

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



AGREED-UPON PROCEDURES REPORT
ISSUED JANUARY 23, 2013

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 14, 2013

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 (University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2012, and to assist you in your evaluation of the effectiveness of the University Athletic Department's internal control over financial reporting as of June 30, 2012. 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. 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:

MINIMUM COMPLIANCE AGREED-UPON PROCEDURES

INTERNAL CONTROL

1. We obtained through discussion with management, the identity of those aspects of internal control which management considers unique to intercollegiate athletics.
2. We performed procedures to test specific elements of the control environment and accounting systems that are unique to intercollegiate athletics to determine adherence to established policies and procedures relating to revenues and expenses. The following procedures were performed:

- (a) We randomly selected one cash receipt batch sheet of ticket sales and followed it through the University's cash control system to determine adherence to established policies and procedures.
- (b) We selected the two largest athletic department cash disbursement transactions and followed them through the University's accounting system to determine adherence to established policies and procedures.
- (c) We discussed with and observed athletic department personnel to determine their compliance with policies and procedures related to the control and safeguarding of unsold tickets.

We found no exceptions as a result of these procedures.

- 3. We obtained internal auditor reports issued during the reporting period relating to the intercollegiate athletics program to identify any significant deficiencies reported.

The internal auditor did not issue any reports related to athletics during the reporting period.

- 4. We obtained 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 and determined the University's adherence to those procedures.

We found no exceptions as a result of this procedure.

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 legislation, completeness of the list of all known affiliated and outside organizations, and other information we considered necessary for the year ended June 30, 2012.
- 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.

We noted that football other operating revenues were overstated by \$10,000 because of a reporting adjustment error.

3. We compared and agreed a sample of five operating revenue receipts and a sample of five expense disbursements obtained from the supporting schedules to adequate supporting documentation.

We found that non-program specific contribution revenues and fundraising, marketing, and promotion expenses were overstated by \$75 for goods that were received in fiscal year 2011 rather than fiscal year 2012. This was a contribution from the foundation for or on behalf of athletics.

4. We compared each major operating revenue and expense account for June 30, 2011, and June 30, 2012, to identify variances of 20 percent or greater between individual revenue and expense accounts that are 5 percent or more of the total and obtained and documented 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

Ticket sales

Contributions

Direct institutional support

NCAA/Conference distributions, including all tournament revenues

Expenses

Athletics student aid

Team travel

Equipment, uniforms, and supplies

Game expenses

Fund raising, marketing, and promotion

Direct facilities, maintenance, and rental

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each major operating revenue and expense account for the year ended June 30, 2012, to identify any variances of 20 percent or greater in individual revenue and expense accounts that are 5 percent or more of the total and obtained and documented the University's explanations.

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

Revenues

Ticket sales

Contributions

Direct institutional support

NCAA/Conference distributions, including all tournament revenues

Expenses

Athletics student aid

Equipment, uniforms, and supplies

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. We used a schedule prepared by the University and compared the value of the tickets sold, complementary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported by the University in the general ledger and Statement and to the related attendance figures. We agreed the information on the schedule to the supporting game reconciliations for a random sample of one football, one basketball, and one baseball game and recalculated the reconciliations for the games tested.

We found no exceptions as a result of this procedure.

2. We reviewed the University's methodology for allocating student fees to the intercollegiate athletics program.

The University has no student fees that are allocated to the intercollegiate athletics program.

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 recalculated the settlement report for the game tested.

We found no exceptions as a result of this procedure.

4. We have obtained and reviewed supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals, two or more, that are not considered corporate sponsors that constitute 10 percent or more of all contributions received for intercollegiate athletics during the reporting period.

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.

5. We were to compare direct state or other governmental support recorded by the University during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and/or recalculate the totals.

The University had no direct state or other governmental support as defined by NCAA guidelines.

6. 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.

We found no exception as a result of this procedure.

7. We were to compare indirect institutional support recorded by the University during the reporting period with state appropriations, institutional authorizations, and other corroborative supporting documentation and recalculate the totals.

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

8. We compared and agreed the NCAA/Conference distributions, including all tournament revenues, to the general ledger and/or the Statement based on the relevant terms and conditions of all agreements related to the University's participation in NCAA/Conference tournaments and recalculated the totals.

We noted that \$13,870 of NCAA distributions was classified as Direct Institutional Support.

9. We obtained and inspected all agreements related to the University's participation in revenues from broadcasts, television, radio, and Internet rights during the reporting 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.

10. We obtained and inspected all agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period. We compared and agreed the related revenues to the general ledger and/or the Statement and recalculated the totals.

We noted \$4,000 of agreements that were expired, but were included in the NCAA report. There were \$58,045 of agreements that were in effect but were excluded from the NCAA report. We identified a net amount of \$5,400 that was misclassified between contributions and royalties, licensing, advertisements, and sponsorships revenue. We identified \$1,500 that was misclassified between game expenses and equipment, uniforms, and supplies.

