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

AGREED-UPON PROCEDURES REPORT
ISSUED MARCH 4, 2009

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

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. Six copies of this public document were produced at an approximate cost of $17.46. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.lla.la.gov. When contacting the office, you may refer to Agency ID No. 3576 or Report ID No. 80080112 for additional information.

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.

LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

January 15, 2009

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

DR. JOHN L. CRAIN, 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, 2008, and to assist you in your evaluation of the effectiveness of the Southeastern Louisiana University Athletic Department's internal control over financial reporting as of June 30, 2008. 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 as we considered necessary for the year ended June 30, 2008.

We found no exceptions as a result of these procedures.

2. We 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.

3. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics program and we reviewed all athletics-related internal audit reports.

   The internal auditor issued one report on the intercollegiate athletics program relating to movable property. The audit disclosed two findings in which the internal auditor provided recommendations for improvement.

   We found no exceptions as a result of these procedures.

4. We compared each operating revenue and expense category for June 30, 2007, and June 30, 2008, to identify variances of 5 percent or greater between individual revenue and expense categories (line items) that are 5 percent or more of the total. We obtained and documented the university's explanations for any significant variations.

   As a result of our procedures, we identified variances of 5 percent or greater in the following revenue and expense accounts that are 5 percent or more of the total:

   Revenues
   Student fees

   Expenses
   Athletic student aid

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year ended June 30, 2008, to identify any variances of 25 percent or greater in individual revenue and expense categories (line items) that are 5 percent or more of the total. We obtained and documented the university's explanations for any significant variations.

   The university did not have any significant variations during the period.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. Using a schedule prepared by the university, we compared the value of the tickets sold, complementary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported by the university in the general

ledger and Statement and to the related attendance figures. We agreed the information on the schedule to the supporting game reconciliation for a random sample of one football, one basketball, and one baseball game. We recalculated the reconciliations for the games tested.

We found no exceptions as a result of these procedures.

2. We inquired with management regarding student fees for athletics recorded by the university during the period.

   The university did not have any student fees for athletics during the period.

3. We selected a random sample of two away games with game guarantee settlements and agreed the amounts to the general ledger and to the contractual settlements. We recalculated the settlement reports for the games tested.

   We found no exceptions as a result of these procedures.

4. We inquired with management regarding direct state or other governmental support recorded by the university during the period.

   The university did not have any direct state or other governmental support during the period.

5. We compared direct institutional support recorded by the university during the period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculated the totals.

   We found no exceptions as a result of these procedures.

6. We compared indirect facilities and administrative support recorded by the university during the period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculated the totals.

   We found no exceptions as a result of these procedures.

7. Based on the relevant terms and conditions of one agreement related to the university's participation in revenues from NCAA/Conference tournaments during the period, we compared and agreed the related revenues to the university's general ledger and/or the Statement. We recalculated the totals.

   We found no exceptions as a result of these procedures.

8. Based on the relevant terms and conditions of all agreements related to the university's participation in revenues from broadcasts, television, radio, and

Internet rights during the period, we compared and agreed related revenues to the general ledger and/or the Statement.

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

9. Based on the relevant terms and conditions of two randomly selected agreements related to the university's participation in revenues from royalties, licensing, advertisements, and sponsorships during the period, we compared and agreed related revenues to the general ledger and/or the Statement. We recalculated the totals.

   We found no exceptions as a result of these procedures.

10. We inquired with management regarding a schedule listing all sports-camp contracts between the university and the person conducting university sports-camps or clinics during the period, the total amount of revenue generated for each camp, the charge per participant, and the number of participants for each camp.

    The university did not have any revenue from university sports-camps or clinics during the period.

11. We inquired with management regarding endowment agreements for the period.

    The university did not have any endowment agreements during the period.

12. We randomly selected a sample of two program sales, concessions, novelty sales, and parking receipts revenues and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

13. We randomly selected a sample of 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 these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We selected a random sample of seven students from the listing of university student aid recipients, 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 recalculated the totals.

   We found no exceptions as a result of these procedures.

2. We obtained and inspected a random sample of three contractual agreements pertaining to expenses recorded by the university from guaranteed contests during the period. We used the game settlement report from these contests to agree related expenses to the university's general ledger and/or Statement. We recalculated the totals.

   We found no exceptions as a result of these procedures.

