

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



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 23, 2011

**LEGISLATIVE AUDITOR
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POST OFFICE BOX 94397
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 5, 2011

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

DR. NICK BRUNO, PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Monroe, Louisiana

We have performed the procedures enumerated below, which were agreed to by the interim president of the University of Louisiana at Monroe (university), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University of Louisiana at Monroe Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16.1 for the year ended June 30, 2010, and to assist you in your evaluation of the effectiveness of the University of Louisiana at Monroe Athletic Department's internal control over financial reporting as of June 30, 2010. 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 procedures that we performed and our findings are as follows:

**MINIMUM COMPLIANCE AGREED-UPON
PROCEDURES - INTERNAL CONTROL**

1. We obtained through discussion with management, the identity of those aspects of internal control which management considers unique to intercollegiate athletics.
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 daily deposit form from the Athletic Ticket Office and followed it through the university's cash control system and determined adherence to established policies and procedures.
- (b) We selected the 10 largest athletic department cash disbursement transactions and followed them through the university's accounting system and determined 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 determined that the university's internal auditor issued internal audit reports during the period relating to the intercollegiate athletics program. We found no significant deficiencies identified in the internal audit reports.
- 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 the procedures.

We found no exceptions as a result of these procedures.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

- 1. We obtained written representations from management as to the fair presentation of the Statement of Revenues and Expenses 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, 2010.
- 2. We verified the mathematical accuracy of the amounts on the Statement and agreed each operating revenue and expense category reported on the Statement to supporting schedules provided by the university and the university's general ledger.

We found no exceptions as a result of these procedures.

3. We compared each operating revenue and expense account for June 30, 2009, and June 30, 2010, to identify variances of 25 percent or greater between individual revenue and expense accounts (line items) that are 10 percent or more of the total.

As a result of our procedure, we identified the revenue account "Away-Games & Guarantees" that had a variance of 25 percent or greater that is 10 percent or more of the total. We obtained and documented the university's explanation for the variance.

3. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year June 30, 2010, to identify any variances of 25 percent or greater in individual revenue and expense categories (line items) that are 10 percent or more of the total.

We identified no variances that were 25 percent or greater in individual revenue and expense categories that was 10 percent or more of the total.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. Using a schedule prepared by the university, we compared the value of tickets sold, complementary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported in the Statement. We agreed the information on the schedule to the supporting game reconciliation for the final home football, basketball, and baseball game. We recalculated the reconciliations for the games tested.

We found no exceptions as a result of these procedures.

2. Based on the university's methodology for allocating student fees to the intercollegiate athletics program, we compared and agreed student fees reported in the Statement to student enrollment and we were to obtain explanations from the university regarding any variances in excess of 10 percent. We recalculated the totals.

We found no exceptions as a result of these procedures and identified no variances in excess of 10 percent.

3. We selected the final away game guarantee settlement and agreed the amount to the general ledger and to the contractual settlement. We recalculated the totals on the settlement reports for the game tested.

We found no exceptions as a result of these procedures.

4. We compared the direct institutional support recorded by the university during the period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We compared the indirect institutional support recorded by the university during the period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

6. We were to select one agreement relating to the university's participation in revenues from NCAA/Conference tournaments during the period and compare and agree related revenues to the general ledger and the Statement. We were to recalculate the totals.

We found that the university received no revenues for participating in NCAA/Conference tournaments during the period.

7. We selected one agreement relating to the university's participation in revenues from royalties, licensing, advertisements, and sponsorships during the period based on the relevant terms and conditions. We compared and agreed related revenues to the general ledger and the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

8. We randomly selected one program sale revenue transaction and agreed to supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

9. We randomly selected a sample of one operating revenue receipt from each category not previously mentioned above and agreed to adequate supporting documentation.

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 and obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account. We recalculated the totals.

We found no exceptions as a result of this procedure.

2. We obtained and inspected one away game settlement report received by the university during the reporting period and agreed the related expenses to the university's general ledger and Statement.

We found no exceptions as a result of this procedure.

