

VIRGINIA STATE UNIVERSITY

**INTERCOLLEGIATE ATHLETIC PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2004**

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

- TABLE OF CONTENTS -

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF AGREED-UPON PROCEDURES	1-3
SCHEDULE:	
Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs	5-6
Notes to the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs	7-8
UNIVERSITY OFFICIALS	9



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

April 15, 2005

The Honorable Mark R. Warner
Governor of Virginia

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

Eddie N. Moore, Jr.
President, Virginia State University

INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF AGREED-UPON PROCEDURES

We have audited the financial statements of Virginia State University as of and for the year ended June 30, 2004, and have issued our unqualified report thereon dated April 15, 2005. At the request of the President of the University, we have performed certain agreed-upon procedures to the University's Intercollegiate Athletics Programs for the fiscal year ended June 30, 2004, discussed below, solely to assist the University in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.2. The University is responsible for the Intercollegiate Athletics Programs including preparation of the Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs. 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.

Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs – Agreed-Upon Substantive Procedures

- a. We obtained the Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2004, 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.

- b. 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.
- c. 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 Virginia State University Foundation, a component unit of the University, we noted no individual which constituted more than 10 percent of total contributions received for Intercollegiate Athletics.

Because the above procedures “a” through “c” do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on the Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs or any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Department of Virginia State University in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to the President of the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of Virginia State University or its Intercollegiate Athletics Department taken as a whole.

Internal Control Related to Intercollegiate Athletics Programs – Agreed-Upon Procedures

The management of Virginia State University is responsible for establishing and maintaining internal control for its Intercollegiate Athletics Programs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that procedures may become inadequate because of change in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

- d. We reviewed an organizational chart provided by Intercollegiate Athletics Department and discussed it with appropriate personnel. We reviewed documentation of accounting systems and operating procedures. 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.
- e. We reviewed internal control over cash receipts and disbursements, including payroll, for the Intercollegiate Athletics Programs. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with the audit of the University financial statements. Our review also

included those controls unique to Intercollegiate Athletics which have not been reviewed in connection with the audit of the financial statements.

- f. The University has recently updated its procedures for monitoring booster group activities. We reviewed the University's updated procedures and concluded that those procedures were adequate.

Agreed-upon procedures "d" through "f" applied to certain aspects of the University's internal control were more limited than would be necessary to express an opinion on internal control of Virginia State University in effect for the year ended June 30, 2004, taken as a whole. Because our review and evaluation was limited to applying those agreed-upon procedures, we do not express such an opinion. In connection with applying procedures "d" through "f" above, we noted no material weaknesses relating to internal control over the Intercollegiate Athletics Program activities administered by the University.

This report is intended solely for the information and use of the University and authorized representatives of the National Collegiate Athletic Association 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

SAH:whb

SCHEDULE

VIRGINIA STATE UNIVERSITY
SCHEDULE OF REVENUES AND EXPENDITURES
OF INTERCOLLEGIATE ATHLETIC PROGRAMS
For The Year Ended June 30, 2004

	Non-Program* Specific	Football	Men's Basketball
Operating revenues:			
University fee allocation	\$ 1,974,208	\$ -	\$ -
University fee- Rogers Stadium Debt Service	276,472	-	-
Ticket sales	-	103,305	8,380
Guarantees	-	-	35,900
Other sales and services	42,097	-	2,416
Private gifts	22,109	-	-
Federal grants	88,882	-	-
Total operating revenues:	2,403,768	103,305	46,696
Operating expenditures:			
Salaries/fringe benefits	361,509	228,524	87,139
Contractual services	222,653	46,722	37,101
Supplies and materials	21,328	29,512	9,128
Property and improvements	-	-	-
Equipment	90,118	11,441	5,287
Current charges and obligations	191,320	73,310	45,889
Scholarships	9,380	191,760	71,364
Total operating expenditures:	896,308	581,269	255,908
Excess (deficiency) of revenues over (under) expenditures	\$ 1,507,460	\$ (477,964)	\$ (209,212)

* "Non-Program Specific" consists of the Sports Information account, the Athletic Director's Office account, the Athletic Trainer account, the Matoaca High School account, foundation local accounts and federal grants.

