

**INDEPENDENT ACCOUNTANTS' REPORT  
ON THE APPLICATION OF AGREED - UPON  
PROCEDURES TO THE RECORDS OF  
THE UNIVERSITY OF MISSISSIPPI  
ATHLETICS  
FOR THE YEAR ENDED JUNE 30, 2016**

**THE UNIVERSITY OF MISSISSIPPI ATHLETICS  
TABLE OF CONTENTS  
JUNE 30, 2016**

	<u>Page</u>
Independent Accountants' Report on the Application of Agreed-Upon Procedures	3
Statement of Revenues and Expenses	9
Notes to Financial Statement	11

**J. E. VANCE & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

825 JEFFERSON STREET  
POST OFFICE BOX 1280  
TUPELO, MISSISSIPPI 38802

(662) 842-2123  
FACSIMILE (662) 841-6809  
E-MAIL: jev@jevance.com

**INDEPENDENT ACCOUNTANTS' REPORT ON THE  
APPLICATION OF AGREED - UPON PROCEDURES**

Jeffrey S. Vitter, Ph.D., Chancellor  
University of Mississippi

We have performed the procedures enumerated below, which were agreed to by the chief executive of the University of Mississippi, solely to assist you in evaluating whether the accompanying statement of revenues and expenses of the University of Mississippi Athletic Department is in compliance with the National Collegiate Athletic Association ("NCAA") Constitution 3.2.4.15 for the year ended June 30, 2016. The University of Mississippi's management is responsible for the statement of revenues and expenses ("statement") and the statement'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 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 Expenses**

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

- 1. Procedure:** We obtained and reviewed the University of Mississippi Athletics (UMA) Statement of Revenues and Expenses prepared in compliance with NCAA Constitution 3.2.4.16, footing and cross-footing for accuracy.

**Finding:** The Statement was accurately prepared.
- 2. Procedure:** We obtained the UMA actual report of departmental revenues and expenses, the Ole Miss Athletics Foundation (OMA Foundation) audited financial statements, and confirmations of revenues and expenses of support groups (booster clubs) on behalf of the UMA. We reconciled these reports to the UMA Statement of Revenues and Expenses.

**Finding:** We found no material variance between the reports and the amounts on the Statement.

3. **Procedure:** We obtained a reconciliation of the UMA Statement of Revenues and Expenses to the University of Mississippi Financial Summary.  
**Finding:** We found no material variance between the amounts reported on the Statement and the Financial Summary.
4. **Procedure:** We obtained the UMA schedule of long-term debt, footing and cross footing for accuracy. We obtained the UMA amortization schedule for the retirement of debt, recalculating the amounts.  
**Finding:** We found no material variance in the schedules.
5. **Procedure:** We obtained from the UMA Ticket Office reports of tickets sold, complimentary tickets, attendance, and revenues for each athletic event. We compared the reports to the UMA Statement of Revenues and Expenses.  
**Finding:** We found no material variance between the Ticket Office reports and the amounts reported on the Statement.
6. **Procedure:** We obtained an understanding of the University's methodology for allocating student fees to athletic programs. We compared documentation from the University's financial records to the amount reported on the UMA Statement of Revenues and Expenses.  
**Finding:** We found no material variance between the University report and the amounts reported on the Statement.
7. **Procedure:** We compared the contracts for guaranteed contests, both home and away, to the UMA Statement of Revenues and Expenses.  
**Finding:** We found no material variance between contract amounts and the amounts reported on the Statement.
8. **Procedure:** We compared a summary of revenues from OMA Foundation to UMA, for the purpose of paying salaries and benefits of UMA personnel, to the Statement of Revenues and Expenses.  
**Finding:** We found no material variance between the Foundation records and the amounts reported on the Statement.
9. **Procedure:** We compared University records of direct support to UMA to the UMA Statement of Revenues and Expenses.  
**Finding:** We found no material variance between the records and the amounts reported on the Statement.
10. **Procedure:** We compared documents reporting NCAA and Southeastern Conference distributions for tournament and post-season competition with the UMA Statement of Revenues and Expenses.  
**Finding:** We found no material variance between the reports and the amounts reported on the Statement.

