

ATHLETIC DEPARTMENT  
UNIVERSITY OF LOUISIANA AT LAFAYETTE  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA



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AGREED-UPON PROCEDURES REPORT

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ISSUED APRIL 5, 2006

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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	Page
Independent Accountant's Report on the Application of Agreed-Upon Procedures .....	3
	<b>Statement</b>
Financial Statement - Statement of Revenues and Expenses (Unaudited)..... A .....	11
Notes to the Financial Statement (Unaudited) .....	13





STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

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March 14, 2006

Independent Accountant's Report on the  
Application of Agreed-Upon Procedures

**DR. RAY P. AUTHEMENT, PRESIDENT**  
**UNIVERSITY OF LOUISIANA AT LAFAYETTE**  
**UNIVERSITY OF LOUISIANA SYSTEM**  
**STATE OF LOUISIANA**  
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of the University of Louisiana at Lafayette, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University of Louisiana at Lafayette Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2005. University management is responsible for the Statement (unaudited) and related notes (unaudited) 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 the 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.

Our procedures and associated findings are as follows:

**STATEMENT OF REVENUES AND EXPENSES**

**GENERAL PROCEDURES**

1. We obtained written representations from management as to the fair presentation of the Statement of the intercollegiate athletics program, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, and other information we considered necessary for the year ended June 30, 2005. We also verified the mathematical accuracy of the amounts on the Statement and agreed the amounts to supporting schedules provided by the university and/or the university's general ledger.

The university did not comply with the NCAA Bylaw 6.2.3.1 that requires the agreed-upon procedures report to be presented to the university's president on or before January 15, 2006.

We found no other exceptions as a result of these procedures.

2. We obtained an understanding and tested the specific elements of the control environment and accounting systems that are unique to the university's intercollegiate athletics program. We requested and reviewed all athletics-related internal audit reports.

On November 29, 2004, the internal auditor issued a report on student athlete complimentary tickets which resulted in NCAA violations. The athletic department concurred with the violations and has self-reported to the NCAA. The athletic department amended its procedures to ensure compliance. An internal audit report dated November 28, 2005, provided that the prior year findings have been corrected.

There were no other exceptions as a result of these procedures.

3. We compared each operating revenue and expense category for June 30, 2004, and June 30, 2005, to identify variances of 20% or greater between individual revenue and expense categories (line items) that are 5% or more of the total.

As a result of our procedures, we identified variances of 20% or greater in the following revenue and expense accounts that are 5% or more of the total:

**Revenues**

Guarantees

**Expenses**

Athletics student aid

4. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year ended June 30, 2005, to identify any variances of 20% or greater in individual revenue and expense categories (line items) that are 5% or more of the total.

As a result of our procedures, we identified variances of 20% or greater between budget and actual amounts in the following revenue accounts that are 5% or more of the total:

**Revenues**

Contributions

**Expenses**

Travel

**MINIMUM AGREED-UPON PROCEDURES  
FOR REVENUES**

1. We selected the basketball and football games with the largest ticket sales and recalculated reconciliations for the two games selected. We agreed amounts reported to the general ledger and the Statement.

We found no exceptions as a result of this procedure.

2. We obtained and documented an understanding of the university's methodology for allocating student fees to the intercollegiate athletics program and then compared and agreed student fees reported in the Statement to student enrollment for reasonableness.

We found no exceptions as a result of this procedure.

3. We selected the away game with the largest game guarantee settlement and agreed the amount to the general ledger and to the contractual agreement.

We found no exceptions as a result of this procedure.

4. We compared direct institutional support recorded by the institution during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

5. We inquired about indirect institutional support recorded by the institution during the period to compare with state appropriations, institutional authorizations and/or other corroborative supporting documentation.

The university had no indirect institutional support as defined by NCAA guidelines.

6. We agreed revenue reported as NCAA/Conference Distributions to supporting documentation and recalculated totals.

We found no exceptions as a result of these procedures.

7. We obtained and inspected agreements related to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the period to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger and/or the Statement and recalculated the totals.

We found no exceptions as a result of this procedure.

8. We obtained and inspected agreements related to the university's participation in revenues from royalties, advertisements, and sponsorships during the period to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger and Statement and recalculated totals.

We found no exceptions as a result of this procedure.

9. We selected one operating revenue receipt from each category not previously mentioned above and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

#### **MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES**

1. We selected a sample of four students from the listing of university student aid recipients and obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account. We recalculated totals.

Aid award letters could not be located for the four students selected, which may place the university in noncompliance with NCAA Bylaw 15.3.5.1. For these four students, we computed the total amount of athletic aid for each student using information received from the student's account and agreed the amount to the university's Athletic Student Aid report. We found no additional exceptions as a result of these procedures.

