



OFFICE OF THE
STATE AUDITOR



◦ STATE OF UTAH ◦

Southern Utah University

Intercollegiate Athletics Program

Agreed-Upon Procedures

Report No. 23-14

For the year ended June 30, 2023
January 11, 2024

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
Mindy Benson, President
Southern Utah University

We have performed the procedures enumerated below on Southern Utah 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.

Southern Utah 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 Intercollegiate Athletics Program (Program). 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 Program 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 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 organization activity for or on behalf of the Program. 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 Program'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 no exceptions greater than \$100,000 as a result of these procedures.

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

Revenue Procedures:

1. *Guarantees*

- a. We did not test settlement reports as the University does not use them.
- b. We selected a sample of 3 contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each selection 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 procedures.

Expense Procedures:**2. Recruiting**

- a. We obtained documentation of the University's recruiting expense policies.
- b. We compared and agreed these policies to existing University and NCAA-related policies.
- c. We obtained general ledger detail and compared it to the total expenses reported and recalculated totals.

3. Game Expenses

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. 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 -5.45%. The University states that this Variance of over 4% is due to the NCAA exception they had in FY22, which allowed aid to exceed allowable amounts due to Covid-19, and was removed in FY23 resulting in aid dropping back to allowable amounts.

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 20.10.6.3 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.

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, except as stated in the Grants in Aid section.

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

Salt Lake City, Utah

January 11, 2024

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

	Administration	Men's Basketball	Football	Other Sports	Total
Revenues:					
Ticket Sales	\$ -	\$ 85,881	\$ 110,298	\$ 61,027	\$ 257,206
Student Fees	-	139,966	668,099	1,062,787	1,870,852
Direct Institutional Support (Note C)	1,993,511	998,593	3,147,409	4,836,167	10,975,680
Indirect Institutional Support (Note C)	628,200	-	-	-	628,200
Guarantees	-	195,000	750,000	48,500	993,500
Contributions	285,800	3,000	16,450	197,783	503,033
In-Kind	52,797	-	2,500	17,021	72,318
Media Rights	24,545	-	-	-	24,545
NCAA Distributions	-	86,092	410,943	653,712	1,150,747
Royalties, Licensing & Sponsorships	346,718	-	-	-	346,718
Endowment Income	27,227	-	-	-	27,227
Other Revenues	187,662	-	7,461	57,609	252,732
Total Revenues	\$ 3,546,460	\$ 1,508,532	\$ 5,113,160	\$ 6,934,606	\$ 17,102,758
Expenses:					
Financial Aid (Note A)	\$ -	\$ 368,339	\$ 1,661,244	\$ 2,699,937	\$ 4,729,520
Guarantees	-	14,000	144,550	31,155	189,705
Coaching Compensation, University	-	526,772	1,130,795	1,635,745	3,293,312
Support Staff Compensation, University	2,484,883	80,053	136,012	134,901	2,835,849
Recruiting	-	70,972	75,540	129,951	276,463
Team Travel	485,669	306,500	553,733	1,025,951	2,371,853
Uniforms and Supplies	229,373	47,573	158,942	263,388	699,276
Game Expenses	-	99,826	55,267	146,909	302,002
Fund Raising, Marketing & Promotion	13,859	-	-	-	13,859
Indirect Institutional Support (Note C)	628,200	-	-	-	628,200
Medical Expenses & Insurance	256,800	-	-	18,857	275,657
Memberships and Dues	205,105	550	1,225	10,445	217,325
Other Operating Expenses	1,100,380	52,250	60,317	125,758	1,338,705
Total Expenses	\$ 5,404,269	\$ 1,566,835	\$ 3,977,625	\$ 6,222,997	\$ 17,171,726
Excess (Deficiency) of					
Revenues over Expenses	<u>\$ (1,857,809)</u>	<u>\$ (58,303)</u>	<u>\$ 1,135,535</u>	<u>\$ 711,609</u>	<u>\$ (68,968)</u>
Encumbrances					(0)
Net Increase (Decrease) in Net Position					<u>\$ (68,968)</u>

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

A. Basis of Presentation

The accompanying Statement of Revenues and Expenses (the Statement) has been prepared on the accrual basis of accounting except for the following: Financial aid expenses include scholarship allowances in the amount of \$702,235. Tuition waivers have been reported as Direct Institutional Support and Financial Aid Expense. Gifts or contributions are recognized in the statement when both received and used, rather than when promised or received. Debt service of athletic-related debt is expensed when paid rather than when incurred. The purpose of the Statement is to present a summary of the financial activity of the Intercollegiate Athletics Programs of the University for the year ended June 30, 2023. Because the Statement presents only a selected portion of the activity of the University, it is not intended to and does not present either the financial position or changes in financial position for the University in total.

