

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS**

FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
JUNE 30, 2008 AND 2007
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JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
University of West Florida:

We have audited the accompanying basic financial statements of the University of West Florida Department of Intercollegiate Athletics, as of June 30, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the management of the University of West Florida. Our responsibility is to express an opinion on these financial statements based on our audit.

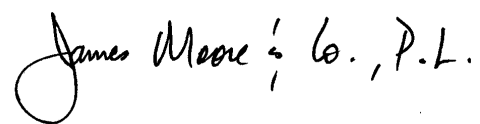
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements herein present only the net assets and activities of the University of West Florida Department of Intercollegiate Athletics and do not purport to, and do not, present fairly the financial position of the University of West Florida as a whole, as of June 30, 2008 and 2007, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of West Florida's Department of Intercollegiate Athletics, as of June 30, 2008 and 2007, and results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of the University of West Florida Department of Intercollegiate Athletics internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



Gainesville, Florida
December 22, 2008

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008, AND 2007**

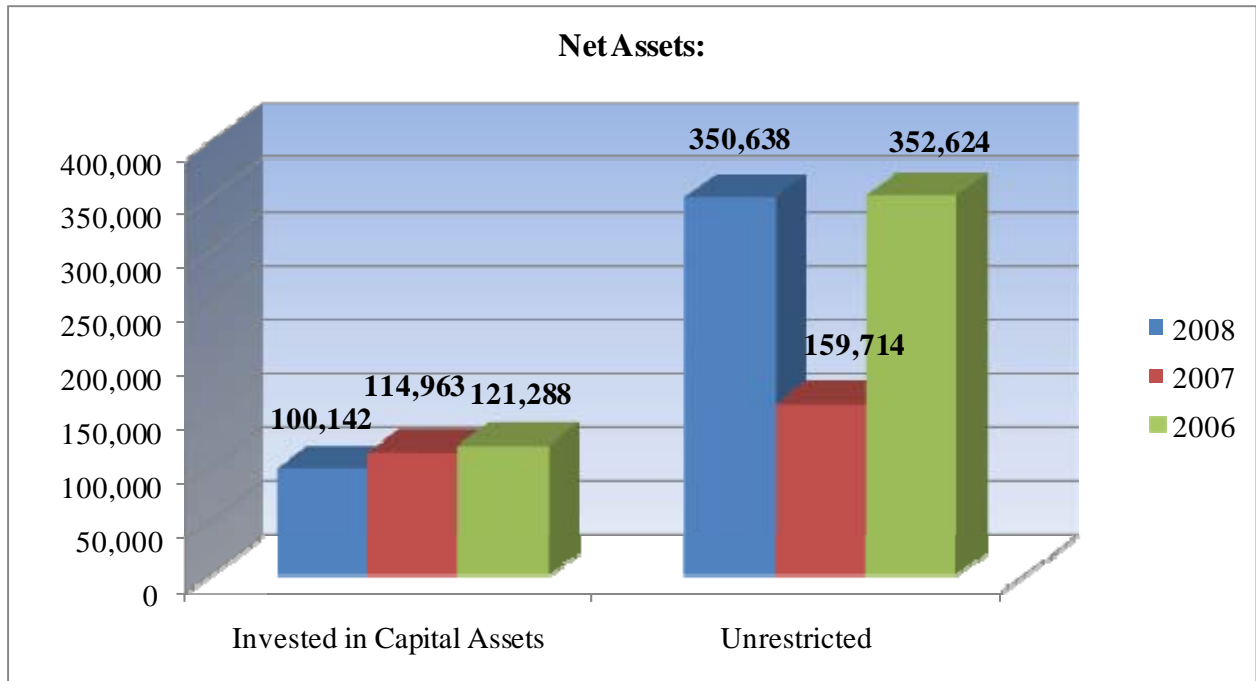
The management's discussion and analysis (MD&A) of the University of West Florida's Department of Intercollegiate Athletics (The Department) financial statements provides an overview of the Department's financial position and activities for the fiscal years ended June 30, 2008, and June 30, 2007, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of University management.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB 35, the Department's financial report includes three basic financial statements: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows.

