

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Southeastern Louisiana University
State of Louisiana
Hammond, Louisiana

March 18, 1997



Financial and Compliance Audit Division

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

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**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Hammond, 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.

March 19, 1997

ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA

Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 1995

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February 20, 1997

**Independent Auditor's Report
 on the Financial Statement**

DR. SALLY CLAUDEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
 Hammond, Louisiana

We have audited the accompanying statement of revenues and expenditures of the Southeastern Louisiana University Intercollegiate Athletics Program, a program within Southeastern Louisiana University for the year ended June 30, 1996. This financial statement is the responsibility of management of Southeastern Louisiana University. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly the revenues and expenditures of the Southeastern Louisiana University Intercollegiate Athletics Program for the year ended June 30, 1996, in conformity with generally accepted accounting principles.

As described in note 1, the statement of revenues and expenditures referred to above presents only the financial transactions of the Southeastern Louisiana University Intercollegiate Athletics Program, a program within Southeastern Louisiana University. As such, the financial statement is not intended to and does not present fairly the financial position and changes in fund balances of Southeastern Louisiana University in conformity with generally accepted accounting principles.

Respectfully submitted,

Daniel G. Kulk, CPA, CFE
 Legislative Auditor

DLH-LRM:dl

DLH-CAL

ATHLETIC DEPARTMENT
 SOUTHEASTERN LOUISIANA UNIVERSITY
 STATE OF LOUISIANA

Statement of Revenues and Expenditures
 For the Year Ended June 30, 1998

	(PORTION OF) CURRENT FUNDS - UNRESTRICTED - AUXILIARY ENTERPRISE
REVENUES	
Gate receipts	833,678
Student fees	1,425,884
Guarantees	88,500
Outside funds (booster clubs, etc.)	187,524
In-kind contributions (note 2)	18,280
NCAA distribution	100,141
Program sales	1,448
Concessions	81,829
Other sources	73,359
Total revenues	<u>2,047,216</u>
EXPENDITURES	
Personal services and related benefits	666,434
Travel	259,897
Operating services	123,628
Supplies	187,854
Professional services	83,314
Guarantees	15,030
Scholarships	386,328
Other charges	131,701
Equipment	24,613
Total expenditures	<u>2,520,404</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>526,812</u>

The accompanying notes are an integral part of this statement.

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA**

Notes to the Financial Statement
For the Year Ended June 30, 1998

INTRODUCTION

Southeastern Louisiana 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 Southeastern Louisiana University Athletic Department, which operates the intercollegiate athletics program, is a part of Southeastern Louisiana University. The accompanying financial statement presents information only as to the transactions of the Southeastern Louisiana University Athletic Department.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

To observe limitations and restrictions placed on the use of available resources, the accounts of Southeastern Louisiana 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 specified objectives. Accounts are maintained for the transactions of the athletic department as follows:

Current Funds - Unrestricted

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control included in the annual legislative appropriation act, and include the General Fund and auxiliary enterprise funds. The General Fund and 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, except that quarter school fees for June are not printed but are deferred to the succeeding year.

ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
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) summer school fees and faculty salaries and related benefits for June are not reported but are deferred to the succeeding year; and (3) inventories of the General Fund are recorded as expenditures at the time of purchase.

D. 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 statement when earned.

At June 30, 1990, employees of the athletic department have earned compensated absences for the current year in the amount of \$11,539, which was not taken by athletic department employees. The expenditure is recorded in the accompanying financial statement.

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

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

Revenues	
Acadian Cypress	\$5,100
Gateway Chrysler Center	1,100
Citizens National Bank	5,800
Daily Star	2,100
Gateway Ford	1,100
Gordon Taylor Signs	2,800
Pennington Seed	1,100
Southeast Airlines	1,100
USA Air	1,100
	<u>18,200</u>
Total revenues	<u>\$18,200</u>

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

Expenditures	
Operating services	\$2,100
Travel	4,400
Operating supplies	3,300
Professional services	2,800
Other charges	6,500
	<hr/>
Total expenditures	<u>\$18,200</u>

3. PENSION PLANS

(Plan Description.) Substantially all employees of the athletic department are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 64123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 922-0440 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0830 or (800) 256-3000.

