January 15, 2015

Ricardo Romo, Ph.D., President
The University of Texas at San Antonio, Main Campus
One UTSA Circle
San Antonio, Texas 78249-1644

Dear Dr. Romo:

We have completed our NCAA Agreed-Upon Procedures for the Intercollegiate Athletics Program at The University of Texas at San Antonio for the fiscal year ended August 31, 2014. The results of the engagement are detailed in the attached report.

We appreciate the assistance provided to us by the various departments at The University of Texas San Antonio.

Sincerely,

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

cc: Pedro Reyes, Ph.D., Executive Vice Chancellor for Academic Affairs
    Kerry Kennedy, Vice President for Business Affairs
    Samuel Gonzalez, Vice President for Student Affairs
    Lynn Hickey, Assistant Vice President/Director of Athletics
    Kevin Terry, Senior Associate Athletic Director/Chief Financial Officer
    Sherman Corbett, Assistant Athletic Director for Business Operations
    J. Richard Dawson, Chief Audit Executive - UTSA
    Paul Tyler, Director of Auditing - UTSA
The University of Texas at San Antonio
Intercollegiate Athletics

Independent Auditor’s Report on the Application of
Agreed-Upon Procedures
For the Year Ended August 31, 2014

January 2015

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 WEST 6TH STREET, SUITE B.140E
AUSTIN, TEXAS 78701
(512) 499-4390
INDEPENDENT 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 San Antonio (UT San Antonio), solely to assist UT San Antonio management in evaluating whether the accompanying Statement of Revenues and Expenses (SRE) of UT San Antonio Intercollegiate Athletics Program (Athletics Department) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16 for the fiscal year (FY) ended August 31, 2014. UT San Antonio’s management is responsible for the SRE and its 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 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.

Our procedures and findings are explained in the following pages. Reportable findings are defined as errors equal to or greater than $50,000 and misclassifications equal to or greater than $150,000. Also attached to this report are the following appendices:

- Appendix A: Athletics Department SRE for the Fiscal Year Ended August 31, 2014;
- Appendix B: Findings and Recommendations; and
- Appendix C: Notes to the SRE.

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

Procedures Related to all Revenues and Expenses

1. Agreed the amounts reported on the SRE to UT San Antonio’s general ledger.

In most instances, revenues and expenses reported on the SRE materially agreed to the amounts reported in UT San Antonio’s general ledger accounts. In addition, there are certain items recorded on the SRE that are not required to be recorded in athletic accounts, including out-of-state tuition waivers, indirect facilities and administrative support, and gifts-in-kind. The NCAA requires that these items be reported on the SRE to fully reflect the operations of the Athletics Department. As a result of this procedure, we identified eleven material adjustments. Management agreed and recorded these adjustments in the SRE located in Appendix A. We provided management one recommendation to automate preparation of the SRE to minimize the administrative effort required to prepare the SRE and reduce the risk of errors and omissions going forward. See recommendation #1 in Appendix B for details. The specific adjustments identified and recorded in the SRE are described for the affected SRE line item in the results below.

2. Performed the following procedures for all revenue and expense categories applicable to UT San Antonio:

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.
a. Compared and agreed each operating revenue and expense category reported on the SRE during the reporting period to supporting schedules provided by the institution.

b. Compared and agreed a sample of operating revenue receipts and operating expenses obtained from the above supporting schedules to adequate supporting documentation.

c. Compared each revenue and expense account to prior period amounts and budget estimates. Obtained and documented an understanding of any significant variations.

As part of the procedure described in #1 above and from comparing and agreeing each operating revenue and expense category reported on the SRE during the reporting period to supporting schedules provided by the institution, we identified eleven material adjustments that management agreed to record in the SRE. These are the same adjustments described in item #1 above. The specific adjustments are described for the affected SRE line items in the results below.

3. Identified and documented aspects of the institution’s internal control structure unique to the Athletics Department. Tested 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 the institution’s financial statements.

