



January 15, 2020

Guy Bailey, Ph.D., President
The University of Texas Rio Grande Valley
2102 Treasure Hills Blvd., Suite 3.115
Harlingen, Texas 78550

Dear President Bailey:

We have completed our Independent Auditor's Report on the Application of the Agreed-Upon Procedures for the Department of Intercollegiate Athletics at The University of Texas Rio Grande Valley (UTRGV) for the Fiscal Year Ended August 31, 2019. The results of the engagement are detailed in the attached report.

We appreciate the assistance provided to us by the various departments at UTRGV.

Sincerely,

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

cc: Steven Leslie, Ph.D., Executive Vice Chancellor for Academic Affairs, UT System
Richard Anderson, Executive Vice President for Finance and Administration, UTRGV
Chasse Conque, Vice President and Director of Athletics, UTRGV
James Martinez, Senior Associate Athletic Director for Business Operations, UTRGV
Eloy Alaniz, Chief Audit Executive, UTRGV
Isabel Benavides, Assistant Director, UTRGV

**The University of Texas Rio Grande Valley
Department of Intercollegiate Athletics**

**Independent Auditor's Report on the
Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**



January 2020

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 WEST SEVENTH STREET
AUSTIN, TX 78701
(512) 499-4390



**The University of Texas Rio Grande Valley
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

**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 Rio Grande Valley (UTRGV), solely to assist UTRGV management in evaluating whether the accompanying Statement of Revenues and Expenses (SRE) of UTRGV's Department of Intercollegiate Athletics (Athletics) is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.15 for the Fiscal Year ended (FYE) August 31, 2019. UTRGV's management is responsible for the 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. Reportable findings are defined as errors or misclassifications equal to or greater than 1% of total revenues or expenses.

Also attached to this report are the following appendices:

- *Appendix A*, SRE of Athletics for the FYE August 31, 2019;
- *Appendix B*, Notes to the SRE; and
- *Appendix C*, Variance Analysis.

Minimum Agreed-Upon Procedures for Revenue, Expenses, and Other Reporting Items

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

*As a result of the initial tie out of the preliminary SRE to the general ledger, a total of \$160,987.97 in Athletics-related expenses was identified as being inadvertently omitted from several SRE categories. While no individual SRE category total was materially impacted, we noted the omissions below in the respective SRE category in this report. These omissions occurred, in part, due to Athletics creating the SRE for the first time since UTRGV transitioned to a new financial accounting system (PeopleSoft). Management indicated that it has since identified a method to properly identify relevant cost centers and project codes in the future. Other immaterial differences were discussed with Athletics management and adjusted as needed, resulting in the final SRE located in **Appendix A** of this report. Any material adjustments identified as a result of testing for specific SRE categories are described under the respective procedures in the results below.*

In addition, there are certain items recorded on the SRE that are not required to be recorded in UTRGV's general ledger, including indirect institutional support and gifts-in-kind. The NCAA

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.



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requires that these items be reported on the SRE to fully reflect the operations of the Athletics Department.

- Perform the following procedures for all revenue and expense categories applicable to the SRE:
 - Compare and agree each operating revenue and expense category reported in the SRE during the reporting period to supporting schedules provided by UTRGV. If a specific reporting category is less than 4% 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.
 - Compare each major revenue and expense account over 10% of the total revenues/expenses to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. 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 4.0% of the total revenues or total expenses, as stated in the procedures. Immaterial adjustments resulting from testing were adjusted as needed on the final SRE located in **Appendix A** of this report. If applicable, any material exceptions are noted below under the respective category. The results of the variance analysis are included in **Appendix C**.*

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

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

- Identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. Agree the amounts reported in the SRE to the organization's general ledger or confirm revenues and expenses directly with a responsible official of the organization.

*No material exceptions were noted in performing this procedure. See **Appendix B**, Note 3.*

Minimum Agreed-Upon Procedures for 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 UTRGV in the SRE and the related attendance figures and recalculate totals.

