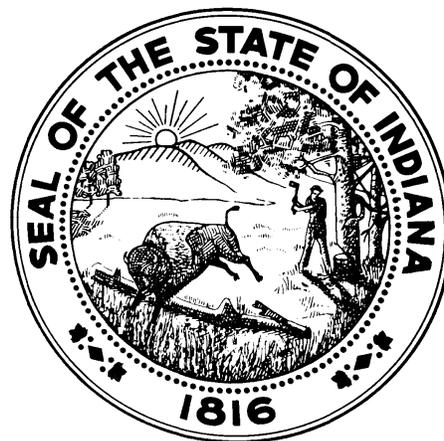


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF

BALL STATE UNIVERSITY  
NCAA FINANCIAL REPORT  
MUNCIE, INDIANA

July 1, 2007 to June 30, 2008



**FILED**  
01/15/2009





# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT ACCOUNTANT'S REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

Dr. Jo Ann Gora  
President  
Ball State University  
2000 W. University Avenue  
Muncie, Indiana 47306

We have performed the procedures enumerated below, which were agreed to by the chief executive of Ball State University, solely to assist you in evaluating whether the accompanying statement of revenue and expenses of Ball State University is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 6.2.3 for the year ended June 30, 2008. Ball State University's management is responsible for the statement of revenue and expenses ("statement") and the statements compliance with those 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 these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the 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 Statement of Revenues and Expenditures

- a. We obtained the Statement of Revenues and Expenditures for the Year Ended June 30, 2008, Exhibit A, as prepared by management and attached to this document. We recalculated the addition of the amounts on the statement, traced the University amounts on the statements to management's worksheets, and to the 3-35600 series of accounts on the University's financial accounting system. We compared the Foundation amounts to a summary of accounts obtained from the Ball State Foundation.
- b. We compared current year amounts with prior year amounts for each classification of University accounts on Exhibit A and supported fluctuations of greater than \$25,000 or 10% of the prior year's amount.
- c. We compared total revenues and expenditures by classification to the prior year's financial report, noting that the current year amounts compare favorably with the prior year amounts.
- d. The attached statement of Revenues and Expenditures is a summary of the transactions for the Intercollegiate Athletics. The statement includes the revenues and expenditures relating to Intercollegiate Athletics recorded in the Ball State Foundation's (an outside booster organization) accounting records. We did not examine any supporting documentation for the financial information reported by the Ball State Foundation.

INDEPENDENT ACCOUNTANT'S REPORT ON  
THE APPLICATION OF AGREED-UPON PROCEDURES  
(Continued)

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenue and Expenditures of Ball State University. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above, and is not intended to be and should not be used by anyone other than these specified parties.

STATE BOARD OF ACCOUNTS

*State Board of Accounts*

December 31, 2008

BALL STATE UNIVERSITY  
STATEMENT OF REVENUES AND EXPENDITURES  
INTERCOLLEGIATE ATHLETICS  
For the Year Ended June 30, 2008

	2008						2007 Total
	Football	Mens Basketball	Womens Basketball	Other Sports	Non-Program Specific	Total	
<b>University Accounts</b>							
<b>Revenues:</b>							
Ticket sales	\$ 395,591	\$ 272,017	\$ 39,700	\$ 5,110	\$ 2,100	\$ 714,518	\$ 755,421
Contributions	483,009	269,000	23,050	249,319	303,575	1,327,953	677,377
Guarantees	1,450,000	20,000	5,000	23,000	--	1,498,000	830,386
Advertising Sales	--	--	--	--	46,300	46,300	--
Concession commissions	21,259	9,052	1,996	497	4,255	37,059	31,203
Royalty and licensing commissions	--	--	--	--	60,000	60,000	60,000
Printed programs	2,026	375	75	7,235	367	10,078	12,741
Parking fees	34,726	11,596	--	--	--	46,322	48,747
NCAA and MAC revenue	15,000	148,683	--	--	721,650	885,333	786,496
Dedicated student fees	376,225	--	--	--	8,257,815	8,634,040	8,313,060
Additional designated support	1,077	120	1,728	39,239	330,216	372,380	A 432,945
General fund support for:							
Salaries	98,321	--	342,297	925,682	721,507	2,087,807	1,931,890
Staff benefits	39,316	--	78,440	363,965	285,890	767,611	728,502
Other	92,869	4,044	2,669	42,118	90,431	232,131	375,120
<b>TOTAL REVENUES</b>	<b>\$ 3,009,419</b>	<b>\$ 734,887</b>	<b>\$ 494,955</b>	<b>\$ 1,656,165</b>	<b>\$ 10,824,106</b>	<b>\$ 16,719,532</b>	<b>\$ 14,983,888</b>
<b>Expenditures:</b>							
Coaches' salaries	\$ 952,232	\$ 661,236	\$ 342,297	\$ 1,127,434	\$ --	\$ 3,083,200	\$ 2,561,067
Salaries and wages	118,686	54,341	27,445	8,475	1,746,314	1,955,261	1,846,648
Staff benefits	332,198	146,616	87,255	421,055	511,851	1,498,975	1,564,762
Operating supplies	370,062	55,644	18,579	159,852	91,126	695,263	563,649
Rental of equipment and facilities	21,210	673	192	41,098	35,686	98,859	68,753
Awards	7,277	1,098	1,105	9,864	--	19,344	39,366
Guarantees	185,000	5,500	2,000	9,944	--	202,444	447,224
Telephone	22,756	13,504	11,283	11,692	39,522	98,757	114,107
Travel	833,302	167,943	131,236	730,958	51,820	1,915,259	1,447,186
Meals and lodging	298,905	16,117	14,240	27,231	11,581	368,074	294,025
Officials	51,188	62,531	28,623	66,776	--	209,118	189,296
Postage	17,444	6,181	3,585	10,306	17,690	55,206	56,508
Printing and photography	28,210	9,502	6,989	40,576	41,742	127,019	118,002
Grants-in-aid	2,004,965	337,665	297,081	2,499,372	17,800	5,156,883	4,787,978
Association dues	75	--	677	4,294	76,758	81,804	79,714
Equipment	177,498	23,131	2,715	6,032	49,709	259,085	83,011
Repairs and maintenance	50,286	23,478	1,057	14,365	100,001	189,187	186,166
Insurance	147,063	28,768	9,964	86,875	26,630	299,300	228,878
Provision for doubtful accounts	--	--	--	--	505	505	274
Other miscellaneous expenses	235,135	35,008	7,660	20,111	108,075	405,989	315,586
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,853,492</b>	<b>\$ 1,648,936</b>	<b>\$ 993,983</b>	<b>\$ 5,296,310</b>	<b>\$ 2,926,810</b>	<b>\$ 16,719,532</b>	<b>\$ 14,992,200</b>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>\$ (2,844,073)</b>	<b>\$ (914,049)</b>	<b>\$ (499,028)</b>	<b>\$ (3,640,145)</b>	<b>\$ 7,897,296</b>	<b>\$ -</b>	<b>\$ (8,312)</b>
<b>Foundation Accounts:</b>							
Revenues	\$ 6,941,872	\$ 129,032	\$ 30,971	\$ 401,828	\$ 557,326	\$ 8,061,030	\$ 6,813,979
Expenditures	6,970,944	141,006	32,044	341,845	552,980	8,038,819	10,233,037
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>\$ (29,072)</b>	<b>\$ (11,973)</b>	<b>\$ (1,073)</b>	<b>\$ 59,983</b>	<b>\$ 4,346</b>	<b>\$ 22,211</b>	<b>\$ (3,419,058)</b>

