

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



AGREED-UPON PROCEDURES REPORT
ISSUED JANUARY 10, 2007

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

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STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

December 14, 2006

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

DR. JAMES E. COFER, SR., 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 you, as 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 6.2.3 for the year ended June 30, 2006. 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 of Louisiana at Monroe. 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:

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 regulations, and other information we considered necessary for the year ended June 30, 2006. We also verified the mathematical accuracy of the amounts on the Statement and agreed the amounts to supporting schedules provided by the university and the university's general ledger.

We found no exceptions as a result of these procedures.

2. We obtained an understanding and tested the specific elements of the control environment and accounting systems that are unique to the university's intercollegiate athletics program.

We detected no significant deficiencies in the control environment and accounting systems as a result of these procedures.

3. We compared each operating revenue and expense category for June 30, 2005, and June 30, 2006, to identify variances of 25 percent or greater between 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 were 10 percent or more of the total.

4. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year June 30, 2006, 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 were 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 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 football and basketball games with the largest ticket sales. We recalculated the reconciliations for the games tested.

We found no exceptions as a result of these procedures.

2. We were to obtain and document our understanding of the university's methodology for allocating student fees to the intercollegiate athletics program. We were to compare and agree student fees reported in the Statement to student enrollment for reasonableness.

We found no student fees allocated to the intercollegiate athletics program as defined by NCAA guidelines during the period.

3. We selected the away game with the largest game guarantee settlement and agreed the amount to the general ledger and to the contractual agreement. We recalculated the settlement reports for the game.

We found no exceptions as a result of these procedures.

4. 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.

5. 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.

6. We obtained and inspected agreements related to the university's participation in revenues from NCAA/Conference tournaments during the period to gain an understanding of 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.

7. We obtained and inspected agreements related to the university's participation in revenues from royalties, advertisements, and sponsorships during the period to gain an understanding of 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 selected one operating revenue receipt from each category not previously mentioned above and agreed to adequate supporting documentation.

We found no exception as a result of this procedure.

**MINIMUM AGREED-UPON PROCEDURES
FOR EXPENSES**

1. We 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 these procedures.

2. We obtained and inspected the largest contractual agreement pertaining to expenses recorded by the university from a guaranteed contest 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.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and examined the contracts for the head coaches from football, men's and women's basketball, and two support staff/administrative personnel. The following procedures were performed:
 - a. 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. Obtained and inspected W-2s, 1099s, et cetera, for each selection.
 - c. 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.

We found no exceptions as a result of these procedures.

4. We were to use a list prepared by the university to select the athletic employee who received the highest severance payment and agree the severance pay to the related termination letter or employment contract. We were also to recalculate the totals.

We found no athletic employees received severance payments as defined by NCAA guidelines.

5. We obtained and documented an understanding of the university's recruiting expense policies. We compared and agreed these policies to existing university and NCAA related policies.

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

6. We obtained an understanding of the university's team travel policies. We compared and agreed these policies to existing university and NCAA related policies.

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

7. We obtained and documented an understanding of the institution's methodology for allocating indirect facilities support. We summed the indirect facilities support and indirect institutional support totals reported by the university in the Statement.

We found no exceptions as a result of these procedures.

8. 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.

9. We selected one operating expense from each category not previously mentioned above and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

**MINIMUM AGREED-UPON PROCEDURES
FOR NOTES AND DISCLOSURES**

1. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constitute more than 10 percent of total contributions.

The University of Louisiana at Monroe Indian Athletic Foundation, an outside organization, contributed monies, goods, and services for, or on behalf of, the athletic department that exceeded 10 percent of the total contributions.

2. We obtained a schedule of total intercollegiate athletics capitalized assets, additions and improvements of facilities by type along with a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets

We were provided the capital asset information by management (note 2).

3. We agreed the capital asset schedule to the university's general ledger and selected any capitalized addition that was greater than 10 percent of total capital additions and agreed recorded cost to adequate supporting documentation.

We found no exceptions as a result of these procedures.

**MINIMUM AGREED-UPON PROCEDURES FOR
AFFILIATED AND OUTSIDE ORGANIZATIONS**

1. We obtained written representations from management of the university that the University of Louisiana at Monroe Indian Athletic Foundation was the only outside organization created for, or on behalf of, the athletic department.
2. We obtained from management a summary of revenues and expenses for, or on behalf of, intercollegiate athletics programs by affiliated and outside organizations and written representations as to the fair presentation of the summary and agreed the amounts reported to the university's general ledger.

We found no exceptions as a result of these procedures.

3. We obtained an understanding and tested 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.

We found no significant deficiencies in the design of 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.

4. We obtained the independent auditor's report for all outside organizations to identify any reportable conditions relating to their internal control and made inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the University at Louisiana at Monroe Indian Athletic Foundation, Incorporated, were audited by an independent certified public accounting firm for the years ended June 30, 2006 and 2005, respectively. The audit report dated September 26, 2006, included two repeat reportable internal control conditions.

