

**THE CITADEL, THE MILITARY COLLEGE  
OF SOUTH CAROLINA  
INTERCOLLEGIATE ATHLETICS PROGRAM**

**AGREED-UPON PROCEDURES**

*Year Ended June 30, 2018*

*And Independent Accountant's Report on Applying  
Agreed-Upon Procedures*

**THE CITADEL, THE MILITARY COLLEGE OF SOUTH CAROLINA  
INTERCOLLEGIATE ATHLETICS DEPARTMENT  
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## Independent Accountant’s Report on Applying Agreed-Upon Procedures

General Glenn M. Walters, USMC (Retired), President  
The Citadel, The Military College of South Carolina  
Charleston, South Carolina

We have performed the procedures enumerated below, which were agreed to by the management of The Citadel, The Military College of South Carolina (the “College”) solely to assist you in evaluating whether the Statement of Athletic Revenues and Expenses of the Intercollegiate Athletics Program of The Citadel, The Military College of South Carolina is in compliance with the National Collegiate Athletic Association (“NCAA”) Bylaw 3.2.4.15.1 for the year ended June 30, 2018. The College’s management is responsible for compliance with NCAA Bylaw 3.2.4.15.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the College’s management. 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. Materiality for the purposes of this report has been determined to be \$25,000.

### Agreed-Upon Procedures for Revenues

1. We obtained from management the Intercollegiate Athletics Program’s Statement of Athletic Revenues and Expenses (the “Statement”) for the year ended June 30, 2018. We tested the mathematical accuracy of the Statement, traced the individual revenue line items to management’s worksheets and compared the amounts on management’s worksheets to the College’s general ledger. If a specific reporting category was less than 4% of total revenues, no procedures were required for that specific category. We also compared each major revenue account greater than 10% of total revenues to prior year amounts. We noted no variations greater than 10%.

No exceptions were noted as a result of these procedures.

2. We compared and agreed five operating revenue receipts to supporting schedules provided by the College.

Description	Reference Number	Amount
1. ESPN3 Distribution Southern Conference	F0010215	\$ 50,000
2. NCAA Distribution	F0010182	175,015
3. NCAA Distribution	F0010143	109,710
4. FY18 NCAA Student Athlete Opportunity Fund	F0009198	84,756
5. FY18 NCAA Academic Enhancement	F0009198	134,667

No exceptions were noted as a result of these procedures.

3. We compared and recalculated total revenues related to ticket sales, complimentary tickets provided, and unsold tickets during the year ended June 30, 2018, to the total ticket revenue reported on the Statement and related attendance figures.

No exceptions were noted as a result of these procedures.

4. We recalculated the amount of student fees for the year ended June 30, 2018, based on enrollment reports and athletic fees for each term. We also obtained and documented an understanding of the College’s methodology for allocating student fees to Intercollegiate Athletics Programs. We also tied the calculation to student fee totals.

No exceptions were noted as a result of these procedures.

5. Direct state or other governmental support revenues were less than 4% of total revenues.  
No procedures were required for this specific category.
6. We obtained, recalculated, and traced to the general ledger supporting detail for direct institutional support and recalculated totals.  
No exceptions were noted as a result of these procedures.
7. Guarantee revenues were less than 4% of total revenues.  
No procedures were required for this specific category.
8. We obtained the detailed listing of contributions and compared the total to the Statement. We noted one contribution in the amount of \$1,650,000 that was greater than 10% of all contributions received by the Intercollegiate Athletics Program. We confirmed the \$1,650,000 contribution with The Brigadier Foundation and agreed the amount confirmed by The Brigadier Foundation to supporting documentation, reviewed for reasonableness, and recalculated totals.  
No exceptions were noted as a result of these procedures.
9. In-kind contributions revenue was less than 4% of total revenues.  
No procedures were required for this specific category.
10. Revenues from NCAA distributions were less than 4% of total revenues.  
No procedures were required for this specific category.
11. Program sales, concessions, novelty sales, and parking revenues were less than 4% of total revenues.  
No procedures were required for this specific category.
12. Royalties, advertisements, and sponsorships revenues were less than 4% of total revenues.  
No procedures were required for this specific category.
13. Other revenue was less than 4% of total revenues.  
No procedures were required for this specific category.

#### **Agreed-Upon Procedures for Expenses**

1. We tested the mathematical accuracy of the Statement, traced the individual expense line items to management's worksheets, and compared the amounts on management's worksheets to the College's general ledger. If a specific reporting category was less than 4% of total expenses, no procedures were required for that specific category. We also compared each major expense account over 10% of total expenses to prior year amounts. We noted no variations greater than 10%.  
No exceptions were noted as a result of these procedures.

