Athletic Department
University of Louisiana at Monroe
University of Louisiana System
State of Louisiana

Agreed-Upon Procedures Report

Issued January 21, 2009

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

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

December 17, 2008

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, 2008, 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, 2008. 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, 2008. 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 inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics program and we reviewed all athletics-related internal audit reports.

   The internal auditor issued a report dated May 5, 2008, titled "Follow-Up on Sun Belt Conference Review." Bylaw 22.2.1.2(e) of the NCAA requires every Division I institution to have its athletic rules-compliance program evaluated at least every four years by an authority outside of the athletic department. The evaluation performed in December 2006 listed 11 recommendations. The internal auditor found that all recommendations had been implemented or were in the process of being implemented. Full implementation of the recommendations had been hindered by turnover and illness of key employees responsible for complying with NCAA rules.

3. We compared each operating revenue and expense category for June 30, 2007, and June 30, 2008, 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 was 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 ended June 30, 2008, 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 one football, one basketball, and one baseball game. We recalculated the reconciliations for the games tested.

We found no exceptions as a result of these procedures, except for the football game reconciliation. Our initial inspection of the ticket counts made by management indicated that all tickets had been accounted for during the reconciliation process. Our count indicated that 25 tickets were not accounted for in the reconciliation process. Subsequent information was provided by management for the missing tickets; however, since this information was not part of the original reconciliation process, we question the validity of the reconciliation process. Furthermore, we found no deposit slip or entry in the general ledger for a $35 cash receipt for the game tested.

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 obtained explanations from the university regarding any variances in excess of 10 percent.

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

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 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 obtained and inspected one agreement relating to the university's participation in revenues from royalties, licensing, 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.

7. We were to randomly select one program, concession, novelty, and parking revenue transaction and agree to supporting documentation. There was no novelty or parking revenue transaction relating to the athletic programs. We

selected one program and one concession transaction and agreed them to supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

8. 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 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, baseball, 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 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.

5. 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.

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

   We found no exceptions as a result of these procedures.

7. 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.

8. We randomly selected a sample of one equipment, uniforms, and supplies expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

9. 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.

10. 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.

11. 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.

12. We were to select a sample of one spirit group expense transaction and agree to adequate supporting documentation.

    We found no spirit group expense transactions.

13. 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.

14. 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.

15. 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 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. We reviewed the documentation provided by the university supporting the source of funds and confirmed that the value of the contribution is disclosed in the notes to the Statement.

   The University of Louisiana at Monroe Athletic Foundation, Inc., an outside organization, contributed monies, goods, or services for or on behalf of the athletic department totaling $846,239 which exceeded 10 percent of the total contributions.

2. 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.

3. We were to obtain, from university management, the repayment schedules for all outstanding intercollegiate athletics debt maintained by the university during the period. If such debt existed, we were to recalculate the annual maturities, agree annual maturities to supporting documentation and to the university's general ledger, and ensure that the repayment schedule is properly disclosed in the notes to the Statement.

   The university did not maintain any debt related to intercollegiate athletics during the period.

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 Athletic Foundation, Inc., 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 the independent auditor's report for all outside organizations to identify any significant deficiencies relating to their internal control and made 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, Inc., were audited by an independent certified public accounting firm for the years ended June 30, 2008 and 2007, respectively. The audit report dated November 19, 2008, included no significant deficiencies in the foundation's internal control.

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 6.2.3 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, 2008. 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,

Steve J. Theriot, CPA
Legislative Auditor

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UNAUDITED

Statement A

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, 2008

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	$464,424	$69,266	$3,014	$31,398	$61	$568,163
Student fees					352,599	352,599
Guarantees	2,050,000	295,000	2,000			2,347,000
Contributions	122,311	32,819	11,173	352,059	360,040	878,402
Direct institutional support			54,104	75,745	3,466,168	3,596,017
Indirect facilities and administrative support					723,420	723,420
NCAA/Conference distribution including all tournament revenues					643,488	643,488
Program sales, concessions, novelty sales and parking	24,658	3,957	1,614	5,018	1,719	36,966
Royalties, licensing, advertisements, and sponsorships					161,482	161,482
Endowment and investment income					3,315	3,315
Other					102,529	102,529
Total operating revenues	2,661,393	401,042	71,905	464,220	5,814,821	9,413,381
EXPENSES						
Operating expenses:						
Athletic student aid	824,399	145,365	137,926	903,889		2,011,579
Guarantees	375,000	10,117	5,000			390,117
Coaching salaries, benefits, and bonuses paid by the university or related entities	600,536	305,079	209,357	556,784		1,671,756
Support-staff/administrative salaries, benefits and bonuses paid by the institution and related entities	91,936			12,600	853,289	957,825
Recruiting	45,202	44,246	11,785	44,339	48,318	193,890
Team travel	296,901	139,822	72,454	387,982	48,318	945,477
Equipment, uniforms, and supplies	103,371	11,411	8,258	73,606	170,103	366,749
Game expenses	173,011	70,345	61,451	207,068	76,348	588,223
Fund raising, marketing and promotion	8,614	9,852	5,752	66,124	163,466	253,808
Direct facilities, maintenance and rental	70,751	4,513	4,867	66,290	297,652	444,073
Indirect facilities and administrative support					723,420	723,420
Medical expenses and medical insurance	91,596	7,614	731	9,940	124,171	234,052
Memberships and dues	9,608	6,210	3,166	7,819	153,950	180,753
Other operating expenses	74,212	29,300	7,411	114,880	54,498	280,301
Total operating expenses	2,765,137	783,874	528,158	2,451,321	2,713,533	9,242,023
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	($103,744)	($382,832)	($456,253)	($1,987,101)	$3,101,288	$171,358

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1. CONTRIBUTIONS

No individuals or outside organizations, other than the University of Louisiana at Monroe Athletic Foundation, Inc., 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 foundation contributed $846,239 to the athletic department for the fiscal year ended June 30, 2008.

2. CAPITAL ASSETS

The athletic department of the University of Louisiana at Monroe capitalizes and depreciates assets in accordance with GASB 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, 2008, is as follows:

	Balance June 30, 2007	Prior Period Adjustments	Restated Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008
Capital Assets						
Land improvements				$338,000		$338,000
Less - accumulated depreciation				(16,900)		(16,900)
Total land improvements	NONE	NONE	NONE	321,100	NONE	321,100
Buildings	$21,624,937	$37,680	$21,662,617			21,662,617
Less - accumulated depreciation	(14,359,149)		(14,359,149)	(517,660)		(14,876,809)
Total buildings	7,265,788	37,680	7,303,468	(517,660)	NONE	6,785,808
Equipment	285,699	(65,312)	220,387	18,781	($6,000)	233,168
Less - accumulated depreciation	(184,868)	29,940	(154,928)	(18,161)	6,000	(167,089)
Total equipment	100,831	(35,372)	65,459	620	NONE	66,079
Total capital assets	$7,366,619	$2,308	$7,368,927	($195,940)	NONE	$7,172,987
Capital Asset Summary						
Capial assets, at cost	$21,910,636	($27,632)	$21,883,004	$356,781	($6,000)	$22,233,785
Less - accumulated depreciation	(14,544,017)	29,940	(14,514,077)	(552,721)	6,000	(15,060,798)
Capital assets, net	$7,366,619	$2,308	$7,368,927	($195,940)	NONE	$7,172,987

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