3. We obtained and inspected the largest contractual agreement pertaining to expenses recorded by the university from guaranteed contests during the period and agreed the related expenses to the university's general ledger and Statement. We recalculated the totals.

We found no exceptions as a result of this procedure.

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 examined the contracts for the head coaches from football, men's and women's basketball, baseball, and one support staff/administrative personnel. The following procedures were performed:

- a. We compared and agreed the financial terms and conditions of each head coach selected to the related coaching salaries, benefits, and bonuses recorded by the university and related entities in the Statement.
- b. We obtained and inspected W-2s, 1099s, et cetera, for each selection.
- c. We compared and agreed related W-2s, 1099s, et cetera, 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 were to randomly select two athletic employees with severance payments and we were to agree the severance pay to the termination letters or employment contracts. We were to recalculate the totals.

We found that the university did not pay any employees severance pay during the period.

6. We compared and agreed the university's recruiting expense policies to existing university and NCAA- related policies.

We found no significant differences as a result of this procedure.

7. We compared and agreed the university's team travel policies to existing institutional and NCAA-related policies.

We found no significant differences as a result of this procedure.

8. We obtained and documented an understanding of the university's methodology for allocating indirect facilities support.

9. We summed the indirect facilities support and indirect institutional support totals reported by the university in the Statement and determined if they were presented in accordance with the university's methodology for allocating indirect facilities support.

We found no exceptions as a result of these procedures.

10. We compared and agreed indirect facilities and administrative support reported by the university in the Statement to the corresponding revenue category (indirect facilities and administrative support) reported by the university in the Statement. We also recalculated the totals.

We found no exceptions as a result of these procedures.

11. We randomly selected a sample of one equipment, uniform, and supply expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

12. We randomly selected a sample of one game expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

13. We randomly selected a sample of one fund raising, marketing, and promotion expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

14. We randomly selected a sample of one direct facilities, maintenance, and rental expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

15. We randomly selected a sample of one medical and medical insurance expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

16. We randomly selected a sample of one membership and dues expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

17. We randomly selected a sample of one operating expense from each category not previously mentioned and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. We obtained a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets along with a schedule of changes in those assets. We agreed the schedule of changes to the university's general ledger and ensured that the university's policies and procedures and schedule of changes are properly disclosed in 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.
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 and confirmed revenues and expenses directly with a responsible official of the organization.
 - 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 outside organizations to the university with the revenues reported on the university's Statement.

We found no exceptions as a result of these procedures.

3. We obtained written representation from management of the university that the University of Louisiana at Monroe Athletic Foundation, Incorporated, was the only outside organization created for or on behalf of the athletic department.
4. 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 in the Statement.
5. We obtained written representations 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.

6. We obtained the independent auditor's report for all outside organizations to identify any significant deficiencies relating to their internal control. We were to make inquiries of management to document any corrective action taken in response to the significant deficiencies.

The financial statements of the University of Louisiana at Monroe Athletic Foundation, Incorporated, were audited by an independent certified public accounting firm for the year ended June 30, 2010. The audit report dated October 21, 2010, included no significant internal control deficiencies.

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 of Revenues and Expenses and related notes of the University of Louisiana at Monroe's Athletic Department or on its compliance with NCAA Bylaw 3.2.4.16.1 or on the effectiveness of the University of Louisiana at Monroe Athletic Department's internal control over financial reporting for the year ended June 30, 2010. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the president of the University of Louisiana at Monroe 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,

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

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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ULMNCAA 2010

