

**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, 1996**

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 25, 1997

**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, 1996**

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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June 3, 1997

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, 1996, and have issued our report thereon dated December 20, 1996, except for the finding titled "Improper Donation of Public Funds," dated May 19, 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 control structure 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, 1996, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. 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 Program 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 Athletics Program, or related outside organizations taken as a whole. Our minimum and supplemental agreed-upon procedures and findings follow.

LEGISLATIVE AUDITOR

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, 1996

**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, the LSU National "L" Club, 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, 1996. 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, 1996. 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).

	Beginning Cash Balances June 30, 1995	Receipts	Disbursements for Athletics	Other Disbursements	Ending Cash Balances June 30, 1996
LSU Foundation	\$12,880	\$829			\$13,709
LSU Tiger Athletic Foundation	1,160,584	4,298,985	\$759,674	\$2,360,752	2,339,143
LSU Track and Field Officials Association	17,968	38,427	20,285	20,689	15,421
LSU National "L" Club	7,140	12,930	419	13,398	6,253
LSU Tiger Gridiron Club		140,850	4,503	25,845	110,502
Total	\$1,198,572	\$4,492,021	\$784,881	\$2,420,684	\$2,485,028

LEGISLATIVE AUDITOR

DR. WILLIAM L. JENKINS, CHANCELLOR
LOUISIANA STATE UNIVERSITY AND
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LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Audit Report, June 30, 1996

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, 1996. Our tests revealed no findings.

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

Management of Louisiana State University and A&M College - Baton Rouge is responsible for establishing and maintaining an internal control structure. 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 a control structure 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 any internal control structure, errors or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the control structure 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 control structure, 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 control structure, we do not express an opinion on whether the internal control structure of the Louisiana State University and A&M College - Baton Rouge Athletic Department, in effect for the year ended June 30, 1996, taken as a whole, was sufficient to meet the objectives stated previously. Our minimum and supplemental agreed-upon procedures are as follows:

LEGISLATIVE AUDITOR

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, 1996

Test of the Internal Control Structure

We performed a preliminary review of the internal control structure 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. In our report issued June 4, 1997, on the Louisiana State University System for the fiscal year ended June 30, 1996, Exhibit C, the findings titled "Inadequate Controls Over Telephone Charges," "Improper Donation of Public Funds," and "Failure to Adequately Document Additional Compensation Hours," relate to the Louisiana State University and A&M College - Baton Rouge Athletic Department. Management's response is also included in that report. A copy of that report is available for public inspection at the Baton Rouge office of the Legislative Auditor.

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 procedures whereby monies received from the LSU Track and Field Officials Association, the LSU National "L" Club, 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, 1996, was issued on October 18, 1996.

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, 1995, was issued on March 12, 1996.

LEGISLATIVE AUDITOR

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, 1996

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Daniel G. Kyle". The signature is written in black ink and is positioned above the printed name and title.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

LJD:BJJ:dl

(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 -
AUXILIARY ENTERPRISES**

**Statement of Revenues and Expenditures
For the Year Ended June 30, 1996**

REVENUES

Self-generated:

Football	\$9,976,576
Basketball	3,199,169
Baseball	1,014,103
Golf	2,000
Tennis	15,453
Track	14,470
Women's sports:	
Basketball	6,431
Gymnastics	5,455
Soccer	8,488
Softball	7,500
Tennis	336
Track	24,526
Volleyball	2,367
Office of the Director	38,923
Office of Executive Coordinator for Development	113,939
Office of Athletic Counselor	48,549
Game management	7,711
Ticket Office	79,043
Marketing and promotion	560,770
Physical plant	12,730
Field house	14,260
Cinematography	1,334
Other athletic-related activities:	
Broussard Hall	893,839
Tiger Gift Center	1,185,360
Concessions	2,327,439
Electronic media	969,967
Scholarship contributions	1,600,291
Southeastern Conference distribution	256,064
Fee allocation	118,393
Interest on endowed scholarships	211,806
Interest on investments	248,164
Total self-generated revenues	<u>22,965,456</u>

(Continued)

The accompanying notes are an integral part of this statement.

LEGISLATIVE AUDITOR

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, 1996

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 various accounts in the university's revenue and expenditure ledgers. We noted no differences between the amounts in 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.

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, 1996, 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 (\$98,503) of the total contributions.

LEGISLATIVE AUDIT ADVISORY COUNCIL

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Representative Francis C. Thompson, Chairman
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Representative David Vitter

LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

Statement A

**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, 1996**

REVENUES (CONT.)

Gifts - Booster organizations:	
Tiger Athletic Foundation	\$759,674
LSU Track and Field Officials Association	20,285
LSU National "L" Club	419
Tiger Gridiron Club	4,503
Courtesy car program	200,150
Total gift revenues	<u>985,031</u>
Nonrecurring:	
Hosted events:	
Baseball	59,940
Men's tennis	2,479
Women's sports	15,050
Post-season activity:	
Independence Bowl	629,311
Baseball	38,070
Track and field	4,127
Other men's sports	7,383
Women's sports	12,436
Total nonrecurring revenues	<u>768,796</u>
 Total revenues	 <u>24,719,283</u>

EXPENDITURES

Salaries, wages, and staff benefits	8,439,083
Travel	2,140,264
Scholarships	2,490,193
Renewals and replacements	373,272
Supplies and expenses	5,350,055
Utilities	593,049
Principal and interest	1,169,024
Other support	2,260,537
Total expenditures	<u>22,815,477</u>

EXCESS OF REVENUES OVER EXPENDITURES	<u><u>\$1,903,806</u></u>
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(Concluded)

The accompanying notes are an integral part of this statement.

**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, 1996

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 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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LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
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. During the year ended June 30, 1996, the university expended \$63,103, which represents the balance of these funds, from the Unexpended Plant Fund for such improvements and expansions. This amount is not included on the Statement of Revenues and Expenditures (Statement A).

**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 is a separate corporation whose activities are monitored by an independent board of directors in cooperation with and approval of the LSU Athletic Department.

**ATHLETIC DEPARTMENT
LOUISIANA STATE UNIVERSITY AND
A&M COLLEGE - BATON ROUGE
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statement (Concluded)

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

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 25, 1997



Financial and Compliance Audit Division

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