- 11. Procedure:** We inspected agreements related to the sale of broadcast rights. We compared amounts within the agreements to the UMA Statement of Revenues and Expenses.
- Finding:** We found no material variance between the amounts in the agreements and the amounts reported on the Statement.
- 12. Procedure:** We performed attribute testing on a sample of revenues for programs sales, concessions, novelty sales, and parking for accuracy in amounts reported, coding, documentation, and processing.
- Finding:** We found no variance in the sample.
- 13. Procedure:** We inspected agreements related to royalties, licensing, advertising, and sponsorships. We compared amounts within the agreements to the UMA Statement of Revenues and Expenses.
- Finding:** We found no material variance between the amounts in the agreements and the amounts reported on the Statement.
- 14. Procedure:** We performed attribute testing on a sample of revenues for royalties, licensing, advertising, and sponsorships for accuracy in amounts reported, coding, documentation, and processing.
- Finding:** We found no variance in the sample.
- 15. Procedure:** We performed attribute testing on a sample of revenues for revenue not reported in other categories for accuracy in amounts reported, coding, documentation, and processing.
- Finding:** We found no variance in the sample.
- 16. Procedure:** We compared a sample of students receiving aid to award letters, student accounts, and the UMA actual report of revenues and expenses.
- Finding:** We found no material variance between the letters, accounts and the report.
- 17. Procedure:** We compared a sample of coaches' contracts (including football, men's basketball, and women's basketball) to University payroll records for salaries and benefits and to the amounts reported on the UMA Statement of Revenues and Expenses.
- Finding:** We found no material variance between the contracts, records, and the amounts reported on the Statement.

- 18. Procedure:** We compared a sample of budgeted amounts for salaries and benefits for UMA employees to University payroll records for salaries and benefits and to the amounts reported on the UMA Statement of Revenues and Expenses.
- Finding:** We found no material variance between the budgets, records, and the amounts reported on the Statement.
- 19. Procedure:** We compared a sample of coaches' contracts to OMA Foundation payroll records for salaries and benefits and to the amounts reported on the UMA Statement of Revenues and Expenses.
- Finding:** We found no material variance between the contracts, records, and the amounts reported on the Statement.
- 20. Procedure:** We compared contracts of coaches receiving severance payments to University payroll records for salaries and benefits and to the UMA Statement of Revenues and Expenses.
- Finding:** We found no material variance between the contracts, records, and the amounts reported on the Statement.
- 21. Procedure:** We obtained a copy of the UMA policy for recruiting expense and compared it to the NCAA policy.
- Finding:** We found no variance between the UMA policy and the NCAA policy.
- 22. Procedure:** We obtained a copy of the UMA policy for team travel expense and compared it to the NCAA policy.
- Finding:** We found no variance between the UMA policy and the NCAA policy.
- 23. Procedure:** We performed attribute testing on a sample of expenses for equipment, uniforms, and supplies for accuracy in amounts, coding, documentation, and processing.
- Finding:** We found no variance in the sample.
- 24. Procedure:** We performed attribute testing on a sample of expenses for games for accuracy in amounts, coding, documentation, and processing.
- Finding:** We found no variance in the sample.
- 25. Procedure:** We performed attribute testing on a sample of expenses for fund raising, marketing, and promotion for accuracy in amounts, coding, documentation, and processing.
- Finding:** We found no variance in the sample.
- 26. Procedure:** We performed attribute testing on a sample of expenses for sports camps for accuracy in amounts, coding, documentation, and processing.

- Finding:** We found no variance in the sample.
- 27. Procedure:** We performed attribute testing on a sample of expenses for direct facilities maintenance and rental for accuracy in amounts, coding, documentation, and processing.
- Finding:** We found no variance in the sample.
- 28. Procedure:** We performed attribute testing on a sample of expenses for spirit groups for accuracy in amounts, coding, documentation, and processing.
- Finding:** We found no variance in the sample.
- 29. Procedure:** We performed attribute testing on a sample of medical expenses and medical insurance for accuracy in amounts, coding, documentation, and processing.
- Finding:** We found no variance in the sample.
- 30. Procedure:** We performed attribute testing on a sample of expenses for memberships and dues for accuracy in amounts, coding, documentation, and processing.
- Finding:** We found no variance in the sample.
- 31. Procedure:** We performed attribute testing on a sample of expenses for expenses not reported in other categories for accuracy in amounts, coding, documentation, and processing.
- Finding:** We found no variance in the sample.

