Athletic Department
University of Louisiana at Lafayette
University of Louisiana System
State of Louisiana

Agreed-Upon Procedures Report

Issued February 8, 2012

LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 11, 2012

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 3.2.4.16 for the year ended June 30, 2011, 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, 2011. 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:

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.

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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.

   No significant deficiencies were noted in the internal audit reports obtained.

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 these procedures.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the fair presentation of the Statement of the intercollegiate athletics program, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, completeness of the list of all known affiliated and outside organizations, and other information we considered necessary for the year ended June 30, 2011.

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 disbursements totaling $739 by the university's plant fund for a capitalized building was incorrectly included in the Statement, which overstated Direct Institutional Support revenue and Equipment, Uniforms, and Supplies expense. In addition, we noted that the amounts keyed into the report by sport did not agree to the amounts in the supporting documentation for other operating revenues. Football other operating revenues were overstated $10,980 and Non-specific other operating revenues were understated $10,980.

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 no exceptions as a result of these procedures.

4. We compared each major operating revenue and expense account for June 30, 2010, and June 30, 2011, 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
   Contributions
   NCAA/Conference distributions including all tournament revenues

   Expenses
   Equipment, uniforms, and supplies
   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, 2011, 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
   NCAA/Conference distributions including all tournament revenues

   Expenses
   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 that $29,435 of revenues related to tailgating collected in fiscal year 2010 that belonged to fiscal year 2011 was incorrectly classified as ticket sales and that a discount of $235 was recorded against fiscal year 2011 ticket revenues, although it was for fiscal year 2010.

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.

   We noted that a payment of $125 was classified as recruiting expense and should be classified as membership dues. It was also noted that $496 was included in contributions revenues and direct facilities expense for services provided in the prior fiscal year overstating fiscal year 2011 revenue and expense.

5. We compared direct state or other governmental support recorded by the university during the reporting period with state appropriations, institutional authorizations, and other corroborative supporting documentation and recalculated 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 exceptions as a result of this procedure.

7. We compared indirect institutional support recorded by the university during the reporting period with state appropriations, institutional authorizations, and other corroborative supporting documentation and recalculated 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 found no exceptions as a result of this procedure.

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 an adjustment of $10,244 that was coded to Royalties, Licensing, Advertisements, and Sponsorships that should have been coded to Direct Institutional Support. In addition, we noted that two sponsorship agreements were not recorded for an understatement of Royalties, Licensing, Advertisements, and Sponsorships of $112,703.

11. We inquired about sports-camp contracts between the university and person(s) conducting the camps or clinics.

    The university had no sports camps or clinics nor did it have any revenue from sports camps during the reporting period.

12. We randomly selected one endowment agreement and compared and agreed 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.

    There were no university endowment agreements related to athletics.

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 noted Program Sales, Concessions, Novelty Sales, and Parking revenues were overstated by $3,440 for concession commissions that were for the previous fiscal year.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We randomly 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 away game 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 these procedures.

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 to the university's general ledger and/or the Statement and recalculated totals.

   We found no exceptions as a result of these procedures.

4. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and related entities. 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 these procedures.

9. We inquired about the university's methodology for allocating indirect facilities support.

   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 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 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 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 the university's policies and procedures and schedule of changes were properly disclosed within the notes to the Statement.

   We noted that two fully depreciated equipment items, with an acquisition cost of $34,537, that were deleted were not removed from the equipment balance at June 30, 2011. In addition, we found that construction-in-progress additions and transfers from construction-in-progress to buildings were understated by $29,077.

3. We inquired about all outstanding intercollegiate athletics debt maintained by the university 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 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 contributions revenue and athletic student aid expense were understated by $4,064 for a foundation disbursement to the athletics program. In addition, contributions revenue and equipment expense were overstated by $29,077 for a foundation disbursement to a vendor that should be included as a capital asset.

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	Program Specific	Total
Revenues						
Contributions	$330,875	$109,925	$7,889	$408,638	$205,753	$1,063,080
Expenses						
Athletics aid					14,887	14,887
Coaching salaries, benefits, and bonuses	14,300	7,190	1,320	6,972		29,782
Support staff/administrative salaries					1,494	1,494
Recruiting	15,476	8,266		190	8,100	32,032
Team travel	20,162			4,360		24,522
Equipment, uniforms, and supplies	60,829	23,041	2,312	188,308	6,772	281,262
Game expenses				7,084		7,084
Fund raising, marketing, and promotion	194,248	60,754	3,372	146,270	52,027	456,671
Direct facilities, maintenance, and rental	3,902			47,273	112,110	163,285
Memberships and dues	600	224				824
Other operating expense	21,358	10,450	885	8,181	10,363	51,237
Total expenses	330,875	109,925	7,889	408,638	205,753	1,063,080
EXCESS OF REVENUES OVER EXPENSES	NONE	NONE	NONE	NONE	NONE	NONE

Other than the corrections made as a result of procedure number four under Minimum Agreed-Upon Procedures for Revenues and procedure number two under Minimum Agreed-Upon Procedures for Affiliated and Outside Organizations, 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 these procedures.

