

University of Utah

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

Report No. 21-20



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
Taylor R. Randall, President
The University of Utah

We have performed the procedures enumerated below, which were agreed to by the University of Utah's (University's) management, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (the Statement) of the University's Intercollegiate Athletics 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. Due to a temporary unavailability of the payroll system, we were not able to review the approval information for one sample item (hourly employee) for payroll.
- 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 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 and then reported to the Department the matters that came to our attention that caused us to believe an account or item should be adjusted by more than \$100,000.
 - 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 Department.

Revenue Procedures:

Student Fees

1. We obtained documentation of the University's methodology for allocating student fees to the Department.
2. We recalculated the totals of the Department's methodology for supporting that it is able to count each sport. We tied the calculation to the Athletics student fees request and University Master Allocation spreadsheets. The University allocates fees to Athletics (and other departments) based calculated allocation percentages. We determined that the fees reported in the statement agree to the

University's allocation calculations. However, when using the student head counts and the University fee schedule, we estimate the University collects \$316,559 more designated athletic fees than are reported in the Statement.

Direct Institutional Support

3. We compared the direct institutional support recorded by the University during the reporting period with institutional supporting budget transfers, Title 53 and Special Continuing Aid documentation and recalculated totals.

Media Rights

4. We obtained and inspected agreements to understand the University's total media (broadcast, television, radio) rights received by the University or through its conference offices as reported in the Statement.
5. We compared and agreed the media right revenues to a summary statement of all media rights identified, if applicable, and to the University's general ledger and recalculated totals.

NCAA Distributions

6. We compared the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and the revenue and expense documents and recalculated totals.

Athletics Restricted Endowment and Investment Income

7. We obtained and inspected 5 endowment agreements representing 10% of the total endowment agreements for relevant terms and conditions.
8. We compared and agreed the classification and use of endowment and investment income reported in the Statement during the reporting period to the uses of income defined within the related endowment agreement and recalculated totals.

Other

9. We selected 6 line items within the other operating revenue line and agreed them to supporting documentation, tied them to the General Ledger, and recalculated totals.

We found no exceptions as a result of these procedures.

Expense Procedures:

Athletic Student Aid

10. We selected 40 student athletes, from the listing of University student aid recipients during the reporting period.
11. 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 NCAA's Compliance Assistant (CA) software.
12. We performed a check to ensure the information for each student selected was accurately reported in the NCAA's Compliance Assistant software.
13. We recalculated totals for each sport and overall.

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

14. We selected a sample of 15 employees from the support staff/administrative personnel employed by the University and related entities during the reporting period.
15. We obtained and inspected reporting period payroll summary registers for each selection. We compared and agreed related payroll summary registers to the related support staff/ administrative salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period and recalculated totals.

Equipment, Uniforms, and Supplies

16. We obtained general ledger detail and compared it to the total expenses reported. We selected a sample of 10 transactions to validate the existence of and accuracy in recording the transactions and recalculated totals.

Spirit Groups

17. We obtained general ledger detail and compared it to the total expenses reported. We selected 12 transactions which represents a 10% sample of the transactions to validate the existence of and accuracy in recording the transactions and recalculated totals.

Medical Expenses and Medical Insurance

18. We obtained general ledger detail and compared it to the total expenses reported. We selected 22 transactions which represents a 10% sample of the 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.

Other Reporting Items

Total Institutional Debt

19. We agreed the total outstanding institutional debt to supporting documentation and the University's audited financial statements, if available, or the University's general ledger.

Value of Athletics Dedicated Endowments

20. We obtained a schedule of all athletics dedicated endowments maintained by athletics, the University, and affiliated organizations. We agreed the fair market value in the schedule(s) to supporting documentation, the general ledger and audited financial statements.

Additional Agreed-Upon Procedures

F. Grants-in-Aid:

- We compared and agreed the sports sponsored as reported in the NCAA Membership Financial Reporting System (MFRS) to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from Compliance Assistance (CA).
- We compared current year Grants-in-Aid revenue distribution equivalencies to the prior year reported equivalencies per the Membership Financial Report submission. The variance between years was less than +/-4%.

