



January 15, 2016

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, 2015. 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, Vice President for Business Affairs and Controller  
Mr. Jim Baker, Director of Intercollegiate Athletics  
Mr. John Mocek, Sr. Associate Athletics Director for Finance and Administration  
Mr. Tony Burken, Associate Athletics Director for Business and Operations  
Mr. J. Richard Dawson, Institutional Chief Audit Executive *ad interim*  
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, 2015**



**January 2016**

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, 2015**

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**INDEPENDENT<sup>1</sup> 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 3.2.4.16.1 for the fiscal year (FY) ended August 31, 2015. 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, 2015; *Appendix B*, Findings and Recommendations; *Appendix C*, Notes to the Statement of Revenues and Expenses; and *Appendix D*, 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.

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<sup>1</sup> 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.



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- 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 D 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 the institution'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.

*No material exceptions were noted as a result of procedures 2 and 3. Procedure 4 was not applicable.*



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**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.

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

**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.*

**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.

*No material exceptions were noted as a result of this procedure. There were no individual contributions of moneys, goods, or services received directly by Athletics from an affiliated or outside organization that constituted 10 percent or more of all contributions received for Athletics during the reporting period.*



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**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.

*Procedure was 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.*

**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.

*Procedure was not applicable. Athletics did not have revenue in this reporting category.*



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**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 deferred within the related endowment agreement and recalculate totals.

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

**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.*



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**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.*

**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.





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42. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree the 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.*

**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.*



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**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.*

**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.

*Due to the changes in NCAA reporting guidance during FY 2015, many direct overhead and administrative expenses (such as printing and duplicating, subscriptions, business insurance, utilities, and non-team or recruiting travel) that were previously classified as Other Operating Expenses are now classified as Direct Overhead and Administrative Expenses. The engagement team sought clarification on the reporting guidance from the NCAA, and Athletics reclassified the appropriate amount on the final SRE in Appendix A. Also, see procedure #63 under Other Operating Expenses below.*



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**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.

*Due to the changes in NCAA reporting guidance during FY 2015, many direct overhead and administrative expenses (such as printing and duplicating, subscriptions, business insurance, utilities, and non-team or recruiting travel) that were previously classified as Other Operating Expenses are now classified as Direct Overhead and Administrative Expenses. The engagement team sought clarification on the reporting guidance from the NCAA, and Athletics reclassified the appropriate amount on the final SRE in Appendix A. Also, see procedure #59 under Direct Overhead and Administrative Expenses above.*

**Additional Minimum Agreed-Upon Procedures**

- 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.*



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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.

Handwritten signature of J. Michael Peppers in cursive.

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

Handwritten signature of Moshmee Kalamkar in cursive.

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Moshmee Kalamkar, CPA, CIA  
Manager of Audits



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APPENDIX A  
 THE UNIVERSITY OF TEXAS AT ARLINGTON INTERCOLLEGIATE ATHLETICS PROGRAM  
 STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

