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

LOUISIANA LEGISLATIVE AUDITOR

AGREED-UPON PROCEDURES REPORT

ISSUED JANUARY 9, 2008

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

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of $15.06. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.lla.state.la.us. When contacting the office, you may refer to Agency ID No. 3495 or Report ID No. 07602846 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225-339-3800.

TABLE OF CONTENTS

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

STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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

December 13, 2007

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, 2007, 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, 2007. 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, 2007. 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 used the transactions listed in the various procedures below to test the controls 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, 2006, and June 30, 2007, 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, "Revenue - Guarantees" was the only account identified with a variance of 25 percent or greater that is also 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, 2007, 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 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 obtained and documented our understanding of 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 for reasonableness.

   We found no exceptions as a result of these procedures.

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 contractual agreement.

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 exceptions as a result of these procedures.

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 recalculated 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. 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 $762,484 which exceeded 10% 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 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 of Louisiana at Monroe Athletic Foundation, Incorporated, were audited by an independent certified public accounting firm for the years ended June 30, 2007 and 2006, respectively. The audit report dated November 15, 2007, included a repeat reportable internal control condition.

   - Inadequate Controls Over Accounting and Recording of Payments-in-Kind

   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 corrective action plan. We documented our discussions with management. The audit report and management's corrective action plan can be obtained from the University of Louisiana at Monroe Athletic Foundation.

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, 2007. 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

BE:WJR:THC:dl

ULMNCAA07

This page is intentionally blank.

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, 2007

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	$259,576	$69,109	$8,446	$43,778		$380,909
Student fees					$361,270	361,270
Guarantees	2,500,000	247,000	10,000	4,000		2,761,000
Contributions	122,519	17,213	4,038	278,270	446,884	868,924
Direct institutional support	8,606	1,514	29,479	96,817	2,969,427	3,105,843
Indirect facilities and administrative support					714,497	714,497
NCAA/Conference distribution including all tournament revenues					545,744	545,744
Program sales, concessions, novelty sales, and parking	17,223	5,208	4,203	4,960	3,506	35,100
Royalties, licensing, advertisements, and sponsorships					83,631	83,631
Endowment and investment income					8,896	8,896
Other					164,782	164,782
Total operating revenues	2,907,924	340,044	56,166	427,825	5,298,637	9,030,596
EXPENSES						
Operating expenses:						
Athletic student aid	786,472	133,156	150,304	814,924		1,884,856
Guarantees	260,000	16,000	3,400	644		280,044
Coaching salaries, benefits, and bonuses paid by the university or related entities	571,563	283,711	192,978	514,546		1,562,798
Support-staff/administrative salaries, benefits, and bonuses paid by the institution and related entities	135,066	53,085		11,059	790,628	989,838
Recruiting	44,993	32,752	9,468	48,186	7,572	142,971
Team travel	355,581	118,640	68,483	304,950	39,499	887,153
Equipment, uniforms, and supplies	213,765	25,481	3,388	75,918	220,243	538,795
Game expenses	255,911	2,979	52,518	220,910	101,749	634,067
Fund raising, marketing, and promotion	15,944	5,456	5,101	58,610	182,104	267,215
Direct facilities, maintenance, and rental	50,079	1,319	2,154	7,971	43,699	105,222
Indirect facilities and administrative support					714,497	714,497
Medical expenses and medical insurance	76,029	18,196	6,911	9,714	192,900	303,750
Memberships and dues	8,292	4,070	580	8,581	130,589	152,112
Other operating expenses	38,754	8,877	3,779	59,729	84,165	195,304
Total operating expenses	2,812,449	703,722	499,064	2,135,742	2,507,645	8,658,622
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	$95,475	($363,678)	($442,898)	($1,707,917)	$2,790,992	$371,974

This page is intentionally blank.

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 $762,484 to the athletic department for the fiscal year ended June 30, 2007.

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 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, 2007, is as follows:

	Balance June 30, 2006	Additions	Balance June 30, 2007
Capital Assets			
Buildings	$21,481,975	$142,962	$21,624,937
Less - accumulated depreciation	(13,842,431)	(516,718)	(14,359,149)
Total buildings	7,639,544	(373,756)	7,265,788
Equipment	186,203	99,496	285,699
Less - accumulated depreciation	(155,608)	(29,260)	(184,868)
Total equipment	30,595	70,236	100,831
Total capital assets	$7,670,139	($303,520)	$7,366,619
Capital Asset Summary			
Capital assets, at cost	$21,668,178	$242,458	$21,910,636
Less - accumulated depreciation	(13,998,039)	(545,978)	(14,544,017)
Capital assets, net	$7,670,139	($303,520)	$7,366,619

This page is intentionally blank.