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SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS

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Release Date FEB 16 2000

INTERCOLLEGIATE ATHLETICS PROGRAM AGREED-UPON PROCEDURES ENGAGEMENT FOR THE YEAR ENDED JUNE 30, 1999

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& Tervalon

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana

At your request, we have performed the agreed-upon procedures, as enumerated below, which were agreed to by management of the **Southern University - Baton Rouge Campus (the University)**, to the accounting records of the Intercollegiate Athletics Program as of 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 the specified users of the report. Consequently, we make no representations 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 findings were as follows:

- A. We agreed the Schedule of Revenues and Expenditures for the year ended June 30, 1999 to the general ledger and noted no exceptions.
- B. We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts etc.). We noted no exceptions as a result of this procedure.
- C. We agreed the amounts reported as game guarantee revenues and expenditures to **the University's** contracts with other Universities and vouched the related cash receipts and cash disbursements. We noted no exceptions as a result of this procedure.
- D. We recomputed student athletic activity fees based upon student enrollment data obtained from the Registrar and agreed such amounts to the general ledger. We noted no exceptions as a result of this procedure.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS
(CONTINUED)**

Dr. Leon Tarver, II, President
Southern University-Baton Rouge Campus
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- E. We agreed television rights' revenues that were received for the Bayou Classic to the contract and vouched the cash receipt and noted no exceptions.
- F. We compared current selected expenditure balances to prior period amounts and reviewed supporting documentation for related increases or decreases in the account balances. We noted no exceptions as a result of this procedure.
- G. We vouched a random sample of expenditure transactions and reviewed the related purchasing documents, invoices and cancelled checks. We noted no exceptions as a result of this procedure.
- H. We compared current payroll amounts to the prior year's amounts and reconciled all variances greater than a pre-determined amount. We also reviewed supporting personnel action forms noting appropriate approval for the related wages and fringe benefits increases and/or decreases. We noted no exceptions as a result of these procedures.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. 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 use of the President, his designees and authorized representatives of the National Collegiate Athletics Association and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 28, 1999

SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAMS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1992

	Bayou Classic		Sub-total		Non-Program			Total
	Football	Activity	Football	Basketball	Other Sports	Specific		
Operating Revenues:								
Ticket sales	\$ 1,147,509	\$ 587,978	\$ 1,735,487	\$ 71,337	\$ 11,846	\$ 0	\$ 1,818,670	
Guarantees	15,000	0	15,000	20,015	0	0	35,015	
Student Athletic Fees (NOTE 3)	0	0	0	0	1,140,502	511,531	1,652,033	
NCAA revenue distribution (NOTE 5)	0	0	0	0	0	210,000	210,000	
Radio & Television Rights	20,000	50,525	70,525	0	0	0	70,525	
Corporate Sponsorship	0	80,000	80,000	0	0	0	80,000	
Other revenue	95,510	55,195	150,705	0	14,292	26,560	191,557	
Total operating revenues	1,278,019	773,698	2,051,717	91,352	1,166,640	748,091	4,057,800	
Operating Expenditures:								
Personal services	454,800	7,732	462,532	102,177	433,549	885,131	1,883,390	
Professional services	0	19,839	19,839	0	0	192,793	212,633	
Operating services	143	2,405	2,547	0	0	205,728	208,275	
Travel	160,448	58,526	218,974	58,426	245,520	32,576	555,496	
Supplies	43,141	580	43,721	2,267	31,335	168,966	246,288	
Game Guarantees	53,400	0	53,400	0	0	0	53,400	
Other charges	0	0	0	0	0	73,566	73,566	
Transfer	0	0	0	0	0	0	0	
Major Repairs	17,423	0	17,423	0	0	45,450	62,873	
Scholarships (NOTE 7)	312,719	0	312,719	63,580	455,986	0	832,284	
Acquisitions	3,789	0	3,789	0	250	11,266	15,304	
Housing allowance	12,000	0	12,000	12,000	0	12,000	36,000	
Total operating expenditures	1,057,862	89,081	1,146,943	238,450	1,166,640	1,627,476	4,179,509	
Excess(deficiency) of revenues over expenditures before transfers	220,156	684,617	904,774	(147,098)	0	(879,385)	(121,709)	
Transfers:								
Transfer of excess of revenues over expenditures (NOTE 2)	(220,156)	(684,617)	(904,774)	147,098	0	757,676	0	
Non-mandatory transfer	0	0	0	0	0	75,000	75,000	
Excess of expenditures over revenues after transfers	(220,156)	(684,617)	(904,774)	147,098	0	832,676	75,000	
Fund balance, beginning of year	0	0	0	0	0	(46,709)	(46,709)	
Fund balance, end of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,109	\$ 30,109	

