

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 14, 2000



Financial and Compliance Audit Division

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, 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.

June 14, 2000

**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, 1999**

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May 16, 2000

Independent Auditor's Report on
Applying Agreed-Upon Procedures

DR. MARK A. EMMERT, 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 the Louisiana State University System, a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 3, 1999. As requested by the university, we have also performed the procedures, as enumerated below, which were agreed to by management of the university. These procedures were applied 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 programs for 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 management of Louisiana State University and A&M College - Baton Rouge. 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 associated findings are as follows:

STATEMENT OF REVENUES AND EXPENDITURES

1. We obtained written representation from management as to the fair presentation of the statement of revenues and expenditures of the intercollegiate athletics programs for the year ended June 30, 1999, as shown on Statement A. We also verified the mathematical accuracy of the amounts on the statement and agreed the amounts to the university's general ledger.

We found no exceptions as a result of these procedures.

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DR. MARK A. EMMERT, CHANCELLOR
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2. We compared the statements of revenues and expenditures of the intercollegiate athletics programs for June 30, 1998, and June 30, 1999, to identify variances greater than \$50,000 for all individual revenue and expenditure accounts that are 5% or more of the total. As a result of our procedure, we identified variances greater than \$50,000 in the following accounts:

Revenues

Football
Baseball
Marketing and promotion
Physical plant
Other athletic related activities
Scholarship contributions
Hosted events - other men's sports
Bowl activity

Expenditures

Football
Basketball
Soccer
Training rooms
Equipment rooms
Office of the Director
Ticket office
Insurance and legal
Debt service
Women's sports
Bowl activity

3. We compared the budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1999, to identify any variances of 25% or greater in individual revenue and expenditure accounts that are 5% or more of the total.

We identified no variances as a result of these procedures.

4. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constituted more than 10% of the total contributions.

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The Tiger Athletic Foundation, an outside organization, contributed monies, goods, or services for or in behalf of the athletic department that exceeded 10% (\$427,558) of the total contributions.

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

5. We made inquiries of management and obtained the university's organization chart, employee job descriptions, and written athletic department policies and procedures to identify aspects of internal control unique to the university's intercollegiate athletics programs and to detect deficiencies in the components of those controls.

We detected no deficiencies in the components of the internal controls unique to the university's intercollegiate athletics department.

6. We performed tests of controls unique to the university's intercollegiate athletics program to determine adherence to established policies and procedures related to revenues and expenditures:

- a. We selected post-season activity for baseball, men's and women's track, and women's basketball and followed it through the university's internal control system to determine adherence to established policies and procedures. In addition, we tested all football and basketball game statements tracing the amounts reported to the amounts recorded in the general ledger.

We found no exceptions as a result of these procedures.

- b. We selected 19 athletic department expenditures and followed them through the university's accounting system to determine adherence to established policies and procedures. In addition, we selected 29 travel expenditures and followed them through the university's accounting system to determine adherence to established policies and procedures.

We found no exceptions as a result of these procedures.

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7. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics programs. During fiscal year 1999, the internal auditor did not issue any audit reports on the intercollegiate athletics programs.
8. We obtained the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletics programs to identify deficiencies in the design of those procedures.

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletics programs.

**EXPENDITURES OF OUTSIDE ORGANIZATIONS
MADE FOR OR IN BEHALF OF LOUISIANA
STATE UNIVERSITY AND A&M COLLEGE -
BATON ROUGE INTERCOLLEGIATE
ATHLETICS PROGRAM**

9. We obtained the following list of booster organizations and related financial activities for the year ended June 30, 1999, from the university:

	Beginning Cash Balance June 30, 1998	Receipts	Disbursements for Athletics
LSU Foundation	\$593		
LSU Tiger Athletic Foundation	4,018,875	\$64,000,836	\$4,022,778
LSU Track and Field Officials Association	18,376	46,708	175
LSU Tiger Gridiron Club	117,154	278,724	5,720
LSU Bengal Belles	2,240	98,190	4,810
Total	<u>\$4,157,238</u>	<u>\$64,424,458</u>	<u>\$4,033,483</u>

<u>Transfers to Tiger Athletic Foundation</u>	<u>Other Disbursements</u>	<u>Ending Cash Balance June 30, 1999</u>
\$593		NONE
	\$18,388,187	\$45,608,746
	54,393	10,516
99,894	290,264	NONE
	94,131	1,489
<u>\$100,487</u>	<u>\$18,826,975</u>	<u>\$45,620,751</u>

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10. We obtained written representation from management of the university that the booster groups shown previously were the only outside organizations created for or in behalf of the athletic department.
11. We obtained from representatives of the outside organizations statements of cash receipts and disbursements and agreed the statements to the organizations' accounting records.

We found no exceptions as a result of this comparison.

12. We compared the cash disbursements made by outside organizations for or in behalf of the athletic department to the revenues reported on the university's Statement of Revenues and Expenditures (Statement A) and identified any reconciling items.

We found no exceptions as a result of this comparison.

13. We obtained the independent auditor's reports for all outside organizations that had an independent audit to identify any reportable conditions relating to the outside organization's internal control and made inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the Tiger Athletic Foundation for the year ended December 31, 1997, and the year ended December 31, 1998, were audited by an independent certified public accounting firm. The audit reports are dated February 2, 1998, and February 4, 1999, respectively, and included no reportable conditions relating to the outside organization's internal control. The financial statements of the LSU Foundation for the year ended June 30, 1998, were audited by an independent certified public accounting firm. The audit report is dated October 30, 1998, and included no reportable conditions relating to the outside organization's internal control. The LSU Track and Field Officials Association, the Tiger Gridiron Club, and the Bengal Belles are not audited.

14. We obtained a sample of cash receipts and cash disbursements for the outside organizations created for or in behalf of the athletic department noted previously.

