

**ATHLETIC DEPARTMENT  
NORTHWESTERN STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**  
Natchitoches, Louisiana

Financial Statement and  
Independent Auditor's Report  
For the Year Ended June 30, 2003

January 7, 2004



**LEGISLATIVE AUDIT ADVISORY COUNCIL**

**MEMBERS**

**Senator J. "Tom" Schedler, Chairman**  
**Representative Edwin R. Murray, Vice Chairman**

**Senator Robert J. Barham**  
**Senator Lynn B. Dean**  
**Senator Jon D. Johnson**  
**Senator Willie L. Mount**  
**Representative Rick Farrar**  
**Representative Victor T. Stelly**  
**Representative T. Taylor Townsend**  
**Representative Warren J. Triche, Jr.**

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

**Albert J. Robinson, Jr., CPA**

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Eleven copies of this public document were produced at an approximate cost of \$22.00. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. A copy of this document is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us). When contacting the office, you may refer to Agency ID No. 3499 or Report ID No. 03203517 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

**ATHLETIC DEPARTMENT  
NORTHWESTERN STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**  
Natchitoches, Louisiana

Financial Statement and  
Independent Auditor's Report  
For the Year Ended June 30, 2003

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.

January 7, 2004

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

Financial Statement and  
Independent Auditor's Report  
For the Year Ended June 30, 2003

**CONTENTS**

	<b>Statement</b>	<b>Page No.</b>
Independent Auditor's Report on Applying Agreed-Upon Procedures		2
Financial Statement - Statement of Revenues and Expenditures (Unaudited)	A	7



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

December 16, 2003

Independent Auditor's Report on  
Applying Agreed-Upon Procedures

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

We have audited the basic financial statements of the University of Louisiana System, as of and for the year ended June 30, 2003, and will issue that report at a later date. Northwestern State University is a part of the University of Louisiana System. As requested by the university, we have also performed the procedures, as enumerated below, which were agreed to by management of the university. These procedures were applied to the accounting records and internal controls of the Northwestern State University Athletic Department and to the related outside organizations created for or in behalf of the university's intercollegiate athletic programs for the year ended June 30, 2003, solely to assist the university in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of Northwestern State University. Consequently, we make no representation regarding the sufficiency of the procedures that follow 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 EXPENDITURES**

1. We obtained written representation from management as to the fair presentation of the Statement of Revenues and Expenditures of the intercollegiate athletic programs for the year ended June 30, 2003, as shown on Statement A. We also verified the mathematical accuracy of the amounts on the statement and agreed the amounts to the university's general ledger.

We found no exceptions as a result of these procedures.

LEGISLATIVE AUDITOR

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

Auditor's Report, June 30, 2003

2. We compared the Statement of Revenues and Expenditures of the inter-collegiate athletic programs for June 30, 2003, and June 30, 2002, to identify variances of 5% or greater between individual revenue and expenditure accounts for each fiscal year.

As a result of our procedure, we identified variances of 5% or greater in the following revenue and expenditure accounts, for which the university provided satisfactory responses:

Revenues

Season tickets  
Gate tickets  
State General Fund  
Conference distribution  
Sports camp fees  
Other

Expenditures

Other salaries	Operating services
Related benefits	Capital projects
Loan care	Cultivation
Travel	Awards
Supplies	Guarantees
Entertainment and promotions	Equipment
Demon Sports Network	Fund raisers
Professional services	

3. We compared the budgeted expenditures to actual expenditures for the year ended June 30, 2003, to identify any variances of 5% or greater in individual expenditure accounts. As a result of our procedure, we identified variances of 5% or greater in the following expenditure accounts, for which the university provided satisfactory responses:

Expenditures

Travel  
Operating services  
Supplies  
Capital projects

4. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constituted more than 10% of the total contributions. No individual contributions met the criteria.

**LEGISLATIVE AUDITOR**

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

Auditor's Report, June 30, 2003

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

5. We made inquiries of management and obtained the university's organization chart, employee job descriptions, and written athletic department policies and procedures to identify aspects of internal control unique to the university's intercollegiate athletic department and to detect deficiencies in the components of those controls.

We detected no deficiencies in the components of the internal controls unique to the university's intercollegiate athletic department.

6. We performed tests of controls unique to the university's intercollegiate athletic department to determine adherence to established policies and procedures related to revenues and expenditures:

- a. We selected the two largest cash receipt batch sheets of ticket sales and followed them through the university's cash control system.