The University fee allocation is recorded in one general ledger account for use by all athletic programs rather than distributed amongst programs.

** "Other sports" includes Women's Volleyball, Cheerleaders, Men's Tennis, Women's Tennis, Softball-Women, Golf Co-ed, Women's Bowling, CIAA tickets, Woo Woo Super Camp, and Basketball Camp Boys and Girls.

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

Men's Track	Women's Track	Women's Basketball	Men's Baseball	Other Sports**	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$1,974,208
-	-	-	-	-	276,472
-	-	-	-	86,710	198,395
-	-	-	-	-	35,900
7,029	913	2,417	-	5,426	60,298
-	-	-	-	5,000	27,109
-	-	-	-	-	88,882
7,029	913	2,417	-	97,136	2,661,264
13,636	14,057	70,881	12,918	44,197	832,861
14,503	8,358	33,435	19,872	70,257	452,901
4,168	3,112	13,280	5,569	105,578	191,675
-	-	-	-	-	-
-	-	891	5	982	108,724
10,702	8,590	38,210	11,692	53,397	433,110
7,000	38,500	63,110	19,400	105,633	506,147
50,009	72,617	219,807	69,456	380,044	2,525,418
\$ (42,980)	\$ (71,704)	\$ (217,390)	\$ (69,456)	\$ (282,908)	\$ 135,846

VIRGINIA STATE UNIVERSITY

NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF

INTERCOLLEGIATE ATHLETIC PROGRAMS

AS OF JUNE 30, 2004

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (Schedule) has been prepared on the modified accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenditures of the Intercollegiate Athletic Programs of the University for the year ended June 30, 2004. The amount of expenditures incurred by organizations outside the control of the University on behalf of the University's Intercollegiate Athletic Programs are included in revenues and expenditures on the accompanying Schedule. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present the financial position, changes in financial position, or cash flows for the year then ended. Revenues and expenditures are directly identifiable with each category presented and are reported accordingly. Revenues and expenditures not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. PLANT FUND ACTIVITY

Plant fund expenditures are not reflected in the accompanying schedules. For fiscal year 2004, \$20,000 was received from private and local organizations and expended for retirement of debt for Rogers Stadium Lighting. Also, in 2004, the University participated in the Virginia College Building Authority (VCBA) Pooled Bond Program to fund the renovation of Rogers Stadium. As a participating institution in this program, the University issued a note payable to VCBA. The outstanding balance for the notes payable was \$6,157,835 at June 30, 2004.

3. QUASI-ENDOWMENT FUND

During fiscal year 1998, the University established a quasi-endowment fund for athletic scholarships and certain other expenditures to support the athletic program. The University has made deposits into the quasi-endowment fund using a portion of guarantees received for participation in specific sporting events. As of June 30, 2004, earnings on the \$109,000 corpus since its inception total \$31,777.

4. GIFTS AND CONTRIBUTIONS

A. During fiscal year 2004, the Virginia State University Foundation received a pledge of \$20,000 from the Virginia State University Athletic Boosters Club, Inc. in support of the University's intercollegiate athletic program. These funds are being used to establish an endowment in the Foundation.

- B. The Virginia State University Foundation disbursed \$22,109 during fiscal year 2004 from various donors in support of the University's intercollegiate athletic program. The receipt and disbursement of these funds are included in the schedule.

5. IN-KIND CONTRIBUTIONS

The institution's intercollegiate athletics program was supported by the following organizations with in-kind contributions:

Virginia State University Athletic Booster Club, Inc.- Installation Of Plaques For Hall Of Fame Banquet

Covington International Travel- Delta Airline First Class Ticket For Bryan Burwell For Athletic Dinner

The amounts of expenditures on behalf of the University's intercollegiate athletic programs as reported by each of the organizations and included in revenues and expenditures on the accompanying schedules are as follows:

Virginia State University Athletic Booster Club, Inc.	\$ 300
Covington International Travel	<u>1,756</u>
Total	<u>\$ 2,056</u>

VIRGINIA STATE UNIVERSITY
Petersburg, Virginia

BOARD OF VISITORS
As of June 30, 2004

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Rector

Harold T. Green
Vice Rector

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Secretary

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