University of Kentucky
Independent Accountants’ Report on Agreed-Upon Procedures
Performed on the Intercollegiate Athletic Program as
Required by NCAA Bylaw 3.2.4.16
June 30, 2013
University of Kentucky
June 30, 2013

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Independent Accountants’ Report on Application of Agreed-Upon Procedures

Dr. Eli Capilouto
President
University of Kentucky
Lexington, Kentucky

We have performed the procedures enumerated below, which were agreed to by the University of Kentucky (UK), solely to assist you with respect to evaluating whether the accompanying statement of revenues and expenses (Statement) of UK is in compliance with the National Collegiate Athletic Association (NCAA) bylaw 3.2.4.16 for the year ended June 30, 2013. The management of UK is responsible for its aforementioned financial statement elements, accounts and items. 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 those 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 we performed and our findings are described below.

We obtained the Statement as prepared by the administration of UK. We compared the amounts disclosed in the Statement to UK’s general ledger, noting they agreed without exception. For relevant revenues and expenses categories, we performed the following:

1. We compared the amount of each operating revenue and expense category reported in the Statement during the year ended June 30, 2013, to supporting schedules provided by the administration of UK, noting they agreed without exception.

2. We compared each revenue and expense amount reported in the Statement to prior year amounts and current year budget estimates. We obtained and documented an understanding of any significant variances ($1 million variance and 20 percent change) from prior year amounts or current year budget estimates, as noted below:
Current Year Actual Versus Prior Year Actual

- **Contributions** – Increased by $3,905,920 or 26 percent due to an increase in K Fund donations for men’s basketball tickets and an increase in donations during the spring due to the excitement surrounding the new football coach.

- **Royalties, Advertisements and Sponsorships** – Increased by $3,459,131 or 62 percent due to a signing bonus of $2,400,000 from Nike for extension of the contract and an increase in royalties from merchandise sales related to the National Basketball Championship.

- **Severance Payments** – Increased by $3,731,501 or 1,525 percent due to the change in the football staff during FY13 and the pay out of the former head coach and assistants per their contracts.

- **Other Operating Expenses** – Increased by $1,267,761 or 22 percent due to the change in football staff. There were significant miscellaneous expenses surrounding the change in football coaches, including background checks, travel expenses, moving expenses, subscriptions and computer licenses.

- **Transfers to Institution** – Decreased by $1,300,000 or 44 percent due to the provision of a one-time Singletary scholarship to UK during the year ended June 30, 2012.

Current Year Actual Versus Current Year Budget

- **Royalties, Advertisements and Sponsorships Revenues** – Over budget by $4,938,645 or 120 percent due to the realization of royalties from the sales of the National Championship merchandise. In addition, a signing bonus of $2,400,000 from Nike was received for extension of the contract. Lastly, more revenue was received from Action Sports Media than was budgeted.

- **Severance Payments** – Over budget by $3,976,206 or 100 percent due to the change in football staff, which required paying the former staff based on their contracts. Severance payments are not budgeted.

- **Team Travel** – Under budget by $2,703,930 or 34 percent due to not playing in a bowl game in football, as well as playing in the National Invitational Tournament, not the NCAA tournament in men’s basketball.

- **Equipment, Uniforms and Supplies** – Over budget by $1,062,081 or 42 percent due to new equipment related to the change in football. In addition, the softball stadium was opened and equipment and furniture for the new facility was purchased.

- **Direct Facilities, Maintenance and Rental** – Over budget by $5,016,828 or 41 percent, primarily due to the payoff of the track internal loan of $6,900,000.
Operating Revenues

3. **Ticket Sales** – We compared the detail of ticket sales revenue to tickets sold, complementary tickets provided and unsold tickets for the year ended June 30, 2013, per the supporting schedule, to the related revenue reported in the Statement, noting they agreed without exception. For football and men’s basketball ticket revenue, we compared the detail of the number of tickets multiplied by ticket prices, to the detail of revenues for those sports, noting they agreed without exception.

4. **Student Fees** – We obtained a schedule of student fees and compared the amount and allocation per the detail with the amounts per the Statement, noting they agreed without exception for the year ended June 30, 2013. We obtained and documented an understanding of UK’s methodology for allocating student fees to intercollegiate athletics programs and inquired of UK’s management if there were any significant changes from prior year, noting none.

