

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
University of Louisiana at Monroe
State of Louisiana
Monroe, Louisiana

February 2, 2000



Financial and Compliance Audit Division

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

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**ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA
Monroe, Louisiana**

**Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 1998**

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

February 2, 2000

ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA

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

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FRANK CLEGG, PRESIDENT
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December 15, 1998

Independent Auditor's Report
on the Financial Statement

**MR. LAWSON L. SWEARINGEN, JR., PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA
Monroe, Louisiana**

We have audited the accompanying statement of revenues and expenditures of the University of Louisiana at Monroe Intercollegiate Athletics Program, a program within the University of Louisiana at Monroe for the year ended June 30, 1998. This financial statement is the responsibility of management of the University of Louisiana at Monroe. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the statement of revenues and expenditures referred to above presents only the financial transactions of the University of Louisiana at Monroe Intercollegiate Athletics Program, a program within the University of Louisiana at Monroe. As such, the financial statement is not intended to and does not present fairly the financial position and changes in fund balances of the University of Louisiana at Monroe in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly the revenues and expenditures of the University of Louisiana at Monroe Intercollegiate Athletics Program for the year ended June 30, 1998, in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

MR. LAWSON L. SWEARINGEN, JR., PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA
Audit Report, June 30, 1995

We have also issued reports dated December 15, 1995, on our consideration of the University of Louisiana at Monroe Intercollegiate Athletics Program internal controls and our report on minimums agreed-upon procedures.

Respectfully submitted,



David G. Kyle, CPA, CFE
Legislative Auditor

VMG:MMNDSP:as

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**ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA**

**Statement of Revenues and Expenditures
For the Year Ended June 30, 1989**

	(PORTION OF) CURRENT FUNDS - RESTRICTED - AUXILIARY ENTERPRISE FUNDS	ATHLETIC AGENCY FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Date receipts	\$570,245		\$570,245
Student fees	2,280,504		2,280,504
Guarantees	1,388,788		1,388,788
Play-off/conference proceeds	250,412		250,412
Vending and other	350,708		350,708
Contributions	80,000	\$815,729	895,729
Contributions-in-kind		308,865	308,865
Total revenues	<u>4,620,736</u>	<u>1,124,595</u>	<u>5,745,331</u>
EXPENDITURES			
Personal services			
Salaries	1,530,222	108,852	1,639,074
Student labor and other salaries	113,257		113,257
Retired benefits	324,088	2,578	326,667
Travel	500,458	325,721	826,179
Interest expense		87,485	87,485
Recreation activities		308,404	308,404
Operating services	222,153	183,877	406,030
Supplies	338,424	58,700	397,124
Professional services	118,272	35,211	153,483
Other charges:			
Awards	12,554	7,403	19,957
Guarantees	308,500	2,000	310,500
Scholarships	1,060,848	2,070	1,062,918
Contributions for scholarships		80,000	80,000
Equipment	48,675	208,600	257,275
Total expenditures	<u>4,694,461</u>	<u>1,225,245</u>	<u>5,919,706</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>\$126,274</u>	<u>NONE</u>	<u>\$126,274</u>

The accompanying notes are an integral part of this statement.

**ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA**

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

INTRODUCTION

The University of Louisiana at Monroe is a publicly supported institution of higher education. The university was formerly known as Northeast Louisiana University and is a component unit of the State of Louisiana within the executive branch of government. The University of Louisiana at Monroe Athletic Department is a part of the University of Louisiana at Monroe. The accompanying financial statement presents information only as to the transactions of the University of Louisiana at Monroe Athletic Department.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

To observe limitations and restrictions placed on the use of available resources, the accounts of the University of Louisiana at Monroe 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

Current funds are 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 accounts of the athletic department.

Agency Fund

This fund group represents funds for which the university acts as custodian or fiscal agent on behalf of others, such as contributions and in-kind contributions 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
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA
Notes to the Financial Statement (Continued)

Revenues

Substantially all revenues are recognized when earned.

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 reported but are deferred to the succeeding year; and (3) inventories of the Auxiliary Fund are recorded as expenditures when used.

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 are deemed immaterial.

D. TOTAL COLUMN ON STATEMENT

The total column on Statement A is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CONTRIBUTIONS FROM OUTSIDE ORGANIZATIONS

The following is a summary of contributions-in-kind received and reported as revenues and expenditures on Statement A:

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

Travel	\$78,710
Supplies	18,570
Operating services	68,260
Professional services	8,260
Promotional activities	187,014
	<hr/>
Total	<u>\$360,814</u>

3. PENSION PLANS

Plan Description. Substantially all employees of the university are members of two statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 825-8448 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 822-0680.

