

UNIVERSITY OF UTAH

Intercollegiate Athletics Department
Agreed-Upon Procedures Report
For the Year Ended June 30, 2017

Report No. 17-27



OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Hollie Andrus, CPA, Audit Director
Jason Allen, CPA, CFE, Senior Audit Manager



OFFICE OF THE
STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee,
and
David W. Pershing, President
University of Utah

We have performed the procedures enumerated below, which were agreed to by the University of Utah's (University) 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 3.2.4.15 for the year ended June 30, 2017. 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 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, 2017. Our sample sizes were limited to 5 items each for cash receipts at the Ticket Office and at the Business Office, payroll transactions, and non-payroll transactions. We found no exceptions as a result of these procedures.
- C. We reviewed and tested the University's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the Department. The only booster group activity is the Crimson Club, which is under the accounting control of the University; therefore, we did not perform any 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, 2017, 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 noted no contributions constituting 10% or more in aggregate of all contributions received.
- 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 understanding 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 notes 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:

Ticket Sales

1. We compared tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the University in the Statement and the related attendance figures and recalculated totals.

Direct Institutional Support

2. 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.

Indirect Institutional Support

3. We compared the indirect institutional support recorded by the University during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculated totals.

Program Sales, Concessions, Novelty Sales, and Parking

4. We compared the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales, and parking as well as any other corroborative supporting documents and recalculated totals.

Royalties, Licensing, Advertisements, and Sponsorships

5. We obtained and inspected agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.

6. We compared and agreed the related revenues to the University's general ledger and/or the Statement and recalculated totals.

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

Expense Procedures:

Athletic Student Aid

7. We selected a sample of 37 student athletes from the listing of University student aid recipients during the reporting period.
8. 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 that ties directly to the NCAA Membership Financial Reporting System. We identified differences between the University's system and the CA software for 36 of the 37 student athletes selected. These variances between total aid according to the University's system and the amount reported in the CA software ranged from (\$796) to \$11,687, netting to a \$106,894 difference for the selected students.
9. We performed a check to ensure the information for each student selected was accurately reported in the CA software using criteria listed in the NCAA Guide.
10. We recalculated totals for each sport and overall.

Guarantees

11. We did not obtain and inspect visiting institutions' away-game settlement reports received by the University during the reporting period as the University does not use settlement reports. We did obtain and review Hotel Trade Reports for visiting institutions and agreed related expenses to the University's general ledger and recalculated totals.
12. We obtained and inspected contractual agreements pertaining to expenses recorded by the University from guaranteed contests during the reporting period. We compared and agreed related amounts expensed by the University to the University's general ledger and/or the Statement and recalculated totals.

Team Travel

13. We obtained and documented an understanding of the University's team travel policies.
14. We compared and agreed the team travel policies to existing University- and NCAA-related policies.
15. We obtained general ledger detail and compared it to the total expenses reported and recalculated totals.

Game Expenses

16. 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 the transactions and accuracy of recording and recalculated totals.

Indirect Institutional Support

17. We tested with the revenue section, Indirect Institutional Support, (see #3 above).

Medical Expenses and Medical Insurance

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

Except as noted above, we found no exceptions greater than \$100,000 as a result of these expense procedures.

Additional Agreed-Upon Procedures

- F. We compared and agreed the sports sponsored as reported in the NCAA Membership Financial Reporting System to the squad lists of the University.
- G. We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year and validated that the countable sports reported by the University met the minimum requirements set forth in Bylaw 20.9.6.3. We also ensured that the University reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. The number of contests reported for softball and beach volleyball on the Sports Sponsorship and Demographic Report were three and two contests fewer, respectively, than the minimum required by NCAA Bylaw 20.9.6.3. However, the actual number of contests played for both sports exceeded the minimum number of required contests.
- H. 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 NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, of all student-athlete Pell Grants. For the students selected in Step 7 above who also received Pell Grants, we traced their Pell Grant information to the NCAA Membership Financial Reporting System. One student's Pell Grant amount reported in the NCAA Membership Financial Reporting System was \$1,453.50 higher than the amount reported in the University's records.

Except as noted above, we found no exceptions greater than \$100,000 as a result of these additional 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 3.2.4.15. Accordingly, we do not express any such opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

As noted above, this agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. These standards require us to convey that "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, this report is a public document and its distribution is not limited.