5. **Guarantees** – We inquired of UK’s management, who represented there were contracts but no settlement reports for guaranteed contests during the year ended June 30, 2013. We selected one contractual agreement (University of Louisville football game) pertaining to revenues derived from guaranteed contests and agreed it to supporting schedules and to the contract, without exception.

6. **Contributions** – We compared supporting documentation for any contributions received directly from the intercollegiate athletics department organizations (K-Men and Committee 101) established specifically to support athletics with such amounts reported in the Statement, noting they agreed without exception. We inquired of UK’s management, who represented there were no single contributions that constituted 10 percent or more of all contributions received during the year ended June 30, 2013.

7. **Compensation and Benefits Provided by a Third Party** – We inquired of UK’s management, who represented there were no compensation and benefits revenue received from outside organizations that are contractually guaranteed by UK for the year ended June 30, 2013.

8. **Direct State or Other Governmental Support** – We inquired of UK’s management, who represented that for the year ended June 30, 2013, the intercollegiate athletics department did not receive any direct state or other governmental support.

9. **Direct Institutional Support** – We inquired of UK’s management, who represented the intercollegiate athletics department did not receive any direct institutional support for the year ended June 30, 2013.

10. **Indirect Facilities and Administrative Support** – We inquired of UK’s management, who represented that for the year ended June 30, 2013, the intercollegiate athletics department did not receive any indirect facilities and administrative support.

11. **NCAA Conference Distributions, Including All Tournament Revenues** – We obtained a supporting schedule relating to UK’s allocation of NCAA/conference revenues for regular
season football television, SEC football championship game, post-season bowl games, regular season basketball games, SEC basketball tournament and NCAA basketball tournament. We agreed the related revenues to the Statement without exception. We obtained the compiled financial statements of the SEC distribution agreement and compared the amount for football television distributions ($13,348,266) per the compiled financial statements to the supporting schedule, noting they agreed without exception.

12. Broadcast, Television, Radio and Internet Rights – We obtained the agreement with IMG (formerly Host Communications) for UK’s broadcast, television, radio and internet rights and gained an understanding of the relevant terms and conditions. We obtained supporting detail of the $8,200,000 revenues earned for the broadcast, television, radio and internet rights and compared the revenues to the Statement and the agreement, noting they agreed without exception.

13. Program Sales, Concessions, Novelty Sales and Parking – We obtained supporting schedules for revenues reported in the Statement from program sales, concessions, novelty sales and parking and agreed the amounts to the Statement without exception. We selected a sample of two revenue items (various check numbers, check transmittal document number C12D0098025 – football parking and check number 1830041435 – IMG College LLC) from the supporting schedules and compared them to supporting documentation (check copies and payment schedules), noting they agreed without exception.

14. Royalties, Licensing, Advertisements and Sponsorships – We obtained the Nike, Gatorade, Rupp Arena and CLC agreements related to UK’s participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2013, and documented the relevant terms and conditions. We agreed the supporting schedule of such revenues to the Statement without exception. We agreed the amounts per the Rupp Arena contract ($250,000) to the amounts per the supporting schedule, without exception.

15. Sports Camp Revenues – We updated our documentation of UK’s methodology for recording revenues from sports camps and obtained schedules for camp participants, noting no significant changes from the prior year. We selected a sample of two individual camp participant cash receipts (Thriva check number 1649574 and check transmittal #C12A0061502) from the schedule of camp participants and agreed each selection to UK’s supporting schedules, without exception.

16. Endowment and Investment Income – We updated our documentation of UK’s endowment agreements, noting no significant changes from the prior year. We compared a sample of one endowment agreement (Will Rouse Basketball Scholarship Fund) to the classification and use of endowment and investment income reported in the Statement for the year ended June 30, 2013, and to the uses of income defined within the related endowment agreement, without exception.

17. Other Operating Revenue – We obtained supporting schedules for other income reported in the Statement, noting they agreed without exception.
Operating Expenses

18. **Athletic Student Aid** – We selected a sample of three students (ID numbers 10823114, 10689396 and 10691347) from the listing of UK student aid recipients. We obtained individual student account detail for each selection and compared total aid allocated from the related award letter and other documentation to the student’s account, noting they agreed without exception.