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



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Student Fees

2. Compare and agree student fees reported by UTRGV in the SRE for the reporting period to student enrollments during the same reporting period and recalculate totals.
3. Obtain documentation of UTRGV'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 these procedures.

Direct State or Other Governmental Support

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

This procedure was not applicable. Athletics did not receive direct state or other governmental support.

Direct Institutional Support

6. Compare the direct institutional support recorded by UTRGV during the reporting period with the 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 UTRGV with permanent transfers back to institution from the athletics department and recalculate totals.

This 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 UTRGV 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 UTRGV'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 UTRGV's general ledger and/or the SRE and recalculate totals.



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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% or more of all contributions received for intercollegiate athletics during the reporting period and recalculate totals.

This procedure was not applicable. There were no individual contributions of moneys, goods, or services received directly by Athletics from an affiliated or outside organization that constituted 10% or more of all contributions received for Athletics.

In-Kind

12. Compare the in-kind recorded by UTRGV 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 UTRGV. Select a sample of funds from the Summary and compare and agree each selection to supporting documentation, UTRGV's general ledger, and/or the Summary and recalculate totals.

This procedure was not applicable. Athletics did not have compensation or benefits provided by a third-party.

Media Rights

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

These procedures were not applicable. Athletics did not have media rights revenue.

NCAA Distributions

16. Compare the amounts recorded in the revenue and expense reporting to 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

17. Obtain and inspect agreements related to UTRGV's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.



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18. Compare and agree the related revenues to UTRGV's general ledger and/or the SRE and recalculate totals.

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

Conference Distributions of Bowl Generated Revenue

19. Obtain and inspect agreements related to UTRGV's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.
20. Compare and agree the related revenues to UTRGV's general ledger and/or the SRE and recalculate totals.

These procedures were not applicable. Athletics did not receive any conference distributions of bowl generated revenue.

Program Sales, Concessions, Novelty Sales, and Parking

21. Compare the amount recorded in the revenue reporting category to 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

22. Obtain and inspect agreements related to UTRGV's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period for relevant terms and conditions.
23. Compare and agree the related revenues to UTRGV's general ledger and/or the SRE and recalculate totals.

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

Sports-Camp Revenues

24. Inspect sports-camp contracts between UTRGV and persons conducting institutional sports-camps or clinics during the reporting period to obtain documentation of UTRGV's methodology for recording revenues from sports-camps.
25. 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 UTRGV'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

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



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

Other Operating Revenue

28. Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals.

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

Bowl Revenues

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

These procedures were not applicable. Athletics did not have any bowl revenues.

Minimum Agreed-Upon Procedures for Expenses

Athletic Student Aid

31. Select a sample of students from the listing of institutional student aid recipients during the reporting period.
32. Obtain individual student account detail for each selection and compare the total aid in UTRGV's student system to the student's detail in UTRGV's report that ties directly to the NCAA Membership Financial Reporting System.
33. Perform a check of each student selected to ensure their information was reported accurately in the NCAA Membership Financial Reporting System.
34. Recalculate totals for each sport and overall.

No material exceptions were noted as a result of these procedures. However, an immaterial adjustment of \$25,610.81, related to the omission identified above, was made to increase athletic student aid on the final SRE.

Guarantees

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

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



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

37. Obtain and inspect a listing of coaches employed by UTRGV and related entities during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing.
38. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by UTRGV and related entities in the SRE during the reporting period.
39. 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 UTRGV and related entities expense recorded by UTRGV in the SRE during the reporting period.
40. 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

41. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing.
42. 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 UTRGV in the SRE during the reporting period.
43. 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 UTRGV in the SRE during the reporting period and recalculate totals.

These procedures were not applicable. Athletics did not have compensation or benefits provided by a third-party.

