

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana State Boxing and  
Wrestling Commission  
Office of the Governor  
New Orleans  
New Orleans, Louisiana

November 20, 2003



*Financial and Compliance Audit Division*

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

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**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA  
New Orleans, Louisiana**

**Basic Financial Statements and  
Independent Auditor's Reports  
As of and for the Years Ended  
June 30, 2002, and June 30, 2001  
With Supplemental Information Schedule**

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.

November 20, 2002

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA  
New Orleans, Louisiana**

**Basic Financial Statements and  
Independent Auditor's Reports  
As of and for the Years Ended  
June 30, 2002, and June 30, 2001  
With Supplemental Information Schedule**

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OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
BAYOU BOULE, LOUISIANA 70804-8007

DANIEL C. KYE, PRESIDENT  
LEGISLATIVE AGENCY

NEW ORLEANS, LOUISIANA 70117  
POST OFFICE BOX 9800  
TELEPHONE: (504) 484-6600  
FACSIMILE: (504) 484-6600

October 15, 2002

Independent Auditor's Report  
on the Financial Statements

LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA  
New Orleans, Louisiana

We were engaged to audit the accompanying basic financial statements of the Louisiana State Boxing and Wrestling Commission, a component unit of the State of Louisiana, as of June 30, 2002, and June 30, 2001, and for the years then ended, 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 accompanying financial statements contained numerous errors and 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 basic financial statements.

Because we were not able to apply sufficient auditing procedures to satisfy ourselves as to the revenues and expenses included in the basic 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 basic financial statements.

As of July 1, 2000, the Louisiana State Boxing and Wrestling Commission adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2002, on our consideration of the Louisiana State Boxing and Wrestling Commission's internal control over financial reporting and on our test of its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

Daniel C. Kye, CPA, CFE  
Legislative Auditor

KP\_PFCU:dl  
(10/15/02)

UNAUDITED

LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Louisiana State Boxing and Wrestling Commission's financial performance presents a narrative overview and analysis of the commission's financial activities for the year ended June 30, 2002. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with additional information contained in the transmittal letter presented on page \_\_\_ and the commission's financial statements, which begin on page 7.

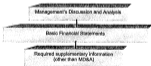
**FINANCIAL HIGHLIGHTS**

The commission's assets exceeded its liabilities at the close of fiscal year 2002 by \$18,077 which represents a 51% decrease from last fiscal year. The net assets decreased by \$\_\_\_\_\_ or \_\_\_\_%.

The commission's revenue decreased \$2,628 or 25% and the net results from activities increased by \$\_\_\_\_\_ or \_\_\_\_%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

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**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE COMMISSIONER  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Basic Financial Statements**

The basic financial statements present information for the Louisiana State Boxing and Wrestling Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements of this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (page 7) presents the current and long-term positions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the commission is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 8) presents information showing how the commission's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (page 10) presents information showing how the commission's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE COMMISSION**

Statement of Net Assets  
As of June 30

	Total	
	2002	2001
Current and other assets		
Capital assets	\$48,421	\$27,476
Total assets	48,421	27,476
Other liabilities		
Long-term debt outstanding	None	None
Total liabilities	24,244	2,240
<b>Net Assets:</b>		
Restricted		
Unrestricted	22,007	24,736
Total net assets	\$48,421	\$27,476

**UNAUDITED**

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, grant requirements, \_\_\_\_\_\_. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
For the Years Ended June 30, 2002 and June 30, 2001**

	<u>Total</u>	
	<u>2002</u>	<u>2001</u>
Operating revenues	_____	_____
Operating expenses	_____	_____
Operating income (loss)	<u>    0</u>	<u>    0</u>
Nonoperating revenues (expenses)	_____	_____
Income (loss) before transfers	<u>    0</u>	<u>    0</u>
Transfers in	_____	_____
Transfers out	_____	_____
Net increase (decrease) in net assets	<u>    0</u>	<u>    0</u>

The commission's total revenues increased by \$\_\_\_\_\_ or \_\_\_\_%. The total cost of all programs and services increased by \$\_\_\_\_\_ or \_\_\_\_%.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2002, the commission had \$\_\_\_\_\_ invested in a broad range of capital assets, including \_\_\_\_\_.

