

DIXIE STATE UNIVERSITY

Athletic Department
Agreed-Upon Procedures Report
For the Year Ended June 30, 2015

Report No. 15-35



OFFICE OF THE
UTAH STATE AUDITOR

DIXIE STATE UNIVERSITY

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AUDIT LEADERSHIP:

Hollie Andrus, CPA, Audit Director
Ariane Gibson, CPA, Audit Senior



OFFICE OF THE
UTAH STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee,
and
Richard B. Williams, President
Dixie State University

We have performed the procedures enumerated below, which were agreed to by Dixie State University's management, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (the Statement) of the University's Athletic Department (Department) is in compliance with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2015. The University's management is responsible for the Statement and the Statement's compliance with that requirement. 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 and made certain inquiries of management regarding 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, and controls over interactions with the Information Technology Department.

We tested the specific elements of the control environment and accounting systems that are unique to the Department that were not addressed in connection with the audit of the University's financial statements. This included testing 5 transactions each of Ticket Office cash receipts, Business Office cash receipts, payroll transactions, and non-payroll transactions for compliance with internal control policies and procedures.

- B. 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.

Statement of Revenues and Expenses Agreed-Upon Procedures

- C. We obtained the Department's Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2015 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 and then reported to the Department the matters that came to our attention that caused us to believe an account or item should be adjusted by more than \$50,000. We identified \$76,924 included in "Indirect Institutional Support" that should have been recorded in "Direct Overhead and Administrative Expenses." This adjustment has been reflected in the Statement.

- We compared and agreed each operating revenue and expense category that comprised more than 0.5% 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 of 20 items for operating revenue receipts and 23 items for expenses obtained from the above supporting schedules 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 understanding of any variations over the lesser of \$1 million or 10%. The University does not prepare budgets for the categories included in the Statement; therefore, we were unable to compare each major revenue and expense account to budget estimates. We have reported our analysis as a supplement to this final Agreed-Upon Procedures report in Exhibit I.
- We reviewed the footnotes to the Statement for propriety and compliance with NCAA guidelines.

D. We performed the following procedures related to the Department.

Revenue Procedures:

Student Fees

1. 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.
2. We obtained and documented an understanding of the University's methodology for allocating student fees to the Department.
3. We recalculated the totals of the Department's methodology for support that they are able to count each sport. The University allocates fees to each sport based on the sport's proportionate share of total Department expense. We recalculated student fees reported for each sport using this methodology.

Sports Camp Revenues

4. We did not inspect sports camp contracts between the University and persons conducting University sports camps or clinics during the reporting period as the University does not enter into formal contracts for sports camps. We did inquire of University personnel to obtain an understanding of the University's methodology for recording revenues from sports camps.
5. We obtained schedules of camp participants, selected a sample of 20 individual camp participant cash receipts from the schedule of sports camp participants, agreed each selection to the University's general ledger and then agreed the ledger to the Statement, and recalculated totals.

Expense Procedures:

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

6. We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period. We selected a sample of 3 coaches' contracts that included football and men's and women's basketball from the listing.
7. 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.

8. We obtained and inspected summary payroll registers for the reporting period for each selection. We compared and agreed summary payroll 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.
9. We compared and agreed the totals recorded to any employment contracts executed for the sample selected and recalculated totals.

Sports Camp Expenses

10. We obtained the general ledger detail and compared it to the total expenses reported. We selected a sample of 20 transactions to validate the existence of and the accuracy in recording the transaction and recalculated totals.

Additional Agreed-Upon Procedure

- E. We compared and agreed the sports sponsored as reported in the NCAA Membership Financial Reporting System to the squad lists of the University.

Except as discussed in “C” above, we found no exceptions that exceeded \$50,000 as a result of these 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 bylaws. 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 authorized representatives of the NCAA 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 Utah State Auditor

