

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
University of New Orleans
Louisiana State University System
State of Louisiana
New Orleans, Louisiana

February 18, 1999



Financial and Compliance Audit Division

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

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**ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana**

*Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 1997*

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 and New Orleans offices of the Legislative Auditor.

February 10, 1998

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

Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 1997

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DARRELL E. EYRE, PH.D., CPA-CIT
LEGISLATIVE AUDITOR

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January 14, 1998

Independent Auditor's Report
(including section on internal control)

DR. GREGORY M. ST. L. O'BRIEN, CHANCELLOR
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the general purpose financial statements of the University of New Orleans, as of and for the year ended June 30, 1997, and have issued our report on the Louisiana State University System on December 8, 1997. As requested by the university, we have applied certain minimum agreed-upon procedures contained in the National Collegiate Athletic Association *Financial Audit Guidelines* to the accounting records and system of internal accounting control of the University of New Orleans Athletic Department and to the related outside organization created for or in behalf of the university's Intercollegiate Athletics Program for the year ended June 30, 1997, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 6.3.3.1. It is understood that this report is solely for your information. However, by provisions of state law, this report is a public document and has been distributed to the appropriate public officials.

Because the following minimum agreed-upon procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items in the accompanying statement of revenues and expenditures of the athletic department or on the financial information of the related outside organization included in this report. In connection with the following minimum agreed-upon procedures, nothing came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Program and the related outside organization of the University of New Orleans, in accordance with generally accepted governmental auditing standards, matters might have come to our attention that would be reported to you. This report relates only to the accounts and items discussed on the following pages and does not extend to the financial statements of the University of New Orleans, its Intercollegiate Athletics Program, or the related outside organization taken as a whole. Our minimum agreed-upon procedures follow:

DR. GREGORY M. ST. L. O'BRIEN, CHANCELLOR
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1987

**STATEMENT OF REVENUES
AND EXPENDITURES**

Text of Statement

We obtained from management the statement of revenues and expenditures for the year ended June 30, 1987, as shown on Statement A, and requested written representation from management as to its fair presentation. In addition, we verified the mathematical accuracy of the amounts on the statement and traced the amounts on the statement to various accounts in the revenue and expenditure ledgers of the university. We noted no differences between the amounts in the revenue and expenditure ledgers and the amounts on the statement.

Comparison of Statements

We compared the statements of revenues and expenditures for June 30, 1986, and June 30, 1987, to determine the percentage of increase or decrease between the two years. The university provided satisfactory responses for any material variances between the two years.

**Comparison of Budget to Actual
Revenues and Expenditures**

We compared the amount of budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1987, to determine if there were any material budget variances. The university provided satisfactory responses for any material variances between budgeted and actual amounts.

**Contributions Exceeding Ten
Percent of Total Contributions**

We obtained from management a list of contributions received by the athletic department and determined that there were no individual contributions received by the athletic department that exceeded ten percent (\$5,977) of the total contributions.

LEGISLATIVE AUDITOR

DR. GREGORY M. ST. L. O'BRIEN, CHANCELLOR
 UNIVERSITY OF NEW ORLEANS
 LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 Audit Report, June 30, 1997

**EXPENDITURES OF OUTSIDE ORGANIZATION
 MADE FOR OR IN BEHALF OF THE UNIVERSITY
 OF NEW ORLEANS INTERCOLLEGIATE ATHLETICS
 PROGRAM**

**Review of Financial Activities
 of Outside Organizations**

We obtained written representation from management of the university that the University of New Orleans Athletic Association is an outside organization that made disbursements for or in behalf of the athletic department. In addition, we obtained from the university audited financial statements for the year ended June 30, 1997, for the University of New Orleans Athletic Association and traced the figures from the statements to the university athletic department's general ledger. Figures from the University of New Orleans Athletic Association were traced to the association's supporting records. Using additional information provided by the university comptroller's office, we reconciled the amount of disbursements made for or in behalf of the athletic department to contributions-in-kind reported by the university on Statement A. From this reconciliation, we obtained the following financial activity for the University of New Orleans Athletic Association for the year ended June 30, 1997:

Unrestricted cash balance at July 1, 1996	\$11,706
Receipts	129,129
Disbursements:	
Contributions to or in behalf of the University of New Orleans Athletic Department:	
Direct reimbursement	(4,168)
In-kind	(45,035)
Other disbursements	<u>288,691</u>
Unrestricted cash balance at June 30, 1997	<u>\$14,416</u>

The University of New Orleans maintains the financial records for the University of New Orleans Athletic Association, and the university monitors spending of the association for athletics. The association's statements are audited annually by an independent certified public accounting firm.

