

LEGISLATIVE AUDITOR

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Audit Report, June 30, 1996

**EXPENDITURES OF OUTSIDE ORGANIZATION
MADE FOR OR IN BEHALF OF THE NICHOLLS
STATE UNIVERSITY INTERCOLLEGIATE ATHLETICS
PROGRAM**

**Review of Financial Activities
of Outside Organizations**

We obtained written representation from management of the university that the Colonel's Club was the only outside organization created for or in behalf of the athletic department. In addition, we obtained from the university a statement of activities for the year ended June 30, 1996, for the Colonel's Club and traced the figures from the statements to the university athletic department's general ledger. Figures from the Colonel's Club account were traced to the club's supporting records. We also reconciled the expenses incurred by the outside organization for or in behalf of the athletic department to the statement of revenues and expenditures, and we reconciled direct payments of the outside organization to the accounting records of the university and to the revenues reported on the statement of revenues and expenditures (Statement A). The financial activity of the Colonel's Club account within the Nicholls College Foundation, Incorporated, for the year ended June 30, 1996, is as follows:

Fund balance, July 1, 1995	\$68,487
Revenue and other support (donation, fund-raisers, etc.)	24,478
Transfer to Nicholls State University Athletic Agency Fund	(70,518)
Expenses for or in behalf of the Nicholls State University Athletic Department - direct reimbursements	<u>(3,449)</u>
Fund balance, June 30, 1996	<u><u>\$18,998</u></u>

The university receives monthly financial statements from the booster club as a basis to monitor spending of the organization for athletics. The Nicholls College Foundation's statements are audited annually by an independent certified public accounting firm.

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Audit Report, June 30, 1996

INTERNAL CONTROL POLICIES AND PROCEDURES RELATING TO INTERCOLLEGIATE ATHLETICS - AGREED-UPON PROCEDURES

Management of Nicholls State University is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors and/or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The minimum agreed-upon procedures, applied to certain aspects of the athletic department's internal accounting control, were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Because our study and evaluation was limited to applying minimum agreed-upon procedures discussed in the following paragraphs to certain aspects of the internal accounting control, we do not express an opinion on whether the system of internal accounting control of the Nicholls State University Athletic Department, in effect for the year ended June 30, 1996, taken as a whole, was sufficient to meet the objectives stated previously. In connection with our applied procedures, we noted certain opportunities for improvement in the system of internal accounting control. Our minimum agreed-upon procedures are as follows:

Test of the Internal Control Environment

We performed a preliminary review of the internal accounting control of the athletic department by reviewing the organizational chart prepared by the associate athletic director and by performing tests on the flow of transactions through the accounting system.

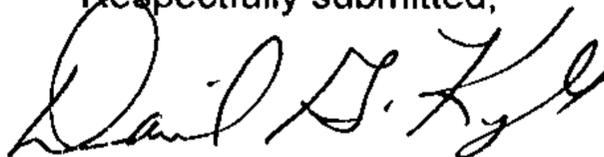
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STATE OF LOUISIANA
Audit Report, June 30, 1996

Booster Group Activities

We reviewed the university's procedures for monitoring booster group activities. The vice president for Institutional Advancement, who is an ex-officio member on the board of the Nicholls College Foundation, Incorporated, and to whom the athletic director reports, attends board meetings and receives annual financial statements from the foundation. In addition, the associate athletic director maintains the financial records of the Colonel's Club account within the foundation.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

LL:LWM:dl

[NSU-NCAA]

LEGISLATIVE AUDITOR

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Audit Report, June 30, 1996

STATEMENT OF REVENUES AND EXPENDITURES

Test of Statement

We obtained from management the statement of revenues and expenditures for the year ended June 30, 1996, as shown on Statement A, and requested written representation from management as to its fair presentation. In addition, we verified the mathematical accuracy of the amounts on the statement and traced the amounts on the statement to various accounts in the revenue and expenditure ledgers of the university. We noted no differences between the amounts in the revenue and expenditure ledgers and the amounts on the statement.

Comparison of Statements

We compared the statements of revenues and expenditures for June 30, 1995, and June 30, 1996, to determine the percentage of increase or decrease between the two years. The university provided satisfactory responses for any material variances between the two years.

Comparison of Budget to Actual Revenues and Expenditures

We compared the amount of budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1996, to determine if there were any material budget variances. The university provided satisfactory responses for any material variances between budgeted and actual amounts.

Contributions Exceeding Ten Percent of Total Contributions

We obtained from management a list of contributions received by the athletic department and determined that there was one individual contribution, from State Farm Insurance Companies totaling \$27,660, that exceeded ten percent (\$21,679) of the total contributions.

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

Notes to the Financial Statement
For the Year Ended June 30, 1996

INTRODUCTION

Nicholls State University is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana within the executive branch of government. The Nicholls State University Athletic Department, which operates the intercollegiate athletics program, is a part of Nicholls State University. The accompanying financial statement presents information only as to the transactions of the Nicholls State University Athletic Department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

To observe limitations and restrictions placed on the use of available resources, the *accounts of Nicholls State University are maintained in accordance with the principles of fund accounting*. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with the activities or specified objectives. Accounts are maintained for the transactions of the athletic department as follows:

Current Funds - Unrestricted

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriation act, and include the General Fund and auxiliary enterprise funds. The auxiliary enterprise funds include the accounts of the athletic department.

Agency Funds

This fund group represents funds for which the university acts as custodian or fiscal agent on behalf of others, such as contributions and interest earnings of the athletic department.

B. BASIS OF ACCOUNTING

The accounts of the athletic department are maintained on the accrual basis of accounting as follows:

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Nicholls State University
State of Louisiana
Thibodaux, Louisiana

April 23, 1997



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Financial and Compliance Audit Division

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

LEGISLATIVE AUDITOR

ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statement (Continued)

Revenues

Substantially all revenues are recognized when earned.