G. 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.

H. 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 found no exceptions as a result of these procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the 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

January 13, 2022

University of Utah
Intercollegiate Athletics Department
Statement of Revenues and Expenses
For the Year Ended June 30, 2021

	Football	Men's Basketball	Women's Basketball	Gymnastics	Other Sports (Note 1)	Non-Sport Specific (Note 1)	Total
REVENUES:							
Ticket Sales	-	-	-	582	16,341	12,696	29,620
Direct State or Other Gov't Support	-	-	-	-	-	-	-
Student Fees	-	-	-	-	-	5,933,069	5,933,069
Direct Institutional Support (Note 3)	1,413,646	112,412	93,606	231,584	1,083,826	1,927,824	4,862,896
Indirect Institutional Support Guarantees	69,703	-	-	-	-	1,748,830	1,818,533
Contributions (Note 2)	2,888,134	444,984	79	28,048	1,014,539	3,506,095	7,881,878
In-Kind	42,927	17,500	-	-	19,072	53,270	132,768
Compensation and Benefits by 3rd party	-	-	-	-	-	-	-
Media Rights (Note 5)	14,213,207	2,508,213	-	-	-	-	16,721,421
NCAA Distributions (Note 4 & 5)	-	-	-	15,671	53,740	939,793	1,009,205
Pac-12 Distributions (Note 5)	3,941,396	20,138	12,626	-	-	(141,729)	3,832,432
Program, Novelty, Parking, & Concessions Sales (Note 7)	7,398	-	-	-	11,088	314,696	333,181
Royalties, Licensing, Advertisement & Sponsorships (Note 7)	4,383,926	902,576	117,061	39,459	718,273	1,416,847	7,578,142
Sports Camps (Note 11)	9,640	(34,652)	(1,977)	(46,343)	78,175	-	4,843
Endowment and Investment Income	-	-	-	-	-	287,396	287,396
Other Operating Revenue	15,705	-	-	-	13,844	541,483	571,032
Bowl Revenues	16,800	-	-	-	-	-	16,800
Total revenues	27,002,481	3,971,170	221,394	269,002	3,016,899	16,540,270	51,021,217
EXPENSES:							
Student Aid (Note 3)	4,088,385	570,688	687,759	680,021	5,766,302	453,141	12,246,298
Guarantees	-	135,487	15,000	-	71,523	-	222,009
Salaries and Benefits	14,161,592	5,740,841	1,320,711	990,693	4,069,264	10,559,415	36,842,516
Severance Payments	100,593	1,275,568	-	139,387	77,199	121,819	1,714,565
Recruiting	214,850	20,855	3,773	12,998	50,070	-	302,545
Team Travel	989,156	276,265	255,219	152,752	1,888,885	44,356	3,606,631
Equipment, Uniforms & Supplies	1,306,247	156,587	127,829	58,210	895,123	811,716	3,355,712
Game Expenses (Note 8)	286,550	260,584	152,684	73,169	370,394	120,894	1,264,275
Fund Raising, Marketing & Promotion	44,766	6,714	7,393	30,817	56,385	143,469	289,541
Sports Camps (Note 11)	12,837	19	170	-	5,468	-	18,493
Spirit Groups	-	-	-	-	-	177,234	177,234
Facilities, Debt Service, Leases & Rental Fees (Note 9)	-	-	-	-	145,718	8,114,050	8,259,768
Direct Overhead & Admin Expenses	58,118	20,348	9,574	5,363	51,809	1,037,912	1,183,124
Indirect Institutional Support	69,703	-	-	-	-	1,748,830	1,818,533
Medical Expenses & Insurance	267,213	22,488	71,526	41,513	471,570	1,254,893	2,129,204
Memberships and Dues	3,453	65	225	375	65,758	50,058	119,934
Student Athlete Meals	350,522	50,108	10,378	13,527	102,938	128,812	656,285
Other Operating Expenses (Note 10)	997,861	60,898	48,771	6,409	125,821	6,585,431	7,825,191
Bowl Expenses	25,026	-	-	-	-	-	25,026
Total Expenses	22,976,872	8,597,512	2,711,009	2,205,233	14,214,228	31,352,029	82,056,883
Change in Net Assets	\$ 4,025,609	\$ (4,626,342)	\$ (2,489,614)	\$ (1,936,231)	\$ (11,197,329)	\$ (14,811,760)	\$ (31,035,666)

University of Utah
Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Statement of Revenues and Expenses (Statement) presents the results of financial activity of the University of Utah's Athletic Department and has been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles except for the following:

- Direct Institutional Support Revenues and Athletic Student Aid Expenses have not been reduced for scholarship allowances of \$2,962,491.
- Tuition waivers have been reported as Direct Institutional Support and Athletic Student Aid Expense.
- Contribution revenues are recognized in the Statement when both received and used, as required by NCAA, rather than when pledged or received.
- Debt service payments paid by the University for athletic-related debt have been reported as Indirect Institutional Support Revenue and Athletic facilities debt service expense.
- Debt service payments paid by Athletic endowment donations for Athletic related debt have been reported as Athletic endowment income and Athletic facilities debt service expense as required by NCAA.

