

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



AGREED-UPON PROCEDURES REPORT  
ISSUED MARCH 4, 2015

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

February 19, 2015

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 that 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, 2014, 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, 2014. University management is responsible for the Statement (Unaudited) and related note (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 that 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 accounting 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 the University did not maintain a record of pre-printed tickets as required by University policy to account for all unsold tickets. We found no other exceptions as a result of these procedures.

3. We obtained the University's internal auditor reports issued during the period relating to the intercollegiate athletics program to identify any significant deficiencies noted.

The University of Louisiana System's Office of Internal Audit issued a report dated June 9, 2014, titled "Follow-up on Review of Controls over the Ticket Reconciliations." The report revealed that corrective actions have not been fully implemented regarding the lack of a complete ticket manifest and untimely ticket sales reconciliation for the Arkansas football game played November 9, 2013.

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, 2014.
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, 2013, and June 30, 2014, to identify variances of 25 percent or greater between individual revenue and expense accounts that are 10 percent or more of the total.

As a result of our procedures, we identified one revenue account, "NCAA/conference distribution," and one expense account, "Support Staff/administrative salaries, benefits, and bonuses paid by the institution and related entities" having variances of 25 percent or greater and are 10 percent or more of the total.

We obtained and documented the University's explanations 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 ended June 30, 2014, to identify any variances of 25 percent or greater in individual revenue and expense accounts that are 10 percent or more of the total.

As a result of our procedures, we identified two revenue accounts, "Ticket sales" and "NCAA/conference distribution" that had variances of 25 percent or greater and are 10 percent or more of the total.

We obtained and documented the University's explanations for the variances.

#### **MINIMUM AGREED-UPON PROCEDURES FOR REVENUES**

1. Using a schedule prepared by the University, we were to compare 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 were to agree the information on the schedule to the supporting game reconciliation for a random sample of one football, one basketball, and one baseball game. We also were to recalculate the reconciliations for the games tested.

We found that the complimentary ticket information on the reconciliations did not agree to the supporting documentation provided for the Texas State basketball game held on January 11, 2014, and the Southern Mississippi baseball game held on February 18, 2014. In addition, we were not provided with the total number of tickets printed for the Georgia State Football game held on October 26, 2013, to determine the number of unsold tickets.

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 reporting 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 received NCAA distributions but 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 were to randomly select one program sale revenue transaction and agree to supporting documentation. We were to recalculate the totals.

We found that the University did not have any program sale revenue during the period.



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 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 a random sample of one contractual agreement pertaining to expenses recorded by the University from a guaranteed contest during the reporting period. We 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 randomly selected one athletic employee with a severance payment and agreed the severance pay to the related termination letter or employment contract. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We compared and agreed the University's recruiting expense policies to existing University and NCAA-related policies.

We found no exceptions as a result of this procedure.

6. We compared and agreed the University's team travel policies to existing institutional and NCAA-related policies.

We found no exceptions as a result of this procedure.

7. 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 that they are 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.

8. 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.

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 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 NOTE AND DISCLOSURE**

1. We obtained from University management a list of contributions of monies, goods, or services received directly by the athletic department to identify any contributions from an affiliated or outside organization, agency, or group of individuals (two or more) that constitute 10 percent or more of the total contributions during the reporting period. We ensured the source(s) of funds, goods, and services, as well as the value associated with these items, were disclosed within the note to the Statement.

The University of Louisiana at Monroe Athletic Foundation, Inc., (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.

#### **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. We obtained written representations from management that the sole organization on the listing provided to us by the University is the only outside organization created for or on behalf of the athletic department.
2. We obtained from management the statement for the affiliated and outside organization and performed the following:
  - (a) We agreed the amounts reported in the Statement 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 the outside organization 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 from management a summary schedule of revenues and expenses for or on behalf of intercollegiate athletics programs by the affiliated and outside organization 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	\$588,580	\$44,243	\$51,453	\$324,477	\$258,565	\$1,267,318
<b>Expenses:</b>						
Coaching salaries, benefits, and bonuses paid by the University and related entities	84,954	15,058	17,091	21,402		138,505
Support staff/administrative salaries, benefits, and bonuses paid by the University and related					137,690	137,690
Recruiting	3,702	642	549	21,292	34,676	60,861
Team travel		106	3,805	30,657	31,535	66,103
Equipment, uniforms, and supplies				274	4,332	4,606
Game expenses	60,098	1,179	2,681	51,491		115,449
Fund raising, marketing, and promotion	389,971	26,178	25,846	98,786	44,714	585,495
Direct facilities, maintenance, and rental	48,303		70	79,857	1,189	129,419
Memberships and dues		425	1,110	5,439	375	7,349
Other operating expense	1,552	655	301	15,279	4,054	21,841
Total expenses	588,580	44,243	51,453	324,477	258,565	1,267,318
<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 also obtained written representations from management as to the fair presentation of the summary schedule.

