

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



AGREED-UPON PROCEDURES REPORT  
ISSUED FEBRUARY 25, 2009

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LOUISIANA LEGISLATIVE AUDITOR  
STEVE J. THERIOT, CPA

January 15, 2009

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, 2008, and to assist you in your evaluation of the effectiveness of the Nicholls State University Athletic Department's internal control over financial reporting as of June 30, 2008. 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.

The procedures that we performed 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 of the intercollegiate athletics program, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and regulations, and other information as we considered necessary for the year ended June 30, 2008.

We found no exceptions as a result of these procedures.

2. We 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.

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.

During the fiscal year ended June 30, 2008, the internal auditor issued one internal audit report on the NCAA - Academic Support Services department. No findings were reported.

4. We compared each operating revenue and expense category for June 30, 2007, and June 30, 2008, to identify variances of 5 percent or greater between individual revenue and expense categories (line items) that are 5 percent or more of the total. We obtained and documented the university's explanations for any significant variations.

We identified variances of 5 percent or greater in the following revenue and expense categories that are 5 percent or more of the total:

<b>Revenues</b>	<b>Expenses</b>
Education and general transfers	Salaries
Game guarantees	Related benefits
NCAA receipts	Travel
In-kind contributions	Operating services
Outside funds	Supplies
	Scholarships
	Other charges
	Equipment

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year ended June 30, 2008, to identify any variances of 25 percent or greater in individual revenue and expense categories (line items) 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 in in-kind contributions and miscellaneous revenues that were 25 percent or greater between budget and actual amounts and 5 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 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 found no exceptions as a result of these procedures.

3. We randomly selected one away game with game guarantee settlements and agreed the amounts to the general ledger and to the contractual settlements. We recalculated the settlement report for the game tested.

We found no exceptions as a result of these procedures.

4. We inquired as to the university's participation in revenues from direct state or other governmental support recorded by the university during the period.

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

5. We compared direct institutional support recorded by the university during the 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.

6. We compared indirect institutional support recorded by the university during the 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. 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 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.

8. We inquired as to the university's participation in revenues from broadcasts, television, radio, and Internet rights during the period.

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

9. Based on the relevant terms and conditions of selected 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.

10. We obtained a schedule(s) listing all sports-camp contract(s) between the university and the person(s) conducting university sports-camps or clinics during the 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 two individual camp participant cash receipts from the schedule(s) and agreed each selection to the general ledger and/or the Statement based on the university's methodology for recording revenues for the camps and recalculated the totals.

We found no exceptions as a result of these procedures.

11. We inquired as to the university's participation in endowment agreements and investment income received in support of the athletic department during the period.

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

12. We randomly selected one program sale, concession, novelty sale, and parking receipt revenue and agreed to adequate supporting documentation. We recalculated the total.

We found no exceptions as a result of this procedure.

13. We randomly 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.

**MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES**

1. We selected a random sample of seven 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 a random sample of three contractual agreements pertaining to expenses recorded by the university from guaranteed contests during the period. We used the game settlement report from these contests to agree related expenses to the university's general ledger and/or Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the university and examined the contracts for the three highest paid 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 head coach selected to the related coaching 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.

We found no exceptions as a result of these procedures.

4. We inquired of management whether any coaches and support staff/administrative personnel were paid by third parties during the period.

None of the coaches and support staff/administrative personnel were paid by third parties during the period.

5. Using a list prepared by the university, we randomly selected one athletic employee with severance payments and agreed the severance pay to the related termination letters or employment contracts. We recalculated the total.

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

8. We reviewed the Statement for indirect facilities support and indirect institutional support totals reported by the university to determine if it is presented in accordance with the university's methodology for allocating indirect facilities support and indirect institutional support.

The university did not report any amounts for indirect facilities support and indirect institutional support during the period.

9. We compared 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 found no exceptions as a result of these procedures.

10. We randomly selected a sample of two equipment, uniform, and supply expenses and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

11. We randomly selected a sample of two game expenses and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

12. We randomly selected a sample of two fund raising, marketing, and promotion expenses and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

13. We inquired as to whether the university had any sports-camp expenses during the period.

The university did not incur any expenses related to sports-camps during the period.

14. We randomly selected a sample of four direct facilities, maintenance, and rental expenses and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

15. We inquired as to whether the university had any spirit group expenses during the period.

The university did not incur any spirit group expenses during the period.

16. We randomly selected a sample of one medical and medical insurance expense and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

17. We randomly selected a sample of two memberships and dues expenses and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

18. We randomly selected a sample of 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 these procedures.

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

1. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constitute more than 10 percent of the total contributions. We obtained and reviewed supporting documentation for each such contribution and ensured the source of funds, goods, and services, as well as the value associated with these items, was 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 and reviewed 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 of changes to the university's general ledger. We ensured that the university's policies, procedures, and schedule of changes are properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures.

3. We inquired as to the university's repayment schedules for any outstanding intercollegiate athletics debt maintained by the university during the period.

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

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

1. We obtained written representation from management of the university that the Nicholls State University Foundation is the only outside organization that was 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 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 university's general ledger.

We found no exceptions as a result of these procedures.

