

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



AGREED-UPON PROCEDURES REPORT  
ISSUED JANUARY 30, 2008

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

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LOUISIANA LEGISLATIVE AUDITOR  
STEVE J. THERIOT, CPA

January 9, 2008

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

**DR. MICHAEL R. MOFFETT, 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, 2007, 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, 2007. 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, 2007.

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.

We found no exceptions as a result of these procedures.

4. We compared each operating revenue and expense category for June 30, 2006, and June 30, 2007, 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**

Ticket sales  
Guarantees  
Contributions  
Compensation and benefits provided by a third party  
NCAA/Conference distributions including all tournament revenues  
Program sales, concessions, novelty sales, and parking  
Royalties, advertisements, and sponsorships  
Endowment and investment income  
Other sources

**Expenses**

Athletic student aid  
Coaching salaries, benefits, and bonuses paid by the university and related entities

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, 2007, 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.

As a result of our procedures, we identified variances of 25 percent or greater between budget and actual amounts in the following revenue and expense categories that are 5 percent or more of the total:

**Revenues**

Athletic program sales  
Athletic gate receipts  
Athletic concessions  
NCAA distribution  
Southland conference distribution  
Royalties  
Ticket sales  
Postage revenue  
Commissions  
Interest income  
Coke sponsorship fees  
Private donations  
Athletic association revenue  
Miscellaneous revenue

**Expenses**

Other charges

**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. Based on the university's methodology for allocating student fees to the intercollegiate athletics program, we compared and agreed student fees reported in the Statement to student enrollment and obtained explanations from the university regarding any variances in excess of 5 percent.

We found no exceptions as a result of these procedures.

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 applicable state appropriations, institutional authorization, and/or other corroborative supporting documentation and recalculated the totals.

We found no exceptions as a result of these procedures.

6. We inquired with management regarding indirect institutional support recorded by the university during the period.

The university did not have any indirect institutional support recorded during the period.

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 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 randomly selected two endowment agreements and compared and agreed the classification and use of the endowment and investment income reported in the Statement for the period to the uses of the income as defined in the agreements. We recalculated the totals.

We found no exceptions as a result of these procedures.

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 a random sample of 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 obtained from management a list of coaches and support staff/administrative personnel paid by third parties. We examined the contracts for a random sample of three coaches and three support staff/administrative personnel paid by third parties. The following procedures were performed:
  - a. Compared and agreed the financial terms and conditions of each coach selected to the related coaching salaries, benefits, and bonuses recorded by the university 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 third parties and recorded by the university in the Statement during the reporting period.

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 randomly selected a sample of three spirit group expenses and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

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 ensure 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 Development Foundation, Inc., an outside organization, 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 agree 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
<b>Revenues</b>			
Contributions	\$352,454	\$403,679	\$756,133
Indirect facilities and administrative support	12,337		12,337
NCAA/Conference distribution	110,129		110,129
Royalties, advertisements, and sponsorships	339,145		339,145
Endowment and investment income		57,960	57,960
Other	84,815		84,815
Total Revenues	898,880	461,639	1,360,519
<b>Expenses</b>			
Coaching other compensation and benefits paid by third party	13,821		13,821
Support staff/administrative salaries, benefits, and bonuses paid by university	47,979		47,979
Recruiting	32,688		32,688
Equipment, uniforms, and supplies	98,321		98,321
Game expenses	1,855		1,855
Fund raising, marketing, and promotion	108,060		108,060
Direct facilities, maintenance and rentals	34,120		34,120
Spirit groups	1,144		1,144
Indirect facilities and administrative support	12,337		12,337
Other	484,424	4,316	488,740
Total Expenses	834,749	4,316	839,065
<b>Excess of Revenues Over Expenses</b>	\$64,131	\$457,323	\$521,454

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 were audited by an independent certified public accounting firm for the year ended June 30, 2007. The audit report is dated August 23, 2007, and included no reportable conditions on the outside organization's internal control.

The financial statements of the Southeastern Development Foundation were audited by an independent certified public accounting firm for the year ended June 30, 2007. The audit report is dated October 30, 2007, and included no reportable conditions 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, 2007. 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:PEP:dl

