

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Louisiana Tech University
State of Louisiana
Ruston, Louisiana

January 14, 1985



Financial and Compliance Audit Division

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

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**ATHLETIC DEPARTMENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Ruston, Louisiana**

**Financial Statement and
Independent Auditor's Reports
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 State House and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

January 14, 1998

**ATHLETIC DEPARTMENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA**

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

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November 18, 1997

Independent Auditor's Report
on the Financial Statement

DR. DANIEL D. RENEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Ruston, Louisiana

We have audited the accompanying statement of revenues and expenditures of the Louisiana Tech University Intercollegiate Athletics Program, a program within Louisiana Tech University for the year ended June 30, 1997. This financial statement is the responsibility of management of Louisiana Tech 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. Those 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.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and expenditures of the Louisiana Tech University Intercollegiate Athletics Program for the year ended June 30, 1997, in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

DR. DANIEL D. REMBAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Audit Report, June 30, 1987

We have also issued reports dated November 18, 1987, on our consideration of the Louisiana Tech University Intercollegiate Athletics Program internal controls and our report on minimum agreed-upon procedures.

Respectfully submitted,

Daniel G. Kyle, CPA, CFC
Legislative Auditor

CAC MAN:dl

17/10/88

**ATHLETIC DEPARTMENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
(A PORTION OF) CURRENT FUNDS -
AUXILIARY ENTERPRISE FUND**

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

REVENUES

Student fees	\$1,804,020
Ticket sales	508,164
Pool season (M)	2,683
Guarantees	1,140,282
Foundations, private gifts	177,551
Corporate sponsorships	60,396
Program sales	16,280
Concessions	41,236
Payments in-kind (notes 2 and 3)	352,708
Conference distribution	140,946
Lending	73,000
College work study	6,404
Other	230,214
Total revenues	<u>4,880,996</u>

EXPENDITURES

Personal services:	
Salaries	1,477,719
Related benefits	317,612
Travel	588,181
Operating services	334,854
Supplies	283,353
Administrative charge	102,377
Fund raisers	43,704
Professional services	147,354
Medical insurance/claims	48,292
Other charges:	
Awards	5,114
Guarantees	373,780
Scholarships	657,587
Equipment	31,523
Total expenditures	<u>4,823,012</u>

EXCESS OF REVENUES OVER EXPENDITURES557,983

The accompanying notes are an integral part of this statement.

**ATHLETIC DEPARTMENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA**

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

INTRODUCTION

Louisiana Tech 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 Louisiana Tech University Athletic Department is a part of Louisiana Tech University. The accompanying financial statement presents information only as to the transactions of the Louisiana Tech 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 Louisiana Tech 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

Current funds are operating funds that will be expended in the near future. They include funds for operating purposes on which there are restrictions that limit the purposes for which the funds can be used and include the auxiliary enterprise fund. The auxiliary enterprise fund includes 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
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statement (Continued)

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; and (3) summer school fees and faculty salaries and related benefits for June are not prorated but are deferred to the succeeding year.

G. 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 paid.

**2. PAYMENTS-IN-KIND FROM
OUTSIDE ORGANIZATION**

Included on Statement A are expenditures made for or in behalf of the athletic department by the Louisiana Tech University Foundation, Incorporated, as follows:

Salaries	\$120,718
Travel	19,840
Operating services	20,572
Supplies	43,384
Fund raisers	32,660
Awards	6,114
Equipment	<u>1,193</u>
Total	<u>\$243,511</u>

3. PAYMENTS-IN-KIND FROM OTHERS

Included on Statement A are payments-in-kind, in the form of loans of automobiles to coaches, the estimated fair value of which are recognized as outside funds received and travel expenditures as follows:

**ATHLETIC DEPARTMENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA**

Notes to the Financial Statement (Continued)

Travel	\$93,427
Operating services	12,318
Supplies	9,841
Fund raises	11,012
Equipment	<u>6,009</u>
Total	<u>\$132,607</u>

4. PENSION PLANS

Plan Description: Substantially all employees of the university are members of two statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). 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 13, Section 29 of the Louisiana 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 94123, Baton Rouge, Louisiana 70804-9123, or by calling (504) 825-8448 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (504) 822-8900.

Funding Policy: The contribution requirements of plan members and the university 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 (R.S.) 11:102. Employees contribute 6 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state is required to contribute 99.3 percent of covered salaries to TRS and 12.4 percent of covered salaries to LASERS. The university's employer contribution is funded by the State of Louisiana through the annual appropriation to the university. The university's employer contributions for the athletic fund to TRS for the years ended June 30, 1997, 1998, and 1999, were \$61,803, \$54,696, and \$24,806, respectively, and to LASERS for the years ended June 30, 1997, 1998, and 1999, were \$17,758, \$19,441, and \$19,733, respectively, equal to the required contributions for each year.

