



# OLD DOMINION UNIVERSITY

## INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2015

Auditor of Public Accounts  
Martha S. Mavredes, CPA

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Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

January 11, 2016

The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable Robert D. Orrock, Sr.  
Vice-Chairman, Joint Legislative Audit  
And Review Commission

John R. Broderick  
President, Old Dominion University

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of **Old Dominion University**, solely to assist the University in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the University is in compliance with National Collegiate Athletic Association (NCAA) Constitution 3.2.4.15, for the year ended June 30, 2015. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs and the Schedule's compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with generally accepted government auditing standards. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Agreed-Upon Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

Procedures described below were limited based to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed one-half of one percent of total revenues or total expenses, as applicable. The procedures that we performed and our findings are as follows:

## **Internal Controls**

1. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with our audit of the University's financial statements. In addition, we identified and reviewed those controls unique to Intercollegiate Athletics Programs, which were not reviewed in connection with our audit of the University's financial statements.
2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls over interaction with the information technology department.
3. Intercollegiate Athletics Department management provided us with their procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the Intercollegiate Athletics Programs. We tested these procedures as noted below.

## **Affiliated and Outside Organizations**

4. Intercollegiate Athletics Department management identified all intercollegiate athletics-related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.
6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

## **Schedule of Revenues and Expenses of Intercollegiate Athletics Programs**

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2015, as prepared by the University and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts in management's worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no material differences between the amounts in the Intercollegiate Athletics Department's accounts in the accounting records and the

amounts on the worksheets. We discussed the nature of the worksheet adjustments with management. Certain amounts in the Schedule were reclassified to conform with new reporting guidance issued by the NCAA.

8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates. Variations exceeding one million dollars or ten percent are explained below:

<b>Line Item</b>	<b>Explanation</b>
Student Fees	The University experienced a slight decline in enrollment. Student fees increased at a higher rate to more than offset the decline in enrollment, resulting in increased total Student Fee Revenue.
Media Rights	This revenue source was reported in Conference Distributions in the prior year, and reclassified in accordance with revised NCAA guidelines, resulting in a 100 percent increase for the current year.
NCAA Distributions	This revenue source was not displayed as a separate line item in the previous year, resulting in a 100 percent increase for the current year.
Conference Distributions	This revenue source was combined with the NCAA Distributions revenue source in the prior year. Separate reporting of NCAA Distributions in the current year resulted in a substantial decrease in this revenue source.
Athletic Facilities Debt Service	This expense category did not exist under NCAA guidance applicable in the prior year, resulting in a 100 percent increase for the current year.
Direct Overhead and Administrative Expenses	This expense category included the Athletic Facilities Debt Service category in the prior year. Separate reporting of the Athletic Facilities Debt Service in the current year resulted in a substantial decrease in this expense category.
Indirect Cost Paid to the Institution by Athletics	This expense category was included in the Other Operating Expenses category in the prior year, and reclassified to conform with new guidance issued by the NCAA and Auditor of Public Accounts, resulting in a 100 percent increase for the current year.
Other Operating Expenses	This expense category included the Indirect Cost Paid to the Institution by Athletics category in the prior year, resulting in a substantial decrease in the current year.

## Revenues

9. Intercollegiate Athletics Department management provided us with tickets sold during the reporting period along with complimentary tickets and unsold tickets to the revenue recorded in the Schedule and related attendance figures. We compared tickets sold for the 2014 football season to the revenue reported in the accounting system and related attendance figures, and note them to be substantially in agreement.
10. We obtained an understanding of the institution's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Schedule to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found these amounts to be substantially in agreement.
11. Intercollegiate Athletics Department management provided us with a listing of settlement reports and game guarantee agreements for away games during the reporting period. We reviewed these settlement reports and guarantee agreements for selected games and agreed selected amounts to proper posting in the accounting records and supporting documentation.
12. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by the Intercollegiate Athletics Programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Old Dominion Athletic Foundation, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs. We reviewed contributions from the Foundation and agreed them to supporting documentation.
13. Intercollegiate Athletics Department management provided a list of in-kind contributions during the reporting period. We reviewed the methodology for valuation included in the Schedule, determining it was reasonable. This amount was deemed to be immaterial for detailed testing.
14. We gained an understanding of the relevant terms of agreements related to participation in revenues from broadcast, television, radio, internet and e-commerce rights and agreed selected amounts to proper posting in the accounting records and supporting documentation.
15. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from broadcast, television, radio, internet, and e-commerce rights. We gained an understanding of the relevant terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.

16. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from tournaments, conference distributions, and NCAA distributions. We gained an understanding of the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.
17. We compared the amount of revenue recorded in the accounting system and Schedule worksheets related to program sales, concessions, novelty sales, and parking to the amount reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
18. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, licensing, advertisements, and sponsorships. We gained an understanding of the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.
19. We compared the amount of revenue recorded in the accounting system and Schedule worksheets related sports camps. This amount was deemed to be immaterial for detailed testing.
20. We obtained a summary of Other Revenues items for the reporting period and agreed it to the accounting system and Schedule worksheets. We tested a sample of items and agreed them to supporting documentation.

### **Expenses**

21. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. Since the University used the NCAA Compliance Assistant software to prepare athletic aid detail, we selected 10 percent of individual student-athletes across all sports and agreed amounts from the listing to their award letter. We agreed each student's information to ensure accurate reporting in the NCAA Membership Financial Reporting System. We also ensured that the total aid amount for each sport materially agreed to amounts reported as Financial Aid in the student accounting system.
22. Intercollegiate Athletics Department management provided us with a listing of settlement reports and game guarantee agreements for home games during the reporting period. We reviewed these settlement reports and guarantee agreements for selected games and agreed selected amounts to proper posting in the accounting records and supporting documentation.
23. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected and tested individuals, including football and men's and women's basketball coaches, and compared amounts paid

during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation.

24. We discussed the Intercollegiate Athletics Department's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to existing University and NCAA policies and noted substantial agreement with those policies.
25. We selected a sample of disbursements for equipment, uniforms, and supplies, game expenses, fundraising, marketing, and promotion, direct overhead and administration, indirect cost paid to the institution by athletics, medical expenses and medical insurance, memberships and dues, and other operating expenses. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records.
26. We obtained a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year. We selected a sample of facility payments, including the two highest facility payments, and agreed them to supporting documentation.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression on an opinion on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we conducted an audit of any financial statements of the Intercollegiate Athletics Department of Old Dominion University in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of Old Dominion University or its Intercollegiate Athletics Department taken as a whole.

This report is intended solely for the information and use of the President and the University and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

EMS/clj

**OLD DOMINION UNIVERSITY**  
**SCHEDULE OF REVENUES AND EXPENSES OF**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
For the year ended June 30, 2015

