

# STATE OF LOUISIANA LEGISLATIVE AUDITOR



Athletic Department  
Louisiana State University and  
A&M College - Baton Rouge  
Louisiana State University System  
State of Louisiana  
Baton Rouge, Louisiana

June 17, 1988



***Financial and Compliance Audit Division***

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

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**ATHLETIC DEPARTMENT  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

**Financial Statement and  
Independent Auditor's Report  
For the Year Ended June 30, 1967**

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.

June 17, 1968



ATHLETIC DEPARTMENT  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
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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DANIEL G. ANDREWS, CPA, CFE  
LEGISLATIVE AUDITOR

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May 8, 1998

Independent Auditor's Report  
(including section on Internal Control)

**DR. WILLIAM L. JENKINS, CHANCELLOR**  
**LOUISIANA STATE UNIVERSITY AND**  
**A&M COLLEGE - BATON ROUGE**  
**LOUISIANA STATE UNIVERSITY SYSTEM**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the general purpose financial statements of Louisiana State University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated November 25, 1997. As requested by the university, we have also applied certain minimum and supplemental agreed-upon procedures contained in the *National Collegiate Athletic Association Financial Audit Guidelines* to the accounting records and internal controls of the Louisiana State University and A&M College - Baton Rouge Athletic Department and to the related outside organizations 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 8.2.3.1*. At your request, the supplemental agreed-upon procedures did not include activities related to camps or clinics conducted by athletic coaches. 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 appropriate public officials.

Because the following minimum and supplemental 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 on the accompanying statement of revenues and expenditures of the athletic department or on the financial information of the related outside organizations included in this report. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Department and the related outside organizations of Louisiana State University and A&M College - Baton Rouge, in accordance with generally accepted 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 as follows and does not extend to the general purpose financial statements of the Louisiana State University System, the Louisiana State University and A&M College - Baton Rouge Intercollegiate Athletic Program, or related outside organizations taken as a whole. Our minimum and supplemental agreed-upon procedures follow:





DR. WILLIAM L. JENKINS, CHANCELLOR  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
Audit Report, June 30, 1997

## STATEMENT OF REVENUES AND EXPENDITURES

### Test of Statement

We obtained from management the statement of revenues and expenditures for the year ended June 30, 1997, as shown on Statement A, and obtained written representation from management as to its fair presentation. In addition, we verified the mathematical accuracy of the amounts in the statement and traced the amounts to the various accounts in the university's revenue and expenditure ledgers. We noted no differences between the amounts on the statement and the amounts in the revenue and expenditure ledgers.

### Comparison of Statements

We compared the statements of revenues and expenditures for June 30, 1996, and June 30, 1997, 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 budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1997, to determine if there were any material variances. The university provided satisfactory responses for any material variances between budgeted and actual amounts.

### Contributions Exceeding Ten Percent of Total Contributions

We obtained written representation from Louisiana State University and A&M College - Baton Rouge Athletic Department management that no individual, group, or corporation, other than the Tiger Athletic Foundation, an outside organization discussed on the following page, contributed monies, goods, or services for or in behalf of the athletic department that exceeded ten percent (\$100,000) of the total contributions.



Legislative Auditor

DR. WILLIAM L. JENKINS, CHANCELLOR  
 LOUISIANA STATE UNIVERSITY AND  
 A&M COLLEGE - BATON ROUGE  
 LOUISIANA STATE UNIVERSITY SYSTEM  
 STATE OF LOUISIANA  
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**EXPENDITURES OF OUTSIDE ORGANIZATIONS  
 MADE FOR OR IN BEHALF OF LOUISIANA  
 STATE UNIVERSITY AND A&M COLLEGE -  
 BATON ROUGE INTERCOLLEGIATE  
 ATHLETIC PROGRAM**

**Review of Financial Activities  
 of Outside Organizations**

We obtained written representation from management of the university that the LSU Tiger Athletic Foundation, LSU Track and Field Officials Association, and the Tiger Gridiron Club were the only outside organizations created for or in behalf of the athletic department. Also, we obtained written representation that the LSU Foundation, which was not created exclusively for athletics, is an outside organization that handles financial transactions for or in behalf of the athletic department. In addition, we obtained from representatives of each outside organization a summary of cash receipts and disbursements for the year ended June 30, 1967. We verified the mathematical accuracy of the amounts on the summary of cash receipts and disbursements and traced the amounts to the organization's financial records. Also, we reviewed each organization's bank reconciliation for June 30, 1967. Finally, we reconciled the amount of cash disbursements made by the organizations for or in behalf of the Louisiana State University and A&M College - Baton Rouge Athletic Department to the Statement of Revenues and Expenditures (Statement A).

