

# 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 2, 1999



***Financial and Compliance Audit Division***

---

---

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

**LEGISLATIVE AUDIT ADVISORY COUNCIL**

**MEMBERS**

**Representative Francis C. Thompson,  
Acting Chairman and Vice Chairman**

**Senator Robert J. Barham  
Senator Wilson E. Fields  
Senator Thomas A. Greene  
Senator Craig F. Romero  
Representative F. Charles McMains, Jr.  
Representative Edwin R. Murray  
Representative Warren J. Triche, Jr.**

**LEGISLATIVE AUDITOR**

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

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

**Albert J. Robinson, Jr., CPA**

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Twenty-two copies of this public document were produced at an approximate cost of \$60.28. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. A copy of this document is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us).

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

**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, 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 office of the Legislative Auditor.

June 2, 1999

**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, 1998**

**CONTENTS**

	<b>Statement</b>	<b>Page No.</b>
Independent Auditor's Report on Applying Agreed-Upon Procedures		2
<i>Financial Statement – Statement of Revenues and Expenditures (Unaudited)</i>	A	10
Notes to the Financial Statement (Unaudited)		13



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

DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

April 23, 1999

Independent Auditor's Report on  
Applying Agreed-Upon Procedures

**DR. WILLIAM L. JENKINS, PRESIDENT**  
**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, 1998, and have issued our report thereon dated April 7, 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 Program for the year ended June 30, 1998, 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 Program for the year ended June 30, 1998, 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.

LEGISLATIVE AUDITOR

DR. WILLIAM L. JENKINS, PRESIDENT  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
Audit Report, June 30, 1998

2. We compared the statements of revenues and expenditures of the intercollegiate athletics programs for June 30, 1997, and June 30, 1998, 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  
Men's basketball  
Baseball  
Other athletic related activities  
Southeastern Conference distribution  
Hosted events - other men's sports

**Expenditures**

Football  
Baseball  
Soccer  
Women's track  
Weight rooms  
Administrative charge  
Nonrecurring expenditures - hosted events – other men's sports

3. We compared the budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1998, to identify any variances of 25% or greater in individual revenue and expenditure accounts that are 5% or more of the total.

As a result of our procedures, we identified one variance of 25% or greater between budget and actual amounts for the debt service expenditure account.

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 a sample of those contributions that constituted 10% or more of the total contributions.

The Tiger Athletic Foundation, an outside organization, contributed monies, goods, or services for or in behalf of the athletic department that exceeded 10% (\$318,995) of the total contributions.

LEGISLATIVE AUDITOR

DR. WILLIAM L. JENKINS, PRESIDENT  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
Audit Report, June 30, 1998

**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 Program* 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 15 athletic department expenditures and followed them through the university's accounting system to determine adherence to established policies and procedures. In addition, we selected 26 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.

7. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics programs. During fiscal year 1998, the internal auditor did not issue any audit reports on the intercollegiate athletics programs.

**LEGISLATIVE AUDITOR**

**DR. WILLIAM L. JENKINS, PRESIDENT  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
Audit Report, June 30, 1998**

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 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, 1998, from the university:

	Beginning Cash Balances June 30, 1997	Receipts	Disbursements for Athletics
LSU Foundation	\$14,614	\$593	
LSU Tiger Athletic Foundation	3,577,452	5,204,445	\$2,922,232
LSU Track and Field Officials Association	7,956	38,653	1,323
LSU Tiger Gridiron Club	128,747	428,207	20,445
LSU Bengal Belles		131,344	10,549
Total	<u>\$3,728,769</u>	<u>\$5,803,242</u>	<u>\$2,954,549</u>

10. We obtained written representation from management of the university that the booster groups shown above 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.



Transfers to Tiger Athletic Foundation	Other Disbursements	Ending Cash Balance June 30, 1998
\$14,614		\$593
	\$1,840,790	4,018,875
12,000	14,911	18,376
36,006	383,349	117,153
	118,555	2,240
<u>\$62,620</u>	<u>\$2,357,605</u>	<u>\$4,157,237</u>

LEGISLATIVE AUDITOR

DR. WILLIAM L. JENKINS, PRESIDENT  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
Audit Report, June 30, 1998

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 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.

12. 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 controls 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 Tiger Gridiron Club for the year ended June 30, 1998, are in the process of being audited by an independent certified public accounting firm. As of this date, the report has not been issued. 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 and the Bengal Belles are not audited.

13. We obtained a sample of cash receipts for the outside organizations created for or in behalf of the athletic department noted previously. We selected 40 receipts for testing from the Tiger Athletic Foundation; all receipts over \$10,000 (a total of five) for the Bengal Belles; and all receipts for the LSU Track and Field Officials Association, the LSU Tiger Gridiron Club, and the LSU Foundation and examined the corresponding documentation.

We found no exceptions as a result of these procedures.

14. We obtained a sample of cash disbursements from the outside organizations created for or in behalf of the athletic department noted previously. We selected 94 disbursements for testing with the Tiger Athletic Foundation and all disbursements for the LSU Track and Field Officials Association, the Tiger

LEGISLATIVE AUDITOR

DR. WILLIAM L. JENKINS, PRESIDENT  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
Audit Report, June 30, 1998

Gridiron Club, the Bengal Belles, and the LSU Foundation and 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 authorized properly.*

We found no exceptions as a result of these procedures.

