



# JAMES MADISON UNIVERSITY

## INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2016

Auditor of Public Accounts  
Martha S. Mavredes, CPA

[www.apa.virginia.gov](http://www.apa.virginia.gov)

(804) 225-3350



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Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

January 17, 2017

The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable Robert D. Orrock, Sr.  
Chairman, Joint Legislative Audit  
And Review Commission

Jonathan R. Alger  
President, James Madison University

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of the **James Madison 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) Constitution 3.2.4.15, for the year ended June 30, 2016. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) 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 and generally accepted government auditing standards. 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

Procedures described below were limited to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed one-half of one percent of total revenues or total expenses, as applicable. The procedures that we performed and our findings are as follows:

## **Internal Controls**

1. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with our audit 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 audit of the University's financial statements.
2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls regarding information systems with the information technology department.
3. Intercollegiate Athletics Department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's Intercollegiate Athletics Programs. We tested these procedures as noted below.

## **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. Intercollegiate Athletics Department management 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. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

## **Schedule of Revenues and Expenses of Intercollegiate Athletics Programs**

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2016, as prepared by the University and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts in management's worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. Certain adjustments to the Schedule were necessary to conform with NCAA

reporting guidance. We discussed the nature of work sheet adjustments with management and are satisfied that the adjustments are appropriate.

8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates. Variances exceeding one million dollars or ten percent of prior period amounts or budget estimates are explained below:

| <u>Line Item</u>                            | <u>Explanation</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Direct overhead and administrative expenses | Non-capitalized expenses paid for with funds from the university's auxiliary reserve make up the majority of the variance in direct overhead and administrative expenses for fiscal year 2016. Large projects included upgrades to the broadcast and replay infrastructure for Bridgeforth Stadium (\$264,560); renovations to the football team locker room; and swimming scoreboard and pool repairs, which did not meet the University's capitalization threshold of \$200,000 for capital projects. |

### **Revenues**

9. We reviewed a sample of ticket sales reconciliations performed for accuracy and proper review and approval. We performed a recalculation of ticket sales revenue for Football and Men's Basketball by comparing the number of tickets sold and sale price to total revenue recorded in the Schedule. We determined the reconciliations reviewed to be accurate and the amounts reported in the Schedule to be substantially in agreement with our recalculation.
10. We obtained an understanding of the institution's methodology for allocating student fees to intercollegiate athletics programs. 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 substantially in agreement.
11. We compared amounts reported in the Schedule for direct institutional support to institutional budget transfer documentation and/or other corroborative supporting documentation, and noted them to be substantially in agreement.
12. Intercollegiate Athletics Department management provided us with a listing of 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 agreed selected amounts to proper posting in the accounting records and supporting documentation. An adjustment was made to record \$26,270 in the Schedule for lodging, meals, and other expenses paid directly by the host

institution on behalf of the University. Following adjustment, the amounts are properly recorded in the Schedule.

13. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by the Intercollegiate Athletics Programs 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. Except for contributions received from the JMU Foundation, an affiliated organization, we noted no individual contribution, which constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs. We reviewed contributions from the JMU Foundation, which exceeded ten percent of all contributions and agreed them to supporting documentation.
14. We obtained the amount of in-kind revenue reported in the Schedule. This amount was deemed 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 tournaments, conference distributions, and NCAA distributions. We gained an understanding of the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.
16. We compared the amount of revenue and a selection of transactions related to program sales, concessions, novelty sales, and parking to the institution's accounting records and supporting documentation. The University included \$6,930 of parking sales revenue as part of the ticket sales line item. Due to the small dollar amount, this was not reclassified in the Schedule.
17. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, licensing, advertisements, and sponsorships. We gained an understanding of the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.
18. We compared the amount of revenue related to other revenue to the amount reported in the Schedule. This amount was deemed to be immaterial for detailed testing.

### **Expenses**

19. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. Since the University used the NCAA Compliance Assistant software to prepare athletic aid detail, we selected ten percent of individual student-athletes across all sports and agreed amounts from the listing to their award letter. We agreed each student's information to ensure accurate reporting in the NCAA Membership Financial Reporting System. We also ensured that

the total aid amount for each sport materially agreed to amounts reported as financial aid in the student accounting system.

