

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



AGREED-UPON PROCEDURES REPORT
ISSUED MARCH 10, 2010

**LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

January 15, 2010

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

DR. JOHN L. CRAIN, 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, 2009, 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, 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 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, 2009.

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.

The internal auditor issued four reports on the intercollegiate athletics program. An audit of Athletic Summer Camps and Clinics was issued with two findings in which the internal auditor provided recommendations for improvement. There were three follow-up audits issued related to Women's Basketball, Soccer and Softball Accountability and the third and fourth follow-up on Football Ticket Accountability. The follow-up to the Women's Basketball, Soccer and Softball Accountability has two findings remaining open.

We found no exceptions as a result of these procedures.

4. We compared each operating revenue and expense category for June 30, 2008, and June 30, 2009, 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 accounts that are 5 percent or more of the total:

Revenues

Ticket sales

Guarantees

Contributions

Direct institutional support

Indirect facilities and administrative support

NCAA/Conference distributions including tournament revenue

Programs sales, concessions, novelty sales, and parking

Endowment and investment income

Other revenue

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, 2009, 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.

Revenues

Athletic program sales
Southland Conference distribution
Athletic - other
Athletic season ticket receipts
Ticket sales
Postage revenue
Rental income
Commissions
Miscellaneous income
Development foundation
Private donations
Lions Association

Expenses

Supplies

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. We inquired with management regarding student fees for athletics recorded by the university during the period.

The university did not have any student fees for athletics during the period.

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

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

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 a schedule listing all 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 inquired with management regarding endowment agreements for the period.

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 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 inquired with management regarding coaches and support staff/administrative personnel paid by third parties. We obtained and reviewed supporting documentation for payments made to coaches paid by third parties.

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 inquired with management as to spirit group expenses during the period.

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 ensured that 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 Southeastern Athletics Association, Inc., and a private donation are outside organizations that 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 agreed 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
Revenues			
Contributions	\$348,076	\$167,729	\$515,805
Compensation and Benefits provided by third party	19,024		19,024
Indirect facilities and administrative support	13,489		13,489
NCAA/Conference distributions including all tournament revenues	62,329		62,329
Program sales, concessions, novelty sales, and parking	2,748		2,748
Royalties, advertisements, and sponsorships	144,755		144,755
Other	81,655		81,655
Total revenues	672,076	167,729	839,805
Expenses			
Athletic student aid	769		769
Coaching other compensation and benefits paid by third party	14,864		14,864
Support staff/administrative salaries, benefits, and bonuses paid by university	4,160		4,160
Recruiting	2,150		2,150
Equipment, uniforms, and supplies	58,166		58,166
Game expenses	12,000		12,000
Fund raising, marketing, and promotion	63,448		63,448
Direct facilities, maintenance, and rentals	32,659		32,659
Spirit groups	1,518		1,518
Indirect facilities and administrative support	13,489		13,489
Other	364,924	223,834	588,758
Total expenses	568,147	223,834	791,981
Excess (Deficiency) of Revenues Over Expenses	\$103,929	(\$56,105)	\$47,824

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, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2009. The audit report is dated October 9, 2009, and included no significant deficiencies on the outside organization's internal control.

The financial statements of the Southeastern Development Foundation, Inc. were audited by an independent certified public accounting firm for the year ended June 30, 2009. The audit report is dated December 9, 2009, and included no significant deficiencies on 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 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, 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 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,