19. **Guarantees** – We obtained and inspected two contractual agreements (Western Kentucky University – football and Delaware State University – women’s basketball) pertaining to expenses recorded by UK from guaranteed contests during the year ended June 30, 2013. We agreed these related contract expense amounts to UK’s general ledger detail, without exception.

20. **Coaching Salaries, Benefits and Bonuses Paid by UK and Related Entities** – We obtained a listing of coaches employed by UK during the year ended June 30, 2013. We selected a sample of four coaches’ contracts (Joker Phillips, Mark Stoops, Matthew Mitchell and John Calipari) that included football and men’s and women’s basketball and one other sport (Carlos Drada – women’s tennis). We agreed the financial terms and conditions, primarily related to base salary, certain bonuses, broadcasting and endorsements, of each selection to the related coaching salaries, benefits and bonuses recorded by UK in the Statement during the year ended June 30, 2013, without exception. We inquired of UK’s management, who represented there were no coaches employed by related entities.

21. **Coaching Other Compensation and Benefits Paid by a Third Party** – We inquired of UK’s management, who represented there are no coaches employed by third parties, compensation for which is contractually guaranteed by UK.

22. **Support Staff/Administrative Salaries, Benefits and Bonuses Paid by UK and Related Entities** – We selected a sample of two athletic support staff/administrative personnel employed by UK (Dustin M. Lewis and David N. Thomas). We obtained supporting salary information for each selection and agreed the information to the expense recorded by UK in the Statement, without exception.

23. **Support Staff/Administrative Other Compensation and Benefits Bonuses Paid by a Third Party** – We inquired of UK’s management, who represented there were no support staff or administrative personnel employed by third parties, compensation for which is contractually guaranteed by UK.

24. **Severance Payments** – We obtained a listing of all severance paid by UK during the year ended June 30, 2013. We selected an employee (Joker Phillips, football head coach) receiving severance and obtained the related employment contract, noting the severance payments agreed with the contract terms.
25. *Equipment, Uniforms and Supplies* – We agreed a sample of two expenses (invoice number 4220373949 – Apple, Inc. and pro-card document number 7704175083 – Dick’s Sporting Goods) from the supporting schedules to supporting documentation, noting they agreed without exception.

26. *Game Expenses* – We agreed a sample of two expenses (invoice numbers 115632 – Lexington Center Corp. and 205 – SEC) from the supporting schedules to supporting documentation, noting they agreed without exception.

27. *Fundraising, Marketing and Promotion* – We agreed a sample of two expenses (invoice numbers 265615 – Southland Printing Company and pro-card document number 7704092410) from the supporting schedules to supporting documentation, noting they agreed without exception.

28. *Sports Camp Expenses* – We compared a sample of two expenses (reference numbers 103713142 and 103623024) from the supporting schedules to supporting documentation, noting they agreed without exception.

29. *Direct Facilities, Maintenance and Rental* – We agreed a sample of two expenses (invoice numbers 5023630774 – Ricoh and 045-465504 – PODS) from the supporting schedules to supporting documentation, noting they agreed without exception. We also selected two transfers (DAV numbers D3A30000523 and D3A30000542) for principal and interest payments and compared the selected items to supporting schedules, such as scheduled debt service payments, without exception.

30. *Spirit Groups* – We inquired of UK’s management and noted there was $797,685 of expenses incurred for spirit groups.

31. *Indirect Facilities and Administrative Support* – We inquired of UK’s management, who represented there were no expenses incurred for indirect facilities and administrative support.

32. *Medical Expenses and Medical Insurance* – We compared a sample of two expenses (invoice numbers 13589750-13589754 – DJO Global and ACH payment number 103901319 – UK Healthcare) from the supporting schedules to supporting documentation, noting they agreed without exception.

33. *Membership and Dues* – We compared a sample of one expense (invoice number 8073 – American Junior Golf Association) from the supporting schedules to supporting documentation, noting it agreed without exception.

34. *Other Operating Expenses* – We compared a sample of two expenses (pro-card document number 7703984410 – Gaylord Opryland Hotel and Convention Center and invoice number UK-201306 – Alliance Service, Inc.) from the supporting schedules to supporting documentation, noting they agreed without exception.

