

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
McNeese State University
State of Louisiana
Lake Charles, Louisiana

June 14, 2000



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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**ATHLETIC DEPARTMENT
MCNEESE STATE UNIVERSITY
STATE OF LOUISIANA
Lake Charles, Louisiana**

**Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 1999**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

June 14, 2000

**ATHLETIC DEPARTMENT
MCNEESE STATE UNIVERSITY
STATE OF LOUISIANA**

Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 1999

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May 5, 2000

Independent Auditor's Report on
Applying Agreed-Upon Procedures

DR. ROBERT D. HEBERT, PRESIDENT
MCNEESE STATE UNIVERSITY
STATE OF LOUISIANA
Lake Charles, Louisiana

We have audited the general purpose financial statements of McNeese State University, a component unit of the State of Louisiana reporting entity, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 9, 1999. As requested by the university, we have also performed the procedures, as enumerated below, which were agreed to by management of the university. These procedures were applied to the accounting records and internal controls of the McNeese State University Athletic Department and to the related outside organizations created for or in behalf of the university's intercollegiate athletics programs for the year ended June 30, 1999, solely to assist the university in complying with NCAA Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of McNeese State 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.

Our procedures and associated findings are as follows:

STATEMENT OF REVENUES AND EXPENDITURES

1. We obtained written representation from management as to the fair presentation of the statement of revenues and expenditures of the intercollegiate athletics programs for the year ended June 30, 1999, as shown on Statement A. We also verified the mathematical accuracy of the amounts on the statement and agreed the amounts to the university's general ledger.

We found no exceptions as a result of these procedures.

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DR. ROBERT D. HEBERT, PRESIDENT
MCNEESE STATE UNIVERSITY
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2. We compared the statements of revenues and expenditures of the intercollegiate athletics programs for June 30, 1998, and June 30, 1999, to identify variances of 20% or greater in individual revenue and expenditure accounts (line items) that are 5% or more of the total.

As a result of our procedure, we identified variances of 20% or greater in individual revenue and expenditure accounts (line items) that are 5% or more of the total for supplies expenditures and retirement of indebtedness expenditures.

3. We compared the budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1999, to identify any variances of 20% or greater in individual revenue and expenditure accounts (line items) that are 5% or more of the total.

As a result of our procedure, we found no variances of 20% or greater in individual revenue and expenditure accounts (line items) that are 5% or more of the total between budget and actual amounts.

4. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constituted more than 10% of the total contributions. We vouched to supporting documentation those contributions that constituted 10% or more of the total contributions.

The McNeese State University Cowboy Club, Incorporated, made contributions of \$94,534 to the university during the fiscal year, which exceeded 10% (\$55,722) of total contributions to the athletic department for the year.

INTERNAL CONTROL - POLICIES AND PROCEDURES RELATING TO INTERCOLLEGIATE ATHLETICS - AGREED-UPON PROCEDURES

5. We made inquiries of management and obtained the university's organization chart, employee job descriptions, and written athletic department policies and procedures to identify aspects of internal control unique to the university's intercollegiate athletics programs and to detect deficiencies in the components of those controls.

We detected no deficiencies in the components of the internal controls unique to the university's intercollegiate athletics programs, except that identified in Procedure No. 6a on the following page.

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MCNEESE STATE UNIVERSITY
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6. We performed tests of controls unique to the university's intercollegiate athletics programs to ensure that recorded revenues are complete and expenditures are properly authorized:

- 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.

The following exception was noted as a result of this procedure:

The university's established policies and procedures require that funds collected from gate sales be reconciled to tickets sold. We selected a cash-receipt batch of ticket sales for the McNeese State versus Jacksonville State football game and found that the university's system-generated report of ticket sales reflected sales of \$17,730, and the university cashier's office reflected a deposit of \$17,142. The university athletic department did not reconcile the difference between the tickets sold by the athletic department and the funds deposited with the university cashier's office.

- 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.

We found no exceptions as a result of this procedure.

- c. We conducted inquiries of the athletic department personnel to determine their compliance with policies and procedures relating to the control and safeguarding of unsold tickets.

We found no exceptions as a result of this procedure.

7. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics programs and requested any working paper documentation and reports issued by the internal auditor to support the auditor's involvement.

No reports were issued by the internal auditor on the intercollegiate athletics programs during fiscal year 1999.

