

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Louisiana Tech University
State of Louisiana
Ruston, Louisiana

February 3, 2000



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 Accountant'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 Station Rouge and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

February 2, 2000

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

**Financial Statement and
Independent Accountant's Report
For the Year Ended June 30, 1999**

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November 10, 1999

Independent Accountant's Report on
Analyzing Agreed-Upon Procedures

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

We have audited the general purpose financial statements of Louisiana Tech University, a component unit of the State of Louisiana reporting entity, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 10, 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 Louisiana Tech University Athletic Department and to the related outside organizations created for or in behalf of the university's intercollegiate athletic programs for the year ended June 30, 1999, solely to assist the university in complying with NCAA Bylaw 5.2.3.1. 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 Tech University. 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 are as follows:

STATEMENT OF REVENUES AND EXPENDITURES

1. We obtained written representations from management as to the fair presentation of the statement of revenues and expenditures of the intercollegiate athletic programs for the year ended June 30, 1999, as shown in 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.

2. We compared the statements of revenues and expenditures of the intercollegiate athletic programs for June 30, 1998, and June 30, 1999, to identify variances of 20% or greater in individual revenue and expenditure accounts (one item) that are 5% or more of the total.

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

Accountant's Report, June 30, 1999

The university provided satisfactory responses for any material variances between the two years.

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 20% or greater in individual revenue and expenditure accounts (line items) that are 5% or more of the total.

There were no material budget variances.

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. We vouched those contributions that constitute 10% or more of the total contributions.

Louisiana Tech University Foundation, Inc., contributed \$845,327 for the year ended June 30, 1999.

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 department 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 test of controls unique to the university's intercollegiate athletics department to ensure that recorded revenues are complete and expenditures properly authorized.

- a. We randomly selected one cash receipt batch sheet of ticket sales and followed it through the university's cash control system to determine adherence to established policies and procedures.

We found no exceptions as a result of this procedure.

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DR. DANIEL D. RENEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Accountant's Report, June 30, 1999

- b. We randomly selected a sample of cash disbursement transactions 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 this procedure.

- c. We conducted inquiries and observations of the athletic department personnel to determine their compliance with policies and procedures relating to the control and safeguarding of unsold tickets.

We found no exceptions as a result of this procedure.

- d. We compared the amount of state General Fund appropriation transferred to the Auxiliary Fund (Athletics) to determine compliance with the amount allowed by the Board of Regents.

The university did not exceed the amount allowed to be transferred.

7. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics programs and obtained working paper documentation and a report issued by the internal auditor to support the auditor's involvement.

During fiscal year 1999, the internal auditor issued an audit report on the intercollegiate athletics programs relating to ticket sales. No weaknesses were noted in the report.

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 program 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 program.

LEGISLATIVE AUDITOR

DR. DANIEL G. REINEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Accountant's Report, June 30, 1999

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

9. We obtained written representation from management of the university that there is only one outside organization created for or in behalf of the athletic department.

The only booster group created for or in behalf of the athletic department is the Louisiana Tech Foundation, Inc.

10. For all outside organizations that had an independent audit, we obtained the independent auditor's reports to identify any reportable conditions relating to the outside organization's internal controls and made inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of Louisiana Tech Foundation, Inc., and Louisiana Tech Alumni Association, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 1999. The audit reports are dated October 8, 1999, and October 27, 1999, respectively, and include no reportable conditions relating to the outside organization's internal control.

11. We obtained from representatives of the outside organizations statements of cash receipts and disbursements with written representations as to the fair presentation of the statements. 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).

We found no exceptions as a result of this comparison.

12. We compared the direct payments of outside organizations to the university with the revenues reported on the university's Statement of Revenues and Expenditures (Statement A).

We found no exceptions as a result of this comparison.

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 Tech University internal controls over financial reporting or any part

LEGISLATIVE AUDITOR

DR. DANIEL B. KENEAL, PRESIDENT
LOUISIANA TECH UNIVERSITY
STATE OF LOUISIANA
Accountant's Report, June 30, 1999

Enclosed. 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 Tech University 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

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07/08/99

**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, 1999**

REVENUES

Student fees	\$1,850,028
Tickets sales	891,323
Guarantees	1,809,714
Foundation, private gifts	93,500
Corporate sponsorships	154,014
Program sales	211,299
Concessions	59,747
Payments-in-kind (notes 2 and 3)	945,307
Conference distribution	68,588
Merch	50,855
College work-study	5,503
Other	138,547
Total revenues	<u>6,692,385</u>

EXPENDITURES

Personal services:	
Salaries	1,840,169
Related benefits	254,978
Talent	850,100
Operating services	450,116
Supplies	418,976
Administrative charge	195,409
Fund raisers	27,193
Professional services	182,391
Medical insurance/claims	48,791
Other charges:	
Awards	13,319
Guarantees	257,842
Scholarships	1,036,365
Equipment	243,185
Total expenditures	<u>6,911,888</u>

EXCESS OF REVENUES OVER EXPENDITURES\$78,497

The accompanying notes are an integral part of this statement.

UNAUDITED

ATHLETIC DEPARTMENT LOUISIANA TECH UNIVERSITY STATE OF LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 1999

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 statements presents information only as to the transactions of the Louisiana Tech University Athletic Department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

In order 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 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 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 operating 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.

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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) summer school fees and faculty salaries and related benefits for June are not prorated, but are deferred to the succeeding year; 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. Leave benefits are reflected in the accompanying statement when paid. These leave benefits are accrued and reported in the general purpose financial statements of the university but are not accrued for reporting purposes in Statement A since compensated absences are not reportable at the department level and the amount is immaterial.

3. 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, Inc., as follows:

Salaries	\$262,442
Travel	39,025
Operating services	98,438
Supplies	79,041
Fund raising	21,272
Assets	13,218
Equipment	<u>258,055</u>
Total	<u>\$701,289</u>

3. PAYMENTS-IN-KIND FROM OTHERS

Included on Statement A are payments-in-kind, which are recognized as outside funds that were received for or in behalf of the athletic department from outside organizations, as follows:

UNAUDITED

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

Travel	\$75,500
Fund raises	5,811
Equipment	<u>3,510</u>
Total	<u>\$84,821</u>

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

The Louisiana Tech Foundation, Inc., 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.