

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



AGREED-UPON PROCEDURES REPORT
ISSUED MARCH 7, 2007

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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January 12, 2007

Independent Accountant's Report on the
Application of 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 of New Orleans (university), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University of New Orleans 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 the University of New Orleans. 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 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 significant 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, 2006, the internal auditor issued one internal audit report on the Athletic Department regarding eligibility. It was reported that the Athletic Department did not maintain a permanent file for student-athlete advisement/registration forms (exceptions for two out of four students tested). The Athletics' administration agreed with the findings and stated that the two exceptions noted were for students who were advised and left the university; therefore, their forms were discarded. The administration stated all forms will be retained no matter if the student remains at the university or leaves.

4. We compared each operating revenue and expense category for June 30, 2005, and June 30, 2006, to identify variances of 5% or greater than \$50,000 for all individual revenue and expense categories (line items) 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

Fee allocations
Game guarantees
Royalties, advertisement, and sponsorship
Direct institutional support

Expenses

Athletic student aid - university and related entities
Team travel
Equipment, uniforms, and supplies

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 ended June 30, 2006, 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 procedure, we identified variances greater than 25% in the following accounts that are 5% or more of the total:

Revenues

Fee allocations
Game guarantees
Beer and liquor sales

Expenses

Operating services
Professional services
Other charges
Scholarships and awards

**MINIMUM AGREED-UPON PROCEDURES
FOR REVENUES**

6. Using a schedule prepared by the university, we compared the value of tickets sold for the reporting period per the schedule to the related revenue reported in the Statement. We agreed the information on the schedule to the supporting game audit report for the total individual game ticket reports. We recalculated the audit report for the games tested.

We found no exceptions as a result of these procedures.

7. We selected the away games for men's and women's basketball games. We reviewed the game guarantee settlements and agreed the amount to the general ledger and to the contractual agreement. We recalculated the totals on the settlement reports.

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 these procedures.

9. We obtained and inspected agreements related to the university's participation in revenues from NCAA/Conference tournaments during the period to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger and the Statement. We recalculated the totals. We selected one 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 recalculated the totals.

We found no exceptions as a result of these procedures

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

We found no exceptions as a result of these procedures.

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 the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

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 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 statement. We recalculated the totals.

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure.

**MINIMUM AGREED-UPON PROCEDURES
FOR EXPENSES**

16. 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.

17. We obtained and inspected the largest contractual agreement pertaining to expenses recorded by the university from a guaranteed contest during the period and agreed the related expenses to the university's general ledger and Statement. We recalculated the totals.

We found no exceptions as a result of this procedure.

18. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and examined the contracts for the head coaches from baseball, men's and women's basketball, and three 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.

19. 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 were paid by third parties, per the university.

20. 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.

21. We obtained and documented an understanding of the university's recruiting expense policies. We compared and agreed these policies to existing university and NCAA related policies. We selected four operating expense transactions from the recruiting expense category and agreed these transactions to adequate supporting documentation.

We found no significant differences as a result of these procedures.

22. We obtained an understanding of the university's team travel policies. We compared and agreed these policies to existing university and NCAA related policies. We selected 10 team travel expenses and agreed them to adequate supporting documentation.

We found no significant differences as a result of this procedure.

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

We found no exceptions as a result of this procedure.

24. We selected one operating expense transaction from the direct facilities, maintenance, and rental category and agreed these transactions to adequate supporting documentation.

We found no exceptions as a result of this procedure.

25. 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.

26. We selected one operating expense transaction from the other operating expense category and agreed this transaction to adequate supporting documentation.

We found no exceptions as a result of this procedure.

27. We selected one operating expense from each category not previously mentioned above and agreed these expenses to adequate supporting documentation.

We found no exceptions as a result of this procedure.

28. 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**

29. 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 total contributions.

The University of New Orleans Foundation, an outside organization, contributed monies, goods, and services for or on behalf of the athletic department that exceeded 10% of the total contributions (note 1). We obtained and reviewed the supporting documentation for the Foundation contributions.

We found no exceptions as a result of this procedure.

30. We obtained 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.

We were provided the capital asset information by management (note 2).

31. We agreed the capital asset schedule to the university's general ledger and selected any capitalized addition that was greater than 10% of total capital additions and agreed recorded cost to adequate supporting documentation.

The capital assets schedule was agreed to the university's general ledger and there were four capitalized additions identified by management that were greater than 10% of total capital additions. We agreed recorded cost to adequate supporting documentation.

