

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



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 4, 2015

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 15, 2015

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

**DR. LESLIE K. GUICE, PRESIDENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**
Ruston, Louisiana

We have performed the procedures enumerated below that 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 Louisiana Tech University athletic department is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2014, and to assist you in your evaluation of the effectiveness of the University athletic department's internal control over financial reporting as of June 30, 2014. University management is responsible for the Statement (Unaudited) and related note (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 the 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:

MINIMUM COMPLIANCE AGREED-UPON PROCEDURES

INTERNAL CONTROL

1. We obtained, through discussion with management, the identity of those aspects of internal control that management considers unique to intercollegiate athletics.
2. We performed procedures to test specific elements of the control environment and accounting systems that are unique to intercollegiate athletics to determine adherence to established policies and procedures relating to revenues and expenses. The following procedures were performed:

- (a) We randomly selected one cash receipt batch sheet of ticket sales and followed it through the University's cash control system to determine adherence to established policies and procedures.
- (b) We selected the largest Athletic Department cash disbursement transaction and followed it through the University's accounting system to determine adherence to established policies and procedures.
- (c) We inquired of and observed athletic department personnel to determine their compliance with policies and procedures related to the control and safeguarding of unsold tickets.

We found no exceptions as a result of these procedures.

3. We obtained the University's internal auditor reports issued during the period relating to the intercollegiate athletics program to identify any significant deficiencies noted.

There were no significant deficiencies noted.

4. We obtained the University's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's intercollegiate athletics program and determined the University's adherence to the procedures.

We found no exceptions as a result of these procedures.

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 legislation, completeness of the list of all known affiliated and outside organizations, and other information we considered necessary for the year ended June 30, 2014.
2. We verified the mathematical accuracy of the amounts on the Statement and agreed each operating revenue and expense category reported on the Statement to supporting schedules provided by the University and the University's general ledger.

We found no exceptions as a result of these procedures.

3. We compared each major operating revenue and expense account for June 30, 2013, and June 30, 2014, to identify variances of 25 percent or greater between individual revenue and expense accounts that are 10 percent or more of the total.

As a result of our procedures, we identified one revenue account, "NCAA/conference distribution," having a variance of 25 percent or greater and is 10 percent or more of the total.

We obtained and documented the University's explanation for the variance.

4. We compared the budgeted revenues and expenses to actual revenues and expenses for each major operating revenue and expense account for the year ended June 30, 2014, to identify any variances of 25 percent or greater in individual revenue and expense accounts that are 10 percent or more of the total.

As a result of our procedures, 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 distributions

Expenses

Athletics student aid

Equipment, uniforms, and supplies

Indirect facilities and administrative support

We obtained and documented the University's explanation for the variances.

**MINIMUM AGREED-UPON PROCEDURES
FOR REVENUES**

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

We found no exceptions as a result of these procedures

2. We selected one contractual agreement pertaining to revenues derived from the guaranteed contest during the reporting period and compared and agreed the agreement amount to the University's general ledger. We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We compared 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.

4. We compared the indirect institutional support recorded by the University during the reporting 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 obtained and inspected one agreement at random relating to the University's participation in revenues from NCAA/conference tournaments during the period. Based on the relevant terms and conditions of the agreement, we compared and agreed related revenues to the general ledger and the Statement. 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 royalties, licensing, advertisements, and sponsorships during the period. Based on the relevant terms and conditions of the agreement, we compared and agreed related revenues to the general ledger and the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

7. We randomly selected a sample of one receipt from program sales, concessions, novelty sales, and parking revenue and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

8. We randomly selected a sample of one operating revenue receipt 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 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. 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 these procedures.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period and examined the contracts for two support staff/administrative personnel and all head coaches from football and men's and women's basketball. The following procedures were performed:
 - (a) We compared and agreed the financial terms and conditions of each selection to the related salaries, benefits, and bonuses recorded by the University and related entities in the Statement.
 - (b) We obtained and inspected W-2s for each selection.
 - (c) We compared and agreed related W-2s 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.
 - (d) We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We randomly selected one athletic employee with a severance payment and agreed the severance pay to the related termination letter or employment contract. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. 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.

6. 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.

7. We obtained and documented an understanding of the University's methodology for allocating indirect facilities support. 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 summed the indirect facilities support and indirect institutional support totals reported by the University in the Statement and determined that they were presented in accordance with the University's methodology for allocating indirect facilities support. We recalculated the totals.

We found no exceptions as a result of these procedures.

8. We randomly selected a sample of two equipment, uniform, and supply expense transactions and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

9. 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 these procedures.

10. 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 these procedures.

11. 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 these procedures.

12. 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 these procedures.

13. We randomly selected a sample of one direct facilities, maintenance, and rental expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

14. We randomly selected a sample of one operating expense from each category not previously mentioned 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 NOTE AND DISCLOSURE**

1. We obtained from University management a list of contributions of monies, goods, or services received directly by the athletic department to identify any contributions from an affiliated or outside organization, agency, or group of individuals (two or more) that constitute 10 percent or more of total contributions during the reporting period. We ensured the source(s) of funds, goods, and services, as well as the value associated with these items, was disclosed within the note 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 that exceeded 10 percent of the total contributions.

