

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



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AGREED-UPON PROCEDURES REPORT  
ISSUED APRIL 27, 2005

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April 7, 2005

Independent Accountant's Report on  
Applying Agreed-Upon Procedures

**CHANCELLOR SEAN O'KEEFE**  
**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 Louisiana State University System, as of and for the year ended June 30, 2004, and have issued our report thereon dated January 11, 2005. 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, 2004, 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, 2004, 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, 2003, and June 30, 2004, to identify variances greater than \$50,000 for all individual revenue and expense 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, for which the university provided satisfactory responses:

**Revenues**

Football  
Office of the Director  
Post-season football

**Expenses**

Salaries, wages, and staff benefits  
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, 2004, 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 variances greater than 25% in the following individual revenue and expense accounts that are 5% or more of the total, for which the university provided satisfactory responses:

**Revenues**

Nonrecurring (post-season tournaments)

**Expenses**

Nonrecurring (post-season tournaments)

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.

In our management letter dated January 11, 2005, on the Louisiana State University and Related Campuses for the fiscal year ended June 30, 2004, the finding titled "Weaknesses in Controls Over Petty Cash" relates to the athletic department. Management of the university concurred with the finding and recommendation and outlined a plan of corrective action, which is also included in the management letter available on our Web site.

We detected no other 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 men's and women's track, swimming, and basketball, women's softball and gymnastics, and men's tennis, football, and baseball and followed it through the university's internal control system to determine adherence to established policies and procedures. In addition, we tested all men's 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 19 athletic department expenses and followed them through the university's accounting system to determine adherence to established policies and procedures. We selected 21 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 2004, the internal auditor issued an audit report on the athletic department fee exemption program. The internal audit report noted no control weaknesses or exceptions.

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, 2004, from the university. The following schedule includes the financial activities of the Tiger Athletic Foundation:

	Cash Balances June 30, 2003	Operating Receipts	Capital Financing Receipts	Disbursements for Athletics	Other Disbursements	Transfers	Cash Balances June 30, 2004
Booster Clubs	\$385,050	\$1,069,226		\$923,249			\$531,027
Affiliated Chapter	138,187	315,008			\$218,884		234,311
Endowment	2,020,085	102,179			12,232	(\$1,293,459) (1)	816,573
Restricted	2,929,646	9,880,892		2,173,080		(6,093,466)	4,543,992
General	18,862,081	17,179,710	\$86,865,000	4,183,362	19,926,786	6,093,466	104,890,109 (2)
<b>Total</b>	<b>\$24,335,049</b>	<b>\$28,547,015</b>	<b>\$86,865,000</b>	<b>\$7,279,691</b>	<b>\$20,157,902</b>	<b>(\$1,293,459)</b>	<b>\$111,016,012</b>

(1) The Tiger Athletic Foundation transferred \$1,293,459 in endowment funds to the LSU Foundation.

(2) Management of the university made written representation to us that the general accounts cash balance at June 30, 2004, includes amounts restricted by debt requirements, by donors, or by designation totaling \$97,799,262.

In our independent accountant’s report dated May 19, 2004, for the year ended June 30, 2003, the financial activities of the booster organizations did not include loan, endowment, and plant fund activities related to intercollegiate athletics. The university has chosen to include loan, endowment, and plant fund activities in the schedule above; however, these activities are not considered disbursements for athletics.

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 Tiger Athletic Foundation. For the year ended June 30, 2004, the LSU Track and Field

Officials Association donated \$45,000 to the LSU Tiger Athletic Foundation, included in the previously reported receipts.

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 organizations' 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, 2003, were audited by an independent certified public accounting firm. The audit report was dated April 9, 2004, and included no reportable conditions relating to the outside organization's internal control.

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 June 30, 2004, 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, 2004, 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 organizations 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 organizations.

We found no exceptions as a result of these procedures.

17. We inquired of management and obtained policies and procedures related to the internal control of the outside organizations 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,



Steve J. Theriot, CPA  
Legislative Auditor

ATB:ES:PEP:dl

LSUNCAA04

**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, 2004**

**REVENUES**

Self-generated:

Football	\$27,516,941
Basketball	4,129,117
Baseball	1,692,199
Swimming	8
Track	73,079
Women's sports:	
Basketball	200,476
Gymnastics	11,323
Soccer	3,998
Softball	57,299
Volleyball	4,186
Office of the Director	7,136,564
Office of Athletic Counselor	54,677
Game management	300
Ticket office	613,883
Marketing and promotion	2,139,958
Physical plant	79,121
Field house	19,146
Photography	1,164
Other athletic-related activities:	
Tiger Gift Center	2,014,306
Concessions	1,048,906
Electronic Media	2,337,274
Southeastern Conference distribution	433,349
Fee allocation	(6)
Interest on endowed scholarships	246,004
Interest on investments	81,282
Total self-generated revenues	<u>49,894,554</u>

(Continued)

**ATHLETIC DEPARTMENT  
LOUISIANA STATE UNIVERSITY AND A&M COLLEGE  
LOUISIANA STATE UNIVERSITY SYSTEM  
STATE OF LOUISIANA  
Statement of Revenues and Expenses, 2004**

**REVENUES (CONT.)**

## Gifts:

## Booster organizations:

Tiger Athletic Foundation	\$6,356,442
Tiger Athletic Foundation escrow accounts	923,249
Courtesy car program	374,950
Total gift revenues	<u>7,654,641</u>

## Nonrecurring - hosted events:

Baseball	575,868
Other men's sports	25,320
Women's sports	94,556

## Nonrecurring - post-season activity:

Football	3,115,359
Basketball	14,232
Baseball	12,338
Women's sports	6,703
Total nonrecurring revenues	<u>3,844,376</u>
Total revenues	<u>61,393,571</u>

**EXPENSES**

Salaries, wages, and staff benefits	15,812,783
Travel	5,032,356
Scholarships	5,330,331
Renewals and replacements	446,871
Supplies and expenses	18,483,361
Utilities	969,047
Principal and interest	1,655,131
Other support	6,939,747
Total expenses	<u>54,669,627</u>

**EXCESS OF REVENUES OVER EXPENSES**

\$6,723,944

(Concluded)