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

Agreed-Upon Procedures Report
Issued February 10, 2010

LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

January 12, 2010

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, 2009 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, 2009. 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, 2009. 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.

   Internal Audit issued a memorandum dated December 7, 2009, relating to follow-up work performed on its report dated October 8, 2008, titled "Review of Outside Employment Disclosure Process October 8, 2007 Through June 30, 2008." The memorandum disclosed that two of the three recommendations had been implemented and management was in the process of implementing the necessary controls to resolve the final issue.

3. We compared each operating revenue and expense category for June 30, 2008, and June 30, 2009, 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.

   As a result of our procedure, we determined that the revenue category "Contribution" was the only category with a variance of 25 percent or greater that is 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, 2009, 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, except we identified posting errors resulting in football and men's basketball ticket sales being understated by $2,155 and other operating revenues were overstated by this amount. In addition, management was unable to account for four football tickets.

Furthermore, no reconciliation was prepared by management for the final baseball game. At our request, management prepared a reconciliation and it was determined that $27 in tickets were sold, but the university had not invoiced the buyer.

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 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 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 were to obtain and inspect one agreement at random relating to the university's participation in revenues from NCAA/Conference tournaments during the period. We were to 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 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.

8. We were to randomly select one program, concession, and novelty sale revenue and agree to supporting documentation. There was no novelty sale transaction relating to the athletic programs. We selected one program and concession transaction and agreed these transactions 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 these procedures.

2. 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.

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 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.

13. 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.

14. We randomly selected a sample of one operating expense from each category not previously mentioned above 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 $1,031,862, 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.

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, 2009 and 2008, respectively. The audit report dated August 21, 2009, included one significant deficiency in the foundation's internal control relating to controls over accounting and recording of payments in kind. Management provided a written response dated September 14, 2009, outlining a corrective action plan.

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, 2009. 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,

Daryl G. Purpera

Daryl G. Purpera, CPA
Temporary Legislative Auditor

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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, 2009

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	$344,378	$37,835	$2,283	$36,810	$4,054	$425,360
Student fees					351,161	351,161
Guarantees	1,925,000	230,000	15,000	5,500		2,175,500
Contributions	185,523	18,633	10,612	373,681	676,049	1,264,498
Direct institutional support	19,460		57,946	88,313	4,020,164	4,185,883
Indirect facilities and administrative support					716,511	716,511
NCAA/Conference distribution including all tournament revenues					719,240	719,240
Program sales, concessions, novelty sales, and parking	10,173	3,009	1,638	5,444	3,692	23,956
Royalties, licensing, advertisements, and sponsorships					269,069	269,069
Endowment and investment income					1,195	1,195
Other					87,078	87,078
Total operating revenues	2,484,534	289,477	87,479	509,748	6,848,213	10,219,451
EXPENSES						
Operating expenses:						
Athletics student aid	905,323	155,026	149,993	947,580		2,157,922
Guarantees	375,000	8,000	1,500			384,500
Coaching salaries, benefits, and bonuses paid by the university or related entities	629,196	316,655	216,326	581,325		1,743,502
Support staff/administrative salaries, benefits, and bonuses paid by the institution and related entities	108,882		3,516	12,535	884,560	1,009,493
Recruiting	42,440	50,809	12,073	37,146	36,062	178,530
Team travel	378,251	157,434	91,895	408,475	36,063	1,072,118
Equipment, uniforms, and supplies	86,445	11,319	9,285	32,353	135,381	274,783
Game expenses	256,888	98,645	66,644	303,857	87,020	813,054
Fund raising, marketing and promotion	7,743	6,956	4,785	50,434	216,994	286,912
Direct facilities, maintenance and rental	89,194	1,255	2,073	91,800	390,305	574,627
Indirect facilities and administrative support					716,511	716,511
Medical expenses and medical insurance	47,786	20,880	4,148	3,373	270,810	346,997
Memberships and dues	11,137	10,165	4,094	8,616	142,317	176,329
Other operating expenses	159,292	22,029	12,269	113,657	88,541	395,788
Total operating expenses	3,097,577	859,173	578,601	2,591,151	3,004,564	10,131,066
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	($613,043)	($569,696)	($491,122)	($2,081,403)	$3,843,649	$88,385

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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 $1,031,862 to the athletic department for the fiscal year ended June 30, 2009.

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, 2009, is as follows:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Capital Assets				
Land improvements	$338,000			$338,000
Less - accumulated depreciation	(16,900)	($16,900)		(33,800)
Total land improvements	321,100	(16,900)	NONE	304,200
Buildings	21,662,617			21,662,617
Less - accumulated depreciation	(14,876,809)	(517,660)		(15,394,469)
Total buildings	6,785,808	(517,660)	NONE	6,268,148
Equipment	233,168		($46,611)	186,557
Less - accumulated depreciation	(167,089)	(18,161)	40,669	(144,581)
Total equipment	66,079	(18,161)	(5,942)	41,976
Total capital assets	$7,172,987	($552,721)	($5,942)	$6,614,324
Capital Asset Summary				
Capital assets, at cost	$22,233,785		($46,611)	$22,187,174
Less - accumulated depreciation	(15,060,798)	($552,721)	40,669	(15,572,850)
Capital assets, net	$7,172,987	($552,721)	($5,942)	$6,614,324

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