This amount represents a net increase (including additions and deductions) of \$\_\_\_\_\_, or \_\_\_\_%, over last year.



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LOUISIANA STATE BOARDS AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital Assets at Year-end  
(Net of Depreciation, in thousands)

	<u>2002</u>	<u>2001</u>
Land		
Buildings and Improvements		
Equipment		
Infrastructure		
<b>Total</b>	<u>\$0</u>	<u>\$0</u>

Debt

The commission had \$ N/A in bonds outstanding at year-end, compared to \$ N/A last year, an increase of N/A%.

Outstanding Debt at Year-end  
(in thousands)

	<u>2002</u>	<u>2001</u>
General Obligation Bonds		
Revenue Bonds and Notes		
<b>Total</b>	<u>\$0</u>	<u>\$0</u>

## UNAUDITED

## Statement A

LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA

## Statement of Net Assets

	<u>JUNE 30, 2002</u>	<u>JUNE 30, 2001</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$31,376	\$11,601
Receivables	6,212	7,812
Total current assets	<u>38,588</u>	<u>19,413</u>
Noncurrent Assets -		
property, plant, and equipment (net)	8,230	8,230
Total noncurrent assets	<u>8,230</u>	<u>8,230</u>
<b>TOTAL ASSETS</b>	<u>\$46,818</u>	<u>\$27,643</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables	\$24,136	\$2,740
Amounts held in custody for others	200	
Total current liabilities	<u>24,336</u>	<u>2,740</u>
Total Liabilities	<u>24,336</u>	<u>2,740</u>
<b>NET ASSETS</b>		
Total Net Assets	<u>None</u>	<u>24,720</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$46,818</u>	<u>\$27,400</u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA

Statement of Revenue, Expenses,  
and Changes in Net Assets  
For the Years Ended June 30, 2002 and 2001

	<u>JUNE 30, 2002</u>	<u>JUNE 30, 2001</u>
<b>OPERATING REVENUES</b>		
Licenses, permits, and fees	<u>\$59,867</u>	<u>\$150,468</u>
Total operating revenues	<u>59,867</u>	<u>150,468</u>
<b>OPERATING EXPENSES</b>		
Administrative	<u>108,123</u>	<u>118,804</u>
Total operating expenses	<u>108,123</u>	<u>118,804</u>
<b>OPERATING INCOME (Loss)</b>	<u>(48,256)</u>	<u>(18,336)</u>
<b>NONOPERATING REVENUES (Expenses)</b>	<u>NCNE</u>	<u>NCNE</u>
<b>INCOME (Loss) BEFORE CONTRIBUTIONS</b>	<u>(48,256)</u>	<u>(18,336)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>NCNE</u>	<u>NCNE</u>
<b>CHANGE IN NET ASSETS</b>	<u>NCNE</u>	<u>NCNE</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>NCNE</u>	<u>NCNE</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>(48,256)</u>	<u>(18,336)</u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2002

	PROGRAM REVENUE				NET CHANGES RESOURCES AND CHANGES IN NET ASSETS
	GRANTS FOR OPERATIONS	GRANTS AND DONATIONS	GRANTS AND CONTRIBUTIONS	CONTRIBUTIONS	
	<u>1,074,000</u>	<u>3,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	
Component Unit					
Component Unit X	<u>2,000,000</u>				<u>2,000,000</u>
General revenues:					
Taxes					<u>500,000</u>
State appropriations					
Grants and contributions not allocated to specific programs					
Interest					
Miscellaneous					
Special items					
Transfers					
Total general revenues, special items, and transfers					<u>500,000</u>
Change in net assets					<u>2,000,000</u>
Net assets - beginning					
Net assets - ending					<u>2,000,000</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE BORING AND  
 MUDDRILLING COMMISSION  
 OFFICE OF THE GOVERNOR  
 STATE OF LOUISIANA**

