

OLD DOMINION UNIVERSITY

**INTERCOLLEGIATE ATHLETIC PROGRAMS
FOR THE YEAR ENDED
JUNE 30,2006**

APA

**Auditor of
Public Accounts**
COMMONWEALTH OF VIRGINIA

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.O. Box 1295
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November 17, 2006

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
And Review Commission

Dr. Roseann Runte
President, Old Dominion University

INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF 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) Bylaw 6.2.3, for the year ended June 30, 2006. The University's 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 attestation standards established by the American Institute of Certified Public Accountants. 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

The procedures that we performed and our findings are as follows:

Internal Controls

1. We reviewed documentation of accounting systems and operating procedures. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with our audits 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. We reviewed an organizational chart provided by Intercollegiate Athletics Department and discussed it with appropriate personnel. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, and protection of records and equipment.
3. The University 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.

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. The Intercollegiate Athletics Department 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. We obtained any additional reports regarding internal control matters identified during the independent audits of affiliated and outside organizations and inquired as to the corrective action taken in response to such comments. We noted that the affiliated organizations had been audited by independent public accountants and we were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. We obtained the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2006, as prepared by the University and shown in this report. We recalculated the addition of the amounts on the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts on management's worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no differences between the amounts in the Athletics Department's accounts in the accounting records and the amounts on the worksheets. We discussed the nature of work sheet adjustments with management and are satisfied that the adjustments are appropriate.
8. We applied certain analytical review techniques to the balances reported on the Schedule in order to determine the reasonableness of amounts reported therein. These techniques included trend analyses and other tests using operating data and review of actual amounts expended in comparison to budgeted amounts.

Revenues

9. We compared each major revenue account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
10. Intercollegiate Athletics Department management provided us with a reconciliation of 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 reviewed these reconciliations for selected games and found such reconciliations to be accurate and agreed to amounts recorded as ticket revenue for those games.

11. 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 materially in agreement.
12. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by the Intercollegiate Athletics Department 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. We vouched each individual contribution received directly by the University for its intercollegiate athletics programs that constituted more than ten percent of the contributions so received. Except for contributions received from the Old Dominion University Intercollegiate Foundation and the Old Dominion University Educational Foundation, affiliated organizations, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics.
13. From the summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations, we selected and tested receipts of such revenue and agreed each selection to supporting documentation and proper posting in the accounting records. We found all reviewed transactions to be in agreement.
14. 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 inspected the agreements and agreed significant amounts to supporting documentation.
15. Intercollegiate Athletics Department management made available to us with a listing and copies of all agreements related to participation in revenues from broadcast, television, radio, and Internet rights. Based on an analytical review of the amounts reported in the Schedule, we consider the amount reported to be reasonable. This amount was deemed to be immaterial for further testing.
16. Intercollegiate Athletics Department management made available to us with a listing and copies of all agreements related to participation in revenues from royalties, advertisements, and sponsorships. Based on an analytical review of the amounts reported in the Schedule, we consider the amount reported to be reasonable. This amount was deemed to be immaterial for further testing.
17. We obtained an understanding of the University's methodology for recording revenues from sport camps. Based on an analytical review of the amounts reported in the Schedule, we consider the amount reported to be reasonable. This amount was deemed to be immaterial for further testing.
18. Based on receipts as listed in the accounting records, we selected and tested collections by the intercollegiate athletics program. We found all reviewed amounts to be in agreement with supporting documentation, deposited promptly and intact, and properly recorded in the accounting records.

Expenses

19. We compared each major expense account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
20. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. We selected individual student athletes across all sports and agreed amounts from the listing to their award letter. We also ensured that the total aid amount materially agreed to amounts reported as Financial Aid in the student accounting system.
21. Intercollegiate Athletics Department management provided us with 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 verified the mathematical accuracy and coding of the settlement reports and game guarantee agreements. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.
22. 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 and compared amounts paid for one pay period or a bonus payment 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.
23. We discussed the University's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies.
24. We obtained an understanding of the University's methodology for allocating administrative and facilities support expenses and ensured that amounts reported on the Schedule agreed to amounts recorded in the accounting records.
25. Based on disbursements as listed in the accounting records, we selected and tested payments to third parties by the intercollegiate athletics program. These disbursements were for supplies, equipment, travel, and other general expenses. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.

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 made 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

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SCHEDULE

OLD DOMINION UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETIC PROGRAMS
For the Year Ended June 30, 2006