Northwestern State University and Southern University entered into a contractual agreement with the Shreveport Regional Sports Authority (SRSA) to play in Shreveport in the fall of 2002. Northwestern State University was to receive a game guarantee of \$150,000. After deducting receipts for consignment ticket sales and \$6,040 of disputed adjustments, the university was to receive \$98,765. However, because of financial difficulties at SRSA, the university amended the original agreement to allow the authority to make quarterly payments of \$5,000 until the unpaid balance is paid in full.

- b. We selected the ten largest athletic department cash disbursement transactions and followed them through the university's accounting system.

We found no exceptions as a result of this procedure.

- c. We conducted inquiries and observations of the athletic department personnel to determine their compliance with policies and procedures relating to the control and safeguarding of unsold tickets.

We noted that 100 club seat tickets valued at \$6,000 for the Northwestern State University vs. Southern University game were disallowed by SRSA since the university was unable to account for these tickets.

**LEGISLATIVE AUDITOR**

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

Auditor's Report, June 30, 2003

7. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletic programs. No athletic related reports were issued during the audit year.
8. We obtained the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletic program to identify deficiencies in the design of those procedures.

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 in behalf of the university's intercollegiate athletic program. The accounts of the Northwestern Athletic Association are maintained by the Northwestern State University Foundation, Incorporated. The athletic director and the university's comptroller receive audited annual financial statements from the foundation as a basis to monitor spending of the booster group for athletics.

**EXPENDITURES OF OUTSIDE ORGANIZATIONS MADE  
FOR OR IN BEHALF OF THE NORTHWESTERN STATE  
UNIVERSITY INTERCOLLEGIATE ATHLETIC PROGRAM**

9. We obtained written representation 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 in behalf of the athletic department.
10. We obtained the independent auditor's report for the Northwestern State University Foundation, Incorporated, to identify any reportable conditions relating to the foundation's internal control and make inquiries of management to document any corrective action taken in response to the reportable conditions.



LEGISLATIVE AUDITOR

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

Auditor's Report, June 30, 2003

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, 2003. The audit report is dated September 16, 2003, and included no reportable conditions relating to the outside organization's internal control.

11. We obtained the Statement of Cash Receipts and Disbursements from representatives of the Northwestern Athletic Association and agreed the statement to the organization's accounting records. We also compared the cash disbursements made by the athletic association for or in behalf of the athletic department to the revenues reported on the university's Statement of Revenues and Expenditures (Statement A) and no reconciling items were identified.

We found no exceptions as a result of this comparison.

12. We compared the direct and in-kind payments from the Northwestern Athletic Association to the university with the revenues reported on the university's Statement of Revenues and Expenditures (Statement A) and no reconciling items were identified.

We found no exceptions as a result of this comparison.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenditures of the intercollegiate athletic programs. Accordingly, we do not express such an opinion. Also, we express no opinion on the Northwestern State University's internal control over financial reporting or any part thereof. 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 management of Northwestern State University and is not intended to be, and should not be, used by anyone other than management of the university. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Grover C. Austin, CPA  
First Assistant Legislative Auditor

RLA:WJR:RR:ss  
[NWSUNCAA03]

UNAUDITED

Statement A

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

**Statement of Revenues and Expenditures  
For the Year Ended June 30, 2003**

	(PORTION OF) CURRENT FUNDS		TOTAL (MEMORANDUM ONLY)
	UNRESTRICTED - GENERAL FUND	RESTRICTED - AUXILIARY ENTERPRISE FUND	
<b>REVENUES</b>			
Season tickets		\$134,402	\$134,402
Gate receipts		146,862	146,862
State General Fund		2,382,623	2,382,623
Guarantees		714,983	714,983
Outside funds		722,442	722,442
Payments-in-kind		265,550	265,550
Conference distribution		224,708	224,708
Sports camp fees		100,658	100,658
Other		78,688	78,688
Total revenues	NONE	4,770,916	4,770,916
<b>EXPENDITURES</b>			
Personal services:			
Coaches' salaries		656,131	656,131
Other salaries	\$177,060	332,913	509,973
Related benefits	49,622	198,076	247,698
Loan cars		77,540	77,540
Travel		392,163	392,163
Operating services		598,905	598,905
Supplies		373,434	373,434
Fund raisers		89,081	89,081
Professional services		363,667	363,667
Other charges:			
Awards		11,999	11,999
Scholarships		885,608	885,608
Guarantees		70,200	70,200
Cultivation		13,945	13,945
Demon Sports Network		68,237	68,237
Entertainment and promotions		38,814	38,814
Other		152,472	152,472
Equipment		67,814	67,814
Capital projects		4,275	4,275
Total expenditures	226,682	4,395,274	4,621,956
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<b>(\$226,682)</b>	<b>\$375,642</b>	<b>\$148,960</b>