
STATE OF LOUISIANA



ATHLETIC DEPARTMENT

LOUISIANA STATE UNIVERSITY SYSTEM
AND A&M COLLEGE
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA

FINANCIAL STATEMENT
JUNE 30, 2003

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
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May 19, 2004

Independent Accountant's Report on
Applying Agreed-Upon Procedures

DR. WILLIAM L. JENKINS, PRESIDENT
LOUISIANA STATE UNIVERSITY
AND A&M COLLEGE
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the basic financial statements of the Louisiana State University System, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 16, 2003. Louisiana State University and A&M College is a part of the Louisiana State University System. 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 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, 2003, solely to assist the university in complying with National Collegiate Athletics Association 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. 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 EXPENSES

1. We obtained written representation from management as to the fair presentation of the statement of revenues and expenses of the intercollegiate athletics program for the year ended June 30, 2003, as shown on the Statement of Revenues and Expenses. 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 Louisiana State University and A&M College's general ledger accounts used to prepare the statements of revenues and expenses of the intercollegiate athletics programs for June 30, 2002, and June 30, 2003, to identify variances greater than \$50,000 for all individual revenue and expenses 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 general ledger accounts:



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LOUISIANA STATE UNIVERSITY AND A&M COLLEGE

Revenues

Football
Basketball

Expenses

Salaries and wages
Supplies
Scholarships

3. We compared the Louisiana State University and A&M College's budgeted revenues and expenses related to athletics in the general ledger to actual revenues and expenses for the year ended June 30, 2003, to identify any variances of 25% or greater in individual revenue and expense accounts that are 5% or more of the total. As a result of our procedure, we identified no variances greater than 25% in individual revenue and expense accounts that are 5% or more of the total.
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.

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

**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 athletic department and to detect deficiencies in the components of those controls.

We detected no deficiencies in the components of the internal control unique to the university's intercollegiate athletic department.

6. We performed tests of controls unique to the university's intercollegiate athletic department to determine adherence to established policies and procedures related to revenues and expenses.
 - a. We selected post-season activity for football, baseball, track, swimming, men's basketball, men's tennis, women's basketball, women's softball, and women's gymnastics and followed it through the university's internal control system to determine adherence to established policies and procedures. In addition, we tested all football, baseball, and basketball game statements, comparing the amounts reported to the amounts recorded in the general ledger.

We found no exceptions as a result of these procedures.
 - b. We selected 17 athletic department expenses and followed them through the university's accounting system to determine adherence to established policies and procedures. We selected 17 travel expenses 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 2003, the internal auditor issued an audit report on the Intercollegiate Athletic Ticket Office and audit reports on the physical inventories of the university golf course, swimming, athletic concessions, and Tiger Gift Center. The internal audit reports noted control weaknesses and areas for improvement and included recommendations. Management agreed with the findings and submitted a plan of specific actions to be taken by the athletic department in correcting the findings.
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.

**EXPENSES OF OUTSIDE ORGANIZATIONS
MADE FOR OR IN BEHALF OF LOUISIANA
STATE UNIVERSITY AND A&M COLLEGE -
INTERCOLLEGIATE ATHLETICS PROGRAM**

9. We obtained a list of booster organizations and related financial activities for the year ended June 30, 2003, from the university. The following financial activities of the booster organizations exclude loan, endowment, escrow, or plant fund activities related to intercollegiate athletics:

	Cash Balances June 30, 2002	Adjustments	Receipts	Disbursements for Athletics	Other Disbursements	Cash Balance June 30, 2003
LSU Tiger Athletic Foundation:						
Coaches escrow	\$368,188		\$790,851	\$773,989		\$385,050
Affiliated Chapters Escrow		\$2,298	194,490		\$58,601	138,187
Restricted assets	4,464,049		2,217,882	652,436	3,099,849	2,929,646
General accounts	8,455,656		7,726,133	5,188,900	3,112,071	7,880,818
Other booster groups			46,559	46,559		
Total	<u>\$13,287,893</u>	<u>\$2,298</u>	<u>\$10,975,915</u>	<u>\$6,661,884</u>	<u>\$6,270,521</u>	<u>\$11,333,701</u>

Management of the university made written representation to us that the general accounts cash balance at June 30, 2003, includes amounts restricted by donors, by debt requirements, or by designation totaling \$6,653,311.

10. We obtained written representation from management of the university that the Tiger Athletic Foundation and the LSU Track and Field Officials Association were the only outside organizations created for or in behalf of the athletic department. The LSU Track and Field Officials Association does not make any disbursements on behalf of the athletic department. Instead, the LSU Track and Field Officials Association supports athletics with direct contributions to the LSU Tiger Athletic Foundation. For the year ended June 30, 2003, the LSU Track and Field Officials Association donated \$22,199 to the LSU Tiger Athletic Foundation, included in the previously reported receipts.



