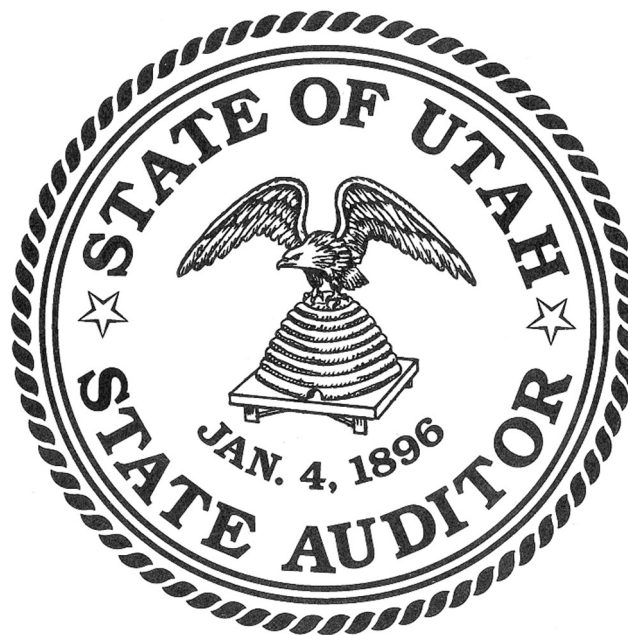


Utah Tech University

Athletic Department
Agreed-Upon Procedures Report
For the Year Ended June 30, 2022

Report No. 22-21



OFFICE OF THE STATE AUDITOR

Audit Leadership:

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



OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

To the Board of Trustees, Audit Committee,
and
Richard B. Williams, President
Utah Tech University

We have performed the procedures enumerated below on Utah Tech University's (University) compliance with the National Collegiate Athletic Association (NCAA) 2022 *Agreed-upon Procedures Guide* (Guide) for the year ended June 30, 2022. University management is responsible for compliance with the Guide.

Utah Tech University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in evaluating whether the University complied with the Guide for the year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the associated findings are as follows:

Internal Control Agreed-upon Procedures

- A. We reviewed the general control environment for the University's Athletic Department (Department). As part of this review, we reviewed the Department's organization. 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 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, 2022. Our testing was limited to 5 items each for cash receipts, payroll, and non-payroll transactions. We found two exceptions as a result of these procedures.
 1. 1 out of the 5 payroll transactions was not supported by evidence of the approved hiring of that employee. We recommend the department retain all records pertaining to the hiring of an employee.

2. 2 out of 5 Business Office receipts did not have the reviewer's signature on the Deposit form. We recommend all deposit forms be reviewed before being sent to the Cashiers' 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, 2022, 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 1).
 - 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 Department.

Revenue Procedures:

Contributions

1. We obtained and reviewed supporting documentation for each contribution of moneys, goods, or services received directly by the Department from any affiliated or outside organization, agency, or group of individuals (two or more) not included above (e.g. contributions by corporate sponsors) that constituted

10% or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting period and recalculated totals.

Sports Camp Revenues

2. We inspected sports camp contract(s) between the University and person(s) conducting sports camps or clinics during the reporting period to obtain documentation of the University's methodology for recording revenues from sports camps.
3. We obtained schedules of camp participants, and selected a sample of 15 which represents 10% of the individual camp participant cash receipts from the schedule of sports camp participants and agreed each selection to the general ledger and/or the Statement and recalculated totals.

We found no exceptions greater than \$100,000 as a result of these procedures.

Expense Procedures:

Game Expenses

4. 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 transaction and recalculated totals.

Fund Raising, Marketing and Promotion

5. 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.

Sports Camp Expenses

6. 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 transaction and recalculated totals.

We found no exceptions greater than \$100,000 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.

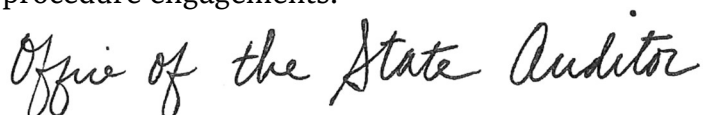
G. Pell Grants:

- 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 found no exceptions as a result of these procedures.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. An agreed-upon procedures engagement involves 1) performing of specific procedures that the University has agreed to and acknowledged to be appropriate for the intended purpose of the engagement, and 2) reporting on findings based on the procedures performed. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the University's compliance with the NCAA's *2022 Agreed-upon Procedures Guide* for the year ended June 30, 2022. 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.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to agreed-upon procedure engagements.



Office of the State Auditor
Salt Lake City, Utah
January 12, 2023

Utah Tech University
Athletic Department
Statement of Revenues and Expenses
For the Year Ended June 30, 2022