The accompanying notes are an integral part of this schedule.

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 - Organization:

Southern University (the University) is a publicly supported institution of higher education. **The University** is a political subdivision of the State of Louisiana, within the Executive Branch of government, under the management and supervision of the Southern University Board of Supervisors. However, the annual budget of **the University** and proposed changes to the degree programs, departments of instruction, et cetera, require the approval of the Board of Regents. The Board of Supervisors is comprised of 17 members appointed for a six year term by the Governor with the consent of the Senate, and one student member appointed for a one year term by a council composed of the student body presidents of the **Southern University System**. As a State agency, operations of **the University's** instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The Southern University-Baton Rouge Campus operates the following intercollegiate athletics programs:

- o Football;
- o Basketball (men and women);
- o Baseball;
- o Tennis;
- o Golf;
- o Track (men and women);
- o Volleyball;
- o Softball (Women); and
- o Bowling (Women).

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT**
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - Summary of Significant Accounting Policies:

Basis of Reporting

The accompanying schedule of revenues and expenditures for the Intercollegiate Athletics Program has been prepared in the format set forth in the NCAA Audit Guide. The purpose of the schedule is to present a summary of those activities of the **Southern University-Baton Rouge Campus (the University)** Intercollegiate Athletics Program for the year ended June 30, 1999.

*Because the schedule presents only selected financial activities of **the University**, it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenditures and other changes of **the University**.*

All activities of the intercollegiate athletics program are reported among the **University's** unrestricted current funds. The unrestricted current funds of the University were audited by other independent auditors.

The accounting principles followed by **the University** in preparing the schedule of revenues and expenditures are as follows:

o Fund Accounting

The accounts of **the University** are maintained in accordance with the principles of fund accounting under which resources for various purposes are classified into funds according to specified activities or objectives. Financial transactions of funds having similar characteristics are combined and reported by fund group. As indicated above, the activities of the intercollegiate athletics program are reported in the unrestricted current funds.

SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - Summary of Significant Accounting Policies:
Continued:

o Basis of Accounting

The schedule of revenues and expenditures for the Intercollegiate Athletics Program has been prepared on the accrual basis of accounting, except that (1) depreciation is not recognized, (2) annual and sick leave are recognized when paid, (3) summer school tuition and fees and faculty salaries and related benefits are not pro rated, but are deferred to the succeeding year, and (4) inventory of the general fund are recorded as expenditures at the time of purchase.

The preparation of the schedule of revenues and expenditures in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Additionally, the excess of revenues over expenditures that a specific intercollegiate athletic program generates is utilized to offset a deficit experienced by another program and are recorded as transfers.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures.

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT**
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 3 - Student Athletic Fees:

An athletic fee of \$90.00 per semester is assessed to full-time undergraduate, graduate and law students who are enrolled on campus and for part-time undergraduate students who are also enrolled on campus. For purposes of the Schedule of Revenues and Expenditures, the student athletic fees have been allocated to other sports and non-program specific activities.

NOTE 4 - Capital Outlays:

Capital outlays are recorded as expenditures in the current fund and as an addition to fund balance in the Net Investment in the Plant Fund.

