

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



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 10, 2010

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDIT ADVISORY COUNCIL
REPRESENTATIVE NOBLE E. ELLINGTON, CHAIRMAN

SENATOR NICHOLAS “NICK” GAUTREAUX
SENATOR WILLIE L. MOUNT
SENATOR EDWIN R. MURRAY
SENATOR BEN W. NEVERS, SR.
SENATOR JOHN R. SMITH
REPRESENTATIVE NEIL C. ABRAMSON
REPRESENTATIVE CHARLES E. “CHUCK” KLECKLEY
REPRESENTATIVE ANTHONY V. LIGI, JR.
REPRESENTATIVE CEDRIC RICHMOND

TEMPORARY LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

DIRECTOR OF FINANCIAL AUDIT
THOMAS H. COLE, CPA

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 office 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. Five copies of this public document were produced at an approximate cost of \$14.60. 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.la.la.gov. When contacting the office, you may refer to Agency ID No. 3476 or Report ID No. 80090063 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, Administration Manager, at 225-339-3800.

	Page
Independent Accountant's Report on the Application of Agreed-Upon Procedures	3
Statement	
Financial Statement - Statement of Revenues and Expenses (Unaudited)..... A.....	11
Notes to the Financial Statement (Unaudited).....	13



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

January 12, 2010

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, 2009, 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, 2009. 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, 2009. 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.

Internal Audit issued one memorandum relating to attendance. No exceptions were noted.

3. We compared each operating revenue and expense category for June 30, 2008, and June 30, 2009, 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

Ticket sales

Expenses

Team travel

4. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year June 30, 2009, 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

NCAA Conference distribution including all tournament revenues

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 one football and two basketball games. We recalculated the reconciliations for the games tested.

We found that with the three games tested, the reconciliation did not match the revenue reported for each game. The Mississippi State football game reconciliation reported ticket sales of \$283,644 and the general ledger reported ticket sales of \$283,380, resulting in a \$264 difference. The Grambling men's basketball game reconciliation reported ticket sales of \$3,836 and the general ledger reported ticket sales of \$3,837, resulting in a \$1 difference. The Arizona women's basketball game reconciliation reported ticket sales of \$2,092 and the general ledger reported ticket sales of \$2,026, resulting in a \$66 difference. We also recalculated the reconciliation for the games tested and found that the reconciliation for the Mississippi State football game prepared by the athletic department and reviewed by the accounting department did not agree by one unsold ticket.

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 exceptions 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 randomly select one athletic employee that received severance payments and agree the severance pay to the related termination letter or employment contract. We were also to recalculate the totals.

We found that the only athletic employee that received severance payments was paid by the Louisiana Tech Foundation, Inc., and these payments were audited by the foundation's auditor.

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, uniforms, and supplies expenses 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, was 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 \$1,426,073, 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, 2009 and 2008 and June 30, 2008 and 2007, respectively. The audit reports are dated August 10, 2009, and December 19, 2008, 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, 2009. 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,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is fluid and cursive, with the first name being the most prominent.

