



Independent Accountant's Report On Applying Agreed-Upon Procedures

Mr. Rodney Gonzales, Deputy Director
City of Austin
Economic Growth and Redevelopment Services Office
301 West 2nd Street
Austin, Texas 78701

We have performed the procedures enumerated below, which were agreed to by the City of Austin ("City") solely to assist the specified user in evaluating the City's assertion that NBC Universal, Inc. ("NBC"), acting on behalf of itself and its subsidiary, Northern Entertainment Inc. ("FNL" or "Friday Night Lights") has complied with certain provisions, as described below, of the Chapter 380 Economic Development Agreement ("Agreement") and the subsequent amendment, which was approved by the City Council on March 22, 2007 and March 17, 2010, respectively. The City is the specified user of this report. The City's management is responsible for the determination of compliance by FNL with the Agreement and the subsequent amendment. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user of this report. 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 you have asked us to perform and our findings are as follows:

- 1) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the documents titled Season5CastCrewExtrasByEpisode.xls, Friday Night Lights Season 5 Cast Crew Summary Report prepared by the City and email correspondence between Vince Robinette at Friday Night Lights and Terry Franz at EGRSO.
 - a. Using the information obtained at Procedure 1, we inspected such documents and confirmed that the Friday Night Lights Season 5 Cast Crew Summary Report prepared by the City summarizes the information provided by Friday Night Lights in the document titled Season5CastCrewExtrasByEpisode.xls. No exceptions were found as a result of the foregoing procedures.

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- b. Using the information obtained at Procedure 1, we inspected such documents and confirmed that 602 unique cast and crew members are listed, and include 412 with addresses in the Austin Metropolitan Statistical Area ("AMSA") and 190 with addresses outside the AMSA. No exceptions were found as a result of the foregoing procedures.
- 2) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the documents titled Season5CastCrewExtrasByEpisode.xls and Friday Night Lights Season 5 Extras Summary Report prepared by the City.
 - a. Using the information obtained at Procedure 2, we inspected such documents and confirmed the Friday Night Lights Season 5 Extras Summary Report prepared by the City summarizes the information provided by Friday Night Lights in the document titled Season5CastCrewExtrasByEpisode.xls. No exceptions were found as a result of the foregoing procedures.
 - b. Using the information obtained at Procedure 2, we inspected the Friday Night Lights Season 5 Extras Summary Report and confirmed that 2,531 unique individuals are listed, and include 1,953 with addresses in the AMSA and 578 with addresses outside the AMSA. No exceptions were found as a result of the foregoing procedures.
- 3) We verified the mathematical accuracy of the City's calculation by confirming that $412 + 1,953 = 2,365$; $602 + 2,531 = 3,133$; and 2,365 is 75% of 3,133. No exceptions were found as a result of the foregoing procedures.
- 4) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Friday Night Lights Season 5 Cast/Crew Residing in AMSA Sample, which represents the City's sample of 42 cast and/or crew members and the support documents printed from usps.com, the United States Post Office website. We inspected and compared such documents and confirmed that the printed documents indicate that the addresses are shown as being within the AMSA. No exceptions were found as a result of the foregoing procedures.
- 5) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Friday Night Lights Season 5 Extras Residing in AMSA Sample, which represents the City's sample of 201 Extras, and the support documents printed from usps.com, the United States Post Office website. We inspected and compared such documents and confirmed that the printed documents indicate that the addresses are shown as being within the AMSA. No exceptions were found as a result of the foregoing procedures.
- 6) With reference to Section 4 of the Agreement concerning Credits, we obtained from the City the Season 5 DVDs for Episodes #414/501 through #416/503 and Prod. 04017/CHS17 through 04026/CHS26 provided by Friday Night Lights. We inspected the Credits Lists for 2 of the 13 episodes and confirmed that the statement "Filmed on location in Austin, Texas" is included in the credits of each episode. No exceptions were found as a result of the foregoing procedures.



