

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA

INTERCOLLEGIATE ATHLETICS PROGRAMS

FOR THE YEAR ENDED

JUNE 30, 2008

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

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Commonwealth of Virginia

Auditor of Public Accounts
P.O. Box 1295
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Walter J. Kucharski, Auditor

January 15, 2009

The Honorable Timothy M. Kaine
Governor of Virginia

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

W. Taylor Reveley III
President, The College of William and Mary

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 **The College of William and Mary in Virginia** solely to assist the College in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the College is in compliance with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3, for the year ended June 30, 2008. The College'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 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.

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 College'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 College'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 College 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 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, 2008, 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. 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 College for its intercollegiate athletics programs that constituted more than ten percent of the contributions so received. Except for contributions received from the William and Mary Athletic Educational Foundation, an affiliated organization, we noted no individual contribution 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. 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.
16. Intercollegiate Athletics Department management made available a listing and copies of all agreements related to participation in revenues from royalties, advertisements, and sponsorships. Based on analytical review of the amounts reported in the Schedule, we deemed these revenues to be reasonable. This amount was deemed to be immaterial for detailed testing.
17. We obtained an understanding of the College's methodology for recording revenues from sport camps and found the 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. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for home 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 all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.
22. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the College 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 College's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies.
24. We obtained an understanding of the College's methodology for allocating facilities support and ensured that amounts reported on the Schedule agreed to amounts recorded in the accounting records.
25. 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 The College of William and Mary in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the College. This report relates only to the accounts and items specified above and does not extend to the financial statements of The College of William and Mary or its Intercollegiate Athletics Department taken as a whole.

This report is intended solely for the information and use of the President and the College 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

JS/ah

SCHEDULE

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS
For the Year Ended June 30, 2008

	<u>Football</u>
Operating revenues:	
Student fees	\$ -
Contributions	1,587,733
Endowment and investment income	629,393
Ticket sales	588,833
Game guarantees	280,000
Direct institutional support	-
NCAA and conference distributions	-
Program sales, concessions, novelty sales and parking	9,276
Royalties, advertisements and sponsorships	213,310
Sports camp revenues	-
Other	<u>760</u>
Total operating revenues	<u><u>\$ 3,309,305</u></u>
Operating expenses:	
Athletics student aid	\$ 1,595,007
Game guarantees	70,000
Coaching salaries, benefits, and bonuses paid by the College and related entities	822,038
Support staff and administrative salaries, benefits, and bonuses paid by the College and related entities	79,146
Recruiting	89,554
Team travel	187,873
Equipment, uniforms and supplies	286,396
Game expenses	-
Fund raising, marketing and promotion	-
Direct facilities, maintenance and rental	586,879
Spirit groups	-
Medical expenses and insurance	11,975
Memberships and dues	3,341
Other	<u>44,399</u>
Total operating expenses	<u><u>\$ 3,776,608</u></u>
Excess/(deficiency) of operating revenues over/(under) operating expenses	

* Other sports include baseball, field hockey, golf, gymnastics, lacrosse, soccer, swimming, tennis, track and field, and volleyball.

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

<u>Men's Basketball</u>	<u>Women's Basketball</u>	<u>Other* Sports</u>	<u>Administrative and General</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 8,249,166	\$ 8,249,166
419,917	168,125	949,375	765,735	3,890,885
168,044	124,611	1,039,741	109,261	2,071,050
166,704	11,294	33,626	1,438	801,895
130,000	31,500	1,500	-	443,000
-	-	2,475	6,405	8,880
99,595	-	-	567,722	667,317
1,204	796	-	-	11,276
37,712	37,712	37,813	140,553	467,100
-	-	-	59,536	59,536
-	-	126,183	479,548	606,491
<u>\$ 1,023,176</u>	<u>\$ 374,038</u>	<u>\$ 2,190,713</u>	<u>\$ 10,379,364</u>	<u>17,276,596</u>
\$ 459,532	\$ 434,490	\$ 2,797,713	\$ 34,122	5,320,864
53,500	600	300	-	124,400
405,380	297,428	1,657,286	-	3,182,132
45,947	30,430	519,976	2,048,595	2,724,094
63,034	43,246	102,564	137,795	436,193
121,162	117,128	741,200	-	1,167,363
75,650	62,196	411,774	725,990	1,562,006
-	-	-	256,175	256,175
43	-	-	59,228	59,271
(30,941)	(47,038)	215,956	722,176	1,447,032
-	-	-	29,793	29,793
376	1,430	21,897	77,894	113,572
6,331	9,528	60,308	202,669	282,177
21,936	16,231	129,196	353,567	565,329
<u>\$ 1,221,950</u>	<u>\$ 965,669</u>	<u>\$ 6,658,170</u>	<u>\$ 4,648,004</u>	<u>17,270,401</u>
				<u>\$ 6,194</u>