**Revenues**

Game guarantees	\$210,000
Contributions	468,728
Other	23,365
Total revenues	<u>702,093</u>

**Expenses**

Student aid	14,043
Support staff/administrative salaries, benefits, and bonuses paid by university and related entities	473
Recruiting	1,601
Travel	80
Equipment, uniforms, and supplies	258,110
Game expenses	3,805
Fund raising, marketing, and promotion	2,500
Direct facilities and administrative support	154,979
Medical expenses and medical insurance	8,051
Memberships and/or dues	2,026
Other	272,900
Total expenses	<u>718,568</u>

**Excess of Expenses Over Revenues** (\$16,475)

3. For all outside organizations that had any independent audit, we obtained the independent auditor's report to identify 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, were audited by an independent certified public accounting firm for the year ended June 30, 2008. The audit report is dated January 8, 2009, and included no significant deficiencies relating to the outside organization's internal controls.

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 the Nicholls State University's Athletic Department or on its compliance with NCAA Bylaw 6.2.3 or on the effectiveness of the Nicholls State University Athletic Department's internal control over financial reporting for the year ended June 30, 2008. 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

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

**Statement of Revenues and Expenses  
For the Year Ended June 30, 2008**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating Revenues:						
Ticket sales	\$133,215	\$14,999	\$10,585	\$17,626		\$176,425
Student fees					\$484,201	484,201
Guarantees	480,000	285,000	20,000	5,500	150,000	940,500
Contributions	78,481	17,460	8,534	122,351	530,409	757,235
Direct institutional support					3,385,962	3,385,962
Indirect facilities and administrative support					262,761	262,761
NCAA/Conference distributions including all tournament revenues					251,341	251,341
Program sales, concessions, novelty sales, and parking	11,330	867	277	2,995		15,469
Royalties, licensing, advertisements, and sponsorships					7,694	7,694
Sports-camp revenues			500	1,325		1,825
Other	243		111	19,893	12,338	32,585
Total operating revenues	<u>703,269</u>	<u>318,326</u>	<u>40,007</u>	<u>169,690</u>	<u>5,084,706</u>	<u>6,315,998</u>
<b>EXPENSES</b>						
Operating Expenses:						
Athletics student aid	504,514	105,236	112,360	613,352	35,918	1,371,380
Guarantees	71,870	4,800	1,065			77,735
Coaching salaries, benefits, and bonuses paid by the university and related entities	458,254	167,565	137,949	502,174		1,265,942
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	40,092	2,384	1,620	10,491	749,833	804,420
Severance payments	2,478	1,315	5,674	3,308	7,148	19,923
Recruiting	20,919	12,807	8,435	43,615	1,075	86,851
Team travel	211,671	57,749	33,203	226,867	8,615	538,105
Equipment, uniforms, and supplies	94,961	39,718	11,269	136,887	388,979	671,814
Game expenses	25,300	22,000	15,675	35,690	15,857	114,522
Fund raising, marketing, and promotion	100			172	60,105	60,377
Direct facilities, maintenance, and rental					491,246	491,246
Indirect facilities and administrative support					262,761	262,761
Medical expenses and medical insurance		1,070			62,368	63,438
Memberships and dues		1,250	645	1,479	3,581	6,955
Other operating expenses	41,354	13,225	8,176	56,736	291,229	410,720
Total operating expenses	<u>1,471,513</u>	<u>429,119</u>	<u>336,071</u>	<u>1,630,771</u>	<u>2,378,715</u>	<u>6,246,189</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	<u>(\$768,244)</u>	<u>(\$110,793)</u>	<u>(\$296,064)</u>	<u>(\$1,461,081)</u>	<u>\$2,705,991</u>	<u>\$69,809</u>

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**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 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 prescribed 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, 2008, is as follows:

	Balance June 30, 2007	Prior Period Adjustment	Adjusted Balance June 30, 2007	Additions	Balance June 30, 2008
Land improvements	\$1,235,780	(\$474,395)	\$761,385		\$761,385
Less - accumulated depreciation	(387,613)	244,990	(142,623)	(\$38,069)	(180,692)
Total land improvements	<u>848,167</u>	<u>(229,405)</u>	<u>618,762</u>	<u>(38,069)</u>	<u>580,693</u>
Buildings	2,778,927		2,778,927		2,778,927
Less - accumulated depreciation	(2,282,436)		(2,282,436)	(69,473)	(2,351,909)
Total buildings	<u>496,491</u>	NONE	<u>496,491</u>	<u>(69,473)</u>	<u>427,018</u>
Equipment	555,504	336,281	891,785	353,455	1,245,240
Less - accumulated depreciation	(433,420)	(279,492)	(712,912)	(92,918)	(805,830)
Total equipment	<u>122,084</u>	<u>56,789</u>	<u>178,873</u>	<u>260,537</u>	<u>439,410</u>
Total other capital assets	<u>\$1,466,742</u>	<u>(\$172,616)</u>	<u>\$1,294,126</u>	<u>\$152,995</u>	<u>\$1,447,121</u>
Capital asset summary:					
Capital assets at cost	\$4,570,211	(\$138,114)	\$4,432,097	\$353,455	\$4,785,552
Less - accumulated depreciation	<u>(3,103,469)</u>	<u>(34,502)</u>	<u>(3,137,971)</u>	<u>(200,460)</u>	<u>(3,338,431)</u>
Capital assets, net	<u>\$1,466,742</u>	<u>(\$172,616)</u>	<u>\$1,294,126</u>	<u>\$152,995</u>	<u>\$1,447,121</u>

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