	<b>Football</b>	<b>Men's Basketball</b>	<b>Women's Basketball</b>	<b>Other Sports</b>	<b>Non-Program Specific</b>	<b>Total</b>
<b><u>Operating revenues:</u></b>						
Ticket sales	\$ 2,562,809	\$ 1,068,422	\$ 145,488	\$ 79,291	\$ -	\$ 3,856,010
Student fees	-	-	-	-	28,419,259	28,419,259
Guarantees	1,000,000	-	-	2,500	-	1,002,500
Contributions	2,319,227	817,637	364,665	268,580	1,385,633	5,155,742
In-Kind	78,531	21,396	11,900	21,642	21,381	154,850
Media rights	-	-	-	-	1,085,717	1,085,717
NCAA distributions	-	9,750	-	15,524	1,115,612	1,140,886
Conference distributions (Non Media or Bowl)	-	6,414	4,757	9,580	1,261,811	1,282,562
Program, novelty, parking, and concession sales	106,843	-	-	248	26,631	133,722
Royalties, licensing, advertisement and sponsorships	87,843	17,700	6,900	48,300	1,120,611	1,281,354
Sports camp revenues	898	1,586	1,318	9,302	210	13,314
Other operating revenue	3,299	78	-	-	465,422	468,799
<b>Total operating revenues</b>	<b>6,159,450</b>	<b>1,942,983</b>	<b>535,028</b>	<b>454,967</b>	<b>34,902,287</b>	<b>43,994,715</b>
<b><u>Operating expenses:</u></b>						
Athletic student aid	3,050,509	501,257	462,485	4,668,283	4,564	8,687,098
Guarantees	-	298,305	35,983	7,894	-	342,182
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,837,712	1,055,319	595,548	3,000,734	-	6,489,313
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	338,453	202,715	166,583	96,307	5,250,607	6,054,665
Recruiting	360,911	126,732	87,427	202,977	1,775	779,822
Team travel	1,034,856	631,873	432,650	1,512,620	-	3,611,999
Sports equipment, uniforms, and supplies	475,068	46,230	57,187	498,608	498,899	1,575,992
Game expenses	595,106	370,801	221,011	183,432	-	1,370,350
Fundraising, marketing and promotion	41,800	24,945	14,062	3,590	496,180	580,577
Spirit groups	-	-	-	-	103,536	103,536
Athletic facility debt service, leases, and rental fees	-	-	-	-	4,506,191	4,506,191
Direct overhead and administrative expenses	558,854	-	367	57,594	2,280,139	2,896,954
Indirect cost paid to the institution by athletics	-	-	-	-	2,686,592	2,686,592
Medical expenses and insurance	21,230	1,438	10,940	19,428	216,357	269,393
Memberships and dues	5,151	2,940	885	7,157	851,747	867,880
Other operating expenses	390,087	83,115	68,795	345,284	1,070,293	1,957,574
<b>Total operating expenses</b>	<b>8,709,737</b>	<b>3,345,670</b>	<b>2,153,923</b>	<b>10,603,908</b>	<b>17,966,880</b>	<b>42,780,118</b>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<b>\$ (2,550,287)</b>	<b>\$ (1,402,687)</b>	<b>\$ (1,618,895)</b>	<b>\$ (10,148,941)</b>	<b>\$ 16,935,407</b>	<b>\$ 1,214,597</b>
<b><u>Other Reporting Items:</u></b>						
Total athletics-related debt						\$ 44,570,127
Total institutional debt						\$ 267,615,944
Value of institutional endowments						\$ 8,633,723

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

**OLD DOMINION UNIVERSITY**  
**NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletics programs of the University for the year ended June 30, 2015. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletics programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific".

2. AFFILIATED ORGANIZATIONS

The University received \$5,051,585 from the Old Dominion Athletic Foundation and the Old Dominion University Educational and Real Estate Foundations. Approximately \$2,812,322 of these funds was for scholarships for student athletes. The amount received is included in the accompanying Schedule in Contributions revenue.

### 3. CAPITAL ASSETS

The Intercollegiate Athletics Department follows the same policies and procedures as the University for acquiring, approving, disposing, and depreciating capital assets. Capital assets are stated at cost or, if donated, at fair market value on the date of acquisition. Equipment costing \$5,000 or more with a useful life in excess of one year is capitalized. Infrastructure assets are included in the financial statements and are depreciated. The University records depreciation on property, plant and equipment, including capital leases and excluding land and construction in progress, computed over the estimated useful lives of the assets based on the straight-line method. The general range of estimated useful lives is five to 50 years for buildings and two to 25 years for equipment. The general range of estimated useful lives is two to 30 years for other improvements and infrastructure. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Capital assets at the time of disposal revert to the Commonwealth of Virginia for disposition.

A summary of the various capital asset categories relating to Athletics for the year ending June 30, 2015 is presented as follows:

	<u>Ending Balance</u>
<b>Nondepreciable Capital Assets:</b>	
Land	\$ 539,000
Construction in progress	<u>1,190,189</u>
Total Nondepreciable Capital Assets	<u>1,729,189</u>
<b>Depreciable Capital Assets:</b>	
Buildings	73,707,838
Equipment	4,389,775
Improvements other than building	<u>2,549,654</u>
Total Depreciable Capital Assets	<u>80,647,267</u>
<b>Less Accumulated Depreciation For:</b>	
Buildings	18,857,952
Equipment	2,840,716
Improvements other than building	<u>771,544</u>
Total Accumulated Depreciation	<u>22,470,212</u>
Depreciable Capital Assets, net	<u>58,177,055</u>
Total Capital Assets, net	<u>\$ 59,906,244</u>