**Statement of Cash Flows  
 For the Year Ended June 30, 2002**

<b>Cash flows from operating activities:</b>	
Cash received from customers, including cash deposits	\$99,067
Cash paid to employees for services	(13,400)
Other operating revenues (expenses)	(95,384)
Net cash provided for operating activities	<u>          (3,017)</u>
<b>Cash flows from noncapital financing activities:</b>	
Net cash flows from noncapital financing activities	<u>                  0</u>
<b>Cash flows from capital and related financing activities:</b>	
Net cash used for capital and related financing activities	<u>                  0</u>
<b>Cash flows from investing activities:</b>	
Net cash provided for investing activities	<u>                  0</u>
Net decrease in cash and cash equivalents	(3,017)
Cash at beginning of year	<u>          30,054</u>
Cash at end of year	<u>          27,037</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA  
Statement of Cash Flows, 2002**

Reconciliation of operating income to net cash provided (used)	
by operating activities:	
Cash flows from operating activities:	
Operating income	<u>(\$0,677)</u>
Adjustments to reconcile operating income to net cash	
provided by operating activities:	
Depreciation	
Changes in assets and liabilities:	
Increase in receivables	(608)
Increase in payables	21,608
Decrease in accrued payroll and related benefits	<u>(32)</u>
Net cash provided by operating activities	<u>19,991</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Years Ended  
June 30, 2002, and June 30, 2001

## INTRODUCTION

The Louisiana State Boxing and Wrestling Commission is a component unit of the State of Louisiana created within the Louisiana Office of the Governor, as provided by Louisiana Revised Statutes \_\_\_\_\_. The board/commission is composed of \_\_\_\_\_ members, appointed by the governor, who serve terms of 4 years. The board/commission is charged with the responsibility of collecting fines, licenses and fines. Operations of the board/commission are funded with taxes, licenses and taxes.

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basic of Presentation

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

#### 2. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity for the board/commission to be the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the commission members and public service is rendered within the state's boundaries. The accompanying financial statements present transactions of the Louisiana State Boxing and Wrestling Commission and, therefore, are a part of the fund and account group structure of the State of Louisiana. Annually the State of Louisiana issues general-purpose financial statements, which are audited by the Louisiana Legislative Auditor.

#### 3. Fund Accounting

The board/commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA**

**Notes to the Financial Statements (Continued)**

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the fund because they do not directly affect net expendable financial resources. The funds presented in the financial statements are described as follows:

**General Fund**

The General Fund is classified as a governmental fund. The General Fund is the general operating fund of the board/commission and accounts for all financial resources. Revenues are accounted for in this fund based upon the purpose for which they are to be spent and the recesses by which operating activities are controlled. General operating expenditures are paid from this fund.

**Special Revenue Fund(s)**

Special Revenue Fund(s) are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Account Groups**

The two account groups are not "funds." They are concerned only with the measurement of financial position, not with measurement of results of operations. Account groups are used to establish accounting control and accountability for general fund assets and general long-term debt.

- a. General Fixed Asset Account Group - Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the general fund assets account group, rather than in the governmental fund.
- b. General Long Term Debt Account Group - obligations such as compensated absences payable expected to be financed from governmental funds are accounted for in the general long-term debt account group not in the governmental funds.

**4. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement basis applied. The board/commission's records are maintained on the accrual basis of accounting using the following practices:



**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

**Revenues**

(This space should be used to describe when various revenues are reported.)

**Expenditures**

(This space should be used to describe how expenditures are generally recognized.)

**Other Financing Sources (Uses)**

(This space should be used to describe the composition of Other Financing Sources (Uses). Examples of Other Financing Sources include amounts equal to the present value of minimum lease payments arising from capital leases, proceeds from the sale of general assets, and operating transfers in. Examples of Other Financing Uses include deposits with escrow agents and operating transfers out.)