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

**Statement of Revenues and Expenses
For the Year Ended June 30, 2010**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	\$352,144	\$74,837	\$2,588	\$40,210		\$469,779
Student fees					\$362,045	362,045
Guarantees	2,675,000	256,000		10,500		2,941,500
Contributions	95,998	70,975	11,254	356,162	957,779	1,492,168
Direct institutional support	16,760		52,059	81,536	3,433,373	3,583,728
Indirect facilities and administrative support					696,464	696,464
NCAA/Conference distribution including all tournament revenues					755,652	755,652
Program sales, concessions, novelty sales, and parking	5,944	2,807	642	2,853	79	12,325
Royalties, licensing, advertisements, and sponsorships					302,210	302,210
Endowment and investment income					60	60
Other		125			136,936	137,061
Total operating revenues	<u>3,145,846</u>	<u>404,744</u>	<u>66,543</u>	<u>491,261</u>	<u>6,644,598</u>	<u>10,752,992</u>
EXPENSES						
Operating expenses:						
Athletic student aid	877,557	157,344	167,580	1,085,322	56,173	2,343,976
Guarantees	358,800	22,000	700	2,706		384,206
Coaching salaries, benefits, and bonuses paid by the university or related entities	703,280	335,470	204,474	624,848		1,868,072
Support staff/administrative salaries, benefits, and bonuses paid by the institution and related entities	117,980			4,844	1,043,046	1,165,870
Recruiting	35,650	31,300	10,231	57,288	68,698	203,167
Team travel	418,578	118,998	63,961	372,685	18,700	992,922
Equipment, uniforms, and supplies	125,447	8,967	9,167	38,482	190,471	372,534
Game expenses	235,791	121,666	62,115	326,646	71,342	817,560
Fund raising, marketing, and promotion	9,614	2,136	3,031	52,818	177,711	245,310
Direct facilities, maintenance, and rental	59,547	4,743	5,028	36,244	599,004	704,566
Indirect facilities and administrative support					696,464	696,464
Medical expenses and medical insurance	17,666	4,141	1,543	9,357	264,067	296,774
Memberships and dues	17,653	3,135	935	91,355	88,269	201,347
Other operating expenses	135,233	70,898	13,353	65,853	122,312	407,649
Total operating expenses	<u>3,112,796</u>	<u>880,798</u>	<u>542,118</u>	<u>2,768,448</u>	<u>3,396,257</u>	<u>10,700,417</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>\$33,050</u>	<u>(\$476,054)</u>	<u>(\$475,575)</u>	<u>(\$2,277,187)</u>	<u>\$3,248,341</u>	<u>\$52,575</u>

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1. CONTRIBUTIONS

No individuals or outside organizations, other than the University of Louisiana at Monroe Athletic Foundation, Incorporated, 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. The University of Louisiana at Monroe Athletic Foundation contributed \$1,022,698 to the athletic department for the fiscal year ended June 30, 2010.

2. CAPITAL ASSETS

The athletic department of the University of Louisiana at Monroe capitalizes and depreciates assets in accordance with Governmental Accounting Standards Board Statement 35 and policies established by the State of Louisiana’s Division of Administration, Office of Statewide Reporting and Accounting Policy.

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 capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of 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. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. The athletic department follows standardized policies and procedures established by state laws and regulations for acquiring, approving, and disposing of capital assets.

Capital asset activity for the year ended June 30, 2010, is as follows:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010
Capital Assets				
Land improvements	\$338,000			\$338,000
Less - accumulated depreciation	(33,800)	(\$16,900)		(50,700)
Total land improvements	<u>304,200</u>	<u>(16,900)</u>	NONE	<u>287,300</u>
Buildings	21,662,617			21,662,617
Less - accumulated depreciation	(15,394,469)	(517,660)		(15,912,129)
Total buildings	<u>6,268,148</u>	<u>(517,660)</u>	NONE	<u>5,750,488</u>
Equipment	186,557	31,363		217,920
Less - accumulated depreciation	(144,581)	(17,014)		(161,595)
Total equipment	<u>41,976</u>	<u>14,349</u>	NONE	<u>56,325</u>
Total other capital assets	<u>\$6,614,324</u>	<u>(\$520,211)</u>	NONE	<u>\$6,094,113</u>
Capital Asset Summary				
Capital assets, at cost	\$22,187,174	\$31,363		\$22,218,537
Less - accumulated depreciation	(15,572,850)	(551,574)		(16,124,424)
Capital assets, net	<u>\$6,614,324</u>	<u>(\$520,211)</u>	NONE	<u>\$6,094,113</u>

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