

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



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 25, 2009

**LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

January 14, 2009

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

DR. E. JOSEPH SAVOIE, 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, 2008, and to assist you in your evaluation of the effectiveness of the University of Louisiana at Lafayette Athletic Department's internal control over financial reporting as of June 30, 2008. University management is responsible for the Statement (unaudited) and related notes (unaudited) and compliance with NCAA 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 the University of Louisiana at Lafayette. 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, 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, 2008.

We found no exceptions as a result of these procedures.

2. We 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.

As a result of these procedures, we made the following adjustments to revenues and expenses:

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues						
Ticket sales	\$52,586	\$85,841	\$390	\$43,113		\$181,930
Contributions	13,357	(28)	2,500	(30,010)	(\$39,561)	(53,742)
Direct institutional support			35,657	142,628	(79,638)	98,647
Program sales, concessions, novelty sales, and parking					1,469	1,469
Royalties, licensing, advertisements, and sponsorships	17,000	500		39,500	37,112	94,112
Other					220,286	220,286
	<u>\$82,943</u>	<u>\$86,313</u>	<u>\$38,547</u>	<u>\$195,231</u>	<u>\$139,668</u>	<u>\$542,702</u>
Adjustments to operating revenues						
Operating Expenses						
Athletics student aid			\$35,657	\$142,628	(\$2,749)	\$175,536
Coaching salaries, benefits, and bonuses paid by the university and related entities	\$8,873	\$3,547		13,641		26,061
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	(4,820)			5,389	(77,540)	(76,971)
Recruiting	(867)			69		(798)
Equipment, uniforms, and supplies	2,632	378		5,043	(12)	8,041
Game expenses	9,709	40,929	390	10,704	101,577	163,309
Fund raising, marketing, and promotion					8,296	8,296
Direct facilities, maintenance, and rental				15,918		15,918
Other operating expense	1,815	4,522	(1,648)	3,373	(87,702)	(79,640)
	<u>\$17,342</u>	<u>\$49,376</u>	<u>\$34,399</u>	<u>\$196,765</u>	<u>(\$58,130)</u>	<u>\$239,752</u>
Adjustments to operating expenses						

3. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics program and reviewed all athletics-related internal audit reports.

An internal audit report dated October 25, 2007, on student athlete complimentary tickets reported that no exceptions were noted.

We found no exceptions as a result of these procedures.

4. We compared each operating revenue and expense category for June 30, 2007, and June 30, 2008, to identify variances of 20 percent or greater between individual revenue and expense categories (line items) that are 5 percent or more of the total and obtained the university's explanations.

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

Revenues

Contributions

NCAA/Conference distributions including all tournament revenues

Expenses

Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities

Equipment, uniforms, and supplies

Direct facilities, maintenance, and rental

5. 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, 2008, to identify any variances of 20 percent or greater in individual revenue and expense categories (line items) that are 5 percent or more of the total and obtained the university's explanations.

As a result of our procedures, we identified a variance of 20 percent or greater between budget and actual amounts in individual line items that are 5 percent or more of the total:

Revenues

Ticket sales

Expenses

Personal services

Other charges

**MINIMUM AGREED-UPON PROCEDURES
FOR REVENUES**

1. We selected the basketball and football games with the largest ticket sales and recalculated the 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 inquired about student fees related to the intercollegiate athletics programs and the university had none.

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 university during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation. We recalculated the totals.

As a result of this procedure, we found that the university exceeded the maximum state support allowed for athletics by \$333,187. The university will return the overage in fiscal year 2009.

5. We compared indirect institutional support recorded by the university during the period with state appropriations, institutional authorizations and/or other corroborative supporting documentation.

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

6. Based on the relevant terms and conditions related to the university's participation in revenues from NCAA/Conference tournaments during the period, we compared and agreed related revenues to the general ledger and/or the Statement and recalculated the totals. In addition, we agreed all operating revenue receipts from the NCAA/Conference distributions category to adequate supporting documentation.

We found no exceptions as a result of this procedure.