11. We inquired about sports-camp contracts between the University and person(s) conducting the camps or clinics and were informed by management that the University had no sports camps or clinics nor did it have any revenue from sports camps during the reporting period.
12. We were to randomly select one endowment agreement and compare and agree the classification and use of the endowment and investment income reported in the Statement for the reporting period to the uses of income as defined in the agreement.

The University had no endowments for the reporting period.

13. We randomly selected one operating revenue receipt from each category not previously mentioned and agreed to adequate supporting documentation and recalculated the totals.

We found no exceptions as a result of this procedure.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We randomly selected a sample of four students from the listing of University student aid recipients during the reporting period 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 this procedure.

2. We obtained and inspected the away game with the largest settlement report received by the University during the reporting period and agreed the related expenses to the University's general ledger and/or Statement.

We found no exceptions as a result of this procedure.

3. We obtained and inspected a random sample of one contractual agreement pertaining to expenses recorded by the University from guaranteed contests during the reporting period. We compared and agreed related amounts expensed by the University during the reporting period to its general ledger and/or the Statement and recalculated the totals.

We found no exceptions as a result of this procedure.

4. We obtained from management a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period. We selected the head coaches from football, men's and women's basketball, and baseball and randomly selected two support staff/administrative personnel and performed the following procedures:

- (a) We compared and agreed the financial terms and conditions of each selection to the related 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.
- (d) We recalculated the totals.

We found no exceptions as a result of these procedures.

- 5. We inquired about coaches and support staff/administrative personnel that were paid by third parties and were informed by management that no salaries were paid by third parties.
- 6. Using a list prepared by the University, we randomly selected two athletic employees with severance payments 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.

- 7. We compared and agreed the University's recruiting expense policies to existing University and NCAA-related policies.

We found no exceptions as a result of this procedure.

- 8. We compared and agreed the University's team travel policies to existing University and NCAA-related policies.

We found no exceptions as a result of this procedure.

- 9. We inquired about the University's methodology for allocating indirect facilities support and were informed by management that the University had no indirect facilities support as defined by NCAA guidelines.

- 10. We randomly selected one operating expense from each category not previously mentioned, agreed to adequate supporting documentation, and recalculated the totals.

We noted that football expenses of \$477 were classified as spirit groups and should have been classified as team travel.

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

1. We obtained from University management a list of contributions of monies, goods, or services received directly by the athletic department to identify any individual contributions that constitute more than 10 percent of the total contributions. We ensured the source of funds and goods and services, as well as the value associated with these items, was 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 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 and 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 noted that one equipment item acquired in the prior year with an acquisition cost of \$5,388 and three fully depreciated equipment items with a combined acquisition cost of \$72,674 transferred from another department within the University to athletics were not included in the schedule of changes in intercollegiate athletics capitalized assets at June 30, 2012.

3. We inquired about all outstanding intercollegiate athletics debt maintained by the University and/or affiliated and outside organizations during the reporting period and were informed by management that the University had no outstanding intercollegiate athletics debt.

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

1. We obtained from management a listing of all affiliated and outside organizations for the reporting period. We also 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 statements for all affiliated and outside organizations and performed the following:

- (a) We agreed the amounts reported in the statements to the University's general ledger.
- (b) We reconciled the cash disbursements made by the organization for or on behalf of the University's intercollegiate athletics programs or employees to the revenues reported on the University's Statement.
- (c) We reconciled the direct payments of the outside organizations to the University with the revenues reported on the University's Statement.

We noted that non-program specific contributions revenue was understated by \$15,874 for a foundation disbursement to the athletics program.

3. We obtained from management a summary schedule of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations not under the accounting control of the University to be included with the agreed-upon procedures report as follows:

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
Revenues:						
Contributions	\$919,162	\$610,672	\$10,028	\$353,656	\$205,856	\$2,099,374
Expenses:						
Athletic student aid	1,070			11,639	845	13,554
Coaching salaries, benefits, and bonuses paid by the university and related entities	2,499			828		3,327
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities					3,196	3,196
Recruiting	14,152	118	5,100	51,955	418	71,743
Team travel	25,096	1,074		6,703		32,873
Equipment, uniforms, and supplies	243,186	16,969	1,893	92,016	18,983	373,047
Game expenses				2,198		2,198
Fund raising, marketing, and promotion	484,312	85,575	2,137	135,291	99,314	806,629
Direct facilities, maintenance, and rental	112,157	494,258		40,037	2,540	648,992
Spirit groups		1,320				1,320
Memberships and dues	50			600	400	1,050
Other operating expense	36,640	11,358	898	12,389	80,160	141,445
Total expenses	919,162	610,672	10,028	353,656	205,856	2,099,374
EXCESS OF REVENUES OVER EXPENSES						
	NONE	NONE	NONE	NONE	NONE	NONE

Other than the corrections made as a result of procedure number three under the General Procedures, we found no exceptions as a result of these procedures.

4. We obtained written representation from management as to the fair presentation of the summary schedule and agreed the amounts reported to the University's general ledger.

We found no exceptions as a result of this procedure.