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

44. Select a sample of support staff/administrative personnel employed by UTRGV and related entities during the reporting period.
45. 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 UTRGV and related entities expense recorded by UTRGV in the SRE during the reporting period and recalculate totals.

No material exceptions were noted as a result of these procedures. However, an immaterial adjustment of \$83,913.67, related to the omission identified above, was made to increase support staff/administrative salaries on the final SRE.



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Fund Raising, Marketing, and Promotion

57. 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-Camp Expenses

58. 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

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.

This procedure was not applicable. Athletics does not control or operate UTRGV spirit groups.

Athletic Facility Debt Service, Leases and Rental Fees

60. 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).
61. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

These procedures were not applicable. UTRGV had no Athletics related debt.

Direct Overhead and Administrative Expenses

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.

Indirect Institutional Support

63. Tested with revenue section - Indirect Institutional Support (see procedure #8).

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

Medical Expenses and Medical Insurance

64. 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. However, an immaterial adjustment of \$2,145.00, related to the omission identified above, was made to increase medical expenses and medical insurance on the final SRE.



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Memberships and Dues

65. 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

66. 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. Athletics did not have transfers to the institution. However, an immaterial adjustment of \$49,318.49, related to the omission identified above, was made to increase other operating expenses on the final SRE.

Student-Athlete Meals (Non-Travel)

67. 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.

Bowl Expenses

68. 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.

This procedure was not applicable. Athletics did not have any bowl expenses.

Additional Minimum Agreed-Upon Procedures

- For Grants-in-Aid: Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to UTRGV's supporting equivalency calculations. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the supporting equivalency calculations, inquire about the discrepancy and report the justification in the AUP report. Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 4%.

During this engagement, we found that Athletics had inadvertently reported some incorrect equivalencies to the NCAA. Athletics submitted the revised equivalency numbers to the NCAA, which confirmed the changes in their system. Explanations for variances appear to be reasonable.

- For Sports Sponsorship: Obtain UTRGV's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by UTRGV meet the minimum requirements set forth in 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 validated, ensure that UTRGV has properly reported these sports as countable for



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revenue distribution purposes within the NCAA Membership Financial Reporting System. Compare current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance.

No material exceptions were noted as a result of this procedure. There was no variance between the sports sponsored between years.

- For Pell Grants: Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of UTRGV's financial aid records, of all student-athlete Pell Grants. Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document any variance greater than +/- 20 grants.

No material exceptions were noted as a result of this procedure. Pell Grant totals between years did not vary by +/- 20 grants.

Minimum Agreed-Upon Procedures for Other Reporting Items

Excess Transfers to Institution and Conference Realignment Expenses

69. 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.

This procedure was not applicable. Athletics did not have transfers to the institution or conference realignment expenses.

Total Athletics Related Debt

70. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.
71. Agree the total annual maturities and total outstanding athletic debt related to supporting documentation and UTRGV's general ledger, as applicable.

These procedures were not applicable. UTRGV had no Athletics related debt.

Total Institutional Debt

72. Agree the total outstanding institutional debt to supporting documentation and UTRGV's general ledger and/or UTRGV's audited financial statements, if available.

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

Value of Athletics Dedicated Endowments

73. Obtain a schedule of all athletics dedicated endowments maintained by athletics, UTRGV, and affiliated organizations. Agree the fair market value in the schedules to supporting documentation, UTRGV's general ledger, and audited financial statements, if available.



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

Value of Institutional Endowments

74. Agree the total fair market value of institutional endowments to supporting documentation, UTRGV's general ledger, and/or audited financial statements, if available.

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

Total Athletics Related Capital Expenditures

75. Obtain a schedule of athletics related capital expenditures made by athletics, UTRGV, and affiliated organizations during the reporting period.

76. 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 these procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the 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 UTRGV's financial statements.