7. We obtained and inspected the agreement related to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the period. 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 the agreements related to the university's participation in revenues from royalties, licensing, advertisements, and sponsorships during the period. 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.

9. We inquired about sports-camp contracts between the university and person(s) conducting the camps or clinics and the university had none nor did it have any revenue from sports-camps during the reporting period.

10. We selected one operating revenue receipt from each category not previously mentioned 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 the totals.

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. We used the game settlement report and agreed related expenses to the university's general ledger and the Statement and recalculated the 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 any related W-2s and 1099s for each selection.
- (c) We compared and agreed any 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 compared and agreed the university's recruiting expense policies to existing university and NCAA-related policies. We selected two recruiting expenses and agreed to supporting documentation.

We found no exceptions as a result of this procedure.

6. We compared and agreed the university's team travel policies to existing institutional and NCAA-related policies. We selected two travel expenses and agreed to supporting documentation. In addition, we selected one post-season travel expense and followed the transaction through the university's internal control system to ensure adherence to controls.

We found no exceptions as a result of these procedures.

7. We inquired about travel expenses incurred by spirit groups and the university had none.
8. We selected four operating expenses from the direct facilities, maintenance, and rental category and agreed to supporting documentation.

We found no exceptions as a result of this procedure.

9. We inquired about the institution's methodology for allocating indirect facilities support and indirect institutional support.

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

10. We inquired about indirect facilities and administrative support reported by the university in the Statement.

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

11. We inquired about sports-camp expenses paid by the athletic department including non-athletic personnel salaries and benefits from hosting sports-camps and clinics and the university had none.

12. 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 percent of the total contributions. We obtained and reviewed supporting documentation for each such contribution and ensured that the source of funds, goods, and services, as well as the value associated with these items, is properly disclosed within the notes to the statement.

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 percent of the total contributions.

2. We obtained and reviewed 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. We agreed the schedule of changes to the university's general ledger and affiliated outside organizations' financial statements. We ensured that the university's policies and procedures and schedule of changes are properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures.

3. We selected capitalized additions greater than 10 percent of total capital additions and agreed the additions to adequate supporting documentation.

We found no exceptions as a result of these procedures.

4. We inquired about all outstanding intercollegiate athletics debt maintained by the institution and/or affiliated and outside organizations during the reporting period.

The university had no outstanding intercollegiate athletics debt.

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 on behalf of the athletic department.
2. We obtained from management a summary of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations to be included with the agreed-upon procedures report and written representations as to the fair presentation of the summary and agreed the amounts reported to the university's and/or outside organization's general ledger.

ATHLETIC DEPARTMENT, UNIVERSITY OF LOUISIANA AT LAFAYETTE _____

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
Revenues						
Contributions	\$43,334	\$26,129	\$160	\$136,791	\$201,059	\$407,473
Total revenues	<u>43,334</u>	<u>26,129</u>	<u>160</u>	<u>136,791</u>	<u>201,059</u>	<u>407,473</u>
Expenses						
Recruiting	6,371			370		6,741
Equipment, uniforms, and supplies	25,705	15,007	160	73,649	22,070	136,591
Game expenses	2,086	6,600		23,012	64,779	96,477
Fund raising, marketing, and promotion				14,534	77,260	91,794
Direct facilities, maintenance, and rental	7,357			21,371	36,950	65,678
Memberships and dues				384		384
Other operating expense	1,815	4,522		3,471		9,808
Total expenses	<u>43,334</u>	<u>26,129</u>	<u>160</u>	<u>136,791</u>	<u>201,059</u>	<u>407,473</u>
EXCESS OF REVENUES OVER EXPENSES						
	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

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

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, 2008. The audit report is dated October 9, 2008, and includes no significant deficiencies on 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 compliance of the accompanying Statement of Revenues and Expenses and related notes of the University of Louisiana at Lafayette Athletic Department or on its compliance with NCAA Bylaw 6.2.3 or on the effectiveness of the University of Louisiana at Lafayette Athletic Department's internal control over financial reporting for the year ended June 30, 2008. 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 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, 2008**

