

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana State Boxing and
Wrestling Commission
Department of Economic Development
State of Louisiana
New Orleans, Louisiana

April 11, 2001



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

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**LOUISIANA STATE BOXING AND
WRESTLING COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
New Orleans, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of June 30, 2000, and for the Years
Ended June 30, 2000 and 1999**

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 and New Orleans offices of the Legislative Auditor.

April 11, 2001

**LOUISIANA STATE BOXING AND
WRESTLING COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
New Orleans, Louisiana**

General Purpose Financial Statements
and Independent Auditor's Reports
As of June 30, 2000, and for the Years
Ended June 30, 2000 and 1999

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DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

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STATE OF LOUISIANA
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March 27, 2001

Independent Auditor's Report on
the Financial Statements

**LOUISIANA STATE BOXING AND
WRESTLING COMMISSION**
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
New Orleans, Louisiana

We were engaged to audit the accompanying general purpose financial statements of the Louisiana State Boxing and Wrestling Commission, a component unit of the State of Louisiana, as of June 30, 2000, and for the years ended June 30, 2000 and 1999, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Louisiana State Boxing and Wrestling Commission.

As discussed in Exhibit A, the commission's accounting records contained major inadequacies. These inadequacies made it impractical to apply sufficient audit procedures to enable us to express an opinion on the fair presentation of the accompanying general purpose financial statements.

Under accounting principles generally accepted in the United States of America, general fixed assets of \$9,964 should not be recorded as assets of the General Fund, as presented on Statement A.

Because we were not able to apply sufficient auditing procedures to satisfy ourselves as to the revenues and expenditures included in the general purpose financial statements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying general purpose financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2001, on our consideration of the Louisiana State Boxing and Wrestling Commission's internal control over financial reporting and our test of its compliance with laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

JJS:JR:RCL:dI
[BOXING00]

LOUISIANA STATE BOXING AND
 WRESTLING COMMISSION
 DEPARTMENT OF ECONOMIC DEVELOPMENT
 STATE OF LOUISIANA
 ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, June 30, 2000

	GOVERNMENTAL FUND - GENERAL FUND	GENERAL FIXED ASSETS
ASSETS		
Cash	\$27,770	
Receivables	7,512	
Fixed assets	9,964	\$9,964
	<u>9,964</u>	<u>9,964</u>
TOTAL ASSETS	<u>\$45,246</u>	<u>\$9,964</u>
LIABILITIES AND FUND EQUITY		
Accounts payable	\$3,890	
State withholdings	205	
Total Liabilities	4,095	NONE
Fund Equity:		
Investment in general fixed assets		\$9,964
Unreserved and undesignated	41,151	
	<u>41,151</u>	<u>9,964</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$45,246</u>	<u>\$9,964</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE BOXING AND
WRESTLING COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND**

**Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Years Ended June 30, 2000 and 1999**

	<u>JUNE 30,</u>	
	<u>2000</u>	<u>1999</u>
REVENUES		
Licenses	\$29,753	\$33,651
Taxes	79,667	115,676
Taxes and licenses		205
Fees		2,394
Total revenues	<u>109,420</u>	<u>151,926</u>
EXPENDITURES		
Accounting	4,800	4,800
Commissioner salaries		20,820
Deputy commissioners	3,489	6,324
Dues and subscriptions	1,713	1,737
Fight coordination fees		5,100
Insurance liability	26,400	22,000
Licenses and permits		75
Office expense	5,156	3,704
Payroll expense	43,547	25,366
Postage and delivery	168	97
Printing and reproduction		519
Professional fees	7,569	8,121
Publications		247
Rent	3,199	2,337
Telephone	3,313	3,661
Travel	22,206	19,615
Miscellaneous	678	714
Total expenditures	<u>122,238</u>	<u>125,237</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(12,818)	26,689
FUND BALANCES AT BEGINNING OF YEAR	<u>53,969</u>	<u>28,644</u>
FUND BALANCES AT END OF YEAR	<u>\$41,151</u>	<u>\$55,333</u>

The accompanying notes are an integral part of this statement.

UNAUDITED

LOUISIANA STATE BOXING AND
WRESTLING COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA

Notes to the Financial Statements
As of and for the Years Ended June 30, 2000 and 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana State Boxing and Wrestling Commission is a component unit of the State of Louisiana created within the Louisiana Department of Economic Development as provided by Louisiana Revised Statute 4:61-84. The commission is composed of seven members, appointed by the governor, who serve terms of four years. The commission is charged with the responsibility of collecting taxes and licenses. Operations of the commission are funded entirely through self-generated revenues.

