



OFFICE OF THE  
UTAH STATE AUDITOR



◦ STATE OF UTAH ◦

# University of Utah

## Intercollegiate Athletic Department

### Agreed-Upon Procedures

For the year ended June 30, 2024

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Report No. 24-20

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#### Office of the Utah State Auditor

Audit Leadership:

Tina Cannon, State Auditor

Doug Seager, CPA, Audit Director

Caleb Crump, CPA, Audit Senior



# Independent Auditor's Report

To the Board of Trustees, Audit Committee,  
and  
Taylor R. Randall, President  
University of Utah

We have performed the procedures enumerated below on the University of Utah's (University) compliance with the National Collegiate Athletic Association (NCAA) *2024 Agreed-upon Procedures Guide* (Guide) for the year ended June 30, 2024. University management is responsible for compliance with the Guide.

The 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, 2024. 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 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, 2024. 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 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, 2024, 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. Per the NCAA guide, one-time conference realignment expenses should not be included in the operating expenses of the Statement. We identified \$307,835 in one-time conference realignment expenses included in the Non-Sport Specific column of the Statement. The statement has been corrected for this error.

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

### 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, men's basketball, and gymnastics and recalculated totals.

## 2. *Direct Institutional Support*

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.

## 3. *Guarantees*

Since the University does not prepare settlement reports, we did not complete step a. below:

- a. Select a sample of 10% (no more than 10) settlement reports for away games during the reporting period and agree each selection to the University's general ledger and/or the Statement and recalculated totals.
- b. We reviewed 2 contractual agreements (100% of the contractual agreements) pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each item to the University's general ledger and the Statement and recalculated totals.

## Expense Procedures:

## 4. *Guarantees*

- a. We obtained and inspected visiting institution's away-game invoices (used in place of settlement reports) received by the University during the reporting period and agreed related expenses to the University's general ledger and/or the Statement and recalculated totals.
- b. 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 the Statement and recalculated totals.

## 5. *Support Staff/Administrative Compensation, Benefits, and Bonuses Paid by the University and Related Entities*

- a. We selected a sample of 10 support staff/administrative personnel employed by the University and related entities during the reporting period.
- b. 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.

## 6. *Severance Payments*

We selected a sample of 1 employee receiving severance payments by the University during the reporting period, representing greater than 10% of the employees receiving severance payments, and agreed each severance payment to the related termination letter or employment contract and recalculated totals.

## 7. *Team Travel*

- a. We obtained documentation of the University's team travel 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.

## 8. *Sports Equipment, Uniforms, and Supplies*

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

## 9. *Athletic Facilities Debt Service, Leases, and Rental Fees*

- a. We obtained a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year. We compared a sample of 7 facility payments, representing 10% of the payments, including the top two highest facility payments, to additional supporting documentation (e.g., debt financing agreements, leases, rental agreements).
- b. We compared amounts recorded to amounts listed in the general ledger detail and recalculated totals.

## 10. *Direct Overhead and Administrative Expenses*

We obtained general ledger detail and compared to the total expenses reported. We selected a sample of 10 transactions and validated the existence of and accuracy in recording the transactions and recalculated totals for 8 of the sample transactions. The University was unable to provide us supporting documents validating the existence and accuracy of recording for 2 of the sample transactions.

## 11. *Other Operating Expenses*

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

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## Other Reporting Items

### 12. Conference Realignment Expenses

We obtained general ledger detail and compared it to the total expenses reported. We selected a sample of 8 transactions, representing 10% of the transactions, and validated 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 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 20.10.6.3 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.