Office of the Utah State Auditor
January 13, 2016

DIXIE STATE UNIVERSITY
ATHLETIC DEPARTMENT
STATEMENT OF REVENUES & EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Revenues:						
Ticket Sales	\$ 17,802	\$ 26,293	\$ -	\$ 19,452	\$ -	\$ 63,547
Direct Government Support	-	-	-	-	-	-
Student Fees	162,637	112,863	78,366	334,582	148,171	836,619
Direct Institutional Support	814,841	245,191	282,761	1,276,630	900,911	3,520,334
Less-Transfers to Institution	-	-	-	-	-	-
Indirect Institutional Support	-	-	-	-	158,089	158,089
Guarantees	-	-	2,000	-	-	2,000
Contributions	58,636	15,161	7,449	107,745	10,530	199,521
In-Kind	-	-	-	-	-	-
Compensation & Benefits by 3rd Party	-	-	-	-	-	-
Media Rights	-	-	-	-	-	-
NCAA Distributions	-	11,037	-	95,752	-	106,789
Conference Distributions	-	-	-	-	-	-
Program Sales, Concessions, etc.	-	-	-	-	-	-
Royalties, Advertising, Sponsors	28,200	19,570	13,588	58,005	25,692	145,055
Sports Camps	13,017	320,215	135,823	283,839	-	752,894
Endowment	-	-	-	2,650	-	2,650
Other	21,603	24,636	18,113	118,406	34,245	217,003
Total Revenues	1,116,736	774,966	538,100	2,297,061	1,277,638	6,004,501
Expenses:						
Athletic Student Aid	462,398	140,349	151,217	750,802	28,808	1,533,574
Guarantees	-	1,000	-	-	-	1,000
Coaching Salaries, Benefits, Etc.	334,855	192,153	134,547	494,923	-	1,156,478
Coaching Salaries, Benefits & Bonuses by 3rd Party	-	-	-	-	-	-
Support Staff Salaries, Benefits, Etc.	16,647	18,668	6,121	73,987	597,015	712,438
Support Staff Salaries, Benefits, Etc. by 3rd Party	-	-	-	-	-	-
Severance Payments	-	-	-	-	-	-
Recruiting	26,600	4,814	7,398	23,580	450	62,842
Team Travel	103,486	78,022	84,928	457,259	25,239	748,934
Equipment, Uniforms, & Supplies	96,021	19,621	13,750	145,510	21,548	296,450
Game	31,184	39,604	12,520	81,136	11,953	176,397
Fund Raising, Marketing, Promotions	(130)	13,555	1,616	89,699	59,563	164,303
Sport Camps	2,703	252,575	116,388	109,967	(9,693)	471,940
Spirit Groups	-	-	-	-	18,834	18,834
Facilities Debt Service, Leases & Rental Fees	-	-	-	-	158,089	158,089
Direct Facilities, Maintenance, & Rental	20,661	5,215	4,304	56,487	130,256	216,923
Indirect Institutional Support	-	-	-	-	-	-
Medical & Insurance	-	-	-	-	80,000	80,000
Memberships & Dues	955	-	347	1,280	38,283	40,865
Other Operating	21,356	9,390	4,964	12,430	15,154	63,294
Total Expenses	1,116,736	774,966	538,100	2,297,060	1,175,499	5,902,361
Excess/(Deficiency) of Revenues Over/(Under) Expenses	\$ -	\$ -	\$ -	\$ 1	\$ 102,139	\$ 102,140

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

Dixie State University
Athletic Department
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2015

Accrual Basis – The accompanying Statement of Revenues and Expenses (Statement) has been prepared on the accrual basis of accounting, with the exception of Athletic Student Aid expense and Direct Institutional Support, and presents the results of financial activity of the Dixie State University Athletic Department (Department). Athletic Student Aid expenses have not been reduced for scholarship allowances. Tuition waivers have been reported as Direct Institutional Support revenue and Athletic Student Aid expense.

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.

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 State Board of Regents. 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. Expenses related to depreciating the Department’s capital assets have been excluded from the Statement.

Contributions – The Department received one contribution from the Dixie College Foundation in the amount of \$25,000, which is greater than ten percent of the total gift revenue that the Department received during fiscal year 2015. There were no significant changes to endowments for the Department.

Long-term Debt – The University provides Indirect Institutional Support to the Department by funding the principal and interest payments for Department long-term debt. During fiscal year 2015, the University paid \$158,059 for such debt. The principal balance of all debt related to the Department at June 30, 2015 was \$985,104. This amount consists of a copier lease, facilities bonds, and an internal loan for equipment. The copier debt is payable to Revco Leasing and had an outstanding principal balance of \$10,560 at June 30, 2015. The facilities bond amount is for the Burns Arena, which is approximately one third of the total Avenna Center outstanding bonds. The Department’s portion of the principal amount was \$965,002 at June 30, 2015. Additionally, the weight-lifting equipment loan matures in fiscal year 2016 and had a principal balance of \$9,542 at June 30, 2015.

Amounts due in future years are as follows:

Year Ending June 30,	Principal	Interest
2016	\$ 130,011	\$ 42,879
2017	126,018	37,663
2018	129,074	32,239
2019	131,667	26,918
2020	136,667	21,323
2021	141,667	15,173
2022	150,000	8,798
2023	40,000	1,860
Total	\$ 985,104	\$ 186,853

Dixie State University
Athletic Department
Analysis of Significant Variances
For the Year Ended June 30, 2015

COMPARISON OF CURRENT YEAR ACTUAL TO PRIOR YEAR ACTUAL

See Procedure C on Page 2

	2015 Totals	2014 Totals	Variance \$ Over/(Under)	Variance % Over/(Under)
Operating Revenues				
Student Fees	\$ 836,619	\$ 810,068	\$ 26,551	3.28%
Direct Institutional Support	3,520,334	3,145,741	374,593	11.91% *
Sports Camps	752,894	781,956	(29,062)	(3.72%)
Operating Expenses				
Athletic Student Aid	1,533,574	1,486,917	46,657	3.14%
Coaching Salaries, Benefits, Etc.	1,156,478	1,091,800	64,678	5.92%
Support Staff Salaries, Benefits, Etc.	712,438	678,535	33,903	5.00%
Team Travel	748,934	739,347	9,587	1.30%

* Increase is due to additional University funding to strengthen the Athletics Department through salary increases and an emphasis on improved recruiting