

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



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 14, 2007

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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BATON ROUGE, LOUISIANA 70804-9397**

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January 11, 2007

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, 2006. 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.

Our procedures and associated findings are as follows:

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the fair presentation of the Statement, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, and other information we considered necessary for the year ended June 30, 2006. We also verified the mathematical accuracy of the amounts on the Statement and agreed the amounts to supporting schedules provided by the university and/or the university's general ledger.

We found no exceptions as a result of these procedures.

2. We obtained an understanding and tested the specific elements of the control environment and accounting systems that are unique to the university's intercollegiate athletics program.

We detected no deficiencies in the control environment and accounting systems of the university's intercollegiate athletics department 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 obtained reports issued by the internal auditor to support that auditor's involvement.

During the fiscal year ended June 30, 2006, the internal auditor issued one internal audit report on the athletic department. No findings were reported.

4. We compared each operating revenue and expense account for the intercollegiate athletics program recorded in the university's general ledger for June 30, 2005, and June 30, 2006, to identify variances of 5% or greater than \$50,000 for all individual revenue and expense accounts that are 5% or more of the total.

As a result of our procedure, we identified variances of 5% or greater than \$50,000 in the following revenue and expense accounts that are 5% or more of the total:

Revenues

Education and general transfers
Game guarantees
NCAA receipts
In-kind contributions
Outside funds

Expenses

Salaries
Related benefits
Travel
Operating services
Supplies
Other charges

5. We compared the budgeted revenues and expenses to actual revenues and expenses recorded in the university's general ledger for the year ended June 30, 2006, to identify any variances of 25% or greater in individual revenue and expense accounts that are 5% or more of the total.

As a result of our procedures, game guarantees, in-kind contributions, outside funds, and miscellaneous revenues were the only accounts with variances of 25% or greater that are 5% or more of the total.

**MINIMUM AGREED-UPON PROCEDURES
FOR REVENUES**

6. We obtained the football, baseball, and men's basketball game statements for all home games and compared the amounts reported to the revenue recorded in the general ledger and reported on the Statement. We randomly selected one cash receipts batch sheet of the ticket sales category and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

7. On a sample basis, for the football, baseball, and men's basketball away games with game guarantee settlements we agreed the amounts recorded in the general ledger to the contractual agreements. The settlement reports for the games tested were recalculated.

We found no exceptions as a result of this procedure.

8. We obtained and inspected agreements related to the university's participation in revenues from participation in revenues from NCAA/Conference tournaments and games during the fiscal year. We compared and agreed related revenues to the general ledger and/or the Statement and recalculated the totals.

We selected one operating revenue receipt from the NCAA/Conference distributions category and agreed it to adequate supporting documentation.

We found no exceptions as a result of this procedure.

9. We inquired as to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the period to obtain and inspect agreements and gain an understanding of relevant terms and conditions.

The university did not have any revenues from broadcasts, television, radio, and Internet rights during the period.

10. We selected two operating revenue receipts from the program sales, concessions, novelty sales, and parking category and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

11. We obtained and inspected agreements related to the university's participation in revenues from royalties, advertisements, and sponsorships during the period to gain an understanding of relevant terms and conditions. We compared and agreed related revenues to the general ledger and/or the Statement and recalculated the totals.

We found no exceptions as a result of these procedures.

12. We reviewed selected transactions for the women's basketball camps and the soccer camps, as well as the camps' participant lists, and agreed the information to the athletic department's ledger.

We found no exceptions as a result of this procedure.

13. We 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.

14. We determined that the educational and general amount transferred to the athletic department by the university was in accordance with the Board of Regents policy.

We found no exceptions as a result of this procedure.

**MINIMUM AGREED-UPON PROCEDURES
FOR EXPENSES**

15. We selected a sample of seven athletic scholarship expense transactions from the general ledger. We identified the students included in the seven transactions and 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 found no exceptions as a result of these procedures.

16. We selected the football, baseball, and men's basketball games with game guarantee expenses and agreed the amounts to the general ledger and to the contractual agreements. We recalculated the settlement reports for the games tested.

We found no exceptions as a result of this procedure.

17. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and paid by third parties. We examined the contracts for the head coaches from football, baseball, and men's and women's basketball, and we selected the three highest paid support staff/administrative personnel. The following procedures were performed:

- (a) We compared and agreed the financial terms and conditions to the related coaching salaries, benefits, and bonuses recorded by the university and related entities in the Statement and to the related other compensation and benefits paid by a third party and recorded by the university 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 amounts recorded by the university in the Statement during the reporting period.