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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 *2024 Agreed-upon Procedures Guide* for the year ended June 30, 2024. 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 10, 2025

**UNIVERSITY OF UTAH  
ATHLETICS DEPARTMENT  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024**

	Football	Men's Basketball	Women's Basketball	Gymnastics	Other Sports (Note 1)	Non-Sport Specific (Note 1)	Total
<b>REVENUES:</b>							
Ticket Sales	\$ 11,798,945	\$ 1,883,372	\$ 180,663	\$ 735,148	\$ 222,111	\$ 16,260	\$ 14,836,499
Direct State or Other Govt'l Support	-	-	-	-	-	-	-
Student Fees	1,570,844	197,902	173,164	173,164	4,106,458	-	6,221,532
Direct Institutional Support (Note 3)	2,965,523	426,951	200,917	175,572	1,099,090	63,366	4,931,419
Indirect Institutional Support	118,057	-	-	-	-	2,366,813	2,484,870
Guarantees	-	-	20,000	-	-	-	20,000
Contributions (Note 2)	24,833,220	3,289,713	16,310	60,136	1,127,749	43,260	29,370,388
In-Kind	90,000	68,840	-	45,210	-	174,531	378,581
Compensation and Benefits by 3rd party	1,500,000	800,000	-	-	-	-	2,300,000
Media Rights (Note 5)	21,499,385	1,486,631	-	-	-	189	22,986,205
NCAA Distributions (Note 4 & Note 5)	-	2,068,319	88,688	13,450	74,670	2,090,268	4,335,395
Pac-12 Distributions (Note 5)	5,195,719	916,892	-	-	-	91,666	6,204,276
Program, Novelty, Parking, & Concessions Sales (Note 7)	1,564,873	141,694	-	20,937	21,298	8,858	1,757,660
Royalties, Licensing, Advertisement & Sponsorships (Note 7)	8,172,309	1,423,759	141,145	41,645	865,384	618,609	11,262,851
Sports Camps (Note 11)	87,346	118,408	192,746	96,250	691,517	-	1,186,267
Endowment and Investment Income	318,609	56,225	-	-	-	24	374,858
Other Operating Revenue	20,050	-	-	-	12,430	804,830	837,310
Bowl Revenues	305,742	-	-	-	-	-	305,742
<b>Total revenues</b>	<b>80,040,622</b>	<b>12,878,705</b>	<b>1,013,633</b>	<b>1,361,512</b>	<b>8,220,707</b>	<b>6,278,673</b>	<b>109,793,853</b>
<b>EXPENSES:</b>							
Student Aid (Note 3)	\$ 5,002,719	\$ 683,902	\$ 790,680	\$ 654,413	\$ 7,550,761	\$ 576,938	\$ 15,259,413
Guarantees	1,100,000	545,000	119,940	-	101,606	-	1,866,546
Salaries and Benefits	22,595,465	4,373,103	2,134,364	1,068,307	6,286,432	14,534,068	50,991,739
Severance Payments	15,272	-	-	214,687	17,127	113,135	360,221
Recruiting	1,508,720	187,549	179,768	133,635	571,129	-	2,580,801
Team Travel	2,345,328	917,670	822,098	338,750	3,882,624	75,374	8,381,844
Equipment, Uniforms & Supplies	1,838,129	181,837	160,173	210,609	1,607,045	1,271,397	5,269,189
Game Expenses (Note 8)	1,881,602	668,139	408,521	201,390	605,835	483,690	4,249,178
Fund Raising, Marketing & Promotion	1,183,507	50,896	28,103	67,262	244,989	950,035	2,524,792
Sports Camps (Note 11)	98,460	89,695	88,557	23,637	172,070	-	472,419
Spirit Groups	-	-	-	-	-	616,883	616,883
Facilities, Debt Service, Leases & Rental Fees (Note 9)	9,524,118	1,827,490	17,000	6,000	243,000	-	11,617,608
Direct Overhead & Admin Expenses	20,487	1,057	1,443	1,523	134,508	1,321,750	1,480,767
Indirect Institutional Support	118,057	-	-	-	-	2,366,813	2,484,870
Medical Expenses & Insurance	593,752	40,700	40,773	23,071	467,117	126,844	1,292,257
Memberships and Dues	5,065	1,475	-	1,122	51,542	73,630	132,834
Student Athlete Meals	871,214	80,787	34,359	32,810	226,221	208,572	1,453,963
Other Operating Expenses (Note 10)	1,788,487	669,003	206,165	260,047	1,344,344	9,676,553	13,944,600
Bowl Expenses	1,855,555	-	-	-	-	-	1,855,555
<b>Total Expenses</b>	<b>52,345,937</b>	<b>10,318,303</b>	<b>5,031,944</b>	<b>3,237,263</b>	<b>23,506,350</b>	<b>32,395,683</b>	<b>126,835,479</b>
<b>Change in Net Assets</b>	<b>\$ 27,694,686</b>	<b>\$ 2,560,402</b>	<b>\$ (4,018,311)</b>	<b>\$ (1,875,751)</b>	<b>\$ (15,285,643)</b>	<b>\$ (26,117,010)</b>	<b>\$ (17,041,625)</b>