Expenditures

Expenditures are generally recognized under the accrual basis of accounting when incurred, except that (1) depreciation is not recognized; (2) annual and sick leave are recognized when paid; and (3) faculty salaries and related benefits for June are not prorated but are deferred to the succeeding year.

C. EMPLOYEE COMPENSATED ABSENCES

Employees of the university working in the athletic department earn annual and sick leave in accordance with state law and administrative regulations. Leave benefits are reflected in the accompanying financial statement when paid.

D. TOTAL COLUMN ON STATEMENT

The total column on Statement A is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CONTRIBUTIONS (GIFTS-IN-KIND)
FROM OUTSIDE ORGANIZATIONS**

The following is a summary of contributions-in-kind received and reported as revenues and expenditures on Statement A:

Revenues

Automobile dealerships - use of one courtesy car each:	
J. Graham Dodge, Inc.	\$3,000
Dantin Motors, Inc.	3,000
Greg LeBlanc Nissan	3,000
Brown Ford, Inc.	3,000
Geri LeBlanc Pontiac Buick GMC Truck	3,000
Howard Johnson - lodging for recruits on official visits	2,500
Chiropractic and Physical Therapy Clinic, Inc. - chiropractic and physical therapy services	3,000

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**
Notes to the Financial Statement (Concluded)

Revenues (Cont.)

Kern's Drycleaning, Inc. - laundry services	\$1,500
Bayou Country Club - use of golfing facilities	100
Ellendale Country Club - use of golfing facilities	200
Thibodaux Driving Range - use of golfing facilities	1,500
E. D. White High School - use of track	500
Johnny's Men's Shop - uniform clothing for athletic events	3,000
Piccadilly Cafeteria - postgame meals and catering services	3,000
Bollinger Shipyard, Inc. - football blocking sled	795
Anlyn Systems, Inc. - facsimile services	<u>250</u>
 Total revenues	 <u><u>\$31,345</u></u>

Expenditures

Operating services	\$19,050
Travel	2,500
Supplies	6,000
Professional services	3,000
Equipment	<u>795</u>
 Total expenditures	 <u><u>\$31,345</u></u>

**3. OUTSIDE ORGANIZATIONS CREATED
FOR OR IN BEHALF OF THE NICHOLLS
STATE UNIVERSITY INTERCOLLEGIATE
ATHLETICS PROGRAM**

The Colonel's Club is the only outside organization created for or in behalf of the Nicholls State University Intercollegiate Athletics Program. The accounts for this club are maintained as an athletic agency fund of Nicholls State University and as an account within the Nicholls College Foundation, Incorporated, which is a separate corporation. The athletic director and the associate athletic director determine the amounts transferred to the University Athletic Agency Fund for the Foundation.

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

**Statement of Revenues and Expenditures
For the Year Ended June 30, 1996**

	(PORTION OF) CURRENT FUNDS - UNRESTRICTED - AUXILIARY ENTERPRISE FUND	ATHLETIC AGENCY FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Education and general transfers	\$1,570,000		\$1,570,000
Gate receipts	89,975		89,975
Guarantees	232,000		232,000
Commissions	4,954		4,954
NCAA receipts	298,360		298,360
In-kind contributions (note 2)		\$31,345	31,345
Outside funds (note 3)		257,308	257,308
Miscellaneous	14,824		14,824
Total revenues	<u>2,210,113</u>	<u>288,653</u>	<u>2,498,766</u>
EXPENDITURES			
Personal services and related benefits	862,428	45,309	907,737
Travel	211,019	39,765	250,784
Operating services	184,363	39,005	223,368
Supplies	76,399	68,818	145,217
Professional services	164,747	4,450	169,197
Guarantees	5,750		5,750
Scholarships	641,688		641,688
Other charges	2,095	30,648	32,743
Equipment	292	1,049	1,341
Total expenditures	<u>2,148,781</u>	<u>229,044</u>	<u>2,377,825</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$61,332</u>	<u>\$59,609</u>	<u>\$120,941</u>



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

March 20, 1997

Independent Auditor's Report
(including section on internal control)

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Thibodaux, Louisiana

We have audited the general purpose financial statements of Nicholls State University, a component of the State of Louisiana reporting entity, as of June 30, 1996, and for the years ended June 30, 1996, and June 30, 1995, and have issued our report thereon dated December 19, 1996. As requested by the university, we have also applied certain minimum agreed-upon procedures contained in the *National Collegiate Athletic Association Financial Audit Guidelines* to the accounting records and system of internal accounting control of the Nicholls State University Athletic Department and to the related outside organization created for or in behalf of the university's Intercollegiate Athletics Program for the year ended June 30, 1996, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. It is understood that this report is solely for your information. However, by provisions of state law, this report is a public document and has been distributed to the appropriate public officials.

Because the following minimum agreed-upon procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items on the accompanying statement of revenues and expenditures of the athletic department or on the summary of financial information of the related outside organization included in this report. In connection with the following minimum agreed-upon procedures, nothing came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Program and the related outside organization of the Nicholls State University, in accordance with generally accepted governmental auditing standards, matters might have come to our attention that would be reported to you. This report relates only to the accounts and items discussed on the following pages and does not extend to the financial statements of Nicholls State University, its Intercollegiate Athletics Program, or the related outside organization taken as a whole. Our minimum agreed-upon procedures follow:

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

**Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 1996**

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LEGISLATIVE AUDITOR

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**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**
Thibodaux, Louisiana

Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 1996

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 office of the Legislative Auditor and at the office of the parish clerk of court.

April 23, 1997