



OFFICE OF THE
STATE AUDITOR



◦ STATE OF UTAH ◦

Utah Tech University

Athletic Department

Agreed-Upon Procedures

Report No. 23-13

For the year ended June 30, 2023

January 12, 2024

Office of the State Auditor

Audit Leadership:

John Dougall, State Auditor

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OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

To the Board of Trustees, Audit Committee,
and
Courtney White, Interim 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) *2023 Agreed-upon Procedures Guide* (Guide) for the year ended June 30, 2023. 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, 2023. 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 Athletic Department (Department). As part of this review, we reviewed its 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 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, 2023. Our sample sizes were limited to 5 items each for cash receipts, payroll, and non-payroll transactions. We found the following exceptions as a result of these procedures:

- a. 2 out of 5 cash receipts from the Business Office did not have a reconciliation between the business office deposit slip and the cashiers office receipt. We recommend that the Business Office perform proper reconciliations.
 - b. 1 out of 5 cash receipts from the Ticket Office did not have evidence of a supervisory review of the employee operator drawer report, and the Ticket Office receipts did not match the deposit slip (\$734 less than Ticket Office records). We recommend that the Ticket Office ensure that all employee operator drawer reports are reviewed before being processed further.
- 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, 2023, 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 exceptions between the Statement and the supporting documentation which resulted in the following Statement adjustments:

1. Direct institutional Support Revenue increased by \$2,579,967
2. Other Revenue decreased by \$778,555

3. Athletic Student Aid Expense increased by \$1,801,412

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

Revenue Procedures:

1. *Ticket Sales*

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 for Football and Men's Basketball and recalculate totals.

2. *Royalties, Licensing, Advertisements, and Sponsorships*

- a. We obtained and inspected agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period for relevant terms and conditions.
- b. We compared and agreed the related revenues to the University's general ledger and/or the Statement and recalculated totals.

3. *Athletics Restricted Endowment and Investment Income*

- a. We obtained and inspected endowment agreements for relevant terms and conditions.
- b. 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.

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

Expense Procedures:

4. *Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities*

- a. We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period. We selected a sample of 6 coaches, representing 10% of coaches' contracts that include football, and men's and women's basketball from the listing.
- b. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the Statement during the reporting period.
- c. We obtained and inspected payroll summary registers for the reporting period for each selection. We compared and agreed payroll summary registers from the reporting period to

the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period.

- d. We compared and agreed the totals recorded to any employment contracts executed for the sample selected and recalculated totals.

5. *Student-Athlete Meals (non-travel)*

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 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 20.10.6.3 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 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 *2023 Agreed-upon Procedures Guide* for the year ended June 30, 2023. 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

