

# Missouri State University Intercollegiate Athletics Department

Independent Accountant's Report on Application  
of Agreed-Upon Procedures

June 30, 2016

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## Independent Accountant's Report on Application of Agreed-Upon Procedures

Clifton Smart, III, President and the Board of Governors  
Missouri State University  
Springfield, Missouri

We have performed the procedures enumerated below, which were agreed to by Missouri State University (the "University"), solely to assist the University in evaluating whether the accompanying statement of revenues and expenses of the University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2016. The managements of Missouri State University and Missouri State University Foundation are responsible for the statement of revenues and expenses and the University's 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 the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose.

The procedures that were performed and our findings are as follows:

For purposes of all the following agreed-upon procedures, the following guidelines and materially thresholds apply:

1. The materiality threshold is set at \$5,000 and only variances greater than \$5,000 were noted in our report.
2. If a specific reporting category is less than 0.5% of the total revenues or expenses, no procedures were performed for that specific category.
3. Unless otherwise specified, all sample sizes consisted of three items.

### ***Statement of Revenues and Expenses***

1. We obtained the Statement of Revenues and Expenses (Statement) of the Intercollegiate Athletics Department for the year ended June 30, 2016, for Missouri State University and its discretely presented component unit Missouri State University Foundation (collectively "the Institution"), as prepared by management. We compared and agreed each operating revenue and expense category reported in the Statement during the reporting period to supporting schedules provided by the Institution unless the category was less than 0.5% of total revenues and total expenses, respectively, without exception.

2. We compared and agreed a sample of operating revenue receipts and a sample of expenses obtained from the above operating revenue and expense supporting schedules to adequate supporting documentation, noting no exceptions.
3. We compared each major revenue and expense account over \$1 million and/or 10% of total revenues and expenses to prior period amounts. We obtained and documented an understanding of any significant variations over \$1 million and/or 10% from the prior year. Per inquiry of University personnel, the athletic department is not budgeted to the level of the statement thus comparison of each major revenue and expense account over \$1 million and/or 10% of total revenues and expenses to budget estimates was not performed. See the table in the supplemental schedules for the full analysis.

#### ***Ticket Sales***

4. We compared ticket sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Institution in the Statement and the related attendance figures, without exception.
5. We recalculated ticket sales totals and agreed to the Statement, without exception.

#### ***Student Fees***

6. We compared and agreed student fees reported by the Institution in the Statement for the reporting to student enrollments during the same reporting period.
7. We obtained and documented an understanding of the Institution's methodology for allocating student fees to intercollegiate athletics programs.
8. We recalculated student fee totals and agreed to the Statement, without exception.

#### ***Direct State or Other Government Support***

Per inquiry of University personnel, there was no direct state or other government support received during the fiscal year thus steps 9 and 10 were not performed.

9. We will compare direct state or other governmental support recorded by the Institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation.
10. We will recalculate totals.

***Direct Institutional Support***

11. We compared the direct institutional support recorded by the Institution during the year ended June 30, 2016, with institutional authorizations and corroborative supporting documentation, without exception.
12. We recalculated direct institutional support and agreed to the Statement, without exception.

***Transfers Back to Institution***

13. We compared the transfers back to the Institution with permanent transfers back to the Institution from the athletics department, without exception.
14. We recalculated totals, without exception.

***Indirect Institutional Support***

15. We compared the indirect institutional support recorded by the Institution during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation, without exception.
16. We recalculated totals, without exception.

***Guarantees***

17. We selected a sample of settlement reports for away games during the reporting period and agreed each selection to the Institution's general ledger and/or the statement, without exception.
18. We selected a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each selection to the Institution's general ledger and/or the Statement, without exception.
19. We recalculated guarantees revenue and agreed to the Statement, without exception.

***Contributions***

20. We compared each major contribution revenue account to prior period amounts and budget estimates. We obtained and documented an understanding of any significant variations and noted no significant variances.
21. We obtained and reviewed supporting documentation for any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above, *e.g.*, contributions by corporate sponsors, that constituted 10 percent or more in aggregate for the year ended June 30, 2016, without exception. We noted no outside organizations that exceeded the threshold.