2. We compared and agreed 20 expenses to supporting schedules provided by the College.

	<b>Payee</b>	<b>Reference Number</b>	<b>Disbursement Amount</b>
1.	Marriott Hotels	S0120858	\$ 13,482
2.	Crowne Plaza	S0117735	17,121
3.	Kelly Tours Inc.	I0092541	14,010
4.	Charleston View, LLC.	I0097386	1,066
5.	Stephenson, Damon R.	I0090291	42,872
6.	Sodexo Inc.	I0091851	88,261
7.	Sportsmans Shop Inc.	I0093421	5,494
8.	Adidas America Inc.	I0090665	18,193
9.	Sports Licensed Division of the Adidas Group, Inc.	I0089911	22,135
10.	XXOS Digital, Inc.	I0089802	3,096
11.	Gift in kind – coaches cars	J0024479	30,000
12.	Life After Sports Organization	I0100430	250
13.	Gift in kind - Wilson Field	J0023170	514,146
14.	Top Shelf Catering Company LLC	I0094651	5,570
15.	Arthur J Gallagher Risk Mgmt. Service	I0092378	4,731
16.	GCA Services Group	P0026837	112,267
17.	JH Stadium Surveys	J0022671	34,058
18.	Overhead Allocation	N/A	476,590
19.	Suite charges	J0024159	55,250
20.	Club charges	J0024159	80,580

No exceptions were noted as a result of these procedures.

3. We selected 28 athletic students from the listing of institutional student aid recipients during the year ended June 30, 2018. We obtained individual student account details for each selection and compared total aid allocated from the related aid award letter to the student's account. For each student selected, we also ensured their information was reported accurately in either the NCAA's Compliance Assistant software (the "Software") or entered directly into the NCAA Membership Financial Reporting System (the "System") using the following criteria:

- a. The equivalency value for each student-athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the Calculation of Revenue Distribution Equivalencies Report ("CRDE") from the NCAA's Compliance Assistant ("CA") software as the numerator and the full grant amount which is the total cost for tuition, fees, course-related books, room and board for an academic year as the denominator. If using the NCAA CA software, this equivalency value will be calculated on the CRDE report labeled "Revenue Distribution Equivalent Award".
- b. Grants-in-aid is calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount).
- c. Other expenses related to attendance (also known as gap money or cost of attendance) should not be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.07).
- d. Full grant amount should be entered as a full year of tuition, not a semester or quarter.
- e. Student-athletes are to be counted once and should not receive a revenue distribution equivalency greater than 1.00.
- f. Athletics grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championships competition, emerging sports for women, and bowl subdivision football.
- g. Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.
- h. Institutions providing grants to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component.

- i. The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies (reference Bylaw 15.5.3.1).
- j. If a sport is discontinued and the athletic grant(s) are still being honored by the institution, the grant(s) are included in student-athlete aid for revenue distribution purposes.
- k. All equivalency calculations should be rounded to two decimal places.
- l. If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.
- m. If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total dollar value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.

We recalculated the athletic student aid for each sport and overall.

	<u>ID</u>	<u>Sport</u>	<u>Amount</u>
1.	10623471	Men's Track	\$ 1,263
2.	10618395	Men's Basketball	23,155
3.	10598183	Football	23,121
4.	10623627	Men's Basketball	26,794
5.	10590875	Women's Volleyball	22,731
6.	10620908	Baseball	10,101
7.	10575378	Football	24,857
8.	10596433	Football	25,023
9.	10608383	Football	21,966
10.	10622367	Football	14,372
11.	10623724	Football	14,601
12.	10604948	Women's Golf	29,443
13.	10619832	Women's Track	6,314
14.	10576446	Football	22,142
15.	10616356	Football	22,868
16.	10531744	Men's Golf	22,250
17.	10616215	Women's Soccer	7,521
18.	10563843	Administrative	13,800
19.	10594181	Men's Basketball	23,606
20.	10624994	Wrestling	5,051
21.	10556451	Women's Track	24,575
22.	10616673	Football	23,599
23.	10268983	Mixed Rifle	5,135
24.	10596326	Football	23,484
25.	10616320	Football	11,987
26.	10592708	Women's Track	11,359
27.	10615934	Football	21,792
28.	10616726	Football	23,904

No exceptions were noted as a result of these procedures.

4. Guarantees expense was less than 4% of total expenses.

No procedures were required for this specific category.

