

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



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 14, 2018

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

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.50. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3611 or Report ID No. 80170174 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

TABLE OF CONTENTS

| | Page |
|---|----------|
| Independent Accountant’s Report on the Application of Agreed-Upon Procedures | 2 |
| Statement | |
| Financial Statement - Statement of Revenues and Expenses (Unaudited)..... A | 12 |
| Notes to the Financial Statement (Unaudited) | 13 |
| Appendix | |
| Major Revenue and Expense Analysis (Unaudited) | A.....16 |



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 16, 2018

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) Bylaw 3.2.4.15 for the year ended June 30, 2017. University management is responsible for the accuracy of the Statement (unaudited) and the related notes (unaudited) and the 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 fell under this amount. In addition, procedures were not performed on specific reporting categories that are less than 4% of the total revenues or expenses.

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 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 inquired of 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 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 performed procedures to determine the University's adherence to these 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, 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 as we considered necessary for the year ended June 30, 2017.
2. We verified the mathematical accuracy of the amounts on the Statement and compared 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 noted that Indirect Institutional Support revenue and expense were overstated by \$10,115 in relation to one of the revenue receipts. We noted that royalties, licensing, advertisement, and sponsorships were overstated by \$2,699; bowl

revenues were understated by \$10,000; sports equipment, uniforms, and supplies were overstated by \$6,409; and bowl expenses were understated by \$13,710 in relation to two expense disbursements. Statement A was corrected.

4. We compared each major revenue and expense account over 10% of total revenues or expenses for June 30, 2017, to June 30, 2016, amounts and budget estimates, to identify variances greater than 10% from June 30, 2016.

We reported the analysis in Appendix A to this report.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. Using a schedule prepared by the University, we compared the value of the tickets sold, complimentary 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. We recalculated the reconciliations for the games tested.

We noted that ticket sales were understated by \$12,684. Statement A was corrected.

2. We compared direct institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and/or other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We selected the away game with the largest game guarantee settlement and agreed the settlement amount to the University's 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 obtained and reviewed supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency, or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10% or more in the aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods. We recalculated the totals

We noted that contributions revenue was overstated \$20,000 due to transactions that are for the prior year. Statement A was corrected.

5. We compared two randomly-selected NCAA distribution amounts recorded in the revenue and expense reporting to the general ledger detail and other corroborative supporting documentation and recalculated the totals.

We found no exceptions as a result of these procedures.

6. We obtained and inspected agreements related to the University's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed two randomly selected related revenues to the University's general ledger and/or the Statement and recalculated the totals.

We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We selected a sample of 20% of total student athletes, with a maximum of 60, from the listing of University student aid recipients and performed the following:
 - (a) We obtained individual student account detail for each selection, and compared total aid in the University's student system to the student's detail in the University report that ties directly to the NCAA Membership Financial Reporting System.
 - (b) We performed a check of each student selected to ensure their information was accurately entered directly into the NCAA Membership Financial Reporting System.
 - (c) We recalculated the totals for each sport and overall for all sports.

We found no exceptions as a result of these procedures.

2. We obtained and inspected a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period. We selected a sample of two support staff/administrative personnel and all head coaches from football and men's and women's basketball, 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 during the reporting period.
 - (b) We obtained and inspected payroll summary registers for the reporting year for each selection.

- (c) We compared and agreed payroll summary registers 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 compared and agreed the totals recorded to any employment contracts executed for the sample selected.
- (e) We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We obtained and documented an understanding of the University's team travel policies and compared and agreed the University's team travel policies to existing University and NCAA-related policies. In addition, we obtained the general ledger detail and compared it to the total expenses reported. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We obtained the general ledger detail for equipment, uniforms, and supplies and compared it to the total expenses reported. We selected a sample of two expense transactions and validated the existence of the transactions and accuracy of their recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We obtained the general ledger detail for game expenses and compared it to the total expenses reported. We selected a sample of two expense transactions and validated the existence of the transactions and accuracy of their recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

6. We obtained a listing of debt service schedules, lease payments, and rental fees for athletic facilities for the reporting year. We compared the two highest facility payments to additional supporting documentation. We compared amounts recorded to the general ledger detail and recalculated totals.

