



# OLD DOMINION UNIVERSITY

## INTERCOLLEGIATE ATHLETICS PROGRAMS

### FOR THE YEAR ENDED

JUNE 30, 2019

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

December 2, 2019

The Honorable Ralph S. Northam  
Governor of Virginia

The Honorable Thomas K. Norment, Jr.  
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 3.2.4.15.1, for the year ended June 30, 2019. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) and the Schedule's compliance with NCAA requirements. 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 to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed four 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, 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 regarding information systems with the information technology department.
3. Intercollegiate Athletics department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's Intercollegiate Athletics programs. We tested these procedures as noted below.

#### **Affiliated and Outside Organizations**

4. Intercollegiate Athletics department management identified all 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 University's 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 for the year ended June 30, 2019, 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 trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics department's accounts in the accounting records. We noted no differences between the amounts in the Intercollegiate Athletics department's accounting records and the amounts on the trial balance. We discussed the nature of adjusting journal entries with management and are satisfied that the adjustments are appropriate.
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.

Variances exceeding ten percent of prior period amounts or budget estimates are explained below:

<u>Line Item</u>	<u>Explanation</u>
Athletic Facility Debt Service	The increase in the Athletic Facility Debt Service line item is due to the issuance of debt to finance the renovation of Foreman Field. The new debt resulted in an additional \$1.1M in interest paid during Fiscal Year 2019.

### **Revenues**

9. We performed a recalculation of ticket sales revenue for football and men's and women's basketball by comparing the number of tickets sold, attendance, and sale price to total revenue recorded in the Schedule. We determined the amounts reported in the Schedule to be substantially in agreement with our recalculation.
10. We obtained documentation 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 with minor differences attributed to the methodology used for projecting student fee revenue.
11. We obtained the amount of game guarantee revenue for away games from the Schedule. The amount was deemed to be immaterial for detailed testing.
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 Athletics 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 Old Dominion Athletics Foundation, which exceeded ten percent of all contributions and agreed them to supporting documentation.
13. We obtained the amount of in-kind revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
14. We obtained the amount of media rights revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.

15. We obtained the amount of NCAA distributions revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
16. We obtained the amount of conference distributions (non-media and non-bowl) revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
17. We obtained the amount of program, novelty, parking, and concession sales revenue 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, advertisement, and sponsorships. We inspected the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.
19. We obtained the amount of sports camp revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
20. We obtained the amount of other operating revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.

#### **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 ten percent of individual student-athletes across all sports and obtained the students' account detail from the institution's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System via Compliance Assistant. We also ensured that the total aid amount for each sport agreed to amounts reported as financial aid in the student accounting system. We performed a check of selected students information as reported in the NCAA's Compliance Assistant software to ensure proper calculation of revenue distribution equivalencies.
22. We obtained the amount of game guarantee expense for home games during the reporting period from the Schedule. This amount was deemed to be immaterial for detailed testing.
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 obtained the Intercollegiate Athletics Department's written recruiting and team travel policies from 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 of those policies.
25. We selected a sample of disbursements for team travel; sports equipment, uniforms, and supplies; direct overhead and administrative expenses; indirect cost paid to the institution by athletics; 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 payments for athletics facilities for the reporting year. We agreed all significant facility payments included in the Schedule, including the two highest facility payments, to supporting documentation.
27. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

#### **Other Reporting Items**

28. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities reported in the notes to the Schedule and agreed total annual maturities and total outstanding athletic related debt to supporting documentation.
29. We agreed total outstanding institutional debt to supporting debt schedules and the University's unaudited financial statements and general ledger, as the audited financial statements were not yet available.
30. We agreed the fair value of athletics dedicated endowments to supporting documentation provided by the University and the University's Foundation, including general ledger reports and the Foundation's audited financial statements.
31. We agreed the fair value of institutional endowments to supporting documentation provided by the University and the audited financial statements of the University's Foundation, as applicable.

32. We obtained a schedule of athletics related capital expenditures made during the period. We selected a sample of transactions to validate existence and accuracy of recording and recalculated totals.

### **Additional Procedures**

33. We compared the sports sponsored, as reported in the NCAA Membership Financial Reporting System, to the Calculation of Revenue Distribution Equivalencies Report from the NCAA's Compliance Assistant software for the institution. We noted agreement of the sports reported.
34. We compared current year grants-in-aid revenue distribution equivalencies to prior year reported equivalencies per the University's Membership Financial Report submission and noted no variations exceeding four percent when compared to prior year.
35. We obtained the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants as defined in NCAA Bylaw 20.9.6.3. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.
36. We compared the current number of sports sponsored to the prior year total reported in the University's Membership Financial Report submission and noted no variations when compared to prior year.
37. We obtained a listing of student-athletes receiving Pell Grant awards from the institution's student information system and agreed the total value of these Pell Grants to the amount reported in the NCAA Membership Financial Reporting System. We noted agreement of the amounts reported.
38. We compared the total number of Pell Grant awards in the current year to the number reported in the prior year Membership Financial Report submission. We noted no variations greater than 20 grants when compared with the prior year.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, the objective of which would be the expression of 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.

