

ATHLETIC DEPARTMENT  
MCNEESE STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA



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AGREED-UPON PROCEDURES REPORT

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ISSUED APRIL 6, 2005

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
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March 22, 2005

Independent Accountant's Report on  
Applying Agreed-Upon Procedures

**DR. ROBERT D. HEBERT, PRESIDENT**  
**MCNEESE STATE UNIVERSITY**  
**UNIVERSITY OF LOUISIANA SYSTEM**  
**STATE OF LOUISIANA**  
Lake Charles, Louisiana

We have audited the basic financial statements of the University of Louisiana System, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 8, 2004. McNeese State University is a part of the University of Louisiana 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 McNeese State University 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 Athletic Association (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 McNeese State 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.

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 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.

2. We compared the statements of revenues and expenses of the Intercollegiate Athletics Program for June 30, 2004, and June 30, 2003, to identify variances of 20% or greater between individual revenue and expense accounts (line items) that are 5% or more of the total.

As a result of our procedure, we identified variances of 20% or greater in individual line items that were 5% or more of the total in the following accounts, for which the university provided satisfactory responses:

Revenues

Gate receipts

Guarantees

In-kind contributions

Expenses

Travel

3. We compared the budgeted revenues and expenses to actual revenues and expenses for the year ended June 30, 2004, to identify any variances of 20% or greater in individual revenue and expense accounts (line items) that are 5% or more of the total.

As a result of our procedure, we found no variances of 20% or greater in individual line items that are 5% or more of the total between budget and actual amounts.

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.

No individual contributions were received by the athletic department that exceeded 10% of 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 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 Program.

6. We performed tests of controls unique to the university's intercollegiate athletic department to determine adherence to established policies and procedures relating to revenues and expenses as follows:

- a. We selected one deposit of ticket sales and followed it through the university's cash control system to determine adherence to established policies and procedures.

We found no exceptions as a result of this procedure.

- b. We selected 10 random cash disbursement transactions 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 this procedure.

- c. We conducted inquiries and observations of the athletic department personnel to determine their compliance with policies and procedures relating to the control and safeguarding of unsold tickets.

We found no exceptions as a result of this procedure.

- d. We compared the amount of state General Fund appropriation transferred to the Auxiliary Fund (Athletics) to determine compliance with the amount allowed by the Board of Regents.

We found no exceptions as a result of this procedure.

7. We inquired of management about the involvement of the university's internal auditor in the Intercollegiate Athletics Program and requested any working paper documentation and reports issued by the internal auditor to support the auditor's involvement.

During fiscal year 2004, the internal auditor issued two reports on the Intercollegiate Athletics Program relating to a review of athletic ticket collection and reconciliation and a review of the athletic ticket office and attendance. The report on the athletic ticket office and attendance made recommendations for improving controls that management has addressed. Neither report resulted in NCAA violations.

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 MCNEESE STATE UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM**

9. We obtained written representation from management of the university that the following booster groups were the only outside organizations created for or in behalf of the athletic department.

	Beginning Balance July 1, 2003	Receipts	Contributions to Athletic Department	Contributions for Athletic Department	Other	Ending Balance June 30, 2004
Cowboy Club	\$12,304	\$246,681	\$15,008		\$249,663	(\$5,686)
Tip Off Club		131,893			131,180	713
Foundation accounts	842,239	461,274	71,921	\$301,886	26,300	903,406
Total	<u>\$854,543</u>	<u>\$839,848</u>	<u>\$86,929</u>	<u>\$301,886</u>	<u>\$407,143</u>	<u>\$898,433</u>

10. We obtained statements of cash receipts and disbursements from representatives of the outside organizations and agreed them to the accounting records of the outside organizations.

We found no exceptions as a result of this procedure.

11. 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 Expenses (Statement A) and identified any reconciling items.

There were no reconciling items.

12. We compared the direct payments of outside organizations to the university with the revenues reported on the university's Statement of Revenues and Expenses (Statement A) and identified any reconciling items.

There were no reconciling items other than accruals.

13. For all outside organizations that had an independent audit, we obtained the independent auditor's reports 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.

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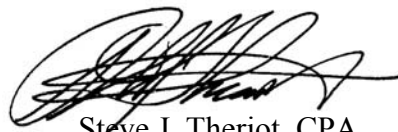
## INDEPENDENT ACCOUNTANT'S REPORT

The financial statements of the McNeese State University Foundation, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2004. The audit report dated December 6, 2004, included recommendations for improving controls that management has addressed.

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 Intercollegiate Athletics Program. Accordingly, we do not express such an opinion. Also, we express no opinion on McNeese State University'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 McNeese State University 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,



Steve J. Theriot, CPA  
Legislative Auditor

DLC:EFS:PEP:dl

MSUNCAA04



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

**Statement of Revenues and Expenses  
For the Year Ended June 30, 2004**

	CURRENT FUNDS		
	(PORTION OF) UNRESTRICTED - AUXILIARY ENTERPRISE FUND	RESTRICTED - ATHLETIC FUNDS	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>			
Gate receipts	\$446,819		\$446,819
Season ticket sales	642,872		642,872
Guarantees	403,139		403,139
Sales and services	20,547	\$4,520	25,067
General Fund transfer	2,353,839	275,000	2,628,839
Gifts	419,440		419,440
In-kind contributions		449,886	449,886
Gaming revenue	35,660		35,660
Conference revenue	378,914		378,914
Miscellaneous	42,972	7,666	50,638
Total revenues	<u>4,744,202</u>	<u>737,072</u>	<u>5,481,274</u>
<b>EXPENSES</b>			
Personal services:			
Salaries	1,381,425	12,075	1,393,500
Related benefits	327,819	104,312	432,131
Travel	591,445	22,725	614,170
Operating services	257,440	87,076	344,516
Supplies	263,812	150,456	414,268
Professional services	120,137	44,000	164,137
Scholarships	1,235,666		1,235,666
Other charges	231,033	62,647	293,680
Guarantees	240,780		240,780
Retirement of indebtedness	60,000		60,000
Interest on indebtedness	40,880		40,880
Capital outlay	87,001	47,131	134,132
Total expenses	<u>4,837,438</u>	<u>530,422</u>	<u>5,367,860</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENSES</b>	<u>(\$93,236)</u>	<u>\$206,650</u>	<u>\$113,414</u>

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