- 7) With reference to Section 5 of the Agreement concerning Local Purchases, we obtained from the City the documents titled FNLS5vendors.xls provided by Friday Night Lights to the City and the Friday Night Lights Season 5 Vendors Summary Report. We inspected and compared such documents and confirmed that the Friday Night Lights Season 5 Vendors Summary Report prepared by the City summarizes the information provided by Friday Night Lights in the document titled FNLS5vendors.xls and confirmed that according to such documents 57% of the vendors have addresses that are shown as being in the AMSA. No exceptions were found as a result of the foregoing procedures.
- 8) With reference to Section 6 of the Agreement concerning Report, we obtained from the City the City of Austin Economic Development Agreement with NBC Universal, Inc. and Northern Entertainment for Friday Night Lights, Annual Report for Season 5. We inspected such document and confirmed that according to the report, 13 Season 5 episodes were filmed. No exceptions were found as a result of the foregoing procedures.
- 9) With reference to Section 6 of the Agreement concerning Report, we obtained from the City the City of Austin Economic Development Agreement with NBC Universal, Inc. and Northern Entertainment for Friday Night Lights, Annual Report for Season 5 and e-mail correspondence dated August 31, 2011 between NBC's Mary Montiforte and Terry Franz at ERGSO. We inspected such documents and confirmed that according to the report and e-mail correspondence, 91% of the Cast, Crew and Staff and Extras were AMSA residents, goods and services purchased totaling \$5,114,462 were purchased in the AMSA and the credits included the statement required by Section 4 of the Agreement. No exceptions were found as a result of the foregoing procedures.
- 10) With reference to Section 7 of the Agreement concerning Insurance, we obtained from the City the Insurance Certification showing Comprehensive General Liability, Automobile Liability and Workers' Compensation coverages for Friday Night Lights from January 1, 2010 to January 1, 2011. We inspected such documents and confirmed that Comprehensive General Liability, Automobile Liability and Workers' Compensation coverages were maintained from January 1, 2010 to January 1, 2011. No exceptions were found as a result of the foregoing procedures.
- 11) With reference to Section 7 of the Agreement concerning Insurance, we obtained from the City the Insurance Certification showing Errors and Omission coverages for Friday Night Lights from July 11, 2009 to July 11, 2010 and from March 11, 2010 to March 11, 2011. We inspected such documents and confirmed that Errors and Omission coverage was maintained from July 11, 2009 to March 11, 2011. No exceptions were found as a result of the foregoing procedures.
- 12) With reference to Section 7 of the Agreement concerning Insurance, we obtained from the City the Insurance Certification showing All Risk Property coverages for Friday Night Lights from January 1, 2010 to January 1, 2011. We inspected such documents and confirmed that All Risk Property coverage was maintained from January 1, 2010 to January 1, 2011. No exceptions were found as a result of the foregoing procedures.



- 13) With reference to Section 7 of the Agreement concerning Insurance, we obtained from the City the Insurance Certification showing FNL's coverages for Friday Night Lights from January 1, 2010 to January 1, 2011. We inspected such documents and confirmed that the City of Austin was included as additional insured per ISO Endorsement CG2010, in the amount of \$5,000,000 Combined Single Limit from January 1, 2010 to January 1, 2011. No exceptions were found as a result of the foregoing procedures.
- 14) With reference to Section 2 of the Agreement concerning Payment, we obtained from the City Friday Night Lights' FNL_99162.xls, NBC Universal Corporate Vista Ledger Inquiry 17 80458 04094 99612 reports and the City of Austin's Summary of Local Sales Taxes Paid and Detail of Local Sales Taxes Paid reports, and supporting documents that include invoices from the selected vendors to whom Friday Night Lights reported having paid City of Austin sales tax during Season 5.
- a. Using the information obtained at Procedure 14, we inspected and compared such documents and confirmed that the sum of 50% of the local sales taxes reported by Friday Night Lights comprising the transactions in FNL_99612.xls was \$3,328.49. No exceptions were found as a result of the foregoing procedures.
 - b. Using the information obtained at Procedure 14, we inspected and compared such documents and confirmed that the City of Austin Detail of Local Sales Taxes Paid report accurately summarizes the transactions detailed in the Friday Night Lights' FNL_99612.xls. No exceptions were found as a result of the foregoing procedures.
 - c. Using the information obtained at Procedure 14, we inspected and compared such documents and confirmed that the City's sample represents \$894.54 or approximately 27% of the local sales tax payments reported by Friday Night Lights. For the sample selected, we inspected each invoice or other supporting documentation to determine whether City of Austin local sales taxes were collected by the vendor and if so, calculated 50% of the Austin sales tax paid by Friday Night Lights. No exceptions were found as a result of the foregoing procedures.
 - d. Using the information obtained at Procedure 14c, we inspected and compared such documents and confirmed that the City verified \$540.51 of the \$894.54 in local sales tax payments that was reported by Friday Night Lights. No exceptions were found as a result of the foregoing procedures.
 - e. Using the sample selection obtained at Procedure 14c, we confirmed that the sum of the amount sampled and verified totals \$2,369.56. No exceptions were found as a result of the foregoing procedures.