Martha S. Mavredes  
AUDITOR OF PUBLIC ACCOUNTS

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**OLD DOMINION UNIVERSITY**  
**SCHEDULE OF REVENUES AND EXPENSES OF**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
**For the year ended June 30, 2019**

	<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	\$ 2,706,329	\$ 938,139	\$ 79,689	\$ 65,749	\$ -	\$ 3,789,906
Student fees	-	-	-	-	28,784,075	28,784,075
Guarantees	1,570,000	85,000	4,000	4,000	-	1,663,000
Contributions	2,709,858	1,082,118	377,895	612,404	1,889,749	6,672,024
In-Kind	56,492	17,052	18,403	-	17,521	109,468
Media rights	-	-	-	-	458,245	458,245
NCAA distributions	-	85,487	-	6,010	1,294,253	1,385,750
Conference distributions (non-media or bowl)	762,563	512,485	10,000	35,025	4,000	1,324,073
Program, novelty, parking, and concession sales	171,306	-	-	-	31,537	202,843
Royalties, licensing, advertisement and sponsorships	430,592	170,650	124,000	290,250	939,615	1,955,107
Sports camp revenues	6,076	2,832	582	13,336	-	22,826
Other operating revenue	76,752	-	-	718	511,868	589,338
Total operating revenues	<u>8,489,968</u>	<u>2,893,763</u>	<u>614,569</u>	<u>1,027,492</u>	<u>33,930,863</u>	<u>46,956,655</u>
<b><u>Operating expenses:</u></b>						
Athletic student aid	3,922,941	482,243	708,979	4,942,989	65,138	10,122,290
Guarantees	495,000	156,128	41,738	9,044	-	701,910
Coaching salaries, benefits, and bonuses paid by the University and related entities	2,410,516	1,344,907	701,552	3,242,006	-	7,698,981
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	420,772	254,079	130,135	51,672	5,789,539	6,646,197
Recruiting	383,574	162,931	120,049	217,328	-	883,882
Team travel	968,266	855,745	406,046	1,693,050	-	3,923,107
Sports equipment, uniforms, and supplies	739,232	190,230	138,611	755,540	291,999	2,115,612
Game expenses	629,380	361,332	214,517	287,444	-	1,492,673
Fundraising, marketing and promotion	99,336	61,527	24,773	10,009	503,696	699,341
Sports camp expenses	-	977	107	-	-	1,084
Spirit groups	-	-	-	-	108,722	108,722
Athletic facility debt service	-	-	-	-	5,379,418	5,379,418
Direct overhead and administrative expenses	858,707	12,605	12,983	179,788	2,610,286	3,674,369
Indirect cost paid to the institution by athletics	-	-	-	-	2,728,546	2,728,546
Medical expenses and insurance	27,105	3,666	6,291	5,313	401,299	443,674
Memberships and dues	3,480	7,170	1,008	11,553	404,366	427,577
Student-Athlete Meals (non-travel)	26,708	-	-	-	-	26,708
Other operating expenses	430,001	59,462	90,509	230,519	1,491,479	2,301,970
Total operating expenses	<u>11,415,018</u>	<u>3,953,002</u>	<u>2,597,298</u>	<u>11,636,255</u>	<u>19,774,488</u>	<u>49,376,061</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ (2,925,050)</u>	<u>\$ (1,059,239)</u>	<u>\$ (1,982,729)</u>	<u>\$ (10,608,763)</u>	<u>\$ 14,156,375</u>	<u>\$ (2,419,406)</u>
<b><u>Other Reporting Items:</u></b>						
Total athletics-related debt						\$ 78,973,114
Total institutional debt						\$ 241,049,527
Value of athletics-dedicated endowments						\$ 35,380,296
Value of institutional endowments						\$ 58,184,726
Total athletics-related capital expenditures						\$ 253,329

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, 2019**

**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, 2019. 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 \$6,672,024 from the Old Dominion Athletic Foundation. Approximately \$3,460,748 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 generally are defined by the University as assets with an estimated useful life in excess of one year and an initial cost of \$5,000 or more, except for computer software which is capitalized at a cost of \$100,000. Capital assets are recorded at actual cost or estimated historical cost if purchased or constructed, except for intra-entity purchases which are recorded at the transferor's carrying value. Donated capital assets are recorded at the acquisition value at the date of donation, with the exception of intra-entity capital donations which are recorded at the carrying value of the asset on the transferor's books as of the date of transfer. Expenses for construction in progress are capitalized as projects are constructed. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. 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. 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, 2019, is presented as follows:

	<u>Ending Balance</u>
<b>Nondepreciable Capital Assets:</b>	
Land	\$ 539,000
Construction in progress	<u>57,159,574</u>
Total Nondepreciable Capital Assets	<u>57,698,574</u>
 <b>Depreciable Capital Assets:</b>	
Buildings	79,456,413
Equipment	5,219,448
Improvements other than building	<u>3,247,860</u>
Total Depreciable Capital Assets	<u>87,923,721</u>
 <b>Less Accumulated Depreciation For:</b>	
Buildings	19,101,177
Equipment	4,206,259
Improvements other than building	<u>1,566,551</u>
Total Accumulated Depreciation	<u>24,873,987</u>
Depreciable Capital Assets, net	<u>63,049,734</u>
Total Capital Assets, net	<u><u>\$ 120,748,308</u></u>

#### 4. LONG-TERM DEBT

Long-term debt relating to Athletics:

Description	Interest Rates	Maturity	As of June 30, 2019
Revenue Bonds:			
Recreation, Series 2007B	4.00%	2020	\$ 2,304,712
Recreation, Series 2010B	5.00%	2021	630,000
Recreation, Series 2010B	5.00%	2022	3,415,000
Recreation, Series 2014B	5.00%	2020	67,410
Total Convocation Center			6,417,122
Percent used by Athletics			20%
Portion of Convocation Center			1,283,425
Athletic Fac. Exp., Series 2012A	3.00% - 5.00%	2025	870,000
Athletic Fac. Exp., Series 2012A	3.00% - 5.00%	2025	1,295,000
Athletic Fac. Exp., Series 2014B	4.00%	2026	255,000
Athletic Fac. Exp., Series 2014B	5.00%	2024	270,000
Athletic Fac. Exp., Series 2014B	4.00% - 5.00%	2026	200,000
Athletic Fac. Exp., Series 2014B	3.00%	2027	190,000
Athletic Fac. Exp., Series 2014B	3.00% - 5.00%	2028	60,000
Indoor Tennis Court, Series 2012A	3.00% - 5.00%	2025	540,000
Indoor Tennis Court, Series 2012A	3.00% - 5.00%	2025	1,010,000
Indoor Tennis Court, Series 2014B	4.00%	2026	200,000
Indoor Tennis Court, Series 2014B	5.00%	2024	75,000
Indoor Tennis Court, Series 2014B	4.00% - 5.00%	2026	110,000
Indoor Tennis Court, Series 2016A	3.00%	2027	35,000
Indoor Tennis Court, Series 2016A	3.00% - 5.00%	2028	30,000
Powhatan Sports Ctr, Series 2009A	3.25% - 5.00%	2021	1,435,000
Powhatan Sports Ctr, Series 2010A	3.75% - 5.50%	2031	630,000
Powhatan Sports Ctr, Series 2014A	5.00%	2035	2,615,000
Powhatan Sports Ctr, Series 2014B	4.00% - 5.00%	2026	2,595,000
Powhatan Sports Ctr, Series 2015B	3.00% - 5.00%	2029	15,620,000
Powhatan Sports Ctr, Series 2016A	3.00% - 5.00%	2028	945,000
Foreman Field Recon., Series 2018A	4.00% - 5.00%	2035	40,975,000
Total Revenue Bonds			\$ 71,238,425
Unamortized Bond Premium			\$ 7,734,689

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

	Principal	Interest
2020	\$ 4,179,425	\$ 3,256,643
2021	4,359,000	3,050,049
2022	4,435,000	2,831,084
2023	4,280,000	2,613,563
2024	4,515,000	2,393,962
2025-2029	22,705,000	8,709,362
2030-2034	12,350,000	4,621,137
2035-2039	14,415,000	1,483,475
Total	\$ 71,238,425	\$ 28,959,275

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, 2019, the overhead rate charged to athletics and other auxiliary enterprise was 10.99%. This amount is reported as Indirect Cost Paid to the Institution by Athletics Expense.

6. NON-REVENUE FUNDING SOURCES

The Intercollegiate Athletics Department used \$2,419,406 from athletics reserves from previous years' surplus. This is not reflected as current year revenues to avoid double counting revenue recognized in previous years.

## **OLD DOMINION UNIVERSITY**

As of June 30, 2019

### **BOARD OF VISITORS**

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R. Bruce Bradley

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### **UNIVERSITY OFFICIALS**

John R. Broderick, President

Camden W. Selig, Director of Intercollegiate Athletics Programs

Gregory DuBois, Vice President for Administration & Finance