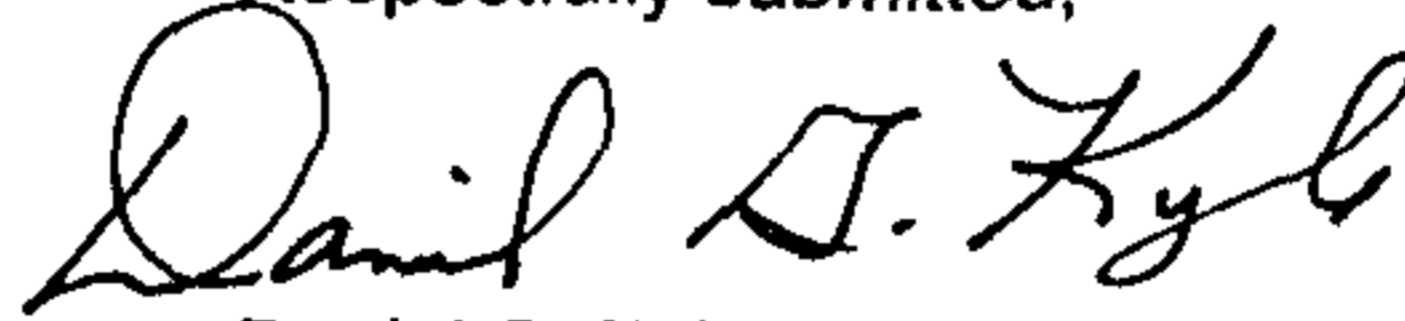
We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the statement of revenues and expenditures of the Intercollegiate Athletics Program. Accordingly, we do not express such an opinion. Also, we express no opinion on the Louisiana State University and A&M College – Baton Rouge's internal controls 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.

LEGISLATIVE AUDITOR

DR. WILLIAM L. JENKINS, PRESIDENT  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
Audit Report, June 30, 1998

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,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive, flowing style.

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

MGT:BJJ:PEP:dl

(LSU-NCAA)

UNAUDITED

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 - UNRESTRICTED -  
AUXILIARY ENTERPRISES

Statement of Revenues and Expenditures  
For the Year Ended June 30, 1998

REVENUES

Self-generated:

Football	\$14,545,007
Basketball	3,008,525
Baseball	1,272,921
Golf	1,000
Swimming	11
Track	20,088
Women's sports:	
Basketball	31,045
Gymnastics	7,455
Soccer	6,650
Softball	43,865
Tennis	5,300
Track	30,297
Volleyball	2,596
Cheerleaders	400
Office of the Director	1,968
Office of Athletic Counselor	61,765
Game management	9,736
Ticket Office	90,761
Marketing and promotion	606,404
Physical plant	19,161
Field house	31,846
Cinematography	670
Other athletic-related activities:	
Broussard Hall	357,479
Tiger Gift Center	1,416,493
Concessions	2,978,230
Electronic media	1,143,265

(Continued)

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  
(A PORTION OF) CURRENT FUNDS - UNRESTRICTED -  
AUXILIARY ENTERPRISES  
Statement of Revenues and Expenditures, 1998**

**REVENUES (CONT.)**

Scholarship contributions	\$1,853,829
Southeastern Conference distribution	203,160
Fee allocation	132,829
Interest on endowed scholarships	223,244
Interest on investments	339,549
Total self-generated revenues	<u>28,445,549</u>
Gifts - booster organizations:	
Tiger Athletic Foundation	2,922,232
LSU Track and Field Officials Association	1,323
Tiger Gridiron Club	20,445
Bengal Belles	10,549
Courtesy car program	235,400
Total gift revenues	<u>3,189,949</u>
Nonrecurring:	
Hosted events:	
Baseball	109,986
Other men's sports	74,493
Women's sports	37,895
Post-season activity:	
Independence Bowl	662,266
Baseball	33,600
Track and field	7,454
Other men's sports	7,157
Women's sports	29,832
Total nonrecurring revenues	<u>962,683</u>
Total revenues	<u>32,598,181</u>

(Continued)

The accompanying notes are an integral part of this statement.

UNAUDITED

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 - UNRESTRICTED -  
AUXILIARY ENTERPRISES  
Statement of Revenues and Expenditures, 1998**

**EXPENDITURES**

Salaries, wages, and staff benefits	\$10,408,898
Travel	3,037,350
Scholarships	2,792,978
Renewals and replacements	431,220
Supplies and expenses	6,343,658
Utilities	563,013
Principal and interest	1,219,290
Other support	4,010,759
Total expenditures	<u>28,807,166</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u><u>\$3,791,015</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

UNAUDITED

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, 1998

**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:



UNAUDITED

ATHLETIC DEPARTMENT  
LOUISIANA STATE UNIVERSITY AND  
A&M COLLEGE - BATON ROUGE  
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. 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	\$585,500
Other support	<u>2,604,449</u>
Total	<u><u>\$3,189,949</u></u>

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

**UNAUDITED**

**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 and the Tiger Gridiron Club are separate corporations providing support to the Intercollegiate Athletics Program. In addition, the Bengal Belles is a separate organization providing support to the Intercollegiate Athletics Program.

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.