### ***In-Kind***

Per inquiry of University personnel and the Statement, in-kind contributions during the reporting period were below the testing threshold thus steps 22 and 23 were not performed.

22. We will compare the in-kind recorded by the Institution during the reporting period with a schedule of in-kind donations.
23. We will recalculate totals.

### ***Compensation and Benefits Provided by a Third Party***

24. We obtained the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the Institution.
25. We selected a sample of funds from the Summary and compared and agreed each selection to supporting documentation. The following coach was paid for coach's television shows:
  - a. Paul Lusk – Head Men's Basketball Coach \$30,000
26. We recalculated the totals of compensation and benefits provided by a third party and agreed to the Statement, without exception.
27. Per inquiry of management, the third party was audited by independent auditors; however, the third party declined to provide the independent auditor's report.

### ***Media Rights***

Per inquiry of University personnel, no funding was received for media rights during the fiscal year thus steps 28 through 31 were not performed.

28. We will obtain and inspect agreements to understand the Institution's total media (broadcast, television, radio) rights received by the Institution or through their conference offices.
29. We will compare and agree the media right revenues recorded to a summary statement of all media rights identified.
30. We will compare and agree related revenues to the Institution's general ledger, and/or the Statement. Ledger totals may be different for total conference distributions if media rights are not broken out separately.
31. We will recalculate totals.

***NCAA Distributions***

32. We compared the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents, without exception.
33. We recalculated NCAA distribution revenue and agreed to the Statement, without exception.

***Conference Distributions***

34. We were not able to obtain and inspect agreements related to the Institution's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions as they were not available.
35. We compared and agreed the related revenues to the Institution's general ledger, and/or the Statement, without exception.
36. We recalculated totals of conference distributions revenue and agreed to the Statement, without exception.

***Program Sales, Concessions, Novelty Sales and Parking***

37. We compared the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents for the year ended June 30, 2016, without exception.
38. We recalculated program sales, concessions, novelty sales and parking revenue and agreed to the Statement, without exception.

***Royalties, Licensing, Advertisements and Sponsorships***

39. We obtained the only two agreements related to the Institution's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. Agreements were obtained for the following companies:
  - a. Learfield Sports Marketing
  - b. The Collegiate Licensing Company
40. We compared and agreed the royalties, licensing, advertisements and sponsorships revenue to the Institution's general ledger, without exception.
41. We recalculated royalties, licensing, advertisements and sponsorships revenue and agreed to the Statement, without exception.

### ***Sports Camp Revenues***

Per inquiry of University personnel, there were no sports camps conducted through the University during the fiscal year thus steps 42 through 45 were not performed.

42. We will inspect sports camp contract(s) between the Institution and person(s) conducting institutional sports camps or clinics during the reporting period to obtain an understanding of the Institution's methodology for recording revenues from sports camps.
43. We will obtain schedules of camp participants.
44. We will select a sample of individual camp participant cash receipts from the schedule of sports camp participants and agree each selection to the Institution's general ledger, and/or the Statement.
45. We will recalculate totals.

### ***Athletics Restricted Endowment and Investment Income***

46. We requested to obtain and inspect three endowment agreements to gain an understanding of the relevant terms and conditions. Agreements were requested for the following endowments:
  - a. Dr. Mary Rose Owens Lady Bears Scholarship Endowment
  - b. Loveland, Lewis and Thoreen Endowment
  - c. Kathy Collins Athletic Scholarship Endowment

The University's Foundation was not able to provide a copy of the endowment agreement for item a.

47. We compared and agreed the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement, without exception.
48. We recalculated totals of endowment and investment income and agreed to the Statement, without exception.

### ***Athletic Student Aid***

49. We selected a sample of 40 students from the listing of institutional student aid recipients during the reporting period.
50. We obtained the individual student account detail for each selection and compared total aid allocated from the related aid award letter to the student's account. One of the students selected was a 5<sup>th</sup> year athlete for whom no related aid award letter (or contracts) could be located. One additional student selected for whom no related aid award letter (or contracts) could be located. There was one student who had a change in aid in the athletic department records, but the aid award letter/contract was not updated.