	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
<i>Operating Revenues:</i>												
1 Ticket Sales	\$ 121,086	\$ 8,520	\$ 45,088	\$ -	\$ -	\$ -	\$ 14,126	\$ 26,900	\$ 12,911	\$ -	\$ -	\$ 228,631
2 Direct State or Other Govt Support	-	-	-	-	-	-	-	-	-	-	-	-
3 Student Fees	-	-	-	-	-	-	-	-	-	-	5,663,741	5,663,741
4 Direct Institutional Support	72,106	58,797	15,433	14,553	7,195	3,600	31,485	25,979	18,787	6,960	3,189,847	3,444,742
5 Less - Transfers to Institution	-	-	-	-	-	-	-	-	-	-	-	-
6 Indirect Institutional Support	-	-	-	-	-	-	-	-	-	-	638,080	638,080
7 Guarantees	325,500	20,000	4,900	4,900	-	-	-	7,000	2,000	1,000	-	365,300
8 Contributions	1,000	2,485	6,813	-	500	-	853	88,208	6,315	32,490	386,594	525,258
9 In-Kind	-	-	-	-	-	-	-	-	-	-	70,424	70,424
10 3rd Party Compensation & Benefits	-	-	-	-	-	-	-	-	-	-	-	-
11 Media Rights	-	-	-	-	-	-	-	-	-	-	-	-
12 NCAA Distributions	-	-	3,510	-	-	1,950	-	-	-	-	205,285	210,745
13 Conference Distributions	-	-	-	-	-	-	-	-	-	-	460,061	460,061
14 Program Sales, Concessions, & Parking	-	-	-	-	-	-	-	-	-	-	-	-
15 Royalties, Advertising, & Sponsorships	-	-	-	-	-	-	-	-	-	-	533,547	533,547
16 Sports Camp Revenues	19,885	33,830	-	-	-	-	12,460	8,132	4,432	-	-	78,739
17 Athletics Rest Endow/Invest Income	8,189	1,367	-	-	-	-	-	13,675	-	2,765	21,019	47,015
18 Other Operating Revenue	-	-	107,833	-	3,200	2,550	239	22,230	8,520	30,830	72,200	247,602
<b>19 Total Operating Revenues</b>	<b>\$ 547,766</b>	<b>\$ 124,999</b>	<b>\$ 183,577</b>	<b>\$ 19,453</b>	<b>\$ 10,895</b>	<b>\$ 8,100</b>	<b>\$ 59,163</b>	<b>\$ 192,124</b>	<b>\$ 52,965</b>	<b>\$ 74,045</b>	<b>\$ 11,240,798</b>	<b>\$ 12,513,885</b>
<i>Operating Expenses:</i>												
20 Athletics Student Aid	\$ 291,450	\$ 315,650	\$ 223,493	\$ 362,752	\$ 94,352	\$ 164,493	\$ 272,036	\$ 201,296	\$ 203,616	\$ 67,210	\$ 515,605	\$ 2,711,953
21 Guarantees	5,000	6,000	-	-	-	-	-	-	-	-	-	11,000
22 Coaching Salaries & Benefits	629,914	494,961	182,890	125,132	75,730	-	180,128	234,285	200,224	91,745	181,908	2,396,917
23 3rd Party Compensation & Benefits	-	-	-	-	-	-	-	-	-	-	-	-
24 Support Staff/Admin Salaries & Benefits	17,473	7,884	-	-	-	-	3,056	19,742	10,620	-	2,281,850	2,340,625
25 3rd Party Support Staff	-	-	-	-	-	-	-	-	-	-	-	-
26 Severance Payments	-	-	-	-	-	-	-	-	-	-	-	-
27 Recruiting	21,959	40,851	1,797	1,295	-	1,154	5,753	16,137	8,535	1,046	-	98,527
28 Team Travel	268,699	160,311	106,973	84,182	47,006	51,815	128,725	181,056	118,070	84,643	-	1,231,480
29 Sports Equip, Uniforms, & Supplies	48,341	49,992	8,967	34,530	18,090	19,433	6,270	74,786	7,329	38,914	20,709	327,361
30 Game Expenses	119,385	94,418	27,989	138	8,900	9,672	14,194	62,314	19,597	41,393	114,107	512,107
31 Fund Raising, Mktg, Promotions	-	-	-	-	-	-	-	-	-	(1,643)	197,059	195,416
32 Sports Camp Expenses	5,744	20,716	-	-	-	-	1,387	543	135	-	-	28,525
33 Spirit Groups	-	-	-	-	-	-	-	-	-	-	41,695	41,695
34 Debt Service, Lease, Rental Fees	-	-	10,000	-	-	-	-	30,591	1,810	-	292,515	334,916
35 Direct Overhead/Admin Expenses	20,075	27,174	55,926	3,009	18,886	1,687	9,013	15,546	16,740	12,490	542,224	722,770
36 Indirect Institutional Support	-	-	-	-	-	-	-	-	-	-	603,164	603,164
37 Medical Expenses & Insurance	-	-	-	-	-	-	-	-	-	-	124,078	124,078
38 Memberships & Dues	625	1,575	700	-	-	990	345	-	-	270	2,856	7,361
39 Other Operating Expenses	2,555	4,021	-	-	5	909	781	174	(3,955)	975	49,916	55,381
<b>40 Total Operating Expenses</b>	<b>\$ 1,431,220</b>	<b>\$ 1,223,553</b>	<b>\$ 618,735</b>	<b>\$ 611,038</b>	<b>\$ 262,969</b>	<b>\$ 250,153</b>	<b>\$ 621,688</b>	<b>\$ 836,470</b>	<b>\$ 582,721</b>	<b>\$ 337,043</b>	<b>\$ 4,967,686</b>	<b>\$ 11,743,276</b>
41 Excess Transfer to University	-	-	-	-	-	-	-	-	-	-	-	-
42 Conference Realignment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 1,431,220</b>	<b>\$ 1,223,553</b>	<b>\$ 618,735</b>	<b>\$ 611,038</b>	<b>\$ 262,969</b>	<b>\$ 250,153</b>	<b>\$ 621,688</b>	<b>\$ 836,470</b>	<b>\$ 582,721</b>	<b>\$ 337,043</b>	<b>\$ 4,967,686</b>	<b>\$ 11,743,276</b>
<b>Excess(Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (883,454)</b>	<b>\$ (1,098,554)</b>	<b>\$ (435,158)</b>	<b>\$ (591,585)</b>	<b>\$ (252,074)</b>	<b>\$ (242,053)</b>	<b>\$ (562,525)</b>	<b>\$ (644,346)</b>	<b>\$ (529,756)</b>	<b>\$ (262,998)</b>	<b>\$ 6,273,112</b>	<b>\$ 770,609</b>