Office of the State Auditor

Office of the Utah State Auditor

January 16, 2018



**UNIVERSITY OF UTAH
ATHLETICS DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

REVENUES:	<u>Football</u>	<u>Men's Basketball</u>	<u>Women's Basketball</u>	<u>Gymnastics</u>	<u>Other Sports</u>	<u>Non-Sport Specific</u>	<u>Total</u>
Ticket Sales (Note 2)	\$ 13,203,542	\$ 2,575,493	\$ 17,386	\$ 474,497	\$ 44,152	\$ 782,220	\$ 17,097,290
Direct State or Other Govt'l Support	-	-	-	-	-	-	-
Student Fees	-	-	-	-	-	6,057,038	6,057,038
Direct Institutional Support (Note 4)	1,207,290	96,382	152,929	200,817	960,655	1,994,755	4,612,828
Indirect Institutional Support	37,051	-	-	-	18,894	1,695,903	1,751,848
Guarantees	300,000	15,734	-	-	32,046	21,266	369,046
Contributions (Note 3)	7,018,809	1,320,615	29,790	47,761	407,102	66,420	8,890,497
In-Kind	73,700	7,500	-	15,000	-	44,716	140,916
Compensation and Benefits by 3rd Party	-	-	-	-	-	-	-
Media Rights (Note 6)	18,161,525	3,204,975	-	-	-	34,534	21,401,034
NCAA Distributions (Note 5)	-	1,253,333	-	19,526	107,922	1,522,267	2,903,048
Pac-12 Distributions (Note 6)	8,330,573	34,298	68,459	-	-	889,116	9,322,446
Program, Novelty, Parking, & Concessions Sales (Note 7)	284,284	-	(81)	-	40,355	1,460,212	1,784,770
Royalties, Licensing, Advertisement & Sponsorships (Note 8)	4,064,926	666,130	87,500	26,000	198,691	500,894	5,544,141
Sports Camps (Note 12)	128,153	140,801	127,447	36,945	611,856	-	1,045,202
Endowment and Investment Income	(27)	-	(50)	29	203	258,923	259,078
Other Operating Revenue	57,806	(10)	770	-	43,902	1,006,303	1,108,771
Bowl Revenues	1,384,687	-	-	-	-	-	1,384,687
Total revenues	54,252,319	9,315,251	484,150	820,575	2,465,778	16,334,567	83,672,640
EXPENSES:							
Student Aid (Note 4)	3,454,148	526,065	643,604	557,320	4,992,326	514,756	10,688,219
Guarantees	685,000	547,150	93,000	643	50,334	-	1,376,127
Salaries and Benefits	10,121,747	4,999,442	1,120,546	1,106,286	3,973,606	8,923,674	30,245,301
Severance Payments	480,914	-	277,739	-	-	-	758,653
Recruiting	963,467	277,848	232,644	89,384	314,799	-	1,878,142
Team Travel	1,865,706	964,014	463,663	241,809	2,372,450	25,667	5,933,309
Equipment, Uniforms & Supplies	1,180,326	196,834	103,191	180,256	947,694	657,361	3,265,662
Game Expenses (Note 9)	893,410	402,075	167,451	112,461	309,892	210,923	2,096,212
Fund Raising, Marketing & Promotion	655,443	225,876	21,899	93,921	86,379	1,035,840	2,119,358
Sports Camps (Note 12)	53,373	56,211	70,075	66,249	166,874	-	412,782
Spirit Groups	-	-	-	-	-	218,135	218,135
Facilities, Debt Service, Leases & Rental Fees (Note 10)	1,727,442	32,750	18,000	7,500	177,000	4,179,603	6,142,295
Direct Overhead & Admin Expenses	100,771	41,402	25,514	14,489	76,915	1,077,001	1,336,092
Indirect Institutional Support	37,051	-	-	-	18,894	1,695,903	1,751,848
Medical Expenses & Insurance	497,809	57,560	31,107	40,270	417,556	161,582	1,205,884
Memberships & Dues	2,219	-	970	650	49,162	65,966	118,967
Student Athlete Meals	749,511	79,278	14,638	21,054	54,110	270,937	1,189,528
Other Operating Expenses (Note 11)	1,581,160	562,529	103,920	63,352	243,296	6,533,247	9,087,504
Bowl Expenses	1,796,291	-	-	-	-	-	1,796,291
Total Expenses	26,845,788	8,969,034	3,387,961	2,595,644	14,251,287	25,570,595	81,620,309
Excess (Deficit) Revenues over Expenses	27,406,531	346,217	(2,903,811)	(1,775,069)	(11,785,509)	(9,236,028)	2,052,331
Transfers, Net In/(Out) (Note 13)	-	-	-	-	-	(40,463)	(40,463)
Change in Net Assets	\$ 27,406,531	\$ 346,217	\$ (2,903,811)	\$ (1,775,069)	\$ (11,785,509)	\$ (9,276,491)	\$ 2,011,868

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

University of Utah
Intercollegiate Athletics Department
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Statement of Revenues and Expenses (Statement) 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 Financial Aid expenses which have not been reduced for scholarship allowances of \$2,795,259.
- Tuition waivers have been reported as Direct Institutional Support and Athletic Student Aid.
- Contribution revenues are recognized in the Statement when both received and used, rather than pledged and received, as required by NCAA.
- Debt service payments paid by the University for athletics-related debt have been reported as Indirect Institutional Support revenue and Athletics 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 Athletics Department (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 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 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

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.