FINANCIAL HIGHLIGHTS

The Department's net assets by category at June 30, 2008, 2007, and 2006, are shown in the following graph:



UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008, AND 2007
(Continued)

In the fiscal year ended June 30, 2008, the Department's revenues and other support exceeded expenses, resulting in an increase in net assets of \$176,103. The increase was due primarily to an increase in student athletic fees and a decrease in total operating expenses. Student athletic fees rose from \$2,378,561 in 2007 to \$2,502,694 in 2008. Total operating expenses dropped from \$3,119,112 in 2007 to \$2,829,188 in 2008.

In the fiscal year ended June 30, 2007, the Department's expenses exceeded revenues and other support, resulting in a decrease in net assets of \$199,235. The decrease was due primarily to an increase in personnel services and travel expenses. Total personnel services increased from \$1,388,640 in 2006 to \$1,454,514 in 2007. Travel expenses increased from \$392,543 in 2006 to \$493,225 in 2007.

The economic position of the Department is closely tied to enrollment. Tuition and fee revenues comprise approximately 81-83 percent of the Department's total operating and nonoperating revenues and are the largest source of funding. Nonoperating revenues, comprising six percent of total revenue, come primarily from State appropriations with the purpose of supporting operating expenses.

**THE STATEMENT OF NET ASSETS AND THE STATEMENT OF
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

The statement of net assets and the statement of revenues, expenses, and changes in net assets report information on the Department and on its activities in a way that helps the reader determine if the Department is in a better position from one year to the next. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as the Department's operating results.

These two statements report the Department's net assets and changes in them. The Department's net asset amount, the difference between assets and liabilities, is one way to measure the Department's financial health or financial position. Over time, increases or decreases in the Department's net assets are one indicator of whether its financial health is improving or deteriorating. However, many other non-financial factors—such as certain trends in the National Collegiate Athletic Association (NCAA) funding, NCAA ranking, student enrollment and retention, recruitment, condition of facilities and sponsorships—should be considered in assessing the overall health of the Department.

The statements are prepared using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of net assets presents the assets, liabilities, and net assets of the Department as of the end of the fiscal year. Its purpose is to present to the readers of the financial statements a fiscal snapshot of the Department at a certain point in time. The statement of net assets presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities).

From the data presented, readers of the statement of net assets are able to determine the assets available to continue the operations of the Department. They are also able to determine how much the Department owes vendors, employees, and others. Finally, the statement of net assets provides a picture of the net

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008, AND 2007
(Continued)

assets (assets minus liabilities) and their availability for use by the Department. Net assets for the Department are classified as either invested in capital assets or unrestricted. Unrestricted net assets are available for any lawful purpose.

The following table summarizes the Department's assets, liabilities, and net assets at June 30:

Condensed Statements of Net Assets

	2008	2007	2006
Assets			
Current Assets	\$ 620,922	\$ 446,526	\$ 627,425
Capital Assets, Net	<u>100,142</u>	<u>114,963</u>	<u>121,288</u>
Total Assets	<u>721,064</u>	<u>561,489</u>	<u>748,713</u>
Liabilities			
Current Liabilities	73,900	91,579	62,499
Noncurrent Liabilities	<u>196,384</u>	<u>195,233</u>	<u>212,302</u>
Total Liabilities	<u>270,284</u>	<u>286,812</u>	<u>274,801</u>
Net Assets			
Invested in Capital Assets	100,142	114,963	121,288
Unrestricted	<u>350,638</u>	<u>159,714</u>	<u>352,624</u>
Total Net Assets	<u>\$ 450,780</u>	<u>\$ 274,677</u>	<u>\$ 473,912</u>
Increase (Decrease) in Net Assets	<u>\$ 176,103</u>	<u>\$ (199,235)</u>	<u>\$ (200,634)</u>

Changes in total net assets as presented on the statement of net assets are based on the activity presented in the statement of revenues, expenses, and changes in net assets. The purpose of the statement of revenues, expenses, and changes in net assets is to present the revenues received, both operating and nonoperating, and the expenses paid, both operating and nonoperating, and any other revenues, expenses, gains, and losses received or incurred by the Department.