The Statement presents the results of financial activity of the University of Utah (University) Intercollegiate Athletic Department (Athletic Department), which includes the George S. Eccles Tennis Facility, Spence & Cleone Eccles Football Center, and Jon M. & Karen Huntsman Basketball Facility. The financial activity of the Athletic Department's endowment and fixed assets, in accordance with NCAA reporting guidelines, is not included in the Statement. In addition, the financial activity of the Huntsman Center and Rice-Eccles Stadium is not included in the financial statement because they are not under the jurisdiction of the Athletic Department. The significant accounting policies followed are described below.

Sports Accounting

Because of the significant revenues and expenses generated by football, men's basketball, women's basketball, and gymnastics, they are reported separately. Other sports in which the University participates are combined and reported as "Other Sports." The administrative functions of the Department and activities, which provide support for all sports, have been combined for reporting purposes under the caption "Non-Sport Specific." These supportive activities include costs such as those related to weight and training rooms, student wellness, academic advising, marketing, compliance, information technology, sports information, media relations, etc.

Revenue Allocation

University of Utah
Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2021

Sales and services revenues have been allocated to the activity generating the income. All revenues—student activity fees, contributions, conference distributions, national broadcast revenue, e-commerce, investment income, direct institutional support, etc.—have been allocated based on the Department’s management decisions and categorized as instructed by the NCAA’s revenue and expense policies and procedures.

Expenditure Allocation

Generally, expenses have been allocated to the activity incurring the expense. The majority of the advertising/promotions, and general and administrative expenditures were charged to “Non-Sport Specific.”

Additional Significant Accounting Policies

Other significant accounting policies are set forth in the following notes.

2. CONTRIBUTIONS

Donations are used to subsidize student athlete scholarships, facility upgrades, and academic support. Donations received are posted to Crimson Club, Athletic Restricted, and Scholarship Circle Development accounts. Donation money is transferred from the development account into the department operating accounts to cover the aforementioned expenses.

Donations deposited to the Crimson Club general fund account were allocated 85% to football and 15% to men’s basketball. All sport specific donations are allocated accordingly.

In Kind Contributions include: dealer provided automobiles, equipment, goods, and services.

Additionally, the Athletics Department received a contribution from the Garff family in the amount of \$2,000,000 for the Ken Garff Red Zone capital project at Rice-Eccles Stadium.

3. DIRECT INSTITUTIONAL SUPPORT

Direct Institutional Support includes facilities, general and administrative, and Title IX support. The department receives state funds in the form of tuition waivers: Title 53, special, and continuing scholarships. These waivers, totaling \$2,962,491, are included as revenue under Direct Institutional Support and subsequently expensed under Student Aid.

University of Utah
Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2021

4. NCAA DISTRIBUTIONS

NCAA distributions include NCAA sport sponsorships, NCAA grant-based aid, Student Athlete Opportunity Fund subsidies, academic enhancements, NCAA reimbursements for post-season participation, and any NCAA distributions that pass through the Pac-12 Conference.

5. PAC-12 DISTRIBUTIONS / MEDIA RIGHTS

The Statement includes gross distributions of \$21,830,650 from the Pac-12 conference during fiscal year 2021. These funds are reported on the "Pac-12 Distributions," "Media Rights," "NCAA Distributions," and "Bowl" revenue line items, for NCAA reporting purposes. The Statement also includes conference expenses in their respective expense category (i.e. game officials, bowl expense sharing, etc). The department received a net distribution of \$17,877,254. Included in both the gross and net figures is an accrued receivable in the amount of \$833,333 which was later offset by \$3,640 from a missed FY21 expense. Media rights received from the Pac-12 conference were allocated 85% to football and 15% to men's basketball.

6. DEPARTMENT, NOVELTY, PARKING & CONCESSIONS SALES

Concessions are operated by Auxiliary Services. A memorandum of understanding between Auxiliary Services and Athletics states that they are to share 50% of net profits for Athletic related events. For fiscal year 2021, the money transferred to Athletics was \$0 due to no patrons being allowed at athletics events as a result of the Covid-19 pandemic.

7. ROYALTIES, LICENSING, ADVERTISEMENT & SPONSORSHIPS

Licensing and University Campus Store merchandise sales are allocated 85% to football and 15% to men's basketball.

Learfield Communications retains all rights to local media and corporate sponsorships for the athletics department. The financial agreement to obtain these rights for fiscal year 2021 was a guaranteed payment of \$7,337,336. However, due to the Covid-19 pandemic, Learfield claimed a diminishing event for fiscal year 2021 and 2022. We agreed to amend the contract such that the guarantee payment model transitioned to a revenue share based on net revenue. Athletics received a payment in the amount of \$3,124,729 of which was allocated 85% to football and 15% to men's basketball.