SLUNCAA07

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

**Statement of Revenues and Expenses  
For the Year Ended June 30, 2007**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>							
<b>Operating Revenues:</b>							
Ticket sales	\$283,484	\$20,115	\$6,252	\$37,856	\$9,839		\$357,546
Student fees						\$2,861,835	2,861,835
Guarantees	485,000	265,000	31,000				781,000
Contributions	293,030	32,554	18,069	108,108	55,132	398,731	905,624
Compensation and benefit provided by a third party	3,054	5,586	305	203			9,148
Direct institutional support	184,056	67,520	67,770	84,487	308,935	158,562	871,330
Indirect facilities and administrative support	12,970	157,568		10,218	3,509	189,680	373,945
NCAA/Conference distributions including all tournament revenues	160,000				1,076	398,237	559,313
Program sales, concessions, novelty sales, and parking	4,780	445	278	858	68	127,916	134,345
Royalties, advertisements, and sponsorships	4,298		1,000	1,500	1,250	472,929	480,977
Endowment and investment income	32,259	957	1,158	6,811	2,405	14,956	58,546
Other	68,432		551	22,573	29,347	36,412	157,315
Total Operating Revenues	<u>1,531,363</u>	<u>549,745</u>	<u>126,383</u>	<u>272,614</u>	<u>411,561</u>	<u>4,659,258</u>	<u>7,550,924</u>
<b>EXPENSES</b>							
<b>Operating Expenses:</b>							
Athletic student aid	763,415	187,520	186,258	128,739	807,195		2,073,127
Guarantees	35,000	16,279	11,995	10,217	1,620		75,111
Coaching salaries, benefits, and bonuses paid by the university and related entities	529,927	223,940	198,347	158,526	425,298		1,536,038
Coaching salaries, benefits, and bonuses paid by the third party	3,054	5,586	305	203			9,148
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	24,230	9,086	2,743	2,311	1,432	961,854	1,001,656
Severance payments	1,883	38			143	7,884	9,948
Recruiting	39,455	34,253	13,216	8,436	31,348		126,708
Team travel	234,400	93,271	49,891	44,747	218,013		640,322
Equipment, uniforms, and supplies	3,931	2,358	71	59,872	32,443		98,675
Game expenses	20,720	20,625	19,200	15,050	23,526	1,855	100,976
Fund raising, marketing, and promotion	2,909	1,409	132	32,041	1,962	123,733	162,186
Direct facilities and maintenance	45,539	400	714	18,799	1,574	31,859	98,885
Spirit groups					1,144		1,144
Indirect facilities and administrative support	12,970	157,568		10,218	3,509	189,680	373,945
Medical expenses and medical insurance	33,984	5,893	5,107	17,286	50,185	13,150	125,605
Memberships and dues		650			1,995	375	3,020
Other operating expenses	283,615	36,380	15,210	48,447	107,792	377,504	868,948
Total Operating Expenses	<u>2,035,032</u>	<u>795,256</u>	<u>503,189</u>	<u>554,892</u>	<u>1,709,179</u>	<u>1,707,894</u>	<u>7,305,442</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENSES</b>	<u>(\$503,669)</u>	<u>(\$245,511)</u>	<u>(\$376,806)</u>	<u>(\$282,278)</u>	<u>(\$1,297,618)</u>	<u>\$2,951,364</u>	<u>\$245,482</u>

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**1. CONTRIBUTIONS**

Individual contributions to the athletic department from the Southeastern Development Foundation, Inc., totaling \$290,679, 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, 2007, is as follows:

	Balance June 30, 2006	Prior Period Adjustment	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets:						
Buildings	\$8,388,594		\$8,388,594			\$8,388,594
Less - accumulated depreciation	(5,211,572)	\$9,223	(5,202,349)	(\$197,340)		(5,399,689)
Total buildings	<u>3,177,022</u>	<u>9,223</u>	<u>3,186,245</u>	<u>(197,340)</u>	<u>NONE</u>	<u>2,988,905</u>
Equipment	99,380		99,380	95,865	(\$22,430)	172,815
Less - accumulated depreciation	(95,212)		(95,212)	(10,263)		(105,475)
Total equipment	<u>4,168</u>	<u>NONE</u>	<u>4,168</u>	<u>85,602</u>	<u>(22,430)</u>	<u>67,340</u>
Total Capital Assets	<u>\$3,181,190</u>	<u>\$9,223</u>	<u>\$3,190,413</u>	<u>(\$111,738)</u>	<u>(\$22,430)</u>	<u>\$3,056,245</u>
Capital Asset Summary:						
Capital assets, at cost	\$8,487,974		\$8,487,974	\$95,865	(\$22,430)	\$8,561,409
Less - accumulated depreciation	<u>(5,306,784)</u>	<u>\$9,223</u>	<u>(5,297,561)</u>	<u>(207,603)</u>		<u>(5,505,164)</u>
Capital assets, net	<u>\$3,181,190</u>	<u>\$9,223</u>	<u>\$3,190,413</u>	<u>(\$111,738)</u>	<u>(\$22,430)</u>	<u>\$3,056,245</u>

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