ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

AGREED-UPON PROCEDURES REPORT
ISSUED MAY 17, 2006

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

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April 19, 2006

Independent Accountant's Report on
Applying Agreed-Upon Procedures

DR. TIMOTHY RYAN, CHANCELLOR
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as chancellor of the university, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University of New Orleans (UNO) Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2005. UNO's management is responsible for the Statement (unaudited) and related notes (unaudited) and 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 management of UNO. 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 that we performed and our 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 as 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.

   We found no 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 detected no deficiencies in the control environment and accounting systems as a result of these procedures.

3. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics program and we obtained reports issued by the internal auditor to support the auditor's involvement.

   During the fiscal year ended June 30, 2005, the internal auditor issued one internal audit report on the athletic department.

   In the First Quarter Summary of Internal Audit Activity (July 1, 2004 - September 30, 2004), an internal audit report was issued regarding complimentary tickets for athletics. It was determined that there were insufficient internal controls in place to ensure compliance with the NCAA policies. In addition, the current method of counting and reporting NCAA attendance figures did not include the number of complimentary season pass cards, which understated attendance for the 2003-2004 season. The athletics' administration agreed with the findings and implemented new procedures to prevent future occurrences.

   In addition, on August 9, 2005, Mr. Mike Dauenhauer, athletics business manager, contacted the UNO Police Department concerning a possible theft of textbooks from the Kiefer Lakefront Arena. Mr. Dauenhauer informed officers that several hundred books were missing from the storage area. It was discovered that Mr. Chadwick Barnes, UNO athlete, and Mr. Anthony Meredith, assistant basketball coach, possibly stole textbooks from the arena and sold them back to Chimes Bookstore. Both individuals were charged with theft of goods and possession of stolen goods. Each was issued a summons to appear in Municipal Court.

4. We compared each operating revenue and expense account for the intercollegiate athletics program recorded in the university's general ledger for June 30, 2004, and June 30, 2005, to identify variances of 5% or greater than $50,000 for all individual revenue and expense accounts that are 5% or more of the total.

   As a result of our procedure, we identified variances of 5% or greater than $50,000 in the following revenue and expense accounts:

   Revenues
   Admissions and concessions
   In-kind contributions
   Direct contributions

Expenses
Salaries
Scholarships
Supplies and expense
Employee benefits
Wages
Renewals and replacements

5. We compared the budgeted revenues and expenses to actual revenues and expenses related to athletics in the university's general ledger for the year June 30, 2005, to identify any variances of 25% or greater in individual revenue and expense accounts that are 5% or more of the total.

   As a result of our procedures, we identified variances greater than 25% in the following revenue accounts that are 5% or more of the total:

   Revenues
   Other charges
   Capital outlays

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

6. We obtained the baseball and men's basketball game statements for all home games and compared the amounts reported to the revenue recorded in the general ledger and reported on the Statement. We randomly selected one cash receipts batch sheet from the ticket sales category and agreed to adequate supporting documentation.

   We found no exceptions as a result of these procedures.

7. For the baseball and men's basketball away games with game guarantee settlements, we agreed the amounts recorded in the general ledger to the contractual agreements. We recalculated the settlement reports for the games tested.

   We found no exceptions as a result of these procedures.

8. We obtained and documented our understanding of the university's method for allocating student fees to the intercollegiate athletics program. We compared and agreed student fees reported in the Statement to student enrollment for reasonableness.

   We found no exceptions as a result of this procedure.

9. We obtained and inspected agreements related to the university's participation in revenues from NCAA/Conference tournaments and games during the fiscal year to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger and/or the Statement. We recalculated the totals. In addition, we selected one operating revenue receipt from the NCAA/Conference distributions category and agreed it to adequate supporting documentation.

   We found no exceptions as a result of these procedures.

10. 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 these procedures.

11. We selected two operating revenue receipts from the program sales, concessions, novelty sales, and parking category and agreed to adequate supporting documentation.

    We found no exceptions as a result of this procedure.

12. 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/or the Statement and recalculated the totals.

    We found no exceptions as a result of this procedure.

13. 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.

14. We inspected sports-camp contract(s) between the university and person(s) conducting university sports camps or clinics during the reporting period to obtain an understanding of the university's methodology for recording revenues from sports-camps. We obtained a listing of camp participants. We selected a sample of individual camp participant cash receipts and agreed each selection to the university's general ledger and/or the Statement. We recalculated the totals.

    We found no exceptions as a result of this procedure.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

15. We selected a sample of seven athletic scholarship expense transactions from the general ledger. We identified the students included in the seven transactions 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 found no exceptions as a result of these procedures.

16. We selected the baseball and men's basketball games with game guarantee expenses and agreed the amounts to the general ledger and to the contractual agreements. We recalculated the settlement reports for the games tested.