Daryl G. Purpera, CPA
Temporary Legislative Auditor

LMF:JR:EFS:PEP:sr

SLUNCAA09

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

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

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES							
Operating Revenues:							
Ticket sales	\$172,487	\$24,999	\$8,175	\$48,276	\$7,029		\$260,966
Guarantees	224,230	377,770	40,000		2,000		644,000
Contributions	112,516	8,256	10,551	56,245	109,583	\$208,976	506,127
Compensation and benefit provided by a third party	2,761	6,185	4,780	2,376	9,866	4,160	30,128
Direct institutional support	1,500,499	297,271	506,862	473,156	2,422,041	1,663,529	6,863,358
Indirect facilities and administrative support	192,105	53,904	66,352	10,218	39,896	301,016	663,491
NCAA/Conference distributions including all tournament revenues		3,000	3,000		2,600	465,284	473,884
Program sales, concessions, novelty sales, and parking	7,708	272	207	821	1,346	1,438	11,792
Royalties, licensing, advertisements, and sponsorships	2,900			250		281,765	284,915
Endowment and investment income						288	288
Other	119,265	1,350	1,265	39,028	26,402	75,556	262,866
Total Operating Revenues	<u>2,334,471</u>	<u>773,007</u>	<u>641,192</u>	<u>630,370</u>	<u>2,620,763</u>	<u>3,002,012</u>	<u>10,001,815</u>
EXPENSES							
Operating Expenses:							
Athletic student aid	784,670	187,969	241,035	150,980	1,311,586	1,200	2,677,440
Guarantees	40,000	34,200	6,500	17,901	1,600		100,201
Coaching salaries, benefits, and bonuses paid by the university and related entities	567,543	269,716	188,620	170,897	603,177	99,410	1,899,363
Coaching salaries, benefits, and bonuses paid by a third party	2,761	6,185	4,780	2,376	9,866		25,968
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	60,917	3,223	398	12,958	9,454	1,084,264	1,171,214
Support staff/administrative salaries, benefits, and bonuses paid by the a third party						4,160	4,160
Severance payments	2,493	1,234	226	67	276	13,444	17,740
Recruiting	47,930	34,149	20,100	17,847	39,985		160,011
Team travel	102,336	115,644	59,131	72,224	264,343		613,678
Equipment, uniforms, and supplies	103,541	18,345	20,958	17,804	99,144		259,792
Game expenses	21,375	25,350	23,025	18,070	34,119		121,939
Fund raising, marketing, and promotion		464	191	28,654	310	41,453	71,072
Direct facilities, maintenance, and rental	39,519	1,984	715	7,942	32,872	273,649	356,681
Spirit groups					5,795		5,795
Indirect facilities and administrative support	192,105	53,904	66,352	10,218	39,896	301,016	663,491
Medical expenses and medical insurance	23,889	7,024	1,479	8,009	36,806	26,304	103,511
Memberships and dues					1,900	2,175	4,075
Other operating expenses	345,392	13,616	7,682	94,423	129,634	415,521	1,006,268
Total Operating Expenses	<u>2,334,471</u>	<u>773,007</u>	<u>641,192</u>	<u>630,370</u>	<u>2,620,763</u>	<u>2,262,596</u>	<u>9,262,399</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>\$739,416</u>	<u>\$739,416</u>

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1. CONTRIBUTIONS

Individual contributions to the athletic department from the Southeastern Athletics Association, Inc., and a private donation 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, 2009, is as follows:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Capital assets:				
Buildings	\$8,388,594	\$5,966,673		\$14,355,267
Less - accumulated depreciation	<u>(5,597,029)</u>	<u>(346,507)</u>		<u>(5,943,536)</u>
Total buildings	<u>2,791,565</u>	<u>5,620,166</u>	NONE	<u>8,411,731</u>
Equipment	156,142			156,142
Less - accumulated depreciation	<u>(97,858)</u>	<u>(16,145)</u>		<u>(114,003)</u>
Total equipment	<u>58,284</u>	<u>(16,145)</u>	NONE	<u>42,139</u>
Total capital assets	<u>\$2,849,849</u>	<u>\$5,604,021</u>	NONE	<u>\$8,453,870</u>
Capital Asset Summary:				
Capital assets, at cost	\$8,544,736	\$5,966,673		\$14,511,409
Less - accumulated depreciation	<u>(5,694,887)</u>	<u>(362,652)</u>		<u>(6,057,539)</u>
Capital assets, net	<u>\$2,849,849</u>	<u>\$5,604,021</u>	NONE	<u>\$8,453,870</u>

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