We noted that athletic facilities debt service, leases, and rental fees was overstated, and other operating expenses was understated by \$29,074 based on additional guidance provided by NCAA. As a result, indirect institutional support – athletic facilities debt service, leases, and rental fees was overstated and indirect institutional support was understated by the same amount. Statement A was corrected.

7. We obtained the general ledger detail for direct overhead and administrative expenses and compared it to the total expenses reported. We selected a sample of two expense transactions and validated the existence of the transactions and accuracy of their recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR OTHER REPORTING ITEMS

1. We obtained the repayment schedule and general ledger detail for all outstanding intercollegiate athletics debt during the reporting period and recalculated the annual maturities (consisting of principal and interest) provided in the schedules obtained. We agreed the total annual maturities and total outstanding athletic debt to supporting documentation and the University's general ledger.

We noted that the total athletics related debt was overstated by \$636,354 based on additional guidance provided by the NCAA. Note 3 was corrected.

2. We agreed the total outstanding University debt to supporting documentation and the University's general ledger.

We noted that the total institutional debt was understated by \$3,573,298 based on additional guidance provided by the NCAA.

3. We were to obtain the schedules and general ledger detail of all athletics dedicated endowments maintained by athletics, the University, and affiliated organizations. We were to agree the fair market value in the schedules to the supporting documentation and the general ledger.

We obtained the schedules of all athletics dedicated endowments which were generated from the University of Louisiana at Lafayette Foundation, Inc.'s general ledger. The endowments are owned and held by the University of Louisiana at Lafayette Foundation, Inc., a private not-for-profit organization and outside organization. These funds are part of the foundation's total endowments/investments and subject to an outside CPA's audit. We reviewed the foundation's audit report from the same reporting period and noted no findings related to endowments/investments.

4. We agreed the total fair market value of University endowments to supporting documentation and the University's general ledger.

We noted that the athletics related endowments reported on in the previous procedure were omitted from the total endowments reported. This resulted in total endowments being understated by \$2,823,291.

5. We obtained a schedule of athletics related capital expenditures made by athletics, the University, and affiliated organizations during the reporting period. We

obtained the general ledger detail and compared the detail to the total expenses reported. We selected a sample of two transactions to validate the existence of the transactions and the accuracy of their recordings. We recalculated the totals.

We noted that athletics related capital expenditures of \$61,954,353 were overstated by \$45,529,513. The University reported net capital assets as of June 30, 2017, rather than current-year expenditures of \$16,424,840. We found no other 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 intercollegiate athletics program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitutes 10% or more of all contributions received for intercollegiate athletics during the reporting period, and ensured the source(s) of the funds, goods, and services, as well as the value associated with these items, were properly disclosed in the notes to the Statement.

We noted the University of Louisiana at Lafayette Foundation, Inc. is the only outside organization that provided individual contributions of monies, goods, or services to the athletic department that exceeded 10% of the total contributions (see note 1 to the Statement).

2. We obtained a description of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets. We ensured that the University's policies and procedures are properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures (see note 2 to the Statement).

3. We obtained from University management the repayment of schedules for all outstanding intercollegiate athletics debt maintained by the University during the reporting period. We recalculated the annual maturities, agreed annual maturities to supporting documentation and to the University's general ledger, and ensured the repayment schedule is properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures (see note 3 to the Statement).

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 obtained written representations from management

that the University of Louisiana at Lafayette Foundation, Inc. is the only outside organization created for or on behalf of the athletic department.

- We obtained from management of the University statements for all affiliated and outside organizations and agreed the amounts reported in the statements to the University's general ledger.