A = Includes \$31,040 to Fund Deficit from Account 3-35600-0921.

The accompanying notes are an integral part of the schedule.

BALL STATE UNIVERSITY  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF  
INTERCOLLEGIATE ATHLETICS PROGRAMS  
AS OF JUNE 30, 2008

Note 1. Basis of Presentation

The accompanying Schedule of Revenues and Expenditures 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 expenditures of the intercollegiate athletics programs of the University for the year ended June 30, 2008. The Schedule includes those intercollegiate athletics revenues and expenditures made on behalf of the University's athletic 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 ended. Revenues and expenditures not directly identifiable to a specific sport are reported under the category, "Non-Program Specific."

Note 2. Affiliated Organizations

The University athletic accounts received \$8.1 million from the Ball State University Foundation, Inc. The amounts received are included in the accompanying schedule identified separately as Foundation Accounts. Approximately \$6.8 million was for the new football stadium. The remaining \$1.3 million is recorded in contribution revenue in the accompanying schedule.

Note 3. Capital Assets

Capital assets consists of buildings and equipment which are stated at historical cost or actual cost where determinable. Construction-in-Progress (CIP) is capitalized at actual cost as expenditures are incurred. All gifts of capital assets are recorded at fair market value as of the date of the donation.

Repair and replacement expenditures that do not extend the useful life of the asset, and expenditures for personal property of less than \$5,000 are expensed rather than capitalized.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 50 years for Buildings and 3 to 10 years for Equipment.

A summary of changes in capital assets associated with the Intercollegiate Athletics Programs follows for the year ended June 30, 2008:

BALL STATE UNIVERSITY  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF  
INTERCOLLEGIATE ATHLETICS PROGRAMS  
AS OF JUNE 30, 2008  
(Continued)

Category	2007 Beginning Balance	Additions	Deletions	2008 Ending Balance
Depreciable Capital Assets:				
Buildings	\$ 63,140,578	\$ 3,435,777	\$ -	\$ 66,576,355
Equipment	<u>825,227</u>	<u>36,779</u>	<u>244,983</u>	<u>617,023</u>
Total Capital Assets	<u>63,965,805</u>	<u>3,472,556</u>	<u>244,983</u>	<u>67,193,378</u>
Less: Accumulated Depreciation				
Buildings	18,484,877	1,102,193	-	19,587,070
Equipment	<u>587,549</u>	<u>27,521</u>	<u>116,783</u>	<u>498,287</u>
Total Accumulated Depreciation	<u>19,072,426</u>	<u>1,129,714</u>	<u>116,783</u>	<u>20,085,357</u>
Total Net Capital Assets	<u>\$ 44,893,379</u>	<u>\$ 2,342,842</u>	<u>\$ 128,200</u>	<u>\$ 47,108,021</u>

Note 4. Student Athlete Opportunity Fund

The University received \$127,490 from the NCAA to benefit student-athletes or their families for the year ended June 30, 2008. Of those monies, \$29,590 was spent for those purposes in the current fiscal year and is included in the report. The remaining amount, \$97,900, was deferred and will be shown as an expense in future periods as the expense is incurred.