

ATHLETIC DEPARTMENT  
SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT  
ISSUED FEBRUARY 15, 2012

**LOUISIANA LEGISLATIVE AUDITOR  
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# TABLE OF CONTENTS

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	Page
Independent Accountant’s Report on the Application of Agreed-Upon Procedures .....	2
	<b>Statement</b>
Financial Statement - Statement of Revenues and Expenses (Unaudited)..... A .....	12
Notes to the Financial Statement (Unaudited) .....	13



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

January 12, 2012

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

**DR. JOHN L. CRAIN, PRESIDENT**  
**SOUTHEASTERN LOUISIANA UNIVERSITY**  
**UNIVERSITY OF LOUISIANA SYSTEM**  
**STATE OF LOUISIANA**  
Hammond, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of Southeastern Louisiana University (university), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the Southeastern Louisiana University Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2011, and to assist you in your evaluation of the effectiveness of the Southeastern Louisiana University Athletic Department's internal control over financial reporting as of June 30, 2011. 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 Southeastern Louisiana 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 associated findings are as follows:

**MINIMUM COMPLIANCE AGREED-UPON PROCEDURES**

**INTERNAL CONTROL**

1. We have obtained through discussion with management, the identity of those aspects of internal control that management considers unique to intercollegiate athletics.
2. We have 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 ten 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 determined that the university's internal auditor issued an internal audit report during the reporting period relating to cash collection points and petty cash, which included petty cash at the athletic department. The report noted no significant deficiencies.
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 athletic program and determined 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 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 regulations, completeness of the list of all known affiliated and outside organizations and other information we considered necessary for the year ended June 30, 2011.
2. We verified the mathematical accuracy of the amounts on the Statement and agreed each operating revenue and expense category reported in the Statement to supporting schedules provided by the university and/or the university's general ledger.

We found no exceptions as a result of these procedures.

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 operating revenue and expense account for June 30, 2011, and June 30, 2010, to identify variances of 5 percent or greater between individual revenue and expense accounts that are 5 percent or more of the total. We obtained and documented the university's explanations for any significant variations.

As a result of our procedures, we identified variances of 5 percent or greater in the following revenue account that is 5 percent or more of the total:

#### **Revenues**

##### Direct institutional support

5. 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, 2011, to identify any variances of 25 percent or greater in individual revenue and expense accounts that are 5 percent or more of the total. We obtained and documented the university's explanations for any significant variations.

As a result of our procedures, we identified no variances of 25 percent or greater in individual revenue and expense accounts that are 5 percent or more of the total for the year ended June 30, 2011.

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

1. Using a schedule prepared by the university, we compared the value of the tickets sold, complementary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported by the university in the general ledger and Statement and to the related attendance figures. We agreed the information on the schedule to the supporting game reconciliations 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. 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 obtained explanations from the university regarding any variances in excess of 5 percent. We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We selected a random sample of two away games with game guarantee settlements and agreed the settlement amounts to the general ledger and the contractual agreements. We recalculated the settlement reports for the games tested.

We found no exceptions as a result of these procedures.

4. We obtained and inspected supporting documentation evidencing each contribution of monies, goods, or services received directly by an intercollegiate athletic program for any affiliated or outside organization, agency, or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more of all contributions received for intercollegiate athletics during the reporting period.

The Lions Athletics Association, Inc., and the Southeastern Louisiana University Foundation are outside organizations that contributed monies, goods, or services for or on behalf of the athletic department that exceed 10 percent of total contributions.

5. We compared direct state or other governmental support recorded by the university during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation. We recalculated the totals.

The university did not have any direct state or other governmental support during the reporting period.

6. We compared direct 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.

7. We compared 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.

8. For NCAA/Conference distributions, including all tournament revenues, we obtained and inspected one randomly selected agreement related to the university's participation in revenues from tournaments during the reporting period, compared and agreed the related revenues to the university's general ledger and/or the Statement, and recalculated the totals.

We found no exceptions as a result of these procedures.

9. We inquired of management regarding the relevant terms and conditions of all agreements related to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the reporting period.

The university did not receive any revenue from television, radio, and Internet rights during the reporting period.

10. We obtained and inspected two randomly selected agreements related to the university's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period, compared and agreed related revenues to the university's general ledger and/or the Statement, and recalculated the totals.

We found no exceptions as a result of these procedures.

11. We inquired of management regarding a schedule listing all sports-camp contracts between the university and the person conducting university sports camps or clinics during the reporting period, the total amount of revenue generated for each camp, the charge per participant, and the number of participants for each camp.

The university did not have any direct revenue from university sports camps or clinics during the reporting period.

12. We inquired of management regarding endowment agreements for the period.

The university did not have any endowment agreements during the reporting period.

13. We randomly selected one operating revenue receipt from each category not previously mentioned and agreed the revenues 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 selected a random sample of seven students from the listing of university student aid recipients during the reporting period. We 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 two away game settlement reports received by the university during the reporting period and agreed related expenses to the university's general ledger and/or Statement.

