

THE CITADEL
THE MILITARY COLLEGE OF SOUTH CAROLINA
CHARLESTON, SOUTH CAROLINA
FOR THE YEAR ENDED JUNE 30, 2010

**REPORT OF INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS ON APPLYING AGREED-UPON
PROCEDURES FOR THE COLLEGE'S
INTERCOLLEGIATE ATHLETICS PROGRAM**



The Members of the Board of Visitors
The Citadel, The Military College of South Carolina
Charleston, South Carolina

We have performed the procedures enumerated below, which were agreed to by The Citadel, The Military College of South Carolina (The Citadel), solely to apply the agreed-upon procedures which are listed below, to the internally prepared statement of revenues and expenditures of The Citadel Intercollegiate Athletics Program for the year ended June 30, 2010. This engagement is solely to assist The Citadel's management in obtaining assurance that they comply with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. The Citadel is responsible for its Statement of Revenues and Expenditures of The Citadel's Intercollegiate Athletics Program for the year ended June 30, 2010. 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.

The procedures we performed and the associated findings are as follows:

Procedures Related to the Statement of Revenues and Expenditures

1. We obtained the Statement of Revenues and Expenditures of the Intercollegiate Athletics Program of The Citadel for the year ended June 30, 2010, as prepared by management. We recalculated the mathematical accuracy of the amounts on the schedule and compared the amounts to The Citadel's general ledger.

We found such amounts to be in agreement.

2. We confirmed directly with responsible officials of The Citadel Brigadier Foundation the amount of contribution revenue remitted to The Citadel for the year ended June 30, 2010. We compared the amount of contribution revenue confirmed by The Citadel Brigadier Foundation with the amount recorded on The Citadel's general ledger for the year ended June 30, 2010.

We found that the amount per the confirmation was in agreement with the amount recorded in the general ledger.

3. We requested from management a schedule of capital asset additions of The Citadel's Intercollegiate Athletics Program, summarized by type, for the year ended June 30, 2010.

(Continued)

We found the amount per the capital asset schedule and the general ledger to be in agreement. Refer to Notes 4 & 5 to the Statement of Revenue and Expenditures for additional information regarding capital asset additions during the year. In addition, also refer to Procedure #19 regarding Other Operating Expenses.

4. We scanned The Citadel's general ledger for individual contributions that constitute more than ten percent of the contribution revenue in the Statement of Revenues and Expenditures.

We found one individual contribution that constituted more than ten percent of the contribution revenue included in Attachment A. The contribution was from The Citadel Brigadier Foundation (TCBF).

5. We obtained the reconciliation of revenue from football ticket sales between the general ledger and The Citadel's ticket count worksheets for the year ended June 30, 2010.

We compared such revenue amount to the amount recorded in the Statement of Revenues and Expenditures. The manual ticket count worksheets amount exceeded the general ledger amount within a difference of \$8,151.

6. For contribution revenue, we compared the amount per the general ledger to the corresponding amount in the Statement of Revenues and Expenditures.

We found contribution revenue reported in Attachment A and the general ledger were in agreement.

7. For guarantees revenue and expenditures, we obtained a detail schedule of the revenue and expenditures reported and compared the amounts per the detail to the corresponding amount in the Statement of Revenues and Expenditures. We compared all individual amounts in the detail to amounts on the guarantee contracts.

We found guarantee revenue and expenditures reported in Attachment A and the detail schedule total to be in agreement, and we found such amounts to be in agreement with the supporting contracts.

8. We obtained the royalties, advertisement, and sponsorships revenue detail and compared the total amount per the detail to the corresponding amount in the Statement of Revenues and Expenditures.

We found royalties, advertisement, and sponsorships revenue reported in Attachment A and the detail schedule to be in agreement.

9. We obtained a report from The Citadel detailing the direct institutional support revenue recorded by The Citadel for the year ended June 30, 2010. We recalculated the mathematical accuracy of the direct institutional support revenue amounts per the report provided by The Citadel and agreed the amounts included in the calculation to the general ledger. We compared the total direct institutional support revenue in the report provided by The Citadel to the corresponding amount in the Statement of Revenue and Expenditures.

We recalculated direct institutional support revenue reported in Attachment A and found the report to be in agreement.

10. We compared the amount of student fees reported on the Statement of Revenue and Expenditures with the amount of student fees recorded by The Citadel on the general ledger.