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For the Year Ended June 30, 2021

Under Armour (UA) is the exclusive apparel outfitter of the Department. Per contractual agreement, UA paid the Department \$1,010,000. An additional payment of \$60,000 was also received for participating in a football bowl game, appearing in the volleyball NCAA tournament, appearing in the golf NCAA tournament, and winning the ski NCAA championship. A product allowance of \$2,389,068 was also received.

8. GAME EXPENSES

Game Expenses include the cost of officials expensed through the conference office as a deduction from the University's year-end revenues. The total for fiscal year 2021 was \$524,299.

9. FACILITIES, DEBT SERVICE, LEASES & RENTAL FEES

The Department paid \$145,718 in facility rent and fees for use of the Salt Lake City Bees and Ogden Raptors Baseball facilities. Rice-Eccles Stadium and the Jon M. Huntsman Center did not charge rental fees during fiscal year 2021 due to the Covid-19 pandemic. A portion of these costs are associated with miscellaneous facility agreements and one-time rentals.

The Department has assumed the annual bond payment for the Spence & Cleone Eccles Football Center. In fiscal year 2021, the annual debt service totaled \$2,048,025. As of June 30, 2021, the Department had \$17,085,000 of outstanding Series 2012 Auxiliary and Campus Facilities Revenue Bonds for the Spence & Cleone Eccles Football Center. The Department anticipates the bond will be paid off as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2022	1,205,000	845,775	2,050,775
2023	1,265,000	785,525	2,050,525
2024	1,330,000	722,275	2,052,275
2025	1,395,000	655,775	2,050,775
2026	1,465,000	586,025	2,051,025
2027-2031	8,475,000	1,773,575	10,248,575
2032	1,950,000	97,500	2,047,500
	<u>\$ 17,085,000</u>	<u>\$ 5,466,450</u>	<u>\$ 22,551,450</u>

The Department has also assumed the annual bond payment for the Jon M. and Karen Huntsman Basketball Training Center. In fiscal year 2021, the annual debt service totaled \$1,792,490. As of June 30, 2021, the Department had \$21,601,443 of

University of Utah
Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2021

outstanding debt for the Jon M. and Karen Huntsman Basketball Training Center. The Department anticipates the bond will be paid off as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2022	890,327	902,162	1,792,490
2023	924,777	867,712	1,792,490
2024	960,610	831,880	1,792,490
2025	997,880	794,609	1,792,490
2026	932,944	755,841	1,688,785
2027-2031	4,719,721	3,205,676	7,925,398
2032-2036	5,811,613	2,113,784	7,925,398
2037-2041	6,363,570	769,288	7,132,858
	<u>\$ 21,601,443</u>	<u>\$ 10,240,953</u>	<u>\$ 31,842,396</u>

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2022	2,360,000	2,990,934	5,350,934
2023	2,480,000	2,869,934	5,349,934
2024	2,605,000	2,742,809	5,347,809
2025	2,740,000	2,609,184	5,349,184
2026	2,880,000	2,468,684	5,348,684
2027-2031	16,785,000	9,969,045	26,754,045
2032-2036	21,325,000	5,425,937	26,750,937
2037-2040	20,035,000	1,370,978	21,405,978
	<u>\$ 71,210,000</u>	<u>\$ 30,447,505</u>	<u>\$ 101,657,505</u>

An internal loan from the University for the Rice-Eccles Stadium scoreboard is paid in part by the Department. In fiscal year 2021, the annual debt service totaled

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 Intercollegiate Athletics Department
 Notes to Statement of Revenues and Expenses
 For the Year Ended June 30, 2021

\$800,000 and at the end of the fiscal year, the Department's portion of outstanding debt for the Rice-Eccles Stadium scoreboard was \$1,939,831.

Fiscal Year	Principal	Interest	Athletics Payment
2022	741,805	58,195	800,000
2023	764,059	35,941	800,000
2024	433,967	13,019	446,986
	\$ 1,939,831	\$ 107,155	\$ 2,046,986

These outstanding bonds and loans are secured by the University's pledging of net revenues, student building fees, and other miscellaneous fees. The debt service payments are paid by the Department's revenues. Additional information related to the bonds is available in the University's separately issued financial statements.

10. OTHER OPERATING EXPENSES

Other Expenses include miscellaneous operating expenses such as, Pac-12 conference bowl game expense sharing (\$177,070), Pac-12 conference operating expenses (\$2,646,880), and Independent Contractors/Consultants (\$1,997,802).