Funding Policy. The contribution requirements of plan members and the university are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (R.S.) 11:102. Employees contribute 8% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 10.5% of covered salaries to TRS and 12.4% of covered salaries to LASERS. The university's employer contribution is funded by the State of Louisiana through the annual appropriation to the university. The university's employer contributions to TRS for the years ended June 30, 1999, 1998, and 1997, were \$47,059, \$80,926, and \$75,289, respectively, and to LASERS for the years ended June 30, 1999, 1998, and 1997, were \$15,733, \$29,108, and \$28,268, respectively, equal to the required contributions for each year.

**ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA**

Notes to the Financial Statement (Continued)

4. OPTIONAL RETIREMENT SYSTEM

R.S. 15:821 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Total contributions by the university are 16.5% of the covered payroll. The participant's contribution (7%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by the actuarial committee. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system.

Employer contributions to the optional retirement plan for the years ended June 30, 1995, 1996, and 1997, were \$135,510, \$113,896, and \$117,431, respectively, equal to the required contributions for each year.

**5. OUTSIDE ORGANIZATION CREATED FOR
OR IN BEHALF OF THE UNIVERSITY OF
LOUISIANA AT MONROE INTERCOLLEGIATE
ATHLETICS PROGRAM**

The only outside organization created for or in behalf of the University of Louisiana at Monroe Intercollegiate Athletics Program was the Northeast Louisiana University Athletic Scholarship Foundation, which is a separate corporation audited by an independent certified public accounting firm.

**OTHER REPORTS REQUIRED BY
NCAA FINANCIAL AUDIT GUIDELINES**

The following pages contain reports on internal controls and agreed-upon procedures required by NCAA Financial Audit Guidelines, issued by the National Collegiate Athletic Association. The report on internal controls is based solely on the audit of the financial statement and includes, where appropriate, any reportable conditions or material weaknesses. The report on agreed-upon procedures relates only to the items discussed and is substantially less in scope than an audit.



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December 15, 1999

Independent Auditor's Report on Internal Controls
Based Solely on an Audit of the Athletic Department's
Statement of Revenues and Expenditures

MR. LAWSON SWEARINGEN, JR., PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA
Monroe, Louisiana

We have audited the statement of revenues and expenditures of the University of Louisiana at Monroe Intercollegiate Athletics Program for the year ended June 30, 1999, and have issued our report thereon dated December 15, 1999.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

In planning and performing our audit of the financial statement of the University of Louisiana at Monroe Athletics Department for the year ended June 30, 1999, we considered its internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls. Our consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error and fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control and its operations that we consider to be material weaknesses as defined above.

EXHIBIT A

LEGISLATIVE AUDITOR

MR. LAWSON SWEARINGEN, JR., PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA
Internal Control Report
December 15, 1999
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This report is intended for the information and use of the management of the University of Louisiana at Monroe and is not intended to 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

WMS:MAN/OSP:as

12/15/99



DAVID G. ANDREWS, CTS, CPA
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December 15, 1999

**Independent Accountant's Report on
Financial Accounting Procedures**

**MR. LAWSON SWEARINGEN, JR., PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA
Monroe, Louisiana**

We have audited the Statement of Revenues and Expenditures of the University of Louisiana at Monroe Intercollegiate Athletics Program for the year ended June 30, 1999, and have issued our report thereon dated December 15, 1999. As requested by the university, we have also applied certain agreed-upon procedures contained in the NCAA Financial Audit Guidelines related to outside organizations created for or in behalf of the university's Intercollegiate Athletics Program for the year ended June 30, 1999, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 8.2.3.1. 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 the University of Louisiana at Monroe. 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:

1. We obtained written representation from management of the university that the Northeast Louisiana University Athletic Scholarship Foundation was the only outside organization created for or in behalf of the athletic department.
2. 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) and identified any reconciling items.

We found no exceptions as a result of this comparison.

EXHIBIT B

LEGISLATIVE AUDITOR

MR. LAWSON SWEARINGEN, JR., PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
STATE OF LOUISIANA

Agreed-Upon Procedures Report
December 15, 1999

Page 2

3. 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) and identified any reconciling items.

We found no exceptions as a result of this comparison.

4. 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 the Northeast Louisiana University Athletic Scholarship Foundation were audited by an independent certified public accounting firm for the year ended June 30, 1999. The audit report is dated December 8, 1998, and included no reportable conditions relating to the outside organization's internal control.

Because the above 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 referred to above. Had we performed additional procedures or had we made an audit of the financial statements of the related outside organization in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the accounts and items specified above and does not extend to any financial statements of the University of Louisiana at Monroe or the related outside organization taken as a whole.

This report is intended for the information and use of the management of the University of Louisiana at Monroe and is not intended to 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 B. Kyle, CPA, CFE
Legislative Auditor

WMS:MAN:CGP:aa
02/01/00