35. *Transfers to Institution* – We obtained supporting schedules for transfers to institution reported in the Statement, noting they agreed without exception.
36. **Recruiting** – We updated our documentation of UK’s recruiting expense policies and compared the types of expenses included in the Statement with the definition of recruiting expenses per the NCAA agreed-upon procedures guidelines dated August 15, 2013, and found them to be in agreement.

37. **Team Travel** – We updated our documentation of UK’s recruiting expense policies and compared the types of expenses included in the Statement with the definition of team travel expenses per the NCAA agreed-upon procedures guidelines dated August 15, 2013, and found them to be in agreement.

**Capitalized Assets**

38. We obtained a schedule of total intercollegiate athletics capitalized assets, additions and improvements of facilities and agreed two items (contract/invoice numbers 7500008312-04 and 7500014867-01 from Codell Construction) from the schedule to UK’s general ledger without exception. Contract/invoice number 7500008312-04 represents construction pertaining to the softball field renovation. Contract/invoice number 7500014867-01 represents construction related to the renovation and expansion of soccer facilities.

39. We updated our documentation of UK’s policies and procedures for approving, acquiring, depreciating and disposing of intercollegiate athletics-related assets, noting no significant changes from the prior year.

**Agreed-Upon Procedures Related to Affiliated and Outside Organizations**

40. UK identified all intercollegiate athletics-related outside organizations which are K-Men and Committee 101, incurring expenses on behalf of the intercollegiate athletics department which were not under UK’s accounting control. We obtained statements of expenses incurred on behalf of the intercollegiate athletics department, noting amount as none.

**Agreed-Upon Procedures Related to Internal Control Over Compliance**

41. We made inquiries of the UK controller’s office management and intercollegiate athletics department personnel relating to the procedures and internal accounting controls unique to the intercollegiate athletics department, specifically, departmental organization, control consciousness of staff, use of internal auditors in the department, competency of personnel, adequate safeguarding and control of records and assets and controls over interactions with the information technology department. Based on these inquiries, there were no significant changes from the prior year. We documented our understanding of these internal controls.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the specified elements, accounts and items 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 the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