- We obtained and inspected a listing of coaches employed by the College during the year ended June 30, 2018. We selected five coaches, including football and men's basketball, and compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the College in the Statement during the year ended June 30, 2018. We also obtained and inspected respective payroll summary registers for each selection and compared the amounts reported to the related salaries, benefits, and bonuses paid to the expense reported by the College. We also compared and agreed the totals recorded to any employment contracts executed for the coaches selected.

	<u>Employee</u>	<u>Sport</u>	<u>Position</u>
1.	Brent Thompson	Football	Head Coach
2.	Duggar Baucom	Men's Basketball	Head Coach
3.	Tony Skole	Baseball	Head Coach
4.	Lou Conte	Football	Offensive Coordinator
5.	Daniel Willis	Baseball	Assistant Head Coach

No exceptions were noted as a result of these procedures.

- We obtained and inspected a listing of support staff/administrative salaries, benefits, and bonuses paid by the College during the year ended June 30, 2018. We selected five support staff/administrative employees and compared and agreed the financial terms and conditions of each selection to the related support staff/administrative salaries, benefits, and bonuses paid by the College recorded in the Statement during the year ended June 30, 2018. We also obtained and inspected respective payroll summary registers for each selection and compared the amounts reported to the related salaries, benefits, and bonuses paid to the expense reported by the College.

	<u>Employee</u>	<u>Department</u>	<u>Position</u>
1.	Jim Senter	Administration	Athletic Director
2.	Kathy Kroupa	Administration	Senior Associate Athletic Director for Internal Operations/Senior Women Administrator
3.	Ric Sisler	Corporate Sales and Sponsorships	Assistant Athletic Director for Corporate Sales & Sponsorships
4.	Riley Cain	Ticket Office and Outbound Sales	Assistant Athletic Director for Ticket Operations and Outbound Sales
5.	Lynn Meador	Administration	Business Manager

No exceptions were noted as a result of these procedures.

- Recruiting expense was less than 4% of total expenses.

No procedures were required for this specific category.

- We obtained an understanding of the College's team travel policies. We compared and agreed the policies to existing institutional and NCAA-related policies. We obtained the general ledger detail of travel expenses and compared it to the total travel expenses reported on the Statement and recalculated totals.

No exceptions were noted as a result of these procedures.

9. We obtained the general ledger detail of total equipment, uniforms, and supplies expense and compared it to the equipment, uniforms, and supplies expense reported on the Statement and recalculated totals. From this detail, we selected five expenses and obtained supporting documentation to validate the existence of the transaction and accuracy of recording.

Payee	Reference Number	Disbursement Amount
1. Sodexo Inc.	I0091851	\$ 88,261
2. Sportsmans Shop Inc.	I0093421	5,494
3. Adidas America Inc.	I0090665	18,193
4. Sports Licensed Division of the Adidas Group, Inc.	I0089911	22,135
5. XOS Digital, Inc.	I0089802	3,096

No exceptions were noted as a result of these procedures.

10. Game expense was less than 4% of total expenses.

No procedures were required for this specific category.

11. Fundraising, marketing, and promotion expense was less than 4% of total expenses.

No procedures were required for this specific category.

12. We obtained and recalculated a listing of athletic facilities debt service schedules, lease payments, and rental fees. We agreed the payments to supporting debt financing agreements. We also compared the amounts recorded to the Statement and recalculated totals. We compared the total of facility payments to supporting debt financing agreements.

No exceptions were noted as a result of these procedures.

13. We obtained and recalculated a detailed listing of direct overhead and administrative expense and compared the amounts to the amounts recorded in the general ledger. We agreed the general ledger amounts to the amounts reported on the Statement and recalculated totals. From this detail, we selected five expenses and obtained supporting documentation to validate the existence of the transaction and accuracy of recording.

Payee	Reference Number	Disbursement Amount
1. GCA Services Group	P0026837	\$ 112,267
2. Club Charges	J0024159	80,580
3. Suite Charges	J0024159	55,252
4. JH Stadium Surveys	J0022671	34,058
5. Overhead Allocation	N/A	476,590

No exceptions were noted as a result of these procedures.

14. Medical expenses and medical insurance expense was less than 4% of total expenses.

No procedures were required for this specific category.

15. Membership and dues expenses group was less than 4% of total expenses.

No procedures were required for this specific category.

- We obtained and recalculated general ledger detail of other expense reported on the Statement and recalculated totals. From this detail, we selected five expenses and obtained supporting documentation to validate the existence of the transaction and accuracy of recording.

