

**OLD DOMINION UNIVERSITY**

**INTERCOLLEGIATE ATHLETICS PROGRAMS  
FOR THE YEAR ENDED  
JUNE 30, 2010**



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# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

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

December 15, 2010

The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable Charles J. Colgan  
Chairman, Joint Legislative Audit  
And Review Commission

John R. Broderick  
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 3.2.4.16.1, for the year ended June 30, 2010. 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 audits 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. Intercollegiate Athletics Department management 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, 2010, 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. 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 Program management provided us with settlement reports and game guarantee agreements for away 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 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 Old Dominion University Intercollegiate Foundation and the Old Dominion University Educational and Real Estate Foundation, affiliated organizations, we noted no individual contributions which constituted more than ten percent of total contributions received for intercollegiate athletics.
14. 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.
15. 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. This amount was deemed to be immaterial for detailed testing.
16. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from broadcast, television, radio, and internet rights. This amount was deemed to be immaterial for detailed testing.
17. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, advertisements, and sponsorships. This amount was deemed to be immaterial for detailed testing.
18. We obtained an understanding of the University's methodology for recording revenues from sport camps and inspected sports-camp contracts between the University and persons conducting sport-camps and clinics during reporting period. We found that the University received and recorded revenues consistent with the terms of the contracts and amounts were deposited promptly and intact.
19. Based on receipts as listed in the accounting records, we selected and tested collections by the intercollegiate athletics program. We compared and agreed the selected operating receipts to adequate supporting documentation. We found all reviewed amounts to be in agreement with supporting documentation and properly recorded in the accounting records.

## Expenses

20. We compared each major expense account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
21. 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.
22. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for home games during the reporting period. 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 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.
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 indirect 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 Programs. 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

JHS/clj

## **SCHEDULE**



OLD DOMINION UNIVERSITY  
SCHEDULE OF REVENUES AND EXPENSES OF  
INTERCOLLEGIATE ATHLETICS PROGRAMS  
For the year ended June 30, 2010

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:						
Ticket sales	\$ 1,619,071	\$ 698,993	\$ 175,662	\$ 28,388	\$ -	\$ 2,522,114
Student fees	911,671	82,965	82,965	-	22,584,776	23,662,377
Game guarantees	25,000	11,250	5,385	6,000	-	47,635
Contributions	2,869,588	538,494	176,670	479,692	378,549	4,442,993
Direct state or other government support	68	-	-	-	1,418	1,486
NCAA and conference distributions including all tournament revenue	-	52,500	-	2,723	263,841	319,064
Broadcast, television, radio and internet rights	52,220	73,509	66,958	-	-	192,687
Program sales, concessions, novelty sales, and parking	104,664	-	-	-	-	104,664
Royalties, licensing, advertisements, and sponsorships	96,891	1,800	1,800	17,375	292,134	410,000
Sports camps	9,730	39,852	22,580	372,067	5,520	449,749
Endowment and investment income	16,368	-	-	-	-	16,368
Other	-	-	-	-	306,685	306,685
Total operating revenues	<u>5,705,271</u>	<u>1,499,363</u>	<u>532,020</u>	<u>906,245</u>	<u>23,832,923</u>	<u>32,475,822</u>
Operating expenses:						
Athletics student aid	1,363,779	360,658	405,731	2,601,003	-	4,731,171
Game guarantees	85,000	186,250	46,680	5,000	-	322,930
Coaching salaries, benefits, and bonuses paid by the University and related entities	827,412	1,105,362	721,042	2,014,799	-	4,668,615
Support staff and administrative salaries, benefits, and bonuses paid by the university and related entities	100,939	79,621	91,103	-	3,776,632	4,048,295
Recruiting	90,803	52,547	69,920	86,882	2,735	302,887
Team travel	270,425	228,182	167,643	773,708	-	1,439,958
Equipment, uniforms and supplies	304,915	22,037	35,037	224,196	140,200	726,385
Game expenses	567,384	273,075	201,258	125,788	1,210	1,168,715
Fund raising, marketing and promotion	47,974	10,725	4,850	7,105	510,754	581,408
Sport camps	13,607	22,028	7,019	87,767	5,729	136,150
Direct facilities, maintenance and rental	266,582	-	529	8,304	8,076,172	8,351,587
Spirit groups	-	-	-	-	73,932	73,932
Medical expenses and medical insurance	37,800	1,605	2,222	492	135,870	177,989
Memberships and dues	16,347	-	725	10,029	70,363	97,464
Other	422,242	12,415	22,900	41,963	1,721,008	2,220,528
Total operating expenses	<u>4,415,209</u>	<u>2,354,505</u>	<u>1,776,659</u>	<u>5,987,036</u>	<u>14,514,605</u>	<u>29,048,014</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ 1,290,062</u>	<u>\$ (855,142)</u>	<u>\$ (1,244,639)</u>	<u>\$ (5,080,791)</u>	<u>\$ 9,318,318</u>	<u>\$ 3,427,808</u>

