

# Dixie State University

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Athletic Department  
Agreed-Upon Procedures Report  
For the Year Ended June 30, 2021

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Report No. 21-09



## OFFICE OF THE STATE AUDITOR

### **Audit Leadership:**

John Dougall, State Auditor  
Doug Seager, CPA, Audit Director  
Caleb Tindall, CPA, Audit Senior



OFFICE OF THE  
**STATE AUDITOR**

## Independent State Auditor's Report

To the Board of Trustees, Audit Committee,  
and  
Richard B. Williams, President  
Dixie State University

We have performed the procedures enumerated below, which were agreed to by Dixie State University's management, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (the Statement) of the University's Athletic Department (Department) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17 for the year ended June 30, 2021. The University's management is responsible for the Statement and the Statement'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.

The procedures performed and the associated findings are as follows:

### Internal Control Agreed-upon Procedures

- A. We reviewed the general control environment for the Department. As part of this review, we reviewed the organization of the Department. We also made certain inquiries of management regarding departmental organization, control consciousness of staff, competency of personnel, adequate safeguarding and control of records and assets, the extent of the Internal Audit Department's involvement with athletics, controls over interactions with the Information Technology Department, and other relevant matters. We found no exceptions as a result of these procedures.
- B. We tested samples of Ticket Office cash receipts, Business Office cash receipts, payroll transactions, and non-payroll transactions to ensure that the internal controls of the Department are the same as those addressed in connection with the audit of the University's financial statements for June 30, 2021. Our sample sizes were limited to 5 items each for cash receipts, payroll, and non-payroll transactions. For the Ticket Office cash receipts, the same person reconciles the cash count forms and cash register report to cash received, prepares the Sales Summary Report, prepares the deposit, and delivers the cash/documentation to the main cashier's office without any additional review. We recommend a separate person review the reconciliation, the Sales Summary Report, and deposit before the delivery to the main cashier's office.

- C. We reviewed and tested the University's procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the Department. All booster group activity is under the accounting control of the University; therefore, we performed no additional procedures.

#### **Statement of Revenues and Expenses Agreed-Upon Procedures**

- D. We obtained the Athletic Department's Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2021, as prepared by management.
- We agreed the amounts reported on the Statement to the University's general ledger. We ensured that the amounts were reported in accordance with NCAA guidelines and generally accepted accounting principles.
  - We compared and agreed each operating revenue and expense category that comprised more than 4.0% of total revenues or total expenses, as reported on the Statement during the reporting period, to supporting schedules provided by the University.
  - We compared and agreed samples selected in step B above and in the Revenue and Expense Procedures noted below to adequate supporting documentation.
  - We compared each major revenue and expense account over 10% of the total revenues or total expenses to prior period amounts. We obtained and documented an explanation of any variations greater than 10%. We have reported our analysis as a supplement to this Agreed-Upon Procedures report (see Exhibit I).
  - We reviewed the footnotes to the Statement for propriety and compliance with NCAA guidelines.

We agreed to report on any matter that came to our attention that caused us to believe that any of the specified accounts or items needed to be adjusted by more than \$100,000. We found no exceptions greater than \$100,000 as a result of these procedures.

- E. We performed the following procedures related to the Intercollegiate Athletics Program.

#### **Revenue Procedures:**

##### **Student Fees**

1. We obtained the documentation of the institution's methodology for allocating student fees to the intercollegiate athletics program.
2. We recalculated the totals of the athletic department's methodology for supporting that they are able to count each sport. We tied the calculation to the Student Fees Budget Spreadsheet.

### **Direct Institutional Support**

3. We compared the direct institutional support recorded by the University during the reporting period with institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculated totals.

### Expense Procedures:

#### **Athletic Student Aid**

4. We selected 60 student athletes from the listing of University student aid recipients during the reporting period.
5. We obtained individual student account detail for each selection and compared total aid in the University's student system to the student's detail in the University's report that ties directly to the NCAA Membership Financial Reporting System (MFRS).
6. We performed a check to ensure the information for each student selected was accurately entered into the MFRS using the criteria listed in the NCAA 2021 Agreed-Upon Procedures Guide.
7. We recalculated totals for each sport and overall.

#### **Equipment, Uniforms, and Supplies**

8. We obtained general ledger detail and compared it to the total expenses reported. We selected a sample of 5 transactions to validate the existence of and accuracy in recording the transactions and recalculated totals.

We found no exceptions as a result of these procedures.