We found students fees reported in Attachment A and the general ledger to be in agreement.

11. For coaching salaries and benefits expense and support staff/administrative salaries and benefits expense, we obtained a detail listing of coaching salaries and benefits and support staff/administrative salaries and benefits paid by The Citadel for the year ended June 30, 2010. From this listing, we haphazardly selected twelve employees (listed below). For these twelve employees, we compared the recorded salary and benefits to their contracts and/or personnel files. If the individual was employed during calendar year 2009, we compared the recorded amounts to the IRS Form W-2 issued to the individual. We compared the total expenditures for coaching salaries and benefits and support staff/administrative salaries and benefits paid by The Citadel per the detail listing to the corresponding amounts in the Statement of Revenues and Expenditures and the amounts recorded in The Citadel's general ledger.

David J Beckley	Louis Jordan
Robert Bodine	Larry Leckonby
Jonathan Cole	Douglas Novak
Charles Driesell	William Sands
Michael Groshon	Jamie Stewart
Kevin Higgins	Robert Winch

We found that, as a result of an error in an employee's contract start date, one employee received \$185.32 less than he should have during the fiscal year ended June 30, 2010. In addition, we found one employee who received a \$1,000 pay increase effective December 1, 2009; however, this pay increase was not communicated to payroll, and as a result, the employee's wages were \$583.34 less than they should have been for the fiscal year ended June 30, 2010. Both the Payroll Department and Human Resources Department have been notified of these errors.

We found no other exceptions as a result of our procedures, and we found coaching salaries and benefits expense and support staff/administrative salaries and benefits expense reported in Attachment A and the general ledger to be in agreement with the detail.

12. We requested agreements related to The Citadel's participation in revenues from broadcast, television, radio and internet rights to gain an understanding of the relevant terms and conditions.

Management represented to us that there were no broadcast, television, radio or internet rights revenue during the current year because of the contract with Daktronics discussed in Note 6 to the Statement of Revenues and Expenditures.

13. We obtained, compared and agreed revenues from a schedule of program sales, concessions, novelty sales and parking to The Citadel's general ledger and Statement of Revenues and Expenditures for the year ended June 30, 2010. We haphazardly selected a sample of ten receipts (listed below) obtained from the above schedules and agreed to supporting documentation (e.g. deposit slip, receipt summary, etc).

<u>Account No.</u>	<u>Organization No.</u>	<u>Document No.</u>	<u>Date</u>
560400	70011	F0000275	05/13/2010
560400	70011	F0000227	05/17/2010
560400	70020	F0000138	11/25/2009
560400	70020	F0000114	11/03/2009
561000	70011	F0000305	06/22/2010
561000	70040	F0000209	02/24/2010
561000	70030	F0000149	12/11/2009
561000	70020	F0000123	11/10/2009
561000	70020	F0000089	10/07/2009
561000	70020	J0000057	07/20/2009

We found amounts from the cash receipts sampled above to be in agreement with supporting documentation.

14. We requested sports camp contract(s) between The Citadel and person(s) conducting sports camps or clinics and inquired of management regarding the methodology for recording revenues from sports camps. We then summarized management's response below.

Per inquiry of management, The Citadel does not have contracts for sports camps. Coaches can use the facilities of The Citadel for a set rate per participant. We were provided with a copy of the rate schedule. All campers are charged \$6 per day for facilities use. Additional fees, including room and board, are charged if other services are provided to campers. No additional procedures were performed based on information provided.

15. We obtained a listing of students who received athletic student aid during the year ended June 30, 2010. We haphazardly selected a sample of five students (listed below) that received athletic student aid. For each selection, we obtained the individual student account detail and compared total aid allocated from the related approved award to the student's account.

Cortez Allen
Cullen Brown
Casandra Uribe

Raymond Copenhaver
Natalie Wolin

We found all awarded amounts to be in agreement with the aid allocated to the student's account; however, we found two instances where award letters were not sent to students for summer session awards.

16. We requested a listing of coaches employed by third parties during the year ended June 30, 2010.

Management informed us that no coaches were employed by third parties during the year ended June 30, 2010. No additional procedures were performed based on information provided.

17. We requested a listing of athletic department employees receiving severance payments from The Citadel during the year ended June 30, 2010.

Management informed us that no severance payments were paid by The Citadel during the year ended June 30, 2010. No additional procedures were performed based on information provided.