20. Intercollegiate Athletics Department management provided us with a listing of 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 agreed selected amounts to proper posting in the accounting records and supporting documentation. An adjustment was made to the Schedule to reclassify \$649 in meals provided to visiting teams to guarantees expense per NCAA reporting guidelines. Following adjustment, the amounts are properly recorded in the Schedule.
21. 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, including football and men's and women's basketball coaches, and compared amounts paid during the fiscal year 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.
22. Intercollegiate Athletics Department management provided us with a listing of severance payments made during the reporting period. We reviewed selected severance payments and found that each selected payment agreed to the related termination letter or employment contract and was properly recorded in the accounting system.
23. We discussed the Intercollegiate Athletics Department's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to existing University and NCAA policies and noted substantial agreement of those policies.
24. We selected a sample of disbursements for recruiting, team travel, sports equipment, uniforms, and supplies, game expenses, fundraising, marketing, and promotion, spirit groups, direct overhead and administration, medical expenses and medical insurance, memberships and dues, student-athlete meals (non-travel), and other operating expenses. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved and reasonable to intercollegiate athletics. All items were properly recorded in the accounting records with the exception of one transaction for \$900, which was coded to game expenses rather than team travel. Due to the small dollar amount, this was not reclassified in the Schedule.
25. We obtained a listing of debt service payments, lease payments, and rental fees for athletics facilities for the reporting year. We agreed all significant facility payments

included in the Schedule, including the two highest payments, to supporting documentation. One facility rental for \$2,208 was recorded as team travel expense, rather than athletic facilities leases and rental fees. Due to the small dollar amount, this item was not reclassified in the Schedule.

26. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

#### **Additional Procedures**

27. We compared the sports sponsored, as reported in the NCAA Membership Financial Reporting System, to the squad lists of the institution. We noted agreement of the sports reported.
28. We obtained the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants as defined in NCAA Bylaw 20.9.6.3. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of 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 conducted an audit of any financial statements of the Intercollegiate Athletics Department of James Madison 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 does not extend to the financial statements of James Madison 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

EMS/clj



**JAMES MADISON UNIVERSITY**  
**SCHEDULE OF REVENUES AND EXPENSES OF**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
For the year ended June 30, 2016

