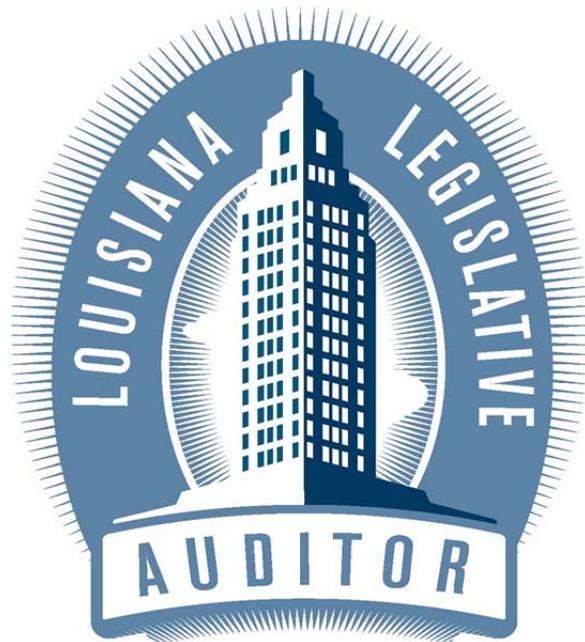


ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 15, 2012

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

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**FIRST ASSISTANT LEGISLATIVE AUDITOR
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DIRECTOR OF FINANCIAL AUDIT
THOMAS H. COLE, CPA

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

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$4.31. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3491 or Report ID No. 80110133 for additional information.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 13, 2012

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 3.2.4.16 for the year ended June 30, 2011, and to assist you in your evaluation of the effectiveness of the university athletic department's internal control over financial reporting as of June 30, 2011. 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 the 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:

MINIMUM COMPLIANCE AGREED-UPON PROCEDURES

INTERNAL CONTROL

1. We obtained, through discussion with management, the identity of those aspects of internal control that management considers unique to intercollegiate athletics.
2. We performed procedures to test specific elements of the control environment and accounting systems that are unique to intercollegiate athletics to determine the adherence to established policies and procedures relating to revenues and expenses. The following procedures were performed:

- (a) We randomly selected one cash receipt batch sheet of ticket sales and followed it through the university's cash control system to determine adherence to established policies and procedures.
- (b) We selected the 10 largest athletic department cash disbursement transactions and followed them through the university's accounting system to determine adherence to established policies and procedures.
- (c) We inquired and observed the athletic department personnel to determine their compliance with policies and procedures related to the control and safeguarding of unsold tickets.

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.

We identified no significant deficiencies as a result of these procedures.

4. We obtained the university's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the university's intercollegiate athletics program and determined the university's adherence to these procedures.

We found no exceptions as a result of these procedures.

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, completeness of the list of all known affiliated and outside organizations, and other information we considered necessary for the year ended June 30, 2011.
2. We verified the mathematical accuracy of the amounts on the Statement and agreed each operating revenue and expense category reported on the Statement to supporting schedules provided by the university and/or the university's general ledger.

We found no exceptions as a result of these procedures.

3. We compared and agreed a sample of five operating revenue receipts and a sample of five expense disbursements obtained from the supporting schedules to adequate supporting documentation.

We found no exceptions as a result of these procedures.

4. We compared each major operating revenue and expense account for June 30, 2010, and June 30, 2011, to identify variances of 20 percent or greater between individual revenue and expense accounts 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 of 20 percent or greater in the following revenue and expense accounts that are 5 percent or more of the total:

Revenues

Game guarantees

Expenses

Travel

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each major operating revenue and expense account for the year ended June 30, 2011, to identify any variances of 20 percent or greater in individual revenue and expense accounts 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 of 20 percent or greater in the following individual revenue and expense accounts that are 5 percent or more of the total:

Revenues

Fund raising activities

Expenses

Supplies

Operating services

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 random 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 recalculated the totals.

We found no exceptions as a result of these procedures.

3. We selected the away game with the largest game guarantee settlement and agreed the amount to the general ledger and to the contractual settlement. We recalculated the settlement report for the game tested.

We found no exceptions as a result of these procedures.

4. We obtained and reviewed supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more of all contributions received for intercollegiate athletics during the reporting period.

We found no exceptions as a result of these procedures.

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

The university did not have any revenues that included direct state or other governmental support during the reporting period.

6. We compared direct institutional support recorded by the university during the reporting 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.

7. We compared indirect facilities and administrative support recorded by the university during the reporting 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.

8. 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 reporting 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.

9. Based on the relevant terms and conditions of all agreements related to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the period, we compared and agreed related revenues to the general ledger and/or the Statement.