We found no exceptions as a result of these procedures.

- 18. We inquired about any coaches' salaries paid by third parties during the reporting period to obtain and inspect a listing of coaches' salaries and compare and agree the financial terms and conditions of selected coaching salaries, benefits, and bonuses recorded by the university.

None of the coaches' salaries are paid by third parties.

- 19. Using a list prepared by the university, we selected the athletic employee with the highest severance payment, agreed the severance pay to the related termination letter or employment contract, and recalculated the total.

We found no exceptions as a result of this procedure.

- 20. We obtained and documented an understanding of the university's recruiting expense policies. We compared and agreed them to existing university and NCAA-related policies. We selected four recruiting expenses and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

- 21. We obtained an understanding of the university's team travel policies. We compared and agreed them to existing university and NCAA-related policies. We selected 10 team travel expenses and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

- 22. We selected two operating expense transactions from the equipment, uniforms, and supplies category and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

- 23. We selected four operating expenses from the direct facilities, maintenance, and rental categories and agreed them to adequate supporting documentation.

We found no exceptions as a result of this procedure.

- 24. We inquired about expenses incurred by spirit groups for travel.

The university incurred no travel expenses related to spirit groups during the fiscal year.

25. We selected six operating expenses from the other operating expense category and agreed them to adequate supporting documentation.

We found no exceptions as a result of this procedure.

26. We selected one operating expense from each category not previously mentioned above and agreed to adequate supporting documentation.

We found no exceptions as a result of this procedure.

27. We determined that the amount charged to the athletic department by the university for its share of university services was charged in accordance with university policy.

We found no exceptions as a result of this procedure.

28. We inquired about sports camp expenses paid by the athletic department, including non-athletic personnel salaries and benefits from hosting sports camps and clinics.

The athletic department incurred no sports camp expenses during the fiscal year.

**MINIMUM AGREED-UPON PROCEDURES
FOR NOTES AND DISCLOSURES**

29. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constitute more than 10% of the total contributions. We obtained and reviewed the supporting documentation for such contributions to ensure that the source of contributions as well as the value was disclosed within the notes to the Statement.

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

30. We obtained and reviewed a schedule of total intercollegiate athletics capitalized assets, additions, deletions, and improvements of facilities by type along with a description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets.

31. We agreed the capital asset schedule to the university's and/or affiliated and outside organizations' general ledger. We selected any capitalized addition that was greater than 10% of total capital additions and agreed recorded cost to adequate supporting documentation.

We found no exceptions as a result of this procedure.

32. We agreed the capitalized asset amounts in the notes to the university's general ledger.

We found no exceptions as a result of this procedure.

33. We inquired as to the repayment schedules for all outstanding intercollegiate athletics debt maintained by the university during the reporting period.

The university did not maintain any debt related to intercollegiate athletics during the period.

**MINIMUM AGREED-UPON PROCEDURES FOR
AFFILIATED AND OUTSIDE ORGANIZATIONS**

34. We obtained written representation from management of the university that the Nicholls State University Foundation was the only outside organization created for or on behalf of the athletic department.

35. We obtained from management a summary of revenues and expenses for or on behalf of the university's intercollegiate athletics program 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 ledgers.

We found no exceptions as a result of this procedure.

Revenues

Contributions	\$277,577
Total revenues	277,577

Expenses

Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	321
Team travel	30,560
Equipment	161,726
Medical expenses and medical insurance	350
Other operating expenses	84,620
Total expenses	277,577

EXCESS OF REVENUES OVER EXPENSES NONE

36. We obtained an understanding and tested the procedures used by the university to gather information on the nature and extent of affiliated and outside organizational activity for or on behalf of the university's intercollegiate athletics program.

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of booster group activity for or on behalf of the university's intercollegiate athletics program.

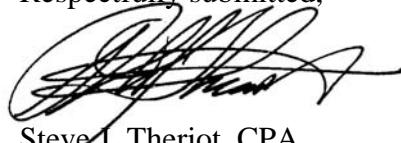
37. For all outside organizations that had an independent audit, we obtained the independent accountant's report to identify any reportable conditions relating to the outside organization's internal controls, to make inquiries of management, and to document any corrective action taken in response to the reportable condition.