	<b>Payee</b>	<b>Reference Number</b>	<b>Disbursement Amount</b>
1.	Gift in kind – coaches cars	J0024479	\$ 30,000
2.	Life After Sports Organization	I0100430	250
3.	Gift in kind – Wilson Field	J0023170	514,146
4.	Top Shelf Catering Company LLC	I0094651	5,570
5.	Arthur J Gallagher Risk Mgmt. Service	I0092378	4,731

No exceptions were noted as a result of these procedures.

### **Additional Agreed-Upon Procedures**

- We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the College noting no discrepancies.

No exceptions were noted as a result of these procedures.

- We obtained the College's Sports Sponsorship and Demographic Forms Report for the reporting year. We reviewed it to validate that the countable sports reported by the institution meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and number of participants in each contest that is counted toward meeting the minimum contest requirement. Once the countable sports were confirmed, we reviewed it to ensure the College had properly reported the sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

No exceptions were noted as a result of these procedures.

- For Pell Grants, we agreed the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Grant-in-Aid, Pell Grant recipients on Partial Grants-in-Aid, and Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, of all student-athlete Pell Grants.

No exceptions were noted as a result of these procedures.

### **Agreed-Upon Procedures for Other Reporting Items**

- We obtained a repayment schedule for all outstanding intercollegiate athletics debt during the year ended June 30, 2018, and recalculated annual maturities (consisting of principal and interest) provided in the schedules. We agreed the total annual maturities and total outstanding athletic related debt to supporting documentation and the College's general ledger.

No exceptions were noted as a result of these procedures.

- We agreed the total outstanding institutional debt at June 30, 2018, to supporting documentation and the College's audited financial statements.

No exceptions were noted as a result of these procedures.

- We obtained a schedule of all athletics dedicated endowments maintained by athletics and the College at June 30, 2018. We agreed the fair market value in the schedule to the general ledger.

No exceptions were noted as a result of these procedures.

4. We agreed the total fair market value of the College's endowments at June 30, 2018, to the general ledger.

No exceptions were noted as a result of these procedures.

5. We obtained a schedule of athletics related capital expenditures made by athletics and the College during the year ended June 30, 2018. We also obtained the general ledger detail and compared it to the total capital expenditures reported noting three capital expenditures made by athletics. We selected these three transactions to validate existence of transactions and accuracy of recordings and recalculated totals.

<u>Payee</u>	<u>Reference Number</u>	<u>Disbursement Amount</u>
1. LowCountry Golf Carts, LLC.	10093050	\$ 10,050
2. Pluslux, LLC.	10098874	19,625
3. GT Grandstands	10094078	110,418

No exceptions were noted as a result of these procedures.

We were not engaged to, and did not perform, an audit, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Athletic Revenues and Expenses of the Intercollegiate Athletics Program (Unaudited) of The Citadel, The Military College of South Carolina or on compliance with NCAA Bylaw 3.2.4.15.1 for the year ended June 30, 2018. 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 management of The Citadel, The Military College of South Carolina and is not intended to be, and should not be, used by anyone other than this specified party.

*Cherry Bekaert LLP*

Greenville, South Carolina  
January 11, 2019

**THE CITADEL, THE MILITARY COLLEGE OF SOUTH CAROLINA**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
**STATEMENT OF ATHLETIC REVENUES AND EXPENSES (UNAUDITED)**

