

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



AGREED-UPON PROCEDURES REPORT  
ISSUED JANUARY 30, 2013

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

January 10, 2013

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, 2012, 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, 2012. 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 audit reports issued during the period relating to the intercollegiate athletics program to identify any significant deficiencies noted.

We found no significant deficiencies identified in the internal audit reports.

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 of the intercollegiate athletics program, 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, 2012.
2. We verified the mathematical accuracy of the amounts on the Statement 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, 2011, and June 30, 2012, 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 one revenue account "Away Game Guarantees" 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. The explanation was reasonable.

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, 2012, 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.

We identified no variances that were 25 percent or greater in individual revenue and expense accounts that are 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 general ledger and Statement. We agreed the information on the schedule to the supporting game reconciliation for a randomly selected home football, basketball, and baseball game. We recalculated the reconciliations for the games tested.

We found no exceptions as a result of these procedures.

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 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 a random away game guarantee settlement and agreed the amount to the general ledger and to the contractual settlement. 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 select one agreement relating to the University's participation in revenues from NCAA/Conference tournaments during the period. While the University did not participate in any such tournaments, it received a NCAA distribution amount that we compared and agreed to the general ledger and the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

7. We selected one agreement relating to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the period. Based on the relevant terms and conditions of the agreement, 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 a sample of 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 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 one away game settlement report received by the University during the reporting 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 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 and men's and women's basketball. The following procedures were performed:

- (a) We 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) 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 found no exceptions as a result of this procedure.

7. We summed the indirect facilities support and indirect institutional support totals reported by the University in the Statement and determined if they were presented in accordance with the University's methodology for allocating indirect facilities support.

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 recalculated the totals.

We found no exceptions as a result of these procedures.

9. 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.

10. 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.

11. 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.

12. 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.

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 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 was 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:

	<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>
<b>Revenues:</b>						
Contributions	\$11,866	\$13,718	\$8,111	\$300,536	\$505,238	\$839,469
<b>Expenses:</b>						
Athletics student aid				1,000		1,000
Recruiting	386	2,665	3,869	27,989	28,970	63,879
Team travel	387	2,250	741	11,573	431	15,382
Equipment, uniforms, and supplies	400	3,304	880	8,805	57,925	71,314
Game expenses	82	375	51	68,278	3,084	71,870
Fund raising, marketing, and promotion	240	1,372	1,372	62,265	182,771	248,020
Direct facilities, maintenance, and rental	1,088			70,592	36,052	107,732
Medical expenses and medical insurance					138,230	138,230
Memberships and dues	1,443		885	22,562	35,280	60,170
Other operating expense	7,840	3,752	313	27,472	22,495	61,872
Total expenses	<u>11,866</u>	<u>13,718</u>	<u>8,111</u>	<u>300,536</u>	<u>505,238</u>	<u>839,469</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>

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

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

We found no exceptions as a result of this procedure.

- We obtained the independent auditor's reports for all outside organizations to identify any significant deficiencies relating to their internal control. We made 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 year ended June 30, 2012. The audit report dated November 13, 2012, included one significant internal control deficiency relating to inadequate controls over accounting and recording of payments in kind. The report included the Foundation's 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 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, 2012. 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

KDP:BAC:BDC:EFS:dl

ULM NCAA 2012

**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, 2012**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating revenues:						
Ticket sales	\$460,999	\$49,468	\$990	\$62,060		\$573,517
Student fees					\$296,701	296,701
Guarantees	3,300,000	362,500	37,000	14,000		3,713,500
Contributions	58,445	14,507	11,536	309,012	758,692	1,152,192
Direct institutional support	9,198	8,533	81,736	100,422	3,621,917	3,821,806
Indirect facilities and administrative support					590,843	590,843
NCAA/Conference distribution, including all tournament revenues					794,552	794,552
Program sales, concessions, novelty sales, and parking	6,032	1,933	391	3,194	1,484	13,034
Royalties, licensing, advertisements, and sponsorships					236,372	236,372
Endowment and investment income					83	83
Other					130,888	130,888
Total operating revenues	<u>3,834,674</u>	<u>436,941</u>	<u>131,653</u>	<u>488,688</u>	<u>6,431,532</u>	<u>11,323,488</u>
<b>EXPENSES</b>						
Operating expenses:						
Athletic student aid	1,002,822	140,180	203,596	1,225,225		2,571,823
Guarantees	800,000	11,000	1,000			812,000
Coaching salaries, benefits, and bonuses paid by the university or related entities	983,981	306,057	236,237	691,779		2,218,054
Support staff/administrative salaries, benefits, and bonuses paid by the institution and related entities	46,220	8,533	6,483	597	978,476	1,040,309
Recruiting	47,183	38,784	13,129	77,899	28,983	205,978
Team travel	393,185	115,180	103,430	389,861	61,125	1,062,781
Equipment, uniforms, and supplies	65,063	17,362	9,928	30,522	140,589	263,464
Game expenses	249,318	96,350	62,187	266,256	23,887	697,998
Fund raising, marketing, and promotion	7,851	1,887	2,758	66,231	200,800	279,527
Direct facilities, maintenance, and rental	35,965	1,119	1,705	76,310	100,136	215,235
Indirect facilities and administrative support					590,843	590,843
Medical expenses and medical insurance	28,985	7,393	1,501	19,344	372,274	429,497
Memberships and dues	3,234	2,895	2,960	26,506	140,776	176,371
Other operating expenses	41,713	7,563	1,228	33,591	121,863	205,958
Total expenses	<u>3,705,520</u>	<u>754,303</u>	<u>646,142</u>	<u>2,904,121</u>	<u>2,759,752</u>	<u>10,769,838</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	<u>\$129,154</u>	<u>(\$317,362)</u>	<u>(\$514,489)</u>	<u>(\$2,415,433)</u>	<u>\$3,671,780</u>	<u>\$553,650</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 \$839,469 to the athletic department for the fiscal year ended June 30, 2012.

## 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, 2012, is as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
<b>Capital Assets:</b>				
Land improvements	\$338,000			\$338,000
Less - accumulated depreciation	(67,600)	(\$16,900)		(84,500)
Total land improvements	<u>270,400</u>	<u>(16,900)</u>	NONE	<u>253,500</u>
Buildings	21,662,617			21,662,617
Less - accumulated depreciation	(16,353,292)	(441,163)		(16,794,455)
Total buildings	<u>5,309,325</u>	<u>(441,163)</u>	NONE	<u>4,868,162</u>
Equipment	195,180	5,300		200,480
Less - accumulated depreciation	(145,060)	(11,280)		(156,340)
Total equipment	<u>50,120</u>	<u>(5,980)</u>	NONE	<u>44,140</u>
Total capital assets	<u>\$5,629,845</u>	<u>(\$464,043)</u>	NONE	<u>\$5,165,802</u>
<b>Capital Asset Summary:</b>				
Capital assets, at cost	\$22,195,797	\$5,300		\$22,201,097
Less - accumulated depreciation	(16,565,952)	(469,343)		(17,035,295)
Capital assets, net	<u>\$5,629,845</u>	<u>(\$464,043)</u>	NONE	<u>\$5,165,802</u>