November 19, 2013
University of Kentucky  
Intercollegiate Athletics Program  
Statement of Revenues and Expenses  
Year Ended June 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>Football</th>
<th>Men's Basketball</th>
<th>Women's Basketball</th>
<th>All Other Sports</th>
<th>Non-Sport Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ticket sales</td>
<td>$11,812,724</td>
<td>$16,178,548</td>
<td>$336,395</td>
<td>$135,749</td>
<td>$393,096</td>
<td>$28,856,512</td>
</tr>
<tr>
<td>Student athletic fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>847,079</td>
<td>847,079</td>
</tr>
<tr>
<td>Guarantees</td>
<td>300,000</td>
<td>683,990</td>
<td>-</td>
<td>14,000</td>
<td>-</td>
<td>997,990</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>-</td>
<td>85,870</td>
<td>59,367</td>
<td>18,925,119</td>
<td>19,070,356</td>
</tr>
<tr>
<td>NCAA/conference distributions, including all tournament revenues</td>
<td>15,634,308</td>
<td>5,332,600</td>
<td>146,851</td>
<td>151,018</td>
<td>684,948</td>
<td>21,949,725</td>
</tr>
<tr>
<td>Broadcast, television, radio and Internet rights</td>
<td>20,000</td>
<td>111,885</td>
<td>-</td>
<td>-</td>
<td>8,412,300</td>
<td>8,544,185</td>
</tr>
<tr>
<td>Program sales, concessions, novelty sales and parking</td>
<td>2,509,196</td>
<td>21,000</td>
<td>29,273</td>
<td>42,726</td>
<td>623,694</td>
<td>3,225,889</td>
</tr>
<tr>
<td>Royalties, licensing, advertisements and sponsorships</td>
<td>145,000</td>
<td>65,500</td>
<td>65,000</td>
<td>374,500</td>
<td>8,388,645</td>
<td>9,038,645</td>
</tr>
<tr>
<td>Sports camp revenues</td>
<td>103,126</td>
<td>798,787</td>
<td>81,347</td>
<td>995,971</td>
<td>293,254</td>
<td>2,272,485</td>
</tr>
<tr>
<td>Endowment and investment income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>635,002</td>
<td>635,002</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>2,626</td>
<td>9,485</td>
<td>1,690</td>
<td>10,518</td>
<td>258,535</td>
<td>282,854</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>30,526,980</strong></td>
<td><strong>23,201,795</strong></td>
<td><strong>746,426</strong></td>
<td><strong>1,783,849</strong></td>
<td><strong>39,461,672</strong></td>
<td><strong>95,720,722</strong></td>
</tr>
</tbody>
</table>
### University of Kentucky
### Intercollegiate Athletics Program
### Statement of Revenues and Expenses
### Year Ended June 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>Football</th>
<th>Men's Basketball</th>
<th>Women's Basketball</th>
<th>All Other Sports</th>
<th>Non-Sport Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletic student aid</td>
<td>$3,159,164</td>
<td>$511,638</td>
<td>$534,127</td>
<td>$5,892,491</td>
<td>$663,108</td>
<td>$10,760,528</td>
</tr>
<tr>
<td>Guarantees</td>
<td>1,225,000</td>
<td>690,000</td>
<td>96,000</td>
<td>54,345</td>
<td>20,484</td>
<td>2,085,829</td>
</tr>
<tr>
<td>Coaching salaries, benefits and bonuses paid by UK and related entities</td>
<td>4,834,083</td>
<td>7,520,428</td>
<td>1,709,662</td>
<td>5,266,173</td>
<td>-</td>
<td>19,330,346</td>
</tr>
<tr>
<td>Support staff/administrative salaries, benefits and bonuses paid by UK and related entities</td>
<td>723,181</td>
<td>885,957</td>
<td>288,757</td>
<td>373,836</td>
<td>10,603,531</td>
<td>12,875,262</td>
</tr>
<tr>
<td>Severance payments</td>
<td>3,853,436</td>
<td>-</td>
<td>-</td>
<td>122,770</td>
<td>-</td>
<td>3,976,206</td>
</tr>
<tr>
<td>Recruiting</td>
<td>504,421</td>
<td>461,529</td>
<td>260,284</td>
<td>549,189</td>
<td>-</td>
<td>1,775,423</td>
</tr>
<tr>
<td>Team travel</td>
<td>811,778</td>
<td>997,646</td>
<td>808,293</td>
<td>2,532,259</td>
<td>26,132</td>
<td>5,176,108</td>
</tr>
<tr>
<td>Game expenses</td>
<td>774,623</td>
<td>168,263</td>
<td>98,630</td>
<td>855,088</td>
<td>1,669,677</td>
<td>3,566,281</td>
</tr>
<tr>
<td>Fundraising, marketing and promotion</td>
<td>-</td>
<td>151</td>
<td>2,517</td>
<td>3,142</td>
<td>2,668,561</td>
<td>2,674,371</td>
</tr>
<tr>
<td>Sports camp expenses</td>
<td>78,938</td>
<td>257,527</td>
<td>71,362</td>
<td>636,271</td>
<td>293,254</td>
<td>1,337,352</td>
</tr>
<tr>
<td>Direct facilities, maintenance and rental</td>
<td>120,991</td>
<td>712,435</td>
<td>8,410</td>
<td>67,905</td>
<td>16,299,137</td>
<td>17,208,878</td>
</tr>
<tr>
<td>Spirit groups</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>797,685</td>
<td>797,685</td>
</tr>
<tr>
<td>Medical expenses and medical insurance</td>
<td>218,835</td>
<td>105,040</td>
<td>23,049</td>
<td>307,494</td>
<td>218,014</td>
<td>872,432</td>
</tr>
<tr>
<td>Memberships and dues</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,458</td>
<td>11,582</td>
<td>15,040</td>
</tr>
<tr>
<td>Transfers to the institution</td>
<td>700,000</td>
<td>300,000</td>
<td>-</td>
<td>-</td>
<td>660,000</td>
<td>1,660,000</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>1,097,234</td>
<td>271,288</td>
<td>143,461</td>
<td>504,371</td>
<td>5,123,813</td>
<td>7,140,167</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>18,301,395</td>
<td>13,672,721</td>
<td>4,201,291</td>
<td>17,390,206</td>
<td>41,518,012</td>
<td>95,083,625</td>
</tr>
</tbody>
</table>

