

ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT

ISSUED FEBRUARY 14, 2007

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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January 12, 2007

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

DR. MICHAEL R. MOFFETT, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Hammond, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of Southeastern Louisiana University (university), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the Southeastern Louisiana University Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2006. University management is responsible for the Statement (unaudited) and related notes (unaudited) and compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of Southeastern Louisiana 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.

The procedures that we performed and associated findings are as follows:

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the fair presentation of the Statement, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, and other information we considered necessary for the year ended June 30, 2006. We also verified the mathematical accuracy of the amounts on the Statement and agreed the amounts to supporting schedules provided by the university and/or the university's general ledger.

We found no exceptions as a result of these procedures.

2. We obtained an understanding and tested the specific elements of the control environment and accounting systems that are unique to the university's intercollegiate athletics program.

We detected no deficiencies in the control environment and accounting systems of the university's intercollegiate athletic department as a result of these procedures.

3. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics program and we obtained reports issued by the internal auditor to support the auditor's involvement.

On January 2, 2007, the internal auditor issued a second follow-up report on football ticket accountability. This report summary indicated only five of the original 19 findings reported in the prior year audit report were still outstanding:

- Athletics did not reconcile ticket revenue deposits to the University Financial Information System (FIS) monthly budget reports to ensure the revenues were posted correctly.
- Athletic Ticket Operations did not account for pre-numbered ticket stock and reconcile the log to daily activity.
- Athletic Ticket Operations did not prepare and retain game day ticket manifests documenting the number of tickets printed, sold, and not sold.
- Athletic Ticket Operations did not reconcile the control log detailing the issuance of complimentary tickets to patrons to the complimentary tickets printed by the electronic ticketing system.
- Athletics did not maintain adequate control over pass lists used to administer complimentary admissions to guests of student athletes.

University management concurred with the findings and recommendations of the internal auditor.

4. We compared each operating revenue and expense account for the intercollegiate athletics program recorded in the university's general ledger for June 30, 2005, and June 30, 2006, to identify variances of 5% or greater than \$50,000 for all individual revenue and expense accounts that are 5% or more of the total.

We identified variances of 5% or greater than \$50,000 in the following revenue and expense accounts that are 5% or more of the total:

Revenues

Ticket sales
Student fees
Guarantees
Contributions
Compensation and benefits provided by a third party
Direct state or other government support
Direct institutional support
Indirect facilities and administrative support
NCAA/Conference distributions including all tournament revenues
Program sales, concessions, novelty sales, and parking
Sports camp revenues
Endowment and investment income
Other sources

Expenses

Guarantees
Coaching salaries, benefits, and bonuses paid by the university and related entities
Coaching other compensation and benefits paid by a third party
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities
Severance payments
Recruiting
Team travel
Equipment, uniforms, and supplies
Game expenses
Fund raising, marketing, and promotion
Sports camp expenses
Direct facilities, maintenance, and rentals
Spirit groups
Indirect facilities and administrative support
Medical expenses and medical insurance
Memberships and dues
Other operating expenses

5. We compared the budgeted revenues and expenses to actual revenues and expenses recorded in the university's general ledger for the year ended June 30, 2006, 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 procedures, we identified variances of 25% or greater between budget and actual amounts in the following revenue accounts that are 5% or more of the total:

Revenues

Southland Conference Distribution
Royalties
Interest income
Vendor's compensation
Development Foundation
Private donations

**MINIMUM AGREED-UPON PROCEDURES
FOR REVENUES**

6. We obtained the football, baseball, and men's basketball game statements for all home games and compared the amounts reported to the revenue recorded in the general ledger and reported on the Statement of Revenues and Expenses. We randomly selected one cash receipts batch sheet of the ticket sales category and agreed to adequate supporting documentation.

The football event reports for gate sales totaled \$3,970 less than the general ledger. The TicketXchange Report totaled \$3,041 greater than the general ledger.

The baseball event reports for gate sales totaled \$413 less than the general ledger. The TicketXchange Report totaled \$512 less than the general ledger.

The men's basketball event report for gate sales totaled \$371 greater than the general ledger. The TicketXchange Report totaled \$312 greater than the general ledger.

7. On a sample basis, for the football, baseball, and men's basketball away games with game guarantee settlements, we agreed the amounts recorded in the general ledger to the contractual agreements. The settlement reports for the games tested were recalculated.

We found no exceptions as a result of this procedure.

8. We obtained and inspected agreements related to the university's participation in revenues from NCAA/Conference tournaments and games during the fiscal year to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger and/or the Statement and recalculated the totals. In addition, we selected one operating revenue receipt from the NCAA/Conference distributions category and agreed it to adequate supporting documentation.

