

ATHLETIC DEPARTMENT UNIVERSITY OF NEW ORLEANS

**UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

FINANCIAL AUDIT SERVICES

**Agreed-Upon Procedures Report
Issued May 25, 2023**

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May 18, 2023

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

DR. JOHN W. NICKLOW, PRESIDENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as President of the University of New Orleans (University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University's athletic department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17 for the year ended June 30, 2022. University management is responsible for the accuracy of the Statement (unaudited) and the related note (unaudited) and the 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. Management of the University has acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The University specified a threshold of \$2,500 for reporting exceptions, and the agreed-upon procedures described below were not applied to any transactions that fell under this amount, nor did we report any exceptions noted below this amount. In addition, procedures were not performed on specific reporting categories with amounts reported on Statement A that were less than 4% of the total revenues or expenses.

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 cash receipt batch sheet of 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 were to observe 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.

We were unable to observe the athletic department personnel to determine their compliance with policies and procedures related to the control and safeguarding of unsold tickets because the University no longer pre-prints tickets. Tickets are now printed as they are purchased.

3. We obtained the University's procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the University's intercollegiate athletics program and performed procedures to determine the University's adherence to these 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 accuracy 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 as we considered necessary for the fiscal year ended June 30, 2022.

2. We attempted to verify the mathematical accuracy of the amounts on the Statement and we compared and attempted to agree the amounts to supporting schedules provided by the University and/or the University's general ledger.

We agreed the total revenues reported on the Statement to the supporting documentation; however, we noted that total revenues for other sports were overstated by \$30,935, and non-program specific revenues were understated by \$28,893.

We agreed the total operating expenses on the Statement to the supporting documentation; however, we were unable to agree the amounts for individual reporting categories because of the inaccurate coding in the accounting system and insufficient supporting documentation provided. We were able to agree amounts for some sports in total, but not by individual expense classification. We noted that total expenses for men's basketball and women's basketball were understated by \$12,915 and \$10,918, respectively, and that total expenses for baseball and other sports were overstated by \$10,946 and \$14,356, respectively.

We noted that the expense classification, "Coaching salaries, benefits, and bonuses paid by the University and related entities," and the expense classification, "Support staff/administrative compensation, benefits and bonuses paid by the University and related entities," did not agree to the University's general ledger. They were overstated and understated, respectively, by \$1,309,052 because the University reported the amount in the wrong classification on the Statement. Statement A was corrected for this error.

3. We compared and agreed a sample of five operating revenue receipts and a sample of five expense disbursements obtained from the supporting schedules to adequate supporting documentation.

We found no exceptions as a result of these procedures.

4. We compared each major revenue and expense account greater than 10% of total revenues or expenses for June 30, 2022, to June 30, 2021, amounts and budget estimates, to identify variations greater than 10%.

We reported the analysis in Appendix A to this report.

**MINIMUM AGREED-UPON PROCEDURES
FOR REVENUES**

1. We obtained and documented an 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. We were to obtain explanations from the University regarding any variances in excess of 5%. We recalculated the totals. Additionally, if the athletic department is reporting that an allocation of student fees should be countable as generated revenue, we were to recalculate the totals of the University's methodology for supporting that the athletic department is able to count each sport. We were to tie the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.

We found no exceptions as a result of these procedures.

We noted no variances between student fees reported in the Statement and student fees calculated from student enrollment in excess of 5%.

The University does not report the allocation of student fees as generated revenue.

2. We compared direct institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We obtained and reviewed supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program from an affiliated or outside organization, agency, or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constituted 10% or more in the aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting period. We recalculated the totals.

We found no exceptions as a result of these procedures.

**MINIMUM AGREED-UPON PROCEDURES
FOR EXPENSES**

1. We selected a sample of 10% of student athletes from the listing of University student aid recipients. We performed the following:
 - (a) We obtained individual student account detail for each selection, and compared total aid in the University's student system to the

student's detail in the NCAA Compliance Assistance (CA) software.

- (b) We performed a check of each student selected to ensure his/her information was reported accurately in the NCAA's CA software using the criteria found in 2022 NCAA Agreed-Upon Procedures.
- (c) We recalculated the totals for each sport and overall for all sports.

We noted that information for two students was not reported accurately in the NCAA's CA software.