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

4. Identified intercollegiate athletics related affiliated and outside organizations and obtained those organizations’ financial information for the reporting period. Agreed the amounts reported on the SRE to the athletics-related and outside organization’s general ledger.

No exceptions were noted in performing these procedure. (See Appendix C, Note 5)

Procedures Related to Revenues

5. Ticket Sales. Compared tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by UT San Antonio or the SRE and the related attendance figures.

Ticket sales were understated by $308,375.36. The amount deferred to FY 2015 was overstated causing FY 2014 ticket sales to be understated. Management agreed and recorded this adjustment in the SRE. See recommendation #1 in Appendix B.

6. Student Fees. Compared and agreed student fees reported by UT San Antonio on the SRE for the reporting period to student enrollments during the same reporting period. Obtained and documented an understanding of the institution’s methodology for allocating student fees to intercollegiate athletics programs.

No material exceptions were noted as a result of these procedures. The amount of student fees the Athletic Department receives is based upon a designated athletic fee. (See Appendix C, Note 2)

7. Guarantees. Selected a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each selection to UT San Antonio’s general ledger and the SRE.

No material exceptions were noted as a result of these procedures.
8. **Contributions.** Compared contributions account to prior period amounts and budget estimates and obtained and documented an understanding of any significant variations. Obtained and reviewed 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. (See Appendix C, Note 4)

   Contributions were overstated by $1,350,000. $1,100,000 in contributions was provided for capital improvements. $250,000 in contributions was recorded twice in the general ledger. Management agreed and recorded this adjustment in the SRE. See recommendation #1 in Appendix B.

9. **Compensation and Benefits Provided by a Third Party.** The agreed-upon procedures require that we obtain the summary of revenues from affiliated and outside organizations (Summary) as of the end of the reporting period from the institution. The agreed-upon procedures also require that we select a sample of funds from the Summary and compare and agree each selection to supporting documentation and UT San Antonio’s general ledger.

   Athletics personnel did not receive compensation or benefits directly from a third party that is guaranteed by the institution. However, certain Athletic personnel have the use of courtesy vehicles which are provided by third parties. UTSA reported the value associated with courtesy vehicles in Royalties, Licensing, Advertisements, and Sponsorships. No material exceptions were noted.

10. **Direct State or Other Governmental Support.** The agreed-upon procedures require that we compare direct state or other governmental support recorded by UT San Antonio during the reporting period with institutional authorizations and/or other corroborative supporting documentation.

    The Athletics Department did not receive direct state or other governmental support.

11. **Direct Institutional Support.** Compared the direct institutional support recorded by UT San Antonio during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation.

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

12. **Indirect Facilities and Administrative Support.** Compared the indirect support recorded by UT San Antonio during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation.

    Indirect Facilities and Administrative Support represent the value of facilities and services provided by the institution and not charged to the Athletic Department. (See Appendix C, Note 3)

    Indirect support did not include $455,328.00 in depreciation expense for facilities, such as the Park West Complex, that are occupied and/or used by the Athletic Department. However, Indirect Facilities and Administrative Support also included $95,334.00 in direct overhead expenses that should not have been included in Other Operating Expenses. The net effect was that Indirect Facilities and Administrative Support was understated by $359,994.00. Management agreed and recorded this adjustment in the SRE. See recommendation #1 in Appendix B.
13. NCAA/Conference Distributions including all Tournament Revenues. Obtained and inspected agreements related to UT San Antonio's participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. Compared and agreed the related revenues to the institution’s general ledger and the SRE.

Funds received from Learfield Sports Properties are recorded in accounts that populate the NCAA Conference Distribution SRE line item. As part of preparation of the SRE, these amounts are manually moved to the Royalties, Licensing, Advertisements, and Sponsorships line item of the SRE. As part of the manual adjustment, an error was made that resulted in an understatement of NCAA/Conference Distributions by $985,735.20. In addition, NCAA/Conference Distributions included $402,809 NCAA grant funds that were applicable to FY 2013. The net effect was that NCAA/Conference Distributions was understated by $582,926.20. Management agreed and recorded an adjustment to the correct amount recorded in the SRE. See recommendation #1 in Appendix B.