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:					
Ticket sales	\$ 644,693	\$ 228,491	\$ 26,994	\$ -	\$ 900,178
Student fees	250,000	-	-	11,442,840	11,692,840
Guarantees	5,000	-	-	-	5,000
Contributions	400,411	37,075	374,217	356,361	1,168,064
Direct state or other government support	-	-	-	761	761
NCAA and conference distributions including postseason	28,950	4,290	25,933	165,309	224,482
Broadcast, television, radio and internet rights	151,414	151,414	-	-	302,828
Program sales, concession, novelty sales, and parking	-	-	-	469	469
Royalties, advertisements, and sponsorships	-	-	-	80,649	80,649
Sports camp revenues	55,139	14,570	442,339	-	512,048
Endowment and investment income	33,195	-	-	34,898	68,093
Other	-	-	7,280	72,395	79,675
Total operating revenue	1,568,802	435,840	876,763	12,153,682	15,035,087
Operating expenses:					
Athletics student aid	362,625	335,405	1,616,308	-	2,314,338
Guarantees	36,500	8,450	4,000	-	48,950
Coaching salaries, benefits, and bonuses	913,180	526,691	1,560,966	-	3,000,837
Support staff and administrative salaries, benefits, and bonuses	61,197	65,615	-	2,225,630	2,352,442
Recruiting	108,649	78,367	94,457	35,982	317,455
Team travel	159,643	239,131	518,765	913	918,452
Equipment, uniforms and supplies	20,149	23,482	157,565	139,505	340,701
Game expenses	51,808	41,458	59,610	-	152,876
Fund raising, marketing and promotion	-	-	-	359,603	359,603
Sport camp expenses	21,132	7,571	141,296	51,744	221,743
Direct facilities, maintenance and rental	173,136	140,713	15,615	2,871,944	3,201,408
Spirit groups	-	-	-	35,648	35,648
Medical expenses and medical insurance	1,214	1,277	998	90,420	93,909
Membership and dues	-	-	1,307	61,743	63,050
Other	116,436	113,427	82,673	256,637	569,173
Total operating expenses	2,025,669	1,581,587	4,253,560	6,129,769	13,990,585
Excess/(deficiency) of revenues over/(under) expenses	\$ (456,867)	\$ (1,145,747)	\$ (3,376,797)	\$ 6,023,913	\$ 1,044,502

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

OLD DOMINION UNIVERSITY
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS
AS OF JUNE 30, 2006

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures 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 expenditures of the intercollegiate athletics programs of the University for the year ended June 30, 2006. The Schedule includes those intercollegiate athletics revenues and expenditures 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 expenditures directly identifiable with each category of sport presented are reported accordingly. Revenues and expenditures not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The University received \$683,578 in direct contributions from the Old Dominion University Intercollegiate Foundation and the Old Dominion University Education Foundation. Approximately \$591,950 of the direct contributions was for scholarships for student-athletes. Additionally, the Foundations provided in-kind contributions valued at \$484,486 to the University for intercollegiate athletics programs. These amounts are included in the accompanying schedule in Contributions revenue.

3. CAPITAL ASSETS

The University's capital assets include land, buildings and other improvements, equipment, and infrastructure assets such as campus lighting. Capital assets are generally defined by the University as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years including assets acquired under the Higher Education Trust Fund. Purchased or constructed assets are recorded at actual cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. Expenses for major capital assets and improvements are capitalized (construction in progress) as projects are constructed. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

Buildings	5-50 years
Equipment	2-25 years
Improvements other than buildings	15-30 years

A summary of the various capital asset categories relating to Athletics for the year ending June 30, 2006 is presented as follows:

Nondepreciable capital assets:	
Construction in progress	<u>\$ 3,688,661</u>
Depreciable capital assets:	
Buildings	23,645,490
Equipment	471,363
Improvements other than buildings	<u>713,221</u>
Total depreciable capital assets	<u>24,830,074</u>
Less accumulated depreciation:	
Buildings	10,249,784
Equipment	349,969
Improvements other than buildings	<u>605,721</u>
Total accumulated depreciation	<u>11,205,474</u>
Depreciable capital assets, net:	<u>13,624,600</u>
Total capital assets, net	<u>\$17,313,261</u>

4. LONG-TERM DEBT

Long-term debt relating to Athletics:

<u>Description</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Balance at June 30, 2006</u>
Notes Payable:			
Recreation, Series 1997A	4.50% - 5.00%	2018	\$ 1,180,000
Recreation, Series 1999A	4.75% - 5.50%	2010	170,000
Recreation, Series 2000A	5.00% - 5.75%	2021	4,820,000
Recreation, Series 2001A	3.00% - 5.00%	2022	21,265,000
Recreation, Series 2004B	3.00% - 5.00%	2017	5,170,000
Recreation, Series 2004B	3.00% - 5.00%	2020	<u>670,000</u>
Total Convocation Center			33,275,000
Percent used by Athletics			<u>19%</u>
Portion of Convocation Center			6,322,250
Athletic Facilities, Series 2004A	3.00% - 5.00%	2025	2,210,000
Indoor Tennis Court, Series 2004A	3.00% - 5.00%	2025	1,380,000
Athletic Facilities, Series 2005A	3.50% - 5.00%	2026	3,490,000
Indoor Tennis Court, Series 2005A	3.50% - 5.00%	2026	<u>2,660,000</u>
Total notes payable			16,062,250
Revenue Bonds:			
Recreation, Series 2003A	2.50% - 5.50%	2010	<u>1,800,801</u>
Total			<u>\$17,863,051</u>

Long-term debt matures as follows:

	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,011,172	\$ 838,273
2008	1,084,541	793,540
2009	1,125,471	744,251
2010	1,177,617	691,511
2011	729,350	635,697
2012-2016	4,185,600	2,604,991
2017-2021	5,026,600	1,479,796
2022-2026	<u>3,522,700</u>	<u>374,632</u>
Total	<u>\$17,863,051</u>	<u>\$8,162,691</u>

5. ALLOCATION OF ATHLETIC OVERHEAD COSTS

The University recovers a percentage of each auxiliary enterprise's expenditures, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2006, the overhead rate charged to athletics and other auxiliary enterprise was 10.68 percent. This amount is included in Direct Facilities, Maintenance, and Rental expenses, in the Non-Program Specific category.

OLD DOMINION UNIVERSITY

BOARD OF VISITORS

James A. Hixon, Rector

Kenneth E. Ampy	Pamela C. Kirk
Frank Batten, Jr.	Ross A. Mugler
Robert O. Copeland	Robert J. O'Neill
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OFFICIALS

Roseann Runte, President

Robert L. Fenning, Vice President for Administration and Finance

James Jarrett, Athletic Director

