

OLD DOMINION UNIVERSITY

**INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2008**



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Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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November 17, 2008

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable M. Kirkland Cox
Chairman, Joint Legislative Audit
And Review Commission

John R. Broderick
Acting 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 6.2.3, for the year ended June 30, 2008. 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. Old Dominion University Intercollegiate Foundation 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 we were informed that the affiliated organizations had no reported 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, 2008, 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.
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 fiscal year 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. We also reviewed reconciliation of ticket sales and revenue to the accounting records for selected periods and found those reconciliations to be accurate.

11. Old Dominion University does not have a separate athletic fee. Instead, it is part of the total comprehensive fee and allocated to athletics. We compared student fees reported in the Schedule to amounts reported in the accounting records and to prior year amounts for reasonableness.
12. 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 Old Dominion University Educational and Real Estate Foundation, affiliated organizations, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics.
13. 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.
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 deemed these revenues to be immaterial for detailed testing.
15. 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. We inspected the agreements and verified the mathematical accuracy and coding of the revenue amounts. We deemed these revenues to be immaterial for detailed testing.
16. Based on an analytical review of the amounts reported in the Schedule, we consider revenues from royalties, advertisements, and sponsorships to be reasonable. We deemed these revenues to be immaterial for detailed testing.
17. We reviewed the University's procedures for recording revenues from sport camps and found procedures to be adequate. Based on an analytical review of the amounts reported in the Schedule, we consider the amount reported to be reasonable. This amount was deemed to be immaterial for detailed testing.
18. 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

19. We compared each major expense account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.

20. 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
21. Based on an analytical review of the amounts reported on the Schedule, we consider game guarantee expenses for home games to be reasonable. We deemed these expenses to be immaterial for detailed testing.
22. 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.
23. We discussed the University's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies.
24. 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 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 do 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

HV:clj

SCHEDULE

OLD DOMINION UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2008

	Football	Men's Basketball	Women's Basketball
Operating Revenues:			
Ticket sales	\$ -	\$ 776,583	\$ 277,316
Student fees	1,007,791	83,715	83,715
Contributions	42,346	370,906	17,093
NCAA/Conference distributions including all tournament revenue	-	-	73,495
Broadcast, television, radio and internet rights	-	139,187	139,186
Program sales, concession, novelty sales, and parking	-	-	-
Royalties, licensing, advertisements, and sponsorships	-	-	-
Sports camps	3,014	62,852	17,170
Endowment and investment income	67,758	-	-
Other	-	-	-
Total operating revenue	<u>1,120,909</u>	<u>1,433,243</u>	<u>607,975</u>
Operating Expenses:			
Student aid	-	362,892	345,513
Game Guarantees	-	120,000	15,000
Coaching salaries, benefits, and bonuses	618,602	973,270	614,671
Support staff and administrative salaries, benefits, and bonuses	50,780	85,381	85,241
Recruiting	101,328	97,131	68,387
Team Travel	-	186,207	198,721
Equipment, uniforms, and supplies	28,207	28,097	16,460
Game expenses	-	251,876	168,313
Fund raising, marketing, and promotion	20,000	-	-
Sport camps	4,741	36,869	8,004
Direct facilities, maintenance, and rental	52	1,356	957
Spirit groups	-	-	-
Medical expenses and medical insurance	-	1,501	524
Membership and dues	-	-	-
Other	141,886	85,192	99,530
Total operating expenses	<u>965,596</u>	<u>2,229,772</u>	<u>1,621,321</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ 155,313</u>	<u>\$ (796,529)</u>	<u>\$ (1,013,346)</u>

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
\$ 37,037	\$ -	\$ 1,090,936
-	14,529,565	15,704,786
441,446	374,633	1,246,424
31,550	263,169	368,214
-	-	278,373
-	340	340
-	617,363	617,363
554,343	-	637,379
-	23,911	91,669
-	929,036	929,036
<u>1,064,376</u>	<u>16,738,017</u>	<u>20,964,520</u>
2,090,191	-	2,798,596
2,500	-	137,500
1,926,761	-	4,133,304
-	3,176,936	3,398,338
89,094	28,669	384,609
631,795	-	1,016,723
446,550	329,444	848,758
78,066	-	498,255
-	359,045	379,045
179,014	3,935	232,563
64,453	4,504,953	4,571,771
-	46,520	46,520
190	119,800	122,015
3,010	68,148	71,158
65,991	1,499,923	1,892,522
<u>5,577,615</u>	<u>10,137,373</u>	<u>20,531,677</u>
<u>\$ (4,513,239)</u>	<u>\$ 6,600,644</u>	<u>\$ 432,843</u>