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 revenues and expenses of the University of Mississippi Athletics. 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.

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive style with a large, stylized initial "J" and "E".

Tupelo, Mississippi  
November 18, 2016



**THE UNIVERSITY OF MISSISSIPPI ATHLETICS**  
**STATEMENT OF REVENUES AND EXPENSES**  
**YEAR ENDED JUNE 30, 2016**

	<u>FOOTBALL</u>	<u>MEN'S BASKETBALL</u>	<u>WOMEN'S BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NON-PROGRAM SPECIFIC</u>	<u>TOTAL</u>
<b>OPERATING REVENUES</b>						
Ticket Sales	\$ 17,965,264	1,466,620	46,798	1,136,985	870	\$ 20,616,537
Student Fees					1,911,778	1,911,778
Direct Institutional Support					2,577,501	2,577,501
Less - Transfers to Institution					(2,091,013)	(2,091,013)
Guarantees	200,000			52,000		252,000
Contributions	16,113,891	2,047,164	24,389	1,905,552	11,033,955	31,124,951
In-Kind					567,509	567,509
Compensation and Benefits Provided by a Third-Party					250,000	250,000
Media Rights	11,440,333	3,100,076			17,199,273	31,739,682
NCAA Distributions	66,789	2,098,166	18,757	225,942	270,694	2,680,348
Conference Distributions	6,902,127	414,268	23,610	27,670	1,255,239	8,622,914
Program, Novelty, Parking, and Concession Sales	1,421,251	149,037	20,063	391,526	303,182	2,285,059
Royalties, Licensing, Advertisements, and Sponsorships				175,000	4,657,470	4,832,470
Sports Camp Revenues	278,950	31,948	41,151	792,452	264,985	1,409,486
Endowment and Investment Income	4,944		1,113	11,784	155,752	173,593
Bowl Revenue	2,202,292					2,202,292
Other	227,207	51,453	2,457	138,307	950,174	1,369,598
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 56,823,048</b>	<b>9,358,732</b>	<b>178,338</b>	<b>4,857,218</b>	<b>39,307,369</b>	<b>\$ 110,524,705</b>

See independent accountants' report and accompanying notes.

**THE UNIVERSITY OF MISSISSIPPI ATHLETICS**  
**STATEMENT OF REVENUES AND EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

<b>OPERATING EXPENSES</b>	<b>FOOTBALL</b>	<b>MEN'S BASKETBALL</b>	<b>WOMEN'S BASKETBALL</b>	<b>OTHER SPORTS</b>	<b>NON-PROGRAM SPECIFIC</b>	<b>TOTAL</b>
Athletics Student Aid	\$ 3,206,533	542,303	491,538	4,175,481	794,037	\$ 9,209,892
Guarantees	1,635,000	372,500	148,927	98,358		2,254,785
Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities	9,159,670	3,180,217	1,109,494	4,535,000		17,984,381
Coaching Salaries, Benefits and Bonuses Paid by a Third Party	27,500	12,500	12,500	49,500		102,000
Support Staff/Administrative Compensation, Benefits and Bonuses Paid by the University and Related Entities	2,646,931	371,672	362,948	883,260	11,062,689	15,327,500
Support Staff/Administrative Compensation, Benefits and Bonuses Paid by a Third Party	17,250	3,250	2,750	5,345	119,405	148,000
Severance Payments				99,577	157,909	257,486
Recruiting	501,585	164,588	174,442	413,823		1,254,438
Team Travel	1,064,212	798,906	443,877	2,457,488		4,764,483
Sports Equipment, Uniforms and Supplies	2,258,397	212,368	192,092	1,866,479		4,529,336
Game Expense	1,879,777	772,752	314,965	446,138	90,708	3,504,340
Fund Raising, Marketing and Promotion	99,959	74,064	36,699	89,550	2,360,969	2,661,241
Sports Camps	74,581	28,025	21,625	373,175	199,044	696,450
Spirit Groups	133,989	4,660	41,963	4,966	402,207	587,785
Athletic Facilities, Debt Service, Leases and Rental Fees	4,636,545	1,728,579	1,728,579	641,236	3,817,178	12,552,117
Direct Overhead and Administrative Expenses	3,536,251	355,215	245,333	856,628	7,339,891	12,333,318
Medical Expenses and Insurance	313,016	39,682	34,164	606,994	337,521	1,331,377
Memberships and Dues		140	871	5,767	63,401	70,179
Student-Athlete Meals (non-travel)	293,950	90,520	44,790	284,775	190,907	904,942
Bowl Expenses	2,033,108					2,033,108
Other Operating Expenses	663,717	119,922	117,768	640,941	3,055,537	4,597,885
<b>Total Operating Expenses</b>	<b>\$ 34,181,971</b>	<b>8,871,863</b>	<b>5,525,325</b>	<b>18,534,481</b>	<b>29,991,403</b>	<b>\$ 97,105,043</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenses</b>	<b>\$ 22,641,077</b>	<b>486,869</b>	<b>(5,346,987)</b>	<b>(13,677,263)</b>	<b>9,315,966</b>	<b>\$ 13,419,662</b>