University of Utah
Intercollegiate Athletics Department
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2017

Expenditure Allocation

Generally, expenses have been allocated to the activity incurring the expense. The majority of the advertising/promotions, 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. TICKET SALES

Football ticket revenue includes \$878,089 generated from the sale of the Rice-Eccles Stadium suites.

3. 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.

The donations deposited to the Crimson Club accounts 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.

4. DIRECT INSTITUTIONAL SUPPORT

Direct Institutional Support includes facilities, general and administrative, and Title IX support. The Department receives state funds as tuition waivers such as: Title 53, special, and continuing scholarships. These waivers, totaling \$2,795,259, are included as revenue under Direct Institutional Support and subsequently expensed under Student Aid.

5. 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.

University of Utah
Intercollegiate Athletics Department
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2017

6. PAC-12 DISTRIBUTIONS / MEDIA RIGHTS

The Department received a net distribution of \$29,072,218 from the Pac-12 Conference during fiscal year 2017. The distribution represents a full share of conference revenues less conference operating expenses, championship expenses, NCAA basketball expenses, officials' payments, and other miscellaneous items. The University also booked and accrued a receivable in the amount of \$3,333,333. For NCAA reporting purposes, the Athletic Department reports gross revenues in the Pac-12 Distributions and Media Rights revenue line items. That revenue is then netted by allocating conference deductions and expenses to their respective expense category (i.e. game officials, bowl expense sharing, etc.). Except for \$34,534 of media rights, gross broadcast rights for fiscal year 2017 were \$21,366,500, which were allocated 85% to football and 15% to men's basketball.

7. CONCESSIONS, MERCHANDISE, AND NOVELTIES

Concessions are operated by Auxiliary Services. A Memorandum of Understanding (MOU) between Auxiliary Services and the Department states that they are to share 50% of net profits for athletic-related events. For fiscal year 2017, the money transferred to the Department was \$422,251.

8. LICENSING AND SPONSORSHIPS

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

Per contract, Utah Sports Property (USP) retains all rights to local media and corporate sponsorships for University athletics. The financial agreement to obtain these rights for fiscal year 2017 was a guaranteed payment of \$1,427,889. After achieving an agreed upon threshold, the remaining generated revenue is split between the Department (70%) and USP (30%). The Department's portion of additional revenue that was recognized for fiscal year 2017 totaled \$1,527,399. However, the Department has still not received these funds in full. The combined guaranteed payment and additional revenue payment was allocated 85% to football and 15% to men's basketball.

Under Armour (UA) is the exclusive outfitter of the Department. Per contractual agreement, UA paid the Department \$600,000. An additional payment of \$27,500 was also received for football bowl game participation, skiing NCAA championship, and gymnastics conference championship and \$1,088,000 was received in product allowances.

University of Utah
 Intercollegiate Athletics Department
 Notes to the Statement of Revenues and Expenses
 For the Year Ended June 30, 2017

9. GAME EXPENSES

Game Expenses include the cost of officials expensed through the conference office as a deduction from the University's year-end revenues. Total fiscal year 2017 costs for officials were \$622,434.

10. FACILITY RENT AND DEBT SERVICE

The Department paid \$1,964,442 in facility rent and fees for use of the Rice-Eccles Stadium and its suites, the Jon M. Huntsman Center, and Smith's Ballpark, during fiscal year 2017. 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 2017, the annual debt service totaled \$2,052,475. As of June 30, 2017, the Department had \$21,420,000 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>
2018	\$ 1,040,000	\$ 1,012,475	\$ 2,052,475
2019	1,060,000	991,675	2,051,675
2020	1,090,000	957,525	2,047,525
2021	1,145,000	903,025	2,048,025
2022	1,205,000	845,775	2,050,775
2023-2027	6,990,000	3,262,375	10,252,375
2028-2032	8,890,000	1,358,300	10,248,300
	<u>\$ 21,420,000</u>	<u>\$ 9,331,150</u>	<u>\$ 30,751,150</u>