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

5. OPTIONAL RETIREMENT SYSTEM

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 universities in recruiting employees who may not be expected to remain in 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.

Total contributions by the university are 16.3 percent of the covered payroll. The participant's contribution (3 percent), 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 as determined annually by the actuarial committee. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system.

Employer contributions from the athletic fund to the optional retirement plan for the years ended June 30, 1997, 1996, and 1995, were \$128,269, \$111,443, and \$106,026, respectively.

**6. OUTSIDE ORGANIZATION CREATED FOR
OR IN BEHALF OF THE LOUISIANA TECH
UNIVERSITY INTERCOLLEGIATE
ATHLETICS PROGRAM**

The Louisiana Tech University Foundation, Incorporated, is the only outside organization with a purpose that includes support of the Louisiana Tech University Intercollegiate Athletics Program. The Foundation maintains its own accounting records.

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

The following pages contain reports on internal controls and agreed-upon procedures required by NCAA Financial Audit Guidelines, issued by the National Collegiate Athletic Association. The report on internal controls is based solely on the audit of the financial statement and includes, where appropriate, any reportable conditions and/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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November 18, 1997

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

DR. DANIEL D. RENEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Ruston, Louisiana

We have audited the statement of revenues and expenditures of the Louisiana Tech University Intercollegiate Athletic Program for the year ended June 30, 1997, and have issued our report thereon dated November 18, 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.

The management of Louisiana Tech University Athletic Department 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 internal control policies and procedures. The objectives of internal 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 the financial statement in accordance with generally accepted accounting principles. Because of inherent limitations in internal controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statement of Louisiana Tech University Athletic Department for the year ended June 30, 1997, we obtained an understanding of the internal controls. With respect to the internal controls, 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 controls. Accordingly, we do not express such an opinion.

EXHIBIT A

LEGISLATIVE AUDITOR

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Internal Control Report
November 10, 1997
Page 2

Our consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 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 statement 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 controls and its operations that we consider to be material weaknesses as defined above.

Our comments on internal controls are intended for the information and use of 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

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November 10, 1997

Independent Auditor's Report on
Minimum Agreed-Upon Procedures

DR. DANIEL D. REVEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Ruston, Louisiana

We have audited the statement of revenues and expenditures of the Louisiana Tech University Intercollegiate Athletics Program for the year ended June 30, 1997, and have issued our report thereon dated November 10, 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 Louisiana Tech 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, 1997, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. 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, 1997, 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 compiled the in-kind contributions and proposed corresponding adjustments to both revenues and expenditures. University fiscal managers concurred with the adjustments made.

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.

LEGISLATIVE AUDITOR

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Agreed-Upon Procedures Report
November 18, 1997
Page 2

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, 1997. There were no material budget variances.

Contributions Exceeding Ten Percent of Total Contributions

We compiled from the university accounting records and information provided by university staff a list of contributions made to the athletic department and identified individual contributions that exceeded ten percent of the total contributions. Louisiana Tech University Foundation, Incorporated, contributed \$177,591 for the year ended June 30, 1997.

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

Review of Financial Activities of Outside Organizations

We obtained written representation from management of the university that the Louisiana Tech University Foundation, Incorporated, (Foundation) was the only outside organization with a purpose of providing support to or in behalf of the athletic department. In addition, we obtained written representation from an official of the Foundation that the summaries of cash disbursements from the athletic accounts of the Foundation that were provided to us reflect fully the financial support to the university's athletic department for the year ended June 30, 1997. We traced to the university's ledgers the amounts reported by the Foundation as disbursed directly to the university's athletic department. We determined that the remainder of the Foundation's disbursements from its athletic accounts were payments to vendors on behalf of the university's athletic department. We proposed that these be included in the statement of revenues and expenditures (Statement A) in accordance with NCAA Financial Audit Guidelines.

We reviewed the university's procedures for monitoring booster group activities. From interviews with Foundation and university staff, we determined that, except for direct

LEGISLATIVE AUDITOR

LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Agreed-Upon Procedures Report
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Page 3

gifts to the university, the only significant sources of external support for the athletic department are the Foundation and businesses that loan automobiles for the use of coaches. The Foundation maintains its own accounting records. The university's athletic director and comptroller receive audited annual financial statements from the Foundation as a means to monitor spending in support of athletics. The athletic director's office maintains records of automobiles provided for coaches. We obtained estimates of the fair market values for use of the automobiles and proposed inclusion of these values in Statement A in accordance with *NCAA Financial Audit Guidelines*.

Because these 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 previously. In connection with the procedures referred to previously, we did note certain opportunities for improvement in internal accounting controls that we discussed with management. 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 previously and does not extend to any financial statements of Louisiana Tech University or the related outside organization taken as a whole.

This report is solely for the information and use of 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

CAC:MMV:B

11/18/97