We found no exceptions as a result of these procedures.



3. We obtained and inspected a random sample of three contractual agreements pertaining to expenses recorded by the university from guaranteed contests during the reporting period. We compared and agreed related amounts expensed by the university during the reporting period to its general ledger and/or the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. 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 random sample of the three highest paid support staff/administrative personnel and all head coaches from football, men's and women's basketball, and baseball 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.
  - (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.

5. We inquired of management regarding coaches and support staff/administrative personnel paid by third parties. We obtained and reviewed supporting documentation for payments made to coaches paid by third parties.

The university did not have any coaches and support staff/administrative personnel paid directly by third parties during the reporting period.

6. Using a list prepared by the university, we randomly selected the athletic employee with the highest severance payments and agreed the severance pay to the related termination letter or employment contract. We recalculated the total.

We found no exceptions as a result of this procedure.

7. 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.

8. We compared and agreed the university's team travel policies to existing university and NCAA-related policies.

We found no exceptions as a result of this procedure.

9. We obtained and documented the university's methodology for allocating indirect facilities support. We summed the indirect facilities support and indirect institutional support totals reported by the university in the Statement and determined if it was presented in accordance with 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 recalculated the totals.

We found no exceptions as a result of this procedure.

10. We randomly selected one operating expense for each category not previously mentioned and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

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

1. We obtained from university management a list of contributions of money, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals (two or more) that constitutes 10 percent or more of all contributions received for intercollegiate athletics during the reporting period, and ensured 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 Lion Athletics Association, Inc., and Southeastern Louisiana University Foundation are outside organizations that contributed monies, goods, or services for or on behalf of the athletic department that exceed 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. We ensured 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.

3. We inquired of university management regarding repayment schedules for all outstanding intercollegiate athletics debt maintained by the university during the reporting period.

The university did not maintain any debt related to intercollegiate athletics during the reporting period.

#### **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 written representations from management of the university that the listing of all known affiliated and outside organizations provided to us by the university are the only outside organizations created for or on behalf of the athletic department.
3. 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 or, alternatively, confirmed revenue 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 athletic 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.

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 to be included with the agreed-upon procedures report.
5. We obtained written representations as to the fair presentation of the summary schedule and agreed the amounts reported to the university's general ledger.

We found no exceptions as a result of these procedures.

	Lion Athletics Association, Inc.	(A Portion of) Southeastern Louisiana University Foundation	(A Portion of) Southeastern Alumni Association and Other	Total
<b>Revenues</b>				
Contributions	\$159,720	\$75,077	\$50,325	\$285,122
Compensation and benefits provided by third party	98,371			98,371
Indirect facilities and administrative support	26,081			26,081
Program sales, concessions, novelty sales, and parking	67,848			67,848
Royalties, advertisements, and sponsorships	627,863			627,863
Sports camp revenue	1,585			1,585
Endowment and investment income	1,051	234,236		235,287
Other	96,816		88,118	184,934
<b>Total revenues</b>	<b>1,079,335</b>	<b>309,313</b>	<b>138,443</b>	<b>1,527,091</b>
<b>Expenses</b>				
Coaching other compensation and benefits paid by third party	52,984			52,984
Support staff/administrative salaries, benefits, and bonuses paid by university	45,387			45,387
Recruiting	16,897			16,897
Team travel	6,013		1,610	7,623
Equipment, uniforms, and supplies	34,609			34,609
Fund raising, marketing, and promotion	137,224		37,845	175,069
Direct facilities, maintenance, and rentals	30,553			30,553
Spirit groups	11,443			11,443
Indirect facilities and administrative support	26,081			26,081
Medical expenses and medical insurance	2,289			2,289
Membership and dues	1,990			1,990
Other	332,511	10,577	13,853	356,941
<b>Total expenses</b>	<b>697,981</b>	<b>10,577</b>	<b>53,308</b>	<b>761,866</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$381,354</b>	<b>\$298,736</b>	<b>\$85,135</b>	<b>\$765,225</b>

6. For all affiliated and outside organizations that had any independent audit, we obtained and reviewed the independent auditor's report, identified any significant deficiencies relating to the outside organization's internal controls, made inquiries of management, and documented any corrective action taken in response to the significant deficiencies.

The financial statements of the Lion Athletics Association, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2011. The audit report is dated October 17, 2011, and included no significant deficiencies on the outside organization's internal control.

The financial statements of the Southeastern Louisiana University Foundation were audited by an independent certified public accounting firm for the year ended June 30, 2011. The audit report is dated December 28, 2011, and included no significant deficiencies on the outside organization's internal control.

