lease, Rental Fees	-	-	-	-	-	-	-	58,133	-	-	341,867	400,000
35 Direct Overhead/Admin Expenses	54,875	24,594	51,895	4,770	1,957	1,208	9,412	13,832	27,063	81,179	558,576	829,361
36 Indirect Institutional Support	-	-	-	-	-	-	-	-	-	-	669,808	669,808
37 Medical Expenses & Insurance	-	174	-	-	211	-	-	-	-	-	181,262	181,647
38 Memberships & Dues	1,365	3,872	-	700	340	-	1,235	-	-	1,456	114,396	123,364
39 Student-Athletic Meals (non-travel)	-	-	-	-	-	-	-	-	-	-	-	-
40 Other Operating Expenses	3,820	2,401	12,141	582	-	-	932	699	601	12,105	105,390	138,671
41 Bowl Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 1,509,749	\$ 1,213,190	\$ 664,830	\$ 605,494	\$ 256,542	\$ 271,299	\$ 655,044	\$ 962,028	\$ 642,215	\$ 471,923	\$ 5,699,342	\$ 12,951,656
50 Excess Transfer to University	-	-	-	-	-	-	-	-	-	-	-	-
51 Conference Realignment	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 1,509,749	\$ 1,213,190	\$ 664,830	\$ 605,494	\$ 256,542	\$ 271,299	\$ 655,044	\$ 962,028	\$ 642,215	\$ 471,923	\$ 5,699,342	\$ 12,951,656
Excess(Deficiency) of Revenues Over (Under) Expenses	\$ (876,619)	\$ (1,083,582)	\$ (486,370)	\$ (583,602)	\$ (238,315)	\$ (259,674)	\$ (598,429)	\$ (822,361)	\$ (589,651)	\$ (225,605)	\$ 5,888,260	\$ 124,052



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

**APPENDIX B
SUMMARY OF FINDINGS AND RECOMMENDATIONS**

There were no reportable findings and recommendations from the agreed-upon procedures performed.



**The University of Texas at Arlington
Independent Auditor’s Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

**APPENDIX C
FOLLOW-UP ON PRIOR FINDINGS AND RECOMMENDATIONS**

There were no reportable findings and recommendations related to the agreed-upon procedures performed on the UT Arlington FY 2015 SRE. However, three issues related to general accounting processes and internal controls were separately communicated to UT Arlington management. The following table summarizes these prior findings and recommendations, which had implementation dates of August 31, 2016, along with the follow-up results for those previous findings and recommendations. *As summarized below, all three findings and recommendations from the prior year’s engagement have been fully implemented.*

#	Finding	Recommendation	Implementation Status
1	<p>During the FY 2015 AUP engagement, most, but not all, SRE amounts were able to be agreed to UT Arlington’s general ledger. Athletics was inadvertently using budget amounts (from the PeopleSoft Commitment Control ledgers) instead of amounts from the Actuals ledgers, which resulted in some of the immaterial differences identified.</p> <p>Additionally, Commitment Control has several ledgers, and the PeopleSoft Commitment Control screens do not require that a transaction be posted to be reflected in the balances. It is also possible that the Commitment Control ledgers were not complete because budget checking was not in place for several months into FY 2015.</p>	<p>Working within the guidance from the UT System Office of the Controller, Accounting Services should ensure that UT Arlington’s fiscal year-end closing process is finished in an accurate and timely manner so that activity during the fiscal year is completely reflected for financial reporting purposes. For SRE financial reporting purposes, transactions posted to the Actuals ledgers should be used. Athletics and Accounting Services should work together to determine whether it is feasible to use a query to generate a report of the general ledger transactions for the Athletics department. Individuals in Accounting Services and/or Athletics familiar with these reports should devise the proper mapping scheme to produce the SRE. Additionally, Athletics should consider cross-training the newly-hired Athletics Business Manager in SRE preparation.</p>	<p align="center">Implemented</p> <p>UT Arlington Athletics and Business Affairs worked together to use a PeopleSoft query to obtain a report of general ledger transactions, which was mapped to their respective SRE line items. This mapping was used to refine the FY 2016 SRE preparation process, which resulted in an SRE with improved completeness and accuracy.</p>
2	<p>From the FY 2015 gifts received reports generated by Raiser’s Edge, it appears that total cash received for Fund ID/Cost Center 550210 was \$233,855, and total cash received for Fund ID/Cost Center 550212 was \$23,904, for a total of \$257,759. However, according to the PeopleSoft transactions recorded in Cost Centers 550210 and 550212, totals were \$231,755 and \$71,200, respectively, for a total of \$302,955.</p>	<p>Athletics and University Development staff should work together to reconcile the gift reports maintained in Raiser’s Edge by Development to the accounting records in PeopleSoft. Additionally, Athletics should continue periodic reconciliations in the future to help ensure that contributions from donors are accurately credited to the proper department in a timely manner.</p>	<p align="center">Implemented</p> <p>UT Arlington Athletics provided documentation showing that the two Fund IDs/Cost Centers were reconciled for FY 2016.</p>
3	<p>After agreeing the Statement of Revenues and Expenses (SRE) to the PeopleSoft general ledger for sports camp revenues, an apparent additional</p>	<p>Athletics coaching staff who are responsible for operating sports camps and use JumpForward to collect camp registration fees should work with</p>	<p align="center">Implemented</p> <p>UT Arlington Athletics worked with JumpForward</p>