Operating revenues are received for providing goods and services to the various customers and constituencies of the Department. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Department. Nonoperating revenues are revenues received for which goods and services are not provided. For example, State appropriations are nonoperating because they are provided by the Legislature without the Legislature directly receiving commensurate goods and services for those revenues.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008, AND 2007
(Continued)

A summary of revenues and expenses of the Department for the fiscal years ended June 30, 2008, 2007, and 2006 is presented in the following table:

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating Revenues	\$ 2,839,451	\$ 2,750,601	\$ 2,515,998
Operating Expenses	<u>(2,829,188)</u>	<u>(3,119,112)</u>	<u>(2,907,614)</u>
Operating Income (Loss)	10,263	(368,511)	(391,616)
Nonoperating Revenues (Expenses)	<u>165,840</u>	<u>169,276</u>	<u>190,982</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	176,103	(199,235)	(200,634)
Capital Appropriations	-	-	-
Capital Grants, Contracts, and Donations	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	176,103	(199,235)	(200,634)
Net Assets, Beginning of Year	<u>274,677</u>	<u>473,912</u>	<u>674,546</u>
Net Assets, End of Year	<u>\$ 450,780</u>	<u>\$ 274,677</u>	<u>\$ 473,912</u>

Student tuition and fees of \$2,502,694, \$2,378,561, and \$2,292,166 for 2008, 2007, and 2006 respectively, are included in operating revenues and are shown net of scholarship allowances (amounts received from other than students and third-party payers). Scholarship allowances include payments from certain Federal Title IV Student Aid programs and certain institutional scholarships. Scholarship allowances for the Department totaled \$940,280 for the fiscal year ended June 30, 2008, \$861,410 for the fiscal year ended June 30, 2007, and \$764,532 for the fiscal year ended June 30, 2006.

The Department's operating expenses by natural classification for the fiscal years ended June 30, 2008, 2007, and 2006, are presented in the following table:

Operating Expenses

<u>Natural Classification</u>	<u>2008</u>	<u>Percent</u>	<u>2007</u>	<u>Percent</u>	<u>2006</u>	<u>Percent</u>
Personnel Services	\$ 1,414,168	50%	\$ 1,454,514	47%	\$ 1,388,640	48%
Athletic Scholarships	207,947	7%	295,368	9%	333,347	11%
Other Scholarships	78,740	3%	82,725	3%	63,832	2%
Travel	433,134	15%	493,225	16%	392,543	14%
Depreciation	27,133	1%	30,329	1%	34,421	1%
Other Operating Expenses	<u>668,066</u>	<u>24%</u>	<u>762,951</u>	<u>24%</u>	<u>694,831</u>	<u>24%</u>
Total	<u>\$2,829,188</u>	<u>100%</u>	<u>\$3,119,112</u>	<u>100%</u>	<u>\$2,907,614</u>	<u>100%</u>

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008, AND 2007
(Continued)**

THE STATEMENT OF CASH FLOWS

Another important factor to consider when evaluating the Department's financial viability is its ability to meet its financial obligations as they become due. The statement of cash flows helps in this evaluation. The statement of cash flows presents information related to cash inflows and outflows summarized by operating, capital and noncapital financing, and investing activities. The statement of cash flows also helps users assess:

- The Department's ability to generate future net cash flows.
- The need for external financing.

A summary of the Department's cash flows for the fiscal years ended June 30, 2008, 2007, and 2006, is presented in the following table:

Condensed Statement of Cash Flows

	2008	2007	2006
Cash Provided by (Used in):			
Operating Activities	\$ 73,928	\$ (328,034)	\$ (282,221)
Noncapital Financing Activities	137,890	137,890	137,890
Capital and Related Financing Activities	(12,312)	(22,996)	(3,131)
Investing Activities	27,950	30,378	38,861
Net Increase (Decrease) in Cash	227,456	(182,762)	(108,601)
Cash and Cash Equivalents, Beginning of the Year	339,449	522,211	630,812
Cash and Cash Equivalents, End of the Year	\$ 566,905	\$ 339,449	\$ 522,211

The primary cash receipts from operating activities consist of tuition. Primary cash outlays include payment of salaries, benefits, supplies, travel expenses, and scholarships.

State appropriations are the primary source of noncapital financing inflows.