The financial statements of the Southeastern Alumni Association were audited by an independent certified public accounting firm for the year ended June 30, 2011. The audit report is dated November 30, 2011, and included no significant deficiencies on the outside organization's 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, 2011. 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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**ATHLETIC DEPARTMENT  
SOUTHEASTERN LOUISIANA UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**

**Statement of Revenues and Expenses  
For the Year Ended June 30, 2011**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>							
Operating Revenues:							
Ticket sales	\$142,068	\$18,949	\$10,336	\$50,572	\$12,858		\$234,783
Student Fees						\$68,819	68,819
Guarantees	270,000	363,500	46,500	11,000	600		691,600
Contributions	89,103	10,360	3,757	48,043	40,910	221,114	413,287
Compensation and benefit provided by a third party	6,892	275	4,100	29,899	11,818	45,387	98,371
Direct institutional support	1,346,984	269,399	602,422	559,687	2,466,043	1,694,852	6,939,387
Indirect facilities and administrative support	186,125	58,719	66,802	13,100	66,639	320,867	712,252
NCAA/Conference distributions, including all tournament revenues	100,177	30,213	11,446	11,675	35,239	592,653	781,403
Program sales, concessions, novelty sales, and parking	3,747	237	302	835	2,939	64,855	72,915
Royalties, licensing, advertisements, and sponsorships	20,900	3,250	7,700	34,250	44,054	728,384	838,538
Sports camp revenues					150	1,435	1,585
Endowment and investment income	134,666	6,624	3,692	17,555	5,712	67,038	235,287
Other	164,352	700	45,660	13,900	12,807	89,900	327,319
Total Operating Revenues	<u>2,465,014</u>	<u>762,226</u>	<u>802,717</u>	<u>790,516</u>	<u>2,699,769</u>	<u>3,895,304</u>	<u>11,415,546</u>
<b>EXPENSES</b>							
Operating Expenses:							
Athletic student aid	1,079,449	265,198	314,798	219,715	1,464,662	1,861	3,345,683
Guarantees	45,000	17,500	14,500	4,990			81,990
Coaching salaries, benefits, and bonuses paid by the university and related entities	608,492	241,945	227,736	185,250	606,343	67,405	1,937,171
Coaching salaries, benefits, and bonuses paid by a third party	6,892	275	4,100	29,899	11,818		52,984
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	1,559	5,086		3,956	894	1,066,866	1,078,361
Support staff/administrative salaries, benefits, and bonuses paid by a third party						45,387	45,387
Severance payments	69	3,427			9,215	3,897	16,608
Recruiting	74,375	19,824	22,480	14,096	29,018	1,802	161,595
Team travel	84,939	94,324	83,678	103,110	249,421		615,472
Equipment, uniforms, and supplies	78,004	13,171	17,291	41,885	89,558	1,399	241,308
Game expenses	80,765	21,450	20,700	18,300	25,556		166,771
Fund raising, marketing, and promotion	78,423	4,079	18,448	24,040	12,365	37,714	175,069
Direct facilities, maintenance, and rental	13,228	765	748	95,077	40,033	43,222	193,073
Spirit groups						11,443	11,443
Indirect facilities and administrative support	186,125	58,719	66,802	13,100	66,639	320,867	712,252
Medical expenses and medical insurance	29,450	5,023	3,209	8,054	49,219	42,656	137,611
Memberships and dues	11,000	1,830			2,405	30,250	45,485
Other operating expenses	87,244	9,610	8,227	29,044	42,623	398,087	574,835
Total Operating Expenses	<u>2,465,014</u>	<u>762,226</u>	<u>802,717</u>	<u>790,516</u>	<u>2,699,769</u>	<u>2,072,856</u>	<u>9,593,098</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,822,448</u>	<u>\$1,822,448</u>

# NOTES TO THE FINANCIAL STATEMENT

(UNAUDITED)

## 1. CONTRIBUTIONS

Individual contributions to the athletic department from the Lion Athletics Association, Inc., and the Southeastern Louisiana University Foundation exceeded 10 percent of the total contributions included in Statement A.

## 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 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.

Capital asset activity for the athletic department for the year ended June 30, 2011, is as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Depreciable Assets:				
Buildings	\$15,518,001	\$977,694	(\$165,000)	\$16,330,695
Equipment	156,142	23,960	(20,000)	160,102
Total Depreciated Assets	<u>15,674,143</u>	<u>1,001,654</u>	<u>(185,000)</u>	<u>16,490,797</u>
<b>Total Assets</b>	<u>15,674,143</u>	<u>1,001,654</u>	<u>(185,000)</u>	<u>16,490,797</u>
Less Accumulated Depreciation:				
Buildings	(6,335,994)	(1,039,530)	165,000	(7,210,524)
Equipment	(130,148)	(5,572)	20,000	(115,720)
Total Accumulated Depreciation	<u>(6,466,142)</u>	<u>(1,045,102)</u>	<u>185,000</u>	<u>(7,326,244)</u>
<b>Capital Assets, Net</b>	<u>\$9,208,001</u>	<u>(\$43,448)</u>	<u>NONE</u>	<u>\$9,164,553</u>