    We found no exceptions as a result of these procedures.

17. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and third parties. We examined the contracts for the head coaches from baseball and men's and women's basketball and selected the three highest paid support staff/administrative personnel. The following procedures were performed:

    (a) We compared and agreed the financial terms and conditions to the related coaching salaries, benefits, bonuses, and other compensation recorded in the university's 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 coaching salaries, benefits, bonuses, and other compensation recorded in the university's Statement during the reporting period.

    We found no exceptions as a result of these procedures.

18. We inquired about any coaches' salaries paid by third parties during the reporting period to obtain and inspect a listing of coaches' salaries and compare and agree the financial terms and conditions of selected coaching salaries, benefits, and bonuses recorded by the institution.

    None of the university's coaches' salaries are paid by third parties.

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

    We found no exceptions as a result of this procedure.

20. We obtained and documented an understanding of the university's recruiting expense policies. We compared and agreed to existing university and NCAA related policies. We selected four recruiting expenses and agreed to adequate supporting documentation.

    We found no exceptions as a result of these procedures.

21. We obtained an understanding of the university's team travel policies. We compared and agreed to existing university and NCAA related policies. We selected 10 team travel expenses and agreed to adequate supporting documentation. In addition, for each sport participating in post-season activity, we selected documentation of team travel expenses and followed it through the university's internal control system to determine adherence to established policies and procedures.

    We found no exceptions as a result of these procedures.

22. We selected two operating expense transactions from the equipment, uniforms, and supplies category and agreed to adequate supporting documentation.

    We found no exceptions as a result of this procedure.

23. We selected four operating expense transactions from the direct facilities, maintenance, and rental category and agreed to adequate supporting documentation.

    We found no exceptions as a result of this procedure.
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24. We inquired about travel expenses incurred by spirit groups for travel.

    The university incurred no travel expenses related to spirit groups during the fiscal year.

25. We selected six operating expense transactions from the other operating expense category and agreed to adequate supporting documentation.

    We found no exceptions as a result of this procedure.

26. We selected one operating expense transaction from each category not previously mentioned above and agreed to adequate supporting documentation.

    We found no exceptions as a result of this procedure.

27. We selected sports-camp expenses paid by the athletic department, including non-athletic personnel salaries and benefits, from hosting sports-camps and clinics. We agreed expenses to adequate supporting documentation and sports-camp

contract(s) between the university and person(s) conducting university sports-camps and clinics.

We found no exceptions as a result of this procedure.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

28. 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 identified individual contributions that constitute more than 10% of the total contributions (see note 1).

29. We obtained and reviewed a schedule of total intercollegiate athletics capitalized assets, additions, deletions, and improvements of facilities by type along with a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets (see note 2).

30. We agreed the capital asset schedule to the university's and/or affiliated and outside organizations' general ledger. We selected any capitalized addition that is greater than 10% of total capital additions and agreed recorded cost to adequate supporting documentation.

    We found no exceptions as a result of these procedures.

31. We reviewed the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets included in the notes to the statement. We agreed the amounts to the university's general ledger.

    We found no exceptions as a result of this procedure.

32. We inquired as to the repayment schedules for all outstanding intercollegiate athletics debt maintained by the institution during the reporting period.

    The university did not maintain any debt related to intercollegiate athletics during the period.

MINIMUM AGREED-UPON PROCEDURES FOR AFFILIATED AND OUTSIDE ORGANIZATIONS

33. We obtained written representation from management of the university that the Privateer Athletic Foundation was the only outside organization created for or on behalf of the athletic department.

34. We obtained from management a summary of revenues and expenses for or on behalf of the university's intercollegiate athletics programs by the Privateer Athletic Foundation to be included with the agreed-upon procedures report. We obtained written representations as to the fair presentation of the summary and agreed the amounts reported to the Privateer Athletic Foundation's general ledger and audited financial statements for the year ended June 30, 2005.

The following is the summary of revenues and expenses for or on behalf of the intercollegiate athletics program by the Privateer Athletics Foundation for the year ended June 30, 2005.

Revenues	
Contributions	$87,277
Expenses	
Recruiting	12,377
Team travel	8,204
Fund raising, marketing, and promotions	7,227
Memberships and dues	3,395
Other operating expenses	56,074
Total expenses	87,277
EXCESS OF REVENUES OVER EXPENSES	NONE

35. We obtained an understanding of and tested the university's procedures used 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 affiliated and outside organizational activity for, or on behalf of, the university's intercollegiate athletics program.

36. 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 and made inquiries of management to document any corrective action taken in response to the reportable condition.