We found no exceptions as a result of these procedures.

- We obtained from University 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 | \$674,726 | \$81,720 | \$41,149 | \$752,956 | \$284,778 | \$1,835,329 |
| In-kind | 3,366 | | | 28,479 | 209,090 | 240,935 |
| NCAA distributions | | | | | 7,841 | 7,841 |
| Total revenues | <u>678,092</u> | <u>81,720</u> | <u>41,149</u> | <u>781,435</u> | <u>501,709</u> | <u>2,084,105</u> |
| Expenses: | | | | | | |
| Athletic student aid | | | | 194 | | 194 |
| Guarantees | | 161 | | 12,760 | | 12,921 |
| Coaching salaries, benefits, and bonuses paid by the University and related entities | 314,094 | 530 | | 2,620 | | 317,244 |
| Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities | | | | | 5,350 | 5,350 |
| Recruiting | 12,451 | 326 | | 4,247 | 8,653 | 25,677 |
| Team travel | 1,158 | 1,974 | 683 | 3,770 | | 7,585 |
| Sports equipment, uniforms, and supplies | 33,985 | 12,576 | 3,541 | 66,736 | | 116,838 |
| Game expenses | 1,149 | | | 18,181 | | 19,330 |
| Fundraising, marketing, and promotion | 130,116 | 34,229 | 24,189 | 238,153 | 232,305 | 658,992 |
| Spirit groups | | 250 | | | | 250 |
| Direct overhead and administrative expenses | 19,450 | 1,436 | 45 | 25,920 | 11,658 | 58,509 |
| Medical expenses and insurance | | 585 | | 62 | 45,195 | 45,842 |
| Memberships and dues | 450 | | | 1,375 | 1,418 | 3,243 |
| Student-athlete meals (non-travel) | 10,477 | 8,539 | 4,591 | 74,539 | | 98,146 |
| Other operating expense | 87,037 | 21,114 | 8,100 | 332,878 | 197,130 | 646,259 |
| Bowl expenses | 67,725 | | | | | 67,725 |
| Total expenses | <u>678,092</u> | <u>81,720</u> | <u>41,149</u> | <u>781,435</u> | <u>501,709</u> | <u>2,084,105</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u><u>NONE</u></u> | <u><u>NONE</u></u> | <u><u>NONE</u></u> | <u><u>NONE</u></u> | <u><u>NONE</u></u> | <u><u>NONE</u></u> |

We obtained written representations from management as to the fair presentation of the summary schedule.

We found no exceptions as a result of these procedures.

- For all 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. We were to make inquiries of

management to document any corrective action taken in response to the significant deficiencies.

The University of Louisiana at Lafayette Foundation, Inc.'s statements were audited by an independent certified public accountant for the years ended June 30, 2017, and 2016. The audit report dated October 9, 2017, included no significant deficiencies on the outside organization's internal control.

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

1. We compared and agreed the sports sponsored and reported in the NCAA Membership Financial Reporting System to the University's squad lists.

We found no exceptions as a result of these procedures.

2. We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports reported by the University met the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Once the countable sports were confirmed, we ensured that the University properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

We found no exceptions as a result of these procedures.

3. We agreed the total number of Division I student athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the University's financial aid records, of all student-athlete Pell Grants.

We found no exceptions as a result of these procedures.

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 Bylaw 3.2.4.15 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2017. 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 this specified party. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style with a large, stylized initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

