



Western State College of Colorado

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

June 30, 2007

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

November 19, 2007

Members of the Legislative Audit Committee:

We have performed the procedures enumerated below, which were agreed to by the Legislative Audit Committee and management of Western State College of Colorado, solely to assist you in evaluating whether the accompanying statement of revenues and expenses (the Statement) of the Intercollegiate Athletics Department of Western State College of Colorado, is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2007. The College's management is responsible for the Statement and for the Intercollegiate Athletics Department's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-upon Procedures Related to the Statement of Revenues and Expenses of the Intercollegiate Athletics Department of Western State College of Colorado

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

1. We obtained the College's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the College's intercollegiate athletics program. The only entity identified was the Western State College Foundation (the Foundation.) We verified that the Director of Accounting received a schedule of revenue and expenses from the Foundation and that the Director entered the information into the general ledger system. We also recalculated the schedule and found no exceptions.
2. We confirmed with the Foundation's bookkeeper that the amounts for revenues and expenses in the schedule were received from the Foundation.
3. We obtained a copy of the Foundation's audited financial statements for the year ended June 30, 2007 and confirmed with the Foundation that no other internal control reports were received.



4. We obtained written representations from management as to the completeness, accuracy, and fair presentation of the Statement. In addition, we obtained certain written representations regarding management's knowledge of institutional compliance with NCAA rules and other laws and regulations applicable to intercollegiate athletics, including monitoring and taking responsibility for outside organizations, and all outside organization reports from external auditors.
5. We obtained from management a detailed listing of contributions received directly by the College's Intercollegiate Athletics department, which individually identified any contributions from outside organizations, agency, or group of individuals (two or more), that constituted 10% or more of all contributions received for the College's Intercollegiate Athletics Department during the year ended June 30, 2007. We recalculated the contribution and noted that it was entirely from the Foundation. We also read the disclosure in the note to the Statement and verified the disclosure of the source of the funds.
6. We obtained the statement of revenues and expenses for the College's Intercollegiate Athletics Department for the year ended June 30, 2007 as prepared by the College's management, and recalculated the addition of the amounts on the Statement without exception.
7. We agreed the amounts in the Statement to the College's general ledger without exception.
8. We were unable to obtain a copy of the completed NCAA/EADA (Equity in Athletics Disclosure Act) Financial Reporting Survey (Survey) for the year ended June 30, 2007 as the report is not due for NCAA reporting purposes until January 15, 2008. We did become aware that the Survey for 2006 was prepared by the Intercollegiate Athletics Department without the assistance of the College's Accounting Department. This might have created a situation where the Survey would not agree to the College's general ledger.
9. We were not able to agree the amounts on the Survey to the Statement as the Survey was not done at the time of the procedures as noted above.
10. We agreed a sample of three operating revenue receipts to their supporting documents and traced the amounts of the deposits to the respective bank statements without exception.
11. We compared actual revenues and expenses reported on the Statement for the year ended June 30, 2007 to those for the year ended June 30, 2006 and obtained explanations from management for variances exceeding \$35,000 and 20% of the June 30, 2006 balance as follows:
 - a. *Contribution Revenue/Direct Facilities Expense* – All contributions come from the Foundation. The decrease from the prior year happened because in fiscal year 2006 the Foundation donated \$500,000 toward track improvements that are also presented as facilities expense.



- b. *Direct Institutional Support Revenue/Athletic Student Aid Expense* – The increase in support and related student aid resulted from the establishment of a nonresident discount scholarship for athletes in Fiscal Year 2007.
 - c. *Other Expenses* – The increase is likely due to inconsistencies in reporting categories from the Foundation from year to year.
12. We obtained the student fee rate schedule and total credit hour schedules for the Fall and Winter semesters from the College that they used to determine the reasonableness of student fee revenue for athletics for the year. We recalculated the amount used by the College of \$358,595, which differs from the Statement by \$1,177.
 13. We obtained an understanding of the College's methodology for allocating student fees to athletics and determined that there is a direct charge to students for this fee at a set rate per credit hour of \$7.30. We recalculated student fees without exception.
 14. We compared the direct institutional support on the Statement to supporting College authorization and/or corroborative supporting documentation and recalculated the totals without exception.
 15. We obtained and inspected one sports-camp contract, for a wrestling camp, between the camp and the College's Facilities Department. We obtained an understanding of the College's methodology for recording revenues from sports camps.
 16. We obtained schedules of camp participants from football, wrestling and volleyball camps.
 17. We selected three individual camp participants and two school group participants for testing. We verified that the groups and individuals were charged the fees included in the camp schedules. We were not able to trace individual receipts to the College's general ledger as the ledger amounts are bulk deposits by camp for the entire camp.
 18. We recalculated sports camp revenues without exception.
 19. We obtained from management a list of operating disbursements related to recruitment and team travel and selected five transactions and vouched the disbursements to supporting documentation without exception.
 20. We obtained from management a list of athletes who received financial aid during the fiscal year. From the list we selected five student athletes and obtained their financial aid awards. We agreed the amounts of financial aid per the College to the student's manual financial aid file and to the student's accounts receivable file online without exception.
 21. We obtained and inspected a schedule of individual coaches employed by the College. We vouched the list to the College's budget documents by coach.