This report is intended solely for the information and use of UTRGV management. It 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
Manager of Audits



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APPENDIX A
 THE UNIVERSITY OF TEXAS RIO GRANDE VALLEY DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
 STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	TOTAL
Operating Revenues:					
Ticket Sales	\$ 51,121.25	\$ 52,005.37	\$ 73,752.29	\$ 8,525.00	\$ 185,403.91
Direct State Support or Other Government Support	-	-	-	-	-
Student Fees	-	-	-	8,643,457.39	8,643,457.39
Direct Institutional Support	1,671.60	-	106.40	3,144,435.57	3,146,213.57
Less - Transfers to Institution	-	-	-	-	-
Indirect Institutional Support	351,021.17	218,281.42	704,872.76	985,834.54	2,260,009.89
Guarantees	220,000.00	75,000.00	20,500.00	-	315,500.00
Contributions	570.00	850.00	74,681.79	173,854.43	249,956.22
In-Kind	14,849.00	17,795.00	35,416.00	24,326.00	92,386.00
Compensation and Benefits provided by a Third Party	-	-	-	-	-
Media Rights	-	-	-	-	-
NCAA Distributions	-	-	-	382,683.50	382,683.50
Conference Distributions	-	-	-	125,000.00	125,000.00
Program, Novelty & Parking & Concession Sales	-	-	-	151,245.98	151,245.98
Royalties, Licensing, Advertisements & Sponsorship	-	-	-	249,529.19	249,529.19
Sports Camps Revenue	10,995.00	-	75,295.49	-	86,290.49
Athletic Restricted Endowments & Investment Income	-	-	-	42,138.53	42,138.53
Other Operating Revenue	-	-	-	74,947.54	74,947.54
Bowl Revenues	-	-	-	-	-
Total Operating Revenues	\$ 650,228.02	\$ 363,931.79	\$ 984,624.73	\$ 14,005,977.67	\$ 16,004,762.21
Operating Expenses:					
Athletics Student Aid	\$ 366,117.15	\$ 373,199.21	\$ 1,901,151.19	\$ -	\$ 2,640,467.55
Guarantees	61,000.00	45,443.00	155,568.10	-	262,011.10
Coaching Salaries, Benefits & Bonuses paid by the University & Related Entities	677,055.55	437,056.36	1,551,430.27	-	2,665,542.18
Coaching Salaries, Benefits & Bonuses paid by a Third Party	-	-	-	-	-
Support Staff/Administrative Compensation, Benefits & Bonuses paid by the University & Related Entities	97,825.63	44,801.07	4,580.22	2,176,235.19	2,323,442.11
Support Staff/Administrative Compensation, Benefits & Bonuses paid by Third Party	-	-	-	-	-
Severance Payments	-	-	-	-	-
Recruiting	80,870.07	56,372.59	86,610.33	-	223,852.99
Team Travel	339,290.34	279,929.36	1,373,301.24	-	1,992,520.94
Sports Equipment, Uniforms & Supplies	35,788.80	38,406.57	276,236.44	6,566.15	356,997.96
Game Expenses	16,040.00	7,450.00	70,729.60	834,603.73	928,823.33
Fund Raising, Marketing & Promotion	2,876.25	-	13,712.69	174,867.97	191,456.91
Sports Camps Expenses	6,141.84	-	36,542.35	166.00	42,850.19
Spirit Groups	-	-	-	-	-
Athletic Facilities Debt Service, Leases & Rental Fees	-	-	-	-	-
Direct Overhead and Administrative Expenses	49,893.06	29,303.53	84,502.58	1,334,129.75	1,497,828.92
Indirect Institutional Support	351,021.17	218,281.42	704,872.76	985,834.54	2,260,009.89
Medical Expenses and Insurance	-	2,145.00	186.66	97,459.62	99,791.28
Membership & Dues	-	1,295.00	3,235.04	166,213.71	170,743.75
Student-Athlete Meals (Non-Travel)	3,700.98	1,234.54	4,065.48	14,387.88	23,388.88
Other Operating Expenses	-	-	363.95	108,602.55	108,966.50
Bowl Expenses	-	-	-	-	-
Total Operating Expenses	\$ 2,087,620.84	\$ 1,534,917.65	\$ 6,267,088.90	\$ 5,899,067.09	\$ 15,788,694.48
Excess (Deficiency) of Revenues Over (Under) Expenses	\$ (1,437,392.82)	\$ (1,170,985.86)	\$ (5,282,464.17)	\$ 8,106,910.58	\$ 216,067.73