|                                                                                                              | Football              | Men's Basketball      | Women's Basketball    | Other Sports           | Non-Program Specific | Total             |
|--------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|------------------------|----------------------|-------------------|
| <b>Operating revenues:</b>                                                                                   |                       |                       |                       |                        |                      |                   |
| Ticket sales                                                                                                 | \$ 2,314,791          | \$ 141,748            | \$ 68,800             | \$ 88,627              | \$ 169,582           | \$ 2,783,548      |
| Student fees                                                                                                 | -                     | -                     | -                     | -                      | 36,279,395           | 36,279,395        |
| Direct institutional support                                                                                 | 893,296               | 423,221               | -                     | 229,718                | 297,786              | 1,844,021         |
| Guarantees                                                                                                   | 447,950               | 90,000                | -                     | 19,820                 | -                    | 557,770           |
| Contributions                                                                                                | 170,717               | 30                    | 3,605                 | 149,766                | 2,158,101            | 2,482,219         |
| In-Kind                                                                                                      | 27,500                | 14,500                | 11,500                | 37,150                 | 10,650               | 101,300           |
| NCAA distributions                                                                                           | 45,626                | 275,281               | 8,418                 | 143,993                | 1,036,852            | 1,510,170         |
| Program, novelty, parking, and concession sales                                                              | 240,000               | -                     | -                     | -                      | -                    | 240,000           |
| Royalties, licensing, advertisement and sponsorships                                                         | 687,880               | 399,619               | 126,237               | 335,044                | -                    | 1,548,780         |
| Other operating revenue                                                                                      | 974                   | -                     | 6,290                 | 2,900                  | 85,281               | 95,445            |
| Total operating revenues                                                                                     | <u>4,828,734</u>      | <u>1,344,399</u>      | <u>224,850</u>        | <u>1,007,018</u>       | <u>40,037,647</u>    | <u>47,442,648</u> |
| <b>Operating expenses:</b>                                                                                   |                       |                       |                       |                        |                      |                   |
| Athletic student aid                                                                                         | 2,028,247             | 531,696               | 509,816               | 4,399,420              | 546,186              | 8,015,365         |
| Guarantees                                                                                                   | 250,000               | 213,325               | 21,241                | 39,327                 | -                    | 523,893           |
| Coaching salaries, benefits, and bonuses paid by the University and related entities                         | 1,533,477             | 826,013               | 563,338               | 2,739,225              | -                    | 5,662,053         |
| Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities | 514,501               | 213,616               | 215,809               | 376,052                | 5,650,894            | 6,970,872         |
| Severance payments                                                                                           | 30,594                | 300,596               | 9,487                 | 17,183                 | 3,223                | 361,083           |
| Recruiting                                                                                                   | 93,693                | 100,900               | 51,097                | 168,817                | -                    | 414,507           |
| Team travel                                                                                                  | 435,546               | 192,203               | 287,363               | 1,384,473              | -                    | 2,299,585         |
| Sports equipment, uniforms, and supplies                                                                     | 327,905               | 66,759                | 57,586                | 471,990                | 90,823               | 1,015,063         |
| Game expenses                                                                                                | 1,352,529             | 303,997               | 170,616               | 415,756                | 251,428              | 2,494,326         |
| Fundraising, marketing and promotion                                                                         | 386,964               | 168,962               | 67,787                | 116,789                | 659,631              | 1,400,133         |
| Spirit groups                                                                                                | -                     | -                     | -                     | -                      | 1,008,598            | 1,008,598         |
| Athletic facility leases and rental fees                                                                     | -                     | -                     | -                     | -                      | 198,772              | 198,772           |
| Athletic facility debt service                                                                               | -                     | -                     | -                     | -                      | 5,942,875            | 5,942,875         |
| Direct overhead and administrative expenses                                                                  | 1,667,397             | 437,007               | 450,047               | 1,576,239              | 1,784,694            | 5,915,384         |
| Indirect cost paid to the institution by athletics                                                           | -                     | -                     | -                     | -                      | 2,985,058            | 2,985,058         |
| Medical expenses and insurance                                                                               | 60,153                | 14,964                | 9,933                 | 72,552                 | 467,376              | 624,978           |
| Memberships and dues                                                                                         | 31,485                | 1,180                 | 885                   | 12,612                 | 74,458               | 120,620           |
| Student-athlete meals (non-travel)                                                                           | 25,077                | 11,716                | 1,950                 | 17,394                 | -                    | 56,137            |
| Other operating expenses                                                                                     | 283,828               | 100,687               | 67,688                | 237,346                | 743,797              | 1,433,346         |
| Total operating expenses                                                                                     | <u>9,021,396</u>      | <u>3,483,621</u>      | <u>2,484,643</u>      | <u>12,045,175</u>      | <u>20,407,813</u>    | <u>47,442,648</u> |
| Excess (deficiency) of revenues over (under) expenses                                                        | <u>\$ (4,192,662)</u> | <u>\$ (2,139,222)</u> | <u>\$ (2,259,793)</u> | <u>\$ (11,038,157)</u> | <u>\$ 19,629,834</u> | <u>\$ -</u>       |
| <b>Other Reporting Items:</b>                                                                                |                       |                       |                       |                        |                      |                   |
| Total athletics-related debt                                                                                 |                       |                       |                       |                        |                      | \$ 60,557,200     |
| Total institutional debt                                                                                     |                       |                       |                       |                        |                      | \$ 270,693,443    |
| Value of athletics-dedicated endowments                                                                      |                       |                       |                       |                        |                      | \$ 6,075,328      |
| Value of institutional endowments                                                                            |                       |                       |                       |                        |                      | \$ 79,977,146     |
| Total athletics-related capital expenditures                                                                 |                       |                       |                       |                        |                      | \$ 660,358        |

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

**JAMES MADISON UNIVERSITY**  
**NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Revenues and Expenses for the University's Athletic Department has been prepared on the accrual basis of accounting, with the exception of debt service payments and depreciation. Principal and interest payments made on long-term debt related to athletic facilities are included in expenses on the cash basis (see Note 4). In the University's financial statements, depreciation expense is not included at the program level, and therefore is not allocated to athletics in the accompanying Schedule. See Note 3 for further information on athletics related capital assets.

The Schedule's purpose is to present a summary of revenues and expenses related to the University's Intercollegiate Athletics Programs for the year ended June 30, 2016. The Schedule includes both those revenues and expenses for athletic programs under the direct accounting control of the University and those on behalf of the University's athletics programs by outside organizations not under the University's accounting control. Because the Schedule presents only a selected portion of the University's activities, it is not intended to and does not present either the net assets, changes in net assets, or changes in cash flow for the year then ended.

