

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Southeastern Louisiana University
State of Louisiana
Hammond, Louisiana

February 10, 1988



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
Monroe, Louisiana**

**Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 1967**

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 and New Orleans offices of the Legislative Auditor and at the office of the parish clerk of court.

February 16, 1968

ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA

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

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DARRELL B. BYLLE, PRESIDENT, DR.
LEGISLATIVE AUDITOR

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1988 REPORT NUMBER 87-0111
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January 30, 1988

Independent Auditor's Report
(including section on internal control)

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

We have audited the general purpose financial statements of Southeastern Louisiana University, a component unit of the State of Louisiana reporting entity, as of and for the year ended June 30, 1987, and have issued our report thereon dated November 21, 1987. As requested by the university, we have also applied certain minimum agreed-upon procedures contained in the National Collegiate Athletic Association Financial Audit Guidelines to the accounting records and internal control structure of the Southeastern Louisiana University 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, 1987, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 8.2.3.1. 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 the appropriate public officials.

Because the following minimum 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 or 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 Athletic Program and related outside organizations of Southeastern Louisiana University 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 financial statements of Southeastern Louisiana University, its Intercollegiate Athletic Program, or related outside organizations taken as a whole. Our minimum agreed-upon procedures follow.

LEGISLATIVE AUDITOR

DR. SALLY CLAUSER, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Audit Report, June 30, 1997

STATEMENT OF REVENUES AND EXPENDITURES

Text 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 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, 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.

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, to determine if there were any material budget variances. There were no material unfavorable variances between budgeted and actual amounts.

Contributions Exceeding Ten Percent of Total Contributions

We obtained from the university a list of contributions made to the athletic department and identified individual contributions that exceeded ten percent of the total contributions. Southeastern Louisiana University Alumni Association contributed \$60,600 for the year ended June 30, 1997.

LEGISLATIVE AUDITOR

DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
 Audit Report, June 30, 1987

**EXPENDITURES OF OUTSIDE ORGANIZATIONS MADE
 FOR OR IN BEHALF OF THE SOUTHEASTERN LOUISIANA
 UNIVERSITY INTERCOLLEGIATE ATHLETICS
 PROGRAM**

**Review of Financial Activities
 of the Outside Organizations**

We obtained written representation from management of the university that the Southeastern Development Foundation, Incorporated, and the Southeastern Louisiana University Booster 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, 1987.

	Beginning Balance July 1, 1986	Receipts	Grant Payments for Athlete Department	Transfer	Ending Balance June 30, 1987
Southeastern Development Foundation, Incorporated Accounts:					
Endowment funds:					
Bob Herlihy Scholarship	\$9,070			\$9,070	
Evelyn Matthews-Interguigle Women's Basketball Scholarship	1,000			1,000	
Walter Group Scholarship	22,578	\$9,138			\$31,716
State Fair Athletic Scholarship	1,844	5,879		8,000	1,879
T. J. Campion Memorial	1,000	71		1,000	71
SLU Athletic Memorial		1,495		13,751	15,246
John Faugh Scholarship		1,280			1,280
Restricted fund	1,408	2,755	\$4,290	1,700	1,873
Total	\$34,690	\$21,538	\$4,290	\$18,280	\$33,658

During the year ended June 30, 1987, funds from the Bob Herlihy Scholarship (\$9,070), Evelyn Matthews-Interguigle Women's Basketball Scholarship (\$1,000), T. J. Campion Memorial (\$1,880), and Lloyd Stovall Scholarship restricted fund (\$426) accounts were transferred to the SLU Athletic Memorial accounts as reported above. Also during the year ended June 30, 1987, \$8,000 from the State Fair Athletic Scholarship Endowment Fund and \$2,208 from the restricted funds were transferred to

LEGISLATIVE AUDITOR

DR. SALLY CLAUSEN, PRESIDENT
 SOUTHEASTERN LOUISIANA UNIVERSITY
 STATE OF LOUISIANA
 Audit Report, June 30, 1997

the Southeastern Louisiana University Booster Club, Incorporated, as reported by the booster club.

We also obtained the statement of activities for the Southeastern Louisiana University Booster Club, Incorporated. We reviewed the university's procedures for reporting 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, 1997. The following represents activity of the Southeastern Louisiana University Booster Club, Incorporated, for the year ended June 30, 1997.