Office of the State Auditor
Salt Lake City, Utah
January 12, 2024

Statement of Revenues and Expenses for the Year Ended June 30, 2023

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Revenues:						
Ticket Sales	\$ 210,738	\$ 117,168	\$ 10,780	\$ 54,379	\$ -	\$ 393,065
Direct Government Support	-	-	-	-	-	-
Student Fees	342,918	151,807	112,079	524,162	387,055	1,518,021
Direct Institutional Support	2,620,294	958,499	765,494	3,992,014	1,256,948	9,593,249
Less-Transfers to Institution	-	-	-	-	-	-
Indirect Institutional Support	-	-	-	-	-	-
Indirect Institutional Debt Service	-	-	-	-	575,185	575,185
Guarantees	425,000	333,000	47,000	42,286	-	847,286
Contributions	220,422	69,813	85,282	569,569	147,390	1,092,476
In-Kind	-	-	-	-	-	-
Compensation & Benefits by 3rd Party	-	-	-	-	-	-
Media Rights	5,545	2,455	1,812	8,475	6,258	24,545
NCAA Distributions	-	-	-	-	-	-
Conference Distributions	-	-	-	-	-	-
Program Sales, Concessions, Etc.	-	-	-	-	-	-
Royalties, Advertising, Sponsors	273,264	120,971	89,314	417,694	308,436	1,209,679
Sports Camps	41,370	150,090	173,589	245,055	-	610,104
Restricted Endowment & Investments	603	3,047	197	300,943	681	305,471
Other	4,446	64,191	11,149	113,493	5,018	198,297
Bowl	-	-	-	-	-	-
Total Revenues	4,144,600	1,971,041	1,296,696	6,268,070	2,686,971	16,367,378
Expenses:						
Athletic Student Aid	1,257,166	303,490	208,450	1,364,723	22,587	3,156,416
Guarantees	157,988	17,150	15,500	2,500	-	193,138
Coaching Salaries, Benefits, Etc.	965,233	517,952	377,809	1,599,313	-	3,460,307
Coaching Salaries, Benefits & Bonuses by 3rd Party	-	-	-	-	-	-
Support Staff Salaries, Benefits, Etc.	64,008	55,030	21,558	110,484	1,804,654	2,055,734
Support Staff Salaries, Benefits, Etc. by 3rd Party	-	-	-	-	-	-
Severance Payments	-	-	-	-	-	-
Recruiting	98,013	65,849	40,161	92,318	-	296,341
Team Travel	473,625	311,507	232,793	1,237,945	-	2,255,870
Equipment, Uniforms, & Supplies	246,458	65,651	48,827	511,485	165,885	1,038,306
Game	79,274	102,299	74,535	158,691	-	414,799
Fund Raising, Marketing, Promotions	24,842	13,852	23,425	133,422	499,849	695,390
Sport Camps	7,396	69,469	91,463	48,189	96,460	312,977
Spirit Groups	-	-	-	-	-	-
Facilities Debt Service, Leases & Rental Fees	-	-	-	-	575,185	575,185
Direct Facilities, Maintenance, & Rental	76,530	26,071	19,243	106,446	91,609	319,899
Indirect Institutional Support	-	-	-	-	-	-
Medical & Insurance	-	1,174	-	2,050	586,710	589,934
Memberships & Dues	16,626	17,540	21,204	28,421	108,338	192,129
Athletic Meals (non-travel)	191,208	24,726	11,721	186,652	74,763	489,070
Other Operating	12,552	33,321	13,115	28,488	117,359	204,835
Bowl	-	-	-	-	-	-
Total Expenses	3,670,919	1,625,081	1,199,804	5,611,127	4,143,399	16,250,330
Excess/(Deficiency) of Revenues Over/(Under) Expenses	\$ 473,681	\$ 345,960	\$ 96,892	\$ 656,943	\$ (1,456,428)	\$ 117,048

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

Notes to Statement of Revenues and Expenses for the Year Ended June 30, 2023

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

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.

3. Contributions

During fiscal year 2023, the Athletic Department received in contributions revenue \$150,000 from Don Watkins from fundraising efforts specifically for athletic strength and conditioning, which constitutes 13.7% of total Athletic Department contributions. Also in fiscal year 2023, the Athletic Department received \$150,000 from Craig Earnshaw specifically for the investment in a practice golf course, which constitutes 49.1% of total Athletic Department endowments and investments.

4. Long-term Debt

The principal balance of all debt related to the Athletic Department at June 30, 2023 was \$13,400,000. This amount represents the East Stadium Grandstand and the Greater Zion Stadium bonds in the amounts of \$3,560,000, and \$9,840,000 respectively.

Amounts due in future years are as follows:

Year Ending June 30	Principal	Interest
2024	295,000	444,825
2025	310,000	430,825
2026-2030	1,810,000	1,904,876
2031-2035	2,245,000	1,458,926
2036-2040	2,590,000	1,115,180
2041-2045	2,950,000	753,912
2046-2050	3,200,000	284,519
Total:	\$13,400,000	\$6,393,063

Auditor's Analysis of Significant Variances for the Year Ended June 30, 2023

Exhibit 1

	2023 Totals	2022 Totals	Dollar Variance	Percent Variance	
Revenues					
Direct Institutional Support	9,593,249	8,822,436	770,813	8.74%	
Expenses					
Athletic Student Aid	3,156,416	3,020,786	135,630	4.49%	
Coaching Salaries, Benefits, Etc.	3,460,307	3,165,666	294,641	9.31%	
Support Staff Salaries, Benefits, Etc.	2,055,734	1,518,938	536,796	35.34%	A
Team Travel	2,255,870	1,716,031	539,839	31.46%	B

- A. FY23 has an increase in administrative staff time that was allocated to the athletics department.
- B. Three sports made it to their respective playoffs and championships in FY23 as compared to FY22 as well as the teams traveled farther during in season games.