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

10. Based on the relevant terms and conditions of all 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.

11. We obtained a schedule listing all sports-camp contracts between the university and the person conducting university sports camps or clinics during the reporting 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 one individual camp participant cash receipt from the schedule and agreed the cash receipt to the 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.

12. We inquired with management regarding endowment agreements and investment income received for the reporting period.

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

13. We randomly selected one operating revenue receipt from each category not previously mentioned 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 EXPENSES

1. We selected a random sample of four 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 the home game with the largest settlement received by the university during the reporting period and agreed related expenses to the contractual agreement and the university's general ledger and/or Statement.

We found no exceptions as a result of these procedures.

3. We obtained and inspected one contractual agreement pertaining to expenses recorded by the university from a guaranteed contest during the reporting period and compared and agreed related expenses by the university during the reporting period to the general ledger and/or Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We obtained and inspected from management a list of coaches and support staff/administrative personnel paid by the university and related entities during the reporting period. We selected a random sample of three 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 selection to the related 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.
- (d) We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We obtained from management a list of coaches and support staff/administrative personnel employed by third parties for the reporting period. We selected a random sample of three coaches and three support staff/administrative personnel. The following procedures were performed:

- (a) We compared and agreed the financial terms and conditions of each selection to the related coaching and support staff/administrative other compensation and benefits 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 other compensation and benefits paid by third parties and recorded by the university in the Statement during the reporting period.
- (d) We recalculated the totals.

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of this procedure.

7. 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.

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

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

9. We obtained and documented of the university's methodology for allocating indirect facilities support. 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 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's general ledger.

We found no exceptions as a result of these procedures.

10. We randomly selected one operating expense from each category not previously mentioned 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 listing of any contributions of money, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals (two or more) that constituted 10 percent or more of all contributions received for intercollegiate athletics during the reporting period and ensured the source(s) of funds, goods, and services as well as the value associated with these items were 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 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 then agreed the schedule of changes to the university's general ledger and to affiliated and outside organization financial statements and ensured the university's policies and procedures and schedule of changes were properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures.

3. We obtained from university management the repayment schedules for all outstanding intercollegiate athletics debt maintained by the university during the reporting period. We recalculated annual maturities, agreed annual maturities to supporting documentation and to the university's general ledger and to affiliated and outside organization financial statements and ensured the repayment schedule was 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 from management a listing of all affiliated and outside organizations for the reporting period.
2. We obtained written representations from management of the university that the listing of all known affiliated and outside organizations provided to us by the university are the only outside organizations created for or on behalf of the athletic department.
3. We obtained from management statements for all affiliated and outside organizations and performed the following:

- (a) We agreed the amounts reported in the statements to the university's general ledger or, alternatively, confirmed revenue and expenses directly with a responsible official of the organization.
- (b) We reconciled the cash disbursement made by the organization for or on behalf of the university's intercollegiate athletic programs or employees to the revenues reported on the university's Statement.
- (c) We reconciled the direct payments of outside organizations to the university with the revenue reported on the university's Statement.

We found no exceptions as a result of these procedures.

- 4. We obtained from management a summary schedule of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations not under the accounting control of the university to be included with the agreed-upon procedures report.

Revenues

Game guarantees	\$198,000
Contributions	387,745
Compensation and benefits provided by a third party	8,425
Program sales, concessions, novelty sales, and parking	945
Royalties, licensing, advertisements, and sponsorships	87,923
Sports-camp revenues	6,840
Other	10,818
Total revenues	<u>700,696</u>

Expenses

Support staff/administrative other compensation and benefits paid by a third party	8,425
Recruiting	5,831
Team travel	16,922
Equipment, uniforms, and supplies	180,815
Game expenses	2,031
Fund raising, marketing, and promotion	198,968
Direct facilities and administrative support	20,525
Medical expenses and medical insurance	10,275
Memberships and/or dues	1,642
Other	34,721
Total expenses	<u>480,155</u>

Excess of Revenues Over Expenses \$220,541

- 5. We obtained written representations as to the fair presentation of the summary schedule and agreed the amounts reported to the university's general ledger.

We found no exceptions as a result of these procedures.

6. For all affiliated and outside organizations that had an independent audit, we obtained and reviewed the independent auditor's report, identified 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, are being audited by an independent certified public accounting firm for the year ended June 30, 2011. The audit report has not been issued as of January 13, 2012.