Excess (deficiency) of revenues over expenses

<table>
<thead>
<tr>
<th></th>
<th>Football</th>
<th>Men's Basketball</th>
<th>Women's Basketball</th>
<th>All Other Sports</th>
<th>Non-Sport Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (deficiency)</td>
<td>$12,225,585</td>
<td>$9,529,074</td>
<td>$(3,454,865)</td>
<td>$(15,606,357)</td>
<td>$(2,056,340)</td>
<td>$637,097</td>
</tr>
</tbody>
</table>
University of Kentucky
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
June 30, 2013
(Unaudited)

Note 1: Summary of Presentation Policies

The amounts in the accompanying statement of revenues and expenses were obtained from the University of Kentucky (UK) trial balance, which is maintained on an accrual basis. All revenues and expenses directly related to various sports were disclosed as such, except advertising, program sales, concessions and novelty sales. All remaining revenues and expenses are nonsport specific. UK records depreciation on physical plant and equipment; however, depreciation is not part of the statement of revenues and expenses.

Note 2: Other Sports

Other sports include men’s baseball, men’s and women’s golfing, gymnastics, rifle, men’s and women’s soccer, softball, men’s and women’s swimming and diving, men’s and women’s tennis, men’s and women’s track and women’s volleyball.

Note 3: Property, Plant and Equipment

Intercollegiate athletics-related assets are accounted for consistent with UK’s policies for property, plant and equipment. Capital assets are stated at cost at date of acquisition or, in the case of gifts, at fair market value at date of gift. Property, plant and equipment valued at $2,000 or more ($1,000 for computers) and having an estimated useful life of greater than one year are capitalized. Renovations to buildings, infrastructure and land improvements significantly increase the value or extend the expense in the year in which the expense is incurred. Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, generally 40 years for building, 10 to 25 years for land and building improvements and infrastructure, 10 years for library books and five to 20 years for equipment.
At June 30, 2013, athletic plant assets consisted of:

- Land improvements $10,920,103
- Buildings 139,484,840
- Fixed equipment 1,136,683
- Equipment 6,415,039
- Vehicles 579,272
- Construction in process 12,965,476

\[171,501,413\]

Less accumulated depreciation $(64,405,905)

Property, plant and equipment, net $107,095,508

Depreciation expense related to intercollegiate athletics was $5,282,085 for the year ended June 30, 2013.

### Note 4: Long-Term Liabilities

Long-term liabilities as of June 30, 2013, are summarized as follows:

<table>
<thead>
<tr>
<th>Bonds and capital leases</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Deletions</th>
<th>Ending Balance</th>
<th>Current Portion</th>
<th>Noncurrent Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>General receipts bonds</td>
<td>$5,550,000</td>
<td>-</td>
<td>- $300,000</td>
<td>$5,250,000</td>
<td>$315,000</td>
<td>$4,935,000</td>
</tr>
<tr>
<td>Capital leases</td>
<td>11,265,000</td>
<td>1,440,000</td>
<td>3,055,000</td>
<td>9,650,000</td>
<td>1,750,000</td>
<td>7,900,000</td>
</tr>
<tr>
<td>Total bonds and capital leases</td>
<td>16,815,000</td>
<td>1,440,000</td>
<td>3,355,000</td>
<td>14,900,000</td>
<td>2,065,000</td>
<td>12,835,000</td>
</tr>
</tbody>
</table>

| Other liabilities                  |                   |           |           |                |                 |                    |
|------------------------------------|                   |           |           |                |                 |                    |
| Due to UK                          | 6,900,000         | -         | 6,900,000 | -              | -               | -                  |
| Deferred compensation              | 2,925,142         | 1,580,698 | 1,014,500 | 3,491,340      | 1,062,745       | 2,428,595          |
| Total other liabilities            | 9,825,142         | 1,580,698 | 7,914,500 | 3,491,340      | 1,062,745       | 2,428,595          |
| Total                              | $26,640,142       | $3,020,698| $11,269,500| $18,391,340    | $3,127,745      | $15,263,595        |