



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"), approved by the City Council on March 22, 2007. 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. 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 the Friday Night Lights General Cast Lists for Episodes 301 through 313, the Friday Night Lights Season 3 Cast Summary Report and the Friday Night Lights Season 3 Staff and Crew Summary Report. We inspected the Friday Night Lights General Cast Lists for Episodes 301 through 313, the Friday Night Lights Season 3 Cast Summary Report and the Friday Night Lights Season 3 Staff and Crew Summary Report and found that the Austin Metropolitan Statistical Area ("AMSA") residency status of everyone listed in the Friday Night Lights General Cast List for Episodes 301 through 313 is counted in either the Friday Night Lights Season 3 Cast Summary Report or the Friday Night Lights Season 3 Staff and Crew Summary Report. No exceptions were found as a result of the foregoing procedures.

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- 2) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the documents titled the Friday Night Lights Season 3 Cast Summary Report and the Friday Night Lights Season 3 Excerpt from Earnings Report. We selected 50 individuals listed on the Friday Night Lights Season 3 Cast Summary Report and compared the names of these individuals to the Friday Night Lights Season 3 Excerpt from Earnings Report. We found that it incorporated information from the Friday Night Lights Season 3 Excerpt from Earnings Report for all of the individuals selected. We inspected the Friday Night Lights Season 3 Cast Summary Report and found that it shows 92 of the 185 cast members as residents of the AMSA. No exceptions were found as a result of the foregoing procedures.
- 3) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the documents titled the Friday Night Lights Season 3 Excerpt from Earnings Report and the Friday Night Lights Season 3 Staff and Crew Summary Report. We selected 50 individuals listed on the Friday Night Lights Season 3 Staff and Crew Summary Report and compared the names of these individuals to the Friday Night Lights Season 3 Excerpt from Earnings Report. We found that it incorporated information from the Friday Night Lights Season 3 Staff and Crew Summary Report for all individuals selected. We inspected the Friday Night Lights Season 3 Staff and Crew Summary Report and noted that it shows 418 of the 499 staff and crew members as residents of the AMSA. 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 documents titled the FNL 3 Extras Customer Listing.xls, the FNL 3 Football Players Cast Listing.xls, and the Friday Night Lights Season 3 Summary of Extras. We selected 50 individuals listed on the Friday Night Lights Season 3 Summary of Extras and compared the names of these individuals to the FNL 3 Extras Customer Listing.xls and the FNL 3 Football Players Cast Listing.xls. We found that it incorporated AMSA residency information from either the FNL 3 Extras Customer Listing.xls or the FNL 3 Extras Customer Listing.xls for all individuals selected. We inspected the Friday Night Lights Season 3 Summary of Extras and found that it shows 2,412 of 3,219 extras and football players as AMSA residents. No exceptions were found as a result of the foregoing procedures.
- 5) We verified the mathematical accuracy of the City's calculation by confirming that the sum of $92 + 418 + 2,412 = 2,922$; $185 + 499 + 3,219 = 3,903$; and that 2,922 is 75% of 3,903. No exceptions were found as a result of the foregoing procedures.
- 6) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Friday Night Lights Season 3 Cast Sample, which represents the City's sample of 10 cast 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.