### **Additional Agreed-Upon Procedures**

#### **F. Sports Sponsorship:**

- We obtained the University's Sports Sponsorship and Demographics Form submitted to the NCAA for the reporting year and validated that the countable NCAA sports reported by the University met the minimum requirements set forth in Bylaw 20.9.6.3 related to the number of contests and the number of participants in each contest that are counted toward meeting the minimum contest requirement. We then ensured that the University properly reported these sports as countable for revenue distribution purposes within the MFRS.
- We compared the current year number of Sports Sponsored to the prior year reported total per the Membership Financial Report submission. There were no variances between years.

#### **G. Pell Grants:**

- We agreed the total number of Division I student athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the MFRS to a report, generated out of the University's financial aid records, of all student athlete Pell Grants.

- We compared the current year Pell Grants total to the prior year reported total per the Membership Financial Report submission. The variance between years was less than +/-20 grants.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement's compliance with NCAA Bylaw 3.2.4.17. 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 for the information and use of the Board of Trustees, Audit Committee, and Administration of the University and is not intended to be and should not be used by anyone other than these specified parties." However, pursuant to *Utah Code* Title 63G Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

*Office of the State Auditor*

Office of the State Auditor

November 17, 2021

**Dixie State University**  
**Athletic Department**  
**Statement of Revenues and Expenses**  
**For the Year Ended June 30, 2021**

	<u>Football</u>	<u>Men's Basketball</u>	<u>Women's Basketball</u>	<u>Other Sports</u>	<u>Non- Program Specific</u>	<u>2021 Totals</u>
<b>Revenues:</b>						
Ticket Sales	\$ 11,975	\$ 9,165	\$ 1,184	\$ 38,371	\$ -	\$ 60,695
Direct Government Support	-	-	-	-	-	-
Student Fees	183,811	55,500	49,214	266,685	293,506	848,716
Direct Institutional Support	2,022,451	400,453	402,208	3,034,102	1,954,263	7,813,477
Less-Transfers to Institution	-	-	-	-	-	-
Indirect Institutional Support	-	-	-	-	-	-
Indirect Institutional Debt Service	-	-	-	-	923,628	923,628
Guarantees	150,000	67,500	-	22,000	-	239,500
Contributions	109,314	83,441	29,969	248,124	27,365	498,213
In-Kind	-	-	-	-	-	-
Compensation & Benefits by 3rd Party	-	-	-	-	-	-
Media Rights	-	-	-	-	-	-
NCAA Distributions	-	-	-	-	-	-
Conference Distributions	-	-	-	-	-	-
Program Sales, Concessions, Etc.	-	-	-	-	-	-
Royalties, Advertising, Sponsors	52,290	19,473	14,000	75,865	83,495	245,123
Sports Camps	63,265	136,051	207,476	83,096	-	489,888
Endowment	1,218	22,527	112	11,907	668	36,432
Other	41,301	1,695	1,503	43,773	8,963	97,235
Bowl	-	-	-	-	-	-
<b>Total Revenues</b>	<u>2,635,625</u>	<u>795,805</u>	<u>705,666</u>	<u>3,823,923</u>	<u>3,291,888</u>	<u>11,252,907</u>
<b>Expenses:</b>						
Athletic Student Aid	\$ 985,696	\$ 166,538	\$ 178,573	\$1,101,690	\$ 4,313	\$2,436,810
Guarantees	20,000	2,000	-	-	-	22,000
Coaching Salaries, Benefits, Etc.	852,672	317,797	278,356	1,301,904	-	2,750,729
Coaching Salaries, Benefits & Bonuses by 3rd Party	-	-	-	-	-	-
Support Staff Salaries, Benefits, Etc.	33,827	11,739	18,456	28,894	1,032,457	1,125,373
Support Staff Salaries, Benefits, Etc. by 3rd Party	-	-	-	-	-	-
Severance Payments	-	-	-	-	-	-
Recruiting	839	4,528	2,910	10,389	-	18,666
Team Travel	339,771	71,315	11,663	487,289	3,161	913,199
Equipment, Uniforms, & Supplies	246,524	37,872	35,342	281,089	14,310	615,137
Game	24,375	81,242	9,554	131,311	-	246,482
Fund Raising, Marketing, Promotions	2,882	9,942	2,218	25,011	149,934	189,987
Sport Camps	6,075	46,579	115,397	16,164	-	184,215
Spirit Groups	-	-	-	-	43,346	43,346
Facilities Debt Service, Leases & Rental Fees	-	-	-	-	923,628	923,628
Direct Facilities, Maintenance, & Rental	27,109	11,962	22,231	318,901	1,517,228	1,897,431
Indirect Institutional Support	-	-	-	-	-	-
Medical & Insurance	-	-	-	-	223,550	223,550
Memberships & Dues	3,626	9,750	15,757	29,176	108,850	167,159
Athletic Meals (non-travel)	73,895	861	1,781	41,836	-	118,373
Other Operating	18,334	23,680	13,428	50,269	187,729	293,440
Bowl	-	-	-	-	-	-
<b>Total Expenses</b>	<u>2,635,625</u>	<u>795,805</u>	<u>705,666</u>	<u>3,823,923</u>	<u>4,208,506</u>	<u>12,169,525</u>
Excess/(Deficiency) of Revenues						
Over/(Under) Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (916,618)</u>	<u>\$ (916,618)</u>