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**DR. ROBERT D. HEBERT, PRESIDENT
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8. We obtained the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletics programs to identify deficiencies in the design of those procedures.

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletics programs.

**DISBURSEMENTS OF OUTSIDE ORGANIZATIONS MADE
FOR OR IN BEHALF OF THE MCNEESE STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAMS**

9. We obtained written representation from management of the university that the following booster groups were the only outside organizations created for or in behalf of the athletic department. We found no exceptions as a result of this procedure.

	Beginning		Payments			Ending
	Balance July 1, 1998	Receipts	Contributions to Athletic Department	Contributions for Athletic Department	Other	Balance June 30, 1999
McNeese State University outside organizations:						
Cowboy Club	\$11,031	\$356,915	\$94,534	\$7,262	\$251,353	\$14,797
Quarterback Club	4,446	38,604	12,325	1,800	10,040	18,885
Tip Off Club	4,216	47,033	32,000	7,603	4,450	7,196
Petrochem Club	49,653	105,544	1,135	13,245	32,941	107,876
Foundation Accounts	17,630	228,731	17,813	77,710		150,838
Total	\$86,976	\$776,827	\$157,807	\$107,620	\$298,784	\$299,592

10. We obtained statements of cash receipts and disbursements from representatives of the outside organizations and confirmed directly with the officers of the outside organizations as to the fair presentation of the statements.

We found no exceptions as a result of this procedure.

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MCNEESE STATE UNIVERSITY
STATE OF LOUISIANA
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11. We compared the cash disbursements made by outside organizations for or in behalf of the athletic department to the revenues reported on the university's Statement of Revenues and Expenditures (Statement A) and identified any reconciling items.

There were no reconciling items.

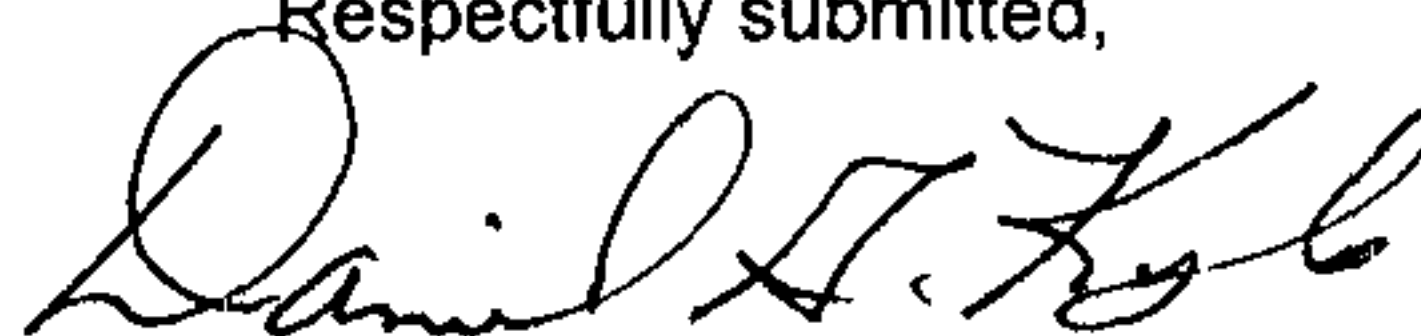
12. For all outside organizations that had an independent audit, we obtained the independent auditor's reports to identify any reportable conditions relating to the outside organizations' internal controls and made inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of McNeese State University Foundation were audited by an independent certified public accounting firm for the year ended June 30, 1999. The audit report is dated December 31, 1999, and included no reportable conditions relating to the outside organization's internal controls.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the statement of revenues and expenditures of the intercollegiate athletics programs. Accordingly, we do not express such an opinion. Also, we express no opinion on McNeese State University's internal controls over financial reporting or any part thereof. 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 management of McNeese State University and is not intended to be, and should not be, used by anyone other than management of the university. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

EPM:DLH:DSP:dI

[MSU-NCAA]