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Management of the university disclosed two matters to us that represented actions inconsistent with university and Tiger Athletic Foundation standard operating policies and procedures for booster organizations. Two athletic booster groups represented to the university that they incurred expenses totaling \$46,559 on behalf of the athletic department that were not accounted for through the Tiger Athletic Foundation as of June 30, 2003. The university formally notified both booster groups of the university's requirement that athletic booster organizations must be affiliated with the Tiger Athletic Foundation. Both booster groups have affiliated. The revenues and expenses of \$46,559 have been included in the Statement of Revenues and Expenses.

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 found no exceptions as a result of this procedure.

12. We compared the direct payments of the outside organizations to the university and 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 Expenses and identified any reconciling items.

We found no exceptions as a result of this procedure.

13. 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 control 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, 2002, were audited by an independent certified public accounting firm. The audit report was dated June 17, 2003, and included no reportable conditions relating to the outside organization's internal control. The audit report for the year ended December 31, 2003, has not been issued.

14. We obtained a sample of cash receipts and cash disbursements for the outside organizations created for or in behalf of the athletic department noted previously.

- a. We selected 25 receipts for testing from the Tiger Athletic Foundation and examined the corresponding documentation.

We found no exceptions as a result of these procedures.

- b. We selected 25 disbursements for testing from the Tiger Athletic 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 the June 30, 2003, cash balances of the outside organizations created for or in behalf of the athletic department noted previously. We also verified the mathematical accuracy of the June 30, 2003, bank reconciliations and agreed the reconciled amounts to the financial information of the outside organizations.

We found no exceptions as a result of these procedures.

16. We reviewed the minutes of the governing bodies of the outside organization created for or in behalf of the athletic department noted previously and compared selected financial transactions discussed in the minutes to the activity recorded in the accounting records of the outside organization.

We found no exceptions as a result of these procedures.



INDEPENDENT ACCOUNTANT'S REPORT

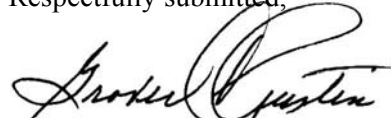
17. We inquired of management and obtained policies and procedures related to the internal control of the outside organization created for or in behalf of the athletic department noted previously to detect deficiencies in the design of those procedures.

We detected no deficiencies in the design of those 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 Expenses of the Louisiana State University and A&M College 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's internal control 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.

This report is intended solely for the information and use of management of Louisiana State University and A&M College and is not intended to be and should not be used by anyone other than management of the university. Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Grover C. Austin, CPA
First Assistant Legislative Auditor

MMG:ES:PEP:dl

[LSUNCAA03]





UNAUDITED

**ATHLETIC DEPARTMENT
LOUISIANA STATE UNIVERSITY
AND A&M COLLEGE
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenses
For the Year Ended June 30, 2003**

REVENUES

Self-generated:

Football	\$27,945,349
Basketball	4,164,066
Baseball	1,675,762
Golf	486
Swimming	1,100
Track	131,711
Women's sports:	
Basketball	212,303
Golf	23,494
Gymnastics	10,850
Soccer	8,610
Softball	70,131
Tennis	80
Volleyball	4,871
Office of the Director	131,524
Office of Athletic Counselor	61,998
Game management	750
Ticket office	456,140
Marketing and promotion	1,298,534
Physical plant	1,403,068
Field house	12,474
Photography	1,534
Other athletic-related activities:	
Tiger Gift Center	1,221,633
Concessions	1,198,026
Electronic media	1,884,919
Southeastern Conference distribution	604,174
Fee allocation	(48)
Interest on endowed scholarships	319,263

(Continued)



ATHLETIC DEPARTMENT
LOUISIANA STATE UNIVERSITY AND A&M COLLEGE

UNAUDITED

REVENUES (CONT.)

Interest on investments	\$104,561
Total self-generated revenues	<u>42,947,363</u>
Gifts:	
Booster organizations:	
Tiger Athletic Foundation	5,841,336
Tiger Athletic Foundation escrow accounts	773,989
Other booster groups	46,559
Courtesy car program	346,750
Total gift revenues	<u>7,008,634</u>
Nonrecurring - hosted events:	
Baseball	570,280
Post-season activity:	
Bowl games	1,184,415
Basketball	30,734
Women's sports	6,152
Total nonrecurring revenues	<u>1,791,581</u>
Total revenues	<u>51,747,578</u>

EXPENSES

Salaries, wages, and staff benefits	14,791,191
Travel	4,548,559
Scholarships	5,080,999
Renewals and replacements	510,803
Supplies and expenses	16,782,306
Utilities	888,939
Principal and interest	1,568,336
Other support	5,940,181
Total expenses	<u>50,111,314</u>

EXCESS OF REVENUES OVER EXPENSES \$1,636,264

(Concluded)

