



OFFICE OF THE  
STATE AUDITOR



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# Utah Tech University

## Athletic Department

### Agreed-Upon Procedures

For the year ended June 30, 2024

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Report No. 24-17

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#### Office of the State Auditor

Audit Leadership:

Tina Cannon, State Auditor

Doug Seager, CPA, Audit Director

Caleb Crump, CPA, Audit Senior



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) *2024 Agreed-upon Procedures Guide* (Guide) for the year ended June 30, 2024. 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, 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 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 Athletic 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. 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. Student Fees

- a. We compared and agreed student fees reported by the University in the Statement for the reporting period to student enrollments during the same reporting period and recalculated totals.

Since student fees are directly tied to enrollment, we did not complete steps b. and c. below:

- b. Obtain documentation of the University's methodology for allocating student fees to intercollegiate athletics programs.
- c. If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are

able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee 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.

### **Expense Procedures:**

## *3. 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.

## *4. 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.

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.

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- 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 *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*

Office of the State Auditor

Salt Lake City, Utah

January 9, 2025

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

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
<b>Revenues:</b>						
Ticket Sales	\$ 104,949	\$ 109,581	\$ 17,439	\$ 81,976	\$ -	\$ 313,945
Direct Government Support	-	-	-	-	-	\$ -
Student Fees	361,985	149,472	136,280	521,311	357,260	\$ 1,526,308
Direct Institutional Support	2,700,035	783,720	1,034,600	4,071,687	2,259,601	\$ 10,849,643
Less-Transfers to Institution	-	-	-	-	-	\$ -
Indirect Institutional Support	-	-	-	-	-	\$ -
Indirect Institutional Debt Service	-	-	-	-	736,038	\$ 736,038
Guarantees	400,000	305,000	40,000	53,450	-	\$ 798,450
Contributions	319,006	136,002	64,760	599,676	134,081	\$ 1,253,525
In-Kind	-	-	-	-	-	\$ -
Compensation & Benefits by 3rd Party	-	-	-	-	-	\$ -
Media Rights	8,640	3,568	3,253	12,442	8,527	\$ 36,430
NCAA Distributions	54,667	22,573	20,581	78,728	53,953	\$ 230,502
Conference Distributions	35,575	14,690	13,393	51,233	35,110	\$ 150,001
Program Sales, Concessions, Etc.	-	-	495	7,359	-	\$ 7,854
Royalties, Advertising, Sponsors	267,094	110,789	100,555	389,543	263,607	\$ 1,131,588
Sports Camps	41,940	134,450	185,951	283,849	-	\$ 646,190
Restricted Endowment & Investments	3,262	4,545	480	18,435	1,257	\$ 27,979
Other	4,419	1,825	1,663	25,191	4,361	\$ 37,459
Bowl	-	-	-	-	-	\$ -
Total Revenues	<u>4,301,572</u>	<u>1,776,215</u>	<u>1,619,450</u>	<u>6,194,880</u>	<u>3,853,795</u>	<u>17,745,912</u>
<b>Expenses:</b>						
Athletic Student Aid	1,437,225	348,682	259,304	1,518,180	33,566	3,596,957
Guarantees	-	3,500	2,500	36,250	-	42,250
Coaching Salaries, Benefits, Etc.	1,078,748	641,602	446,519	1,871,139	-	4,038,008
Coaching Salaries, Benefits & Bonuses by 3rd Party	-	-	-	-	-	-
Support Staff Salaries, Benefits, Etc.	76,429	42,536	106,004	106,704	1,637,392	1,969,065
Support Staff Salaries, Benefits, Etc. by 3rd Party	-	-	-	-	-	-
Severance Payments	-	-	-	-	-	-
Recruiting	148,307	54,703	62,708	109,830	-	375,548
Team Travel	785,603	342,046	322,014	1,171,405	-	2,621,068
Equipment, Uniforms, & Supplies	365,268	63,009	44,006	452,619	39,959	964,861
Game	110,062	125,684	117,085	208,976	-	561,807
Fund Raising, Marketing, Promotions	32,467	10,395	88,962	98,452	702,491	932,767
Sport Camps	11,732	45,862	113,357	37,392	-	208,343
Spirit Groups	-	-	-	-	102,191	102,191
Facilities Debt Service, Leases & Rental Fees	-	-	-	-	736,038	736,038
Direct Facilities, Maintenance, & Rental	28,078	3,747	698	363,284	62,023	457,830
Indirect Institutional Support	-	-	-	-	-	-
Medical & Insurance	-	4,137	-	-	499,319	503,456
Memberships & Dues	48	1,714	4,110	20,013	160,117	186,002
Athletic Meals (non-travel)	194,168	37,596	8,028	88,009	101,939	429,740
Other Operating	33,437	50,999	44,155	112,626	170,379	411,596
Bowl	-	-	-	-	-	-
Total Expenses	<u>4,301,572</u>	<u>1,776,212</u>	<u>1,619,450</u>	<u>6,194,879</u>	<u>4,245,414</u>	<u>18,137,527</u>
Excess/(Deficiency) of Revenues Over/(Under)	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (391,619)</u>	<u>\$ (391,615)</u>
Expenses	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (391,619)</u>	<u>\$ (391,615)</u>