- f. Using the sample selection obtained at Procedure 14c, we inspected and compared such documents and confirmed that the amount allowed to be claimed for local tax paid to vendors not tested or with locations inside and outside of the City of Austin totaled (\$1,529.77). We confirmed that this total was calculated using the sample items representing Friday Night Lights' local sales tax claimed for payments to the vendor, subtracting the amount tested for each item and multiplying the difference by the percentage of total verified and paid to the City of Austin to the total amount claimed by Friday Night Lights paid in local sales tax to the City of Austin. No exceptions were found as a result of the foregoing procedures.
 - g. Using the information provided at Procedure 14, we confirmed that the City of Austin Summary of Local Sales Taxes Paid concludes that Friday Night Lights paid \$1,679.58 in City of Austin local sales taxes. No exceptions were found as a result of the foregoing procedures.
 - h. We verified the mathematical accuracy of the City's calculation by confirming that 50% of \$1,679.58 is \$839.79. No exceptions were found as a result of the foregoing procedures.
- 15) With reference to Section 2 of the Agreement concerning Payment, we inspected the City of Austin Economic Development Agreement with NBC Universal, Inc. and Northern Entertainment for Friday Night Lights, Annual Report for Season 5. We confirmed that Friday Night Lights reported having paid no City of Austin fees during Season 5. No exceptions were found as a result of the foregoing procedures.
- 16) With reference to Section 2 of the Agreement concerning Payment, we obtained from the City the reports entitled Friday Night Lights Season 5 Cast Crew Summary Report and Friday Night Lights Season 5 Summary Information. We inspected and compared such documents and confirmed that the Friday Night Lights Season 5 Summary Information incorporates information from Friday Night Lights Season 5 Cast/Crew Summary Report and confirmed that according to the Friday Night Lights Season 5 Summary Information the average number of Cast/Crew per episode during Season 5 was 281. No exceptions were found as a result of the foregoing procedures.
- 17) With reference to Section 2 of the agreement concerning Payment, we obtained from the City the reports entitled Friday Night Lights Season 5 Extras Summary Report and the Friday Night Lights Season 5 Summary Information. We inspected and compared such documents and confirmed that the Friday Night Lights Season 5 Summary Information incorporates information from the Friday Night Lights Season 5 Extras Summary Report and confirmed that according to Friday Night Lights Season 5 Summary Information the average number of Extras per episode during Season 5 was 366. No exceptions were found as a result of the foregoing procedures.

- 18) With reference to Section 2 of the agreement concerning Payment, we verified the mathematical accuracy of the City's calculation by confirming that the sum of 281 + 366 is 647, that the product of 647 and \$95 is \$61,465 and that 50% of \$61,465 is \$30,732.50. No exceptions were found as a result of the foregoing procedures.
- 19) With reference to Section 2 of the agreement concerning Payment, we verified the mathematical accuracy of the City's calculation by confirming that the sum of \$839.79 + \$30,732.50 is \$31,572.29. No exceptions were found as a result of the foregoing procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. 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 City and is not intended to be and should not be used by anyone other than this specified party.

Padgett, Stratemann + Co., LLP

December 7, 2011
Austin, Texas