14. Broadcast, Television, Radio, and Internet Rights. Obtained and inspected agreements related to UT San Antonio's participation in revenues from broadcast, television, radio, and Internet rights to gain an understanding of the relevant terms and conditions. Compared and agreed related revenues to the institution’s general ledger and the SRE.

The Athletics Department did not have direct broadcast, television, radio and Internet rights agreements. Any revenues related to broadcast, television, or radio rights are handled through a corporate sponsorship agreement with Learfield Sports Properties. Revenues related to this agreement are recorded in Royalties, Licensing, and Advertisements in the SRE.

15. Program Sales, Concessions, Novelty Sales, and Parking. For program sales, concessions, novelty sales, and parking, performed the minimum agreed-upon procedures referenced in procedure #2.

Program Sales, Concessions, Novelty Sales, and Parking did not include $192,311.00 parking income. Management agreed and recorded this adjustment in the SRE. See recommendation #1 in Appendix B.

16. Royalties, Licensing, Advertisements, and Sponsorships. Obtained and inspected agreements related to UT San Antonio’s participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. Compared and agreed the related revenues to the institution’s general ledger and the SRE.

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

17. Sports Camp Revenues. Inspected sports camp contract(s) between UT San Antonio and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain an understanding of the institution’s methodology for recording revenues from sports camps and obtained schedules of camp participants. Selected a sample of individual camp participant cash receipts from the schedule of sports camp participants and agreed each selection to the institution’s general ledger and the SRE.

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

18. Endowment and Investment Income. Obtained and inspected endowment agreements to gain an understanding of the relevant terms and conditions. Compared and agreed 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.

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

19. **Other Operating Revenues.** For other operating revenues, performed minimum agreed-upon procedures referenced in procedure #2.

*Other Operating Revenues did not include $63,995.00 of income for services provided by the Athletic Department to host University Interscholastic League (UIL) events on campus. Management agreed and recorded this adjustment in the SRE. See recommendation #1 in Appendix B.*

**Procedures Related to Expenses**

20. **Athletic Student Aid.** Selected a sample of students from the listing of institutional student aid recipients during the reporting period. Obtained individual student-account details for each selection and compared total aid allocated from the related aid award letter to the student’s account.

*Athletic Student Aid expense did not include $66,307.00 of amounts paid for the Summer 2014 session. Management agreed and recorded this adjustment in the SRE. See recommendation #1 in Appendix B.*

21. **Guarantees.** Obtained and inspected contractual agreements pertaining to expenses recorded by UT San Antonio from guaranteed contests during the reporting period. Compared and agreed related amounts expensed by UT San Antonio during the reporting period to the institution’s general ledger and the SRE.

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

22. **Coaching Salaries, Benefits, and Bonuses Paid by the University or Related Entities.** Obtained and inspected a listing of coaches employed by UT San Antonio during the reporting period. Selected a sample of coaches’ contracts from the above listing and compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by UT San Antonio on the SRE during the reporting period. Obtained and inspected relevant supporting documentation and compared to the related coaching salaries, benefits, and bonuses paid and recorded by UT San Antonio during the reporting period. Agreed the amounts reported on the SRE to the general ledger.

*Coaching salaries, benefits, and bonuses were understated by $234,028.00. The original amounts for August 2014 payroll were based upon estimates. These estimates were less than actual August payroll. Management agreed and recorded this adjustment in the SRE. See recommendation #1 in Appendix B.*

23. **Coaching Other Compensation and Benefits Paid by a Third Party.** The agreed-upon procedures require that we obtain and inspect a listing of coaches paid by third parties during the reporting period for other compensation and benefits paid by a third-party and contractually guaranteed by the institution.
The Athletics Department did not have any coaching other compensation and benefits paid by a third party.