The financial statements of the Nicholls State University Foundation, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2006. The audit report is dated November 16, 2006, and included no reportable conditions relating to the outside organization's internal controls.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Statement of Revenues and Expenses of the Nicholls State University Athletic Department. 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

JMJ:JR:PEP:ss

NSUNCAA06

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

**Statement of Revenues and Expenses
For the Year Ended June 30, 2006**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	\$74,247	\$12,625	\$6,989	\$13,531		\$107,392
Away - games' sales and guarantees	150,000	190,000	37,126	11,550		388,676
Contributions	10,010	6,385	15,505	94,203	\$406,802	532,905
Direct institutional support					2,782,601	2,782,601
NCAA/Conference distributions including all tournament revenues	6,970				252,964	259,934
Program sales, concessions, novelty sales, and parking	8,354	880	384	2,167		11,785
Royalties, advertisements, and sponsorships		3,789	500	1,936		6,225
Other	267		28	30	16,171	16,496
Total operating revenues	<u>249,848</u>	<u>213,679</u>	<u>60,532</u>	<u>123,417</u>	<u>3,458,538</u>	<u>4,106,014</u>
EXPENSES						
Operating expenses:						
Athletics student aid	443,007	88,012	88,722	389,390	21,094	1,030,225
Guarantees	39,214	11,400				50,614
Coaching salaries, benefits, and bonuses paid by the university or related entities	273,946	109,224	97,122	264,263	471,034	1,215,589
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	111,249	29,023	25,323	79,375	265,191	510,161
Severance payments	6,985	2,236		10,789	5,190	25,200
Recruiting	18,115	7,461	11,077	28,580	257	65,490
Team travel	86,795	51,005	45,757	132,394	32,186	348,137
Equipment, uniforms, and supplies	45,354	13,049	8,784	69,242	172,914	309,343
Game expenses	18,125	24,675	12,150	28,635	6,000	89,585
Fund raising, marketing, and promotion				510	26,944	27,454
Medical expenses and medical insurance					25,900	25,900
Memberships and dues		275		760	2,107	3,142
Other operating expenses	42,351	11,317	8,794	47,183	262,481	372,126
Total operating expenses	<u>1,085,141</u>	<u>347,677</u>	<u>297,729</u>	<u>1,051,121</u>	<u>1,291,298</u>	<u>4,072,966</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u><u>(\$835,293)</u></u>	<u><u>(\$133,998)</u></u>	<u><u>(\$237,197)</u></u>	<u><u>(\$927,704)</u></u>	<u><u>\$2,167,240</u></u>	<u><u>\$33,048</u></u>

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NOTES TO THE FINANCIAL STATEMENT (UNAUDITED)

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% 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 established 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, 2006, is as follows:

	Balance June 30, 2005	Prior Period Adjustment	Adjusted Balance June 30, 2005	Additions	Retirements	Balance June 30, 2006
Land improvements	\$735,780		\$735,780			\$735,780
Less - accumulated depreciation	(324,995)		(324,995)	(\$18,809)		(343,804)
Total land improvements	<u>410,785</u>	NONE	<u>410,785</u>	<u>(18,809)</u>	NONE	<u>391,976</u>
Buildings	2,778,927		2,778,927			2,778,927
Less - accumulated depreciation	(2,143,490)		(2,143,490)	(69,473)		(2,212,963)
Total buildings	<u>635,437</u>	NONE	<u>635,437</u>	<u>(69,473)</u>	NONE	<u>565,964</u>
Equipment	776,876	(\$234,664)	542,212	5,000	(\$6,200)	541,012
Less - accumulated depreciation	(371,284)	17,699	(353,585)	(71,013)	6,200	(418,398)
Total equipment	<u>405,592</u>	<u>(216,965)</u>	<u>188,627</u>	<u>(66,013)</u>	NONE	<u>122,614</u>
Total Other Capital Assets	<u>\$1,451,814</u>	<u>(\$216,965)</u>	<u>\$1,234,849</u>	<u>(\$154,295)</u>	NONE	<u>\$1,080,554</u>
Capital Asset Summary:						
Capital assets at cost	\$4,291,583	(\$234,664)	\$4,056,919	\$5,000	(\$6,200)	\$4,055,719
Less - accumulated depreciation	(2,839,769)	17,699	(2,822,070)	(159,295)	6,200	(2,975,165)
Capital assets, net	<u>\$1,451,814</u>	<u>(\$216,965)</u>	<u>\$1,234,849</u>	<u>(\$154,295)</u>	NONE	<u>\$1,080,554</u>

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