

ATHLETIC DEPARTMENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED JANUARY 21, 2009

**LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

December 17, 2008

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

**DR. DANIEL D. RENEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**
Ruston, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of Louisiana Tech University (university), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the Louisiana Tech 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 Louisiana Tech 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 Louisiana Tech 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 our 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 legislations, and other information we considered necessary for the year ended June 30, 2008. We also verified the mathematical accuracy of the amounts on the Statement and

agreed the amounts to supporting schedules provided by the university and the university's general ledger.

We found no exceptions as a result of these procedures.

2. 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 relating to the activities of the intercollegiate athletics program for fiscal year 2008. The audit report dated September 12, 2008, titled "Audit of Athletic Team Travel for Fiscal Years 2007 and 2008" listed eight recommendations to improve the athletic department as a whole. Athletic department officials responded positively to the recommendations and also took immediate action to implement the recommendations.

3. We compared each operating revenue and expense category for June 30, 2007, and June 30, 2008, to identify variances of 25 percent or greater between individual revenue and expense categories (line items) that are 10 percent or more of the total.

As a result of our procedure, we identified each variance of 25 percent or greater that is 10 percent or more of the total in the following revenue and expense accounts:

Revenues

Direct institutional support

Expenses

None

4. 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 10 percent or more of the total.

As a result of our procedure, we identified each variance of 25 percent or greater that is 10 percent or more of the total in the following revenue and expense accounts:

Revenues

Contributions

Direct institutional support

Indirect facilities and administrative support

Expenses

Athletic student aid

Equipment, uniforms, and supplies

Indirect facilities and administrative support

**MINIMUM AGREED-UPON PROCEDURES
FOR REVENUES**

1. Using a schedule prepared by the university, we compared the value of tickets sold for the reporting period per the schedule to the related revenue reported in the Statement. We agreed the information on the schedule to the supporting game reconciliation for a random sample of one football, two basketball, and one baseball games. We recalculated the reconciliations for the games tested.

We found no exceptions as a result of these procedures.

2. Based on the university's methodology for allocating student fees to the intercollegiate athletics program, we were to compare and agree student fees reported in the Statement to student enrollment and obtain explanations from the university regarding any variances in excess of 10 percent.

We found no student fees allocated to the intercollegiate athletics program.

3. We randomly selected a sample of one away game with a game guarantee settlement and agreed the amount to the general ledger and to the contractual agreement. We recalculated the settlement reports for the game tested.

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

6. We obtained and inspected one agreement relating to the university's participation in revenues from an NCAA/Conference tournament during the period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenue to the general ledger and Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

7. 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 exception as a result of this procedure.

**MINIMUM AGREED-UPON PROCEDURES
FOR EXPENSES**

1. We randomly selected a sample of four students from the listing of university student aid recipients 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 recalculated the totals.

We found no exceptions as a result of these procedures.

2. We obtained and inspected a random sample of one contractual agreement pertaining to expenses recorded by the university from a guaranteed contest during the period. Using the game settlement report from this contest, we agreed the related expenses to the university's general ledger and Statement. We recalculated the totals.

We found no exceptions as a result of this procedure.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the university, examined the contracts for a sample of two 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, 1099s, et cetera, for each selection.
- c. Compared and agreed related W-2s, 1099s, et cetera, 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 were to use a list prepared by the university to select an athletic employee that received severance payment and agree the severance pay to the related termination letter or employment contract. We were also to recalculate the totals.

We found no athletic employees received severance payments as defined by NCAA guidelines.

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

We found no significant differences as a result of this procedure.

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

We found no significant differences as a result of this procedure.

7. We summed the indirect facilities support and indirect institutional 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.

8. 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 in the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

9. We randomly selected a sample of two equipment and supplies expense transactions and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

10. We randomly selected a sample of one game expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

11. We randomly selected a sample of one fund raising, marketing, and promotion expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

12. We randomly selected a sample of one medical and medical insurance expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

13. We randomly selected a sample of one membership and dues expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure.

**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 total contributions. We obtained and reviewed supporting documentation for each such contribution to ensure the source of funds, goods, and services, as well as the value associated with these items, were properly disclosed within the notes to the Statement.

The Louisiana Tech University Foundation, Inc., an outside organization, contributed monies, goods, and services for or on behalf of the athletic department totaling \$1,365,646 which exceeded 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 agreed the schedule of changes to the university's general ledger. We ensured that the university's policies and procedures and schedule of changes were properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures.

3. We were to obtain from university management the repayment schedules for all outstanding intercollegiate athletics debt maintained by the university during the period. If such debt existed, we were to recalculate the annual maturities, agree annual maturities to supporting documentation and to the university's general ledger, and ensure that the repayment schedule was properly disclosed within the notes to the Statement.

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 Louisiana Tech University Foundation, Inc., was the only outside organization 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

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.

3. We obtained the independent auditor's report for all outside organizations to identify any significant deficiencies relating to the outside organization's internal controls and made inquiries of management to document any corrective action taken in response to the significant deficiencies.