We found no exceptions as a result of this procedure.

32. 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.

33. 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**

34. We obtained written representations from management of the university that the University of New Orleans Foundation was the only outside organization created for or on behalf of the athletic department.
35. We obtained from management a summary of revenues and expenses for, or on behalf of, intercollegiate athletics programs by affiliated and outside organizations

and written representations as to the fair presentation of the summary and agreed the amounts reported to the university's general ledger.

We found no exceptions as a result of these procedures.

36. We obtained an understanding and tested 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.

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.

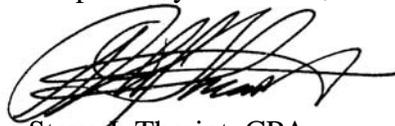
37. We obtained the independent auditor's report for the outside organization to identify any reportable conditions relating to its internal control and made inquiries of management to document any corrective action taken in response to the reportable conditions.

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, 2006. The audit report is dated August 28, 2006, and included no reportable conditions relating to the outside organization's internal control.

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 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

EV:JR:PEP:ss

[UNONCAA06]

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

**Statement of Revenues and Expenses
For the Year Ended June 30, 2006**

	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating Revenues:						
Ticket sales	\$27,761	\$3,882	\$35,869			\$67,512
Guarantees	205,000	28,000				233,000
Contributions	9,583	6,042	7,361	\$2,291	\$85,676	110,953
Student fees					1,657,546	1,657,546
NCAA/Conference distributions including all tournament revenues					141,590	141,590
Program sales, concessions, novelty sales, and parking	15,932	1,035	17,135		20,684	54,786
Royalties, advertisements, and sponsorships	33,467	22,242	54,057	6,950	59,150	175,866
Broadcast, television, radio, and Internet rights	9,130	3,390	20,405		758	33,683
Sports-camp revenues	328	4,724	3,782	21,302		30,136
Direct institutional support	63,412	65,383	43,965	468,004		640,764
Other				3	3,367	3,370
Total operating revenues	<u>364,613</u>	<u>134,698</u>	<u>182,574</u>	<u>498,550</u>	<u>1,968,771</u>	<u>3,149,206</u>
EXPENSES						
Operating Expenses:						
Athletic student aid	198,881	136,660	114,991	755,292	59,032	1,264,856
Guarantees	14,000		24,500	4,155	180	42,835
Coaching salaries, benefits, and bonuses paid by the university and related entities	266,224	187,278	167,801	355,144		976,447
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	3,851	1,290	14,101	225	732,655	752,122
Severance payments	16,719	1,925	3,058	9,113	19,966	50,781
Recruiting	36,130	23,821	24,093	20,169	673	104,886
Team travel	124,081	154,396	126,979	112,320		517,776
Equipment, uniforms, and supplies	15,953	26,003	32,866	43,830	111,611	230,263
Game expenses	35,809	24,078	30,869	355	41,480	132,591
Direct facilities, maintenance, and repair	6,727	5,545	22,395	2,438	10,400	47,505
Sports-camp expense	43,910	1,324	17,970	29,482		92,686
Fund raising, marketing, and promotion	26,939	17,011	25,785	2,500	63,445	135,680
Medical expenses and medical insurance	982	883	7,353		30,028	39,246
Memberships and dues	850	2,467		1,310	1,625	6,252
Other operating expenses	13,108	10,606	3,831	36,737	98,399	162,681
Total operating expenses	<u>804,164</u>	<u>593,287</u>	<u>616,592</u>	<u>1,373,070</u>	<u>1,169,494</u>	<u>4,556,607</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	<u>(\$439,551)</u>	<u>(\$458,589)</u>	<u>(\$434,018)</u>	<u>(\$874,520)</u>	<u>\$799,277</u>	<u>(\$1,407,401)</u>

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1. CONTRIBUTIONS

No individuals or outside organizations, other than the Privateer Athletic Foundation, an account within the University of New Orleans Foundation, 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 \$56,860 from the Privateer Athletic Foundation for the year ended June 30, 2006. Contributions of \$56,860 from the Privateer Athletic Foundation, 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 charged to operating expense in the year in which the expense is 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 established 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 - equipment	\$134,817	\$38,804		\$173,621
Less - accumulated depreciation	(95,930)	(20,027)	_____	(115,957)
Total capital assets	\$38,887	\$18,777	NONE	\$57,664

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