- 2. We obtained and inspected a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period. We selected a sample of three coaches' contracts, including men's and women's basketball, and a sample of three staff/administrative personnel and performed the following:

- (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 during the reporting period.
- (b) We obtained and inspected payroll summary registers for the reporting year for each selection.
- (c) We compared and agreed payroll summary registers 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 compared and agreed the totals recorded to any employment contracts executed for the sample selected.
- (e) We recalculated the totals.

We found no exceptions as a result of these procedures.

- 3. We obtained and documented an understanding of the University's team travel polices, and compared and agreed the University's team travel policies to existing University and NCAA-related policies. In addition, we obtained the general ledger detail and compared the detail to the total expenses reported. We recalculated the totals.

We were unable to agree the amount reported on the Statement to the general ledger detail because of inaccurate coding in the accounting system and insufficient supporting documentation. The amount reported on the Statement was \$65,590 less than the amount in the

general ledger detail and management was unable to provide an explanation for the difference.

4. We were to obtain the general ledger detail for direct overhead and administrative expenses and compare the detail to the total expenses reported. We were to select a sample of five transactions to validate the existence of the transactions and the accuracy of their recording. We were to recalculate the totals.

The university was unable to provide adequate supporting documentation and we were unable to determine the general ledger accounts that should be included in this expense classification; therefore, we were unable to select a sample of five transactions.

5. We were to obtain the general ledger detail for other operating expenses and transfers to the University and compare the detail to the total expenses reported. We were to select a sample of five transactions to validate the existence of the transactions and the accuracy of their recording. We were to recalculate the totals.

The university was unable to provide adequate supporting documentation and we were unable to determine the general ledger accounts that should be included in this expense classification; therefore, we were unable to select a sample of five transactions.

MINIMUM AGREED-UPON PROCEDURES FOR OTHER REPORTING ITEMS

1. We agreed the total outstanding University debt to supporting documentation and the University's audited financial statements, if available, or the University's general ledger.

We noted total institution debt was understated by \$3,971,000. The University erroneously reported the same amount it reported in fiscal year 2021 instead of the fiscal year 2022 amounts.

2. We agreed the total fair market value of University endowments to supporting documentation, the University's general ledger, and/or audited financial statements, if available.

We noted the total fair market value of University endowments was overstated by \$3,347,159. The University reported the fiscal year 2021 amounts instead of the fiscal year 2022 amounts.

3. We were to obtain a schedule of athletics-related capital expenditures made by athletics, the University, and affiliated organizations during the reporting period. We were to obtain the general ledger detail and compare the detail to the total expenses reported. We were to select a

sample of five transactions to validate the existence of the transactions and the accuracy of their recording. We were to recalculate the totals.

The University did not report any athletics-related capital expenditures during the reporting period.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. We were to obtain from University management a list of contributions of monies, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitutes 10% or more of all contributions received for intercollegiate athletics during the reporting period, and ensure the source(s) of the funds, goods, and services, as well as the value associated with these items, were properly disclosed in the notes to the Statement.

The University did not report any such contributions during the reporting period.

2. We obtained a description of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets. We ensured that the University's policies and procedures are properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures (see note 1 to the Statement).

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 University of New Orleans Foundation (UNO Foundation) is the only outside organization created for or on behalf of the athletic department.

2. We obtained from management of the University statements for all affiliated and outside organizations and agreed the amounts reported in the statements to the amounts provided by the UNO Foundation.

We found no exceptions as a result of these procedures.

3. We obtained from University 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 to be included with the agreed-upon procedures report as follows:

	<u>UNO Foundation</u>
Revenues	
Contributions	<u>\$755,645</u>
Expenses	
Athletic student aid	2,936
Team travel	33,975
Sports equipment, uniforms, and supplies	7,592
Fundraising, marketing, and promotion	18,409
Athletic facilities debt service, leases, and rental	40,540
Direct overhead and administrative expenses	20,958
Other operating expenses	<u>631,235</u>
Total expenses	<u>755,645</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	<u><u>NONE</u></u>

We obtained written representations from management as to the accuracy of the summary schedule.

We found no exceptions as a result of these procedures.

4. For all outside organizations that had an independent audit, we obtained the independent auditor’s report to identify any significant deficiencies relating to the outside organization’s internal controls. We were to make inquiries of management to document any corrective action taken in response to the significant deficiencies.