We found no exceptions as a result of these procedures.

9. We obtained and inspected agreements related to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the period to gain an understanding of relevant terms and conditions.

The university did not have any revenues from broadcasts, television, radio, and Internet rights during the period.

10. We selected two operating revenue receipts from the program sales, concessions, novelty sales, and parking category and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

11. We obtained and inspected agreements related to the university's participation in revenues from royalties, advertisements, and sponsorships during the period to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger and/or the Statement and recalculated the totals.

We found no exceptions as a result of these procedures.

12. We inspected sports camp contracts between the university and person(s) conducting the camps or clinics during the reporting period to obtain an understanding of the university's methodology for recording revenues from the camps. We obtained a listing of the camp's participants. We selected a sample of participant receipts and agreed to the university's general ledger and recalculated the totals.

We found no exceptions as a result of these procedures.

13. We selected one operating revenue receipt from each category not previously mentioned above and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

14. We determined that the educational and general amount transferred to the athletic department by the university was in accordance with the Board of Regents' policy.

**MINIMUM AGREED-UPON PROCEDURES
FOR EXPENSES**

15. We selected a sample of seven athletic scholarship expense transactions from the general ledger. We identified the students included in the seven transactions and obtained individual student-account detail for each selection and compared total aid allocated from the related aid award letter to the student's account.

We found no exceptions as a result of these procedures.

16. We selected the football, baseball, and men's basketball games with game guarantee expenses and agreed the amounts to the general ledger and to the contractual agreements. We recalculated the settlement reports for the games tested.

We found no exceptions as a result of these procedures.

17. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and paid by third parties. We examined the contracts for the head coaches from football, baseball, and men's and women's basketball, and we selected the three highest paid support staff/administrative personnel. The following procedures were performed:

- (a) We compared and agreed the financial terms and conditions to the related coaching salaries, benefits, and bonuses recorded by the university and related entities in the Statement and to the related other compensation and benefits paid by a third party and recorded by the university in the Statement.
- (b) We obtained and inspected W-2s and 1099s for each selection.
- (c) We compared and agreed related W-2s and 1099s for each selection to the amounts recorded by the university in the Statement during the reporting period.

We found no exceptions as a result of these procedures.

18. We obtained and inspected a listing of coaches' salaries paid by third parties during the reporting period. We compared and agreed the financial terms and conditions of selected coaching salaries, benefits, and bonuses recorded by the university.

We found no exceptions as a result of this procedure.

19. Using a list prepared by the university, we selected the athletic employee with the highest severance payment, agreed the severance pay to the related termination letter or employment contract, and recalculated the total.

We found no exceptions as a result of these procedures.

20. We obtained and documented an understanding of the university's recruiting expense policies. We compared and agreed them to existing institutional and NCAA-related policies. We selected four recruiting expenses and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

21. We obtained an understanding of the university's team travel policies. We compared and agreed them to existing institutional and NCAA-related policies. We selected 10 team travel expenses and agreed to adequate supporting documentation. In addition, for each sport participating in post-season activity, we selected documentation of team travel expenses and followed it through the university's internal control system to determine adherence to established policies and procedures.

We found no exceptions as a result of these procedures.

22. We selected two operating expense transactions from the equipment, uniforms, and supplies category and agreed them to adequate supporting documentation.

We found no exceptions as a result of this procedure.

23. We selected four operating expenses from the direct facilities, maintenance, and rental category and agreed them to adequate supporting documentation.

We found no exceptions as a result of these procedures.

24. We selected travel expenses incurred by spirit groups for travel and agreed to adequate supporting documentation.

The university did not have any travel expenses incurred by spirit groups.

25. We selected six operating expenses from the other operating expense category and agreed them to adequate supporting documentation.

We found no exceptions as a result of these procedures.

26. We selected one operating expense from each category not previously mentioned above and agreed them to adequate supporting documentation.

We found no exceptions as a result of this procedure.

27. We determined that the amount charged to the athletic department by the university for its share of university services was charged in accordance with university policy.

We found no exceptions as a result of this procedure.

28. We selected a sample of sports camp expenses paid by the athletic department, including non-athletic personnel salaries and benefits from hosting sports camps

and clinics. We agreed expenses to adequate supporting documentation and sports camp contract(s).

The university did not have any sports camp expenses paid by the athletic department.

**MINIMUM AGREED-UPON PROCEDURES
FOR NOTES AND DISCLOSURES**

29. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constitute more than 10% of the total contributions. We obtained and reviewed supporting documentation for each such contribution and ensured the source of funds, goods, and services, as well as the value associated with these items were disclosed within the notes to the statement.