	Related	Disbursements		Ending
	Beginning	Receipts	for	Cash
	Cash		Athletic	Balance
	Balance		Other	June 30,
	June 30,		Disbursements	1967
	1966			
	(Side A)			
LSU Foundation	\$12,702	500		\$13,202
LSU Tiger Athletic Foundation	2,088,148	4,287,087	\$1,688,484	\$4,686,851
LSU Track and Field Officials Association	15,421	37,486	18,074	7,833
LSU Tiger Gridiron Club	37,881	288,874	32,338	333,417
<b>Total</b>	<b>\$2,154,152</b>	<b>\$4,673,947</b>	<b>\$1,738,936</b>	<b>\$5,100,164</b>



## LEGISLATIVE AUDITOR

DR. WILLIAM L. JENKINS, CHANCELLOR  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
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For each outside organization referred to previously, we made inquiries of representatives of those organizations concerning accounting procedures and performed tests on the extent of documentation and proper classification for cash transactions for the year ended June 30, 1997. Our tests revealed no findings.

### **INTERNAL CONTROLS - POLICIES AND PROCEDURES RELATIVE TO INTERCOLLEGIATE ATHLETICS— AGREED-UPON PROCEDURES**

Management of Louisiana State University and A&M College - Baton Rouge is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of controls 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 internal controls, errors or fraud may, nevertheless, occur and not be detected. Also, projection of any evaluation of the controls 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 following minimum and supplemental agreed-upon procedures, applied to certain aspects of the athletic department's internal controls, 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 and supplemental agreed-upon procedures discussed in the preceding paragraphs to certain aspects of the controls, we do not express an opinion on whether the internal controls of the Louisiana State University and A&M College - Baton Rouge Athletic Department, in effect for the year ended June 30, 1997, taken as a whole, were sufficient to meet the objectives stated previously. Our minimum and supplemental agreed-upon procedures are as follows:

#### **Test of the Internal Controls**

We performed a preliminary review of the internal controls of the athletic department by reviewing the organizational chart, employee job descriptions, written athletic department policies and procedures and performing tests on the extent of documentation and the flow of transactions through the accounting system. We noted no reportable conditions in the internal control environment.



LEGISLATIVE AUDITOR

DR. WILLIAM L. JENKINS, CHANCELLOR  
LOUISIANA STATE UNIVERSITY AND  
AGRI COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
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**Booster Group Activities**

We reviewed the university's procedures for monitoring booster group activities. To assist in this monitoring, the university receives financial reports periodically from the LSU Foundation and the LSU Tiger Athletic Foundation. In addition, the athletic department has revised the procedures whereby monies received from the LSU Track and Field Officials Association and the Tiger Gridiron Club are accounted for by the LSU Tiger Athletic Foundation. Expenditures in behalf of the athletic department are initiated and approved by the athletic department and are reviewed and approved by the LSU Tiger Athletic Foundation.

**Independent Audits of Outside Organizations**

The financial statements of the LSU Foundation, a separate corporation, are subject to audit by an independent certified public accounting firm. The audit for the year ended June 30, 1997, was issued on October 29, 1997.

The financial statements of the LSU Tiger Athletic Foundation, a separate corporation, are subject to audit by an independent certified public accounting firm. The audit for the year ended December 31, 1996, was issued on February 17, 1997.

The LSU Track and Field Officials Association and the Tiger Gridiron Club are separate corporations that are not audited.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

MGT:SLJ:dj

LSU-1997-06





ATHLETIC DEPARTMENT  
 LOUISIANA STATE UNIVERSITY AND  
 A&M COLLEGE - BATON ROUGE  
 LOUISIANA STATE UNIVERSITY SYSTEM  
 STATE OF LOUISIANA  
 (A PORTION OF) CURRENT FUNDS -  
 AUXILIARY ENTERPRISES

Statement of Revenues and Expenditures  
 For the Year Ended June 30, 1997

REVENUES

Self-generated	
Football	\$41,734,464
Basketball	3,698,399
Baseball	1,180,288
Golf	2,050
Swimming	4
Tennis	3,367
Track	9,398
Women's sports:	
Basketball	12,438
Golf	10
Gymnastics	8,828
Soccer	7,884
Softball	36,186
Tennis	250
Track	23,873
Volleyball	2,376
Cheerleaders	380
Office of the Director	27,935
Office of Executive Coordinator for Development	21,755
Office of Athletic Coordinator	98,989
Game management	8,928
Ticket Office	68,838
Marketing and promotion	553,010
Physical plant	12,593
Field house	35,283
Cinematography	1,233
Other athletic-related activities:	
Broussard Hall	646,738
Tiger Gift Center	1,033,803
Concessions	2,148,893
Electronic media	1,080,288

(Continued)

The accompanying notes are an integral part of this statement.

