

RADFORD UNIVERSITY

**INTERCOLLEGIATE ATHLETIC PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2005**

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
Richmond, Virginia 23218**

January 16, 2006

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable Lacey E. Putney
Chairman, Joint Legislative Audit
And Review Commission

Penelope W. Kyle, President
Radford 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 **Radford University** solely to assist the University in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) of the University is in compliance with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1, for the year ended June 30, 2005. The University's management is responsible for the Schedule 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 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. 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. There were no additional reports regarding internal control matters identified during the independent audits of affiliated and outside organizations.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. We obtained the Schedule for the year ended June 30, 2005, 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 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 Program management provided us with settlement reports and game guarantee agreements for away games during the reporting period. We reviewed 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 that revenue was properly computed and deposited promptly and intact.
13. 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 Radford University Foundation, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics.
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. Since the Big South Conference and NCAA do not enter into “agreements” with Colleges and Universities for specific amounts, we inspected the Departmental Notice of Income and Deposit Slips. We verified the coding of the distribution amounts and we found that all Big South Conference and NCAA revenues were deposited promptly and intact.
15. The Intercollegiate Athletics Department does not receive revenues from broadcast, television, radio, and internet rights. These revenues are paid to the Radford University Foundation.
16. The Intercollegiate Athletics Department does not receive revenues from royalties, advertisements, and sponsorships. These revenues are paid to the Radford University Foundation.
17. The Intercollegiate Athletics Department does not receive revenues associated with sport camps.
18. We deemed other revenue collections to be immaterial for detailed testing.

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 for each sport 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. The Intercollegiate Athletics Department did not make any severance payments during the reporting period.
24. We discussed the University's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies.
25. We obtained an understanding of the University's methodology for allocating administrative overhead and facilities support, and ensured that amounts reported on the Schedule agreed to amounts recorded in the accounting records.
26. 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 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 Radford 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 the 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

WHS:sks
sks: 42

SCHEDULE

RADFORD UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the Year Ended June 30, 2005

	Men's Basketball	Women's Basketball
Operating revenues:		
Ticket sales	\$ 5,623	\$ 992
Student fees	-	-
Game proceeds - guarantees	87,000	4,000
Contributions	-	-
NCAA revenue sharing	-	-
Other	-	-
Total operating revenues	<u>92,623</u>	<u>4,992</u>
Operating expenses:		
Athletics student aid	228,518	225,349
Game guarantees	10,250	2,500
Coaching salaries, benefits, and bonuses paid by the institution	249,287	210,058
Support staff/admininstrative salaries, wages, and fringe benefits	-	-
Travel - recruiting	47,711	41,851
Travel - team	92,435	70,234
Equipment, uniforms, and supplies	35,074	16,598
Game expenses	20,033	18,146
Fund raising, marketing, and promotions	8,485	3,918
Direct facilities, maintenance, and rental	2,112	-
Spirit groups	-	-
Medical expenses and medical insurance	500	-
Memberships and dues	1,100	-
Other	11,911	2,704
Total operating expenses	<u>707,416</u>	<u>591,358</u>
Excess/(deficiency) of revenues over/(under) expenses	<u>\$ (614,793)</u>	<u>\$ (586,366)</u>

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

Other Sports	Non-Program Specific	Total
\$ -	\$ -	\$ 6,615
-	5,059,467	5,059,467
8,571	-	99,571
-	211,060	211,060
-	265,709	265,709
-	39,628	39,628
8,571	5,575,864	5,682,050
850,050	33,457	1,337,374
-	-	12,750
664,532	-	1,123,877
-	820,270	820,270
1,744	39,840	131,146
395,384	72,398	630,451
136,236	47,444	235,352
52,006	10,127	100,312
2,952	99,069	114,424
3,321	498,392	503,825
-	35,536	35,536
-	10,273	10,773
2,402	15,900	19,402
11,234	192,911	218,760
2,119,861	1,875,617	5,294,252
\$ (2,111,290)	\$ 3,700,247	\$ 387,798

RADFORD UNIVERSITY

NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF

INTERCOLLEGIATE ATHLETICS PROGRAMS

AS OF JUNE 30, 2005

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 athletic programs of the University for the year ended June 30, 2005. The Schedule also includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletic 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 the net assets, changes in net assets, 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 Intercollegiate Athletic Program received contributions of \$211,060 from the Radford University Foundations, Inc., which are included in the accompanying Schedule.

3. UNIVERSITY ADMINISTRATIVE FEE

As with all auxiliary enterprises, the University charges the Athletic Department an administrative fee. Athletics paid \$419,999 during the fiscal year that is recorded as Non-Program Specific.

4. CAPITAL ASSETS

Capital assets consisting of buildings and equipment are stated at the estimated historical cost or actual cost where determinable. 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. Donated capital assets are recorded at the estimated fair market value at the date of donation. Construction-in-progress expenses are capitalized at actual cost as the major capital assets and improvements 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 useful life of the assets. The useful life is 40 years for buildings and 2 to 25 years for equipment.

A summary of changes in capital assets follows for the year ended June 30, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Buildings	\$11,078,594	\$ -	\$ -	\$11,078,594
Equipment	<u>140,750</u>	<u>41,471</u>	<u>-</u>	<u>182,221</u>
Total depreciable capital assets, at cost	<u>11,219,344</u>	<u>41,471</u>	<u>-</u>	<u>11,260,815</u>
Less accumulated depreciation:				
Buildings	6,277,870	276,775	-	6,554,645
Equipment	<u>130,121</u>	<u>9,931</u>	<u>-</u>	<u>140,052</u>
Total accumulated depreciation	<u>6,407,991</u>	<u>286,706</u>	<u>-</u>	<u>6,694,697</u>
Total depreciable capital assets, net of accumulated depreciation	<u>4,811,353</u>	<u>(245,235)</u>	<u>-</u>	<u>4,566,118</u>
Non-depreciable capital assets:				
Construction-in-progress	<u>4,920,430</u>	<u>87,393</u>	<u>-</u>	<u>5,007,823</u>
Total capital assets, net of accumulated depreciation	<u>\$ 9,731,783</u>	<u>\$(157,842)</u>	<u>\$ -</u>	<u>\$ 9,573,941</u>

RADFORD UNIVERSITY

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