



Mesa State College

INDEPENDENT ACCOUNTANTS' REPORT ON THE
APPLICATION OF AGREED-UPON PROCEDURES

June 30, 2007

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

November 24, 2007

Members of the Legislative Audit Committee:

We have performed the procedures enumerated below, which were agreed to by the Legislative Audit Committee and management of Mesa State College, solely to assist you in evaluating whether the accompanying statement of revenues and expenses (the Statement) of the Intercollegiate Athletics Department of Mesa State College, is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2007. The College's management is responsible for the Statement and for the Intercollegiate Athletics Department'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 Expenses of the Intercollegiate Athletics Department of Mesa State College

The procedures that we performed and our findings are as follows:

1. We obtained management's representation related to the internal control over ticket sales. We tested the controls on five of the ticket sales deposits. One of the major controls in use by the College for ticket sales is the use of Z tapes from the cash registers. We noted that two of the deposits did not have Z tapes as part of the support.
2. We obtained the College's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the College's intercollegiate athletics program. The only entity identified was the Mesa State College Foundation (the Foundation.) We verified that the Accounting Department receives funding from the Foundation and that the deposits from the Foundation are entered into the general ledger system. We confirmed with the Business Manager of the Foundation that it does not make any disbursements directly to the Athletics Department or any of its employees. The only item included in the Statement is for investment income earned on endowments, but not yet paid to the College. All other items are in the College's general ledger system.
3. We confirmed with the Foundation's Business Manager that the amounts for investment earnings and the cash balances in the notes to the Statement were received from the Foundation.



4. We obtained a copy of the Foundation's audited financial statements for the year ended June 30, 2007 and confirmed with the Foundation that no other internal control reports were received.
5. We obtained written representations from management as to the completeness, accuracy, and fair presentation of the Statement. In addition, we obtained certain written representations regarding management's knowledge of institutional compliance with NCAA rules and other laws and regulations applicable to intercollegiate athletics, including monitoring and taking responsibility for outside organizations, and all outside organization reports from external auditors.
6. We obtained from management a detailed listing of contributions received directly by the College's Intercollegiate Athletics department, which individually identified any contributions from outside organizations, agency, or group of individuals (two or more), that constituted 10 percent or more of all contributions received for the College's Intercollegiate Athletics Department during the year ended June 30, 2007. We recalculated the contribution revenue and noted that the Foundation accounted for 90 percent of the revenues. We also read the disclosure in the note to the Statement and verified the disclosure of the source of the funds.
7. We obtained the statement of revenues and expenses for the College's Intercollegiate Athletics Department for the year ended June 30, 2007 as prepared by the College's management, and recalculated the addition of the amounts on the Statement without exception.
8. We attempted to agree the amounts in the Statement to the College's general ledger. We agreed each of the line items to the general ledger except for direct institutional support revenue and certain related expenses, indirect facilities and administrative support revenue and expense, endowment and investment income (this is from the Foundation), financial aid expenses (this was agreed to the financial aid report from the NCAA), and coaches compensation which includes work study for assistants.
9. We obtained a copy of the completed NCAA/EADA (Equity in Athletics Disclosure Act) Financial Reporting Survey (Survey) for the year ended June 30, 2007.
10. We agreed the amounts on the Survey to the corresponding amounts on the Statement without exception.
11. We agreed a sample of five operating revenue receipts to their supporting documents and traced the amounts of the deposits to the respective bank statements without exception.
12. We compared actual revenues and expenses reported on the Statement for the year ended June 30, 2007 to those for the year ended June 30, 2006 and obtained explanations from management for variances exceeding \$39,000 and 20% of the June 30, 2006 balance as follows:



- a. *Student Fees/Direct Institutional Support* – The decrease in student fees and increase in direct institutional support resulted from student fees being rolled into tuition in Fiscal Year 2007 and shown as direct institutional support.
 - b. *Indirect Facilities and Administrative Support Revenue and Expense/Athletic Student Aid/Coaching Salaries and Benefits/Equipment/Direct Facilities* – The increase in these categories is the result of the College adding three new sports (wrestling, men’s soccer, and swimming) in Fiscal Year 2007.
 - c. *Other Expenses* – The decrease is due to better classifying of expenses in Fiscal Year 2007.
 - d. *Sports Camp Revenue and Expense* – Sports camps were owned by coaches before Fiscal Year 2007. Fiscal Year 2007 was the first year that summer athletic camps were pulled in-house.
 - e. *Investment Income* – Investment income was not included in the schedule prior to Fiscal Year 2007.
 - f. *Fund Raising Expense* – The amount of expenses classified to fund raising were down for Fiscal Year 2007.
13. We selected five deposits for ticket sales. We vouched the deposit to receipts and to the general ledger. Three of the deposits were agreed to Z tapes from the register. One deposit was agreed to the game report form. One deposit did not have a game report or Z tape. Attendance figures are not retained.
14. We recalculated the total for ticket sales revenue without exception.
15. We compared the direct institutional support on the Statement to supporting College authorization and/or corroborative supporting documentation. As noted above, not all of the direct institutional support authorized and identified by the College Accounting Department was included on the Statement.
16. We obtained information from the Accounting Department as to how Indirect Facilities and Administrative Support is calculated. The amount authorized in the College’s budget and determined by the funding formula was recorded on the Statement, but it was not included in the College’s general ledger. We determined that the amount shown as revenue was also shown as expense.
17. We obtained and inspected two agreements related to the College’s participation in revenues from tournaments. We vouched the revenue to receipts without exception and recalculated totals also without exception.
18. We obtained and inspected sports-camp contracts between the camp and the individual participants. We obtained an understanding of the College’s methodology for recording revenues from sports camps.
19. We obtained schedules of camp participants for all sports camps.



20. We selected four individual camp participants and one school group participant for testing. We verified that the groups and individuals were charged the fees included in the camp schedules. We vouched four of the receipts to the College's general ledger. One receipt could not be vouched as the coach is no longer with the College. The total deposit for that camp was traced to the College's general ledger.
21. We recalculated sports camp revenues without exception.
22. We confirmed investment income with the Foundation without exception.
23. We obtained from management a list of operating disbursements for the year and selected five transactions and vouched the disbursements to supporting documentation without exception.
24. We obtained from management a list of athletes who received financial aid during the fiscal year. From the list we selected five student athletes and obtained their financial aid awards. We agreed the amounts of financial aid per the College to the student's manual financial aid file and to the student's accounts receivable file online without exception.
25. We obtained and inspected a schedule of individual coaches employed by the College. We vouched the list to the College's budget documents by coach.
26. We selected five coaches from the schedule. The coaches selected represented football, men's and women's basketball, as well as other sports. We compared and agreed the financial terms of their contracts for 2006-07 to the amounts paid in the general ledger and recalculated total expenses without exception. We also reviewed the 2006 W-2 for the coaches in the selection without exception.
27. We obtained a schedule of noncoaching staff and selected five individuals. We reviewed the terms of their contracts and agreed the amounts paid to the general ledger without exception. We also reviewed their W-2s for the year 2006 without exception.
28. We obtained and documented our understanding of the institution's recruiting and team travel policies and noted that the policies refer to the NCAA policies for these areas.
29. We obtained from management a list of equipment and supplies disbursements and selected five transactions and vouched the disbursements to supporting documentation without exception. We recalculated totals without exception.
30. We obtained from management a list of game expense disbursements and selected five transactions and vouched the disbursements to supporting documentation without exception. We recalculated totals without exception.



31. We obtained from management a list of sports camp disbursements and selected five transactions and vouched the disbursements to supporting documentation without exception. We recalculated totals without exception.
32. We obtained from management a list of direct facilities disbursements and selected five transactions and vouched the disbursements to supporting documentation without exception. We recalculated totals without exception.

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 revenues and expenses of the Intercollegiate Athletics Department of Mesa State College. 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.

Chadwick, Steinkirchner, Davis & Co., P.C.

