

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



AGREED-UPON PROCEDURES REPORT

ISSUED JANUARY 31, 2007

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

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January 12, 2007

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 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, 2006. 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 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, 2006. 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 found no exceptions as a result of these procedures.

3. We inquired 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 November 28, 2005, provided that prior year findings on student athlete complimentary tickets had been corrected.

We found no exceptions as a result of these procedures.

4. We compared each operating revenue and expense category for June 30, 2005, and June 30, 2006, 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

Contributions

Program sales, concessions, novelty sales, and parking

Expenses

Athletic student aid

Equipment, uniforms, and supplies

Other operating expense

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, 2006, 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 individual line items that are 5% or more of the total:

Revenues

Contributions

NCAA/Conference distributions

Program sales, concessions, novelty sales, and parking

**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 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. 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 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 noted that there was no monetary amount related to the agreements and found no exceptions as a result of this procedure.

8. We obtained and inspected the agreement related to the university's participation in revenues from royalties, licensing, 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 these procedures.

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

One revenue receipt selected was not deposited in a timely basis. We found no other exceptions as a result of this procedure.

10. We inquired about sports camp contracts between the university and person(s) conducting the camps or clinics and the university's athletic department does not receive monies from sports camps or clinics.

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 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 selected two recruiting expenses and agreed to supporting documentation.

We found no exceptions as a result of this procedure.

- 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 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 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.

- 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 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.

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

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 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.
3. We agreed the capital asset schedule to the university's general ledger and affiliated and outside organizations' financial statements. We selected capitalized additions greater than 10% 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 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.

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
Revenues						
Contributions	\$67,088	\$26,985	\$4,976	\$131,556	\$176,083	\$406,688
Total revenues	<u>67,088</u>	<u>26,985</u>	<u>4,976</u>	<u>131,556</u>	<u>176,083</u>	<u>406,688</u>
Expenses						
Equipment, uniforms, and supplies	49,774	11,894		73,351	95	135,114
Fund raising, marketing, and promotion					103,548	103,548
Direct facilities, maintenance, and rental					6,536	6,536
Other operating expense	17,314	15,091	\$4,976	58,205	65,904	161,490
Total expenses	<u>67,088</u>	<u>26,985</u>	<u>4,976</u>	<u>131,556</u>	<u>176,083</u>	<u>406,688</u>
EXCESS OF REVENUES OVER EXPENSES	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

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.

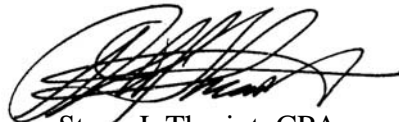
The financial statements of the University of Louisiana at Lafayette Foundation, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2006. The audit report is dated August 16, 2006, except for note 12, which is dated November 1, 2006. The report included a reportable condition, which is also considered a material weakness, on a deficiency in the

accounting software used by the organization. Management concurred with the finding and intends to complete corrective action in March 2007.

We were not engaged to, and did not, conduct an audit, 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 Louisiana at Lafayette 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 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,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", is written over a horizontal line.

Steve J. Theriot, CPA
Legislative Auditor

DLC:EFS:PEP:dl

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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, 2006**

	<u>FOOTBALL</u>	<u>MEN'S BASKETBALL</u>	<u>WOMEN'S BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NON- PROGRAM SPECIFIC</u>	<u>TOTAL</u>
REVENUES						
Operating Revenues:						
Ticket sales	\$439,553	\$345,038	\$6,889	\$188,832		\$980,312
Student fees					\$454,269	454,269
Guarantees	875,000	82,500	13,124	2,000		972,624
Contributions	211,986	43,220	5,558	584,665	324,988	1,170,417
Direct institutional support					3,192,721	3,192,721
NCAA/Conference distributions including all tournament revenues					612,044	612,044
Broadcast, television, radio, and Internet rights					31,000	31,000
Program sales, concessions, novelty sales, and parking	56,523	4,546	40	63,473	479,314	603,896
Royalties, licensing, advertisements, and sponsorships		500		35,000	180,650	216,150
Other					240,042	240,042
Total operating revenues	<u>1,583,062</u>	<u>475,804</u>	<u>25,611</u>	<u>873,970</u>	<u>5,515,028</u>	<u>8,473,475</u>
EXPENSES						
Operating Expenses:						
Athletics student aid	646,206	99,879	77,557	620,613	108,958	1,553,213
Guarantees	315,000	3,996	5,500	34,269		358,765
Coaching salaries, benefits, and bonuses paid by the university and related entities	1,004,840	366,654	186,657	640,164	45,000	2,243,315
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	16,464	2,838	210	11,101	695,105	725,718
Severance payments		2,031	4,457	5,350	5,931	17,769
Recruiting	90,255	28,821	18,092	42,279		179,447
Team travel	413,116	166,221	88,648	360,219	13,758	1,041,962
Equipment, uniforms, and supplies	173,891	31,950	15,641	247,867	49,897	519,246
Game expenses	74,355	89,686	48,985	88,140	5,480	306,646
Fund raising, marketing, and promotion					103,548	103,548
Direct facilities, maintenance, and rental	16,000	151	227	44,758	260,258	321,394
Medical expenses and medical insurance				666	342,878	343,544
Membership and dues	780	1,540		2,170	87,775	92,265
Other operating expense	52,385	50,616	9,503	82,522	294,031	489,057
Total operating expenses	<u>2,803,292</u>	<u>844,383</u>	<u>455,477</u>	<u>2,180,118</u>	<u>2,012,619</u>	<u>8,295,889</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	<u>(\$1,220,230)</u>	<u>(\$368,579)</u>	<u>(\$429,866)</u>	<u>(\$1,306,148)</u>	<u>\$3,502,409</u>	<u>\$177,586</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% 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, 2006, is as follows:

	Balance June 30, 2005	Additions	Retirements	Balance June 30, 2006
Capital assets not being depreciated - construction-in-progress	NONE	\$648,150	NONE	\$648,150
Other capital assets:				
Land improvements	\$1,290,401			\$1,290,401
Less - accumulated depreciation	(1,121,156)	(\$9,955)		(1,131,111)
Total land improvements	169,245	(9,955)	NONE	159,290
Buildings	14,769,397			14,769,397
Less - accumulated depreciation	(7,131,985)	(349,772)		(7,481,757)
Total buildings	7,637,412	(349,772)	NONE	7,287,640
Equipment	584,928		\$34,200	550,728
Less - accumulated depreciation	(509,613)	(10,194)	(34,200)	(485,607)
Total equipment	75,315	(10,194)	NONE	65,121
Total other capital assets	\$7,881,972	(\$369,921)	NONE	\$7,512,051
Capital Asset Summary:				
Capital assets not being depreciated		\$648,150		\$648,150
Other capital assets, at cost	\$16,644,726		\$34,200	16,610,526
Total cost of capital assets	16,644,726	648,150	34,200	17,258,676
Less - accumulated depreciation	(8,762,754)	(369,921)	(34,200)	(9,098,475)
Capital assets, net	\$7,881,972	\$278,229	NONE	\$8,160,201

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