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, 2011. The audit report is dated October 24, 2011, 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 of Louisiana at Lafayette Athletic Department or on its compliance with NCAA Bylaw 3.2.4.16 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, 2011. 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,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

RJM:BH:EFS:THC:dl

ULLNCAA 2011

Statement A

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, 2011

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating Revenues:						
Ticket sales	$627,060	$314,685	$2,179	$371,566		$1,315,490
Guarantees	1,864,020	125,000	2,000	7,760		1,998,780
Contributions	686,739	233,282	92,657	783,046	$245,703	2,041,427
Direct institutional support	1,409,356	809,110	647,023	2,446,589	515,368	5,827,446
NCAA/Conference distributions including all tournament revenues				18,480	1,450,500	1,468,980
Broadcast, television, radio, and Internet rights					35,500	35,500
Program sales, concessions, novelty sales, and parking	95,557		261	73,236	70,958	240,012
Royalties, licensing, advertisements, and sponsorships	34,153	6,854	4,582	94,290	284,669	424,548
Other	113,189	90			91,439	204,718
Total operating revenues	4,830,074	1,489,021	748,702	3,794,967	2,694,137	13,556,901
EXPENSES						
Operating Expenses:						
Athletics student aid	988,806	158,282	175,796	992,051	216,235	2,531,170
Guarantees	400,000	50,000	3,000	25,854		478,854
Coaching salaries, benefits, and bonuses paid by the university and related entities	1,597,784	699,860	335,702	1,017,895		3,651,241
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	39,382	20,000			1,306,796	1,366,178
Severance payments	202,064	7,804	2,341	9,380	59,063	280,652
Recruiting	132,922	66,360	36,203	104,894	19,516	359,895
Team travel	596,283	163,593	101,254	671,701		1,532,831
Equipment, uniforms, and supplies	273,261	60,314	31,243	496,346	77,356	938,520
Game expenses	321,464	177,911	51,171	226,214	216,161	992,921
Fund raising, marketing, and promotion	194,848	62,258	3,371	148,369	60,169	469,015
Direct facilities, maintenance, and rental	32,669	5,960	239	66,737	513,551	619,156
Medical expenses and medical insurance	1,387				380,295	381,682
Membership and dues	600	594	580	4,144	88,565	94,483
Other operating expense	48,604	16,085	7,802	31,382	145,733	249,606
Total operating expenses	4,830,074	1,489,021	748,702	3,794,967	3,083,440	13,946,204
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	NONE	NONE	NONE	NONE	($389,303)	($389,303)

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. 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, 2011, is as follows:

	Balance June 30, 2010	Additions	Transfers	Retirements	Balance June 30, 2011
Capital assets not being depreciated - construction-in-progress	$1,103,755	$3,743,482	($4,692,237)	NONE	$155,000
Other capital assets:					
Land improvements	$1,290,401	$148,862			$1,439,263
Less - accumulated depreciation (restated)	(1,170,935)	(17,398)			(1,188,333)
Total land improvements	119,466	131,464	NONE	NONE	250,930
Buildings	21,107,042		$4,692,237		25,799,279
Less - accumulated depreciation	(9,312,891)	(625,516)			(9,938,407)
Total buildings	11,794,151	(625,516)	4,692,237.	NONE	15,860,872
Equipment	462,531	9,945		($34,537)	437,939
Less - accumulated depreciation	(341,103)	(23,311)		34,537	(329,877)
Total equipment	121,428	(13,366)	NONE	NONE	108,062
Total other capital assets	$12,035,045	($507,418)	$4,692,237	NONE	$16,219,864
Capital Asset Summary:					
Capital assets not being depreciated	$1,103,755	$3,743,482	($4,692,237)		$155,000
Other capital assets, at cost	22,859,974	158,807	4,692,237	($34,537)	27,676,481
Total cost of capital assets	23,963,729	3,902,289	NONE	(34,537)	27,831,481
Less - accumulated depreciation	(10,824,929)	(666,225)	NONE	34,537	(11,456,617)
Capital assets, net	$13,138,800	$3,236,064	NONE	NONE	$16,374,864