18. We obtained The Citadel's recruiting expense and travel expense policies from management.

Management provided us with The Citadel's recruiting expense and travel expense policies. The Citadel's policies can also be found on their website (www.citadel.edu).

19. We compared actual revenues and expenditures in The Citadel's Statement of Revenues and Expenditures for the year ended June 30, 2010 to the amounts for the year ended June 30, 2009. We identified actual variances of greater than ten percent and \$25,000 from the year ended June 30, 2009 amounts and obtained the following explanations from The Citadel's management regarding reasons for the variances.

Revenues:

Ticket sales – Ticket sales decreased by \$98,889, or 10.1%, compared with the fiscal year ended June 30, 2009. The decrease is largely attributable to a decrease of \$116,966 in football ticket sales as a result of there being 5 home games during the fiscal year ended June 30, 2010 compared to six home games for the fiscal year ended June 30, 2009.

Guarantees – Guarantees decreased by \$242,654 or 26.8%, compared with the fiscal year ended June 30, 2009. Decreased guarantee revenue is due largely to the fact that during the 2009 season, the football team played two large schools (Clemson and Florida) whose guarantees totaled \$685,000, while in 2010, they only played one large school (UNC) offering a guarantee of \$350,000. This variance was partially offset by the fact that basketball guarantees increased from \$220,000 for FY 2009 to \$271,000 for FY 2010.

Contributions – Contributions increased by \$199,848, or 14.5%, compared with the fiscal year ended June 30, 2009. Increased contributions results largely from an increase in contributions from the Citadel Brigadier Foundation of \$132,100 received in FY 2010 compared to FY 2009.

NCAA/Conference distributions – NCAA/Conference distributions revenue increased by \$56,508, or 14.2% compared with the fiscal year ended June 30, 2009. This increase is due largely to a \$71,901 basketball conference surplus distribution received in FY 2010 that was not received in FY 2009. This distribution results from the overall performance of the conference.

Program sales, concessions, novelty sales and parking – Program sales, concessions, novelty sales and parking revenue decreased by \$25,114, or 26.0% compared with the fiscal year ended June 30, 2009. The net decrease is a result of \$35,706 in prior year parking revenue not received by athletics in FY 2010, and an increase in concessions by \$12,150. Parking revenue decreased due to the fact that parking revenue is no longer booked to athletics as it was in the prior year. This decrease is partially offset by the fact that concessions revenue increased due to additional events such as roller derby being offered at McAlister gym.

Royalties, advertisements and sponsorships – Royalties, advertisements and sponsorships revenue increased by \$97,958, or 31.1% compared with the fiscal year ended June 30, 2009. This increase results from increases in promotions revenue for football, basketball, and baseball from prior year by \$29,274, \$18,855, and \$48,705 respectively. The majority of the football increase relates to \$33,038 of event parking that was booked to promotions during the year. The Citadel has created a separate account in their chart of accounts for game event parking going forward, so that revenue will be classified separately from promotions revenue in FY 2011. The majority of the basketball increase relates to a one-time transfer totaling \$16,325 that was received from TCBF during the year. The majority of the baseball increase relates to \$47,348 of revenue generated from a raffle for the baseball team's trip to Hawaii during the year.

Other revenue – Other revenue increased by \$98,944, or 96.0%, compared with the fiscal year ended June 30, 2009. This increase is largely attributable to new revenue sources of \$39,900 in booster travel for baseball and \$50,000 for a basketball contract buyout. The booster travel revenue was the result of booster donations for the baseball team's trip to Hawaii. The \$50,000 in basketball revenue was received from Tulane University for the buyout of the former basketball coach's contract.

Expenses:

Team Travel – Team travel increased by \$76,947, or 11.1%, compared with fiscal year ended June 30, 2009. This increase is largely attributable to increased out of state travel. All six away games in the current year were out of state, while only three away games in the prior year were out of state. Out of state games require more travel expense.

Equipment uniforms and supplies – Equipment uniforms and supplies increased by \$85,072, or 18.6%, compared with the fiscal year ended June 30, 2009. This increase results largely from an increase in basketball equipment and supplies by \$42,886 and increase in baseball equipment and supplies by \$20,075. Baseball equipment expenses increased due to new baseball cages purchased in 2010, while basketball equipment and supplies increased due to the purchase of a \$2,300 elliptical trainer, and \$4,350 spent on the purchase and installation of new shot clocks. Basketball food supply also increased approximately \$18,000 in FY 2010 due to increased team size and extended out of conference travel, while new travel gear and apparel increased approximately \$9,000.