4. LONG-TERM DEBT

**Long-term debt relating to Athletics:**

<b>Description</b>	<b>Interest Rates</b>	<b>Maturity</b>	<b>2015</b>
Revenue Bonds:			
Recreation, Series 2007B	4.25%	2018	\$ 413,781
Recreation, Series 2007B	4.00% - 4.50%	2020	6,674,866
Recreation, Series 2010B	5.00%	2021	630,000
Recreation, Series 2010B	5.00%	2022	6,070,000
Recreation, Series 2014B	3.00% - 5.00%	2017	723,812
Recreation, Series 2014B	3.00% - 5.00%	2020	326,564
Recreation, Series 2014B	3.00% - 5.00%	2017	<u>1,051,710</u>
Total Convocation Center			15,890,733
Percent used by Athletics			<u>20%</u>
Portion of Convocation Center			<u>3,178,147</u>
Athletic Fac. Exp, Series 2005 A	4.375% - 5.00%	2026	165,000
Indoor Tennis Court, Series 2005A	4.375% - 5.00%	2026	125,000
Athletic Fac. Exp., Series 2006A	3.00% - 5.00%	2027	305,000
Indoor Tennis Court, Series 2006A	3.00% - 5.00%	2027	65,000
Athletic Fac. Exp., Series 2007A	4.50% - 5.00%	2028	135,000
Indoor Tennis Court, Series 2007A	4.50% - 5.00%	2028	70,000
Powhatan Sports Ctr, Series 2007A	4.50% - 5.00%	2028	1,835,000
Powhatan Sports Ctr, Series 2009A	2.50% - 5.00%	2029	21,935,000
Powhatan Sports Ctr, Series 2010A	3.75% - 5.50%	2031	790,000
Athletic Fac. Exp., Series 2012A	3.00% - 5.00%	2025	1,330,000
Athletic Fac. Exp., Series 2012A	3.00% - 5.00%	2025	1,645,000
Indoor Tennis Court, Series 2012A	3.00% - 5.00%	2025	820,000
Indoor Tennis Court, Series 2012A	3.00% - 5.00%	2025	1,280,000
Athletic Fac. Exp., Series 2014B	3.00% - 5.00%	2026	415,000
Athletic Fac. Exp., Series 2014B	3.00% - 5.00%	2024	360,000
Athletic Fac. Exp., Series 2014B	3.00% - 5.00%	2026	225,000
Indoor Tennis Court, Series 2014B	3.00% - 5.00%	2026	325,000
Indoor Tennis Court, Series 2014B	3.00% - 5.00%	2024	100,000
Indoor Tennis Court, Series 2014B	3.00% - 5.00%	2026	120,000
Powhatan Sports Ctr, Series 2014A	2.00% - 5.00%	2035	3,005,000
Powhatan Sports Ctr, Series 2014B	3.00% - 5.00%	2026	<u>2,900,000</u>
Total			<u>37,950,000</u>
Total Revenue Bonds			<u>\$ 41,128,147</u>
Capital Leases			<u>\$ 31,517</u>
Unamortized Bond Premium			<u>\$ 3,410,463</u>

**Long-term debt matures as follows:**

	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,559,510	\$ 1,885,773
2017	2,655,915	1,770,968
2018	2,792,973	1,650,076
2019	2,822,841	1,522,079
2020	2,949,425	1,388,343
2021-2025	15,149,000	4,765,939
2026-2030	11,115,000	1,351,544
2031-2035	<u>1,115,000</u>	<u>138,037</u>
Total	<u>\$ 41,159,664</u>	<u>\$ 14,472,759</u>

5. ALLOCATION OF ATHLETIC OVERHEAD COSTS

The University recovers a percentage of each auxiliary enterprise's expenses, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2015, the overhead rate charged to athletics and other auxiliary enterprise was 12.03 percent. This amount is reported as Indirect Cost Paid to the Institution by Athletics Expense.

## OLD DOMINION UNIVERSITY

Norfolk, Virginia  
(as of June 30, 2015)

### BOARD OF VISITORS

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### UNIVERSITY OFFICIALS

(as of January 11, 2016)

John R. Broderick, President

David F. Harnage, Chief Operating Officer

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Camden W. Selig, Director of Intercollegiate Athletics Programs