CONTACTING MANAGEMENT

This financial narrative is designed to provide the reader with a general overview of the University of West Florida's Department of Intercollegiate Athletics finances and to show the Department's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the University of West Florida, Office of Financial Services:

University of West Florida
Attn: Finance and Accounting Systems Manager
11000 University Parkway, Bldg 20-E, Room 108-C
Pensacola, FL 32514
850-474-3042

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
STATEMENTS OF NET ASSETS
JUNE 30, 2008 AND 2007**

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current assets		
Cash and cash equivalents	\$ 566,905	\$ 339,449
Accounts receivable, net of allowance for doubtful accounts of \$5,090 and \$14,558 at June 30, 2008 and 2007, respectively	51,913	105,721
Due from other funds	748	-
Prepaid expenses	1,356	1,356
Total current assets	620,922	446,526
Capital assets , net of accumulated depreciation of \$345,606 and \$389,190 at June 30, 2008 and 2007, respectively	100,142	114,963
Total Assets	721,064	561,489
 <u>LIABILITIES</u> 		
Current liabilities		
Accounts payable	1,138	20,097
Accrued expenses	44,298	46,270
Compensated absences, current	28,464	25,212
Total current liabilities	73,900	91,579
Noncurrent liabilities		
Compensated absences, less current portion	196,384	195,233
Total Liabilities	270,284	286,812
 <u>NET ASSETS</u> 		
Net assets		
Invested in capital assets, net of related debt	100,142	114,963
Unrestricted	350,638	159,714
Total Net Assets	\$ 450,780	\$ 274,677

The accompanying notes to financial statements
are an integral part of these statements.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Operating revenues		
Student athletic fees, net of scholarship allowances of \$940,280 and \$861,410 for the years ended June 30, 2008 and 2007	\$ 2,502,694	\$ 2,378,561
Sales and services of auxiliary enterprises	15,901	45,951
Other revenue	320,856	326,089
Total revenues	<u>2,839,451</u>	<u>2,750,601</u>
Operating expenses		
Personnel services	1,414,168	1,454,514
Athletic scholarships	207,947	295,368
Other scholarships	78,740	82,725
Travel	433,134	493,225
Depreciation	27,133	30,329
Other	668,066	762,951
Total expenditures	<u>2,829,188</u>	<u>3,119,112</u>
Operating income (loss)	<u>10,263</u>	<u>(368,511)</u>
Nonoperating revenues (expenses)		
Contributions revenue	137,890	140,114
Interest income	27,950	30,378
Loss on disposal of capital assets	-	(1,216)
Total nonoperating revenues	<u>165,840</u>	<u>169,276</u>
Excess (deficiency) of revenues over (under) expenses	<u>176,103</u>	<u>(199,235)</u>
Net assets, beginning of year	274,677	473,912
Net assets, end of year	<u>\$ 450,780</u>	<u>\$ 274,677</u>

The accompanying notes to financial statements
are an integral part of these statements.

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008 AND 2007**

	2008	2007
Cash flows from operating activities		
Tuition and fees	\$ 2,502,694	\$ 2,378,561
Sales and services of auxiliary enterprises	15,901	45,951
Other operating receipts	373,916	324,058
Payments to employees	(1,411,737)	(1,457,452)
Payments to suppliers for goods and services	(1,120,159)	(1,241,059)
Payments to students for scholarships and fellowships	(286,687)	(378,093)
Net cash provided by (used in) operating activities	73,928	(328,034)
 Cash flows from noncapital financing activities		
State appropriations	137,890	137,890
 Cash flows from capital and related financing activities		
Purchase of capital assets	(12,312)	(25,219)
Capital contributions	-	2,223
Net cash used in capital and related financing activities	(12,312)	(22,996)
 Cash flows from investing activities		
Interest income	27,950	30,378
 Increase (decrease) in cash and cash equivalents	227,456	(182,762)
 Cash and cash equivalents, beginning of year	339,449	522,211
 Cash and cash equivalents, end of year	\$ 566,905	\$ 339,449
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 10,263	\$ (368,511)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	27,133	30,329
Loss on disposal of capital assets	-	
Changes in assets and liabilities:		
Accounts receivable, net	53,808	(2,030)
Due from other funds	(748)	-
Prepaid expenses	-	167
Accounts payable and accrued expenses	(20,932)	13,697
Compensated absences	4,404	(1,686)
Net cash provided by (used in) operating activities	\$ 73,928	\$ (328,034)

The accompanying notes to financial statements
are an integral part of these statements.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of the University of West Florida Department of Intercollegiate Athletics (the Department), which affect significant elements of the accompanying basic financial statements

(a) **Reporting entity**—The Department is an auxiliary enterprise of the University of West Florida (the University) located in Pensacola, Florida and conducts various intercollegiate athletic programs. The University is part of the State University System of Florida and is governed by the University's Board of Trustees consisting of thirteen members. The Governor appoints six citizen members, and the State's Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with Florida Law, State Board of Education rules, and the Board of Governors regulations. The Trustees select the University President, and the State Board of Education ratifies the candidate selected. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activity are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

(b) **Basis of presentation**—The Department's accounting policies conform to accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB).