Fundraising, marketing and promotion – Fundraising, marketing and promotion decreased by \$72,150, or 32.4%, compared with the fiscal year ended June 30, 2009. This decrease is largely attributable to a conscious effort to control and decrease these costs.

Other operating expenses – Other operating expenses decreased by \$147,478, or 23.9%, compared with the fiscal year ended June 30, 2009. This decrease is largely attributable to decreased miscellaneous insurance expenditures and lower miscellaneous supplies expenditures.

20. Fifteen daily deposits from the Intercollegiate Athletic Program for the year ended June 30, 2010 were haphazardly selected from the daily receipt reports in The Citadel's Treasurer's office. Each of the selected daily cash receipts was compared to validated deposits slips.

<u>Account Index</u>	<u>Document No.</u>	<u>Date</u>
210330	F0000013	07/15/2009
210450	F0000019	07/21/2009
210330	F0000034	08/05/2009
210330	F0000051	08/27/2009
210330	F0000089	10/07/2009
210290	F0000111	10/29/2009
210330	F0000117	11/04/2009
210450	F0000121	11/09/2009
210330	F0000138	11/25/2009
210330	J0000158	01/04/2010
210930	F0000185	01/25/2010
210450	F0000195	02/04/2010
210330	F0000206	02/19/2010
210260	F0000297	06/10/2010
210250	F0000227	03/17/2010

We found no exceptions as a result of our procedures.

21. We haphazardly selected ten employees paid from the Intercollegiate Athletic Program for the year ended June 30, 2010. For each of these employees (listed below), we compared the disbursed amount to the authorized amount per pay period. In determining the authorized amount per pay period, we divided the approved annual salary as listed on either the signed employee contract or most recent salary adjustment form by the number of pay periods in the year.

Robert Bennett	Amir Khaledi
Donnell Boucher	Kevin Olecki
Edward Conroy	Andrew Solomon
Carolyn Geiger	Benjamin Waring
Robert Hjerling III	Kevin Yeager

We found the disbursed amounts to be in agreement with the authorized amounts.

22. We haphazardly selected twenty-five cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2010. For each of these twenty-five disbursements, we compared the disbursed amount and payee information to supporting documentation (i.e. receipts, invoices and acknowledgement of receipt).

<u>Document No.</u>	<u>Date</u>
00000082	07/09/2009
00000200	07/20/2009
00000358	07/23/2009
00000596	08/03/2009
00000685	08/04/2009
00001076	08/20/2009
00001839	08/28/2009
00002379	09/10/2009
00002965	09/24/2009
00003470	10/08/2009
00003870	10/21/2009
00004238	10/29/2009
00004459	11/05/2009
00004738	11/13/2009
00005390	12/10/2009
00005661	12/17/2009
00006370	01/11/2010
00007480	02/04/2010
00008292	03/04/2010
00008621	03/15/2010
00009328	04/08/2010
00009955	05/03/2010
00010480	05/19/2010
00011240	06/16/2010
00005331	12/09/2009

We had no findings as the result of our procedures.

23. We compared the total revenues and expenditures reported on the Statement of Revenues and Expenditures for the year ended June 30, 2010, with the amounts reported on the Statement of Revenues and Expenditures for the year ended June 30, 2009 and with the budgeted amounts for the year ended June 30, 2010.

The total revenue on the Statement of Revenues and Expenditures was \$832,378 or 7.54% more than budgeted for the fiscal year ended June 30, 2010. The total expenditures on the Statement of Revenues and Expenditures was \$326,917 or 2.90%, more than budgeted for the fiscal year ended June 30, 2010. No additional procedures were performed based on information provided.

24. We requested from management a list of all outside organizations not under the accounting control of The Citadel that have as one of their primary purposes the generation of resources for, or on behalf of, The Citadel's Intercollegiate Athletic Program or the promotion of this program. We also requested financial statements of identified outside organizations for the year ended June 30, 2010.

Management informed us that The Citadel Brigadier Foundation, The Citadel Football Association, and The Citadel Basketball Association are the only outside organizations not under the accounting control of The Citadel that had as one of its primary purposes the generation of resources for, or on behalf of, The Citadel's Intercollegiate Athletic Program. Management furnished us copies of audited financial statements of The Citadel Brigadier Foundation for the year ended June 30, 2010. The Citadel Football Association and The Citadel Basketball Association do not produce separate audited financial statements. No additional procedures were performed based on information provided.

