

ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED MARCH 12, 2008

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

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

January 14, 2008

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

DR. STEPHEN T. HULBERT, PRESIDENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Thibodaux, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of Nicholls State University (university), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the Nicholls State University Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2007, and to assist you in your evaluation of the effectiveness of the Nicholls State University Athletic Department's internal control over financial reporting as of June 30, 2007. University management is responsible for the Statement (unaudited) and related notes (unaudited) and compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of Nicholls State 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 of the intercollegiate athletics program, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, and other information as we considered necessary for the year ended June 30, 2007.

We found no exceptions as a result of these procedures.

2. We verified the mathematical accuracy of the amounts on the Statement and agreed the amounts to supporting schedules provided by the university and 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.

During the fiscal year ended June 30, 2007, the internal auditor issued one internal audit report on the athletic department. No findings were reported.

4. We compared each operating revenue and expense category for June 30, 2006, and June 30, 2007, to identify variances of 5 percent or greater between individual revenue and expense categories (line items) that are 5 percent or more of the total. We obtained and documented the university's explanations for any significant variations.

We identified variances of 5 percent or greater in the following revenue and expense categories that are 5 percent or more of the total:

<u>Revenues</u>	<u>Expenses</u>
Education and General Transfers	Salaries
Game Guarantees	Related Benefits
NCAA Receipts	Travel
In-kind Contributions	Operating Services
Outside Funds	Supplies
	Scholarships
	Other Charges
	Equipment

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year ended June 30, 2007, to identify any variances of 25 percent or greater in individual revenue and expense categories (line items) that are 5 percent or more of the total. We obtained and documented the university's explanations for any significant variations.

As a result of our procedures, we identified variances in in-kind contributions, outside funds, and miscellaneous revenues, salaries and other charges expenses that were 25 percent or greater between budget and actual amounts and 5 percent or more of the total.

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 sample of one football, one basketball, and one baseball game. We recalculated the reconciliations for the games tested.

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

3. We randomly selected one away game with game guarantee settlements and agreed the amounts to the general ledger and to the contractual settlements. We recalculated the settlement report for the game tested.

We found no exceptions as a result of these procedures.

4. We compared direct state or other governmental support recorded by the university during the period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation.

We found no exceptions as a result of this procedure.

5. We compared direct institutional support, if any, 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 inquired as to the university's participation in revenues from indirect institutional support recorded by the university during the period.

The university did not have any revenues that included indirect institutional support during the period.

7. Based on the relevant terms and conditions of one randomly selected 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. We inquired as to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the period.

The university did not earn any revenue from television, radio, and Internet rights during the period.

9. Based on the relevant terms and conditions of 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 obtained a schedule(s) listing all sports-camp contract(s) between the university and the person(s) 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. We randomly selected individual camp participant cash receipts from the schedule(s) and agreed each selection to the general ledger and/or the Statement based on the university's methodology for recording revenues for the camps and recalculated the totals.

We found no exceptions as a result of these procedures.

11. We inquired as to the university's participation in endowment agreements and investment income received in support of the athletic department during the period.

The university did not have any endowment agreements or receive revenues from investment income in support of the athletic department during the period.

12. We randomly selected one program sale, concession, novelty sale, and parking receipt revenue and agreed to adequate supporting documentation. We recalculated the total.

We found no exceptions as a result of this procedure.

13. We randomly selected 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 this procedure.

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 and 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) We 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) We obtained and inspected W-2s and 1099s for each selection.
- (c) We 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 of management whether any coaches and support staff/administrative personnel were paid by third parties during the period.

None of the coaches and support staff/administrative personnel were paid by third parties during the period.

5. Using a list prepared by the university, we randomly selected one athletic employee with severance payments and agreed the severance pay to the related termination letters or employment contracts. We recalculated the total.

We found no exceptions as a result of these procedures.

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 these procedures.

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 these procedures.

8. We reviewed the Statement for indirect facilities support and indirect institutional support totals reported by the university to determine if it is presented in accordance with the university's methodology for allocating indirect facilities support and indirect institutional support.

The university did not report any amounts for indirect facilities support and indirect institutional support during the period.

9. We inquired of management to compare indirect facilities and administrative support reported by the university in the Statement to the corresponding revenue category (indirect facilities and administrative support) reported by the university in the Statement.

The university did not report any amounts for indirect facilities and administrative support during the period.

10. We randomly selected a sample of two equipment, uniform, and supply 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 as to whether the university had any sports-camp expenses during the period.

The university did not incur any expenses related to sports-camps during the period.

14. We inquired as to whether the university had any direct facilities, maintenance, and rental expenses during the period.

The university did not incur any direct facilities, maintenance, and rental expenses during the period.

15. We inquired as to whether the university had any spirit group expenses during the period.

The university did not incur any spirit group expenses during the period.

16. We randomly selected a sample of one medical and medical insurance expense 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 two 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 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.

None of the contributions exceeded 10 percent of the total, except those received from the Nicholls State University Foundation.

2. We obtained and reviewed 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 agreed the schedule of changes to the university's general ledger. We ensured that the university's policies, 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 as to the university's repayment schedules for any 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 representation from management of the university that the Nicholls State University Foundation is the only outside organization that was 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 the Nicholls State University Foundation to be included with the agreed-upon procedures report. We obtained written representations as to the fair presentation of the summary and agreed the amounts reported to the organization's and university's general ledger.

We found no exceptions as a result of these procedures.