**5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

**6. Total Columns on Combined Statements**

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**B. BUDGET PRACTICES**

The \_\_\_\_\_ board/commission utilizes the following budgetary practices:

Annually the board/commission adopts a budget that is submitted to the \_\_\_\_\_ Department as prescribed by LRS \_\_\_\_\_. The budget for fiscal year ended \_\_\_\_\_ (last day of your fiscal year) was adopted on \_\_\_\_\_ and is prepared and reported on a \_\_\_\_\_ accrual basis of accounting. Although budget amounts lapse at year-end, the board/commission retains its unexpended fund balance to fund expenditures of the succeeding year. The budget amounts on Statement C reflect the amended adopted budgets for the fiscal year ended \_\_\_\_\_.

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**LOUISIANA STATE BOOKING AND  
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Notes to the Financial Statements (Continued)**

\_\_\_\_\_ (last day of your fiscal year). These washers \_\_\_\_\_ (amounted to)(x) made to the budget.

(These should be a reconciliation of any non-GAAP budget amounts on Statement C to the amounts on Statement B, using the excess of revenues and other sources over expenditures and other uses figures as the basis of the reconciliation.)

The following individual funds had actual expenditures over adopted budgeted expenditures for the year-ended \_\_\_\_\_ (last day of your fiscal year):

Fund	Fund Type	Ending Fund Balance (Deficit)
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)**

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the \_\_\_\_\_ Board/Commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board/Commission may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and in share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits. 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. The deposits of \_\_\_\_\_ 20\_\_\_\_ were secured as follows:

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**LOUISIANA STATE BOOING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA  
Notes to the Financial Statements (Continued)**

	<u>Deposits in bank accounts</u>		<u>Total</u>
	<u>Cash</u>	<u>Collateral in Progress (Reserve)</u>	
Deposits in bank accounts per balance sheet			
1. Insured or collateralized with securities held to the entity or its agency in the public name	<u>\$21,275</u>		
2. Collateralized with securities held by the pledging institution's trust department in agency in the public name			
3. Uncollateralized, including any securities held to the entity but not in public name			
<b>Total bank balances</b>	<u><b>\$21,275</b></u>		

Note: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet."

The following is a breakdown by banking institutions, program, account number and amount of the bank balances shown above:

	<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1.	_____	_____	\$ _____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
<b>Total</b>			<u><b>\$ _____</b></u>

Were uncollateralized securities listed the description in (2) above during the year greater than at \_\_\_\_\_ last day of your fiscal year? If yes, attach a statement listing the amount(s) and a date for this occurrence. If not, proceed.

Cash in state treasury and petty cash are not required to be reported in the note disclosure. However, in aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included in the balance sheet:

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**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE COMMISSIONER  
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

Cash in State Treasury	\$ _____
Posty cash	\$ _____

**D. RECEIVABLES**

At 6/30/02 (last day of fiscal year), the board/commission had net receivable balances, totaling \$0,712, as follows:

Class of Receivable	Governmental Funds		Total Receivables (FNU)
	General Fund	Special Revenue	
Assessments	_____	_____	_____
Accrued interest receivable	_____	_____	_____
Hearing costs	_____	_____	_____
Fines	_____	_____	_____
Other (identify)	_____	_____	_____
APR Law	_____	_____	_____
Bills	88,712	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Loss allowance for doubtful accounts	_____ X _____	_____ X _____	
Total receivables, net	88,712	_____	_____

**E. GENERAL FIXED ASSETS**

Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost. (If historical cost is not available, describe alternate method of valuation and disclose the extent to which fixed assets have been estimated.)

**UNAUDITED**

**LOUISIANA STATE BORING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
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Notes to the Financial Statements (Continued)

A summary of changes in general fixed assets follows:

	<u>Balance at</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u>
	<u>Beginning</u>			<u>Ending</u>
Land	_____	_____	_____	_____
Buildings	_____	_____	_____	_____
Equipment	<u>\$8,333</u>	_____	_____	<u>\$8,333</u>
Construction-in progress	_____	_____	_____	_____
Total	<u>\$8,333</u>	_____	_____	<u>\$8,333</u>

**F. PAYABLES**

At 2022 (the last day of your fiscal year), the board/commission had payables totaling \$24,128 as follows:

<u>Class of Payables</u>	<u>Governmental Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Purposes</u>	
Accounts payable	<u>\$73,828</u>	_____	<u>\$73,828</u>
Taxes payable	_____	_____	_____
Salaries payable	_____	_____	_____
Payroll deductions payable	<u>700</u>	_____	<u>700</u>
Other: (Identify)	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total payables	<u>\$24,128</u>	_____	<u>\$24,128</u>

LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Years Ended June 30, 2000, and June 30, 2001

**COMPENSATION PAID BOARD MEMBERS**

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1970 Session of the Louisiana Legislature.