The Southeastern Athletics Association, Inc., and the Southeastern Development Foundation, Inc., both outside organizations, each contributed monies, goods, or services for or on behalf of the athletic department that exceed 10% of the total contributions.

30. We obtained and reviewed a schedule of total intercollegiate athletics capitalized assets, additions, deletions, and improvements of facilities by type along with a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets.
31. We agreed the capital asset schedule to the university's and/or affiliated and outside organizations' general ledger. We selected any capitalized addition that was greater than 10% of total capital additions and agreed recorded cost to adequate supporting documentation.

There was an increase in construction-in-progress which was greater than 10% of total capital additions. We found no exceptions as a result of this procedure.

32. We reviewed the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets included in the notes to the statement. We agreed the amounts to the university's general ledger.

We found no exceptions as a result of this procedure.

33. We obtained the repayment schedules for all outstanding intercollegiate athletics debt maintained by the university and/or affiliated and outside organizations during the reporting period. We recalculated annual maturities and agreed to the university's general ledger and/or affiliated and outside organization's financial statements.

The university did not maintain any debt related to intercollegiate athletics during the period.

**MINIMUM AGREED-UPON PROCEDURES FOR
AFFILIATED AND OUTSIDE ORGANIZATIONS**

34. We obtained written representation from management of the university that the Southeastern Athletics Association, Inc., and the Southeastern Development Foundation, Inc., were the only outside organizations created for or on behalf of the athletic department.
35. We obtained from management a summary of revenues and expenses for or on behalf of university's intercollegiate athletics program by the affiliated and outside organizations to be included with the agreed-upon procedures report. We obtained written representations as to the fair presentation of the summary and agreed the amounts reported to the organization's and university's general ledgers.

We found no exceptions as a result of this procedure.

	Southeastern Athletics Association, Inc.	(A Portion of) Southeastern Development Foundation, Inc.	Total
Revenues			
Contributions	\$330,556	\$100,091	\$430,647
Compensation and benefits provided by a third party	16,420		16,420
Indirect facilities and administrative support	10,675		10,675
NCAA/Conference distribution	35,078		35,078
Broadcast, television, radio, and Internet	94,568		94,568
Royalties, advertisements, and sponsorships	300,696		300,696
Sports camp revenue	3,945		3,945
Endowment and investment income		34,533	34,533
Other	85,590	397,039	482,629
Total Revenues	877,528	531,663	1,409,191
Expenses			
Coaching other compensation and benefits paid by third party	16,420		16,420
Support staff/administrative salaries, benefits, and bonuses paid by university	5,104		5,104
Recruiting	16,868		16,868
Team travel	18,931		18,931
Equipment, uniforms, and supplies	9,367		9,367
Game expenses	875		875
Fund raising, marketing, and promotion	96,749		96,749
Indirect facilities and administrative support	10,675		10,675
Other	595,169	16,410	611,579
Total Expenses	770,158	16,410	786,568
Excess of Revenues Over Expenses	\$107,370	\$515,253	\$622,623

36. We obtained an understanding and tested the procedures used by the university to gather information on the nature and extent of affiliated and outside organizational activity for or on behalf of the university's intercollegiate athletics program.

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 on behalf of the university's intercollegiate athletics program.

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

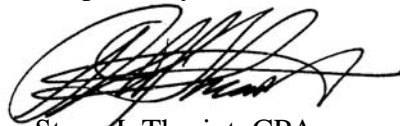
The financial statements of the Southeastern Athletics Association were audited by an independent certified public accounting firm for the year ended June 30, 2006. The audit report is dated August 8, 2006, and includes no reportable conditions on the outside organization's internal control.

The financial statements of the Southeastern Development Foundation were audited by an independent certified public accounting firm for the year ended June 30, 2006. The audit report is dated October 8, 2006, and includes no reportable conditions on the outside organization's internal control.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Statement of Revenues and Expenses and related notes of the Southeastern Louisiana University Athletic Department. Accordingly, we do not express such an opinion. 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 the president of Southeastern Louisiana University and is not intended to be, and should not be, used by anyone other than the president. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