24. Support Staff/Administrative Salaries, Benefits, and Bonuses Paid By the University and Related Entities. Selected a sample of support staff/administrative personnel employed by UT San Antonio and related entities during the reporting period. Obtained and inspected relevant supporting documentation and compared to the related support staff/administrative salaries, benefits, and bonuses paid and recorded by UT San Antonio during the reporting period. Agreed the amounts reported on the SRE to the general ledger.

Support staff and administrative salaries, benefits, and bonuses were understated by $237,464.00. The original amounts for August 2014 payroll were based on estimates. These estimates were less than actual August payroll. Management agreed and recorded this adjustment in the SRE. See recommendation #1 in Appendix B.

25. Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party. The agreed-upon procedures require that we select and test a sample of support staff/administrative personnel, whose compensation was contractually guaranteed, but paid by third parties during the reporting period.

The Athletics Department did not have any support staff/administrative other compensation and benefits paid by a third party.

26. Severance Payments. Selected a sample of employees receiving severance payments from UT San Antonio during the reporting period and agreed each severance payment to the related termination letter or employment contract.

No exceptions were noted as a result of these procedures.

27. Recruiting Expenses. Obtained and documented an understanding of UT San Antonio’s recruiting expense policies. Compared and agreed to existing institutional- and NCAA-related policies.

No exceptions were noted as a result of these procedures.

28. Team Travel. Obtained and documented an understanding of UT San Antonio’s team travel policies. Compared and agreed to existing institutional- and NCAA-related policies.

No exceptions were noted as a result of these procedures.

29. Indirect Facilities and Administrative Support. Obtained and documented an understanding of UT San Antonio’s methodology for allocating indirect facilities and administrative support. Summed the indirect facilities-support and indirect institutional-support totals reported by the institution on the SRE. Compared and agreed Indirect Facilities and Administrative Support reported by UT San Antonio on the SRE to the corresponding revenue category reported by the institution on the SRE.

Indirect Facilities and Administrative Support represent the value of facilities and services provided by the institution and not charged to the Athletic Department. (See Appendix C, Note 3) Indirect support did not include $455,328.00 in depreciation expense for facilities, such as the Park West Complex, that are occupied and/or used by the Athletic Department. However, Indirect Facilities and Administrative Support also included $95,334.00 in direct overhead.
expenses that should not have been included in Other Operating Expenses. The net affect was that Indirect Facilities and Administrative Support was understated by $359,994.00. Management agreed and recorded this adjustment in the SRE. See recommendation #1 in Appendix B.

30. Equipment, Uniforms, and Supplies; Game Expenses; Fund Raising, Marketing, and Promotion; Sports Camp Expenses; Direct Facilities, Maintenance, and Rental; Spirit Groups; Medical Expenses and Medical Insurance; Memberships and Dues; and Other Operating Expenses. For the preceding expense categories, performed minimum agreed-upon procedures referenced in procedure #2.

No exceptions were noted as a result of these procedures for any of the expense categories above except Sports Camp Expenses and Other Operating Expenses.
- Sports Camp Expenses were understated by $54,418.00. Original amounts were determined based on estimates for August 2014 payroll. These estimates were less than actual August payroll.
- Other Operating Expenses were overstated by $500,000.00 due to duplicate recording of Conference USA payments within the SRE. In addition, Other Operating Expenses was understated by $95,334.00 in direct overhead expenses paid by the Athletic Department. The net affect was that Other Operating Expenses was overstated by $404,666.00. Management agreed and recorded both adjustments in the SRE. See recommendation #1 in Appendix B.

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 UT San Antonio’s Athletics Department. 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 San Antonio’s institutional financial statements.