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate accounting principles and reporting standards generally accepted in the United States with respect to activities and transactions of state and local governmental entities. In June 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as accounting principles generally accepted in the United States for state and local governments.

The Louisiana State Boxing and Wrestling Commission prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying statements present only transactions of the Louisiana State Boxing and Wrestling Commission, a component unit of the State of Louisiana.

Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

A. FUND ACCOUNTING

The accounts of the Louisiana State Boxing and Wrestling Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund presented in the financial statements is described as follows:

**LOUISIANA STATE BOXING AND
WRESTLING COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

General Fund

The General Fund is the principal fund and is used to account for the general operations of the commission. The various fees and charges due the commission are accounted for in this fund. General operating expenditures are paid from this fund.

**B. GENERAL FIXED ASSETS AND
LONG-TERM OBLIGATIONS**

General fixed assets are accounted for in the general fixed assets account group, rather than in the General Fund. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost.

The general fixed assets account group is not a fund. It is concerned only with the measurement of financial position, not with measurement of results of operations.

The commission has no long-term obligations at June 30, 2000.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The commission's records are maintained on the cash basis of accounting.

D. CASH

Cash includes cash in demand deposits. Under state law, the Louisiana State Boxing and Wrestling Commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Furthermore, the commission may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal offices in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

UNAUDITED

**LOUISIANA STATE BOXING AND
WRESTLING COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)**

2. CASH

As reflected on Statement A, the Louisiana State Boxing and Wrestling Commission has cash in demand accounts (book balances) totaling \$27,770 at June 30, 2000. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. These deposits are fully secured through federal deposit insurance.

3. CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets follow:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
Furniture and equipment	<u>\$1,951</u>	<u>\$6,503</u>	<u>NONE</u>	<u>\$8,454</u>	<u>\$1,510</u>	<u>NONE</u>	<u>\$9,964</u>

4. LEASE OBLIGATIONS

The Louisiana State Boxing and Wrestling Commission has no capital leases or operating leases for office space at June 30, 2000.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



DANIEL G. KYLE, PH.D., CPA, CFE
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March 27, 2001

Report on Compliance and on Internal Control Over Financial
Reporting Based Solely on an Engagement to Audit the
General Purpose Financial Statements
in Accordance With Government Auditing Standards

**LOUISIANA STATE BOXING AND
WRESTLING COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
New Orleans, Louisiana**

We were engaged to audit the general purpose financial statements of the Louisiana State Boxing and Wrestling Commission, a component unit of the State of Louisiana, as of June 30, 2000, and for the years ended June 30, 2000 and 1999, and have issued our report thereon dated March 27, 2001. Our audit was to have been conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. However, because of inadequacies in the commission's accounting records, we were not able to apply the foregoing standards.

Compliance

As part of attempting to obtain reasonable assurance about whether the Louisiana State Boxing and Wrestling Commission's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed the reportable instance of noncompliance, Inadequate Controls over Movable Property, mentioned in the internal control section of this report (see Exhibit A, page 4) and the following instance of noncompliance that are required to be reported herein under *Government Auditing Standards*.

Failure to Submit Budget

For the third consecutive audit, the Louisiana State Boxing and Wrestling Commission did not comply with budget requirements of R.S. 39:1331-1342, known as the Louisiana Licensing Agency Budget Act. Louisiana law requires the commission to prepare an annual comprehensive budget and submit it not later than January 1 to the Department of Economic Development, the Joint Legislative Committee on the Budget, and other legislative committees and agencies. The budget should include a statement showing

EXHIBIT A

LEGISLATIVE AUDITOR

LOUISIANA STATE BOXING AND WRESTLING COMMISSION DEPARTMENT OF ECONOMIC DEVELOPMENT STATE OF LOUISIANA

Compliance and Internal Control Report

March 27, 2001

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the fund balance at the beginning of the year, anticipated revenues and expenditures for the year, and fund balance at the end of the year. The commission did not prepare and submit the required budget for the fiscal years ended June 30, 2000, and June 30, 1999. Without submission of a comprehensive budget to the designated agencies, the appropriate authorities cannot exercise budgetary control over the commission.