RM:CR:BH:EFS:aa

ULL NCAA 2017

**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, 2017**

| | FOOTBALL | MEN'S BASKETBALL | WOMEN'S BASKETBALL | OTHER SPORTS | NON- PROGRAM SPECIFIC | TOTAL |
|---|----------------------|----------------------|-----------------------|----------------------|-----------------------------|-------------------|
| REVENUES | | | | | | |
| Operating revenues: | | | | | | |
| Ticket sales | \$1,490,909 | \$375,939 | \$4,547 | \$763,352 | | \$2,634,747 |
| Student fees | | | | | \$454,141 | 454,141 |
| Direct institutional support | 25,292 | 5,433 | 9,070 | 1,297 | 11,552,190 | 11,593,282 |
| Indirect institutional support | 35,244 | 4,973 | 4,973 | 33,868 | 43,478 | 122,536 |
| Indirect institutional support - athletic facilities debt service, lease, and rental fees | | | | | 630,415 | 630,415 |
| Guarantees | 1,400,000 | 140,000 | 25,000 | 16,131 | | 1,581,131 |
| Contributions | 2,658,732 | 682,545 | 127,310 | 1,563,364 | 1,200,002 | 6,231,953 |
| In-kind | 3,366 | | | 28,480 | 209,090 | 240,936 |
| Media rights | | | | | 40,076 | 40,076 |
| NCAA distributions | | | | 23,787 | 1,745,609 | 1,769,396 |
| Conference distributions | | | | | 1,253,737 | 1,253,737 |
| Program, novelty, parking, and concession sales | 288,260 | 3,033 | 302 | 157,265 | 22,661 | 471,521 |
| Royalties, licensing, advertisements, and sponsorships | 179,609 | 31,873 | 31,879 | 183,390 | 518,006 | 944,757 |
| Athletics restricted endowment and investment income | | 500 | 300 | 12,700 | 2,000 | 15,500 |
| Other operating revenue | | | 1,154 | 3,942 | 85,408 | 90,504 |
| Bowl revenues | 252,287 | | | | | 252,287 |
| Total operating revenues | <u>6,333,699</u> | <u>1,244,296</u> | <u>204,535</u> | <u>2,787,576</u> | <u>17,756,813</u> | <u>28,326,919</u> |
| EXPENSES | | | | | | |
| Operating expenses: | | | | | | |
| Athletic student aid | 1,958,036 | 352,374 | 508,001 | 2,676,841 | 774,405 | 6,269,657 |
| Guarantees | 350,000 | 19,161 | 9,000 | 53,500 | | 431,661 |
| Coaching salaries, benefits, and bonuses paid by the University and related entities | 3,064,229 | 1,033,627 | 473,126 | 1,586,133 | | 6,157,115 |
| Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities | 314,972 | 139,505 | 43,631 | 35,576 | 2,880,035 | 3,413,719 |
| Severance payments | 16,592 | 14,156 | | 2,962 | 14,819 | 48,529 |
| Recruiting | 167,879 | 50,623 | 60,331 | 107,121 | 19,414 | 405,368 |
| Team travel | 490,153 | 240,835 | 131,835 | 688,477 | | 1,551,300 |
| Sports equipment, uniforms, and supplies | 475,360 | 82,327 | 48,467 | 462,523 | 36,639 | 1,105,316 |
| Game expenses | 701,593 | 283,780 | 152,570 | 438,281 | 173,652 | 1,749,876 |
| Fundraising, marketing, and promotion | 191,634 | 37,229 | 27,189 | 240,417 | 266,371 | 762,840 |
| Spirit groups | | 250 | | | | 250 |
| Athletic facilities debt service, leases, and rental fees | | | | | 1,484,556 | 1,484,556 |
| Direct overhead and administrative expenses | 274,067 | 26,937 | 42,310 | 263,589 | 669,185 | 1,276,088 |
| Indirect institutional support | 35,244 | 4,974 | 4,973 | 33,866 | 14,405 | 93,462 |
| Medical expenses and insurance | | 585 | 62 | 114 | 951,275 | 952,036 |
| Memberships and dues | 1,900 | 3,983 | 640 | 5,579 | 92,117 | 104,219 |
| Student-athlete meals (non-travel) | 27,381 | 24,549 | 18,930 | 127,644 | 25,423 | 223,927 |
| Other operating expenses | 157,512 | 29,904 | 18,412 | 366,559 | 342,109 | 914,496 |
| Bowl expenses | 464,004 | | | | | 464,004 |
| Total operating expenses | <u>8,690,556</u> | <u>2,344,799</u> | <u>1,539,477</u> | <u>7,089,182</u> | <u>7,744,405</u> | <u>27,408,419</u> |
| EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES | <u>(\$2,356,857)</u> | <u>(\$1,100,503)</u> | <u>(\$1,334,942)</u> | <u>(\$4,301,606)</u> | <u>\$10,012,408</u> | <u>\$918,500</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% 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. 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, 3 to 10 years for most movable property, 3 years for software with an acquisition cost of \$1,000,000 or more, and 3 to 10 years for internally generated software with development costs of \$1,000,000 or more. 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.