The financial statements of the Louisiana Tech University Foundation, Inc., and the Louisiana Tech Alumni Association, Inc., were audited by an independent certified public accounting firm for the years ended June 30, 2008 and 2007 and June 30, 2007 and 2006, respectively. The audit reports are dated August 12, 2008, and December 28, 2007, respectively, and included no significant deficiencies relating to the outside organization's internal control.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses and related notes of Louisiana Tech University's Athletic Department or on its compliance with NCAA Bylaw 6.2.3 or on the effectiveness of the Louisiana Tech 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 Louisiana Tech 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,



Steye J. Theriot, CPA
Legislative Auditor

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**ATHLETIC DEPARTMENT
LOUISIANA TECH 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	\$556,223	\$91,477	\$130,457	\$61,950	\$3,452	\$21,469	\$865,028
Away - games' sales and guarantees	1,285,000	117,000	4,000	8,000	7,004	32	1,421,036
Contributions	828,567	130,494	47,189	176,191	98,771	783,410	2,064,622
Direct institutional support	108,694	46,860	90,655	34,211	560,215	5,082,288	5,922,923
Indirect facilities and administrative support						2,191,116	2,191,116
NCAA/Conference distributions including all tournament revenues				6,978	25,651	1,701,038	1,733,667
Program sales, concessions, novelty sales, and parking	26,098	2,915	3,686	3,312	259	149,784	186,054
Royalties, advertisements, and sponsorships				9,750		245,076	254,826
Other		12			41	17,657	17,710
Total operating revenues	<u>2,804,582</u>	<u>388,758</u>	<u>275,987</u>	<u>300,392</u>	<u>695,393</u>	<u>10,191,870</u>	<u>14,656,982</u>
EXPENSES							
Operating expenses:							
Athletics student aid	1,047,009	159,403	177,366	157,942	1,049,266	187,342	2,778,328
Guarantees	100,000	8,500	13,000				121,500
Coaching salaries, benefits, and bonuses paid by the university or related entities	1,345,558	560,454	396,980	156,970	431,205		2,891,167
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	114,636	94,597	70,626	1,797	1,234	1,146,507	1,429,397
Recruiting	121,145	52,109	63,488	5,432	43,779	7,303	293,256
Team travel	810,069	182,822	207,505	141,732	522,035	6,145	1,870,308
Equipment, uniforms and supplies	534,371	101,664	63,468	208,338	182,116	550,640	1,640,597
Game expenses	97,468	74,211	58,812	28,515	44,076	11,650	314,732
Fund raising, marketing and promotion	34,693	6,916	6,188	2,372	5,363	113,784	169,316
Direct facilities, maintenance and rental	41,009	45,264	5,047	1,218	2,742	263,749	359,029
Indirect facilities and administrative support						2,191,116	2,191,116
Medical expenses and medical insurance						92,427	92,427
Memberships and dues						400,000	400,000
Other operating expenses	9,028	11,042	10,225	1,717	13,634	35,096	80,742
Total operating expenses	<u>4,254,986</u>	<u>1,296,982</u>	<u>1,072,705</u>	<u>706,033</u>	<u>2,295,450</u>	<u>5,005,759</u>	<u>14,631,915</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES							
	<u>(\$1,450,404)</u>	<u>(\$908,224)</u>	<u>(\$796,718)</u>	<u>(\$405,641)</u>	<u>(\$1,600,057)</u>	<u>\$5,186,111</u>	<u>\$25,067</u>

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1. CONTRIBUTIONS

No individuals or outside organizations, other than the Louisiana Tech University Foundation, Inc., contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10 percent of the total contributions included in Statement A. The Louisiana Tech Foundation's contribution totaled \$1,365,646.

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 established 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	Retirements	Balance June 30, 2008
Capital Assets				
Land improvements	\$1,252,179			\$1,252,179
Less - accumulated depreciation	(437,940)	(\$42,855)		(480,795)
Total land improvements	<u>814,239</u>	<u>(42,855)</u>	NONE	<u>771,384</u>
Buildings	25,131,562	908,813	\$194,963	25,845,412
Less - accumulated depreciation	(15,128,356)	(650,011)	(139,842)	(15,638,525)
Total buildings	<u>10,003,206</u>	<u>258,802</u>	<u>55,121</u>	<u>10,206,887</u>
Equipment	418,832	52,467	26,339	444,960
Less - accumulated depreciation	(342,878)	(24,631)	(26,339)	(341,170)
Total equipment	<u>75,954</u>	<u>27,836</u>	NONE	<u>103,790</u>
Total capital assets	<u><u>\$10,893,399</u></u>	<u><u>\$243,783</u></u>	<u><u>\$55,121</u></u>	<u><u>\$11,082,061</u></u>
Capital Asset Summary:				
Capital assets, at cost	\$26,802,573	\$961,280	\$221,302	\$27,542,551
Less - accumulated depreciation	(15,909,174)	(717,497)	(166,181)	(16,460,490)
Capital assets, net	<u><u>\$10,893,399</u></u>	<u><u>\$243,783</u></u>	<u><u>\$55,121</u></u>	<u><u>\$11,082,061</u></u>

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