- 7) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Friday Night Lights Season 3 Staff and Crew Sample, which represents the City's sample of 42 Staff and 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.
- 8) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Friday Night Lights Season 3 Extras Sample, which represents the City's sample of 242 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.
- 9) With reference to Section 4 of the Agreement concerning Credits, we obtained from the City the Index to Austin Credits in Final Credits Lists provided by Friday Night Lights. We inspected the Index to Austin Credits in Final Credits Lists provided by Friday Night Lights and the attached credit lists for episodes 301-313 and confirmed for each of the episodes 301-313 that the statement "Filmed on Location in Austin, Texas" is included in the credits. No exceptions were found as a result of the foregoing procedures.
- 10) With reference to Section 5 of the Agreement concerning Local Purchases, we obtained from the City the FNL 3 Vendor Lists.pdf and the Friday Night Lights Vendor List Season 3- 1st Blue, September 11, 2008, both provided by Friday Night Lights to the City. We inspected and compared such documents and confirmed that according to such documents 60% of the vendors have addresses that are shown as being in the AMSA. No exceptions were found as a result of the foregoing procedures.
- 11) 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 3. We inspected such document and confirmed that according to the report, 13 episodes were filmed. No exceptions were found as a result of the foregoing procedures.
- 12) 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 3. We inspected such document and confirmed that according to the report, 100% of the Cast, Crew and Staff and Extras were AMSA residents, all goods and services purchased 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.
- 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 1/1/08 to 1/1/09 and an e-mail dated 4/28/09 from Carol Vance, City of Austin Risk Analyst, to Sylnovia Holt-Raab, City of Austin Economic Growth and Redevelopment Services Office. We inspected such documents and confirmed that General Liability, Automobile Liability, Workers Compensation and Employers Liability coverages were in place from 1/1/08 to 1/1/09 and the coverages were approved by Carol Vance on 4/28/09. No exceptions were found as a result of the foregoing procedures.

- 14) 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 7/11/08 to 7/11/09 and an e-mail dated 4/28/09 from Carol Vance, City of Austin Risk Analyst, to Sylnovia Holt-Raab, City of Austin Economic Growth and Redevelopment Services Office. We inspected such documents and confirmed that Errors and Omission and Professional Indemnity coverages were in place from 7/11/08 to 7/11/09 and the coverages were approved by Carol Vance on 4/28/09. No exceptions were found as a result of the foregoing procedures.
- 15) 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 1/01/08 to 1/01/09 and an e-mail dated 4/28/09 from Carol Vance, City of Austin Risk Analyst, to Sylnovia Holt-Rabb, City of Austin Economic Growth and Redevelopment Services Office. We inspected such documents and confirmed that All Risk Property coverages were in place from 1/01/08 to 1/01/09 and the coverages were approved by Carol Vance on 4/28/09. No exceptions were found as a result of the foregoing procedures.
- 16) 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 1/1/08 to 1/1/09 and an e-mail dated 4/28/09 from Carol Vance, City of Austin Risk Analyst, to Sylnovia Holt-Raab, City of Austin Economic Growth and Redevelopment Services Office. We inspected such documents and confirmed that Carol Vance approved the additional insured endorsement on 4/28/09. 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 NBC ledger inquiry report entitled FNL3 City Sales Tax.pdf. We inspected such document and confirmed that the Report Total is \$8,217.53. We inspected such document and confirmed that the total for which the vendor is a hotel is \$4,437.89. No exceptions were found as a result of the foregoing procedures.
 - a. We obtained from the City the Friday Night Lights Season 3 Payment Calculation, City of Austin Sales Tax Document Review, which summarizes the City's sample of sales tax documents that were reviewed. We inspected such document and the attached supporting records and confirmed that the City's sample, for which the vendor is not a hotel, included 17 items totaling \$496.98 or 13% of the \$3,779.64

reported City of Austin tax for which the vendor is not a hotel. No exceptions were found as a result of the foregoing procedures.