DR. GREGORY M. ST. L. O'BRIEN, CHANCELLOR
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1987

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

Management of the University of New Orleans is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control activities. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal controls, errors and/or fraud may, nevertheless, occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The minimum agreed-upon procedures, applied to certain aspects of the athletic department's system of internal accounting control, were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Because our study and evaluation was limited to applying minimum agreed-upon procedures discussed in the following paragraphs to certain aspects of the system of internal accounting control, we do not express an opinion on whether the system of internal accounting control of the University of New Orleans Athletic Department, in effect for the year ended June 30, 1987, taken as a whole, was sufficient to meet the objectives stated previously. In connection with our agreed-upon procedures, we noted certain opportunities for improvement in the system of internal accounting control. Our minimum agreed-upon procedures are as follows:

Test of the Internal Control Environment

We performed a preliminary review of the system of internal accounting control of the athletic department by reviewing the organizational chart prepared by the business manager, by reviewing employee job descriptions, and by performing tests on the flow of transactions through the information system.

LEGISLATIVE AUDITOR

DR. GREGORY M. ST. L. O'BRIEN, CHANCELLOR
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1997

Booster Group Activities

We reviewed the university's procedures for monitoring booster group activities. The Director of Athletics, who is an ex officio member on the board of the University of New Orleans Athletic Association, receives annual financial statements from the association to allow monitoring of its activity.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

JES:LMW:as

2000-03-04

ATHLETIC DEPARTMENT
 UNIVERSITY OF NEW ORLEANS
 LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 (A PORTION OF) CURRENT FUNDS - UNRESTRICTED -
 AUXILIARY ENTERPRISE FUND

Statement of Revenues and Expenditures
 For the Year Ended June 30, 1987

REVENUES

Fee allocations	\$1,455,081
Admissions and concessions	1,227,750
Contributions:	
In-kind (note 2)	54,500
Direct	4,833
Total revenues	<u>2,742,525</u>

EXPENDITURES

Salaries	1,068,449
Scholarships	281,577
Supplies and expense	829,383
Travel	324,504
Employee benefits	188,722
Fees	54,957
Cost of sales	19,153
Equipment	2,850
Total expenditures	<u>2,737,825</u>

EXCESS OF REVENUES OVER EXPENDITURES 44,701

The accompanying notes are an integral part of this statement.

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

Notes to the Financial Statement
For the Year Ended June 30, 1997

INTRODUCTION

The University of New Orleans, a part of the Louisiana State University System, 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 University of New Orleans Athletic Department is a part of the University of New Orleans. The accompanying financial statement presents information only as to the transactions of the University of New Orleans 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 the University of New Orleans 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 specified objectives. Accounts are maintained for the transactions of the athletic department as follows:

Current Funds

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 General Fund and auxiliary enterprise funds. The auxiliary enterprise funds include the accounts of the athletic department.

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.

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

Notes to the Financial Statement (Continued)

Expenditures

Expenditures are generally 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, and (3) summer school fees and faculty salaries and related benefits for June are not prepaid but are deferred to the succeeding year.

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. OUTSIDE ORGANIZATION CREATED
FOR OR IN BEHALF OF THE UNIVERSITY
OF NEW ORLEANS INTERCOLLEGIATE
ATHLETICS PROGRAM**

The University of New Orleans Athletic Association is an outside organization created for or in behalf of the University of New Orleans Intercollegiate Athletics Program. It is a separate corporation whose financial statements are subject to audit by independent certified public accountants. The University of New Orleans Athletic Association has been audited for fiscal year ended June 30, 1987.

2. CONTRIBUTIONS-IN-KIND

The following is a summary of contributions-in-kind received and reported as revenues and expenditures on Statement A:

ATHLETIC DEPARTMENT
 UNIVERSITY OF NEW ORLEANS
 LOUISIANA STATE UNIVERSITY SYSTEM
 STATE OF LOUISIANA
 Notes to the Financial Statement (Concluded)

Revenues

Automobile dealership:

Deffy - one car at \$198 a month for 12 months - 4 percent business use	\$18
J. Graham Dodge - one car at \$425 a month for 12 months - 19 percent business use	957
Lansque - one car at \$404 a month for 12 months - 37 percent business use	1,750
Bryan Chevrolet - one car at \$540 a month for 12 months - 16 percent business use	1,064
Manier Chevrolet - one car at \$238 a month for 12 months - 66 percent business use	1,882
Spinato Chrysler - one car at \$160 a month for 12 months - 29 percent business use	674
LeBlanc Hyundai - one car at \$221 a month for 12 months - 73 percent business use	2,604
University of New Orleans Athletic Association	<u>48,638</u>

Total revenues \$54,638

Expenditures

Travel	\$8,302
Supplies and expenses	38,262
Gifts	<u>3,127</u>

Total expenditures \$49,691