LMF:JR:PEP:ss

SLUNCAA06

**ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenses
For the Year Ended June 30, 2006**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES							
Operating Revenues:							
Ticket sales	\$318,688	\$27,663	\$6,148	\$46,425	\$7,186		\$406,110
Student fees			27,343		97,657	\$2,689,122	2,814,122
Guarantees	165,000	155,000	15,000	5,500	3,249		343,749
Contributions	513,306	30,866	28,598	102,906	104,783	764,228	1,544,687
Compensation and benefit provided by a third party	8,900	5,000	6,100	7,500	9,949		37,449
Direct institutional support	852	2,843	21,501		85,270	44,696	155,162
Indirect facilities and administrative support		83,396	83,395	9,804	1,896	179,783	358,274
NCAA/Conference distributions including all tournament revenues	146,865					155,119	301,984
Program sales, concessions, novelty sales, and parking	3,815	580	146	1,411	156	159,266	165,374
Royalties, advertisements, and sponsorships						107,841	107,841
Endowment and investment income						762	762
Other	28,774			5,048	1,550	3,222	38,594
Total Operating Revenues	1,186,200	305,348	188,231	178,594	311,696	4,104,039	6,274,108
EXPENSES							
Operating Expenses:							
Athletic student aid	597,266	108,316	110,159	77,217	529,147		1,422,105
Guarantees	26,000	14,995	3,000	32,320			76,315
Coaching salaries, benefits, and bonuses paid by the university and related entities	429,597	178,519	159,236	85,666	357,814		1,210,832
Coaching salaries, benefits, and bonuses paid by the third party	8,900	5,000	20,644	7,500	11,825		53,869
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	33,759	2,843	8,420	7,417	254	679,690	732,383
Severance payments	311	2,934	28	2,361	16,190	10,513	32,337
Recruiting	20,278	23,285	8,733	5,047	18,784		76,127
Team travel	113,719	57,377	53,352	57,016	210,662		492,126
Equipment, uniforms, and supplies	505	701	305	4,319	4,284		10,114
Game expenses	14,820	26,550	17,730	12,965	17,693	875	90,633
Fund raising, marketing, and promotion	7,128	5,233	522	9,154	33,581	94,997	150,615
Direct facilities and maintenance	28,612	548	924	15,291	2,442	16,144	63,961
Indirect facilities and administrative support		83,396	83,395	9,804	1,896	190,458	368,949
Medical expenses and medical insurance	41,589	2,908	2,493	8,724	28,715	12,844	97,273
Memberships and dues	8,500				1,360	21,800	31,660
Other operating expenses	284,579	32,713	24,338	56,330	85,775	467,640	951,375
Total Operating Expenses	1,615,563	545,318	493,279	391,131	1,320,422	1,494,961	5,860,674
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	(\$429,363)	(\$239,970)	(\$305,048)	(\$212,537)	(\$1,008,726)	\$2,609,078	\$413,434

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NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)

1. CONTRIBUTIONS

Individual contributions to the athletic department from the Southeastern Athletics Association, Inc., and the Southeastern Development Foundation, Inc., totaling \$134,815 and \$348,453, respectively, exceeded 10% of the total contributions included in Statement A.

2. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the university's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized, but the university does not have any infrastructure that meets that criterion. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. All departments within the university follow standardized policies and procedures prescribed by state laws and regulations for acquiring, approving, depreciating, and disposing of capital assets. The university has no debt associated with its athletic department's capital assets.

Capital asset activity for the Athletic Department for the year ended June 30, 2006, is as follows:

	Balance June 30, 2005	Prior Period Adjustment	Balance June 30, 2005	Additions	Transfers	Balance June 30, 2006
Capital assets not being depreciated - construction-in-progress	\$176,006	(\$13,994)	\$162,012	\$34,886	(\$196,898)	NONE
Other capital assets:						
Buildings	\$8,191,725		\$8,191,725	\$196,869		\$8,388,594
Less - accumulated depreciation	(5,005,009)		(5,005,009)	(206,563)		(5,211,572)
Total buildings	<u>3,186,716</u>	NONE	<u>3,186,716</u>	<u>(9,694)</u>	NONE	<u>3,177,022</u>
Equipment	99,380		99,380			99,380
Less - accumulated depreciation	(88,714)		(88,714)	(6,498)		(95,212)
Total equipment	<u>10,666</u>	NONE	<u>10,666</u>	<u>(6,498)</u>	NONE	<u>4,168</u>
Total Other Capital Assets	<u>\$3,197,382</u>	NONE	<u>\$3,197,382</u>	<u>(\$16,192)</u>	NONE	<u>\$3,181,190</u>
Capital Asset Summary:						
Capital assets not being depreciated	\$176,006	(\$13,994)	\$162,012	\$34,886	(\$196,898)	NONE
Other capital assets, at cost	8,291,105		8,291,105	196,869		8,487,974
Less - accumulated depreciation	<u>(5,093,723)</u>		<u>(5,093,723)</u>	<u>(213,061)</u>		<u>(5,306,784)</u>
Capital assets, net	<u>\$3,373,388</u>	<u>(\$13,994)</u>	<u>\$3,359,394</u>	<u>\$18,694</u>	<u>(\$196,898)</u>	<u>\$3,181,190</u>

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