(Funding Policy.) The contribution requirements of plan members and the athletic department are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA-R.S.) 11:122. Employees contribute 8 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state is required to contribute 16.5 percent of covered salaries to TRS and 12 percent of covered salaries to LASERS. The athletic department's employer contribution is funded by the State of Louisiana through the annual appropriation to the athletic department. The athletic department's employer contributions to TRS for the years ended June 30, 1999, 1998, and 1994, were \$23,481, \$21,018, and \$21,507, respectively, and to LASERS for the years ended June 30, 1999, 1998, and 1994, were \$27,308, \$24,789, and \$21,711, respectively, equal to the required contributions for each year.

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

4. OPTIONAL RETIREMENT SYSTEM

LSA-R.S. 11:821 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid the athletic department in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the athletic department are 16.5 percent of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$37,489 for the year ended June 30, 1996.

**5. OUTSIDE ORGANIZATIONS CREATED FOR
OR IN BEHALF OF THE SOUTHEASTERN
LOUISIANA UNIVERSITY INTERCOLLEGIATE
ATHLETICS PROGRAM**

The Southeastern Louisiana Development Foundation endowment funds (the Bob Harless, the Evelyn Matthews-Imbruglio Women's Basketball, T. J. Campion Memorial, Richard Sharp Scholarship Funds, and the State Farm Athletic Scholarship) and restricted funds (Lloyd Stevall and Richard Sharp Scholarship Funds) are maintained within the Southeastern Development Foundation, Incorporated, which is a separate corporation whose financial statements were audited by independent certified public accountants for the year ended June 30, 1996.

**OTHER REPORTS REQUIRED BY
NCAA FINANCIAL AUDIT GUIDELINES**

The following pages contain reports on internal control structure and agreed-upon procedures required by NCAA Financial Audit Guidelines, issued by the National Collegiate Athletic Association. The report on internal control structure is based solely on the audit of the financial statement and includes, where appropriate, any reportable conditions or material weaknesses. The report on agreed-upon procedures relates only to the items discussed and is substantially less in scope than an audit.



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February 20, 1997

**Independent Auditor's Report on Internal Control Structure Based Solely
on an Audit of the Athletic Department's Statement of Revenues and Expenditures**

**DR. SALLY CLAIBORN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Hammond, Louisiana**

We have audited the statement of revenues and expenditures of the Southeastern Louisiana University Intercollegiate Athletics Program for the year ended June 30, 1996, and have issued our report thereon dated February 20, 1997.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

In planning and performing our audit of the financial statement of Southeastern Louisiana University Intercollegiate Athletics Program for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

LEGISLATIVE AUDITOR

DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN UNIVERSITY
STATE OF LOUISIANA
Internal Control Report
February 20, 1997
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This report is intended for the information and use of the university and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyles, CPA, CFE
Legislative Auditor

DLH:MM:dj

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February 20, 1997

Independent Auditor's Report on
Minimum Agreed-Upon Procedures

DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Hammond, Louisiana

We have audited the statement of revenues and expenditures of the Southeastern Louisiana University Intercollegiate Athletics Program for the year ended June 30, 1996, and have issued our report thereon dated February 20, 1997. As requested by the university, we have also applied certain minimum agreed-upon procedures contained in the NCAA Financial Audit Guidelines to the accounting records of Southeastern Louisiana University Athletic Department and applied certain minimum agreed-upon procedures related to outside organizations created for or in behalf of the university's Intercollegiate Athletics Program for the year ended June 30, 1996, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 5.2.3.1. These minimum agreed-upon procedures relate only to the accounts and items as follows and do not affect our opinion on the statement of revenues and expenditures. Our minimum agreed-upon procedures follow:

STATEMENT OF REVENUES AND EXPENDITURES

Test of Statement:

We obtained from management the statement of revenues and expenditures for the year ended June 30, 1996, 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 to 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, 1995, and June 30, 1996, 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.

