

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



AGREED-UPON PROCEDURES REPORT  
ISSUED FEBRUARY 4, 2015

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

January 15, 2015

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's Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2014, 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, 2014. 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 University set materiality at \$5,000, and the agreed-upon procedures described below were not applied to any transactions that fall under this amount.

The procedures 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 that 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 regulations, completeness of the list of all known affiliated and outside organizations, and other information we considered necessary for the year ended June 30, 2014.
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 found no exceptions as a result of these procedures.

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 for revenue receipts or expense disbursements.

4. We compared each major operating revenue and expense account for June 30, 2013 and June 30, 2014, 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

Royalties, licensing, advertisements, and sponsorships

**Expenses**

Team travel

Equipment, uniforms, and supplies

Game expenses

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, 2014, 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

Guarantees

Contributions

NCAA/conference distributions, including all tournament revenues

**Expenses**

Team travel

Game expenses

**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 these procedures.

2. We inquired about the University's methodology for allocating student fees to the intercollegiate athletics program, and were informed by management that 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 these procedures.

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. (ULL Foundation), 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 inquired about direct state or other governmental support recorded by the University during the period and were informed by management that 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 and recalculated the totals.

We found no exception 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.

We found no exception as a result of this procedure.

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 exception as a result of this procedure.

9. We obtained and inspected all the 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 three agreements that were in effect in which the University understated royalties, licensing, advertisements, and sponsorship revenue by \$44,736; the related fund raising, marketing, and promotion expense by \$24,725; and equipment, uniforms, and supplies expense by \$20,011. Statement A was corrected.

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

We noted that the University had \$10,545 of direct institutional support misclassified as sports camp revenues. The athletic department had no revenue received for sport camps or clinics during the reporting period. Statement A was corrected.



12. We selected the only endowment agreement that exceeded materiality 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 and recalculated the totals.

We noted that \$10,098 of non-endowed contributions was misclassified as endowment income. Statement A was corrected.

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 these procedures.

#### **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, 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 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 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 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 these procedures.

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 who 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 selected the two athletic employees with severance payments that exceeded materiality set for the agreed-upon procedures 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 these procedures.

- 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 obtained and documented the University's methodology for allocating indirect facilities support to athletics, summed the indirect facilities support and indirect institutional support totals, and determined that it is presented in accordance with the University's methodology for allocating indirect facilities support. We compared and agreed indirect facilities and administrative support expense to the corresponding revenue category reported by the University in the Statement and recalculated the totals.

We found no exceptions as a result of these procedures.

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, were properly disclosed.

The ULL Foundation, 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 the repayment schedules for all outstanding intercollegiate athletics debt maintained or incurred by the University and/or affiliated and outside organizations during the reporting period and reported them in the notes. We recalculated annual maturities (consisting of principal and interest) incurred by the University and agreed the total annual maturities to supporting documentation and the general ledger. We ensured that the repayment schedule is properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures.

#### **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 ULL Foundation 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 the University overstated contributions revenue and fund raising, marketing, and promotion expenses by \$5,600 for a payment on behalf of the University for fiscal year 2015. Statement A was corrected.

We noted that the University overstated contributions revenue by \$14,497, other operating expenses by \$6,991, and fund raising, marketing, and promotion expenses by \$7,506 for payments made by the ULL Foundation that were already recognized by the University as ticket sales revenue. Statement A was corrected.

We noted that the University excluded from contributions revenue and equipment, uniforms and supplies expense a \$42,065 payment made by the ULL Foundation on behalf of the University's athletic department. Statement A was corrected.

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
<b>Revenues:</b>						
Contributions	\$762,989	\$122,917	\$25,792	\$356,713	\$366,371	\$1,634,782
Total revenues	<u>762,989</u>	<u>122,917</u>	<u>25,792</u>	<u>356,713</u>	<u>366,371</u>	<u>1,634,782</u>
<b>Expenses:</b>						
Athletic student aid				1,545	2,000	3,545
Coaching salaries, benefits, and bonuses paid by the university and related entities	10,483	5,000		3,370		18,853
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities					3,449	3,449
Recruiting	24,138	30,393		2,383	503	57,417
Team travel	1,309	3,965	442	5,386		11,102
Equipment, uniforms, and supplies	320,292	14,810	3,983	106,084	25,133	470,302
Game expenses				7,087		7,087
Fund raising, marketing, and promotion	286,172	50,806	19,056	165,056	267,046	788,136
Direct facilities, maintenance, and rental	19,884			40,288	4,224	64,396
Spirit groups		2,422			3,938	6,360
Medical expenses and medical insurance	5,175			550	41,250	46,975
Memberships and dues	65		50	465	845	1,425
Other operating expense	95,471	15,521	2,261	24,499	17,983	155,735
Total expenses	<u>762,989</u>	<u>122,917</u>	<u>25,792</u>	<u>356,713</u>	<u>366,371</u>	<u>1,634,782</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

This schedule was adjusted for the corrections made as a result of procedure 2 under the Minimum Agreed-Upon Procedures for Affiliated and Outside Organizations section.