- Inadequate Controls Over Accounting and Recording of Payments-in-kind
- Uninsured Deposits

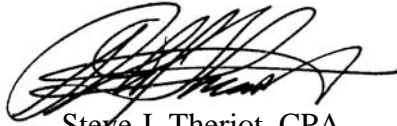
We reviewed the audit report and management's corrective action plan included in the report. In addition, we made inquiries of management to determine if they were following the correction action plan. We documented our discussions with management and also noted that the foundation recently appointed a new executive director. The audit report and management's corrective action plan can be obtained from the University of Louisiana at Monroe Indian Athletic Foundation, Incorporated.

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. 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.

INDEPENDENT ACCOUNTANT'S REPORT

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,



Steve J. Theriot, CPA
Legislative Auditor

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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, 2006**

	<u>FOOTBALL</u>	<u>MEN'S BASKETBALL</u>	<u>WOMEN'S BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NON- PROGRAM SPECIFIC</u>	<u>TOTAL</u>
REVENUES						
Operating revenues:						
Ticket sales	\$346,249	\$46,789	\$19,432	\$37,964		\$450,434
Away - games' sales and guarantees	1,480,320	241,500	4,000	18,000		1,743,820
Contributions	71,721	20,942	6,322	196,776	\$538,785	834,546
Direct institutional support			5,215	91,000	2,930,285	3,026,500
Indirect facilities and administrative support					704,202	704,202
NCAA/Conference distributions including all tournament revenues					509,085	509,085
Program sales, concessions, novelty sales, and parking	17,077	3,084	3,231	2,602	4,703	30,697
Royalties, licensing, advertisements, and sponsorships					192,706	192,706
Other					112,952	112,952
Total operating revenues	<u>1,915,367</u>	<u>312,315</u>	<u>38,200</u>	<u>346,342</u>	<u>4,992,718</u>	<u>7,604,942</u>
EXPENSES						
Operating expenses:						
Athletics student aid	663,812	120,770	119,515	749,704	40	1,653,841
Guarantees	290,000	34,250	1,200	2,176		327,626
Coaching salaries, benefits, and bonuses paid by the university or related entities	607,548	269,046	163,641	488,075		1,528,310
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	30,366			11,600	798,023	839,989
Recruiting	40,453	34,268	7,918	38,305	6,839	127,783
Team travel	383,599	54,126	36,907	246,194	40,761	761,587
Equipment, uniforms, and supplies	80,796	11,128	3,568	49,009	257,798	402,299
Game expenses	176,818	45,296	31,783	159,899	55,114	468,910
Fund raising, marketing, and promotion	7,706	4,751	4,757	62,339	179,112	258,665
Direct facilities, maintenance, and rental	47,736	1,366	2,199	6,991	20,301	78,593
Indirect facilities and administrative support					704,202	704,202
Medical expenses and medical insurance	113,323	6,299	16,470	52,631	49,385	238,108
Memberships and dues	20,745	3,232	547	6,712	5,022	36,258
Other operating expenses	22,837	4,038	6,117	22,076	123,003	178,071
Total operating expenses	<u>2,485,739</u>	<u>588,570</u>	<u>394,622</u>	<u>1,895,711</u>	<u>2,239,600</u>	<u>7,604,242</u>
EXCESS (Deficiency) OF REVENUES OVER (UNDER) EXPENSES	<u>(\$570,372)</u>	<u>(\$276,255)</u>	<u>(\$356,422)</u>	<u>(\$1,549,369)</u>	<u>\$2,753,118</u>	<u>\$700</u>

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1. CONTRIBUTIONS

No individuals or outside organizations, other than the University of Louisiana at Monroe Indian 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.

2. CAPITAL ASSETS

The Athletic Department of the University of Louisiana at Monroe capitalizes and depreciates assets in accordance with GASB 35 and the Office of Statewide Reporting and Accounting Policies.

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 is 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, 2006, is as follows:

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2006</u>
Capital Assets			
Buildings	\$21,481,975		\$21,481,975
Less - accumulated depreciation	<u>(13,305,382)</u>	<u>(\$537,049)</u>	<u>(13,842,431)</u>
Total buildings	<u>8,176,593</u>	<u>(537,049)</u>	<u>7,639,544</u>
 Equipment	 174,703	 11,500	 186,203
Less - accumulated depreciation	<u>(143,755)</u>	<u>(11,853)</u>	<u>(155,608)</u>
Total equipment	<u>30,948</u>	<u>(353)</u>	<u>30,595</u>
 Total capital assets	 <u>\$8,207,541</u>	 <u>(\$537,402)</u>	 <u>\$7,670,139</u>
Capital Asset Summary			
Capital assets, at cost	\$21,656,678	\$11,500	\$21,668,178
Less - accumulated depreciation	<u>(13,449,137)</u>	<u>(548,902)</u>	<u>(13,998,039)</u>
 Capital assets, net	 <u>\$8,207,541</u>	 <u>(\$537,402)</u>	 <u>\$7,670,139</u>

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