This report is intended solely for the information and use of UT San Antonio 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, CIA, QIAL, CRMA, CPA
Chief Audit Executive
January 15, 2015

Eric J. Polonski, CPA, CIA
Assistant Director of Audits
January 15, 2015
### APPENDIX A
THE UNIVERSITY OF TEXAS AT SAN ANTONIO INTERCOLLEGIATE ATHLETICS PROGRAM STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2014

<table>
<thead>
<tr>
<th>Operating Revenues:</th>
<th>Football</th>
<th>Men's Basketball</th>
<th>Women's Basketball</th>
<th>Baseball</th>
<th>Other Sports</th>
<th>Non-Program Specific</th>
<th>Total</th>
</tr>
</thead>
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<tr>
<td>Ticket Sales</td>
<td>$2,214,662.73</td>
<td>$499,480.30</td>
<td>$25,460.30</td>
<td>$13,879.00</td>
<td>$35,300.00</td>
<td>$35,760.00</td>
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<td>Student Fees</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Guarantee Revenue</td>
<td>800,000.00</td>
<td>172,160.00</td>
<td>35,000.00</td>
<td>4,050.00</td>
<td>21,280.00</td>
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<td>1,032,490.00</td>
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<td>Contributions</td>
<td>544,279.60</td>
<td>1,518.05</td>
<td>6,211.00</td>
<td>113,164.88</td>
<td>144,831.44</td>
<td>1,690,745.42</td>
<td>2,500,751.29</td>
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<tr>
<td>3rd Party Comp. &amp; Benefits</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Direct State or Other Gov't Support</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Direct Institutional Support</td>
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<td>Indirect Facilities and Admin. Support</td>
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<td>-</td>
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<tr>
<td>NCAA/Conference Distributions</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Broadcast, TV, Radio, and Internet Rights</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Program/Sales/Concessions</td>
<td>264,782.75</td>
<td>-</td>
<td>-</td>
<td>2,060,610</td>
<td>-</td>
<td>-</td>
<td>2,325,393.26</td>
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<td>Royalties, Licensing, Advert., &amp; Sponsor.</td>
<td>80,685.12</td>
<td>7,251.36</td>
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<td>-</td>
<td>-</td>
<td>87,936.46</td>
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<td>Sports Comp Revenues</td>
<td>78,725.46</td>
<td>36,770.25</td>
<td>37,625.74</td>
<td>120,573.00</td>
<td>155,566.63</td>
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<td>429,261.48</td>
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<td>Endowment Income</td>
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<td>25.00</td>
<td>150.00</td>
<td>2,507.44</td>
<td>2,607.92</td>
<td>41,891.26</td>
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<td>Other Operating Revenues</td>
<td>-</td>
<td>-</td>
<td>1,300.00</td>
<td>2,855.00</td>
<td>78,782.75</td>
<td>161,474.30</td>
<td>244,537.05</td>
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<td><strong>Subtotal Operating Revenue</strong></td>
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<td>$267,194.06</td>
<td>$103,597.24</td>
<td>$257,029.92</td>
<td>$469,000.90</td>
<td>$21,844,730.89</td>
<td>$26,957,991.21</td>
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<table>
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<tr>
<th>Operating Expenses:</th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
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<td>Athletics Student Aid</td>
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<td>327,359.27</td>
<td>377,630.05</td>
<td>211,174.10</td>
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<td>879,884.67</td>
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<td>Guarantee Expense</td>
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<td>36,406.64</td>
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<td>22,500.00</td>
<td>2,000.00</td>
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<td>381,507.46</td>
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<td>Coaching Salaries and Benefits</td>
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<td>568,251.47</td>
<td>381,716.13</td>
<td>339,474.52</td>
<td>1,435,633.60</td>
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<td>4,108,829.57</td>
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<td>Coach 3rd Party Comp. &amp; Benefits</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Support Staff/Admin. Salaries</td>
<td>272,636.37</td>
<td>40,122.32</td>
<td>42,203.48</td>
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<td>-</td>
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<td>3,228,618.76</td>
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<td>Support Staff/Admin. 3rd Party Comp. &amp;</td>
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<tr>
<td>Benefits</td>
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<td>Severance Payments</td>
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<td>-</td>
<td>81,087.67</td>
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<td>Recruiting Expenses</td>
<td>198,609.86</td>
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<td>44,907.88</td>
<td>28,477.65</td>
<td>124,974.55</td>
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<td>458,450.22</td>
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<td>Team Travel</td>
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<td>264,062.66</td>
<td>207,843.49</td>
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<td>978,693.74</td>
<td>39,014.12</td>
<td>2,667,543.05</td>
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<td>Equipment, Uniforms, &amp; Supplies</td>
<td>375,593.80</td>
<td>74,024.03</td>
<td>40,467.38</td>
<td>45,974.53</td>
<td>266,952.71</td>
<td>17,740.30</td>
<td>820,232.25</td>
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<td>Game Expenses</td>
<td>831,417.18</td>
<td>138,481.36</td>
<td>115,261.94</td>
<td>41,961.54</td>
<td>133,831.42</td>
<td>14,912.17</td>
<td>1,275,885.61</td>
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<tr>
<td>Fundraising, Marketing &amp; Promotions</td>
<td>836.71</td>
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<td>2,036.60</td>
<td>20,635.70</td>
<td>53,292.21</td>
<td>1,465,113.78</td>
<td>1,441,915.00</td>
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<tr>
<td>Sports Camp Expenses</td>
<td>30,572.76</td>
<td>11,314.50</td>
<td>15,504.20</td>
<td>22,786.20</td>
<td>53,000.13</td>
<td>-</td>
<td>133,177.79</td>
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<tr>
<td>Direct Facilities, Maintenance, &amp; Rental</td>
<td>95,494.91</td>
<td>398.52</td>
<td>475.00</td>
<td>101,627.40</td>
<td>474,574.30</td>
<td>1,136,228.79</td>
<td>1,808,799.62</td>
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<td>Spirit Groups</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Indirect Facilities and Admin. Support</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medical Expenses &amp; Insurances</td>
<td>9,002.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Memberships &amp; Dues</td>
<td>2,700.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>310,381.49</td>
<td>45,498.04</td>
<td>50,712.37</td>
<td>11,090.13</td>
<td>124,720.79</td>
<td>1,697,820.85</td>
<td>2,240,273.67</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td>$6,864,514.19</td>
<td>$1,556,542.09</td>
<td>$1,381,472.68</td>
<td>$1,065,842.27</td>
<td>$5,564,485.10</td>
<td>$10,742,996.49</td>
<td>$27,155,874.84</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues / Each</strong></td>
<td>$ (2,868,074.33)</td>
<td>$(1,289,348.03)</td>
<td>$(1,277,875.44)</td>
<td>$(808,834.35)</td>
<td>$(5,095,485.06)</td>
<td>$(11,101,733.60)</td>
<td>$(237,883.61)</td>
</tr>
</tbody>
</table>