NOTE 5 - NCAA Revenue Distribution:

The Intercollegiate Athletics Program received revenues during the year from the NCAA for certain intercollegiate athletic activities. The amount received was calculated by the NCAA in accordance with a distribution formula which is utilized to determine the amount to be remitted to all participating institutions.

NOTE 6 - Outside Organizations:

Southern University-Baton Rouge Campus Intercollegiate Athletics Program is the recipient of contributions to or in behalf of the program established by the Southern University Quarterback Club, East Baton Rouge Area Chapter, Inc. (the Quarterback Club). The University has provided a compiled December 31, 1998 financial statement that was prepared by an independent Certified Public Accountant for the Quarterback Club.

**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 6 - Outside Organizations, Continued:

A summary of the significant financial activity is as follows:

Receipts

Fundraiser	\$ 46,087
Membership dues	6,067
Raffles	9,785
Other income	<u>1,181</u>
Total receipts	<u>63,120</u>

Expenditures

Trips and tickets	49,918
Travel	623
Contributions	720
Fees	902
Raffle prizes	12,265
Rent	1,715
Raffle promotion	1,062
Insurance	2,115
Merchandise	1,319
Accounting	476
Office expense	622
Other	<u>2,322</u>
Total expenditures	<u>74,059</u>

Excess of expenditures over receipts	\$ <u>10,939</u>
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**SOUTHERN UNIVERSITY-BATON ROUGE CAMPUS
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 7 - Scholarship Expense:

The total scholarship expense per the statement of revenues and expenses represents all athletic scholarships disbursed during the Fall 1998, Spring and Summer 1999 semesters.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM**

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of **Southern University - Baton Rouge Campus (the University)**, solely to assist the users in evaluating management's assertion that **the University** maintained an effective internal control over financial reporting for the Intercollegiate Athletics Program as of June 30, 1999, and included in its representation letter dated December 28, 1999. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. 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 findings are as follows:

- A. We reviewed the athletic department's organization and the use of internal auditors in the department to ensure adherence to established policies and procedures. We noted no exceptions as a result of this procedure.
- B. We reviewed the flow of information through the accounting system for selected revenue, cash receipt and cash disbursement transactions. We noted no exceptions as a result of this procedure.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM
(CONTINUED)**

Dr. Leon Tarver, II, President
Southern University System

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. 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 use of the President, his designees and authorized representatives of the NCAA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 28, 1999

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Dr. Leon Tarver, II, President
Southern University System
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of **Southern University - Baton Rouge Campus (the University)**, solely to assist the users in evaluating management's assertions about the **University's Intercollegiate Athletics Program's** compliance with state laws and regulations during the period July 1, 1998 through June 30, 1999 and about the effectiveness of the **University's Intercollegiate Athletics Program's** internal control over compliance with the aforementioned compliance requirements as of June 30, 1999, and included in its representation letter dated December 28, 1999. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. 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 findings were as follows:

- A. We reviewed and tested representations made by management in the Louisiana Systems Survey and Compliance Questionnaire which related to the operations of the Intercollegiate Athletic Program. We noted no exceptions as a result of this procedure.

- B. We reviewed the Athletic Department's compliance with state travel regulations and competitive bid requirements by randomly testing expenditure transactions. We noted no exceptions as a result of this procedure.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS
(CONTINUED)**

Dr. Leon Tarver, II, President
Southern University System

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. 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 use of the President, his designees and authorized representatives of the NCAA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Bruno & Tervalon
**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

December 28, 1999

**SOUTHERN UNIVERSITY - BATON ROUGE
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES**

EXIT CONFERENCE

An exit conference was held to discuss the report. Those in attendance were as follows:

SOUTHERN UNIVERSITY - BATON ROUGE CAMPUS

Mr. Flandus McClinton	—	Vice Chancellor for Finance and Administration
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BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	—	Managing Partner
Mr. Edward Phillips, Jr.	—	Senior Manager
Mr. Sean M. Bruno, CPA	—	Audit Supervisor

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 28, 1999