See independent accountants' report and accompanying notes.

**THE UNIVERSITY OF MISSISSIPPI ATHLETICS  
NOTES TO FINANCIAL STATEMENT**

(1) **Student/Athlete Financial Aid**

The UMA Statement of Revenues and Expenses includes only scholarships restricted in purpose to students participating in athletic programs. Financial aid awarded on the basis of other criteria, such as need or academic excellence, is not reflected in the statement.

(2) **Complimentary Automobiles**

The University does not maintain records as to the value of complimentary automobiles provided certain athletic personnel from various automobile dealers. These benefits are therefore not reflected in the UMA Statement of Revenues and Expenses.

(3) **Contributions to UMA and Expenditures on Behalf of UMA**

The University of Mississippi Athletics accepts gifts and contributions in support of the athletic program from affiliated and other outside organizations. These gifts and contributions are recorded in the University's financial records. Further, affiliated and outside organizations make expenditures on behalf of the athletic program that are not recorded in the University's financial records. Both the contributions to and expenditures on behalf of UMA are recorded in the UMA Statement of Revenues and Expenses in this report.

**THE UNIVERSITY OF MISSISSIPPI ATHLETICS  
NOTES TO FINANCIAL STATEMENT (CONTINUED)**

**(3) Contributions to UMA and Expenditures on Behalf of UMA (Continued)**

The following schedule provides detailed information on contributions and expenditures by affiliated and outside organizations:

	<u>Football</u>	<u>Basketball (M)</u>	<u>Basketball (W)</u>	<u>Other Sports</u>	<u>Non-program Specific</u>	<u>Total</u>
<b>Cash Contributions</b>						
OMA Foundation	\$ <u>16,113,891</u>	<u>2,047,164</u>	<u>24,389</u>	<u>1,905,552</u>	<u>11,033,955</u>	\$ <u>31,124,951</u>
<b>Total Contributions</b>	\$ <u>16,113,891</u>	<u>2,047,164</u>	<u>24,389</u>	<u>1,905,552</u>	<u>11,033,955</u>	\$ <u>31,124,951</u>
<b>Reconciliation to Statement of Revenues &amp; Expenses</b>						
Contributions	\$ <u>16,113,891</u>	<u>2,047,164</u>	<u>24,389</u>	<u>1,905,552</u>	<u>11,033,955</u>	\$ <u>31,124,951</u>
	\$ <u><u>16,113,891</u></u>	<u><u>2,047,164</u></u>	<u><u>24,389</u></u>	<u><u>1,905,552</u></u>	<u><u>11,033,955</u></u>	\$ <u><u>31,124,951</u></u>

**THE UNIVERSITY OF MISSISSIPPI ATHLETICS**  
**NOTES TO FINANCIAL STATEMENT (CONTINUED)**

**(4) Long-term Debt**

Debt outstanding as of June 30, 2016 consisted of the following:

	Original Issue	Outstanding 6/30/2015	Issued	Principle Paid	Refinanced	Outstanding 6/30/2016
<b>Bonds Payable</b>						
Football Stadium	\$ 24,422,142	13,746,412		984,726	7,015,000	\$ 5,746,686
2006A Athletic Projects						
Old PPD Building	5,955,015	3,534,300			3,069,300	465,000
FedEx Center	3,970,010	2,356,200			2,356,200	-0-
Baseball	689,975	409,500			409,500	-0-
Baseball	7,190,000	5,135,000		340,000		4,795,000
South Endzone	10,125,000	10,125,000		555,000		9,570,000
North Endzone	17,660,000	-0-	17,660,000			17,660,000
Refunding 2005-Stadium	5,900,000	-0-	5,900,000			5,900,000
Refunding 2006A-Athletics	4,920,000	-0-	4,920,000			4,920,000
Pavilion #1	62,900,000	38,246,846	24,653,154			62,900,000
Pavilion #2	12,100,000	-0-	12,100,000	1,322,771		10,777,229
Total Bonds Payable	<u>155,832,142</u>	<u>73,553,258</u>	<u>65,233,154</u>	<u>3,202,497</u>	<u>12,850,000</u>	<u>122,733,915</u>
<b>Notes and Contracts Payable</b>						
1996A projects:						
Gillom Center	4,412,684	207,350		207,350		-0-
Coaches' Offices	1,286,457	60,450		60,450		-0-
Fields	1,106,629	52,000		52,000		-0-
Equipment	110,663	5,200		5,200		-0-
Football Scoreboard	7,426,682	2,540,992		814,003		1,726,989
Various Scoreboards	1,500,000	805,435		193,677		611,758
Switch Equipment	201,963	82,453		40,929		41,524
Track Facility	500,000	500,000	4,674,249			5,174,249
West SkyBox	2,565,572	2,565,572		2,565,572		-0-
Athletic Production Equipment	227,091	-0-	227,091	43,338		183,753
OU-Swayze Field	121,394	-0-	121,394			121,394
Gillom Center	619,685	-0-	619,685			619,685
Cameras	1,350,000	-0-	1,350,000			1,350,000
Football Practice Fields	2,744,306	-0-	2,744,306			2,744,306
Total Notes and Contracts Payable	<u>24,173,126</u>	<u>6,819,452</u>	<u>9,736,725</u>	<u>3,982,519</u>	<u>-0-</u>	<u>12,573,658</u>
<b>OM Foundation Debt</b>						
BS Loan	30,000,000	24,526,860		2,137,044		22,389,816
Stadium Improvements	11,500,000		8,031,570			8,031,570
Total OMA Foundation Debt	<u>41,500,000</u>	<u>24,526,860</u>	<u>8,031,570</u>	<u>2,137,044</u>	<u>-0-</u>	<u>30,421,386</u>
Total long-term debt	<u>\$ 221,505,268</u>	<u>104,899,570</u>	<u>83,001,449</u>	<u>9,322,060</u>	<u>12,850,000</u>	<u>\$ 165,728,959</u>

**THE UNIVERSITY OF MISSISSIPPI ATHLETICS  
NOTES TO FINANCIAL STATEMENT (CONTINUED)**

(4) **Long-term Debt (Continued)**

Debt service requirements to maturity for long-term debt are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 10,789,673	\$ 4,780,681
2018	11,528,925	4,683,025
2019	26,678,255	4,225,281
2020	8,708,865	3,739,567
2021	8,684,217	3,502,619
Thereafter	<u>99,339,024</u>	<u>23,205,306</u>
Total	<u>\$ 165,728,959</u>	<u>\$ 44,136,479</u>

(5) **Athletics-related Assets**

Assets are acquired by issuing a purchase requisition and then a purchase order. Purchasing laws of the state of Mississippi are followed in regards to the various dollar amount levels. The University Property Control Department receives copies of capital equipment orders to tag and locate items for inventory purposes. Capital assets are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

All materials purchased for the University remain the property of the State until consumed or disposed of with the approval of the University's Property Office. The Manager of Administrative Affairs is notified when there is furniture and/or equipment items that are no longer of need to the Department. The Manager of Administrative Affairs sends a written report to the Property Officer, indicating if the items are for sale or disposal. Items to be sold are advertised by the Purchasing Department following standard procedures. Items having no sale value are sent to the University Salvage Committee for disposal.