*Sports Accounting* – Because of the significant revenues and expenses generated by football, men's basketball, and women's basketball, they are reported separately. Other sports in which the University participates are combined and reported as "Other Sports." Athletic department administrative functions and activities that provide support for all sports have been combined for reporting purposes under the caption "Non-Program Specific." These support activities include costs such as those related to facilities maintenance, fundraising/promotions, sports medicine, academic counseling, administration, communications, ticket office, compliance, etc.

*Student Fees* – The University assesses each student a comprehensive fee that covers a variety of auxiliary programs, such as student activities, student health, transportation, athletics, and auxiliary related debt service. The comprehensive fee is distributed near year-end based on budgeted amounts. For the Schedule of Revenues and Expenses, student fees are allocated to cover any overall athletic operating deficit. Conversely, if revenues exceed expenses, student fees allocated are reduced since any excess does not remain with the athletic department but instead increases the University's general auxiliary reserve.

*Direct Institutional Support* – The University funds various auxiliary renovation and maintenance projects or enhances auxiliary operating budgets from the general auxiliary reserve. Athletic related project expenses that are not capitalized and non-recurring

operating enhancements are recorded in the applicable expense categories, with an offsetting amount recognized as direct institutional support revenue.

## 2. COMPONENT UNIT

The James Madison University Foundation, Inc. is included as a component unit in the University's financial statements. The Foundation was formed to promote the achievements and further the aims and purposes of the University. The Foundation accomplishes its purposes through fundraising and funds management efforts that benefit the University and its programs. Donations to the foundation earmarked for athletics operations or capital projects are not included in the Schedule, nor is endowment financial activity related to athletics. Foundation expenses made on behalf of the athletics programs are included in the Schedule. Expenses made in support of athletics totaling \$2,462,340 are included in revenue as "contributions" and included in various operating expense lines.

## 3. CAPITAL ASSETS

The University's policies and procedures for acquiring, approving, depreciating, and disposing of athletic-related capital assets is the same as for all University capital assets.

Capital assets include buildings and other improvements, equipment, and infrastructure assets such as sidewalks, steam tunnels, and electrical and computer network cabling systems. 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. 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. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. 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. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activities.

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, and therefore depreciation is not included in the Schedule of Revenues and Expenses. Useful lives by asset categories are listed below:

|                                       |             |
|---------------------------------------|-------------|
| Buildings                             | 25-50 years |
| Other improvements and infrastructure | 20 years    |
| Equipment                             | 5-15 years  |

A summary of athletic related capital assets for the year ending June 30, 2016 is presented as follows:

|                                    | Beginning<br>Balance | Additions             | Reductions        | Ending Balance       |
|------------------------------------|----------------------|-----------------------|-------------------|----------------------|
| Depreciable capital assets:        |                      |                       |                   |                      |
| Buildings and other improvements   | \$132,055,187        | \$ 234,527            | \$ -              | \$132,289,714        |
| Infrastructure                     | 15,335,314           | -                     | -                 | 15,335,314           |
| Equipment                          | <u>4,488,182</u>     | <u>207,199</u>        | <u>(36,325)</u>   | <u>4,659,056</u>     |
| Total depreciable capital assets   | <u>151,878,683</u>   | <u>441,726</u>        | <u>(36,325)</u>   | <u>152,284,084</u>   |
| Less accumulated depreciation for: |                      |                       |                   |                      |
| Buildings and other improvements   | 29,908,168           | 4,466,493             | -                 | 34,374,661           |
| Infrastructure                     | 2,785,732            | 780,006               | -                 | 3,565,738            |
| Equipment                          | <u>2,464,593</u>     | <u>341,295</u>        | <u>(27,215)</u>   | <u>2,778,673</u>     |
| Total accumulated depreciation     | <u>35,158,493</u>    | <u>5,587,794</u>      | <u>(27,215)</u>   | <u>40,719,072</u>    |
| Total capital assets, Net          | <u>\$116,720,190</u> | <u>\$ (5,146,068)</u> | <u>\$ (9,110)</u> | <u>\$111,565,012</u> |