The chairman is entitled to receive \$10,000 per year, the vice-chairman \$8,400 per year, the secretary \$7,200 per year, and the four other members of the commission \$4,200 each per year, as authorized by Louisiana Revised Statute 43:7.

LOUISIANA STATE BOCCING AND  
WRESTLING COMMISSION  
OFFICE OF THE GOVERNOR  
STATE OF LOUISIANA

Schedule of Compensation Paid Board Members  
For the Years Ended June 30, 2002, and June 30, 2001

	<u>2002</u>	<u>2001</u>
Fielding Lewis, Chairman	\$18,080	\$18,080
Buddy Simonsino, Vice Chairman	7,080	7,080
Alan Tipton, Secretary-Treasurer	8,480	8,480
Dusty Cheever	4,520	4,520
Jimmy LaCaze	4,520	4,520
Mike Custalano	4,520	4,520
William Hall	4,520	4,520
	<u>\$49,600</u>	<u>\$49,600</u>
Total		

**OTHER REPORT 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 S. KYLL, Ph.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-7097

PO BOX 10000  
10000 P.O. BOX 10000  
BATON ROUGE, LA 70804-1000  
TELEPHONE: 225-383-2888  
FACSIMILE: 225-383-2870

October 15, 2002

Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Engagement to Audit the Basic Financial Statements

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION  
OFFICE OF THE COMMISSIONER  
STATE OF LOUISIANA  
New Orleans, Louisiana**

We were engaged to audit the basic financial statements of the Louisiana State Boxing and Wrestling Commission, a component unit of the State of Louisiana, as of June 30, 2002, and June 30, 2001, and for the years then ended, and have issued our report thereon dated October 15, 2002. Our audit was to have been conducted in accordance with auditing standards generally accepted in the United States of America 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 these provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards:

**Failure to Submit Budget**

For the fourth consecutive audit, the Louisiana State Boxing and Wrestling Commission did not comply with budget requirements of Louisiana Revised Statutes (R.S.) 30:1301-1342, known as the Louisiana Licensing Agency Budget Act. Louisiana law requires the commission to prepare an annual comprehensive budget and submit it no later than January 1 to the Department of Economic Development effective 2002 to the Office of the Governor, the Joint Legislative Committee on Budget, and other legislative committees and agencies. The budget should include a statement showing 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 submitted its annual

## LEGISLATIVE AUDITOR

**LOUISIANA STATE BOXING AND  
WRESTLING COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**STATE OF LOUISIANA**  
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comprehensive budget for fiscal years ended June 30, 2001 and 2002 after the due date of January 1, 2000 and 2001, respectively.

Without timely 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).

### **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 commissioner of administration and P.S. 39:325. 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 controls require that adequate 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 movable items is monitored and updated frequently; and (3) the amounts reported in the financial statements are materially correct. In a review of the Louisiana Property Assistance Agency (LPAAG) Management System reports, we noted the following:

1. The commission did not adjust the June 30, 2001 or June 30, 2002, movable property balance for equipment items under \$1,000, totaling \$2,601, which was paid on August 28, 2001, by LPAAG.
2. The commission did not submit its Annual Certification of Property Inventory for fiscal year 2001, which was due to LPAAG on September 11, 2001.

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.

## LEGISLATIVE AUDITOR

### LOUISIANA STATE BOXING AND WRESTLING COMMISSION OFFICE OF THE GOVERNOR STATE OF LOUISIANA

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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 2).