Daryl G. Purpera, CPA
Temporary Legislative Auditor

SBM:WJR:BQD:THC:dl

LTUNCAA09

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

**Statement of Revenues and Expenses
For the Year Ended June 30, 2009**

	<u>FOOTBALL</u>	<u>MEN'S BASKETBALL</u>	<u>WOMEN'S BASKETBALL</u>	<u>BASEBALL</u>	<u>OTHER SPORTS</u>	<u>NON- PROGRAM SPECIFIC</u>	<u>TOTAL</u>
REVENUES							
Operating revenues:							
Ticket sales	\$1,393,401	\$90,359	\$115,891	\$45,709		\$1,339	\$1,646,699
Away - games' sales and guarantees	825,000	100,000	7,500		\$400		932,900
Contributions	438,071	79,053	50,764	71,073	109,121	1,980,464	2,728,546
Direct institutional support	1,819,092	840,523	831,471	460,493	2,251,708	244,906	6,448,193
Indirect facilities and administrative support						2,119,545	2,119,545
NCAA/Conference distributions including all tournament revenues	260,090	126,785	115,669	70,287	262,929	627,741	1,463,501
Program sales, concessions, novelty sales, and parking	8,810		157			167,461	176,428
Royalties, advertisements, and sponsorships						485,879	485,879
Other		1,866		1,235		16,101	19,202
Total operating revenues	<u>4,744,464</u>	<u>1,238,586</u>	<u>1,121,452</u>	<u>648,797</u>	<u>2,624,158</u>	<u>5,643,436</u>	<u>16,020,893</u>
EXPENSES							
Operating expenses:							
Athletics student aid	1,122,266	170,532	194,695	169,254	1,147,637	246,001	3,050,385
Guarantees	100,000	4,500	31,646	6,282			142,428
Coaching salaries, benefits, and bonuses paid by the university or related entities	1,299,602	509,597	377,789	160,753	523,579		2,871,320
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	106,675	112,254	80,643		1,816	1,439,237	1,740,625
Severance payments						62,500	62,500
Recruiting	133,386	38,498	54,992	14,805	52,495	2,552	296,728
Team travel	1,191,789	261,073	239,363	198,225	660,664	2,900	2,554,014
Equipment, uniforms and supplies	579,879	35,759	59,253	82,457	208,288	641,922	1,607,558
Game expenses	139,249	91,603	70,279	22,800	38,914	6,920	369,765
Fund raising, marketing, and promotion	32,835	8,193	7,437	511	4,476	151,836	205,288
Direct facilities, maintenance and rental	25,734	14,220	10,223	2,297	8,243	312,336	373,053
Indirect facilities and administrative support						2,119,545	2,119,545
Medical expenses and medical insurance						82,607	82,607
Memberships and dues	3,905		145		1,430	411,824	417,304
Other operating expenses	11,794	7,742	8,664		7,701	37,977	73,878
Total operating expenses	<u>4,747,114</u>	<u>1,253,971</u>	<u>1,135,129</u>	<u>657,384</u>	<u>2,655,243</u>	<u>5,518,157</u>	<u>15,966,998</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>(\$2,650)</u>	<u>(\$15,385)</u>	<u>(\$13,677)</u>	<u>(\$8,587)</u>	<u>(\$31,085)</u>	<u>\$125,279</u>	<u>\$53,895</u>

This page is intentionally blank.

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 \$1,426,073.

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 repair 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 building 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, 2009, is as follows:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Capital Assets				
Land improvements	\$1,252,179		\$395,085	\$857,094
Less - accumulated depreciation	(480,795)	(\$42,854)	(395,085)	(128,564)
Total land improvements	<u>771,384</u>	<u>(42,854)</u>	NONE	<u>728,530</u>
Buildings	25,845,412			25,845,412
Less - accumulated depreciation	(15,638,525)	(598,216)		(16,236,741)
Total buildings	<u>10,206,887</u>	<u>(598,216)</u>	NONE	<u>9,608,671</u>
Equipment	444,960	28,445	12,808	460,597
Less - accumulated depreciation	(341,170)	(27,943)	(12,808)	(356,305)
Total equipment	<u>103,790</u>	<u>502</u>	NONE	<u>104,292</u>
Total capital assets	<u>\$11,082,061</u>	<u>(\$640,568)</u>	NONE	<u>\$10,441,493</u>
Capital Asset Summary:				
Capital assets, at cost	\$27,542,551	\$28,445	\$407,893	\$27,163,103
Less - accumulated depreciation	(16,460,490)	(669,013)	(407,893)	(16,721,610)
Capital assets, net	<u>\$11,082,061</u>	<u>(\$640,568)</u>	NONE	<u>\$10,441,493</u>

This page is intentionally blank.