In November 1999, the Governmental Accounting Standards Board issued GASB Statement No 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. This Statement includes public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

The Department follows all pronouncements of the Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

(1) **Summary of Significant Accounting Policies:** (Continued)

GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements
 - Statement of Net Assets
 - Statement of Revenues, Expenses and Changes in Net Assets
 - Statement of Cash Flows
 - Notes to Financial Statements

(c) **Basis of accounting**—Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

As stated previously, the Department follows the reporting guidelines of the University. The financial statements of the Department include those economic resources of the University that are expendable for operational purposes in performing the primary objectives of the Department. The financial statements of the Department do not purport to present the financial position or results of operations of the University as a whole. A portion of the Department is, however, accounted for and reported by the University of West Florida Foundation, Inc. (Foundation), which is a separate legal entity.

The Department follows all of the Financial Accounting Standards Board statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

The Statement of Net Assets is presented in a classified format to distinguish between current and noncurrent assets and liabilities. .

The Statement of Revenues, Expenses and Changes in Net Assets is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the differences between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or a third party making payment on behalf of the student. The University applies "The Alternate Method" as prescribed in NACUBO Advisory Report 2000-5 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services on a ratio of total aid to the aid not considered to be third-party aid.

UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

(1) **Summary of Significant Accounting Policies:** (Continued)

The Statement of Cash Flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows for Proprietary and Nonexpendable Trust Funds*.

(d) **Cash and cash equivalents**—The amount reported as cash and cash equivalents consists of cash on hand and cash in demand accounts. The University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool in accordance with Florida Statutes.

(e) **Accounts receivable**—Accounts receivable are stated at their net realizable value. Based on its assessment of the credit history of organizations and individuals with outstanding balances, management has concluded that realization of losses on balances outstanding at year-end will be immaterial.

(f) **Capital assets**—Capital assets of the Department consist of furniture and equipment and computer software. These assets are capitalized and recorded at cost at the date of acquisition, or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Costs to maintain or repair these assets are expensed as incurred. The University has a capitalization threshold of \$1,000 for tangible personal property. Depreciation is computed on the straight-line basis over the following estimated useful lives of the assets:

Furniture and Equipment— 5 to 20 years

Computer Software – 5 years

(g) **Income taxes**—The Department is an auxiliary enterprise of the University, which is a part of the State University System of Florida. Accordingly, substantially all income generated by the Department is exempt from federal and state income taxes.

(h) **Athletic fees**—The University charges an athletic fee to students for each semester enrolled and for each enrolled credit hour. Athletic fees for semesters which cross fiscal years are recognized during the year in which the semester is predominantly conducted.

(i) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Department to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(j) **Sales tax on athletic event tickets**—In accordance with Chapter 1006, section 71 of the Florida Statutes, the Department retains an amount equal to the sales taxes collected from ticket sales to athletic events for use in the support of women's athletic programs.

**UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Net assets**—Net assets are classified and displayed in three components:

(i) Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets.

(ii) Restricted – consists of net assets that have constraints placed upon their use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provision or enabling legislation, reduced by any liabilities to be paid from these assets.

(iii) Unrestricted – consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Department’s policy to use the restricted resources first, followed by the use of the unrestricted resources as they are needed

(2) **Cash and Cash Equivalents:**

At June 30, 2008, all of the Department’s cash and cash equivalents were held with the University’s pooled funds. At June 30, 2008 and 2007, the carrying amount and fair value of the Department’s cash and cash equivalents were \$566,905 and \$339,449, respectively.

(3) **Accounts Receivable:**

Accounts receivable consist of the following amounts at June 30:

	2008	2007
University of West Florida	\$ 54,003	\$ 85,343
NCAA	-	22,486
Other	3,000	12,450
Total	57,003	120,279
Less: Allowance for doubtful accounts	5,090	14,558
Accounts receivable, net	\$ 51,913	\$ 105,721

The Department has no policy requiring collateral or other security to support its accounts receivable.

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(4) **Compensated Absences:**

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulation 6C-5.920 and bargaining agreements. Leave earned is accrued to the credit of the employee, and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. Consequently, the recording of a liability for compensated absences without the corresponding recognition of such future resources results in a reduction of current year net assets.