22. We selected five coaches from the schedule. The coaches selected represented football, men's and women's basketball, as well as other sports. We compared and agreed the financial terms of their contracts for 2006-07 to the amounts paid in the general ledger and recalculated total expenses without exception. We also reviewed the 2006 W-2 for the coaches in the selection without exception.
23. We obtained a schedule of noncoaching staff and selected two individuals. We reviewed the terms of their contracts and agreed the amounts paid to the general ledger without exception. We also reviewed their W-2s for the year 2006 without exception.
24. We obtained and documented our understanding of the institution's recruiting and team travel policies and noted that the policies refer to the NCAA policies for these areas.
25. We verified that all fundraising, marketing, and promotion expenses are paid by the Foundation.
26. We obtained from management a list of equipment and supplies disbursements and selected five transactions and vouched the disbursements to supporting documentation without exception. We recalculated totals without exception.
27. We obtained from management a list of sports camp disbursements and selected five transactions and vouched the disbursements to supporting documentation without exception. We recalculated totals without exception.
28. We obtained from management a list of direct facilities disbursements and selected four transactions and vouched the disbursements to supporting documentation without exception. We recalculated totals without exception.
29. We obtained from management a list of medical disbursements and selected two transactions and vouched the disbursements to supporting documentation without exception. We recalculated totals without exception.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statement of revenues and expenses of the Intercollegiate Athletics Department of Western State College of Colorado. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above, and is not intended to be and should not be used by anyone other than these specified parties.

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

WESTERN STATE COLLEGE

STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
Operating Revenues:						
Ticket Sales	63,783	26,685	26,685	115,121	12,151	12,151
Student Fees	10,000	9,000	8,800	1,406	125,144	357,418
Guarantees	48,293	12,835	17,311	323,001	197,616	29,206
Direct Institutional Support	484,367	227,853	173,221	598,230	229,658	599,056
NCAA/Conference Distributions				45,642		1,713,329
Advertising					6,694	45,642
Concession Sales					6,169	6,694
Sports Camp Revenues	98,950			332,330		6,169
Subtotal Operating Revenue	705,393	276,373	226,017	1,415,730	577,432	431,280
						3,200,945
EXPENSES						
Operating Expenses						
Athletics Student Aid	181,790	129,553	111,734	555,687		978,764
Guarantees		3,000	2,000			5,000
Coaching Salaries and Benefits	288,898	100,050	77,531	215,738		682,217
Support Staff Salaries and Benefits					264,177	264,177
Recruiting					21,623	21,623
Team Travel	60,024	15,615	21,925	200,356		297,920
Fund Raising, Marketing and Promotion	5,286	2,334	33	27,934	5,596	41,183
Equipment, Uniforms and Supplies	24,905	6,338	9,360	70,453	33,511	144,567
Sports Camp Expenses	118,468	11,090		305,482		435,040
Direct Facilities, Maintenance and Rental	11,582	8,982	7,596	10,124	34,975	73,259
Medical Expenses and Medical Insurance					66,991	66,991
Memberships and Dues	360	495		2,066	15,245	18,166
Other Operating Expenses	33,589	7,907	1,267	47,967	83,496	174,226
Subtotal Operating Expenses	724,902	285,364	231,446	1,435,807	525,614	3,203,133
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	(19,509)	(8,991)	(5,429)	(20,077)	51,818	(2,188)

Western State College of Colorado

Western State College Intercollegiate Athletics Department

Notes to Statement of Revenues and Expenses (Unaudited)

Year ended June 30, 2007

(1) Basis of Presentation

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

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

For reporting purposes, the major sports in which the College participates are combined by and reported by the following major categories: Football, Men's Basketball, Women's Basketball and Other Sports. The first three categories represent individual activities whereas the last one represents combinations. The administrative functions of the Western State College Athletics Department, which supports all sports, have been combined and reported within the category Non-Program Specific.

(2) Concentration of Donor Sources

The Western State College Foundation was the single donor source for the Western State College Athletics Department with contributions of \$599,056 in total contributions for the year ended June 30, 2007. The contributions received from the Western State College Foundation represent gifts from various donors made behalf of the Western State College Athletics Department.

Report Control Number 1868A