

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



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 26, 2014

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 14, 2014

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 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) Constitution 3.2.4.16 for the year ended June 30, 2013, and to assist you in your evaluation of the effectiveness of the University Athletic Department's internal control over financial reporting as of June 30, 2013. 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 for ticket sales and followed it through the University's cash control system to determine 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 to determine 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 obtained internal auditor reports issued during the period relating to the intercollegiate athletics program to identify any significant deficiencies noted.

The University of Louisiana System Office of Internal Audit issued a report dated February 8, 2013, titled "Review of Controls Over the Ticket Reconciliations for the Baylor Football Game" held at the University on September 21, 2012. The report disclosed deficiencies in the areas of untimely reconciliation of ticket sales, lack of detailed ticket manifest, untimely reimbursement for ticket purchases by the foundation, untimely deposits, and lack of formal athletic department procedures.

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, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and legislation, completeness of the list of all known affiliated and outside organizations, and other information we considered necessary for the year ended June 30, 2013.
2. We verified the mathematical accuracy of the amounts on the Statement and compared 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 major operating revenue and expense account for June 30, 2012, and June 30, 2013, 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 two revenue accounts, "Contributions" and "NCAA/Conference Distribution," that had variances of 25 percent or greater that are 10 percent or more of the total. We obtained and documented the University's explanation for the variances.

4. We compared the budgeted revenues and expenses to actual revenues and expenses for each major operating revenue and expense account for the year June 30, 2013, to identify any variances of 25 percent or greater in individual revenue and expense accounts (line items) that are 10 percent or more of the total.

As a result of our procedure, we identified one revenue account, "NCAA/Conference Distribution," 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.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. Using a schedule prepared by the University, we compared the value of tickets sold, complimentary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported in the general ledger and Statement. We agreed the information on the schedule to the supporting game reconciliation for a random sample of 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.

2. We compared and agreed student fees reported in the Statement to student enrollment based on the University's methodology for allocating student fees to the intercollegiate athletics program. 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 contest and agreed the amount to the general ledger and to the contractual agreement. We recalculated the totals 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 randomly 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 did not participate in any NCAA/Conference tournaments during the period.

7. We reviewed the relevant terms and conditions of the agreements relating to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the period. 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 one operating revenue receipt 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 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, 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 a random sample of one contractual agreement pertaining to expenses recorded by the University during the reporting period and agreed related expenses to the University's general ledger and/or Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

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

- (a) We compared and agreed the financial terms and conditions of each selection to the related salaries, benefits, and bonuses recorded by the University and related entities in the Statement.
- (b) We obtained and inspected W-2s and 1099s for each selection.
- (c) We compared and agreed related W-2s and 1099s 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.

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

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 summed the indirect facilities and indirect institutional support totals reported by the University in the Statement and determined it is presented in accordance with the University's methodology for allocating indirect facilities support. We recalculated the totals.

We found no exceptions as a result of these procedures.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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 these procedures.

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

1. We obtained from University management a list of contributions of monies, goods, or services received directly by the athletic department for any affiliated or outside organization, agency, or group of individuals to identify any individual contributions that constitute 10 percent or more of the total contributions received for intercollegiate athletics during the reporting period. We obtained and reviewed supporting documentation for each such contribution and ensured the source of funds, goods, and services as well as the value associated with these items were disclosed within the notes to the Statement.

The University of Louisiana at Monroe Athletic Foundation, Incorporated, (Foundation) an outside organization, contributed monies, goods, or services for or on behalf of the athletic department that 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 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 Foundation 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 included with the agreed-upon procedures report as follows:

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
Revenues:						
Contributions	\$784,501	\$27,049	\$25,046	\$402,577	\$305,278	\$1,544,451
Expenses:						
Coaching salaries, benefits, and bonuses	103,510	9,417	9,428	17,119		139,474
Support staff salaries, benefits, and bonuses					10,486	10,486
Recruiting	2,450		1,856	37,634	2,376	44,316
Team travel	40,121	3,540		28,837	32,855	105,353
Equipment, uniforms, and supplies	36,769	2,395	1,250	16,432	47,334	104,180
Game expenses	209,561	719	831	33,665	20,637	265,413
Fund raising, marketing, and promotion	89,997	8,054	7,596	100,586	128,202	334,435
Direct facilities, maintenance, and rental	287,570	372	871	131,045	12,866	432,724
Memberships and dues	8,850	405	1,180	7,690	32,939	51,064
Other operating expense	5,673	2,147	2,034	29,569	17,583	57,006
Total expenses	784,501	27,049	25,046	402,577	305,278	1,544,451
EXCESS OF REVENUES OVER EXPENSES	NONE	NONE	NONE	NONE	NONE	NONE

We compared the schedule to the amounts in the University's Statement and found no exceptions as a result of these procedures.

5. We obtained written representations as to the fair presentation of the summary schedule.

We found no exceptions as a result of this procedure.

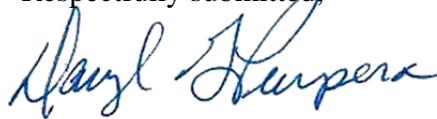
6. We obtained the independent auditor's reports for all outside organizations to identify any significant deficiencies relating to their internal control. We were to make inquiries of management to document any corrective action taken in response to the significant deficiencies.