3. BOND AND NOTE 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.

During the 2017 fiscal year, Ragin' Cajun Facilities Corporation sought funding from various sources to build a new baseball stadium. In that process, the Corporation borrowed \$10,000,000 from a local financial institution to fund a portion of the

construction. The University is presently negotiating new terms with the lender for a reduction in the interest rate and an increase in the term from 10 years to 26 years.

The following is a detailed summary of the payables for the athletic department for the year ended June 30, 2017:

ATHLETIC BOND PAYABLE SUMMARY

| Issue | Date of Issue | Original Issue | Outstanding July 1, 2016 | Issued/ (Redeemed) | Outstanding June 30, 2017 | Maturities | Interest Rates | Future Interest Payments June 30, 2017 |
|---------------------------------|-------------------|---------------------|--------------------------|--------------------|---------------------------|------------|----------------|--|
| Ragin' Cajun Facilities, Inc. | | | | | | | | |
| Athletic Facilities Series 2013 | November 26, 2013 | \$23,605,000 | \$23,140,000 | (\$475,000) | \$22,665,000 | 2044 | 2.0 - 5.0% | \$17,202,384 |
| Adjustments: | | | | | | | | |
| Unamortized bond discounts | | (147,924) | (131,804) | 6,254 | (125,550) | | | |
| Debt issuance costs | | (539,802) | (480,978) | 22,820 | (458,158) | | | |
| Bonds payable total | | <u>\$22,917,274</u> | <u>\$22,527,218</u> | <u>(\$445,926)</u> | <u>\$22,081,292</u> | | | <u>\$17,202,384</u> |

ATHLETIC NOTE PAYABLE SUMMARY

| Issue | Date of Issue | Original Issue | Outstanding July 1, 2016 | Issued/ Redeemed | Outstanding June 30, 2017 | Maturities | Interest Rates | Future Interest Payments June 30, 2017 |
|---------------------|---------------|--------------------|--------------------------|--------------------|---------------------------|------------|----------------|--|
| MidSouth Bank 2 | July 22, 2016 | \$10,000,000 | | \$10,000,000 | \$10,000,000 | 2028 | 4.500% | \$2,699,109 |
| Adjustments: | | | | | | | | |
| Debt issuance costs | | (55,702) | | (52,646) | (52,646) | | | |
| Note payable total | | <u>\$9,944,298</u> | <u>\$0</u> | <u>\$9,947,354</u> | <u>\$9,947,354</u> | | | <u>\$2,699,109</u> |

The following is an amortization schedule for the outstanding bonds payable for the athletic department as of June 30, 2017:

| ATHLETIC BONDS PAYABLE AMORTIZATION | | | |
|-------------------------------------|---------------------|---------------------|---------------------|
| <u>Fiscal Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2018 | \$485,000 | \$999,906 | \$1,484,906 |
| 2019 | 495,000 | 986,344 | 1,481,344 |
| 2020 | 510,000 | 971,156 | 1,481,156 |
| 2021 | 525,000 | 955,519 | 1,480,519 |
| 2022 | 540,000 | 939,431 | 1,479,431 |
| 2023-2027 | 3,015,000 | 4,391,941 | 7,406,941 |
| 2028-2032 | 3,680,000 | 3,708,436 | 7,388,436 |
| 2033-2037 | 4,635,000 | 2,735,400 | 7,370,400 |
| 2038-2042 | 5,950,000 | 1,406,375 | 7,356,375 |
| 2043+ | 2,830,000 | 107,876 | 2,937,876 |
| Subtotal | 22,665,000 | 17,202,384 | 39,867,384 |
| Unamortized Discount/Premium | (125,550) | None | (125,550) |
| Unamortized Issuance Cost | (458,158) | None | (458,158) |
| Total | <u>\$22,081,292</u> | <u>\$17,202,384</u> | <u>\$39,283,676</u> |

The following is an amortization schedule for the outstanding note payable for the athletic department as of June 30, 2017:

| ATHLETIC NOTE PAYABLE AMORTIZATION | | | |
|------------------------------------|--------------------|--------------------|---------------------|
| <u>Fiscal Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2018 | \$333,182 | \$447,510 | \$780,692 |
| 2019 | 825,543 | 418,118 | 1,243,661 |
| 2020 | 863,468 | 380,193 | 1,243,661 |
| 2021 | 903,136 | 340,525 | 1,243,661 |
| 2022 | 944,626 | 299,035 | 1,243,661 |
| 2023-2027 | 5,415,338 | 802,966 | 6,218,304 |
| 2028-2032 | 714,707 | 10,762 | 725,469 |
| Subtotal | 10,000,000 | 2,699,109 | 12,699,109 |
| Unamortized Issuance Cost | (\$52,646) | None | (\$52,646) |
| Total | <u>\$9,947,354</u> | <u>\$2,699,109</u> | <u>\$12,646,463</u> |

MAJOR REVENUE AND EXPENSE ANALYSIS

Appendix A

Appendix A includes an analysis of revenue and expense accounts that exceed 10% of total revenues and expenses. A comparison is presented of current-year amounts to prior-year amounts and of current-year amounts to budget estimates.

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

**Major Revenue and Expense Analysis
For the Year Ended June 30, 2017**

| Accounts Exceeding 10% Threshold and Variance Greater Than 10% | Fiscal Year 2017 | Fiscal Year 2016 | Increase/ (Decrease) | Percent Variance | |
|---|------------------------------|------------------------------|---------------------------------|-----------------------------|--------|
| Operating Revenues per Statement A | | | | | |
| Contributions | \$6,231,953 | \$3,959,782 | \$2,272,171 | 57% | 1 |
| Operating Expenses per Statement A | | | | | |
| Athletic student aid | \$6,269,657 | \$5,585,264 | \$684,393 | 12% | 2 |
| Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities | \$3,413,719 | \$2,999,009 | \$414,710 | 14% | 3 |
| Budget | | | | | |
| Contributions | Actual \$3,886,396 | Budget \$2,946,005 | \$940,391 | 32% | 4 5 |

NOTES:

- ¹ Support through contributions was increased as the department increased utilization of Foundation funds throughout the year. Also, the year end budget support increased due to less income received in other revenue line items, and more expenses were incurred.
- ² The General Auxiliary Fee increased in fiscal year 2017; therefore, increasing scholarships cost. Other reasons that had an effect are filling more scholarships than previous year and inclusion of a 5th year.
- ³ Some Support Staff received increases in salary, while some areas were restructured, such as Strength & Conditioning. In addition, while undergoing new leadership, two AD salaries were being paid due to contract, and new positions were created. Another reason for the increase is fringe benefits and overtime paid to Support Staff due to new FLSA requirements.
- ⁴ The budget analysis is presented based on University Athletic Fund data only. Budget information is not available for the University of Louisiana at Lafayette Foundation, Inc.
- ⁵ Contributions increased due to less income received in other revenue line items such as ticket sales and facility rentals, and more expenses were incurred.