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

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## Notes to Statement of Revenues and Expenses for the Year Ended June 30, 2024

### 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 \$2,923,321.
- 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*

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.

The athletics department adjusted the methodology of collecting and accounting for revenue associated with football and basketball season tickets. The allocation of the cost for season tickets was adjusted such that a larger portion was allocated to contributions rather than ticket sales.

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.

## **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 \$2,923,321, are included as revenue under Direct Institutional Support and subsequently expensed under Student Aid.

#### 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 \$30,494,314 from the Pac-12 conference during fiscal year 2024. These funds are reported on the “Pac-12 Distributions,” “Media Rights,” and “NCAA Distributions” 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 \$26,698,261. The total net distribution received was lower than what was budgeted due to the Pac-12 conference receiving overpayments from multiple tv rights partners for multiple years, as well as the Pac-12 conference withholding an agreed upon settlement amount stemming from conference realignment. This resulted in reduced revenue distributions for all but two conference members in FY24. Media rights received from the Pac-12 conference were allocated 85% to football and 15% to men’s basketball.

#### 6. PROGRAM, 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 2024, the money transferred to Athletics was \$57,176.

#### 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 2024 was a guaranteed payment of \$7,339,265. Athletics received a payment in the amount of \$7,339,265 of which was allocated 85% to football and 15% to men’s basketball.

Under Armour (UA) is the exclusive apparel outfitter of the Department. Per contractual agreement, UA paid the Department \$110,000. However, due to an accounting oversight, UA overpaid athletics after not reducing the distribution amount following a contractual amendment to distribute NIL compensation directly to both the football and men’s basketball head coach. This resulted in a net loss of \$102,500 in FY24. An additional payment of \$60,000 was also received for winning the conference championship and appearing in post season play

for specific sports, such as football, women’s basketball, men’s basketball, and women’s gymnastics. A product allowance of \$2,692,481 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 2024 was \$933,911.

## 9. FACILITIES, DEBT SERVICE, LEASES & RENTAL FEES

The Department paid \$1,978,048 in facility rent and fees for use of the Rice-Eccles Stadium and the Jon M. Huntsman Center during fiscal year 2024. 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 2024, the annual debt service totaled \$2,052,275. As of June 30, 2024, the Department had \$13,285,000 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:

Fiscal Year	Principal	Interest	Total Payments
2025	1,395,000	655,775	2,050,775
2026	1,465,000	586,025	2,051,025
2027	1,535,000	512,775	2,047,775
2028	1,615,000	436,025	2,051,025
2029	1,695,000	355,275	2,050,275
2030-2032	5,580,000	567,000	6,147,000
	<u>\$ 13,285,000</u>	<u>\$ 3,112,875</u>	<u>\$ 16,397,875</u>

The Department has also assumed the annual bond payment for the Jon M. and Karen Huntsman Basketball Training Center. In fiscal year 2024, the annual debt service totaled \$1,792,490. As of June 30, 2024, the Department had \$18,825,729 of 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>
2025	997,880	794,609	1,792,490
2026	932,944	755,841	1,688,785
2027	867,046	718,033	1,585,080
2028	903,896	681,184	1,585,080
2029	942,311	642,768	1,585,080
2030-2034	5,347,423	2,577,974	7,925,398
2035-2039	6,584,531	1,340,866	7,925,398
2040-2041	2,249,697	127,922	2,377,619
	<u>\$ 18,825,729</u>	<u>\$ 7,639,198</u>	<u>\$ 26,464,927</u>