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- a. For 20 receipts from the Tiger Athletic Foundation and all receipts for the Bengal Belles, the LSU Track and Field Officials Association, and the LSU Tiger Gridiron Club, we examined the corresponding documentation.

We found no exceptions as a result of these procedures.

- b. For 107 disbursements of the Tiger Athletic Foundation and all disbursements of the LSU Track and Field Officials Association, the Tiger Gridiron Club, the Bengal Belles, and the LSU Foundation, we examined the corresponding documentation.

We found no exceptions as a result of these procedures.

15. We obtained bank confirmations directly from the banks for year-end cash balances of the outside organizations created for or in behalf of the athletic department noted previously. We also reviewed the associated year-end bank reconciliations for accuracy.

We found no exceptions as a result of these procedures.

16. We reviewed the minutes of the governing bodies of the outside organizations created for or in behalf of the athletic department noted previously and evaluated whether the financial transactions discussed in the minutes were recorded properly in the accounting records.

We found no exceptions as a result of these procedures.

17. We evaluated the nature of policies and procedures related to internal controls of the outside organizations created for or in behalf of the athletic department noted previously to ensure that recorded revenues are complete and expenditures are properly authorized.

We found no exceptions as a result of these procedures.

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STATE OF LOUISIANA

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We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the statement of revenues and expenditures of the intercollegiate athletics programs. Accordingly, we do not express such an opinion. Also, we express no opinion on the Louisiana State University and A&M College - Baton Rouge's internal control over financial reporting or any part thereof. 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 information and use of management of Louisiana State University and A&M College - Baton Rouge and is not intended to be and should not be used by anyone other than 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

MGT:DLH:DSP:dI

[LSU-NCAA]

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

**Statement of Revenues and Expenditures
For the Year Ended June 30, 1999**

REVENUES

Self-generated:

Football	\$16,316,048
Basketball	2,988,414
Baseball	1,514,297
Tennis	997
Track	17,095
Women's sports:	
Basketball	33,505
Gymnastics	13,433
Soccer	8,523
Softball	49,272
Swimming	5
Tennis	997
Track	22,595
Volleyball	3,766
Cheerleaders	480
Office of the Director	28,334
Office of Athletic Counselor	59,148
Game management	12,086
Ticket Office	117,033
Marketing and promotion	1,077,943
Physical plant	69,992
Field house	32,828
Cinematography	7
Other athletic-related activities:	
Broussard Hall	352,134
Tiger Gift Center	957,373
Concessions	2,720,162
Electronic media	1,779,409

(Continued)

The accompanying notes are an integral part of this statement.

UNAUDITED

Statement A

**ATHLETIC DEPARTMENT
LOUISIANA STATE UNIVERSITY AND
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LOUISIANA STATE UNIVERSITY SYSTEM
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(A PORTION OF) CURRENT FUNDS - UNRESTRICTED -
AUXILIARY ENTERPRISES
Statement of Revenues and Expenditures, 1999**

REVENUES (CONT.)

Southeastern Conference distribution	\$190,406
Fee allocation	142,862
Interest on endowed scholarships	245,144
Interest on investments	346,559
Total self-generated revenues	29,100,847
Gifts - booster organizations:	
Tiger Athletic Foundation	4,022,778
LSU Track and Field Officials Association	175
Tiger Gridiron Club	5,720
Bengal Belles	4,808
Courtesy car program	242,100
Total gift revenues	4,275,581
Nonrecurring:	
Hosted events:	
Baseball	128,613
Other men's sports	4,836
Women's sports	73,363
Post-season activity:	
Baseball	24,960
Track and field	3,214
Other men's sports	8,467
Women's sports	56,383
Total nonrecurring revenues	299,836
Total revenues	33,676,264

(Continued)

The accompanying notes are an integral part of this statement.

UNAUDITED

Statement A

ATHLETIC DEPARTMENT
LOUISIANA STATE UNIVERSITY AND
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LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
(A PORTION OF) CURRENT FUNDS - UNRESTRICTED -
AUXILIARY ENTERPRISES
Statement of Revenues and Expenditures, 1999

EXPENDITURES

Salaries, wages, and staff benefits	\$10,419,459
Travel	2,859,301
Scholarships	2,865,515
Renewals and replacements	526,320
Supplies and expenses	6,642,131
Utilities	408,362
Principal and interest	1,772,617
Other support	5,305,989
Total expenditures	<u>30,799,694</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u><u>\$2,876,570</u></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, 1999

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.

1. 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 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:

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ATHLETIC DEPARTMENT
LOUISIANA STATE UNIVERSITY AND
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LOUISIANA STATE UNIVERSITY SYSTEM
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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. CONTRIBUTIONS (GIFTS-IN-KIND)
FROM OUTSIDE ORGANIZATIONS**

Expenditures on Statement A reflect gifts in the form of goods, services, and benefits paid for or in behalf of the athletic department as follows:

Salaries, wages, and staff benefits	\$149,030
Other support	<u>4,126,551</u>
Total	<u><u>\$4,275,581</u></u>

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

The LSU Foundation, which is a separate corporation, maintains accounts providing support to the intercollegiate athletics programs.

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Notes to the Financial Statement (Concluded)**

The LSU Tiger Athletic Foundation (TAF) is a separate corporation whose activities are monitored by an independent board of directors in cooperation with and with the 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 programs. In addition, the Bengal Belles is a separate organization providing support to the intercollegiate athletics programs.

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 and a separate account for the LSU track program that includes donations from the Track and Field Officials Association. The activities of TAF also included a transfer from the LSU Foundation. The separate disclosure for the Tiger Gridiron Club, the Track and Field Officials Association, and the Bengal Belles in the expenditures of outside organizations represents bank accounts independent of TAF.