25. We requested from management a list of all expenditures made by outside organizations not under the accounting control of The Citadel for or on behalf of The Citadel's Intercollegiate Athletic Program or any of its employees.

Management informed us that no payments were made by outside organizations not under the accounting control of The Citadel or on behalf of The Citadel's Intercollegiate Athletic Program. No additional procedures were performed based on information provided.

26. We obtained from management the methodology for allocating overhead expense to the Athletic Department. We compared the Statement of Revenues and Expenditures to determine if the method disclosed is consistent with the method described to us.

We found the allocated overhead amounts reported in Note 1 to the Statement of Revenues and Expenditures consistent with the methodology provided to us.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenditures of The Citadel Intercollegiate Athletics Program for the year ended June 30, 2010. 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.

In addition, we were not engaged to and did not conduct an audit of the financial statements, notes and schedules reflected in Attachment A to this report.

This report is intended solely for the information and use of the State Auditor, Board of Visitors, and management of The Citadel, and is not intended to be and should not be used by anyone other than these specified parties.

Elliott Davis, LLC

Greenwood, South Carolina
December 2, 2010

THE CITADEL
The Military College of South Carolina
Intercollegiate Athletics Program

Statement of Revenues and Expenditures
For the year ended June 30, 2010
Unaudited and prepared by management

	FOOTBALL	BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
Revenues:					
Ticket sales	\$ 709,846	\$ 127,878	\$ 46,689	\$ -	\$ 884,413
Student fees	1,023,742	544,738	1,164,623	1,665,370	4,398,473
Guarantees	375,000	271,000	16,750	-	662,750
Contributions	646,496	203,575	668,826	59,300	1,578,197
Direct institutional support	1,282,394	253,745	1,357,672	314,259	3,208,070
NCAA/conference distributions	-	71,901	-	382,003	453,904
Program sales, concessions, novelty sales and parking	34,559	10,294	3,562	22,901	71,316
Royalties, advertisements and sponsorships	33,474	22,380	140,293	217,105	413,252
Other revenue	5,228	50,220	48,913	97,624	201,985
Total operating revenue	4,110,739	1,555,731	3,447,328	2,758,562	11,872,360
Expenses:					
Athletics student aid	\$ 1,908,362	\$ 377,604	\$ 2,020,385	\$ 449,618	\$ 4,755,969
Guarantees	40,000	26,551	10,000	-	76,551
Coaching salaries and benefits	906,053	482,116	1,030,739	-	2,418,908
Support staff/administrative salaries and benefits	-	-	-	1,473,921	1,473,921
Recruiting	117,719	60,191	77,683	-	255,593
Team travel	242,927	159,118	369,562	-	771,607
Equipment, uniforms and supplies	251,958	89,896	200,383	-	542,237
Game expenses	69,574	60,575	66,638	-	196,787
Fundraising, marketing and promotion	4,002	2,178	3,320	140,955	150,455
Direct facilities, maintenance and rental	1,845	2,949	15,979	373,438	394,211
Medical expenses and medical insurance	18,752	3,982	9,844	54,903	87,481
Memberships and dues	3,594	6,825	3,067	9,145	22,631
Other operating expenses	58,643	18,567	74,136	318,612	469,958
Total operating expenses	3,623,429	1,290,552	3,881,736	2,820,592	11,616,309
Excess of revenues over (under) expenses	\$ 487,310	\$ 265,179	\$ (434,408)	\$ (62,030)	\$ 256,051

THE CITADEL
THE MILITARY COLLEGE OF SOUTH CAROLINA
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010
UNAUDITED AND PREPARED BY MANAGEMENT

1. **Allocation of Overhead**

The Citadel prepares an annual study of overhead to charge to all of its auxiliary activities. The overhead charge to the Athletic Department is derived from that study. The study is obtained as part of The Citadel's regular financial audit, and is comprised of an allocation of various institutional costs.

2. **Contributions**

The Citadel received one contribution from an outside organization that exceeded ten percent of all contributions to the Athletic Department during the year ended June 30, 2010. The contribution was received from The Citadel Brigadier Foundation in the amount of \$1,257,817 and is restricted for scholarships.