REVENUES	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
Operating Revenues:						
Ticket sales	\$765,331	\$322,881	\$2,368	\$241,150		\$1,331,730
Guarantees	1,441,640	106,800	26,000	8,000		1,582,440
Contributions	143,334	33,629	2,660	459,581	\$322,081	961,285
Direct institutional support			35,657	142,628	5,888,539	6,066,824
NCAA/Conference distributions including all tournament revenues					565,255	565,255
Broadcast, television, radio, and Internet rights					35,500	35,500
Program sales, concessions, novelty sales, and parking	71,300	2,240		68,850	4,719	147,109
Royalties, licensing, advertisements, and sponsorships	17,000	500		39,500	237,112	294,112
Other					514,760	514,760
Total operating revenues	<u>2,438,605</u>	<u>466,050</u>	<u>66,685</u>	<u>959,709</u>	<u>7,567,966</u>	<u>11,499,015</u>
EXPENSES						
Operating Expenses:						
Athletics student aid	796,333	110,550	171,607	930,474	124,940	2,133,904
Guarantees	410,000	11,476	5,000	7,585		434,061
Coaching salaries, benefits, and bonuses paid by the university and related entities	1,171,161	406,617	248,081	830,741		2,656,600
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	33,701	4,448		32,418	1,090,898	1,161,465
Severance payments	12,927		1,539	17,259	1,055	32,780
Recruiting	150,929	46,287	37,702	129,495		364,413
Team travel	500,347	161,844	100,913	608,049	2,690	1,373,843
Equipment, uniforms, and supplies	265,931	28,733	18,479	288,393	66,456	667,992
Game expenses	190,735	130,335	52,285	155,048	354,482	882,885
Fund raising, marketing, and promotior				14,534	77,260	91,794
Direct facilities, maintenance, and rental	14,457	251	2,511	44,372	480,271	541,862
Medical expenses and medical insurance				740	361,693	362,433
Membership and dues	780	1,940	1,017	2,894	104,374	111,005
Other operating expense	11,984	16,509	7,385	19,978	155,661	211,517
Total operating expenses	<u>3,559,285</u>	<u>918,990</u>	<u>646,519</u>	<u>3,081,980</u>	<u>2,819,780</u>	<u>11,026,554</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>(\$1,120,680)</u>	<u>(\$452,940)</u>	<u>(\$579,834)</u>	<u>(\$2,122,271)</u>	<u>\$4,748,186</u>	<u>\$472,461</u>

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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 percent 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, 2008, is as follows:

	Balance June 30, 2007	Additions	Transfers	Balance June 30, 2008
Capital assets not being depreciated - construction-in-progress	\$3,367,275	\$1,263,944	(\$4,631,219)	NONE
Other capital assets:				
Land improvements	\$1,290,401			\$1,290,401
Less - accumulated depreciation (restated)	(1,141,066)	(\$9,955)		(1,151,021)
Total land improvements	149,335	(9,955)	NONE	139,380
Buildings	14,977,720		\$4,631,219	19,608,939
Less - accumulated depreciation	(7,836,737)	(470,759)		(8,307,496)
Total buildings	7,140,983	(470,759)	4,631,219	11,301,443
Equipment	546,038	71,859		617,897
Less - accumulated depreciation	(473,466)	(72,999)		(546,465)
Total equipment	72,572	(1,140)	NONE	71,432
Total other capital assets	\$7,362,890	(\$481,854)	\$4,631,219	\$11,512,255
Capital Asset Summary:				
Capital assets not being depreciated	\$3,367,275	\$1,263,944	(\$4,631,219)	
Other capital assets, at cost	16,814,159	71,859	4,631,219	\$21,517,237
Total cost of capital assets	20,181,434	1,335,803	NONE	21,517,237
Less - accumulated depreciation	(9,451,269)	(553,713)	NONE	(10,004,982)
Capital assets, net	\$10,730,165	\$782,090	NONE	\$11,512,255

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