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

#	Finding	Recommendation	Implementation Status
	<p>\$1,794 in Women's Basketball (WBB) camp revenue was identified during a review of JumpForward records. The PeopleSoft amount was used in the final SRE, and coaching staff are following up with JumpForward to determine whether additional revenue is due to UT Arlington.</p>	<p>JumpForward to determine whether all camp revenues due to UT Arlington, less any fees, have been requested for release. If additional revenues are found to be owed, appropriate steps should be taken to request their release. Subsequent to sports camps held in the future, reconciliations should be performed to help ensure that camp revenues are accurately and timely processed.</p>	<p>to provide documentation for a sample of sports camps showing that the funds released agrees with camp revenues.</p>



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

**APPENDIX D
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES**

NOTE 1 – Summary of Significant Accounting Policies

Fiscal Year – UT Arlington's fiscal year is the period beginning each September 1st and ending each August 31st of the subsequent calendar year.

Principles of Preparation – The SRE is prepared in accordance with the NCAA financial reporting guidelines. Information used in the SRE's preparation is obtained primarily from subsidiary ledger information recorded in UT Arlington's financial accounting system. Other information, such as amounts estimated for non-cash trade-out agreements and gifts-in-kind, is obtained from records maintained by Athletics.

Student Fees – In 1998, the UT Arlington student body voted to implement an athletic fee to fund Athletics. The current athletic fee is \$8.50 per credit hour with a ceiling of \$115 per student per semester. Although UT Arlington has flat rate tuition, the athletic fee is allocated based on the previous student fee structure.

Direct Institutional Support – Direct Institutional Support is composed of amounts for institutional transfers to fund or support Athletics in the budgeting process and work-study paid by the institution.

Indirect Institutional Support – The Indirect Institutional Support line item reflects amounts expended by other institutional departments in support of Athletics and a three percent administrative fee based on Athletics' total operating expenses less Athletics Student Aid expenses. This three percent administrative fee was not an actual dollar amount charged to Athletics but reflects an estimated value of indirect facilities and administrative support.

NOTE 2 – Contributions Constituting More than Ten Percent of All Contributions

For FY 2016, UT Arlington received \$470,042 in cash contributions and \$122,575 in in-kind contributions, for a total of \$592,617 in contributions revenue. There was one contribution of services received by the intercollegiate athletics program from a donor that constituted greater than 10 percent of all contributions received by the Athletics Department during the reporting period. Construction services which equaled approximately 11 percent of total money and in-kind contributions were provided by one donor during the reporting period.

