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Athletic Programs

BOARD OF VISITORS

May 20, 1999

The Honorable James S. Gilmore, III
Governor of Virginia

The Honorable Richard J. Holland
Chairman, Joint Legislative Audit
and Review Commission

Dr. Patricia P. Cormier
President, Longwood College

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

We have audited the financial statements of **Longwood College** as of and for the year ended June 30, 1998, and have issued our unqualified report thereon dated May 20, 1999. At the request of the President of the College, we have performed certain agreed-upon procedures to the College's Intercollegiate Athletic Programs for the fiscal year ended June 30, 1998, discussed below, solely to assist the College in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.2. This review to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the College. 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
Athletic Programs - Agreed-Upon Substantive Procedures**

- a. We obtained the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (Schedule) for the year ended June 30, 1998, as prepared by the College 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.

- 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 reviews of actual amounts expended in comparison to budgeted amounts.
- c. We vouched each individual contribution received directly by the College for its intercollegiate athletic programs that constituted more than ten percent of the contributions so received. Except for contributions received from the Longwood Foundation, Inc., an affiliated organization, we noted no individual contribution that constituted more than ten percent of total contributions received for intercollegiate athletics.

With respect to the above procedures “a” through “c”, we were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (the Schedule), and the accompanying notes to the Schedule. Had we performed additional procedures, other matters might have come to our attention that would have been reported to the President of the College.

Internal Control Structure Policies and Procedures Related to Intercollegiate Athletic Programs - Agreed-Upon Procedures

The management of Longwood College is responsible for establishing and maintaining an internal control structure for its intercollegiate athletic programs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of an internal control structure 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 structure, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes 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 the 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 the internal control structure policies and procedures over cash receipts and disbursements, including payroll, for the intercollegiate athletic programs. We reviewed the relationship of specific systems of the internal control structure over intercollegiate athletic programs to the internal control structure reviewed in connection with the audit of the College’s financial statements. Our review also included those internal control structure policies

and procedures unique to intercollegiate athletics that have not been reviewed in connection with the audit of the financial statements.

- f. We reviewed the College's procedures for monitoring booster group activities and concluded that those procedures were adequate.

Agreed-upon procedures "d" through "f" applied to certain aspects of the College's internal control structure were more limited than would be necessary to express an opinion on the internal control structure of Longwood College 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 the internal control structure over the intercollegiate athletic program activities administered by the College.

This report is intended solely for the use of the College and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

JEG:aom
aom:55

LONGWOOD COLLEGE
SCHEDULE OF REVENUES AND EXPENDITURES OF INTERCOLLEGIATE ATHLETIC PROGRAMS
For the Year Ended June 30, 1998

	Men's Baseball	Men's Basketball	Men's Soccer	Women's Basketball	Women's Field Hockey	Women's Golf	Other Sports	Sports Information	Administrative and General	Total
Revenues:										
Athletic fees	\$ 27,657	\$ 26,449	\$ 17,082	\$ 19,497	\$ 14,993	\$ 18,026	\$ 81,794	\$ 62,064	\$ 1,551,086	\$ 1,818,648
Miscellaneous athletic revenue	-	9,780	-	-	-	245	5,135	-	8,114	23,274
Foundation scholarships	-	-	-	-	-	-	-	-	10,000	10,000
Gifts and contributions	-	-	-	-	-	-	-	-	20,454	20,454
Total revenues	27,657	36,229	17,082	19,497	14,993	18,271	86,929	62,064	1,589,654	1,872,376
Expenditures:										
Personal services	-	-	-	-	-	-	75	59,207	960,643	1,019,925
Contractual services	19,661	18,642	13,638	13,620	12,520	15,993	62,992	2,848	86,368	246,282
Supplies and materials	9,899	4,376	4,652	6,900	810	2,708	16,807	3,969	113,121	163,242
Transfer payments	-	-	-	-	-	-	-	-	2,516	2,516
Continuous charges	284	-	-	-	-	342	478	-	129,338	130,442
Equipment	-	5,272	-	355	2,724	225	5,387	2,746	7,041	23,750
Scholarships	-	-	-	-	-	-	-	-	322,444	322,444
Total expenditures	29,844	28,290	18,290	20,875	16,054	19,268	85,739	68,770	1,621,471	1,908,601
Excess (deficiency) of revenues over (under) expenditures before transfers	(2,187)	7,939	(1,208)	(1,378)	(1,061)	(997)	1,190	(6,706)	(31,817)	(36,225)
Mandatory transfers - debt service	-	-	-	-	-	-	-	-	(64,391)	(64,391)
Non-mandatory transfers	-	-	-	-	-	-	-	-	(1,535)	(1,535)
Net increase (decrease) for the year	\$ (2,187)	\$ 7,939	\$ (1,208)	\$ (1,378)	\$ (1,061)	\$ (997)	\$ 1,190	\$ (6,706)	\$ (97,743)	\$ (102,151)

Note 1: The accompanying Notes to the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs are an integral part of this schedule.

LONGWOOD COLLEGE
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS
AS OF JUNE 30, 1998

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of current funds revenues and expenditures of the intercollegiate athletic programs of the College for the year ended June 30, 1998. The Schedule includes those intercollegiate athletics revenues and expenditures made in behalf of the College's athletics programs by outside organizations not under the accounting control of the College. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to and does not present either the financial position, changes in fund balances, or current funds revenues and other additions, expenditures and other deductions for the year then ended. Revenues and expenditures directly identifiable with each category of sport presented are reported accordingly. Revenues and expenditures not directly identifiable to a specific sport are reported under the category "Other Sports."

2. AFFILIATED ORGANIZATIONS

The College received \$20,454 for supplies and materials and \$10,000 for athletic scholarships from the Longwood College Foundation, Inc. These contributions are included in the accompanying schedule.

3. LONG-TERM INDEBTEDNESS

Mandatory transfers from the intercollegiate athletic programs for principal and interest payments totaled \$64,391 for the year ended June 30, 1998.

LONGWOOD COLLEGE
Farmville, Virginia

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