51. We performed a check of each student selected in Step 49 to ensure his/her information was reported accurately in the NCAA's Compliance Assistant software with the following criteria:
- a. The equivalency value for each student-athlete in all sports, including head-count sports, need to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount which is the total cost for tuition, fees, books, room and board for an academic year as the denominator. If using the NCAA Compliance Assistant software, this equivalency value should already be calculated for you on that squad list labeled "Rev. Dist. Equivalent Award."
  - b. If an athlete participates in more than one sport, the Rev. Dist. Equivalent Award can only be included in one sport. Note: NCAA Compliance Assistant software will place an asterisk by the student athlete within the sport that is not countable towards grants-in-aid revenue distribution.
  - c. All equivalency calculations should be rounded to two decimal places. Note: The NCAA Compliance Assistant software and the on-line summary form will automatically round to two decimal places.
  - d. The full grant amount should be the full cost of tuition for an academic year, not semester.
  - e. If a sport is discontinued and the grant(s) are still being honored by the Institution, the grant(s) may be included in the total.
  - f. Student-athletes receiving athletic aid who have exhausted their athletics eligibility or are inactive due to medical reasons should be included in the grants-in-aid calculation, marked properly on the squad list and on the Grants-in-Aid submission form.
  - g. Only athletic grants awarded in sports in which the NCAA conducts championship competitions, emerging sports for women and football should be included in the calculations.

There were three students, who had changes in aid, which were not accurately reported in to the NCAA Compliance Assistant software.

52. We recalculated the totals for athletic student and agreed to the Statement, without exception.

### ***Guarantee Expense***

53. We obtained and inspected a sample of visiting Institution's away-game settlement reports received by the Institution during the year ended June 30, 2016, and agreed related expenses to the Institution's general ledger and the Statement, without exception.
54. We obtained and inspected contractual agreements pertaining to expenses recorded by the Institution from guaranteed contests during the reporting period, without exception.



55. We compared and agreed the related amounts expensed by the Institution to the Institution's general ledger and Statement, without exception.
56. We recalculated the totals of guarantee expense and agreed to the Statement, without exception.

***Coaching Salaries, Benefits and Bonuses Paid by the Institution and Related Entities***

57. We obtained a listing of coaches employed by the Institution and related entities during the year ended June 30, 2016.
58. We selected a sample of three coaches' contracts including football and men's and women's basketball. Contracts were obtained for the following coaches:
  - a. Matthew Sligh, Assistant Men's Basketball Coach
  - b. Peter Bodovinac, Assistant Football Coach
  - c. Jennifer Sullivan, Assistant Women's Basketball Coach
59. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits and bonuses recorded by the Institution and related entities in the Statement during the year ended June 30, 2016, without exception.
60. We obtained and inspected payroll summary registers for the reporting year for each selection.
61. We compared and agreed payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the Institution and related entities expense recorded by the Institution in the Statement during the year ended June 30, 2016, without exception.
62. We compared and agreed the totals recorded to employment contracts executed for the sample selected, without exception.
63. We recalculated the totals of the detail of coaching salaries, benefits and bonuses and compared the recalculated totals to the Statement, without exception.

***Coaching Other Compensation and Benefits Paid by a Third Party***

64. We obtained and inspected a listing of coaches employed by third parties during the reporting period.
65. We compared and agreed the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Institution in the Statement during the reporting period, without exception.
66. We obtained and inspected reporting period payroll summary registers for each selection.

67. We compared and agreed related payroll summary register to the coaching other compensation and benefits paid by third-party expenses recorded by the Institution in the Statement during the reporting period, without exception.
68. We recalculated the totals of coaching other compensation and benefits paid by a third party and agreed to the Statement, without exception.

***Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution and Related Entities***

69. We selected a sample of support staff/administrative personnel employed by the Institution and related entities during the year ended June 30, 2016, and selected the following sample.
  - a. Catherine Schulte
  - b. Mitchell Hall Schildt
  - c. Cindy Busby
70. We obtained and inspected reporting period summary payroll registers for each selection.
71. We compared and agreed related summary payroll register to the related support staff/administrative salaries, benefits and bonuses paid by the Institution and related entities expense recorded by the Institution in the Statement during the year ended June 30, 2016, without exception.
72. We recalculated the totals of support staff/administrative salaries, benefits and bonuses paid by the Institution and related entities and agreed to the Statement, without exception.

***Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party***

Per inquiry of University personnel, there was no compensation or benefits paid by a third party to support staff/administrative staff during the reporting period thus steps 73 through 76 were not performed.

73. We will select a sample of support staff/administrative personnel employed by the third parties during the reporting period.
74. We will obtain and inspect reporting period payroll summary registers for each selection.
75. We will compare and agree related payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by the Institution in the Statement during the reporting period.
76. We will recalculate totals.

### ***Severance Payments***

Per inquiry of University personnel, no severance payments were paid for athletics during the reporting period thus steps 77 and 78 were not performed.

77. We will select a sample of employees receiving severances payments by the Institution during the reporting period and agree each severance payment to the related termination letter or employment contract.
78. We will recalculate totals.

### ***Recruiting***

79. We obtained and documented an understanding of the Institution's recruiting expense policies.
80. We compared and agreed to existing Institution and NCAA-related policies, without exception.
81. We obtained general ledger detail and compared to the total expenses reported, without exception.

### ***Team Travel***

82. We obtained and documented an understanding of the Institution's team travel policies.
83. We compared and agreed to existing Institution and NCAA-related policies, without exception.
84. We obtained general ledger detail and compared to the total expenses reported, without exception.

### ***Equipment, Uniforms and Supplies***

85. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.
86. We recalculated the total equipment, uniforms and supplies expenses for the reporting period and agreed to the Statement, without exception.

### ***Game Expenses***

87. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.

88. We recalculated the total game expenses for the reporting period and agreed to the Statement, without exception.

### ***Fundraising, Marketing and Promotion***

Per inquiry of University personnel and the Statement, the fundraising, marketing and promotion expenses related to athletics during the reporting period were below the testing threshold, thus steps 89 and 90 were not performed.

89. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of transactions to validate existence of transaction and accuracy of recording.
90. We will recalculate totals.

### ***Sports Camp Expenses***

Per inquiry of University personnel, there were no sports camps conducted through the University during the fiscal year thus steps 91 and 92 were not performed.

91. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of transactions to validate existence of transaction and accuracy of recording.
92. We will recalculate totals.

### ***Spirit Groups***

93. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.
94. We recalculated the total spirit groups' expenses for the reporting period and agreed to the Statement, without exception.

### ***Athletic Facility Debt Service, Leases and Rental Fees***

95. We obtained a listing of debt service schedules, lease payments and rental fees for athletics facilities for the year ended June 30, 2016. We compared a sample of facility payments including the top two highest facility payments to additional supporting documentation, *e.g.*, debt financing agreements, leases, rental agreements.
96. We compared amounts recorded to amounts listed in the general ledger detail, without exception.
97. We recalculated totals, without exception.

### ***Direct Overhead and Administrative Expenses***

Per inquiry of University personnel, there were no direct overhead and administrative expenses charged directly to the athletics department other than support staff salaries which were tested elsewhere. Therefore steps 98 and 99 were not performed.

98. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of transactions to validate existence of transaction and accuracy of recording.
99. We will recalculate totals.

### ***Medical Expenses and Medical Insurance***

100. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.
101. We recalculated the medical expenses and medical insurance expense total for the reporting period and agreed to the Statement, without exception.

### ***Membership and Dues***

Per inquiry of University personnel and the Statement, the memberships and dues charged directly to the athletics department were below the testing threshold. Therefore steps 102 and 103 were not performed.

102. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of transactions to validate existence of transaction and accuracy of recording.
103. We will recalculate totals.