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

   a. Compared and agreed the financial terms and conditions of each head coach selected to the related coaching salaries, benefits, and bonuses recorded by the university and related entities in the Statement.

   b. Obtained and inspected W-2s and 1099s for each selection.

   c. Compared and agreed related W-2s and 1099s for each selection to the related salaries, benefits, and bonuses paid by the university and related entities' expense recorded by the university in the Statement during the reporting period.

   We found no exceptions as a result of these procedures.

4. We inquired with management regarding coaches and support staff/administrative personnel paid by third parties. We obtained and reviewed supporting documentation for payments made to coaches paid by third parties.

   We found no exceptions as a result of these procedures.

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

   We found no exceptions as a result of this procedure.

6. We compared and agreed the university's recruiting expense policies to existing university and NCAA-related policies.

   We found no exceptions as a result of this procedure.

7. We compared and agreed the university's team travel policies to existing institutional and NCAA-related policies.

We found no exceptions as a result of this procedure.

8. We summed the indirect facilities support and indirect administrative support totals reported by the university in the Statement and determined if they were presented in accordance with the university's methodology for allocating indirect facilities support.

   We found no exceptions as a result of this procedure.

9. We compared and agreed indirect facilities and administrative support reported by the university in the Statement to the corresponding revenue category (indirect facilities and administrative support) reported by the university's general ledger. We recalculated the totals.

   We found no exceptions as a result of these procedures.

10. We randomly selected a sample of two equipment, uniforms, and supplies expenses and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

11. We randomly selected a sample of two game expenses and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

12. We randomly selected a sample of two fund raising, marketing, and promotion expenses and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

13. We inquired with management as to sports-camp expenses during the period.

    The university did not have any expenses related to sports-camps during the period.

14. We randomly selected a sample of four direct facilities, maintenance, and rental expenses and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

15. We inquired with management as to spirit group expenses during the period.

The university did not have any expenses related to spirit groups during the period.

16. We randomly selected a sample of two medical and medical insurance expenses and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

17. We randomly selected a sample of six memberships and dues expenses and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

18. We randomly selected a sample of one operating expense from each category not previously mentioned above and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

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

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

2. We obtained a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets along with a schedule of changes in those assets. We then agreed the schedule of changes to the university's general ledger to ensure that the university's policies and procedures and schedule of changes are properly disclosed within the notes to the Statement.

   We found no exceptions as a result of these procedures.

3. We inquired with university management regarding repayment schedules for all outstanding intercollegiate athletics debt maintained by the university during the period.

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

MINIMUM AGREED-UPON PROCEDURES FOR AFFILIATED AND OUTSIDE ORGANIZATIONS

1. We obtained written representations from management of the university that the listing of all known affiliated and outside organizations provided to us by the university are the only outside organizations created for or on behalf of the athletic department.

2. We obtained from management a summary of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations to be included with the agreed-upon procedures report and written representations as to the fair presentation of the summary and agreed the amounts reported to the university's general ledger.

   We found no exceptions as a result of these procedures.

	Southeastern Athletics Association, Inc.	(A Portion of) Southeastern Development Foundation, Inc.	Total
Revenues			
Contributions	$589,130	$195,155	$784,285
Indirect facilities and administrative support	12,337		12,337
Royalties, advertisements, and sponsorships	267,276		267,276
Other	63,666	52,573	116,239
Total Revenues	932,409	247,728	1,180,137
Expenses			
Athletic student aid	1,079	2,679	3,758
Coaching other compensation and benefits paid by third party	31,025		31,025
Support staff/administrative salaries, benefits, and bonuses paid by university	4,957		4,957
Recruiting	14,466		14,466
Equipment, uniforms, and supplies	155,793		155,793
Fund raising, marketing, and promotion	113,515		113,515
Direct facilities, maintenance, and rentals	28,287	66,667	94,954
Spirit groups	583		583
Indirect facilities and administrative support	12,337		12,337
Membership and dues	1,258		1,258
Other	427,988	311,971	739,959
Total Expenses	791,288	381,317	1,172,605
Excess (Deficiency) of Revenues Over Expenses	$141,121	($133,589)	$7,532

3. For all outside organizations that had any independent audit, we obtained the independent auditor's report, identified any significant deficiencies relating to the outside organization's internal controls, made inquiries of management, and documented any corrective action taken in response to the significant deficiencies.

   The financial statements of the Southeastern Athletics Association, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2008. The audit report is dated October 17, 2008, and included no significant deficiencies on the outside organization's internal control.