- b. We obtained from the City the Friday Night Lights Season 3 Payment Calculation, City of Austin Sales Tax Document Review, which summarizes the City's sample of sales tax documents that were reviewed. We inspected such document and the attached supporting records and confirmed that according to the supporting records, the City received \$907.00 in sales taxes from the transactions and that the total reported by Friday Night Lights for these transactions is \$496.98 or approximately 55% of the 1% local sales tax. No exceptions were found as a result of the foregoing procedures.
 - c. We inspected the attached supporting documents and confirmed that the amount of local sales taxes the City received, according to such documents, represents 91.25% of the amount of local sales taxes reported by Friday Night Lights. We verified the mathematical accuracy of the City's calculation by confirming that 91.25% of \$3,779.64 is \$3,448.92. No exceptions were found as a result of the foregoing procedures.
- 18) With reference to Section 2 of the Agreement concerning Payment, we obtained from the City the NBC ledger inquiry report entitled CityFeesPd_77503_Recd20091217.pdf.
- a. We inspected such document and confirmed that the vendor for each highlighted item is one of the following: Austin Parks and Recs, Austin Utilities/Ci, Austin Police Depar, or Austin Energy. No exceptions were found as a result of the foregoing procedures.
 - b. We inspected such document and confirmed that the sum of the yellow highlighted items is \$5,925.37 and that 50% of \$5,925.37 is \$2,962.69. No exceptions were found as a result of the foregoing procedures.
 - c. We selected a sample from the yellow highlighted items totaling \$2,615.99 that represents approximately 44% of the total of \$5,925.37. For each item in the sample, we inspected the supporting documentation and confirmed that the amount reported is the same amount as shown on the NBC ledger inquiry report entitled CityFeesPd_77503_Recd20091217.pdf. No exceptions were found as a result of the foregoing procedures.
- 19) With reference to Section 2 of the agreement concerning Payment, we obtained from the City the reports entitled the Friday Night Lights Season 3 Cast per Episode, the Friday Night Lights 3 Weeks Paid per Cast Employee from Payroll Report and the Friday Night Lights General Cast Lists for episodes 301 through 313. We selected 50 individuals listed on the Friday Night Lights Season 3 Cast per Episode and compared the names of these individuals to either the Friday Night Lights 3 Weeks Paid per Cast Employee from Payroll Report or the Friday Night Lights General Cast Lists for episodes 301 through

313 and found that it incorporated information from either the Friday Night Lights 3 Weeks Paid per Cast Employee from Payroll Report or the Friday Night Lights General Cast Lists for episodes 301 through 313 for all individuals selected. We inspected the Friday Night Lights Season 3 Cast per Episode report and noted that the average number of Cast per episode during Season 3 was 50. No exceptions were found as a result of the foregoing procedures.

- 20) With reference to Section 2 of the agreement concerning Payment, we obtained from the City the reports entitled the Friday Night Lights Season 3 Staff and Crew per Episode, the Friday Night Lights 3 Weeks Paid per Crew Employee from Payroll Report and the Friday Night Lights General Cast Lists for episodes 301 through 313. We selected 50 individuals listed on the Friday Night Lights Season 3 Staff and Crew per Episode and compared the names of these individuals to either the Friday Night Lights 3 Weeks paid per Crew Employee from Payroll Report or the Friday Night Lights General Cast Lists for episodes 301 through 313 and found that it incorporated information from either the Friday Night Lights 3 Weeks Paid per Crew Employee from Payroll Report or the Friday Night Lights General Cast Lists for episodes 301 through 313 for all individuals selected. We inspected the Friday Night Lights Season 3 Staff and Crew per Episode report and noted that the average number of Staff/Crew per episode during Season 3 was 230. No exceptions were found as a result of the foregoing procedures.
- 21) With reference to Section 2 of the agreement concerning Payment, we obtained from the City the reports entitled the Friday Night Lights Season 3 Extras per Day Summary and the Daily Production Reports provided by Friday Night Lights for August 6, 2008 through November 19, 2008. We inspected and compared such reports and confirmed that the Friday Night Lights Season 3 Extras per Day Summary reflects the same number of extras as shown in the Daily Production Report for each day. We inspected the Friday Night Lights Season 3 Extras per Day Summary and noted that the average weekly number of extras for the sixteen week period of Season 3 was 607. No exceptions were found as a result of the foregoing procedures.
- 22) 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 $50 + 230 + 607$ is 887, that the product of 887 and \$95 is \$84,265 and that 50% of \$84,265 is \$42,132.50. No exceptions were found as a result of the foregoing procedures.

- 23) 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 \$3,448.92 + \$2,962.69 + \$42,132.50 is \$48,544.11. 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

March 23, 2010
Austin, Texas