UNAUDITED

Statement A

**ATHLETIC DEPARTMENT
MCNEESE STATE UNIVERSITY
STATE OF LOUISIANA**

**Statement of Revenues and Expenditures
For the Year Ended June 30, 1999**

	CURRENT FUNDS		TOTAL (MEMORANDUM ONLY)
	(PORTION OF) UNRESTRICTED - AUXILIARY ENTERPRISE FUND	RESTRICTED - ATHLETIC FUNDS	
REVENUES			
Gate receipts	\$395,030		\$395,030
Season ticket sales	467,892	\$128,300	596,192
Guarantees	157,000		157,000
Sales and services	26,297	11,806	38,103
Broadcasting rights	7,600		7,600
Student fees	2,047,546		2,047,546
Gifts	372,039	79,943	451,982
In-kind contributions (note 2)		105,241	105,241
Gaming revenue	48,000		48,000
Conference revenue	194,135		194,135
Miscellaneous	16,491	47,642	64,133
Total revenues	<u>3,732,030</u>	<u>372,932</u>	<u>4,104,962</u>
EXPENDITURES			
Personal services:			
Salaries	1,159,008	40,948	1,199,956
Related benefits	203,061	109,899	312,960
Travel	516,590	1,811	518,401
Operating services	225,839	45,643	271,482
Supplies	202,114	48,763	250,877
Professional services	52,920	1,120	54,040
Scholarships	1,015,809		1,015,809
Other charges	34,212	10,490	44,702
Guarantees	173,059		173,059
Retirement of indebtedness	54,655	60,000	114,655
Interest on indebtedness	3,964	63,253	67,217
Capital outlay - building improvements		100,000	100,000
Capital outlay - equipment	12,766	5,349	18,115
Total expenditures	<u>3,653,997</u>	<u>487,276</u>	<u>4,141,273</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$78,033</u>	<u>(\$114,344)</u>	<u>(\$36,311)</u>

The accompanying notes are an integral part of this statement.

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**ATHLETIC DEPARTMENT
MCNEESE STATE UNIVERSITY
STATE OF LOUISIANA**

Notes to the Financial Statement
For the Year Ended June 30, 1999

INTRODUCTION

McNeese State University is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana within the executive branch of government. The McNeese State University Athletic Department is a part of McNeese State University. The accompanying financial statement presents information only as to the transactions of the McNeese State University Athletic Department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

To observe limitations and restrictions placed on the use of available resources, the accounts of McNeese State University are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with the activities or objectives specified. Accounts are maintained for the transactions of the athletic department as follows:

Current Funds

Current funds are operating funds that will be expended in the near future. Such funds have two basic subgroups, unrestricted and restricted. Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriation act, and include the Auxiliary Enterprise Fund. The Auxiliary Enterprise Fund includes the operating accounts of the athletic department. Restricted current funds represent those operating funds on which restrictions have been imposed to limit the purposes for which such funds can be used.

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**ATHLETIC DEPARTMENT
MCNEESE STATE UNIVERSITY
STATE OF LOUISIANA**
Notes to the Financial Statement (Continued)

B. BASIS OF ACCOUNTING

The accounts of the athletic department are maintained on the accrual basis of accounting as follows:

Revenues

Substantially all revenues are recognized when earned.

Expenditures

Expenditures are recognized under the accrual basis of accounting when incurred, except that (1) depreciation is not recognized; (2) annual and sick leave are recognized when paid; (3) summer school fees and salaries and related benefits for June are not prorated but are deferred to the succeeding year; and (4) inventories of the General Fund are recorded as expenditures at the time of purchase.

C. EMPLOYEE COMPENSATED ABSENCES

Employees of the university working in the athletic department earn annual and sick leave in accordance with state law and administrative regulations. Leave benefits are reflected in the accompanying financial statement when paid.

D. TOTAL COLUMN ON STATEMENT

The total column on Statement A is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CONTRIBUTIONS (GIFTS-IN-KIND) FROM
OUTSIDE ORGANIZATIONS**

Expenditures totaling \$105,241 on Statement A reflect gifts in the form of goods, services, and benefits paid for or in behalf of the athletic department.

**ATHLETIC DEPARTMENT
MCNEESE STATE UNIVERSITY
STATE OF LOUISIANA**
Notes to the Financial Statement (Concluded)

**3. OUTSIDE ORGANIZATIONS CREATED FOR OR IN
BEHALF OF MCNEESE STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAMS**

The outside organizations created for or in behalf of the McNeese State University intercollegiate athletics programs include the McNeese State University Foundation, McNeese Cowboy Club, Quarterback Club, Petrochem Club, and the Tip Off Club. The McNeese State University Foundation is a separate corporation audited by an independent certified public accounting firm. The accounts of the McNeese Cowboy Club, Quarterback Club, Petrochem Club, and Tip Off Club are maintained by officers of the clubs and reviewed by officials of McNeese State University.