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**APPENDIX B  
FINDINGS AND RECOMMENDATIONS**

There were no reportable findings and recommendations identified as a result of the agreed-upon procedures performed. Additionally, there were no findings and recommendations for follow-up from the agreed-upon procedures performed in prior years.



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**APPENDIX C  
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 audit 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.

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

There were no contributions of moneys, goods, or services received directly by Athletics from any affiliated or outside organization that constituted 10 percent or more of all contributions received for intercollegiate athletics 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.

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.



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**NOTE 4 – Other Required Disclosures**

<b>Description</b>	<b>Amount</b>
Excess Transfers to Institution	Not Applicable
Conference Realignment Expenses	Not Applicable
Total Athletics Related Debt	\$4,895,000
Total Institutional Debt	\$283,984,000
Value of Athletics Dedicated Endowments	\$959,456
Value of Institutional Endowments	\$126,125,839

**NOTE 5 – 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, 2015, UT Arlington (through UT System) had outstanding debt related to Athletics totaling \$4,895,000. Debt service requirements to maturity for this outstanding debt are summarized as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 149,000	195,800	344,800
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
2021-2025	964,000	744,520	1,708,520
2026-2030	1,046,000	538,800	1,584,800
2031-2035	1,070,000	334,400	1,404,400
2036-2040	1,014,000	103,320	1,117,320
<b>Total Requirements</b>	<b>\$ 4,895,000</b>	<b>2,638,280</b>	<b>7,533,280</b>

**NOTE 6 – 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.





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**APPENDIX D  
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 variations 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**

Only Athletic Student Aid met the threshold. The reason for the variation is primarily due to the change in NCAA reporting requirements. Specifically, tuition waivers are not included in the FY 2015 SRE since they are available to the general student body.

**Comparison to Budget Estimates**

Only Support Staff Salaries met the threshold. The reason for the variation is primarily due to a sports information administrative position that remained open until the second quarter of the fiscal year and was filled at a lower compensation rate.