   The financial statements of the Southeastern Development Foundation, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2008. The audit report is dated October 30, 2008, and included no significant deficiencies on the outside organization's internal control.

We were not engaged to, and did not, conduct an examination, the objectives of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses and related notes of the Southeastern Louisiana University's Athletic Department or on its compliance with NCAA Bylaw 6.2.3 or on the effectiveness of the Southeastern Louisiana University Athletic Department's internal control over financial reporting for the year ended June 30, 2008. 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:EFS:PEP:dl

SLUNCAA08

UNAUDITED

Statement A

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

Statement of Revenues and Expenses
For the Year Ended June 30, 2008

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES							
Operating Revenues:							
Ticket sales	$207,661	$20,469	$7,081	$41,120	$10,339	$7,361	$294,031
Guarantees	625,000	310,000	20,500	4,000			959,500
Contributions	121,855	18,983	15,703	92,791	51,275	625,953	926,560
Compensation and benefit provided by a third party		5,580	1,462				7,042
Direct institutional support	206,008	92,759	118,367	86,470	542,351	4,139,985	5,185,940
Indirect facilities and administrative support	12,970	41,472	38,699	10,218	79,982	245,041	428,382
NCAA/Conference distributions including all tournament revenues		3,000			746	417,489	421,235
Program sales, concessions, novelty sales, and parking	4,231	516	192	3,058	56	5,054	13,107
Royalties, licensing, advertisements, and sponsorships	40,423			183,882	3,717	200,244	428,266
Other	69,607	987	914	29,502	34,291	37,297	172,598
Total Operating Revenues	1,287,755	493,766	202,918	451,041	722,757	5,678,424	8,836,661
EXPENSES							
Operating Expenses:							
Athletic student aid	818,389	226,295	263,475	141,409	1,072,651	425	2,522,644
Guarantees	42,494	30,760	4,505	20,431			98,190
Coaching salaries, benefits, and bonuses paid by the university and related entities	567,685	240,425	228,068	165,830	537,421		1,739,429
Coaching salaries, benefits, and bonuses paid by the third party		5,580	1,462				7,042
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	28,996	8,767	1,553	2,180	8,293	1,066,709	1,116,498
Severance payments	68,276			9	653	2,777	71,715
Recruiting	51,546	37,859	17,059	13,936	39,781		160,181
Team travel	301,563	88,094	70,543	49,015	254,115		763,330
Equipment, uniforms, and supplies	50,558	8,237	9,632	27,350	60,338		156,115
Game expenses	24,950	29,250	20,250	18,225	23,129		115,804
Fund raising, marketing, and promotion	2,030	2,443	189	33,552	1,357	77,564	117,135
Direct facilities, maintenance, and rental	18,776	862	747	20,499	5,522	35,078	81,484
Spirit groups					563		563
Indirect facilities and administrative support	12,970	41,472	38,699	10,218	79,982	245,041	428,382
Medical expenses and medical insurance	56,250	11,334	2,552	6,476	32,277	45,907	154,796
Memberships and dues		1,525		83	1,995	2,275	5,878
Other operating expenses	75,270	20,763	25,323	48,439	96,377	743,720	1,009,892
Total Operating Expenses	2,119,753	753,666	684,057	557,652	2,214,454	2,219,496	8,549,078
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	($831,998)	($259,900)	($481,139)	($106,611)	($1,491,697)	$3,458,928	$287,583

This page is intentionally blank.

1. CONTRIBUTIONS

Individual contributions to the athletic department from the Southeastern Athletics Association, Inc., and the Southeastern Development Foundation, Inc., exceeded 10 percent 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, 2008, is as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets:				
Buildings	$8,388,594			$8,388,594
Less - accumulated depreciation	(5,399,689)	($197,340)		(5,597,029)
Total buildings	2,988,905	(197,340)	NONE	2,791,565
Equipment	172,815	7,089	($23,762)	156,142
Less - accumulated depreciation	(105,475)	(16,145)	23,762	(97,858)
Total equipment	67,340	(9,056)	NONE	58,284
Total Capital Assets	$3,056,245	($206,396)	NONE	$2,849,849
Capital Asset Summary:				
Capital assets, at cost	$8,561,409	$7,089	($23,762)	$8,544,736
Less - accumulated depreciation	(5,505,164)	(213,485)	23,762	(5,694,887)
Capital assets, net	$3,056,245	($206,396)	NONE	$2,849,849

This page is intentionally blank.