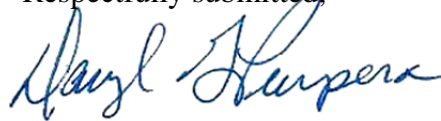
4. We obtained the independent auditor's reports for all outside organizations to identify any significant deficiencies relating to their internal control. We were to make inquiries of management to document any corrective action taken in response to the significant deficiencies.

The financial statements of the Foundation were audited by an independent certified public accounting firm for the years ended June 30, 2014 and 2013. The audit report is dated February 5, 2015, and did not include a report on 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 note 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, 2014. 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,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

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ULM NCAA 2014



**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, 2014**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating revenues:						
Ticket sales	\$507,810	\$94,574	\$1,237	\$58,358		\$661,979
Student fees					\$311,759	311,759
Guarantees	2,089,852	325,000	30,000	11,000		2,455,852
Contributions	675,255	44,243	51,453	324,477	758,565	1,853,993
Direct institutional support	8,042		43,027	137,773	3,715,291	3,904,133
Indirect facilities and administrative support					566,449	566,449
NCAA/conference distributions, including all tournament revenues	540,000				1,287,761	1,827,761
Program sales, concessions, novelty sales, and parking	30,319	4,220	1,754	9,587	1,426	47,306
Royalties, licensing, advertisements, and sponsorships	8,220				208,451	216,671
Endowment and investment income					211	211
Other	34,110	810	49	4,655	242,779	282,403
Total operating revenues	<u>3,893,608</u>	<u>468,847</u>	<u>127,520</u>	<u>545,850</u>	<u>7,092,692</u>	<u>12,128,517</u>
<b>EXPENSES</b>						
Operating expenses:						
Athletic student aid	1,298,635	239,480	236,696	1,578,922	20,082	3,373,815
Guarantees	675,000	8,000	6,500			689,500
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,133,106	373,964	299,639	797,703	1,369	2,605,781
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	46,146		4,974	11,348	1,279,147	1,341,615
Severance payments				7,677		7,677
Recruiting	56,349	35,789	9,540	61,024	34,676	197,378
Team travel	458,682	101,254	85,573	400,735	31,535	1,077,779
Equipment, uniforms, and supplies	4,680	188	936	3,453	111,224	120,481
Game expenses	480,152	121,249	102,370	280,127	25,592	1,009,490
Fund raising, marketing, and promotion	397,548	26,848	26,772	102,041	59,151	612,360
Direct facilities, maintenance, and rental	51,401	1,313	1,090	90,660	119,964	264,428
Indirect facilities and administrative support					566,449	566,449
Medical expenses and medical insurance	82,702	43,665	22,068	97,197		245,632
Memberships and dues	3,560	4,640	2,145	9,880	115,262	135,487
Other operating expenses	19,240	889	843	18,289	59,366	98,627
Total operating expenses	<u>4,707,201</u>	<u>957,279</u>	<u>799,146</u>	<u>3,459,056</u>	<u>2,423,817</u>	<u>12,346,499</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	<u>(\$813,593)</u>	<u>(\$488,432)</u>	<u>(\$671,626)</u>	<u>(\$2,913,206)</u>	<u>\$4,668,875</u>	<u>(\$217,982)</u>





**NOTE TO THE FINANCIAL STATEMENT**  
(UNAUDITED)

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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 University of Louisiana at Monroe Athletic Foundation contributed \$1,267,318 to the athletic department for the fiscal year ended June 30, 2014.