The Department has also assumed the annual bond payment for the Ken Garff Red Zone at Rice Eccles Stadium. In fiscal year 2024, the annual debt service totaled \$5,347,809. As of June 30, 2024, the Department had \$63,765,000 of outstanding debt for the Ken Garff Red Zone. 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>
2025	2,740,000	2,609,183	5,349,183
2026	2,880,000	2,468,683	5,348,683
2027	3,030,000	2,320,933	5,350,933
2028	3,185,000	2,165,558	5,350,558
2029	3,350,000	2,002,183	5,352,183
2030-2034	19,490,000	7,262,774	26,752,774
2035-2039	23,825,000	2,926,292	26,751,292
2040	5,265,000	88,215	5,353,215
	<u>\$ 63,765,000</u>	<u>\$ 21,843,823</u>	<u>\$ 85,608,823</u>

An internal loan from the University for the Rice-Eccles Stadium scoreboard is paid in part by the Department. In fiscal year 2024, the annual debt service totaled \$446,986. As of June 30, 2024, the Department had completed all required payments.

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 (\$1,793,000), Pac-12 conference operating expenses (\$3,090,084), Independent Contractors/Consultants (\$4,866,822), and Alston Award payments (\$1,491,602).

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**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.

**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.

The Athletics Department currently has a negative fund balance of (\$53,454,563). This is due to conference realignment in FY24, impact of Covid in FY21, and an internal loan that was provided to athletics upon entrance into the Pac-12. The Athletics Department continues to work closely with campus in managing this debt.

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.

	<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	-	-	-	-	-	(53,454,563)	(53,454,563)
Capital Expenditures	978,433	104,346	-	993,221	791,017	70,088	2,937,106
Athletics Reserves:							
Unrestricted							
Reserves						30,090,198	30,090,198
Facility Reserves						26,421,067	26,421,067
Sport Reserves	<u>362,636</u>	<u>227,383</u>	<u>93,909</u>	<u>161,105</u>	<u>3,096,017</u>	<u>1,053,688</u>	<u>4,994,737</u>
Total Reserves							61,506,002
Value of Endowments	-	-	-	-	-	16,094,154	16,094,154

## Auditor's Analysis of Significant Variances for the Year Ended June 30, 2024

### Exhibit 1

#### Comparison of Current Year Actual to Prior Year Actual:

	2024 Totals	2023 Totals	Variance \$ Over/(Under)	Variance % Over/(Under)	
<b>REVENUES:</b>					
Ticket Sales	14,836,499	12,841,187	1,995,312	15.54%	<b>A</b>
Contributions	29,370,388	34,399,884	(5,029,496)	-14.62%	<b>B</b>
Media Rights	22,986,205	21,836,190	1,150,015	5.27%	
Royalties, Licensing, Advertiseme	11,262,851	12,196,866	(934,015)	-7.66%	
<b>EXPENSES:</b>					
Student Aid	15,259,413	13,467,982	1,791,431	13.30%	<b>C</b>
Salaries and Benefits	50,991,739	46,149,779	4,841,960	10.49%	<b>D</b>
Other Operating Expenses	13,944,600	15,328,180	(1,383,580)	-9.03%	

#### Explanations for Variances:

- A. Tickets sales saw an increase in FY24 due to football hosting a 7th home game compared to only 6 in FY23. Additionally, other sports such as men's basketball, gymnastics, and other Olympic sports saw ticket sales perform better compared to FY23 due to pricing increases and overall attendance.
- B. Contributions saw a decrease in FY24 due to the University only transferring the specific amount that was budgeted and received in FY24 compared to FY23.
- C. Student Aid saw an increase in FY24 due to the university increasing the cost of attendance amounts that were disbursed to students. There were incremental increases to tuition as well.
- D. Salaries and Benefits saw an increase in FY24 due to increases in football salaries, post season bonuses, and 5% approved salary increases for athletics department staff members.