YEAR ENDED JUNE 30, 2018

	Football	Men's Basketball	Other Sports	Nonprogram Specific	Total
Operating Revenues:					
Ticket sales	\$ 1,878,157	\$ 63,353	\$ 64,518	\$ -	\$ 2,006,028
Direct State or other governmental support	-	-	-	600,000	600,000
Student fees	1,744,765	753,102	1,709,717	2,999,466	7,207,050
Direct institutional support	1,638,443	343,137	1,714,144	168,154	3,863,878
Guarantees	300,000	310,000	-	-	610,000
Contributions	846,111	194,410	965,539	75,000	2,081,060
In-kind contributions	-	-	13,523	544,146	557,669
NCAA distributions	-	-	-	579,762	579,762
Program sales, concessions, novelty sales, and parking	231,571	3,530	1,205	5,000	241,306
Royalties, advertisements, and sponsorships	2,245	500	32,321	468,096	503,162
Other revenue	15,422	25,018	60,451	51,027	151,918
<b>Total Operating Revenues</b>	<b>6,656,714</b>	<b>1,693,050</b>	<b>4,561,418</b>	<b>5,490,651</b>	<b>18,401,833</b>
Operating Expenses:					
Athletics student aid	2,600,290	544,575	2,720,431	273,785	6,139,081
Guarantees	57,000	12,545	13,000	-	82,545
Coaching salaries and benefits	1,226,479	529,391	1,201,844	-	2,957,714
Support staff/administrative salaries and benefits	-	-	-	2,108,469	2,108,469
Recruiting	149,984	30,292	60,084	-	240,360
Team travel	202,212	202,162	395,525	-	799,899
Equipment, uniforms, and supplies	340,400	52,156	320,576	36,224	749,356
Game expenses	20,926	90,961	107,639	-	219,526
Fundraising, marketing, and promotion	18,712	426	5,202	257,864	282,204
Athletic facilities debt service	-	-	-	1,338,237	1,338,237
Direct overhead and administrative expenses	195,130	1,235	18,883	989,125	1,204,373
Medical expenses and medical insurance	16,222	3,445	8,516	90,917	119,100
Memberships and dues	3,490	14,503	3,939	33,605	55,537
Other operating expenses	280,076	32,829	111,855	937,527	1,362,287
<b>Total Operating Expenses</b>	<b>5,110,921</b>	<b>1,514,520</b>	<b>4,967,494</b>	<b>6,065,753</b>	<b>17,658,688</b>
Excess (Deficiency) of Operating Revenues over Expenses	<b>\$ 1,545,793</b>	<b>\$ 178,530</b>	<b>\$ (406,076)</b>	<b>\$ (575,102)</b>	<b>\$ 743,145</b>

**THE CITADEL, THE MILITARY COLLEGE OF SOUTH CAROLINA**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
SELECTED NOTES TO STATEMENT OF ATHLETIC REVENUES AND EXPENSES  
(UNAUDITED)

*YEAR ENDED JUNE 30, 2018*

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**Note 1—Basis of presentation**

The Statement of Athletic Revenues and Expenses of The Citadel, The Military College of South Carolina's (the "College") Intercollegiate Athletics Program (Unaudited) (the "Statement") was prepared on the accrual basis of accounting modified to omit depreciation expense and pledges which are not considered allocated until cash is received.

**Note 2—Contributions**

The College received a contribution totaling \$1,650,000 from a related party organization that constituted 10% or more of all contributions received by the Intercollegiate Athletic Program during the year ended June 30, 2018. Contributions are donations that are restricted for financial aid for student athletes and for the support of specific intercollegiate athletic programs.

**Note 3—Gifts restricted for plant acquisitions and improvements**

During the year ended June 30, 2018, there were no gifts to the athletics department that were restricted for plant acquisitions and improvements.

**Note 4—Gifts to the endowment and pledges receivable**

At June 30, 2018, the fair value for endowment funds specifically dedicated to support athletics was \$1,464,610. During the year ended June 30, 2018, no gifts were added to the athletics endowment funds. In addition, gross pledges receivable to support athletics was \$23,746 at June 30, 2018. Such amounts are not included in the Statement.

**Note 5—Direct institutional support**

The College provided \$3,863,878 of direct institutional support to the Intercollegiate Athletic Program during the year ended June 30, 2018. This total was composed of transfers from non-athletic auxiliary of \$1,100,000, transfers from unrestricted gift funds of \$300,000, transfers from The Citadel Alumni Association of \$250,000, and waived student tuition and fees of \$2,213,878.

**Note 6—Contract with outside vendor**

On November 17, 2016, the College entered into an exclusive supplier contract with a soft drink vendor that provided for annual funding up to \$347,000 the year ended June 30, 2018. Such funding is restricted for specific purposes within the athletics department, including capital expenditures. The contract started on December 13, 2016, and ends on June 30, 2022.

**Note 7—Facility service charges**

Service charges are allocated to athletics buildings based on facility service personnel time spent or square footage and are included in the direct overhead and administrative expenses line item in the Statement.

**THE CITADEL, THE MILITARY COLLEGE OF SOUTH CAROLINA**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
SELECTED NOTES TO STATEMENT OF ATHLETIC REVENUES AND EXPENSES  
(UNAUDITED)

*YEAR ENDED JUNE 30, 2018*

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**Note 8—Capital assets**

Capital assets are stated at cost at the date of acquisition or fair 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.

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. There was no capitalized interest for any athletics or non-athletics capital projects in 2018.

**Note 9—Capital expenditures**

The Citadel incurred three athletics capital expenditures in the amount of \$140,093 during 2018.

**Note 10—Long-term liabilities**

The total annual debt service for the year ended June 30, 2018, is \$1,338,237 for athletic facilities. The total debt outstanding at June 30, 2018, was \$10,360,000 for athletic facilities. Total institutional debt at June 30, 2018, was \$19,495,000.