

ATHLETIC DEPARTMENT  
NORTHWESTERN STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT  
ISSUED FEBRUARY 10, 2010

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA

January 12, 2010

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

**DR. RANDALL J. WEBB, PRESIDENT  
NORTHWESTERN STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**  
Natchitoches, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of Northwestern State University (university), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the Northwestern State University Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2009, and to assist you in your evaluation of the effectiveness of the Northwestern State University Athletic Department's internal control over financial reporting as of June 30, 2009. 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 Northwestern 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 our 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, 2009. We also 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.

2. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletics program and we found that the university's internal auditor had not issued any internal audit reports during the period.
3. We compared each operating revenue and expense category for June 30, 2008, and June 30, 2009, to identify variances of 20 percent or greater between individual revenue and expense categories (line items) that are 10 percent or more of the total.

As a result of our procedure, we identified the expense account "Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities" that had a variance of 20 percent or greater that is 10 percent or more of the total.

4. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year June 30, 2009, to identify any variances of 20 percent or greater in individual revenue and expense categories (line items) that are 10 percent or more of the total.

As a result of our procedure, we identified the revenue account "Student Fees" that had a variance of 20 percent or greater that was 10 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 tickets sold, complementary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported in the general ledger and Statement. We were to agree the information on the schedule to the supporting game reconciliations for a random sample of one football, one basketball, and one baseball game. We also recalculated the reconciliations for the games tested.

We found no exceptions as a result of our procedures for the football and basketball games tested. However, we were unable to perform this procedure for the baseball game selected for testing. The cashier ticket reconciliation did not include the beginning and ending ticket numbers for the tickets sold and unsold.

2. Based on the university's methodology for allocating student fees to the intercollegiate athletics program, to compared and agreed student fees reported in the Statement to student enrollment and we were to obtain explanations from the university regarding any variances in excess of 10 percent.

We found no exceptions as a result of these procedures and identified no variances that exceed 10 percent.

3. We randomly selected a sample of one football, one men's basketball, and one woman's basketball away game with a guarantee settlement and agreed the amounts to the general ledger and the contractual settlement reports. We recalculated the settlement reports for the games tested.

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

5. We compared the indirect institutional support recorded by the university during the period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

6. We randomly selected two agreements related to the university's participation in revenues from NCAA/Conference tournaments during the period. Based on the relevant terms and conditions of the agreements, we compared and agreed the related revenues to the general ledger and the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

7. We randomly selected one agreement related to the university's participation in revenues from royalties, licensing, advertisements, and sponsorships during the period. Based on the relevant terms and conditions of the agreement, we compared and agreed the related revenues to the general ledger and the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

8. We obtained schedules listing all sport-camp contracts between the university and persons conducting university sport-camps or clinics during the period. We randomly selected two different sports camps and then randomly selected one participant from each camp for a total of two participants to test. We identified each participant's cash receipts from the schedules and agreed to the general ledger and Statement based on the university's methodology for recording revenues for the camps. We recalculated the totals.

We found no exceptions as a result of these procedures.

9. We randomly selected a sample of 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 randomly selected a sample of four students from the listing of university student aid recipients 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 recalculated the totals.

We found no exceptions as a result of these procedures.

2. We obtained and inspected a randomly selected sample of two contractual agreements pertaining to expenses recorded by the university from a guaranteed contest during the period and agreed the related expenses to the university's general ledger and Statement. We recalculated the totals.

We found no exceptions as a result of this procedure.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and examined the contracts for a sample of two support staff/administrative personnel and all head coaches from football, men's and women's basketball, and baseball. The following procedures were performed:

- a. 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. Obtained and inspected W-2s for each selection.
- c. Compared and agreed related W-2s 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 were to use a list prepared by the university to select the athletic employee who received the highest severance payment and agree the severance pay to the related termination letter or employment contract. We were also to recalculate the totals.