OLD DOMINION UNIVERSITY
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2008

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs have 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, 2008. 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 \$822,846 from the Old Dominion University Intercollegiate Foundation and the Old Dominion University Educational and Real Estate Foundation. Approximately \$668,975 of these funds was for scholarships for student-athletes. Additionally, the Foundations provided in-kind contributions valued at \$423,578 to the University for intercollegiate 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, 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	15 - 30 years
Equipment	2 - 25 years

A summary of the various capital asset categories relating to Athletics for the year ending June 30, 2008 is presented as follows:

Non-depreciable capital assets:	
Construction in progress	<u>\$ 4,708,150</u>
Depreciable capital assets:	
Buildings	40,670,743
Equipment	863,768
Improvements other than buildings	<u>713,221</u>
Total depreciable capital assets	<u>42,247,732</u>
Less accumulated depreciation for:	
Buildings	11,807,041
Equipment	461,263
Improvements other than buildings	620,054
Total accumulated depreciation	<u>12,888,358</u>
Depreciable capital assets, net	<u>29,359,374</u>
Total capital assets, net	<u><u>\$34,067,524</u></u>

4. LONG-TERM DEBT

Long-term debt relating to intercollegiate athletics:

Description	Interest Rates	Maturity	Balance at June 30, 2008
Revenue Bonds:			
Recreation, Series 2003A	2.50% - .50%	2010	<u>\$ 934,988</u>
Notes Payable:			
Recreation, Series 1999A	4.75% - .50%	2010	90,000
Recreation, Series 2000A	5.00% - .75%	2021	2,270,000
Recreation, Series 2001A	3.00% - .00%	2022	14,585,000
Recreation, Series 2004B	3.00% - .00%	2017	5,160,000
Recreation, Series 2004B	3.00% - .00%	2020	660,000
Recreation, Series 2007B	4.00% - .25%	2018	686,084
Recreation, Series 2007B	4.00% - .50%	2020	<u>6,809,493</u>
Total Convocation Center			30,260,577
Percent used by Athletics			<u>22%</u>
Portion of Convocation Center			6,657,327
Athletic Fac. Exp., Series 2004A	3.00% -5.00%	2025	2,050,000
Indoor Tennis Court, Series 2004A	3.00% -5.00%	2025	1,280,000
Athletic Fac. Exp, Series 2005 A	3.50% -5.00%	2026	3,285,000
Indoor Tennis Court, Series 2005A	3.50% -5.00%	2026	2,505,000
Athletic Fac. Exp., Series 2006A	3.00% -5.00%	2027	945,000
Indoor Tennis Court, Series 2006A	3.00% -5.00%	2027	235,000
Athletic Fac. Exp., Series 2007A	4.50% -5.00%	2028	480,000
Indoor Tennis Court, Series 2007A	4.50% -5.00%	2028	260,000
Powhatan Sports Center, Series 2007A	4.50% -5.00%	2028	<u>6,480,000</u>
Total Notes Payable			<u>24,177,327</u>
Total			<u>\$25,112,315</u>
Amortized Bond Premium, Revenue Bonds			<u>\$ 648,899</u>
Deferred loss on early retirement of debt			<u>\$ (7,386)</u>

Long-term debt matures as follows:

	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,440,267	\$ 1,174,099
2010	1,504,580	1,106,194
2011	1,074,705	1,034,001
2012	1,125,207	980,355
2013	1,173,307	924,596
2014-2018	6,765,749	3,694,655
2019-2023	7,288,500	1,950,515
2024-2028	<u>4,740,000</u>	<u>439,456</u>
Total	<u>\$25,112,315</u>	<u>\$11,303,871</u>

5. ALLOCATION OF ATHLETIC OVERHEAD COSTS

The University recovers a percentage of each auxiliary enterprise's expenditures, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2008, the overhead rate charged to athletics and other auxiliary enterprise was 11.62 percent. This amount is included in other operating expenses.

OLD DOMINION UNIVERSITY

BOARD OF VISITORS

The Honorable Marc Jacobson, Rector

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UNIVERSITY OFFICIALS

John R. Broderick, Acting President

Robert L. Fenning, Vice President for Administration and Finance

James Jarrett, Director of Athletics