The Department has also assumed the annual bond payment for the Jon M. and Karen Huntsman Basketball Training Center. In fiscal year 2017, the annual debt service totaled \$1,792,490. As of June 30, 2017, the Department had \$24,844,022 of outstanding debt for the Jon M. and Karen Huntsman Basketball Training Center. The Department anticipates the bond will be paid off as follows:

University of Utah
Intercollegiate Athletics Department
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2017

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2018	\$ 765,287	\$ 1,027,203	\$ 1,792,490
2019	794,733	997,757	1,792,490
2020	825,356	967,134	1,792,490
2021	857,204	935,286	1,792,490
2022	890,327	902,162	1,792,490
2023-2027	4,683,257	3,968,076	8,651,333
2028-2032	4,920,310	3,005,088	7,925,398
2033-2037	6,058,607	1,866,791	7,925,397
2038-2041	5,048,942	498,836	5,547,778
	<u>\$ 24,844,023</u>	<u>\$ 14,168,333</u>	<u>\$ 39,012,356</u>

These outstanding bonds 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 these bonds is available in the University's separately-issued financial statements.

11. OTHER EXPENSES

Other Expenses include miscellaneous operating expenses such as, Pac-12 conference bowl game expense sharing (\$1,050,726), Pac-12 conference operating expenses (\$1,613,417), and Independent Contractors/Consultants (\$2,408,570).

12. 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.

13. TRANSFERS

The Transfer line items include the transfer of funds to plant operations for general construction projects and maintenance. They also include the transfer of funds to the Athletics Training Education Program and funds to support the Band.

University of Utah
Intercollegiate Athletics Department
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2017

14. CAPITAL ASSETS

As described in the University's separately-issued financial statements, capital assets are recorded at cost at the date of acquisition 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.

15. 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 \$7.5 million but has made payments reducing that debt since fiscal year 2014. The current balance on that loan is listed as the Operating Fund Balance (\$4,034,821).

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.

University of Utah
Intercollegiate Athletics Department
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2017

	<u>Football</u>	<u>Men's Basketball</u>	<u>Women's Basketball</u>	<u>Gymnastics</u>	<u>Other Sports (Note 1)</u>	<u>Non-Sport Specific (Note 1)</u>	<u>Total</u>
Operating Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,034,821)	\$ (4,034,821)
Capital Expenditures	368,382	68,473	-	-	269,923	179,830	886,608
							-
Athletics Reserves:							-
Unrestricted Reserves	-	-	-	-	-	5,404,845	5,404,845
Facility Restricted Reserves	-	-	-	-	-	12,738,391	12,738,391
Sport Restricted Reserves	<u>215,916</u>	<u>524,792</u>	<u>79,515</u>	<u>141,999</u>	<u>405,978</u>	<u>178,265</u>	<u>1,546,465</u>
Total Reserves	\$ 584,298	\$ 593,265	\$ 79,515	\$ 141,999	\$ 675,901	\$ 14,466,510	\$ 16,541,488
Value of Endowments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,740,229	\$ 6,740,229

**UNIVERSITY OF UTAH
ATHLETICS DEPARTMENT
AUDITOR'S ANALYSIS OF SIGNIFICANT VARIANCES
FOR THE YEAR ENDED JUNE 30, 2017**

Comparison of Current Year Actual to Prior Year Actual:

REVENUES:	<u>2017 Totals</u>	<u>2016 Totals</u>	<u>Variance \$ Over/(Under)</u>	<u>Variance % Over/(Under)</u>	
Ticket Sales	\$ 17,097,290	\$ 16,976,245	\$ 121,045	0.71%	
Contributions	8,890,497	8,470,705	419,792	4.96%	
Media Rights	21,401,034	19,937,096	1,463,938	7.34%	
Pac-12 Distributions	9,322,446	8,293,266	1,029,180	12.41%	(A)
 EXPENSES:					
Student Aid	10,688,219	10,683,237	4,982	0.05%	
Salaries and Benefits	30,245,301	27,026,295	3,219,006	11.91%	(B)
Other Operating Expenses	9,087,504	8,717,785	369,719	4.24%	

Explanations for Variances:

- (A) The Pac-12 Distributions variance of approximately \$1 million is due to an increase in revenues in both the Football and Non-Sport Specific areas. Football bowl distribution revenue increased by approximately \$700,000 due to the fact that one of the teams within the conference was part of the college football playoff. The other approximately \$300,000 was surplus funds from the 2015-16 year that was distributed in fiscal year 2017.
- (B) The increase in salaries and benefits from the prior year was due to bonuses for post-season play, retention purposes, and cost-of-living increases.