### ***Other Operating Expenses and Transfers to the Institution***

104. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected a sample of transactions to validate existence of transaction and accuracy of recording, without exception.
105. We recalculated the other operating expenses and transfers to the Institution for the reporting period and agreed to the Statement, without exception.

### ***Additional Minimum Required Agreed-Upon Procedures***

106. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the Institution, without exception.

Clifton Smart, III, President and the Board of Governors  
Missouri State University  
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We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accompanying University Intercollegiate Athletics Department Statement of Revenues and Expenses for the year ended June 30, 2016, or the specified elements, accounts and items or internal control over financial reporting and compliance described above. 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 Missouri State University and the National Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified parties.

*BKD, LLP*

January 17, 2017

**Missouri State University**  
**Intercollegiate Athletics Department**  
**Statement of Revenues and Expenses**  
**Year Ended June 30, 2016**

	<b>Men's Program</b>	<b>Women's Program</b>	<b>Nongender</b>	<b>Support Services</b>	<b>Other Sources</b>	<b>Total</b>
<b>Operating Revenue</b>						
Ticket sales	\$ 863,201	\$ 227,441	\$ -	\$ -	\$ -	\$ 1,090,642
Student fees	-	-	-	-	3,958,424	3,958,424
Guarantees	556,500	31,000	-	-	-	587,500
Program, novelty, parking and concession sales	180,869	79,524	-	-	-	260,393
MVC reimbursement	51,012	14,139	51,000	-	-	116,151
Royalties, licensing, advertisement and sponsorships	15,090	-	476,453	-	-	491,543
Third-party compensation	30,000	-	-	-	-	30,000
Other operating income	153,363	109,746	60,057	46,544	539,376	909,086
<b>NCAA Revenue</b>						
<b>Distribution</b>	556,723	605,819	-	-	-	1,162,542
<b>Direct Institutional Support</b>	5,350,671	4,611,786	1,165,536	986,242	-	12,114,235
<b>Indirect Institutional Support</b>	-	-	-	-	686,154	686,154
<b>Contributions</b>	863,575	497,471	50,737	153	3,086,284	4,498,220
<b>In-Kind Contributions</b>	107,923	45,820	-	-	-	153,743
<b>Athletics Restricted Endowment</b>						
<b>Investment Income</b>	93,409	53,154	-	3,150	-	149,713
<b>Total Revenues</b>	<u>8,822,336</u>	<u>6,275,900</u>	<u>1,803,783</u>	<u>1,036,089</u>	<u>8,270,238</u>	<u>26,208,346</u>

**Missouri State University**  
**Intercollegiate Athletics Department**  
**Statement of Revenues and Expenses**  
**Year Ended June 30, 2016**

	<b>Men's Program</b>	<b>Women's Program</b>	<b>Nongender</b>	<b>Support Services</b>	<b>Other Sources</b>	<b>Total</b>
<b>Expenditures</b>						
Athletic student aid	\$ 2,475,625	\$ 2,411,742	\$ -	\$ 20,550	\$ -	\$ 4,907,917
Guarantees	172,795	37,461	-	-	-	210,256
Coaches' salaries, benefits and bonuses paid by the University and related entities	2,514,987	1,778,640	-	-	-	4,293,627
Coaches' salaries, benefits and bonuses paid by a third party	30,000	-	-	-	-	30,000
Support staff/administrative compensation, benefits and bonuses paid by the University and related entities	495,752	293,393	1,181,084	883,400	-	2,853,629
Recruiting	354,284	161,411	-	-	-	515,695
Team travel	939,300	641,188	-	-	-	1,580,488
Sports equipment, uniforms and supplies	321,565	163,241	-	-	-	484,806
Game expenses	410,749	225,917	-	-	-	636,666
Fundraising	35,243	7,348	-	-	-	42,591
Medical expenses and insurance	264,259	168,952	-	-	-	433,211
Spirit group	-	-	-	94,311	-	94,311
Membership and dues	60,546	25,258	940	3,597	-	90,341
Athletic facilities lease	201,497	9,835	-	-	5,966,536	6,177,868
Direct institutional support	-	-	-	-	1,617,548	1,617,548
Indirect institutional support	-	-	-	-	686,154	686,154
Other operating expenses	545,734	351,514	621,759	34,231	-	1,553,238
<b>Total Expenditures</b>	<b>8,822,336</b>	<b>6,275,900</b>	<b>1,803,783</b>	<b>1,036,089</b>	<b>8,270,238</b>	<b>26,208,346</b>
<b>Excess (Deficiency) of</b>						
<b>Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**Missouri State University**  
**Intercollegiate Athletics Department**  
**Notes to Statement of Revenues and Expenses**  
**June 30, 2016**