The financial statements of the Foundation were audited by an independent certified public accounting firm for the years ended June 30, 2013 and 2012. The audit report is dated December 23, 2013, and included no significant deficiencies relating to the outside organizations' 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 accompanying Statement and related notes of the University's Athletic Department or on its compliance with NCAA Constitution 3.2.4.16 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2013. 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 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, stylized initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

KVL:BAC:BDC:THC:ch

ULM NCAA 2013

**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, 2013**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	\$661,989	\$47,850	\$475	\$75,401		\$785,715
Student fees					\$313,005	313,005
Guarantees	2,500,000	245,000	35,000	9,000		2,789,000
Contributions	784,501	27,049	25,046	402,577	562,665	1,801,838
Direct institutional support	193,768		50,176	155,481	2,825,138	3,224,563
Indirect facilities and administrative support					564,754	564,754
NCAA/Conference distribution, including all tournament revenues	193,116				1,154,120	1,347,236
Broadcast, television, radio and Internet rights	23,408	1,221	424			25,053
Royalties, licensing, advertisements, and sponsorships					189,805	189,805
Endowment and investment income					157	157
Other					190,185	190,185
Total operating revenues	<u>4,356,782</u>	<u>321,120</u>	<u>111,121</u>	<u>642,459</u>	<u>5,799,829</u>	<u>11,231,311</u>
EXPENSES						
Operating expenses:						
Athletic student aid	1,278,431	161,660	189,591	1,233,049		2,862,731
Guarantees	200,000		1,500	4,000		205,500
Coaching salaries, benefits, and bonuses paid by the university or related entities	1,108,879	356,139	270,534	715,415		2,450,967
Support staff/administrative salaries, benefits, and bonuses paid by the institution and related entities	41,184		2,320	3,937	1,012,911	1,060,352
Recruiting	36,761	30,832	14,303	81,979	2,438	166,313
Team travel	616,368	83,746	89,599	466,240	33,357	1,289,310
Equipment, uniforms, and supplies	40,655	2,962	1,759	21,716	158,359	225,451
Game expenses	496,398	26,592	75,416	215,565	37,065	851,036
Fund raising, marketing, and promotion	96,097	8,891	10,566	106,221	141,577	363,352
Direct facilities, maintenance, and rental	296,413	1,435	2,032	135,368	254,996	690,244
Indirect facilities and administrative support					564,754	564,754
Medical expenses and medical insurance	37,359	6,057	6,389	75,085	102,905	227,795
Memberships and dues	11,596	3,040	3,255	10,331	139,513	167,735
Other operating expenses	41,727	63,455	3,889	59,400	145,373	313,844
Total expenses	<u>4,301,868</u>	<u>744,809</u>	<u>671,153</u>	<u>3,128,306</u>	<u>2,593,248</u>	<u>11,439,384</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>\$54,914</u>	<u>(\$423,689)</u>	<u>(\$560,032)</u>	<u>(\$2,485,847)</u>	<u>\$3,206,581</u>	<u>(\$208,073)</u>

NOTES TO THE FINANCIAL STATEMENT

(UNAUDITED)

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 \$1,544,451 to the athletic department for the fiscal year ended June 30, 2013.

2. CAPITAL ASSETS

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 if they exceed \$100,000. 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 and software. The athletic department follows standardized policies and procedures established by state laws and regulations for acquiring, approving, and disposing of capital assets. The University has no debt associated with its athletic department's capital assets.

Capital asset activity for the athletic department for the year ended June 30, 2013, is as follows:

	Balance June 30, 2012	Prior Period Adjustment	Restated Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Capital Assets:						
Land improvements	\$338,000		\$338,000			\$338,000
Less - accumulated depreciation	(84,500)		(84,500)	(\$16,900)		(101,400)
Total land improvements	<u>253,500</u>	<u>NONE</u>	<u>253,500</u>	<u>(16,900)</u>	<u>NONE</u>	<u>236,600</u>
Buildings	21,662,617		21,662,617			21,662,617
Less - accumulated depreciation	(16,794,455)		(16,794,455)	(441,163)		(17,235,618)
Total buildings	<u>4,868,162</u>	<u>NONE</u>	<u>4,868,162</u>	<u>(441,163)</u>	<u>NONE</u>	<u>4,426,999</u>
Equipment	200,480	\$33,475	233,955	6,144		240,099
Less - accumulated depreciation	(156,340)	(24,251)	(180,591)	(11,741)		(192,332)
Total equipment	<u>44,140</u>	<u>9,224</u>	<u>53,364</u>	<u>(5,597)</u>	<u>NONE</u>	<u>47,767</u>
Total capital assets	<u>\$5,165,802</u>	<u>\$9,224</u>	<u>\$5,175,026</u>	<u>(\$463,660)</u>	<u>NONE</u>	<u>\$4,711,366</u>
Capital Asset Summary:						
Capital assets, at cost	\$22,201,097	\$33,475	\$22,234,572	\$6,144		\$22,240,716
Less - accumulated depreciation	<u>(17,035,295)</u>	<u>(24,251)</u>	<u>(17,059,546)</u>	<u>(469,804)</u>		<u>(17,529,350)</u>
Capital assets, net	<u>\$5,165,802</u>	<u>\$9,224</u>	<u>\$5,175,026</u>	<u>(\$463,660)</u>	<u>NONE</u>	<u>\$4,711,366</u>