11. SPORT CAMPS

The department maintains sports camps in-house. The profit earned from the sports camps are paid to department coaches as compensation upon completion of the camp. Revenues from the sports camps are recognized in the statement when earned and expenses are recognized when incurred.

12. CAPITAL ASSETS

As described in the University's separately issued financial statements, capital assets are recorded at historical cost or acquisition value at the date of donation, in the case of gifts. Buildings, infrastructure and improvements, and additions to existing assets are capitalized when acquisition costs equal or exceed \$250,000. Equipment is capitalized when acquisition costs equal or exceed \$5,000. All land is capitalized and not depreciated. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Capital assets of the University are depreciated on a straight-line basis over their estimated useful lives: 40 years for buildings, 15 years for infrastructure and improvements, and 5 to 20 years for equipment.

University of Utah
Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenses
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13. ATHLETICS RESERVES

In addition to the statement of revenue and expenses, the Athletic Department has included other pertinent information to further illustrate its current financial condition. This information can be found in the table below.

In the first few years of being a member of the Pac-12 Conference, the Athletic Department did not receive a full revenue share. However, it was evident that expenses would need to increase in order to compete at a high level with its new peers. Recognizing that in the first few years expenses would climb faster than revenues, the Athletic Department assumed a loan from the University to subsidize its budget for fiscal years 2012 and 2013. The Athletic Department borrowed roughly \$7.5M but has made payments reducing that debt since fiscal year 2014. The current balance on that loan is (\$3,595,066). The Covid-19 impact on our operating fund balance for fiscal year 2021 was (\$30,630,605). Therefore, our total operating fund balance currently is (\$34,225,671).

The Athletics Reserves include facility and sport specific contributions, which are not recognized in the statement. This is in accordance with the NCAA's definition to only include contributions that are provided and used by athletics within that reporting year. The additional unrestricted reserves were originally established in fiscal year 2015 in order to offset additional costs associated with current and future autonomy or NCAA legislation. For example: the cost of attendance legislation, new recruiting rules, more meals for student athletes, etc. The facility reserves are for assistance in subsidizing future debt payments and/or R&R projects in our facilities.

		Men's	Women's		Other	Non-Sport	
	Football	Basketball	Basketball	Gymnastics	Sports	Specific	Total
					(Note 1)	(Note 1)	
Operating Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (34,225,671)	\$ (34,225,671)
Capital Expenditures	31,046	-	-	13,771	124,658	300,000	469,475
Athletics Reserves:							
Unrestricted Reserves						13,157,087	13,157,087
Facility Restricted Reserves						32,657,541	32,657,541
Sport Restricted Reserves	227,399	634,136	(8,798)	99,822	919,723	1,238,572	3,110,855
Total Reserves							48,925,483
Value of Endowments	-	-	-	-	-	9,186,850	9,186,850

University of Utah
Intercollegiate Athletics Department
Auditor's Analysis of Significant Variances
For the Year Ended June 30, 2021

Comparison of Current Year Actual to Prior Year Actual:

REVENUES:	<u>2021</u> <u>Totals</u>	<u>2020</u> <u>Totals</u>	<u>Variance \$</u> <u>Over/(Under)</u>	<u>Variance %</u> <u>Over/(Under)</u>	
Student Fees	\$ 5,933,069	\$ 6,041,538	(108,469)	-1.80%	
Contributions	7,881,878	11,652,513	(3,770,635)	-32.36%	(A)
Media Rights	16,721,421	24,840,465	(8,119,044)	-32.68%	(B)
Royalties, Licensing, Advertisement & Sponsorships	7,578,142	11,610,979	(4,032,837)	-34.73%	(C)
EXPENSES:					
Student Aid	12,246,298	12,075,084	171,214	1.42%	
Salaries and Benefits	36,842,516	40,154,289	(3,311,773)	-8.25%	
Facilities, Debt Service, Leases & Rental Fees	8,259,768	6,229,380	2,030,388	32.59%	(D)

Explanations for Variances:

- (A) Due to the pandemic, contributions made by the ticketholders who bought season tickets, were delayed due to a significant portion of ticketholders making the decision to transfer their payments from FY21 to FY22.
- (B) Media rights are tied to the amount of competitions in the year. Due to the pandemic, competitions decreased which then resulted in media providers altering their agreements and the University receiving less media rights revenue.
- (C) The University and Learfield communications amended their agreement due to the pandemic, resulting in less royalties, licensing, advertisements and sponsorships.
- (D) The University of Utah completed their Ken Garff Red Zone Expansion Project in FY21, thus increasing the facilities debt service.