**Note 1: NCAA Reporting Requirements**

The National Collegiate Athletic Association (NCAA) mandates the financial reporting timeline to specify agreed-upon procedures and related reporting requirements. The primary purpose of the agreed-upon procedures report is to ensure that the president of the University is made aware of all financial activity (both internal and external) for athletics purposes and to assist the Institution in exercising control over financial activity made by or on behalf of the intercollegiate athletics program.

**Note 2: Capital Assets**

Land is stated at cost. Buildings and improvements are stated at June 30, 1953, replacement costs with subsequent additions stated at cost. Library books are stated at June 30, 1978, estimated historical cost, with subsequent additions stated at cost.

Building additions and improvements with a cost in excess of \$200,000 are capitalized if the life of the building is extended. Equipment with a cost in excess of \$5,000 with a useful life greater than one year is capitalized. Donated assets are transferred from the Missouri State University Foundation and are recorded at the fair value at the date of donation to the Foundation. Infrastructure assets are included in the financial statements and are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives. Expenditures for construction in progress are capitalized when the project is completed. The following estimated useful lives are being used by the University:

Land improvements	20 years
Buildings and improvements	7 – 40 years
Furniture, fixtures and equipment	3 – 15 years
Infrastructure	20 years
Library materials	10 years

The University capitalizes interest costs as a component of construction in progress, based on either the weighted average rates paid for long-term borrowing or the rates associated with specific debt. Interest expense is capitalized net of interest income earned on resources set aside for this purpose.

All University property is to be disposed of through the Property Control Office, with the exception of selected agricultural items. Items no longer needed by the University are either sold at public auction or by sealed bid.

## **Supplemental Schedule**

**Missouri State University**  
**Intercollegiate Athletics Department**  
**Statement of Revenues and Expenses Variance Schedule**  
**June 30, 2016**

	<b>2016</b>	<b>2015</b>	<b>Difference</b>	<b>Explanation</b>
<b>Revenues</b>				
Student fees	\$ 3,958,424	\$ 3,507,180	\$ 451,244	Student Service Fees increased by \$11 per student for full time students in FY16 and total student enrollment increased slightly.
Ticket sales	1,090,643	1,333,410	(242,767)	Men's Baseball had regional tournament in FY15, none in FY16-\$146,216; Men's Basketball ticket sales declined in FY16-\$119,233.
Direct Institutional Support	12,114,235	11,081,952	1,032,283	Athletics expense increased but direct revenue did not therefore the University covered more during FY16. Collectively direct and indirect institutional support increased by approximately \$427,000.
<b>Expenses</b>				
Athletic facilities lease	6,177,868	201,169	5,976,699	Most of this results from reallocation of where costs are shown on NCAA report after clarification from NCAA; Debt Service reduced in FY16 by \$218,810-refinanced JQH bonds. Scholarships increased by "Cost of Attendance" additional stipends and higher room & board, more nonresident fee waivers.
Direct Institutional Support	1,617,548	7,194,178	(5,576,630)	Most of this results from reallocation of where costs are shown on NCAA report after clarification from NCAA; Debt Service reduced in FY16 by \$218,810-refinanced JQH bonds. Scholarships increased by "Cost of Attendance" additional stipends and higher room & board, more non-resident fee waivers.
Other operating expenses	1,553,238	1,442,271	110,967	Contract with ESPN III which resulted in approximately \$116,000 of additional costs through a contract. In addition, there were additional hours from internal personnel to execute the production of the additional contests during the year.