We found no athletic employees received severance payments as defined by NCAA guidelines.



5. We compared and agreed the university's recruiting expense policies to existing university and NCAA-related policies.

We found no significant differences as a result of this procedure.

6. We compared and agreed the university's team travel policies to existing institutional and NCAA-related policies.

We found no significant differences as a result of this procedure.

7. We summed the indirect facilities support and indirect institutional support totals reported by the university in the Statement and determined if they were presented in accordance with the university's methodology for allocating indirect facilities support.

We found no exceptions as a result of this procedure.

8. We compared and agreed 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. We recalculated the totals.

We found no exceptions as a result of these procedures.

9. We randomly selected one equipment, uniforms, and supplies expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

10. We randomly selected one game expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

11. We randomly selected one fund raising, marketing, and promotion expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

12. We randomly selected one sports camp expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

13. We randomly selected one direct facilities, maintenance, and rental expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

14. We randomly selected one spirit group expense transaction from a detailed listing of such expenses and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

15. We randomly selected one medical and medical insurance expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

16. We randomly selected one membership and dues expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

17. We randomly selected 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 this procedure.

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

1. We obtained 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 to the university's general ledger. We ensured that the university's policies and procedures and schedule of changes are properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures.

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

1. We obtained written representations from management of the university that the Northwestern Athletic Association, a part of the Northwestern State University Foundation, Incorporated, was the only outside organization 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 affiliated and outside organizations

and written representations as to the fair presentation of the summary and agreed the amounts reported to the university's general ledger.

We found no exceptions as a result of these procedures.

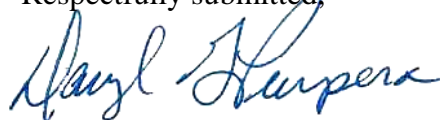
3. We obtained the independent auditor's report for all outside organizations to identify any significant deficiencies relating to the outside organization's internal control and made inquiries of management to document any corrective action taken in response to the significant deficiencies.

The financial statements of the Northwestern State University Foundation, Incorporated, were audited by an independent certified public accounting firm for the year ended June 30, 2009. The audit report dated October 16, 2009, included no significant internal control deficiencies.

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 Northwestern State University's Athletic Department or on its compliance with NCAA Bylaw 6.2.3 or on the effectiveness of the Northwestern State University Athletic Department's internal control over financial reporting for the year ended June 30, 2009. 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 Northwestern 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,