We found no exceptions as a result of these procedures.

**MINIMUM AGREED-UPON PROCEDURES FOR
AFFILIATED AND OUTSIDE ORGANIZATIONS**

1. We obtained from management a listing of all affiliated and outside organizations for the reporting period. We also 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 schedule of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations not under the accounting control of the University included with the agreed-upon procedures report as follows:

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
Revenues:						
Contributions	\$658,091	\$532,924	\$132,286	\$203,113	\$738,980	\$2,265,394
Expenses:						
Coaching salaries, benefits, and bonuses paid by the University and related entities	392,782	424,800	54,988	42,777		915,347
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities					118,750	118,750
Severance payments			56,025			56,025
Recruiting	4,667	1,491	1,789	172	447	8,566
Team travel	67,452	9,968	829	12,033	14,755	105,037
Equipment, uniforms, and supplies	176,003	67,406	18,655	148,131	586,300	996,495
Fund raising, marketing, and promotion					2,643	2,643
Direct facilities, maintenance, and rental	17,187	29,259			14,321	60,767
Medical expenses and medical insurance					1,390	1,390
Other operating expenses					374	374
Total expenses	658,091	532,924	132,286	203,113	738,980	2,265,394
EXCESS OF REVENUES OVER EXPENSES	NONE	NONE	NONE	NONE	NONE	NONE

We compared the schedule to the amounts in the University Statement and found no exceptions as a result of these procedures. We also obtained written representations as to the fair presentation of the summary schedule.

- We obtained the independent auditor's report for all outside organizations to identify any significant deficiencies relating to their internal control. We were to make 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., were audited by an independent certified public accounting firm for the years ended June 30, 2014, and 2013. The audit report is dated September 3, 2014, 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 accompanying Statement and related note of the University athletic department or on its compliance with NCAA Constitution 3.2.4.16 or on the effectiveness of the University athletic department's internal control over financial reporting for the year ended June 30, 2014. 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 the 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 written in a cursive style with a large, prominent initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

ASM:BAC:BDC:EFS:aa

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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, 2014**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	\$1,678,855	\$217,927	\$75,698	\$46,853		\$2,019,333
Guarantees	1,650,000	260,000	38,000	17,300		1,965,300
Contributions	717,078	569,539	147,415	206,879	\$1,447,993	3,088,904
Direct institutional support	1,667,342	980,347	1,051,661	3,598,438	274,439	7,572,227
Indirect facilities and administrative support					2,079,145	2,079,145
NCAA/conference distributions, including all tournament revenues	304,791	262,222	209,221	586,327	869,324	2,231,885
Program sales, concessions, novelty sales, and parking	29,990	7,632	2,286	1,046	78,629	119,583
Royalties, licensing, advertisements, and sponsorships					192,054	192,054
Other					9,270	9,270
Total operating revenues	<u>6,048,056</u>	<u>2,297,667</u>	<u>1,524,281</u>	<u>4,456,843</u>	<u>4,950,854</u>	<u>19,277,701</u>
EXPENSES						
Operating expenses:						
Athletic student aid	1,595,292	324,133	292,494	2,004,618	377,192	4,593,729
Guarantees	475,000	138,228	14,089	13,963		641,280
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,745,936	1,030,439	539,679	865,573		4,181,627
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	221,917	100,128	79,601	41,991	1,230,184	1,673,821
Severance payments			56,025		45,000	101,025
Recruiting	137,889	49,665	39,877	72,534	6,430	306,395
Team travel	743,198	219,991	215,599	619,174	14,755	1,812,717
Equipment, uniforms, and supplies	643,076	118,658	46,267	329,813	801,480	1,939,294
Game expenses	98,474	116,706	76,900	79,460	91,955	463,495
Fund raising, marketing, and promotion	22,435	2,628	1,998	10,535	233,198	270,794
Direct facilities, maintenance, and rental	133,163	29,259	18,608	15,692	325,595	522,317
Indirect facilities and administrative support					2,079,145	2,079,145
Medical expenses and medical insurance					230,553	230,553
Memberships and dues	1,750	3,015	653	2,351	277,631	285,400
Other operating expenses	17,576	31,067	11,266	7,826	69,690	137,425
Total operating expenses	<u>5,835,706</u>	<u>2,163,917</u>	<u>1,393,056</u>	<u>4,063,530</u>	<u>5,782,808</u>	<u>19,239,017</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>\$212,350</u>	<u>\$133,750</u>	<u>\$131,225</u>	<u>\$393,313</u>	<u>(\$831,954)</u>	<u>\$38,684</u>

NOTE TO THE FINANCIAL STATEMENT
(UNAUDITED)

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 \$2,265,394.