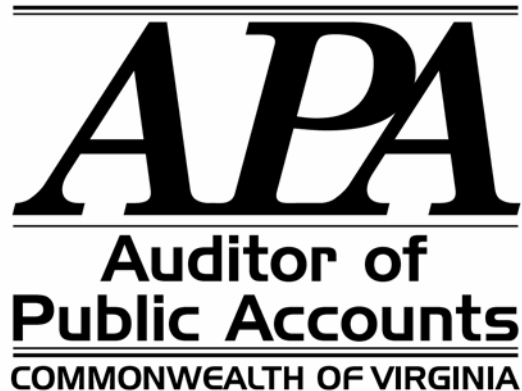


RADFORD UNIVERSITY

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



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Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

November 21, 2006

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
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** (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 the 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 requested 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 Intercollegiate 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. Based on analytical review of the amounts reported in the Schedule, we deemed revenues from ticket sales to be reasonable. We deemed these revenues to be immaterial for detailed testing.

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 game guarantee agreements for away games during the reporting period. We reviewed these 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. We inspected the agreements and verified the mathematical accuracy and coding of the distribution amounts. We found that revenue was properly computed and deposited promptly and intact.

Expenses

15. We compared each major expense account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
16. 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.
17. Based on analytical review of amounts reported in the Schedule, we deemed expenses for home games to be reasonable. We deemed these expenses to be immaterial for detailed testing.
18. 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.

19. We discussed the University's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies.
20. 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.
21. 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 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 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

WHC:sks
sks:

SCHEDULE

RADFORD UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the Year Ended June 30, 2006

	Men's Basketball	Women's Basketball
Operating revenues:		
Ticket sales	\$ 7,723	\$ 2,279
Student activity fees	-	-
Game guarantees	120,000	-
Contributions	-	-
NCAA revenue sharing	-	-
Total operating revenues	127,723	2,279
Operating expenses:		
Athletics student aid	224,145	251,221
Game guarantees	10,250	5,000
Coaching salaries, benefits, and bonuses paid by the institution	294,531	191,711
Support staff/administrative salaries, wages, and benefits	-	-
Travel - recruiting	48,571	39,910
Travel - team	101,679	92,102
Equipment, uniforms, and supplies	21,473	13,341
Game expenses	25,080	20,803
Fundraising, marketing, and promotions	17,206	2,620
Direct facilities, maintenance, and rental	-	4,794
Spirit groups	-	-
Medical expenses and medical insurance	-	-
Memberships and dues	655	-
Other operating expenses	9,428	2,786
Total operating expenses	753,018	624,288
Excess/(deficiency) of revenues over/(under) expenses	\$ (625,295)	\$ (622,009)

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

Other Sports		Non-Program Specific	Total
\$	2,108	\$ -	\$ 12,110
	-	5,632,092	5,632,092
		-	120,000
	-	293,683	293,683
	-	248,102	248,102
	2,108	6,173,877	6,305,987
1,017,305	28,815	1,521,486	
500	-	15,750	
719,706	-	1,205,948	
-	910,989	910,989	
1,567	58,927	148,975	
486,182	55,723	735,686	
192,729	46,432	273,975	
58,540	10,368	114,791	
10,553	69,672	100,051	
8,612	498,656	512,062	
-	16,410	16,410	
-	9,852	9,852	
727	15,610	16,992	
9,303	193,953	215,470	
2,505,724	1,915,407	5,798,437	
\$ (2,503,616)	\$ 4,258,470	\$ 507,550	

RADFORD UNIVERSITY
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2006

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, 2006. 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 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 Athletics Program received \$293,683 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 Intercollegiate Athletics Department an administrative fee. Athletics paid \$419,980 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, 2006:

	<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>182,221</u>	<u>-</u>	<u>31,548</u>	<u>150,673</u>
Total depreciable capital assets, at cost	<u>11,260,815</u>	<u>-</u>	<u>31,548</u>	<u>11,229,267</u>
Less accumulated depreciation				
Buildings	6,554,645	-	-	6,554,645
Equipment	<u>140,052</u>	<u>2,800</u>	<u>31,548</u>	<u>111,304</u>
Total accumulated depreciation	<u>6,694,697</u>	<u>2,800</u>	<u>31,548</u>	<u>6,665,949</u>
Total depreciable capital assets, net of accumulated depreciation	<u>4,566,118</u>	<u>(2,800)</u>	<u>-</u>	<u>4,563,318</u>
Non-depreciable capital assets				
Construction-in-progress	<u>5,007,823</u>	<u>20,703</u>	<u>-</u>	<u>5,028,526</u>
Total capital assets, net of accumulated depreciation	<u>\$ 9,573,941</u>	<u>\$17,903</u>	<u>\$ -</u>	<u>\$ 9,591,844</u>

RADFORD UNIVERSITY

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As of June 30, 2006

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