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

NOTE 1 – Summary of Significant Accounting Policies

Fiscal Year – UTRGV'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 information recorded in UTRGV'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.

NOTE 2 – Contributions Constituting More than 10 Percent of All Contributions

Revenue from contributions was \$249,956.22 for FY 2019. No contribution received accounted for more than ten percent of all contributions.

NOTE 3 – Affiliated and Outside Organizations

The only affiliated and outside organization related to UTRGV's Athletics Department and not under UTRGV's accounting control is the UTRGV Foundation, an independent non-profit corporation formed exclusively for charitable, educational, and scientific purposes, and to assist in the development of UTRGV. It may hold fundraising events to support the Athletics Department through donations to the V Club, which is the fundraising arm of UTRGV Athletics.

NOTE 4 – Capital Assets

Athletics acquires, approves, depreciates, and disposes assets in accordance with UTRGV 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 UTRGV. Informal quotes are required for purchases above \$15,000, and competitive bidding is required for requests above \$50,000 (unless an Exclusive Acquisition Justification is approved by the Procurement Office). The capitalization threshold is \$5,000.
- Approval – The Director of Athletics approves capital expenditures between \$5,000 and \$15,000. For major capital projects, the Director of Athletics works with the University President and Executive Vice President for Finance and Administration to plan and obtain approval.
- Depreciation – Depreciation is allocated to Athletics 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 5 – Other Reporting Items

Category	Amount
Excess Transfers to Institution	\$0.00
Conference Realignment Expenses	Not Applicable
Total Athletics Related Debt	\$0.00
Total Institutional Debt	\$139,602,000.00
Value of Athletics Dedicated Endowments	\$589,931.99
Value of Institutional Endowments	\$63,942,463.61
Total Athletics Related Capital Expenditures	\$1,293,502.72



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**APPENDIX C
VARIANCE ANALYSIS**

Amounts for each major revenue and expense account over 10% of the total revenues or expenses were compared to prior period and budget estimate amounts. For applicable variations greater than 10%, an understanding was obtained as noted below. All explanations appear to be reasonable.

Comparison to Prior Period

The following SRE categories met the threshold for investigation:

Major SRE Revenue Categories	FY 2019 SRE	FY 2018 SRE	Variance	% Variance	Variance Explanation
Direct Institutional Support	\$3,111,721	\$2,260,177	\$ 851,544	37.68%	This was primarily attributable to an increase in pledged auxiliary revenue that was used to offset the reduction in budgeted student service fees and to cover overages in operating budgets.

Major SRE Expense Categories	FY 2019 SRE	FY 2018 SRE	Variance	% Variance	Variance Explanation
Team Travel	\$1,992,885	\$1,679,363	\$ 313,522	18.67%	This increase is directly related to postseason travel, which is not budgeted by UTRGV. However, in the event teams advance to postseason competition, Athletics is reimbursed for expenses incurred.

Budget to Actual Comparison

The following accounts met the threshold for investigation:

Cost Center	Cost Center Title	Budget	Actual	Variance	Percent Variance	Explanation for Variances over 10%
Major Expenses:						
41000002	Administration Athletics	\$1,642,806	\$1,473,138	-\$ 169,668	-10.33%	This was under budget due to approximately \$135,000 in salary and benefit savings attributed to the departure of several Athletics employees. The remaining difference is attributed to a reduction in travel and other expenses.