Daryl G. Purpera, CPA  
Temporary Legislative Auditor

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

**Statement of Revenues and Expenses  
For the Year Ended June 30, 2009**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating revenues:						
Ticket sales	\$228,712	\$24,209	\$21,533	\$11,229		\$285,683
Student fees					\$766,779	766,779
Guarantees	300,000	255,000	25,500	15,100		595,600
Contributions	150,869	86,513	26,341	177,911	468,619	910,253
Direct institutional support	1,268,566	426,371	482,912	1,909,075	1,080,768	5,167,692
Indirect facilities and administrative support	161,599	18,604	18,769	41,869	884,700	1,125,541
NCAA/Conference distributions including all tournament revenues			3,060	1,855	400,532	405,447
Program sales, concessions, novelty sales, and parking	220			1,175		1,395
Royalties, licensing, advertisements, and sponsorships	2,900	2,900	2,900	5,575	565,880	580,155
Sport-camp revenues		54,074	40,853	4,705		99,632
Endowment and investment income					(207,486)	(207,486)
Other	4,771	3,396	434	8,151	17,149	33,901
Total operating revenues	<u>2,117,637</u>	<u>871,067</u>	<u>622,302</u>	<u>2,176,645</u>	<u>3,976,941</u>	<u>9,764,592</u>
<b>EXPENSES</b>						
Operating expenses:						
Athletics student aid	866,401	206,282	235,751	1,325,725	50,480	2,684,639
Guarantees	100,000	16,000	11,250			127,250
Coaching salaries, benefits, and bonuses paid by the university and related entities	591,616	291,901	181,659	653,211		1,718,387
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	6,300	8,319		(125)	1,057,005	1,071,499
Recruiting	113,672	35,481	16,464	65,232	2,423	233,272
Team travel	82,325	96,977	80,569	399,880		659,751
Equipment, uniforms and supplies	121,180	34,374	23,633	141,615	68,048	388,850
Game expenses	47,565	28,594	25,301	42,540	3,669	147,669
Fund raising, marketing and promotion	144,961	55,948	31,527	23,564	147,446	403,446
Sport-camp expenses		40,137	27,713	564		68,414
Direct facilities, maintenance and rental	52,120	31,826	12,597	101,852	378,074	576,469
Spirit groups		27	7,391			7,418
Indirect facilities and administrative support	161,599	18,604	18,769	41,869	884,700	1,125,541
Medical expenses and medical insurance	9,659	228	449	64	186,901	197,301
Memberships and dues	9,640	300	437	1,420	24,042	35,839
Other operating expenses	54,994	23,106	11,593	20,954	237,278	347,925
Total operating expenses	<u>2,362,032</u>	<u>888,104</u>	<u>685,103</u>	<u>2,818,365</u>	<u>3,040,066</u>	<u>9,793,670</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	<u>(\$244,395)</u>	<u>(\$17,037)</u>	<u>(\$62,801)</u>	<u>(\$641,720)</u>	<u>\$936,875</u>	<u>(\$29,078)</u>

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## 1. 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, 2009, is as follows:

	Balance June 30, 2008	Prior Period Adjustments	Restated Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Capital assets, not being depreciated:						
Land improvements	\$199,703	(\$199,703)				
Building improvements	918,931	(918,931)				
Equipment	465,982	(465,982)				
Total capital assets, not being depreciated	<u>\$1,584,616</u>	<u>(\$1,584,616)</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Other capital assets:						
Land improvements	\$2,100,732		\$2,100,732	\$478,881		\$2,579,613
Less - accumulated depreciation	(1,519,424)		(1,519,424)	(63,093)		(1,582,517)
Total land improvements	<u>581,308</u>	<u>NONE</u>	<u>581,308</u>	<u>415,788</u>	<u>NONE</u>	<u>997,096</u>
Buildings	10,746,633		10,746,633	221,611		10,968,244
Less - accumulated depreciation	(7,571,239)		(7,571,239)	(258,857)		(7,830,096)
Total buildings	<u>3,175,394</u>	<u>NONE</u>	<u>3,175,394</u>	<u>(37,246)</u>	<u>NONE</u>	<u>3,138,148</u>
Equipment	319,214	\$7,477	326,691	26,501		353,192
Less - accumulated depreciation	(202,264)	(7,477)	(209,741)	(34,786)		(244,527)
Total equipment	<u>116,950</u>	<u>NONE</u>	<u>116,950</u>	<u>(8,285)</u>	<u>NONE</u>	<u>108,665</u>
Total other capital assets	<u>\$3,873,652</u>	<u>NONE</u>	<u>\$3,873,652</u>	<u>\$370,257</u>	<u>NONE</u>	<u>\$4,243,909</u>
Capital asset summary:						
Capital assets not being depreciated	\$1,584,616	(\$1,584,616)				
Other capital assets, at cost	13,166,579	7,477	\$13,174,056	\$726,993		\$13,901,049
Total cost of capital assets	14,751,195	(1,577,139)	13,174,056	726,993	NONE	13,901,049
Less - accumulated depreciation	(9,292,927)	(7,477)	(9,300,404)	(356,736)	NONE	(9,657,140)
Capital assets, net	<u>\$5,458,268</u>	<u>(\$1,584,616)</u>	<u>\$3,873,652</u>	<u>\$370,257</u>	<u>NONE</u>	<u>\$4,243,909</u>

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