The UNO Foundation statements were audited by an independent certified public accountant for the year ended December 31, 2021. The audit report dated June 22, 2022, included no significant deficiencies on the outside organization’s internal control.

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

1. In order for the NCAA to place reliance on the Division I financial reporting to calculate the NCAA revenue distributions, we performed the following procedures:
 - (a) For Grants-in-Aid, we compared and agreed the sports sponsored and reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report. We were to inquire about any discrepancies and report the justification.

We noted Women's Basketball was not included as a countable sport in the financial reporting system. The University corrected the error in the financial reporting system.

- (b) We compared current-year Grants-in-Aid revenue distribution equivalencies to prior-year reported equivalencies per the Membership Financial Report submission. We inquired about any variances greater than +/- 4%.

We noted one variance greater than +/- 4%. The revenue distribution equivalency for Women's Track-Outdoor increased by 5.9% due to an increase in the roster size.

- (c) We obtained the University's Sports Sponsorship and Demographics Form submitted to the NCAA for the reporting year between May and August. We validated that the countable NCAA sports reported by the University met the minimum requirements, set forth in Bylaw 20.9.6.3, related to the number of contests and the number of participants. We validated the countable sports and ensured the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

We found no exceptions as a result of these procedures. The NCAA Division I Women's Basketball Committee approved a waiver of the minimum sports sponsorship requirements for the University for Women's Basketball for the 2021-2022 academic year.

- (d) We compared the current-year number of Sports Sponsored to the prior-year reported total per the Membership Financial Report submission. We were to inquire about any variances.

We noted a variance between current-year and prior-year Sports Sponsored because Women's Basketball was not included as a countable sport. After the University corrected the error, no variance was noted.

- (e) For Pell Grants, we agreed the total number of Division I student athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid, and Pell Grant recipients with no Athletic Aid) and the total dollar amount of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the University's financial aid records, of all student-athlete Pell Grants.

We noted the University did not report any information for Pell grants in the Membership Financial Reporting System. After the University corrected the error, the number of student athletes who received a Pell Grant award was understated by one student, and the total dollar amount for student athletes on Pell grants was understated by \$21,682.

- (f) We compared current-year Pell Grants total to prior year reported total per the Membership Financial Report submission. We were to inquire about any variance greater than +/- 20 grants.

We noted no variances that met the 20 grants threshold.

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement and related notes of the University's Athletic Department or on its compliance with NCAA Bylaw 3.2.4.17 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 this specified party. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

CC:CRV:BQD:EFS:ch

UNAUDITED

Statement A

**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenses
For the Year Ended June 30, 2022**

	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	\$32,427	\$4,092	\$93,961			\$130,480
Student fees					\$1,278,662	1,278,662
Direct institutional support					6,318,587	6,318,587
Indirect institutional support					161,056	161,056
Guarantees	274,500	35,000	3,000	\$35,000		347,500
Contributions	59,083	3,146	40,854	91,806	560,756	755,645
NCAA distributions					2,370	2,370
Program, novelty, parking, and concession sales					77,079	77,079
Royalties, licensing, advertisement, and sponsorships					39,401	39,401
Other operating revenue	90,000	50,000	1,410	14,200	84,527	240,137
Total operating revenues	<u>456,010</u>	<u>92,238</u>	<u>139,225</u>	<u>141,006</u>	<u>8,522,438</u>	<u>9,350,917</u>
EXPENSES						
Operating expenses:						
Athletic student aid	739,041	370,598	240,090	1,125,192		2,474,921
Guarantees	38,250	3,500		10,000		51,750
Coaching salaries, benefits, and bonuses paid by the University and related entities	551,174	391,213	305,887	703,751		1,952,025
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities					1,309,052	1,309,052
Recruiting	17,553	22,619	15,147	10,272		65,591
Team travel	245,503	88,364	143,165	373,201	58,691	908,924
Sports equipment, uniforms, and supplies				57,860		57,860
Game expenses	58,805	29,125	67,200	39,935	118,107	313,172
Fundraising, marketing, and promotion				15,850	37,881	53,731
Athletic facilities debt service, leases, and rental fees	846			35,920	12,675	49,441
Direct overhead and administrative expenses	15,600	12,052	53,489	34,737	363,905	479,783
Indirect institutional support					161,056	161,056
Medical expenses and insurance					357,888	357,888
Memberships and dues	300	850	1,719	2,719	44,989	50,577
Other operating expenses	64,825	8,938	75,836	134,525	781,022	1,065,146
Total operating expenses	<u>1,731,897</u>	<u>927,259</u>	<u>902,533</u>	<u>2,543,962</u>	<u>3,245,266</u>	<u>9,350,917</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>(\$1,275,887)</u>	<u>(\$835,021)</u>	<u>(\$763,308)</u>	<u>(\$2,402,956)</u>	<u>\$5,277,172</u>	<u>\$0</u>