The Privateer Athletic Foundation is an account within the University of New Orleans Foundation. The financial statements of the University of New Orleans Foundation were audited by an independent certified public accounting firm for the year ended June 30, 2005. The audit report is dated November 11, 2005, and included no reportable conditions relating to the outside organization's internal control.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement of Revenues and Expenses and related notes of the University of New Orleans Athletic Department. 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 Chancellor of the University of New Orleans and is not intended to be, and should not be, used by anyone other than the Chancellor. 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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Statement A

ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

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

REVENUES	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
Operating Revenues:						
Ticket sales	$81,001	$6,517	$42,142	$9,558		$139,218
Guarantees	142,000	21,000	1,680	4,630		169,310
Contributions	19,856	4,807	32,675	15,794	$47,125	120,257
Student fees					3,041,837	3,041,837
NCAA/Conference distributions including all tournament revenues	623			5,782	168,566	174,971
Program sales, concessions, novelty sales, and parking	2,109	2,520	44,870	6,093	17,722	73,314
Royalties, advertisements, and sponsorships	104,857	53,452	129,377	25,500	113,602	426,788
Broadcast, television, radio, and Internet rights	9,500	5,750	18,530	250	3,000	37,030
Sports-camp revenues	39,315	7,078	23,948	29,544		99,885
Insurance settlement			151,250			151,250
Direct institutional support	85,492	106,401	93,550	574,135		859,578
Other			(625)	55,450	39,115	93,940
Total operating revenues	484,753	207,525	537,397	726,736	3,430,967	5,387,378
EXPENSES						
Operating Expenses:						
Athletic student aid	231,905	214,648	152,060	1,044,301	(641)	1,642,273
Guarantees	39,000		9,000	2,000		50,000
Coaching salaries, benefits, and bonuses paid by the university and related entities	292,687	197,093	174,912	304,392		969,084
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	8,510	8,950	12,310	16,350	803,332	849,452
Severance payments	4,413		2,464	1,659	10,610	19,146
Recruiting	39,284	19,408	24,969	33,207		116,868
Team travel	101,648	73,377	99,448	139,249	594	414,316
Equipment, uniforms, and supplies	26,779	24,025	44,863	69,513	91,111	256,291
Game expenses	45,367	34,794	12,951	29,521	15,077	137,710
Direct facilities, maintenance, and repair	2,670	128	1,371	30,175	11,957	46,301
Sports-camp expense	29,534	6,339	18,552	24,414		78,839
Fund raising, marketing, and promotion	68,427	31,009	58,407	2,695	107,010	267,548
Medical expenses and medical insurance	(8,137)	5,374	29,700	30,351	(232)	57,056
Memberships and dues	2,020	3,209	715	12,844	1,750	20,538
Other operating expenses	12,456	9,079	34,052	45,807	118,977	220,371
Total operating expenses	896,563	627,433	675,774	1,786,478	1,159,545	5,145,793
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	($411,810)	($419,908)	($138,377)	($1,059,742)	$2,271,422	$241,585

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The University of New Orleans (UNO), a part of the Louisiana State University System, is a publicly supported institution of higher education. The system is a component unit of the State of Louisiana within the executive branch of the government. The UNO Athletic Department is a part of the operations of UNO's auxiliary enterprises. UNO uses the fiscal year July 1 through June 30 for financial reporting purposes.

The UNO Athletic Department is supported by the Privateer Athletic Foundation (PAF). PAF is part of the UNO Foundation. PAF was founded on October 16, 1984, as a nonprofit corporation under Louisiana Revised Statute 12:101-155. The foundation's primary objective is to serve as a fund raiser for UNO, specifically, but not limited to, its athletic department. In addition to fund raising, PAF assists UNO in formulating and effectuating policy in connection with its athletic department. The foundation is governed by a board of directors elected from its membership. PAF's activities are monitored by the board of directors in cooperation with and approval of the UNO Athletic Department. PAF uses the fiscal year July 1 through June 30 for financial reporting purposes.

The accompanying Statement of Revenues and Expenses (Unaudited) presents information as to the transactions for the intercollegiate athletics program of both UNO and PAF for their fiscal year ended June 30, 2005.

1. CONTRIBUTIONS

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

The athletic department received contributions totaling $87,277 from PAF for the year ended June 30, 2005. Contributions of $87,277 from PAF, on Statement A, reflect gifts in the form of goods, services, and benefits paid for or on behalf of the athletic department.

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 charges 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 12 years for most movable property. All departments within the university follow standardized policies and procedures for acquiring, approving, depreciating, and disposing of capital assets. UNO 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	Retirements	Balance June 30, 2005
Capital assets - equipment	$134,817			$134,817
Less - accumulated depreciation	(80,178)	($15,752)		(95,930)
Total capital assets	$54,639	($15,752)	NONE	$38,887