B. Allocation Among Sports

The revenues and expenses of the major sports, which include men's basketball and football, are reported separately. All other sports have been combined and reported as "Other Sports." The administrative functions of the Intercollegiate Athletics Programs, which support all sports, have been combined for reporting purposes in the column "Administration." All revenues and expenses have been allocated based on the Athletic Department's management decisions and categorized as instructed by the NCAA's revenue and expense policies and procedures.

C. Institutional Support

Direct Institutional support represents allocation by the University administration of general unrestricted funds for various athletic programs. The allocations were primarily used to fund the salaries of athletic administration, coaches, and other athletic program personnel. Allocations for scholarships, tuition waivers, and financial aid are also included.

Additionally, the University incurs expenses for accounting, payroll, physical plant, and other general administrative costs, including depreciation, that benefit the Intercollegiate Athletics Program. These costs have been allocated to the Intercollegiate Athletic Program and are reported in this statement as Indirect Institutional Support as revenue and an offsetting expense.

D. Contributions

There were no direct contributions to the Intercollegiate Athletics Program greater than ten percent of the total gift revenue from any affiliated or outside organization, agency, or individual. In addition, there were no gifts greater than ten percent of the total gift revenue

from groups of two or more individuals. In addition, there were no significant changes to endowments for the Intercollegiate Athletic Program during the year ended June 30, 2023.

E. Capital Assets

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

Capital assets are recorded at historical cost or acquisition value at the 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 (\$3,000 or more for fiscal years prior to 2015), and an estimated useful life greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements with a cost of \$100,000 or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. All land is capitalized and not depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets -- 30 to 40 years for buildings, 20 to 40 years for infrastructure, land improvements, and library collections, and 3 to 20 years for equipment.

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

Exhibit 1

10% Variance Comparison of Actual Current Year to Actual Prior Year

Operating Revenues	2023 Totals	2022 Totals	Variance \$ Over/(Under)	Variance % Over/(Under)	
Student Fees	1,870,852	1,820,517	50,335	2.76%	
Direct Institutional Support	10,975,680	10,594,504	381,176	3.60%	
Operating Expenses					
Financial Aid	4,729,520	4,874,912	-145,392	-2.98%	
Coaching Compensation, University	3,293,312	3,272,247	21,065	0.64%	
Support Staff Compensation, University	2,835,849	2,411,286	424,563	17.61%	A
Team Travel	2,371,853	2,051,643	320,210	15.61%	B

10% Variance Comparison of Actual Current Year to Current Year Budget Estimate

Operating Revenues	2023 Totals	Budget Estimate	Variance \$ Over/(Under)	Variance % Over/(Under)
Student Fees	1,870,852	1,895,432	(24,580)	-1.30%
Direct Institutional Support	10,975,680	11,416,560	(440,880)	-3.86%
Operating Expenses				
Financial Aid	4,729,520	5,248,555	-519,035	-9.89%
Coaching Compensation, University	3,293,312	N/A	N/A	N/A
Support Staff Compensation, University	2,835,849	N/A	N/A	N/A
Combined Coach and Staff Compensation	6,129,161	6,553,417	-424,256	-6.47%
Team Travel	2,371,853	2,394,690	-22,837	-0.95%

A This increase was driven by several factors including the addition of new coaching staff, a cost of living and market adjustment pay increase, and the hiring of additional staff.

B This increase was due to SUU switching conference from Big Sky to WAC resulting in increased travel to farther locations. In addition, there were additional travel costs for teams participating in end of year tournaments they didn't qualify for in the prior year.