The commission should prepare and submit a budget as required by the Louisiana Licensing Agency Budget Act. Management of the commission concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana State Boxing and Wrestling Commission's internal control over financial reporting to determine our auditing procedures for the purpose of attempting to express an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, because of inadequacies in the commission's accounting records, we were unable to form an opinion on the commission's financial statements and related notes. We noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Louisiana State Boxing and Wrestling Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the following paragraphs:

Accounting Control Weaknesses

For the fifth consecutive audit, the Louisiana State Boxing and Wrestling Commission did not provide proper internal controls or maintain accurate and complete accounting records. Proper internal controls require that accurate and complete financial records be maintained that (1) provide evidence the commission has fulfilled its stewardship responsibilities, (2) properly reflect and account for the receipt and disbursement of funds, (3) properly account for and safeguard assets, and (4) provide for the preparation of financial statements in accordance with generally accepted accounting principles. The following deficiencies in the internal controls and the accounting records were identified:

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LOUISIANA STATE BOXING AND WRESTLING COMMISSION DEPARTMENT OF ECONOMIC DEVELOPMENT STATE OF LOUISIANA

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Cash

Of 15 deposits tested totaling \$79,888, four deposits did not have supporting documentation and seven deposits contained incomplete supporting documentation. Of 11 deposits for which copies of checks or tax reports are available for examination, 16 checks totaling \$56,938 were deposited 2 to 44 days after date on check or on the Gate Receipts and Tax Report. The average number of days to deposit is 12 days.

Revenues

1. The commission did not maintain adequate records on licenses issued. The licenses are not pre-numbered. The commission assigns sequential numbers to the licenses as the licenses are issued and records the number in a log. The log of wrestling licenses maintained by the commission does not indicate the amount collected and the date issued to provide an adequate audit trail. Also, the log of boxing licenses maintained by the commission does not indicate the amount collected. Of nine deposits of license fees examined, five did not have supporting documentation and two had supporting invoices (with a list of license numbers issued) that did not agree to the license log. Therefore, there are no assurances that the amounts collected for issued licenses were equal to the amounts deposited. The amount deposited relating to licenses totaled \$29,754 and \$33,801 during the years ended June 30, 2000 and June 30, 1999, respectively.
2. No written procedures have been established for the accountability and filing of tax revenue and license documentation.

Expenditures

The commission did not provide proper internal controls or maintain accurate and complete accounting records over expenditures. For 8 out of 25, or 32%, of the cash disbursements tested, totaling \$9,258, the following deficiencies were noted:

1. Four (16%) of the disbursements did not have any supporting documentation.

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LOUISIANA STATE BOXING AND
WRESTLING COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
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2. Four of the disbursements for travel reimbursement had no approval on the expense voucher, including two with no indication of event or reason for travel.

Because the commission did not provide proper internal controls or maintain complete accounting records, errors may have occurred and may not have been detected in a timely manner.

The commission should establish written internal control policies and procedures that provide an adequate audit trail for revenues and deposits and the adequate documentation of expenditures. Management of the commission concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

Inadequate Controls Over Movable Property

The Louisiana State Boxing and Wrestling Commission did not maintain adequate internal accounting controls over movable property as prescribed by the Commission of Administration and Louisiana law. The state's policies and procedures should be applied to ensure that movable property is adequately safeguarded and accurately reported in the financial statements.

Good internal control requires that control procedures be in place to ensure that (1) the acquisition, valuation, and disposition of movable property is accurately reflected in the accounting records; (2) the location of all movable items is monitored and updated frequently; (3) the amounts recorded in the financial statements are materially correct. In our review of the Louisiana Property Assistance Agency (LPAA) Management System Transaction Reports for the period audited, we noted the following:

1. The commission did not adjust the June 30, 2000, movable property balance for equipment items under \$250, totaling \$1,951, that was purged on March 16, 1998, by LPAA.
2. All nine movable property acquisitions tested, \$7,913, did not have any supporting documentation and were not entered in the LPAA system within 45 days of receipt by the commission. This represents 79% of the total movable property, \$9,964, reported at June 30, 2000.