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
NOTES TO SCHEDULE OF REVENUES AND EXPENSES
OF INTERCOLLEGIATE ATHLETIC PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2008

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic 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 athletic programs of the College for the year ended June 30, 2008. The Schedule presents only a selected portion of the activities of the College and it is not intended to nor does it present either the financial position, changes in financial position, or cash flows for the year ended. Revenues and expenses are directly identifiable with each category presented and reported accordingly.

2. CONTRIBUTIONS

The Athletic Educational Foundation of the College of William and Mary in Virginia, Incorporated, raises funds and collects contributions for the benefit of the Intercollegiate Athletics Department. The College received \$2,618,289 from the Athletic Educational Foundation during the year ended June 30, 2008.

The Athletic Educational Foundation of the College of William and Mary in Virginia, Incorporated, receives directly from various individuals and businesses, donations in the form of goods or services for the athletic program and contributes those to the College. The College received good and services valued at \$1,272,597 as donations during the year ended June 30, 2008.

3. ENDOWMENT AND INVESTMENT INCOME

The College of William and Mary Foundation is authorized to receive and administer gifts and bequests of all kinds. The Foundation makes such resources available to the College, which may be drawn as needed by the College within the Association's budgetary restrictions. The College received \$2,071,050 of endowment and investment income from the Foundation for the benefit of the Intercollegiate Athletics Department for the year ended June 30, 2008.

4. CAPITAL ASSETS

Capital assets are recorded at historical cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Construction expenses for capital assets and improvements are capitalized when expended. The College's capitalization policy on equipment includes all items with an estimated useful life of two years or more. The Williamsburg campus of the College capitalizes all items with a unit price greater than or equal to \$2,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40-50 years
Infrastructure	10-50 years
Equipment	2-30 years

A summary of the capital asset ending balances net of accumulated depreciation for the year ending June 30, 2008 is as follows:

Depreciable capital assets:	
Buildings	\$ 26,070,367
Equipment	<u>2,087,547</u>
Total depreciable capital assets	<u>28,157,914</u>
Less Accumulated depreciation for:	
Buildings	6,629,773
Equipment	<u>985,842</u>
Total accumulated depreciation	<u>7,615,615</u>
Total capital assets, net	<u>\$20,542,299</u>

5. LONG-TERM DEBT

Long-term debt relating to intercollegiate athletics is shown below.

Description

<u>Section 9(d) Bonds:</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Balance as of June 30, 2008</u>	<u>% used by Athletics</u>	<u>Athletics Balance June 30, 2008</u>
William and Mary Hall, Series 2004B	3.000-5.000	2016	\$ 1,020,000	80%	\$ 816,000
William and Mary Hall, Series 2007B	4.000-4.250	2018	275,000	80%	220,000
Recreation Sports Center, Series 2003A	2.000-5.000	2024	830,000	10%	83,000
Recreation Sports Center, Series 2004A	3.000-5.000	2025	6,995,000	10%	699,500
Recreation Sports Center, Series 2005A	3.500-5.000	2026	2,415,000	10%	241,500
Improve Athletics Facilities, Series 2005A	3.500-5.000	2026	3,305,000	100%	3,305,000
Improve Athletics Facilities, Series 2006A	3.000-5.000	2027	755,000	100%	755,000
J. Laycock Football Facility, Series 2006A	3.000-5.000	2027	5,440,000	100%	<u>5,440,000</u>
Total					<u>\$ 11,560,000</u>

Long-term debt matures as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 453,000	\$ 531,743
2010	464,500	513,357
2011	482,000	492,729
2012	507,500	469,258
2013	538,000	442,121
2014-2018	3,121,500	1,769,961
2019-2023	3,241,000	978,130
2024-2028	<u>2,752,500</u>	<u>188,545</u>
Total	<u>\$11,560,000</u>	<u>\$5,384,844</u>

6. INDIRECT COSTS

The College 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, 2008 the overhead rate charged to athletics and other auxiliary enterprise was 22.85 percent. This amount is included in direct facilities, maintenance, and rental expenses, under the category "Administrative and General."

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA

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