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(A PORTION OF) CURRENT FUNDS -  
AUXILIARY ENTERPRISES  
Statement of Revenue and Expenditures, 1997**

**REVENUES (CONT.)**

Scholarship contributions	\$1,949,280
Southeastern Conference distribution	108,644
Fee allocation	124,123
Interest on endowed scholarships	267,721
Interest on investments	214,823
<b>Total self-generated revenues</b>	<u>26,857,870</u>
Gifts - booster organizations:	
Tiger Athletic Foundation	1,808,454
LSU Track and Field Officials Association	28,074
Tiger Golfers Club	82,500
Courtesy car program	268,200
<b>Total gift revenues</b>	<u>1,987,228</u>
Nonrecurring:	
Hosted events:	
Basketball	132,826
Men's tennis	1,500
Women's sports	21,800
Post-season activity:	
Independence Bowl	4,878
Peach Bowl	713,732
Basketball	16,250
Baseball	48,475
Track and field	104
Other men's sports	9,792
Women's sports	43,848
<b>Total nonrecurring revenues</b>	<u>985,132</u>
<b>Total revenues</b>	<u>28,840,198</u>

(Continued)

The accompanying notes are an integral part of this statement.

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ATHLETIC DEPARTMENT  
 LOUISIANA STATE UNIVERSITY AND  
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 LOUISIANA STATE UNIVERSITY SYSTEM  
 STATE OF LOUISIANA  
 (A PORTION OF) CURRENT FUNDS -  
 AUXILIARY ENTERPRISES  
 Statement of Revenues and Expenditures, 1987

## EXPENDITURES

Salaries, wages, and staff benefits	58,189,354
Travel	3,187,442
Scholarships	2,745,790
Renewals and replacements	487,813
Supplies and expenses	8,181,479
Utilities	570,647
Principal and interest	1,180,779
Other support	3,076,848
Total expenditures	<u>78,610,489</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u><b>31,830,708</b></u>

(Concluded)

The accompanying notes are an integral part of this statement.

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**ATHLETIC DEPARTMENT  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA**

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

**INTRODUCTION**

Louisiana State University and A&M College - Baton Rouge, a part of the Louisiana State University System, is a publicly supported institution of higher education. The system is a component unit of the State of Louisiana within the executive branch of government. The Louisiana State University and A&M College - Baton Rouge Athletic Department is a part of Louisiana State University and A&M College - Baton Rouge. The accompanying financial statement presents information only as to the transactions of the Louisiana State University and A&M College - Baton Rouge Athletic Department.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. FUND ACCOUNTING**

To observe the limitations and restrictions placed on the use of available resources, the accounts of Louisiana State University and A&M College - Baton Rouge 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 term. Such funds include the General Fund, Auxiliary Enterprise Fund, and Restricted Fund. The Auxiliary Enterprise Fund includes all auxiliary enterprise funds designated by the Board of Supervisors as applicable to certain activities to maintain the operations as essentially self-supporting and 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:

**ATHLETIC DEPARTMENT  
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Notes to the Financial Statement (Continued)**

**Revenues**

Substantially all revenues are recognized when earned.

**Expenditures**

Expenditures are generally recognized under the accrual basis of accounting when incurred, except that annual and sick leave are recognized when paid.

**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.

**2. ADDITIONS TO ATHLETIC FACILITIES**

The university entered into a loan agreement with the Louisiana Public Facilities Authority on October 31, 1988, for \$28,500,000, of which \$12,154,417 is for the improvements and expansions of the athletic department. The loan funds were completely expended as of June 30, 1998, and the university did not enter into any new agreements for the year ended June 30, 1997.

**3. OUTSIDE ORGANIZATIONS CREATED FOR  
OR IN BEHALF OF THE LOUISIANA STATE  
UNIVERSITY AND A&M COLLEGE -  
BATON ROUGE INTERCOLLEGIATE  
ATHLETICS PROGRAM**

The LSU Foundation, which is a separate corporation, maintains accounts providing support to the Intercollegiate Athletics Program.

The LSU Tiger Athletic Foundation (TAF) is a separate corporation whose activities are monitored by an independent board of directors in cooperation with and approval of the LSU Athletic Department.

The LSU Track and Field Officials Association and the Tiger Gridiron Club are separate corporations providing support to the Intercollegiate Athletics Program.



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Notes to the Financial Statement (Continued)**

Other small booster organizations exist that have separate bank accounts under TAF. Those activities are reported with TAF's activities in the disclosure on expenditures of outside organizations. In addition, TAF maintains a separate account for the LSU Tiger Gridiron Club that is reported with TAF. The separate disclosure for the Tiger Gridiron Club in the expenditures of outside organizations represents a checking account independent of TAF.

**4. OUTSIDE ORGANIZATIONS BEGINNING  
CASH BALANCES RESTATED**

The cash balances at June 30, 1998, of \$2,465,038, for the outside organizations, reported in the prior year's report, have been restated to \$2,435,204 for the current year's beginning cash balances. The restatement includes a decrease in beginning cash balances of \$6,253 for the LSU National "L" Club and \$43,571 for the LSU Tiger Gridiron Club. The amounts represent accounts that were already included in the cash balances of the LSU Tiger Athletic Foundation reported at June 30, 1998, and were also reported separately.

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