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LOUISIANA STATE BOXING AND
WRESTLING COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA

Compliance and Internal Control Report

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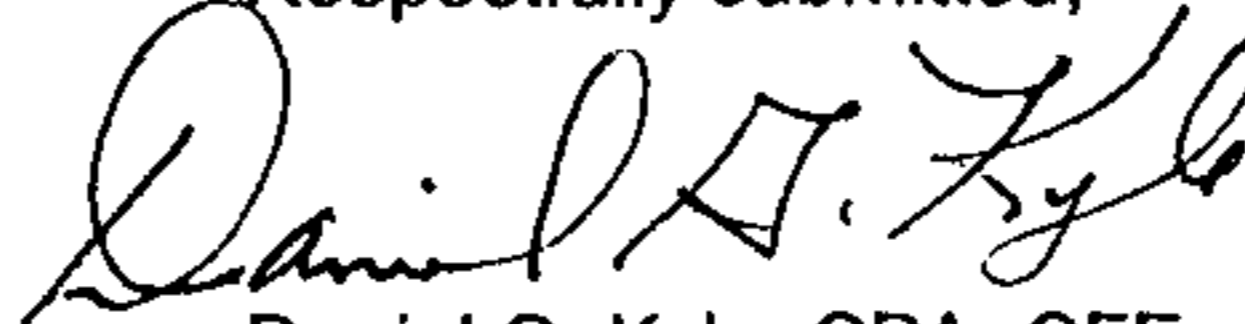
Failure to maintain an accurate movable property system increases the risk of inaccurate accounting and reporting as well as the risk of loss from unauthorized use of the property.

The commission should maintain adequate internal controls over movable property to comply with state movable property regulations. Management of the commission concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 3).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described previously are material weaknesses.

This report is intended solely for the information and use of the commission and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

JJS:JR:RCL:dl

[BOXING00]

Appendix A

Management's Corrective Action Plan and Response to the Findings and Recommendations

HON. M.J. "MIKE" FOSTER
Governor



LOUISIANA STATE BOXING AND WRESTLING COMMISSION

P.O. Box 840188 New Orleans, Louisiana
70184-0188

March 9, 2001

Mr. Daniel G. Kyle
Legislative Auditor
State of Louisiana
Xerox Centre Suite 260
2400 Veterans Blvd.
Kenner, LA 70062

Reference Matter: Budget Requirement

Dear Mr. Kyle:

In reference to your letter of February 9, 2001 regarding the audit of the Louisiana State Boxing and Wrestling Commission, please find the official response to your findings on the audit.

We do concur with the auditors regarding filing the budget. Attached is our 2001 budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Fielding Lewis".

Fielding Lewis
Chairman

HON. M.J. "MIKE" FOSTER
Governor



LOUISIANA STATE BOXING AND WRESTLING COMMISSION

P.O. Box 840188 New Orleans, Louisiana
70184-0188

March 9, 2001

Mr. Daniel G. Kyle
Legislative Auditor
State of Louisiana
Xerox Centre Suite 260
2400 Veterans Blvd.
Kenner, LA 70062

Reference Matter: Revenues and Expenditures

Dear Mr. Kyle:

In reference to your letter of February 9, 2001 regarding the audit of the Louisiana State Boxing and Wrestling Commission, please find the official response to your findings on the audit.

We do concur with the findings of the auditors, however, we need to have a change in the by-laws concerning monies not deposited on a timely basis. We have taken action on making deposits, issuing licenses and paying invoices.

We do need the auditors to help correct some of these issues. The commission would greatly appreciate a meeting with you to discuss the findings.

Sincerely,

A handwritten signature in black ink, appearing to read "Fielding Lewis".

Fielding Lewis
Chairman

HON. M.J. "MIKE" FOSTER
Governor



LOUISIANA STATE BOXING AND WRESTLING COMMISSION

P.O. Box 840188 New Orleans, Louisiana
70184-0188

March 9, 2001

Mr. Daniel G. Kyle
Legislative Auditor
State of Louisiana
Xerox Centre Suite 260
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Kenner, LA 70062

Reference Matter: Controls Over Movable Property

Dear Mr. Kyle:

In reference to your letter of February 9, 2001 regarding the audit of the Louisiana State Boxing and Wrestling Commission, please find the official response to your findings on the audit.

We do concur with the auditors regarding the purging of the movable property, this property will be removed from the financial statement.

We do concur with the acquisition of the assets without documentation. We will make every effort to comply with Louisiana Property Assistance Agency.

Sincerely,



Fielding Lewis
Chairman