Revenues:	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Ticket Sales	\$ 53,163	\$ 58,973	\$ 11,464	\$ 33,199	\$ -	\$ 156,799
Direct Government Support	-	-	-	-	-	-
Student Fees	406,160	150,485	131,417	556,486	439,307	1,683,855
Direct Institutional Support	2,075,106	581,915	659,083	3,105,794	2,400,538	8,822,436
Less-Transfers to Institution	-	-	-	-	-	-
Indirect Institutional Support	-	-	-	-	-	-
Indirect Institutional Debt Service	-	-	-	-	965,961	965,961
Guarantees	315,000	145,000	47,000	42,485	-	549,485
Contributions	132,091	64,948	27,712	413,567	89,309	727,627
In-Kind	-	-	-	-	-	-
Compensation & Benefits by 3rd Party	-	-	-	-	-	-
Media Rights	-	-	-	-	-	-
NCAA Distributions	-	-	-	-	-	-
Conference Distributions	-	-	-	-	-	-
Program Sales, Concessions, Etc.	-	-	-	-	-	-
Royalties, Advertising, Sponsors	94,150	34,883	30,463	132,792	101,833	394,121
Sports Camps	49,952	205,311	180,434	250,651	-	686,348
Endowment	1,231	1,697	172	12,526	574	16,200
Other	247,159	6,884	3,949	75,285	12,623	345,900
Bowl	-	-	-	-	-	-
Total Revenues	<u>3,374,012</u>	<u>1,250,096</u>	<u>1,091,694</u>	<u>4,622,785</u>	<u>4,010,145</u>	<u>14,348,732</u>
Expenses:						
Athletic Student Aid	1,295,810	256,822	201,471	1,259,510	7,173	3,020,786
Guarantees	-	5,000	3,000	12,000	60,000	80,000
Coaching Salaries, Benefits, Etc.	916,262	421,445	347,581	1,480,378	-	3,165,666
Coaching Salaries, Benefits & Bonuses by 3rd Party	-	-	-	-	-	-
Support Staff Salaries, Benefits, Etc.	37,897	41,364	74,131	102,175	1,263,371	1,518,938
Support Staff Salaries, Benefits, Etc. by 3rd Party	-	-	-	-	-	-
Severance Payments	-	-	-	-	117,807	117,807
Recruiting	57,941	56,487	32,829	63,028	1,950	212,235
Team Travel	501,196	207,905	147,832	841,071	18,027	1,716,031
Equipment, Uniforms, & Supplies	227,226	36,181	36,051	323,615	46,580	669,653
Game	71,808	94,627	75,061	122,222	-	363,718
Fund Raising, Marketing, Promotions	12,702	5,464	6,260	80,219	368,850	473,495
Sport Camps	2,112	54,491	108,164	40,340	(1,746)	203,361
Spirit Groups	-	-	-	-	147,446	147,446
Facilities Debt Service, Leases & Rental Fees	-	-	-	-	965,961	965,961
Direct Facilities, Maintenance, & Rental	83,063	18,631	43,174	118,814	230,600	494,282
Indirect Institutional Support	-	-	-	-	-	-
Medical & Insurance	-	1,700	-	2,629	289,950	294,279
Memberships & Dues	4,360	23,866	2,625	35,838	110,468	177,157
Athletic Meals (non-travel)	122,843	8,421	5,214	63,746	16,831	217,055
Other Operating expenses	40,792	17,692	8,301	77,200	6,094	150,079
Bowl	-	-	-	-	-	-
Total Expenses	<u>3,374,012</u>	<u>1,250,096</u>	<u>1,091,694</u>	<u>4,622,785</u>	<u>3,649,362</u>	<u>13,987,949</u>
Excess/(Deficiency) of Revenues Over/(Under)						
Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,783</u>	<u>\$ 360,783</u>

The accompanying notes are an integral part of this financial statement.

Utah Tech University
Athletic Department
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2022

1. 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 Utah Tech University Athletic Department. Tuition waivers have been reported as direct institutional support and financial aid expense.

2. 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 Board of Higher Education. 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.

Leased assets are recorded at the present value of payments expected to be made during the lease term.

3. Contributions

The Athletic Department received \$128,949 in contributions revenue during fiscal year 2022 from Utah Tech University Foundation, a component unit of the University, from fundraising efforts specifically for athletic support. This constitutes 17.7% of total Athletic Department contributions revenue during fiscal year 2022. There were no significant changes to endowments for the Intercollegiate Athletics program.

4. Long-term Debt

The principal balance of all debt related to the Athletic Department at June 30, 2022 was \$13,725,000. This amount represents the Avenna Center, the East Stadium Grandstand, and the Greater Zion Stadium bonds in the amounts of \$40,000, \$3,635,000, and \$10,050,000 respectively.

Utah Tech University
Athletic Department
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2022

Amounts due in future years are as follows:

Year Ending June 30	Principal	Interest
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
Total:	\$13,725,000	\$6,853,246

Utah Tech University
Athletic Department
Auditor's Analysis of Significant Variances
For the Year Ended June 30, 2022

Exhibit 1

Comparison of Current Year Actual to Prior Year Actual:

	<u>2022</u>	<u>2021</u>	<u>Variance \$</u>	<u>Variance %</u>
	<u>Totals</u>	<u>Totals</u>	<u>Over</u>	<u>Over</u>
Revenues:				
Student Fees	1,683,855	848,716	835,139	98.40% A
Direct Institutional Support	8,822,436	7,813,477	1,008,959	12.91% B
Expenses:				
Athletic Student Aid	3,020,786	2,436,810	583,976	23.96% C
Coaching Salaries, Benefits, Etc.	3,165,666	2,750,729	414,937	15.08% D
Support Staff Salaries, Benefits, Etc.	1,518,938	1,125,373	393,565	34.97% E
Team Travel	1,716,031	913,199	802,832	87.91% F

Explanations for Variances:

A) The increase is due to the reinstatement of athletics student fees being charged as part of the recovery from the COVID-19 pandemic

B) The increase is due to base compensation increases and additional funding as part of the the University's transition to a Division I school.

C) The increase is due to Utah Tech becoming a Division I as expanding scholarships is a key initiative of the D1 transition plan.

D) The increase is due to cost of living adjustment for employees and a medical insurance premium increase. Several additional coaching positions were also added that contributed to the increase.

E) The increase is due to cost of living adjustment for employees and a medical insurance premium increase. Several additional support staff positions were also added that contributed to the increase.

F) The increase is due recovery from the COVID-19 pandemic as all competitions are back to a normal level.