LEGISLATIVE AUDITOR

DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Agreed-Upon Procedures Report
February 20, 1997
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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, 1996, 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 that exceeded 10 percent (\$13,611) of the total contributions.

EXPENDITURES OF OUTSIDE ORGANIZATION MADE FOR OR IN BEHALF OF SOUTHEASTERN LOUISIANA UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM

Review of Financial Activities of Outside Organizations

We obtained written representation from management of the university that the Southeastern Development Foundation, Incorporated, and the Southeastern Louisiana University Rowing Club, Incorporated, were the only outside organizations created for or in behalf of the athletic department. In addition, we obtained from representatives of the Southeastern Development Foundation, Incorporated, statements of cash receipts and disbursements with written representations as to the fair presentations of the statements. We reconciled the cash disbursements made by the Southeastern Development Foundation, Incorporated, for or in behalf of the athletic department to the statement of revenues and expenditures (Statement A). From this reconciliation, we obtained the following financial activity for the Southeastern Development Foundation, Incorporated, for the year ended June 30, 1996.

LEGISLATIVE AUDITOR

DR. SALLY CLAUDON, PRESIDENT
 SOUTHEASTERN LOUISIANA UNIVERSITY
 STATE OF LOUISIANA
 Agreed-Upon Procedures Report
 February 28, 1997
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	Beginning Balance July 1, 1995	Receipts	Direct Payments to Athletic Department	Ending Balance June 30, 1996
Southeastern Development Foundation, Incorporated Account:				
Endowment funds:				
BOO Harless Scholarship	\$0,488	\$804		\$10,870
Ervin's Mathias-Indragagan Woman's				
Basketball Scholarship	1,876	80		1,880
Richard Sharp Scholarship	10,271	5,107		20,375
State Farm-Athletic Scholarship		5,844		5,844
T. J. Campbell-Memorial		1,590		1,590
Restricted funds:				
Lloyd Stovall Scholarship	438			438
Richard Sharp Scholarship	590	3,800	\$2,000	1,880
Total	\$28,673	\$17,235	\$2,000	\$45,853

We also obtained the statement of activities for the Southeastern Louisiana University Booster Club, Incorporated. We reviewed the university's procedures for monitoring booster club activities. The university receives financial statements from the booster club as a basis to monitor spending of the organization for athletics. These statements are audited by an independent certified public accounting firm. The total revenue and other support and expenses for the booster club is included in the athletic department's statement of revenues and expenditures (Statement A) for the year ended June 30, 1996. The following represents activity of the Southeastern Louisiana University Booster Club, Incorporated, for the year ended June 30, 1996.

DR. SALLY CLAUSEN, PRESIDENT
 SOUTHEASTERN LOUISIANA UNIVERSITY
 STATE OF LOUISIANA
 Agreed-Upon Procedures Report
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**Southeastern Louisiana University
 Booster Club, Incorporated
 Statement of Activities
 For the Year Ended June 30, 1996**

	Unrestricted	Temporarily Restricted	Total
Total revenue and other support	\$175,488	(88,188)	\$175,274
Total expenses	(142,887)		(142,887)
Change in net assets	32,601	8,188	38,217
Net assets at beginning of year	(215,743)	20,299	(195,444)
Net assets deficit at end of year	<u>(\$175,743)</u>	<u>\$18,274</u>	<u>(\$191,588)</u>

The booster club has deficit net assets of \$175,743 in the Unrestricted Fund at June 30, 1996. The deficit was the result of liabilities incurred during the fiscal year ending June 30, 1995, for the building of a new baseball stadium on the Southeastern Louisiana University campus. The booster club will resolve the deficit by liquidating the facilities with donations from private and corporate sponsors and funds received from Alumni Association fund-raisers.

Because the above 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 referred to above. In connection with the procedures referred to above, no matters 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 the financial statements of the related outside organization 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 specified above and does not extend to any financial statements of Southeastern Louisiana University or the related outside organizations taken as a whole.

LEGISLATIVE AUDITOR

DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Agreed-Upon Procedures Report
February 20, 1997
Page 5

This report is intended for the information and use of the university and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daniel G. Kato, CPA, CFE
Legislative Auditor

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01/01/97