NOTE 3 – Capital Assets

The Asset Management Office at UT Arlington manages the accountability and responsibility for state property according to the provisions of state law and the Board of Regents' *Rules and Regulations*. The State Comptroller has developed a State Property Accounting (SPA) guide to assist the state government in accounting for state and federal government property. SPA is also intended to serve as a governmental tool to assure the public that the assets entrusted to state agencies are being maintained and used properly. The procedures for Asset Management adopted by UT Arlington are in accordance with SPA guidelines.



**The University of Texas at Arlington
Independent Auditor’s Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

Athletics acquires, depreciates, and disposes assets in accordance with UT Arlington institutional policy as follows:

- Acquisition - Athletics acquires capital assets through the normal process at the institution. All purchases are centralized and are to be made using the method that provides the best value to UT Arlington. Competitive bidding is generally required for all assets above \$5,000, which is the capitalization threshold.
- Depreciation - Depreciation is allocated to Athletics based on the assets, or portions of real assets, under the control of Athletics. Depreciation is calculated on a straight-line basis.
- Disposal - Disposal of capital assets must be done in accordance with State of Texas law and institutional policy.

NOTE 4 – Future Debt Repayment Schedule

UT Arlington receives proceeds from bonds issued and held by UT System to support capital projects of UT System and its institutions. All bonds issued by the UT System are defined as revenue bonds. As such, the revenues of all UT System institutions, including UT Arlington, are pledged for repayment of the bonds. No amount of indebtedness related to these bonds has been recorded on UT Arlington’s financial statements.

As of August 31, 2016, UT Arlington (through UT System) had outstanding debt related to Athletics totaling \$4,746,000. Debt service requirements to maturity for this outstanding debt are summarized as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 154,000	189,840	343,840
2018	160,000	183,680	343,680
2019	166,000	177,280	343,280
2020	172,000	170,640	342,640
2021	179,000	163,760	342,760
2022-2026	1,000,000	705,960	1,705,960
2027-2031	1,029,000	496,960	1,525,960
2032-2036	1,111,000	291,600	1,402,600
2037-2041	775,000	62,760	837,760
Total Requirements	\$ 4,746,000	2,442,480	7,188,480

For Athletics-related debt, the Athletics department has an arrangement with UT Arlington whereby it will repay a total of \$4,000,000 as follows (with the institution funding the remaining balance):

Fiscal Year	Amount
2014-2015	\$300,000
2015-2016	400,000
2016-2017	500,000
2017-2018	700,000
2018-2019	700,000
2019-2020	700,000
2020-2021	700,000
Total	\$4,000,000



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2016**

NOTE 5 – Other Reporting Items

Description	Amount
Excess Transfers to Institution	Not Applicable
Conference Realignment Expenses	Not Applicable
Total Athletics Related Debt	\$4,746,000
Total Institutional Debt	\$323,055,000
Value of Athletics Dedicated Endowments	\$1,010,700
Value of Institutional Endowments	\$129,039,031
Total Athletics Related Capital Expenditures	\$532,285



**The University of Texas at Arlington
 Independent Auditor's Report on the Application of Agreed-Upon Procedures
 For the Fiscal Year Ended August 31, 2016**

**APPENDIX E
 VARIANCE ANALYSIS**

Amounts for each major revenue and expense account over 10 percent of the total revenues or expenses were compared to prior period and budget estimate amounts. For applicable variances over the lesser of \$1 million or 10 percent, an understanding was obtained as noted below. All explanations appear to be reasonable.

Comparison to Prior Period

The following two SRE categories met the threshold for investigation:

		FY 2016 SRE	FY 2015 SRE	\$ Difference	% Difference	Variance Explanation
#	<i>Operating Revenues:</i>					
4	Direct Institutional Support	\$4,095,715	\$3,444,742	+ \$650,973	+ 18.90%	The actual student fee revenue collected was lower than the budgeted amount of student fees, which was available for spending. The difference represents, and accounts for most of the increase in, direct institutional support.
#	<i>Operating Expenses:</i>					
24	Support Staff/Admin Salaries & Benefits	\$2,606,669	\$2,340,625	+ \$266,044	+ 11.37%	All positions within the Athletic Administration cost center remained filled during the entire fiscal year, without the typical rate of turnover. Additionally, most positions earned a merit raise.