Since all students selected above were renewals (not the first year of receiving athletic aid), we selected two more students who were first-year recipients. We obtained individual student-account detail for the two students and compared total aid allocated from the related aid award letter to the students' accounts. We found no exceptions as a result of these procedures.

2. We obtained and inspected the largest contractual agreement pertaining to expenses recorded by the university from a guaranteed contest during the period. Using the game settlement report from this contest, we agreed related expenses to the university's general ledger and the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the university. We examined the contracts for the head coaches from football, men's and women's basketball, and two support staff/administrative personnel. The following procedures were performed:



- (a) We compared and agreed the financial terms and conditions of each head coach selected to the related coaching salaries, benefits, and bonuses recorded by the university and related entities in the Statement.
- (b) We obtained and inspected W-2s and 1099s for each selection.
- (c) We compared and agreed related W-2s and 1099s for each selection to the related salaries, benefits, and bonuses paid by the university and related entities expense recorded by the university in the Statement during the reporting period.

We found no exceptions as a result of these procedures.

- 4. Using a list prepared by the university, we selected the athletic employee with the highest severance payment and agreed the severance pay to the related termination letter or employment contract and recalculated the totals.

We found no exceptions as a result of this procedure.

- 5. We obtained and documented an understanding of the university's recruiting expense policies, and we compared and agreed to existing institutional and NCAA related policies.

We found no exceptions as a result of these procedures.

- 6. We obtained and documented an understanding of the university's team travel policies, and we compared and agreed to existing institutional and NCAA related policies.

We found no exceptions as a result of this procedure.

- 7. We inquired about and documented an understanding of the institution's methodology for allocating indirect facilities support.

The university had no indirect facilities support as defined by NCAA guidelines.

- 8. We inquired about indirect facilities and administrative support reported by the university in the statement.

The university had no indirect facilities support as defined by NCAA guidelines.

- 9. We selected one operating expense from each category not previously mentioned and agreed to adequate supporting documentation.

We found no exceptions as a result of these procedures.

**MINIMUM AGREED-UPON PROCEDURES  
FOR NOTES AND DISCLOSURES**

1. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constitute more than 10% of the total contributions. We obtained and reviewed supporting documentation for each such contribution and ensured the source of funds, goods, and services, as well as the value associated with these items.

The University of Louisiana at Lafayette Foundation, Inc., an outside organization, contributed monies, goods, and services for or on behalf of the athletic department that exceeded 10% of the total contributions.

2. We obtained a schedule of changes in intercollegiate athletics capitalized assets of facilities along with a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets and agreed the schedule to the university's records.

**MINIMUM AGREED-UPON PROCEDURES FOR  
AFFILIATED AND OUTSIDE ORGANIZATIONS**

1. We obtained written representation from management of the university that the University of Louisiana at Lafayette Foundation, Inc., was the only outside organization created for or in behalf of the athletic department.
2. We obtained from management a summary of revenues and expenses for or on behalf of intercollegiate athletics program affiliated and outside organizations to be included with the agreed-upon procedures report and written representations as to the fair presentation of the statements and agreed the amounts reported to the university's general ledger.

	Beginning Balance July 1, 2004	Receipts	Payments			Ending Balance June 30, 2005
			Contributions to Athletic Department	Contributions for Athletic Department	Other	
University of Louisiana at Lafayette Foundation, Inc.:						
Restricted funds	\$1,207,276	\$1,125,993	\$885,474	\$230,598	\$54,502	\$1,162,695
Athletics	337,170	392,128	58,628	308,784	22,395	339,491
Endowment funds	1,305,984	131,381	NONE	NONE	91,324	1,346,041
	<u>\$2,850,430</u>	<u>\$1,649,502</u>	<u>\$944,102</u>	<u>\$539,382</u>	<u>\$168,221</u>	<u>\$2,848,227</u>
Total						

The prior year ending balance of \$2,852,250 for the University of Louisiana at Lafayette Foundation, Inc. was decreased by \$1,820 to remove an account that was erroneously presented in the prior year.

3. We obtained an understanding and tested the procedures used by the university to gather information on the nature and extent of affiliated and outside organizational activity for or on behalf of the university's intercollegiate athletics program.

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of outside organizational activity for or on behalf of the university's intercollegiate athletics program.

4. For all outside organizations that had an independent audit, we obtained the independent auditor's report to identify any reportable conditions relating to the outside organization's internal controls, to make inquiries of management, and to document any corrective action taken in response to the reportable conditions.

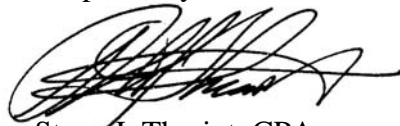
The financial statements of the University of Louisiana at Lafayette Foundation, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2005. The audit report is dated November 16, 2005, and includes no reportable conditions on the outside organization's internal control.