Revenues	
Game guarantees	\$122,031
Contributions	207,281
Other	11,187
Total revenues	340,499
 Expenses	
Student aid	18,732
Support staff/administrative salaries, benefits, and bonuses paid by university and related entities	447
Recruiting	7,982
Travel	10,906
Equipment, uniforms, and supplies	162,132
Game expenses	5,680
Memberships and/or dues	939
Other	119,534
Total expenses	326,352
EXCESS OF REVENUES OVER EXPENSES	\$14,147

3. For all outside organizations that had any independent audit, we obtained the independent auditor's report to identify 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 Nicholls State University Foundation, Incorporated, were audited by an independent certified public accounting firm for the year ended June 30, 2007. The audit report is dated December 18, 2007, and included no reportable conditions relating to the outside organization's internal controls.

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 Nicholls State University's Athletic Department or on its compliance with NCAA Bylaw 6.2.3 or on the effectiveness of the Nicholls State University Athletic Department's internal control over financial reporting for the year ended June 30, 2007. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the president of Nicholls State University and is not intended to be, and should not be, used by anyone other than the president. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

KML:JR:PEP:dl

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

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

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating Revenues:						
Ticket sales	\$104,906	\$17,788	\$12,993	\$11,263		\$146,950
Student fees					\$234,150	234,150
Guarantees	410,000	310,000	41,300	11,550	87,031	859,881
Contributions	100,591	16,832	10,525	89,631	306,452	524,031
Direct state or other governmental support					2,942,863	2,942,863
NCAA/Conference distributions including all tournament revenues					194,967	194,967
Program sales, concessions, novelty sales, and parking	10,334	1,092	346	1,995	(12)	13,755
Royalties, licensing, advertisements, and sponsorships					3,420	3,420
Sports-camp revenues			200	1,100		1,300
Other	584	5,741	321	2,115	163,228	171,989
Total operating revenues	<u>626,415</u>	<u>351,453</u>	<u>65,685</u>	<u>117,654</u>	<u>3,932,099</u>	<u>5,093,306</u>
EXPENSES						
Operating expenses:						
Athletics student aid	416,274	99,780	82,154	498,104	36,614	1,132,926
Guarantees	65,412	4,591		3,120		73,123
Coaching salaries, benefits, and bonuses paid by the university or related entities	392,335	140,783	130,161		415,939	1,079,218
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	35,762	1,891	1,330	5,131	800,898	845,012
Severance payments	2,905	2,663	3,147	7,590	13,555	29,860
Recruiting	27,301	20,265	11,472	27,771	171	86,980
Team travel	127,294	65,846	52,118	221,255	4,809	471,322
Equipment, uniforms, and supplies	81,363	20,387	11,158	110,090	291,509	514,507
Game expenses	23,800	19,350	13,500	30,253	19,402	106,305
Fund raising, marketing, and promotion	618				34,909	35,527
Medical expenses and medical insurance					26,888	26,888
Memberships and dues		300	610	1,640	2,799	5,349
Other operating expenses	37,176	23,493	11,040	30,862	367,493	470,064
Total operating expenses	<u>1,210,240</u>	<u>399,349</u>	<u>316,690</u>	<u>935,816</u>	<u>2,014,986</u>	<u>4,877,081</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>(\$583,825)</u>	<u>(\$47,896)</u>	<u>(\$251,005)</u>	<u>(\$818,162)</u>	<u>\$1,917,113</u>	<u>\$216,225</u>

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1. CONTRIBUTIONS

No individuals or outside organizations, other than the Nicholls State University Foundation, contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10 percent of the total contributions included in Statement A.

2. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the university's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized, but the university does not have any infrastructure that meets that criterion. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. All departments within the university follow standardized policies and procedures prescribed by state laws and regulations for acquiring, approving, depreciating, and disposing of capital assets. The university has no debt associated with its athletic department's capital assets.

Capital asset activity for the athletic department for the year ended June 30, 2007, is as follows:

	Balance June 30, 2006	Prior Period Adjustment	Adjusted Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007
Land improvements	\$735,780		\$735,780	\$500,000		\$1,235,780
Less - accumulated depreciation	(343,804)		(343,804)	(43,809)		(387,613)
Total land improvements	<u>391,976</u>	<u>NONE</u>	<u>391,976</u>	<u>456,191</u>	<u>NONE</u>	<u>848,167</u>
Buildings	2,778,927		2,778,927			2,778,927
Less - accumulated depreciation	(2,212,963)		(2,212,963)	(69,473)		(2,282,436)
Total buildings	<u>565,964</u>	<u>NONE</u>	<u>565,964</u>	<u>(69,473)</u>	<u>NONE</u>	<u>496,491</u>
Equipment	541,012	(\$6,200)	534,812	20,692		555,504
Less - accumulated depreciation	(418,398)	48,426	(369,972)	(63,448)		(433,420)
Total equipment	<u>122,614</u>	<u>42,226</u>	<u>164,840</u>	<u>(42,756)</u>	<u>NONE</u>	<u>122,084</u>
Total Other Capital Assets	<u>\$1,080,554</u>	<u>\$42,226</u>	<u>\$1,122,780</u>	<u>\$343,962</u>	<u>NONE</u>	<u>\$1,466,742</u>
Capital Asset Summary:						
Capital assets at cost	\$4,055,719	(\$6,200)	\$4,049,519	\$520,692		\$4,570,211
Less - accumulated depreciation	<u>(2,975,165)</u>	<u>48,426</u>	<u>(2,926,739)</u>	<u>(176,730)</u>		<u>(3,103,469)</u>
Capital assets, net	<u>\$1,080,554</u>	<u>\$42,226</u>	<u>\$1,122,780</u>	<u>\$343,962</u>	<u>NONE</u>	<u>\$1,466,742</u>

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