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

The financial statements of the ULL Foundation were audited by an independent certified public accounting firm for the year ended June 30, 2014. The audit report is dated September 23, 2014, 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's 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, 2014. 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:aa

**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, 2014**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
<b>Operating Revenues:</b>						
Ticket sales	\$2,314,496	\$331,129	\$6,268	\$878,041		\$3,529,934
Guarantees	1,500,000	250,000		10,650		1,760,650
Contributions	2,857,765	1,084,312	251,797	1,750,904	\$693,296	6,638,074
Direct institutional support	1,053,880	454,605	826,844	2,517,310	735,050	5,587,689
Indirect facilities and administrative support	10,535	4,430	4,430	19,683	22,626	61,704
NCAA/conference distributions, including all tournament revenues	293,899	42,044	7,356	136,158	1,505,588	1,985,045
Broadcast, television, radio, and Internet rights					41,435	41,435
Program sales, concessions, novelty sales, and parking	287,914		54	223,213	11,818	522,999
Royalties, licensing, advertisements, and sponsorships	152,096	12,110	11,983	118,561	675,556	970,306
Endowment and investment income	3,900	400	400	25,602	2,000	32,302
Other operating revenue	34,117				132,859	166,976
<b>Total operating revenues</b>	<b>8,508,602</b>	<b>2,179,030</b>	<b>1,109,132</b>	<b>5,680,122</b>	<b>3,820,228</b>	<b>21,297,114</b>
<b>EXPENSES</b>						
<b>Operating Expenses:</b>						
Athletics student aid	1,589,869	253,092	272,137	1,827,205	349,672	4,291,975
Guarantees	335,000	24,000	8,000	30,971		397,971
Coaching salaries, benefits, and bonuses paid by the university and related entities	2,597,275	896,056	381,937	1,399,492		5,274,760
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	174,626	50,865	35,116	43,150	1,814,595	2,118,352
Severance payments		3,024	1,873	1,846	22,038	28,781
Recruiting	134,999	103,365	67,095	120,239	3,275	428,973
Team travel	1,178,337	423,180	129,016	671,714		2,402,247
Equipment, uniforms, and supplies	683,520	62,706	36,848	519,743	244,295	1,547,112
Game expenses	993,765	242,660	119,782	562,377	176,514	2,095,098
Fund raising, marketing, and promotion	312,730	53,677	19,056	167,723	317,405	870,591
Direct facilities, maintenance, and rental	198,451	19,330	8,759	201,444	209,993	637,977
Spirit groups	78,485	2,422			3,938	84,845
Indirect facilities and administrative support	10,535	4,430	4,430	19,683	22,626	61,704
Medical expenses and medical insurance	8,505	284		3,589	692,691	705,069
Memberships and dues	2,445	1,030	1,008	4,693	90,775	99,951
Other operating expense	210,060	38,909	24,075	36,498	187,695	497,237
<b>Total operating expenses</b>	<b>8,508,602</b>	<b>2,179,030</b>	<b>1,109,132</b>	<b>5,610,367</b>	<b>4,135,512</b>	<b>21,542,643</b>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>\$69,755</b>	<b>(\$315,284)</b>	<b>(\$245,529)</b>

## 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. BONDS PAYABLE

The University has the following debt associated with its athletic department's capital assets:

On November 1, 2013, Ragin' Cajun Facilities, Inc., entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority to obtain financing for the design, development, equipping, renovation, reconstruction, and/or construction of University athletic facilities. Financing of the project is through the issuance of \$23,605,000 Ragin' Cajun Facilities, Inc. - Athletic Facilities Project Series 2013 Revenue Bonds, issued at a discount of \$144,319. The bonds have a yearly fixed variable interest at 2.0-5.0% and are due in varying installments through 2043

The following is a detailed summary of bonds payable for the athletic department for the year ended June 30, 2014:

Issue	Date of Issue	Original Issue	Outstanding June 30, 2013	Issued (Redeemed)	Outstanding June 30, 2014	Maturities	Interest Rates	Interest Outstanding June 30, 2014
Ragin' Cajun Facilities, Inc.: Athletic Facilities Series 2013	November 26, 2013	\$23,605,000		\$23,605,000	\$23,605,000	2015-2043	2.0-5.0%	\$20,256,927
Bond Discount				(144,319)	(144,319)			
Total		<u>\$23,605,000</u>	<u>NONE</u>	<u>\$23,460,681</u>	<u>\$23,460,681</u>			<u>\$20,256,927</u>

The following is the amortization schedule for the outstanding bonds payable for the athletic department as of June 30, 2014:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$0	\$1,025,981	\$1,025,981
2016	452,485	1,019,006	1,471,491
2017	468,747	1,009,556	1,478,303
2018	478,781	999,906	1,478,687
2019	488,800	986,344	1,475,144
2020-2024	2,684,430	4,689,794	7,374,224
2025-2029	3,225,824	4,148,419	7,374,243
2030-2034	3,993,926	3,359,733	7,353,659
2035-2039	5,100,308	2,245,500	7,345,808
2040-2044	6,567,380	772,688	7,340,068
Total	<u>\$23,460,681</u>	<u>\$20,256,927</u>	<u>\$43,717,608</u>