The University of Texas System Audit Office
-8-
APPENDIX B
FINDINGS AND RECOMMENDATIONS

The following is one engagement finding, related recommendation, and management’s response.

<table>
<thead>
<tr>
<th>No.</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Preparation of the SRE</td>
</tr>
</tbody>
</table>

Preparation of the SRE is a manual, time consuming process that includes information from UT San Antonio’s general ledger and information that does not have a direct financial impact on athletic departmental accounts such as depreciation, out-of-state waivers, overhead charges, and gifts-in-kind.

Prior to FY 2014, the SRE was prepared by the Senior Associate Athletic Director for Business Operations. The individual who held this position for several years left UT San Antonio during FY 2014.

Preparation of the FY 2014 SRE became the responsibility of the Assistant Athletic Director for Business Operations, who had no prior experience in preparing an SRE. Though the former Senior Associate Athletic Director for Business Operations left working papers that provided general guidance on SRE preparation, he did not provide training for preparing the SRE.

In addition to a change in personnel, UT San Antonio experienced a change in accounting systems from the legacy *DEFINE system to the PeopleSoft based UTShare system. This complicated preparation of the SRE requiring the combination of financial information from disparate systems. With the change in accounting systems and change in personnel, we identified several material adjustments that were incorporated into the SRE.