#### 4. LONG-TERM DEBT

For debt related to the Intercollegiate Athletic Department, the University has issued Section 9(d) bonds pursuant to Article X of the Constitution of Virginia. These bonds are revenue bonds, which are limited obligations of the University payable exclusively from pledged general revenues and are not debt of the Commonwealth of Virginia, legally, morally, or otherwise. Pledged general fund revenues include general fund appropriations, tuition and fees, auxiliary enterprise revenues, and other revenues not required by law to be used for another purpose. The University participates in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University's general revenue also secures these notes.

| Description             | Interest Rates<br>(%) | Maturity | Balance at<br>June 30, 2016 |
|-------------------------|-----------------------|----------|-----------------------------|
| Veteran's Memorial Park | 3.00 - 5.00           | 2029     | \$ 7,415,000                |
| Bridgeforth Stadium     | 2.00 - 5.00           | 2030     | 34,215,000                  |
| University Park*        | 2.00 - 5.50           | 2031     | <u>18,927,200</u>           |
| Total                   |                       |          | <u>\$60,557,200</u>         |

\*Multiple debt issues were used for both athletic and recreation facilities.  
Debt listed above represents only the portion of debt allocated to athletics.

Long-term debt matures as follows:

|           | Principal           | Interest            |
|-----------|---------------------|---------------------|
| 2017      | \$ 3,183,150        | \$ 2,876,189        |
| 2018      | 3,322,850           | 2,717,703           |
| 2019      | 3,489,200           | 2,550,453           |
| 2020      | 3,665,550           | 2,375,429           |
| 2021      | 3,829,000           | 2,192,383           |
| 2022-2026 | 22,279,150          | 7,845,787           |
| 2027-2031 | <u>20,788,300</u>   | <u>2,067,857</u>    |
| Total     | <u>\$60,557,200</u> | <u>\$22,625,801</u> |

5. EXPENSE CATEGORIES

*Spirit Groups* – The spirit group category consists of all expenses related to the JMU Marching Band and Cheerleaders, including student aid and salaries/wages.

*Indirect cost paid to the institution by athletics* - The Commonwealth's Appropriation Act requires that educational and general programs in institutions of higher education recover the full indirect cost of auxiliary enterprise programs. The University assesses each auxiliary unit an indirect charge to recover institutional educational and general administrative overhead costs. In fiscal year 2016, this charge to the athletics' departments amounted to \$2,985,058.

*Other expenses* - Expenses in this category include communication services, supplies, non-capitalized equipment/rentals, employee training and development, moving and relocation, and travel (other than team travel).

6. EQUITY IN DISCLOSURE ACT (EADA) REPORTING

The University annually prepares the EADA Survey that reports on athletic participation, staffing, and revenue and expenses, categorized by men's and women's teams. The Survey is submitted to the federal Department of Education's Office of Postsecondary Education and is available at the following web address: <http://ope.ed.gov/athletics>.

It is the University's policy that revenue and expenses reported in the EADA Survey will equal the NCAA Schedule of Revenues and Expenses balances, with the exception of debt service. The EADA Survey requires that preparers exclude debt service from athletic related expenses. Prior to fiscal year 2015, the University excluded debt service from the NCAA Schedule as well; however, beginning in fiscal year 2015, we have included debt service in order to report consistently with other Commonwealth higher education institutions. Additionally, NCAA revenues and expenses reported in fiscal year 2016 are more than those reported in the EADA survey by \$26,270 related to in-kind travel benefits received as a part of game contracts/guarantees.

## **JAMES MADISON UNIVERSITY**

As of June 30, 2016

### **BOARD OF VISITORS**

Michael Thomas, Rector

Vanessa Evans-Grevious, Vice Rector

|                   |                   |
|-------------------|-------------------|
| Michael Battle    | Lucy Hutchinson   |
| William Bolling   | Marie Jankowski   |
| Warren Coleman    | Deborah Johnson   |
| Joseph Funkhouser | David Rexrode     |
| Jeffrey Grass     | Edward Rice       |
| Matthew Gray      | John Rothenberger |
| Craig Welburn     |                   |

Adaoma Okafor, Student Representative

Donna L. Harper  
Secretary to the Board of Visitors

### **UNIVERSITY OFFICIALS**

As of January 17, 2017

Jonathan R. Alger, President

Jeffery T. Bourne, Director of Intercollegiate Athletics Programs

Charles W. King, Jr., Senior Vice President for Administration and Finance

John F. Knight, Assistant Vice President for Finance

Jesse Horneber, Director of Financial Reporting