5. For all outside organizations that had an independent audit, we obtained and reviewed 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, 2012. The audit report is dated September 7, 2012, 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 and related notes of the University Athletic Department or on its compliance with NCAA Constitution 3.2.4.16 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2012. 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 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,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

RJM:BH:EFS:THC:dl

ULL NCAA 2012

**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, 2012**

	<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	\$1,581,128	\$388,190	\$1,266	\$427,496		\$2,398,080
Guarantees	1,450,000	180,000	15,000	6,000		1,651,000
Contributions	1,896,053	762,050	132,044	775,727	\$358,751	3,924,625
Direct institutional support	1,494,400	891,447	773,239	2,854,107	1,515,035	7,528,228
NCAA/Conference distributions, including all tournament revenues	1,156	1,156	1,156	38,881	748,392	790,741
Broadcast, television, radio, and Internet rights					35,500	35,500
Program sales, concessions, novelty sales, and parking	189,461		406	96,440	40,531	326,838
Royalties, licensing, advertisements, and sponsorships	140,469	4,764	4,867	93,654	249,191	492,945
Other	115,409				177,531	292,940
Total operating revenues	<u>6,868,076</u>	<u>2,227,607</u>	<u>927,978</u>	<u>4,292,305</u>	<u>3,124,931</u>	<u>17,440,897</u>
EXPENSES						
Operating Expenses:						
Athletics student aid	1,270,198	211,011	235,846	1,381,310	240,112	3,338,477
Guarantees	325,000	131,500	3,000	17,864		477,364
Coaching salaries, benefits, and bonuses paid by the university and related entities	2,034,825	707,614	365,158	1,098,185		4,205,782
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	109,333	29,334			1,428,659	1,567,326
Severance payments		17,559	32,132	10,223	12,175	72,089
Recruiting	151,331	63,706	49,853	147,352	6,438	418,680
Team travel	1,059,836	189,898	143,276	680,326		2,073,336
Equipment, uniforms, and supplies	600,767	39,145	31,966	432,164	110,760	1,214,802
Game expenses	484,144	211,363	53,990	271,335	196,652	1,217,484
Fund raising, marketing, and promotion	528,349	87,300	2,137	137,201	102,868	857,855
Direct facilities, maintenance, and rental	162,064	515,213	372	82,098	370,131	1,129,878
Spirit groups	80,033	1,320				81,353
Medical expenses and medical insurance				570	436,034	436,604
Membership and dues	860	300		4,969	84,735	90,864
Other operating expense	61,336	22,344	10,248	28,708	228,047	350,683
Total operating expenses	<u>6,868,076</u>	<u>2,227,607</u>	<u>927,978</u>	<u>4,292,305</u>	<u>3,216,611</u>	<u>17,532,577</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>(\$91,680)</u>	<u>(\$91,680)</u>

NOTES TO THE FINANCIAL STATEMENT

(UNAUDITED)

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. Buildings and improvements, 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 the athletic department's capital assets.

Capital asset activity for the athletic department for the year ended June 30, 2012, is as follows:

	Balance June 30, 2011	Prior Period Adjustment	Balance June 30, 2011 Restated	Additions	Transfers	Retirements	Balance June 30, 2012
Capital assets not being depreciated - construction-in-progress	\$155,000	NONE	\$155,000	\$57,277	(\$212,277)	NONE	NONE
Other capital assets:							
Land improvements	\$1,439,263		\$1,439,263				\$1,439,263
Less - accumulated depreciation (restated)	(1,188,333)		(1,188,333)	(\$17,398)			(1,205,731)
Total land improvements	250,930	NONE	250,930	(17,398)	NONE	NONE	233,532
Buildings	25,799,279	\$97,140	25,896,419	540,270	\$212,277	(\$270,495)	26,378,471
Less - accumulated depreciation	(9,938,407)	78,825	(9,859,582)	(524,544)		105,618	(10,278,508)
Total buildings	15,860,872	175,965	16,036,837	15,726	212,277	(164,877)	16,099,963
Equipment	437,939	5,388	443,327	78,462	72,674	(5,995)	588,468
Less - accumulated depreciation	(329,877)	(898)	(330,775)	(31,341)	(72,674)	5,995	(428,795)
Total equipment	108,062	4,490	112,552	47,121	NONE	NONE	159,673
Total other capital assets	\$16,219,864	\$180,455	\$16,400,319	\$45,449	\$212,277	(\$164,877)	\$16,493,168
Capital Asset Summary:							
Capital assets not being depreciated	\$155,000		\$155,000	\$57,277	(\$212,277)		
Other capital assets, at cost	27,676,481	\$102,528	27,779,009	618,732	284,951	(\$276,490)	\$28,406,202
Total cost of capital assets	27,831,481	102,528	27,934,009	676,009	72,674	(276,490)	28,406,202
Less - accumulated depreciation	(11,456,617)	77,927	(11,378,690)	(573,283)	(72,674)	111,613	(11,913,034)
Capital assets, net	\$16,374,864	\$180,455	\$16,555,319	\$102,726	NONE	(\$164,877)	\$16,493,168