Mesa State College
Mesa State College Athletics Department
Statement of Revenues and Expenses (Unaudited)
Year ended June 30, 2007

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenue						
Ticket Sales	\$ 12,546	\$ 8,500	\$ 3,500	\$ 15,754	\$ 24,902	\$ 65,202
Guarantees Received	-	4,000	4,000	-	-	8,000
Contributions	125,200	69,000	41,500	194,981	26,744	457,425
Direct Institutional Support	449,194	183,616	192,888	1,077,526	293,674	2,196,898
Indirect Facilities and Administrative Support	-	-	-	-	313,185	313,185
NCAA/Conference Distributions	-	-	-	13,500	-	13,500
Program Sales, Concessions and Parking	-	-	-	-	1,567	1,567
Sports Camp Revenues	-	184,853	-	58,449	-	243,302
Endowment and Investment Income	9,136	569	2,147	16,765	15,612	44,229
Other	200	590	-	13,353	20,122	34,265
Total Operating Revenue	\$ 596,276	\$ 451,128	\$ 244,035	\$ 1,390,328	\$ 695,806	\$ 3,377,573
Operating Expenses						
Financial Aid	\$ 219,146	\$ 108,102	\$ 58,901	\$ 407,646	\$ 1,063	\$ 794,858
Guarantees Paid	-	10,000	5,000	295	-	15,295
Coaches Compensation	183,567	90,307	83,060	404,388	-	761,322
Administrative Compensation	-	-	-	-	283,647	283,647
Recruiting	4,192	2,966	8,803	28,101	7,019	51,081
Team Travel	106,074	33,164	38,031	285,737	16,300	479,306
Equipment, Uniforms and Supplies	68,363	5,862	28,070	163,549	-	265,844
Game Expenses	88,909	9,916	23,512	32,572	-	154,909
Fund Raising, marketing and Promotion	-	-	-	1,176	-	1,176
Sports Camp Expenses	38,028	254,154	-	35,829	377	328,388
Direct Facilities, Maintenance and Rental	15,950	1,579	2,292	35,034	-	54,855
Spirit Groups	-	-	-	-	8,689	8,689
Indirect Facilities and Administrative Support	-	-	-	-	313,185	313,185
Medical Insurance	-	-	-	-	34,000	34,000
Memberships and Dues	120	125	314	3,585	-	4,144
Other Operating Expenses	4,013	7,730	13,184	32,880	-	57,807
Total Operating Expenses	\$ 728,362	\$ 523,905	\$ 261,167	\$ 1,430,792	\$ 664,280	\$ 3,608,506
Excess/(Deficiency)	\$ (132,086)	\$ (72,777)	\$ (17,132)	\$ (40,464)	\$ 31,526	\$ (230,933)

MESA STATE COLLEGE
Mesa State College Intercollegiate Athletics Department
Notes to Statement Revenues and Expenses (Unaudited)
Year ended June 30, 2007

NOTE 1 – BASIS OF PRESENTATION

The accompanying statement of revenues and expenses (unaudited) presents the results of financial activity of the Intercollegiate Athletics Department of Mesa State College and are not intended to present the operations of the College as a whole.

The accompanying statement of revenues and expenses has been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when an obligation is incurred.

For reporting purposes, the major sports in which the College participates are combined and reported by the following categories: football, men's basketball, women's basketball, and other sports. The first three categories represent individual activities and the last represents a combination of all other intercollegiate activities. The administrative functions of the Mesa State College Athletics Department, which supports all sports, have been combined and reported within the category Nonprogram Specific. General administrative costs of the College have been allocated to athletic operations and are reported herein.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenues from operations have been allocated based on management's estimate of which sport generated the income. Gifts have been allocated as directed by the donors. Financial aid support has been allocated based on the actual payments made in support of each activity.

Revenues received during a fiscal year but not expended are carried forward for use by the Mesa State College Athletics Department in future fiscal years.

NOTE 3 – AFFILIATED AND OUTSIDE ORGANIZATION CASH BALANCES

The following table presents the cash balances of Mesa State College Athletics Department's affiliated and outside organizations as of June 30, 2007.

Mesa State College Foundation	\$353,346
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MESA STATE COLLEGE
Mesa State College Intercollegiate Athletics Department
Notes to Statement Revenues and Expenses (Unaudited)
Year ended June 30, 2007

NOTE 4 – CONCENTRATION OF DONOR SOURCES

The Mesa State College Foundation was the single largest donor source for the Mesa State College Athletics Department with contributions of \$408,295. Contributions received from the Mesa State College Foundation represent gifts from various donors made on behalf of the Mesa State College Athletics Department.

Report Control Number 1879A