#### 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 sixth consecutive audit, the Louisiana State Boxing and Wrestling Commission did not provide proper internal control 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 accounting principles generally accepted in the United States of America. The following deficiencies in the internal controls and the accounting records were identified:

#### Cash

Of 85 deposits tested, totaling \$28,174, four deposits did not have supporting documentation. Of 11 deposits for which copies of checks or tax reports are available for examination, 13 checks totaling \$16,457 were deposited 2 to 89 days after the date on the check or on the Cash Receipts and Tax Report. The average number of days to deposit is 16 days.

## LEGISLATIVE AUDITOR

LOUISIANA STATE BOXING AND  
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### Revenues

1. The commission did not maintain adequate records on licenses issued. The licenses are not pre-numbered. Of seven deposits of license fees examined, two did not have supporting documentation. Therefore, there are no assurances that the amounts collected for issued licenses were equal to the amounts deposited. The amounts deposited relating to licenses totaled \$24,205 and \$20,275 during the years ended June 30, 2002, and June 30, 2001, respectively.
2. Of 15 revenue deposits tested, four (27%) did not have any supporting documentation. Because of these deficiencies, there is no audit trail, and we could not be assured that all the revenues earned were collected and deposited.

### Expenditures

The commission did not maintain accurate and complete accounting records over expenditures. In a test of 28 cash disbursements, totaling \$8,667, ten (36% or \$4,322) did not have any supporting documentation.

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 3).

### Inaccurate and Incomplete Annual Fiscal Report

The Louisiana State Boxing and Wrestling Commission did not submit an accurate and complete Annual Fiscal Report (AFR) to the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP) for the year ended June 30, 2002. R.S. 39:79 requires that a sworn statement be prepared in the format devised and approved by the commissioner of administration, and the affidavit attached to the AFR states that the financial statements present fairly the financial position of the commission. The commission's AFR included the following errors, omissions, or inconsistencies:

LEGISLATIVE ASSISTANT

LOUISIANA STATE BORING AND  
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**Management's Discussion and Analysis (MD&A)**

- In Financial Highlights, the amount that assets exceeded its liabilities at the close of fiscal year 2002 is overstated by \$12,846, and the increase in net results from activities is omitted.
- Numerous sections of the MD&A were blank including the Statement of Revenues, Expenses, and Changes in Fund Net Assets; Capital Assets; Variations between Original and Final Budgets, and Economic Factors and Next Year's Budgets and Rates.

**Statement of Net Assets - Statement A**

- Total net assets was omitted from Statement A.
- Total liabilities and net assets are not correct. The error is related to the omission of net assets.

**Statement of Revenues, Expenses, and Changes in Fund Net Assets - Statement B**

- The change in net assets was omitted.
- Total net assets - beginning was omitted.
- Total net assets - ending is incorrect and does not agree to net assets on Statement A, as a result of the change in net assets and net assets being omitted on Statement B.

**Statement of Activities - Statement C**

- Change in net assets does not agree to Statement B as a result of the omission on Statement B.
- Net assets - beginning was omitted.
- Net assets - ending is incorrect due to the omission of net assets - beginning.

**Statement of Cash Flows - Statement D**

- Cash and cash equivalents at the beginning of the year is overstated by \$11,323.
- Cash and cash equivalents at the end of the year does not agree to cash on Statement A in that cash is understated by \$2,208.

**EXHIBIT A**

## LEGISLATIVE ACTION

**LOUISIANA STATE BOXING AND  
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- The reconciliation of operating income (loss) to net cash provided (used) by operating activities is incorrect and does not agree to cash flows from operating activities on the Statement of Cash Flows.

#### **Notes to the Financial Statements**

- The commission did not prepare the accompanying notes to the financial statements to comply with reporting under Governmental Accounting Standards Board Statement 34.
- The notes to the financial statements contained incomplete and missing information.

An adequate control system allows the accurate preparation of financial statements and includes the review of the financial statements to ensure that accurate reporting of all assets and liabilities at year-end and the results of operations for the fiscal year. The commission has not exercised due care in preparing the AFR and has not reviewed the AFR for errors or omissions. Failure to accurately prepare and review the financial statements increases the risk that errors, omissions, and fraud may occur and not be detected in a timely manner.