Southwestern Louisiana University
 Booster Club, Incorporated
 Statement of Activities
 For the Year Ended June 30, 1997

	Unrestricted	Temporarily Restricted	Total
Total revenue and other support	\$268,248	\$12,183	\$280,431
Total expenses	<u>(273,527)</u>	<u>12,183</u>	<u>(261,344)</u>
Change in net assets	(5,279)	0	(5,279)
Transfer from boosters' Development Foundation Incorporated		18,268	18,268
Net assets at beginning of year, as related	<u>(192,048)</u>	<u>8,814</u>	<u>(183,234)</u>
Net assets (deficit) at end of year	<u>(\$214,288)</u>	<u>\$8,814</u>	<u>(\$205,474)</u>

During the year ended June 30, 1997, the booster club made a prior period adjustment totaling \$(17,218) to correct the unrestricted net assets for an understatement of accrued interest expense for the note payable on the baseball stadium, as follows:

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DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
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	Unrestricted	Temporarily Restricted	Total
Unrestricted net assets at June 30, 1996	(\$ 75,140)	\$ 38,874	(\$ 36,266)
Prior period adjustments	(7,175)		(7,175)
Unrestricted net assets at June 30, 1997 (current)	(\$ 82,315)	\$ 38,874	(\$ 43,441)

The booster club has deficit net assets of \$214,288 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 liabilities with donations from private and corporate sponsors and funds received from Alumni Association fund-raisers.

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

Management at Southeastern Louisiana University 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 control procedures. The objectives of 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 financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in internal controls, errors or fraud may, nevertheless, occur and not be detected. Also, projection of any evaluation of the controls 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. We performed a preliminary review of the internal controls of the athletic department by reviewing the organizational chart and written athletic department policies and procedures and by performing tests on the extent of documentation and the flow of transactions through the accounting system. In connection with our applied procedures, we noted no matters involving the internal controls and their operations that we consider to be reportable conditions.

LEGISLATIVE AUDITOR

DR. SALLY CLAUSEN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Audit Report, June 30, 1997

The minimum agreed-upon procedures, applied to certain aspects of the university's internal controls, 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 agreed-upon procedures discussed in the preceding paragraphs to certain aspects of the controls, we do not express an opinion on whether the internal controls of Southeastern Louisiana University, in effect for the year ended June 30, 1997, taken as a whole, were sufficient to meet the objectives stated previously.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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ATHLETIC DEPARTMENT
 SOUTHEASTERN LOUISIANA UNIVERSITY
 STATE OF LOUISIANA
 (A PORTION OF) CURRENT FUNDS
 UNRESTRICTED - AUXILIARY ENTERPRISE FUNDS

Statement of Revenues and Expenditures
 For the Year Ended June 30, 1987

REVENUES	
Date receipts	\$24,918
Student fees	1,522,960
Guarantees	26,000
Outside funds (booster clubs, etc.)	166,621
In-kind contributions (Note 2)	15,600
NCAA distribution	108,687
Program sales	1,243
Concessions	44,188
Other sources	168,421
Total revenues	<u>2,168,287</u>
EXPENDITURES	
Personal services and related benefits	681,106
Travel	262,820
Operating services	132,824
Supplies	175,287
Professional services	68,728
Scholarships	490,205
Other charges	271,238
Equipment	8,746
Total expenditures	<u>2,185,354</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(17,067)</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, 1997**

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.

1. 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 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
SOUTHEASTERN LOUISIANA UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Expenditures

Expenditures are generally 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) inventories of the General Fund are recorded as expenditures at the time of purchase.

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.

At June 30, 1997, employees of the athletic department have earned compensated absences for the current year for \$13,634, which will not taken by athletic department employees. Leave benefits are reflected in the accompanying financial statement when paid.

**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	\$1,100
Casaway Chrysler Center	1,100
Deposit Guaranty Bank	4,900
Daily Star	2,100
Gateway Ford	1,100
Sign World	1,100
Pennington Seed	1,100
USA Air	1,100
	<u>15,600</u>
Total revenues	<u>\$15,600</u>

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

Expenditures	
Operating services	\$2,100
Travel	3,900
Operating supplies	2,200
Professional services	1,100
Other charges	<u>5,900</u>
Total expenditures	<u>\$15,000</u>

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

The Southeastern Louisiana Development Foundation endowment funds (SLU Athletic Memorial, John Faught Scholarship, T. J. Campion Memorial, Richard Sharp Scholarship Funds, and the State Fair Athletic Scholarship) and restricted 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, 1997.