<table>
<thead>
<tr>
<th>Recommendation &amp; Management’s Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendation:</td>
</tr>
<tr>
<td>The Athletics Department, in coordination with appropriate UT San Antonio accounting personnel and with appropriate UTShare personnel at the Arlington Regional Data Center, should develop a customized PeopleSoft, Envision, or other automated report that can generate a SRE from the athletic department accounts and, if possible, from other applicable UT San Antonio accounts.</td>
</tr>
<tr>
<td>Ideally, the customized report would allow the Athletic Department to drill down and obtain detailed transactions that make up the SRE line items. A customized, user-friendly report should significantly reduce the amount of time to prepare the SRE, facilitate troubleshooting, and reduce the risk of errors and omissions.</td>
</tr>
<tr>
<td>Because the steps for preparing the SRE would change and since the SRE includes amounts that may not be recorded in athletic department PeopleSoft accounts, the Athletic Department should document procedures for preparation of the SRE, including procedures necessary to identify, locate, and correctly record non-athletic account information into the SRE. Lastly, the Athletic Department should consider cross-training of at least one additional staff member in preparation of the SRE.</td>
</tr>
<tr>
<td>Management Response:</td>
</tr>
<tr>
<td>UTSA Athletics agrees with the recommendations outlined above. UTSA Athletics will work with the appropriate departments to develop automated reports for a streamlined approach. Written procedures will be developed to encompass all of the procedures needed for the report.</td>
</tr>
<tr>
<td>Anticipated Implementation Date:</td>
</tr>
<tr>
<td>August 31, 2015</td>
</tr>
</tbody>
</table>
APPENDIX C
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES

NOTE 1 – Summary of Significant Accounting Policies

_Fiscal Year_ – UT San Antonio’s fiscal year is the period beginning each September 1st and ending each August 31st of the subsequent calendar year.

_Principles of Preparation_ – The statement of revenues and expenses (SRE) is prepared in accordance with the NCAA agreed-upon procedures guidelines. Information used in the SRE’s preparation is obtained primarily from subsidiary ledger information recorded in UT San Antonio’s financial accounting system. Other information, such as out-of-state waivers, amounts estimated for non-cash trade-out agreements, gifts-in-kind, and other information is obtained from records maintained by the Athletics Department and the Office of Accounting.

NOTE 2 – Student Fees

For the Fall 2013 and the Spring and Summer 2014 semesters, the Athletics Department received $12,158,967.15 in student fees, which is based upon a student athletic fee of $20.00 per semester credit hour enrolled, with a maximum fee cap of $240 (12 hours) per student per semester.

NOTE 3 – Indirect Facilities and Administrative Support Revenue and Expense

Indirect Facilities and Administrative Support includes overhead expenses charged by UT San Antonio but not paid by the Athletic Department. It also includes and depreciation expense, which is allocated to Athletics based on the assets, or portions of real-assets, under the control of the Athletics Department. Depreciation is calculated on a straight-line basis.

NOTE 4 – Contributions Constituting More than Ten Percent of All Contributions

Revenue from contributions was $2,500,751.29 for FY 2014. The Athletic Department received one contribution for operating activities that was approximately ten percent of all contributions:

- The William Greehey Family Foundation made one contribution totaling $250,000.

NOTE 5 – Affiliated and Outside Organizations

Affiliated and outside organizations includes entities that have a primary purpose which benefits UT San Antonio’s Athletic Department and are not under UT San Antonio’s accounting control. The Roadrunner Foundation is an exempt charitable non-profit corporation, as defined under Internal Revenue Code section 501(c)(3), whose purpose is to support programs and activities of UT San Antonio athletics. A governing board of the Foundation approves requests for assistance from UT San Antonio Athletics and makes such disbursements as funding allows. UT San Antonio has no institutional control over the Foundation.