The commission should ensure that due care is exercised in preparing the financial statements and should review financial information and note disclosures to detect and correct errors in the AFR before submitting that information to the Division of Administration. Management of the commission concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 4).

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.

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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 those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daniel G. Kjae, CPA, CFE  
Legislative Auditor

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encl

## Appendix A

### Management's Corrective Action Plans and Responses to the Findings and Recommendations



DR. M.L. "BARK" FOSTER  
Governor



# LOUISIANA STATE BOXING AND WRESTLING COMMISSION

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

Mr. Daniel G. Kyle  
Legislative Auditor  
State of Louisiana  
Nixon Center Suite 268  
2400 Veterans Blvd.  
Kenner, La. 70062

Dear Mr. Kyle:

In reference to your letter of SEPTEMBER 9, 2002 regarding the audit of the Louisiana State Boxing and Wrestling Commission, please find the official response to your findings on the audit.

Reference Matter : BUDGET REQUIREMENT

We do concur with the findings of the auditor that the budgets were filed late but they were filed. Budgets will be filed on a timely basis from now on.

Sincerely,

  
Fred King Lewis  
Chairman



# LOUISIANA STATE BOXING AND WRESTLING COMMISSION

P.O. Box 848188 New Orleans, Louisiana  
70184-0188

Mr. David G. Kyle  
Legislative Auditor  
State of Louisiana  
Nixon Center Suite 208  
2400 Veterans Blvd.  
Kenner, La. 70062

Dear Mr. Kyle:

In reference to your letter of SEPTEMBER 9, 2000 regarding the audit of the Louisiana State Boxing and Wrestling commission, please find the official response to your findings on the next.

**Referred Matter : CONTROLS OVER MOVABLE PROPERTY**

We do concur with the findings of the auditors that the fixed assets were not purged for items less than \$1,000.00. We will file the Annual Certification of Property.

Sincerely,  
  
Fielding Lewis  
Chairman

# LOUISIANA STATE BOXING AND WRESTLING COMMISSION

P.O. Box 948188 New Orleans, Louisiana  
70184-0188



Mr. Daniel G. Kyle  
Legislative Auditor  
State of Louisiana  
Knox Centre Bldg 208  
2400 Veterans Blvd.  
Kenner, La. 70002

Dear Mr. Kyle:

In reference to your letter of SEPTEMBER 9, 1982 regarding the audit of the Louisiana State Boxing and Wrestling Commission, please find the official response to your findings on the audit.

#### Reference Matter: Revenue and Expenditures

We do agree with the findings of the auditors, however, we need to have a change in the by law requiring receipts not deposited on a timely basis.

We have taken action on making deposit, issuing licenses and paying invoices.

The Louisiana State Boxing and Wrestling Commission will have to change the by-laws concerning time to deposit taxes and licenses for various Boxing events.

Sincerely,

  
Harding Lewis  
Chairman



# LOUISIANA STATE BOXING AND WRESTLING COMMISSION

P.O. Box 84088 New Orleans, Louisiana  
70284-0188

OCTOBER 31, 2002

Mr. Daniel G. Kyle  
Legislative Auditor  
State of Louisiana  
Kaiser Center Suite 208  
2480 Veterans Blvd.  
Kenner, La. 70002

Dear Mr. Kyle:

In reference to your letter of September 10 2002 regarding the audit of the Louisiana State Boxing and Wrestling Commission, please find the official response to your findings on the audit.

#### Reference Matter : **Inaccurate and Incomplete Annual Fiscal Report**

We do concur with the findings of the auditors, however with the new Annual Fiscal Report change in 2002 and the auditors wanting to start the audit as soon as possible the report was completed in a real rush . After filling the initial report and was able to review the report, I noted some of the exceptions taken by the auditors. I asked to resubmit a corrected report and I was told that it was too late to make changes and the report would have to remain as filed.

We will file the future reports on time and correct. However, we feel that if our auditors want to get a head start on the audit we should have the ability to make changes until the report is due in September.

Sincerely,  
*Stacy White*  
Pickling Lewis  
Chairman