On March 8, 2006, the University of Louisiana at Lafayette received a notice of inquiry letter from the NCAA.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses and related notes of the University of Louisiana at Lafayette Athletic Department. Accordingly, we do not express such an opinion. Also, we express no opinion on the University of Louisiana at Lafayette Athletic Department's internal control over financial reporting or any part thereof. 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 president of the University of Louisiana at Lafayette and is not intended to be, and should not be, used by anyone other than the president. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

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**ATHLETIC DEPARTMENT  
UNIVERSITY OF LOUISIANA AT LAFAYETTE  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**

**Statement of Revenues and Expenses  
For the Year Ended June 30, 2005**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
<b>Operating Revenues:</b>						
Ticket sales	\$510,094	\$330,234	\$4,769	\$208,317		\$1,053,414
Student Fees					\$447,349	447,349
Guarantees	700,043	175,000	36,500	14,750		926,293
Contributions	128,477	41,509	5,911	630,504	994,989	1,801,390
Direct institutional support					3,403,589	3,403,589
NCAA/Conference distributions including all tournament revenues					512,747	512,747
Broadcast, television, radio and internet rights					31,000	31,000
Program sales, concessions, novelty sales and parking	58,180	907	64	85,562		144,713
Royalties, advertisements and sponsorships		500		28,000	163,750	192,250
Other					161,008	161,008
<b>Total operating revenues</b>	<b>1,396,794</b>	<b>548,150</b>	<b>47,244</b>	<b>967,133</b>	<b>5,714,432</b>	<b>8,673,753</b>
<b>EXPENSES</b>						
<b>Operating Expenses:</b>						
Athletics student aid	823,418	127,972	165,939	988,546	108,325	2,214,200
Guarantees	290,000	8,476	3,500	41,131		343,107
Coaching salaries, benefits, and bonuses paid by the university and related entities	916,670	335,178	169,874	577,834	42,000	2,041,556
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities					673,447	673,447
Severance payments	7,934	6,775		3,960	202	18,871
Recruiting	77,663	32,259	15,121	42,850	980	168,873
Team travel	408,726	172,391	100,542	451,742		1,133,401
Equipment, uniforms, and supplies	128,353	25,444	16,497	166,242	35,383	371,919
Game expenses	67,568	89,212	38,652	97,483	16,512	309,427
Fund raising, marketing, and promotion					96,749	96,749
Direct facilities, maintenance, and rental	13,961	2,255		1,627	400,044	417,887
Medical expenses and medical insurance					268,596	268,596
Memberships and dues	720	855		1,890	95,057	98,522
Other operating expense	53,990	76,644	11,338	71,725	482,299	695,996
<b>Total operating expenses</b>	<b>2,789,003</b>	<b>877,461</b>	<b>521,463</b>	<b>2,445,030</b>	<b>2,219,594</b>	<b>8,852,551</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>(\$1,392,209)</b>	<b>(\$329,311)</b>	<b>(\$474,219)</b>	<b>(\$1,477,897)</b>	<b>\$3,494,838</b>	<b>(\$178,798)</b>

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## 1. CONTRIBUTIONS

No individuals or outside organizations, other than the University of Louisiana at Lafayette Foundation, Inc., contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10% of the total contributions included in Statement A.

## 2. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the university's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized, but the university does not have any infrastructure that meets that criterion. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. All departments within the university follow standardized policies and procedures prescribed by state laws and regulations for acquiring, approving, depreciating, and disposing of capital assets. The university has no debt associated with its athletic department's capital assets.

Capital asset activity for the Athletic Department for the year ended June 30, 2005, is as follows:

	Balance June 30, 2004	Additions	Balance June 30, 2005
Land improvements	\$1,290,401		\$1,290,401
Less - accumulated depreciation	(1,111,200)	(\$9,956)	(1,121,156)
Total land improvements	<u>179,201</u>	<u>(9,956)</u>	<u>169,245</u>
Buildings	13,046,433	1,722,964	14,769,397
Less - accumulated depreciation	(6,760,821)	(371,164)	(7,131,985)
Total buildings	<u>6,285,612</u>	<u>1,351,800</u>	<u>7,637,412</u>
Equipment	562,862	22,066	584,928
Less - accumulated depreciation	(464,475)	(45,138)	(509,613)
Total equipment	<u>98,387</u>	<u>(23,072)</u>	<u>75,315</u>
Total capital assets	<u>\$6,563,200</u>	<u>\$1,318,772</u>	<u>\$7,881,972</u>
Capital Asset Summary:			
Capital assets, at cost	\$14,899,696	\$1,745,030	\$16,644,726
Less - accumulated depreciation	<u>(8,336,496)</u>	<u>(426,258)</u>	<u>(8,762,754)</u>
Capital assets, net	<u>\$6,563,200</u>	<u>\$1,318,772</u>	<u>\$7,881,972</u>

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