Dixie State University  
Athletic Department  
Notes to Statement of Revenues and Expenses  
For the Year Ended June 30, 2021

A. Accrual Basis

The accompanying statement of revenues and expenses has been prepared on the accrual basis of accounting and presents the results of financial activity of the Dixie State University Athletic Department. Tuition waivers have been reported as direct institutional support and financial aid expense.

B. Capital Assets

The University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletic-related capital assets is the same as all other University capital assets.

Property, plant, and equipment are stated at cost as of the date of acquisition or fair value at date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Buildings costing \$100,000 or more are capitalized, as are improvements to buildings costing \$100,000 or more that extend the useful life, and land improvements that cost \$100,000 or more. Other capital assets are determined at acquisition based on guidelines developed by the Utah State Division of Finance, as adopted by the Utah State Board of Regents. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation on property, plant, and equipment is recorded based on the depreciation conventions adopted by the State of Utah over the estimated useful lives of the assets: 40 years for buildings, up to 30 years for building improvements, 5 to 20 years for land improvements, 20 years for library books, and 3 to 20 years for equipment.

C. Contributions

The Athletic Department received gifts from Sunburst Shutter Illinois Inc. for DSU Baseball totaling \$30,000 which constitutes 6.02% of total Athletic Department contributions revenue during fiscal year 2021. There were no significant changes to endowments for the Intercollegiate Athletics program.

D. Long-Term Debt

The principal balance of all debt related to the Athletic Department at June 30, 2021 was \$14,240,000. This amount represents the Avenna Center capital lease, the East Stadium Grandstand, and the Greater Zion Stadium bonds in the amounts of \$190,000, \$4,000,000, and \$10,050,000 respectively.

Dixie State University  
Athletic Department  
Notes to Statement of Revenues and Expenses  
For the Year Ended June 30, 2021

Amounts due in future years are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2022	515,000	475,897
2023	325,000	460,184
2024-2028	1,635,000	2,071,875
2029-2033	2,085,000	1,629,225
2034-2038	2,455,000	1,246,538
2039-2043	2,800,000	906,968
2044-2048	3,220,000	490,331
2049-2053	1,205,000	48,125
<b>Total:</b>	<b>\$14,240,000</b>	<b>\$7,329,143</b>



Dixie State University  
Auditor's Analysis of Significant Variances  
Athletic Department  
For the Year Ended June 30, 2021

**Exhibit 1**

**Comparison of Current Year Actual to Prior Year Actual:**

	<u>2021 Totals</u>	<u>2020 Totals</u>	<u>Variance \$ Over</u>	<u>Variance % Over</u>
<b>Revenues:</b>				
Direct Institutional Support	7,812,948	6,413,451	1,399,497	21.82% <b>A</b>
<b>Expenses:</b>				
Athletic Student Aid	2,436,281	2,073,000	363,281	17.52% <b>B</b>
Coaching Salaries, Benefits, Etc.	2,750,729	2,406,999	343,730	14.28% <b>C</b>
Direct Facilities, Maintenance, & Rental	1,897,431	895,616	1,001,815	111.86% <b>D</b>

**Explanations for Variances:**

- A. The increase is due to Dixie State receiving CARES money due to the loss of games and events as well as an increase in general operating expenses and transfers for the institution.
- B. The increase is due to an increase in the number of male student athletes receiving aid and a larger number of equivalencies awarded for male and female athletic scholarships.
- C. The increase is due to Dixie State becoming a Division I school and many coaches and assistant coaches became full time employees and received pay increases and benefits.
- D. The increase is due to an increase in athletic projects such as a new Stadium Videoboard, a new Burns Arena Videoboard and the Hurst Outfield Wall Replacement.