At June 30, 2008 and 2007, the estimated liability for compensated absences was \$224,848 and \$220,445, respectively. The current compensated absences liability, totaling \$28,464 and \$25,212 at June 30, 2008 and 2007, respectively, is based on actual payouts over the last three years calculated as a percentage of those years' total compensated absences liability.

Changes in compensated absences for the years ended June 30, 2008 and 2007 were as follows:

Beginning Balance June 30, 2007	Additions	Reductions	Ending Balance June 30, 2008	Current Portion
\$ 220,445	\$ 60,579	\$ 56,176	\$ 224,848	\$ 28,464

Beginning Balance June 30, 2006	Additions	Reductions	Ending Balance June 30, 2007	Current Portion
\$ 222,131	\$ 86,994	\$ 88,680	\$ 220,445	\$ 25,212

(5) **Capital Assets:**

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Decreases	Ending Balance
Capital assets being depreciated:				
Furniture and fixtures	\$ 57,604	\$ -	\$ -	\$ 57,604
Equipment	446,549	18,257	76,662	388,144
Total capital assets being depreciated	504,153	18,257	76,662	445,748
Less: Accumulated depreciation	389,190	33,078	76,662	345,606
Total capital assets, net	\$ 114,963	\$ (14,821)	\$ -	\$ 100,142

**UNIVERSITY OF WEST FLORIDA
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

(5) **Capital Assets:** (Continued)

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Additions	Decreases	Ending Balance
Capital assets being depreciated:				
Furniture and fixtures	\$ 64,779	\$ -	\$ 7,175	\$ 57,604
Equipment	417,975	28,574	-	446,549
Total capital assets being depreciated	<u>482,754</u>	<u>28,574</u>	<u>7,175</u>	<u>504,153</u>
Less: Accumulated depreciation	361,466	33,683	5,959	389,190
Total capital assets, net	<u>\$ 121,288</u>	<u>\$ (5,109)</u>	<u>\$ 1,216</u>	<u>\$ 114,963</u>

(6) **The University of West Florida Foundation, Inc.:**

The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the University. The Foundation expends significant resources for, or on behalf of, the Department. The other revenues category on the Statements of Revenues, Expenses and Changes in Net Assets includes revenue from the Foundation in the amount of \$41,790 and \$29,335 for the fiscal years ended June 30, 2008 and 2007, respectively. Revenues and expenditures for, or on behalf of, the Department that do not flow through the accounts of the University are not included in the records of the Department but rather are included in the Foundation's separate, audited financial statements.

Although the Foundation is chartered as a private nonprofit organization, it operates solely for the benefit of the University and its mission of teaching, research, and service. It serves as the vehicle whereby taxpayers who want to advance the cause of higher education and to pay more than their share of the cost of education may do so. It does not serve any private causes but benefits the public generally.

(7) **Retirement Plans:**

General State Employees' Retirement System

The Florida Retirement System (FRS) is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan. FRS provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

Benefits in the Plan vest at 6 years of service. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments.

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JUNE 30, 2008 AND 2007

(7) **Retirement Plans:** (Continued)

A Deferred Retirement Option Program (DROP) subject to provisions of Sections 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

State University System Optional Retirement Program

Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 10.43 percent of the participant's salary, less a small amount used to cover administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the university to the participant's annuity account.

Disclosures pertaining to the University's retirement plans that are required by Statement No. 27 of the Governmental Accounting Standards Board are included in the University's financial statements for the years ended June 30, 2008 and 2007. The Department's contributions to the plans for the years ended June 30, 2008 and 2007 were \$88,761 and \$96,041, respectively.

UNIVERSITY OF WEST FLORIDA
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(8) Postemployment Healthcare Benefits:

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University or its component unit(s), University of West Florida Foundation, Inc. and West Florida Historic Preservation, Inc., are eligible to participate in the State Group Health Insurance Program, an agent multiple employer defined-benefit plan. The University subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided for a fixed number of years determined at the time of retirement based on the number of years worked for the University. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

(9) Risk Management Programs:

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(3), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, and fleet automotive liability. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain health care services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

Medical insurance coverage for the Department's student athletic programs is provided through purchased commercial insurance.

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Trustees,
University of West Florida:

We have audited the financial statements of University of West Florida Department of Intercollegiate Athletics (the Department) as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors and management of the Department, and the board of trustees and management of the University of West Florida and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Gainesville, Florida
December 22, 2008