3. **Direct Institutional Support**

The Citadel provided \$3,208,070 of direct institutional support to the Athletic Department in fiscal year 2010. This total was composed of transfers from auxiliaries of \$1,100,000, transfers from unrestricted gift funds of \$352,600, transfers from stadium club rentals of \$10,128, and waived fees of \$1,745,342.

4. **Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The Citadel follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition. Depreciation expense is not included in the Statement of Revenues and Expenditures.

(Continued)

The Citadel capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with the capital projects; therefore, asset values in capital assets include such interest costs. Capitalized interest for fiscal year 2010 was \$227,718. There was no capitalized interest on athletics capital projects in 2010.

5. Capital Expenditures

The Citadel incurred \$52,074 of athletics capital expenditures during 2010. All capital expenditures were equipment and totaled \$18,009 for athletic field equipment and \$34,065 for tents at Johnson Hagood Stadium. As all of the expenditures for these two projects were for capital items, they are not included in the Statement of Revenue and Expenditures.

6. Deferred Revenue

During fiscal year 2007 The Citadel entered into a ten year contract with Daktronics Inc. under which Daktronics agreed to provide and install certain equipment and concourse elements at Citadel athletic facilities in exchange for advertising rights at athletic events. Daktronics furnished a scoreboard system valued at \$1,700,000 in fiscal year 2007 and anticipates furnishing additional equipment in future years, including a scoreboard for the basketball arena and an electronic billboard for the football stadium. The contract with Daktronics establishes an annual revenue threshold. When advertising revenues exceed the threshold, Daktronics and The Citadel split the excess revenue equally. If athletic advertising does not meet the threshold in any year, that deficit is carried over to the next year and added to the threshold for the following year. Should a deficiency remain at the end of the ten year contractual period, the deficiency will be carried over to the next contract period if the contract with Daktronics is extended. If another contractor is chosen management anticipates that contractor will pay The Citadel the amount of the deficiency and The Citadel will pay that amount to Daktronics. Management believes that the contract is structured so that The Citadel is not required to fund any deficiency that may exist at the end of the 10 year contract period.

The Citadel treated this transaction as a sale of future revenues. The College will not maintain an active involvement in the future generation of advertising revenues. The College is amortizing the deferred revenues in a straight line fashion over the ten years of the contract period. In fiscal year 2010, \$170,000 of the deferred amount was recognized as revenue. \$170,000 of the remaining Daktronics' deferred revenue is recorded as current deferred revenue, and the remaining \$850,000 is recorded as noncurrent deferred revenue.

7. Intercollegiate Athletics Program Debt

Annual Maturities

	2003 Athletic Facility Bonds	2005 Athletic Facility Bonds	2006 Athletic Facility Bonds	2007 Athletic Facility Bonds	Total
2011	206,830	607,415	185,000	576,000	1,575,245
2012	215,496	633,132	200,000	615,000	1,663,628
2013	224,526	659,938	215,000	657,000	1,756,464
2014	233,933	687,879	230,000	702,000	1,853,812
2015	243,735	717,003	245,000	750,000	1,955,738
2016-2020	794,210	-	1,515,000	1,656,000	3,965,210
2021-2025	-	-	2,140,000	-	2,140,000
2026-2030	-	-	3,035,000	-	3,035,000
2031	-	-	740,000	-	740,000
Total	\$ 1,918,730	\$ 3,305,367	\$ 8,505,000	\$ 4,956,000	\$ 18,685,097

On July, 29, 2010, The Citadel completed a refinancing of the Series 2006 and Series 2007 Athletic Facilities bonds with BB&T. The refinance was completed in order to reduce the annual debt service for the 2007 bond to a level that could be covered by sales of skybox and club seats.

The refinanced bond extended the length of the 2007 Athletic Facility Bond from the original 10 year term to 20 years. The interest rate for the legacy Series 2006 Bond was 7.17% and the Series 2007 Bond was 6.81% compared to the new refinance rate of 6.94% on July 29, 2010. The average annual debt service for the new Series 2010 Bond will be \$1,256,076 with a maximum annual debt service of \$1,267,239 occurring in 2031.

The updated bond specifications are as follows:

	Interest Rate	Maturity Date	Par Amount	Total Interest	Total Debt Service
Athletic Facilities Revenue Bonds Series 2010	Fixed at 6.94%	02/01/2031	13,535,000	12,221,527	25,726,527