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 THE SCHEDULE OF REVENUES AND EXPENSES OF  
INTERCOLLEGIATE ATHLETICS PROGRAMS  
AS OF JUNE 30, 2010

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, 2010. 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 \$775,425 from the Old Dominion University Intercollegiate Foundation and the Old Dominion University Educational and Real Estate Foundation. Approximately \$614,940 of these funds was for scholarships for student-athletes. Additionally, the Intercollegiate Foundation provided in-kind contributions valued at \$590,382 to the University for intercollegiate athletics programs. The amount received is included in the accompanying schedule in Contributions revenue.

3. CAPITAL ASSETS

The University's capital assets include land, buildings and other improvements, equipment, intangible assets, 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. Such assets are recorded at actual cost or estimated historical cost if purchased or constructed. 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
Other improvements and infrastructure	7-30 years
Equipment	2-25 years

A summary of the various capital asset categories relating to intercollegiate athletics for the year ending June 30, 2010 is presented as follows:

Non-depreciable capital assets:	
Land	\$ 539,000
Construction in progress	<u>891,253</u>
Total non-depreciable capital assets	<u>1,430,253</u>
Depreciable capital assets:	
Buildings	78,822,510
Equipment	3,831,987
Improvements other than building	<u>2,191,324</u>
Total depreciable capital assets	<u>84,845,821</u>
Less accumulated depreciation:	
Buildings	14,431,322
Equipment	1,114,583
Improvements other than building	<u>736,196</u>
Total accumulated depreciation	<u>16,282,101</u>
Depreciable capital assets, net	<u>68,563,720</u>
Total capital assets, net	<u>\$69,993,973</u>

#### 4. LONG-TERM DEBT

Long-term debt relating to intercollegiate athletics:

Description	Interest Rates	Maturity	Balance
Revenue bonds:			
Recreation, Series 2000A	5.00% - 5.75%	2021	\$ 1,520,000
Recreation, Series 2001A	3.00% - 5.00%	2022	12,495,000
Recreation, Series 2004B	3.00% - 5.00%	2017	4,875,000
Recreation, Series 2004B	3.00% - 5.00%	2020	650,000
Recreation, Series 2007B	4.00% - 4.25%	2018	418,344
Recreation, Series 2007B	4.00% - 4.50%	2020	<u>6,780,145</u>
Total Convocation Center			26,738,489
Percent used by athletics			<u>20%</u>
Portion of Convocation Center			<u>5,347,698</u>
Athletic Fac. Exp., Series 2004A	3.00% - 5.00%	2025	1,880,000

Indoor Tennis Court, Series 2004A	3.00% - 5.00%	2025	1,175,000
Athletic Fac. Exp, Series 2005 A	3.50% - 5.00%	2026	3,040,000
Indoor Tennis Court, Series 2005A	3.50% - 5.00%	2026	2,320,000
Athletic Fac. Exp., Series 2006A	3.00% - 5.00%	2027	885,000
Indoor Tennis Court, Series 2006A	3.00% - 5.00%	2027	215,000
Athletic Fac. Exp., Series 2007A	4.50% - 5.00%	2028	450,000
Indoor Tennis Court, Series 2007A	4.50% - 5.00%	2028	240,000
Powhatan Sports Ctr, Series 2007A	4.50% - 5.00%	2028	6,080,000
Powhatan Sports Ctr, Series 2009A	2.10% - 5.00%	2029	<u>27,040,000</u>

Total			<u>43,325,000</u>
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Total revenue bonds			<u>\$48,672,698</u>
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Installment purchases			<u>\$ 184,078</u>
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Amortized bond premium			<u>\$ 1,976,973</u>
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Deferred loss on retirement of debt			<u>\$ (32,846)</u>
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Long-term debt matures as follows:

	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,977,004	\$ 2,229,113
2012	2,060,643	2,140,916
2013	2,151,643	2,040,708
2014	2,258,339	1,939,879
2015	2,342,339	1,840,538
2016-2020	13,260,730	7,516,082
2021-2025	14,567,000	4,201,708
2026-2030	<u>10,055,000</u>	<u>928,112</u>
Total	<u>\$48,672,698</u>	<u>\$22,837,056</u>

## 5. ALLOCATION OF ATHLETIC OVERHEAD COSTS

The University recovers a percentage of each auxiliary enterprise's expenditures, including intercollegiate athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2010, the overhead rate charged to intercollegiate athletics and other auxiliary enterprise was 10.62 percent. This amount is included in other operating expenses.

## OLD DOMINION UNIVERSITY

Norfolk, Virginia

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### UNIVERSITY OFFICIALS

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