*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. 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.

Right-of-use financing leases with an annual payment greater than \$5,000 that meet the definition of a lease according to GASB Statement No.87, Leases, are capitalized. Subscription-based Information Technology Arrangements (SBITA) with an annual payment greater than \$5,000 and \$25,000 in total, and meet the definition of a SBITA according to GASB Statement No.96, Subscription-based Information Technology Arrangements (SBITA), are capitalized.

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

The Athletic Department received \$1,253,526 in contributions revenue during fiscal year 2024. During fiscal year 2024, no individual donor or outside entity contributed 10% or more of total contributions revenue.

#### 4. Long-term Debt

The principal balance of all debt related to the Athletic Department at June 30, 2024 was \$13,105,000. This amount represents the East Stadium Grandstand and Greater Zion Stadium Bonds University in the amounts of \$3,485,000 and \$9,620,000 respectively.

Amounts due in future years are as follows:

Year Ending June 30	Principal	Interest
2025	310,000	430,825
2026	325,000	415,325
2027	345,000	399,075
2028	360,000	381,825
2029	380,000	363,825
2030-2034	2,170,000	1,541,625
2035-2039	2,520,000	1,180,800
2040-2044	2,875,000	831,619
2045-2049	3,320,000	390,819
2050-2054	500,000	12,500
<b>Total</b>	<b>\$13,105,000</b>	<b>\$5,948,238</b>

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

### Exhibit 1

	<u>2024 Totals</u>	<u>2023 Totals</u>	<u>Variance \$ Over</u>	<u>Variance % Over</u>
<b>Revenues:</b>				
Direct Institutional Support	10,849,643	9,593,249	1,256,394	13.10% <b>A</b>
<b>Expenses:</b>				
Athletic Student Aid	3,596,957	3,156,416	440,541	13.96% <b>B</b>
Coaching Salaries, Benefits, Etc.	4,038,008	3,460,307	577,701	16.70% <b>C</b>
Support Staff Salaries, Benefits, Etc.	1,969,065	2,055,734	(86,669)	-4.22%
Team Travel	2,621,068	2,255,870	365,198	16.19% <b>D</b>

- A. Direct Institutional Support: The increase to this line is a result of the University allocating an additional \$1 million to athletics.
- B. Athletic Student Aid: Athletics allocated a portion of the increase to Direct Institutional Support to the Athletic Student Aid.
- C. Coaches' Salaries, Benefits, etc.: This line item increased due to the University establishing an 8% COLA increase to all salaries. Additionally, the Football staff hired a new coach and established a new staff position.
- D. Team Travel: This line increased due to more teams playing in the playoffs in FY24 and travel costs increasing due to inflation.