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

1. 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 University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life 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. Any infrastructure exceeding \$3 million must be capitalized, but the University does not have any infrastructure that meets that criterion. 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. All departments within the University follow standardized policies and procedures prescribed by state laws and regulations for acquiring, approving, depreciating, and disposing of capital assets. The University has no debt associated with its Athletic Department's capital assets.

MAJOR REVENUE AND EXPENSE ANALYSIS

(Unaudited)

Appendix A

Appendix A includes an analysis of revenue and expense accounts that exceed 10% of total revenues and expenses. A comparison is presented of current-year amounts to prior-year amounts and of current-year amounts to budget estimates.

**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Major Revenue and Expense Analysis
For the Year Ended June 30, 2022**

Accounts Exceeding 10% Threshold and Variation Greater Than 10%	Fiscal Year 2022	Fiscal Year 2021	Increase/ (Decrease)	Percent Variance	
Operating Revenues per Statement A					
Student fees	\$1,278,662	\$2,318,147	(\$1,039,485)	(45%)	1
Direct institutional support	\$6,318,587	\$3,794,579	\$2,524,008	67%	2
Operating Expenses per Statement A					
Athletic student aid	\$2,474,921	\$1,893,684	\$581,237	31%	3
Coaching salaries, benefits, and bonuses paid by the University and related entities	\$1,952,025	\$1,726,785	\$225,240	13%	4
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	\$1,309,052	\$1,456,178	(\$147,126)	(10%)	5
Other operating expenses	\$1,065,146	\$756,153	\$308,993	41%	6
Budget*					
	Fiscal Year 2022 - Actual	Fiscal Year 2022 - Budget	Increase/ (Decrease)	Percent Variance	
Direct institutional support	\$6,318,587	\$4,750,000	\$1,568,587	33%	7
Athletic student aid	\$2,474,921	\$2,782,720	(\$307,799)	(11%)	8
Coaching salaries, benefits, and bonuses paid by the University and related entities	\$1,952,025	\$1,553,387	\$398,638	26%	9
Other operating expenses	\$1,065,146	\$424,600	\$640,546	151%	10

*The budget analysis is based on University data only. Budget information is not available for the University of New Orleans Foundation.

NOTES:

1. The decrease in student fees was caused by a significant decrease in student enrollment at the University.
2. Operating revenues from direct institutional support increased as a result of additional funding from the University to support the Division I athletic program.
3. Athletic student aid expenses increased due to the University's efforts to increase scholarships for women's sports.
4. Most contracted coaches have annual escalator clauses and performance bonuses in their contracts. Fiscal year 2022 was the athletic program's most successful year in over a decade and the coaches were rewarded for that success per their contracts.
5. Costs decreased in fiscal year 2022 due to attrition for several key high-level staff members whose positions remained unfilled for longer than normal.
6. Costs increased in fiscal year 2022 as a result of increased athletic activity after the COVID-19 restrictions ended.
7. Athletic department revenue was lower than projected due to decreases in student enrollment. The University provided more institutional support to cover the revenue shortage.
8. Athletic student aid costs were lower than anticipated because many student athletes graduated.
9. Most contracted coaches have annual escalator clauses and performance bonuses in their contracts. Fiscal year 2022 was the athletic program's most successful year in over a decade and the coaches were rewarded for that success per their contracts. The University did not accurately project the bonuses that were going to be earned by coaching staff.
10. The athletic department captured unbudgeted expenses for insurance, vehicle allowances for coaches and staff, its ticket system and related fees, and utilities in other operating expenses.