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 and related notes of the university's athletic department or on its compliance with NCAA Bylaw 3.2.4.16 or on the effectiveness of the university athletic department's internal control over financial reporting for the year ended June 30, 2011. 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 the 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, CFE
Legislative Auditor

KML:JR:EFS:THC:dl

NSUNCAA 2011

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

**Statement of Revenues and Expenses
For the Year Ended June 30, 2011**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	\$91,225	\$32,565	\$13,644	\$55,116		\$192,550
Student fees					\$493,351	493,351
Guarantees	750,000	430,000	26,000	3,750		1,209,750
Contributions	103,442	18,401	53,067	232,838	395,526	803,274
Compensation and benefits provided by third party	4,200				4,225	8,425
Direct institutional support	832,938	53,957	339,672	2,299,765	89,245	3,615,577
Indirect facilities and administrative support					305,759	305,759
NCAA/Conference distributions including all tournament revenues	9,471	3,500		11,527	390,123	414,621
Program sales, concessions, novelty sales, and parking	13,184	3,000	744	4,778		21,706
Royalties, licensing, advertisements, and sponsorships				13,013	82,997	96,010
Sports-camp revenues	2,825		404	10,111		13,340
Other	2,844			1,181	26,515	30,540
Total operating revenues	<u>1,810,129</u>	<u>541,423</u>	<u>433,531</u>	<u>2,632,079</u>	<u>1,787,741</u>	<u>7,204,903</u>
EXPENSES						
Operating expenses:						
Athletics student aid	690,990	169,268	133,741	867,219	58,060	1,919,278
Guarantees	26,800	16,040	139	4,158		47,137
Coaching salaries, benefits, and bonuses paid by the university and related entities	511,402	176,679	128,707	509,805		1,326,593
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	34,839	565	591	2,440	687,656	726,091
Coaching other compensation and benefits paid by a third party	4,200					4,200
Support staff/administrative other compensation and benefits paid by a third party					4,225	4,225
Severance payments	1,701			14,775	19,760	36,236
Recruiting	31,052	6,847	26,940	24,262	537	89,638
Team travel	254,542	95,493	48,505	296,893	4,993	700,426
Equipment, uniforms, and supplies	158,183	30,394	23,695	158,352	103,351	473,975
Game expenses	29,795	27,271	23,935	49,986	23,771	154,758
Fund raising, marketing, and promotion		910	1,347	27,540	253,682	283,479
Direct facilities, maintenance, and rental	5,950	4,431	880	26,381	212,215	249,857
Indirect facilities and administrative support					305,759	305,759
Medical expenses and medical insurance				99	34,223	34,322
Memberships and dues		300	145	3,150	42,602	46,197
Other operating expenses	2,548	7,855	2,426	7,391	23,377	43,597
Total operating expenses	<u>1,752,002</u>	<u>536,053</u>	<u>391,051</u>	<u>1,992,451</u>	<u>1,774,211</u>	<u>6,445,768</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$58,128</u>	<u>\$5,370</u>	<u>\$42,480</u>	<u>\$639,629</u>	<u>\$13,530</u>	<u>\$759,137</u>

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 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 athletic department 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.

Capital asset activity for the athletic department for the year ended June 30, 2011, is as follows:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Land improvements	\$761,385			\$761,385
Less - accumulated depreciation	(256,830)	(\$38,069)		(294,899)
Total land improvements	<u>504,555</u>	<u>(38,069)</u>	NONE	<u>466,486</u>
Buildings	2,778,927			2,778,927
Less - accumulated depreciation	(2,490,855)	(69,473)		(2,560,328)
Total buildings	<u>288,072</u>	<u>(69,473)</u>	NONE	<u>218,599</u>
Equipment	1,063,468	52,650		1,116,118
Less - accumulated depreciation	(698,509)	(69,025)		(767,534)
Total equipment	<u>364,959</u>	<u>(16,375)</u>	NONE	<u>348,584</u>
Total other capital assets	<u>\$1,157,586</u>	<u>(\$123,917)</u>	NONE	<u>\$1,033,669</u>
Capital asset summary:				
Capital assets at cost	\$4,603,780	\$52,650		\$4,656,430
Less - accumulated depreciation	<u>(3,446,194)</u>	<u>(176,567)</u>		<u>(3,622,761)</u>
Capital assets, net	<u>\$1,157,586</u>	<u>(\$123,917)</u>	NONE	<u>\$1,033,699</u>

3. NOTES PAYABLE

The university has the following debt associated with its athletic department's capital assets:

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2010</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2011</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Interest Payments June 30, 2011</u>
September 11, 2007	<u>\$219,016</u>	<u>\$102,969</u>	<u>(\$44,836)</u>	<u>\$58,133</u>	2013	3.25%	<u>\$1,269</u>

The following is the amortization schedule for the outstanding notes payable for the athletic department as of June 30, 2011:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$46,317	\$1,205	\$47,522
2013	<u>11,816</u>	<u>64</u>	<u>11,880</u>
Total	<u>\$58,133</u>	<u>\$1,269</u>	<u>\$59,402</u>