

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



AGREED-UPON PROCEDURES REPORT  
ISSUED FEBRUARY 24, 2010

**LEGISLATIVE AUDITOR  
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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA

January 11, 2010

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, 2009, 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, 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 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, 2009.

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/or 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, 2009, the internal auditor issued one internal audit report on Complimentary Sporting Event Tickets.

No findings were reported.

4. We compared each operating revenue and expense category for June 30, 2008, and June 30, 2009, 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	Travel
Game guarantees	Operating services
NCAA receipts	Scholarships
In-kind contributions	Other charges

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, 2009, 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 gate receipts, game guarantees, in-kind contributions, miscellaneous revenues, and other charges 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 compared direct state or other governmental support recorded by the university during the 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.

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.

The university did not have any revenues that included indirect institutional support.

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 inquired as to whether the university had any sports-camp revenues during the period.

The university did not earn any revenues related to sports-camp revenues during the period.

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 obtained from management a list of coaches and support staff/administrative personnel paid by third parties and selected a random sample of three coaches and three support staff/administrative personnel. We performed the following procedures:

- (a) We compared and agreed the financial terms and conditions of each coach selected to the related coaching salaries, benefits, and bonuses recorded by the university in the Statement.
- (b) We obtained and inspected W-2s, 1099s, etc., for each selection.

- (c) We compared and agreed W-2s, 1099s, etc., for each selection to the related salaries, benefits, and bonuses paid by the third parties and recorded by the university in the Statement during the reporting period.

We found no exceptions as a result of these procedures.

- 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.

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

- 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 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 period. We recalculated the annual maturities, agreed annual maturities to supporting documentation and to the university’s general ledger and ensured that the repayment schedule was properly disclosed with the notes to the Statement.

**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.

<b>Revenues</b>	
Game guarantees	\$175,000
Contributions	663,474
Other	13,334
Total revenues	<u>851,808</u>

<b>Expenses</b>	
Guarantees	\$10,000
Support staff/administrative salaries, benefits, and bonuses paid by university and related entities	5,145
Recruiting	5,178
Equipment, uniforms, and supplies	216,226
Game expenses	1,295
Fund raising, marketing, and promotion	210,510
Direct facilities and administrative support	129,583
Medical expenses and medical insurance	12,257
Memberships and/or dues	10,010
Other	11,882
Total expenses	<u>612,086</u>
<b>Excess of Expenses Over Revenues</b>	<u><u>\$239,722</u></u>

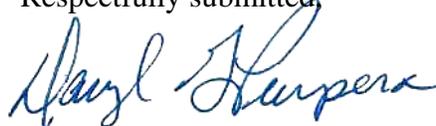
3. For all outside organizations that had any independent audit, we obtained the independent auditor's report to identify any significant deficiencies relating to the outside organization's internal controls, made inquiries of management, and documented any corrective action taken in response to the 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, 2009. The audit report is dated December 23, 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, 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 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,



Daryl G. Purpera, CPA  
Temporary 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, 2009**

	<u>FOOTBALL</u>	<u>MEN'S BASKETBALL</u>	<u>WOMEN'S BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NON- PROGRAM SPECIFIC</u>	<u>TOTAL</u>
<b>REVENUES</b>						
Operating Revenues:						
Ticket sales	\$97,913	\$31,263	\$8,157	\$17,839	\$30	\$155,202
Student fees					493,644	493,644
Guarantees	300,000	265,000	29,000	8,000		602,000
Contributions	135,462	57,403	59,759	176,166	716,573	1,145,363
Direct institutional support	1,045,058	146,740	318,457	1,835,781	491,834	3,837,870
NCAA/Conference distributions including all tournament revenues				1,253	287,888	289,141
Program sales, concessions, novelty sales, and parking	7,781	1,065	548	3,292		12,686
Royalties, licensing, advertisements, and sponsorships					2,198	2,198
Other	4,367	2,514	742	6,141	30,536	44,300
Total operating revenues	<u>1,590,581</u>	<u>503,985</u>	<u>416,663</u>	<u>2,048,472</u>	<u>2,022,703</u>	<u>6,582,404</u>
<b>EXPENSES</b>						
Operating Expenses:						
Athletics student aid	636,934	162,636	125,480	766,806	43,350	1,735,206
Guarantees		20,115				20,115
Coaching salaries, benefits, and bonuses paid by the university and related entities	412,663	171,193	161,581	511,455		1,256,892
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	39,249	1,748	1,303	11,431	1,085,825	1,139,556
Severance payments	12,882	455	6,944	6,608	113	27,002
Recruiting	23,766	5,524	21,251	25,282	421	76,244
Team travel	201,199	59,228	41,836	234,818	3,952	541,033
Equipment, uniforms, and supplies	100,674	7,685	22,100	191,382	143,062	464,903
Game expenses	24,450	27,300	17,100	40,218	11,211	120,279
Fund raising, marketing, and promotion	12,723		3,772	2,300	187,816	206,611
Direct facilities, maintenance, and rental	3,398	175	349	213,773	365,836	583,531
Medical expenses and medical insurance					105,967	105,967
Memberships and dues		12,575		7,361	12,137	32,073
Other operating expenses	9,739	3,333	9,949	32,386	122,180	177,587
Total operating expenses	<u>1,477,677</u>	<u>471,967</u>	<u>411,665</u>	<u>2,043,820</u>	<u>2,081,870</u>	<u>6,486,999</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	<u>\$112,904</u>	<u>\$32,018</u>	<u>\$4,998</u>	<u>\$4,652</u>	<u>(\$59,167)</u>	<u>\$95,405</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, 2009, is as follows:

	Balance June 30, 2008	Prior Period Adjustment	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Land improvements	\$761,385		\$761,385			\$761,385
Less - accumulated depreciation	(180,692)		(180,692)	(\$38,069)		(218,761)
Total land improvements	<u>580,693</u>	NONE	<u>580,693</u>	<u>(38,069)</u>	NONE	<u>542,624</u>
Buildings	2,778,927		2,778,927			2,778,927
Less - accumulated depreciation	(2,351,909)		(2,351,909)	(69,473)		(2,421,382)
Total buildings	<u>427,018</u>	NONE	<u>427,018</u>	<u>(69,473)</u>	NONE	<u>357,545</u>
Equipment	1,245,240		1,245,240		(\$215,550)	1,029,690
Less - accumulated depreciation	(805,830)		(805,830)	(52,684)	215,550	(642,964)
Total equipment	<u>439,410</u>	NONE	<u>439,410</u>	<u>(52,684)</u>	NONE	<u>386,726</u>
Total other capital assets	<u>\$1,447,121</u>	NONE	<u>\$1,447,121</u>	<u>(\$160,226)</u>	NONE	<u>\$1,286,895</u>
Capital asset summary:						
Capital assets at cost	\$4,785,552		\$4,785,552		(\$215,550)	\$4,570,002
Less - accumulated depreciation	(3,338,431)		(3,338,431)	(\$160,226)	215,550	(3,283,107)
Capital assets, net	<u>\$1,447,121</u>	NONE	<u>\$1,447,121</u>	<u>(\$160,226)</u>	NONE	<u>\$1,286,895</u>

**3. NOTES PAYABLE**

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2008</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2009</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Interest Payments June 30, 2009</u>
Bus	September 11, 2007	\$219,016	\$188,388	(\$42,016)	\$146,372	2012	3.25%	\$8,072

The following is the amortization schedule for the outstanding notes payable for the athletic department as of June 30, 2009:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$43,403	\$4,119	\$47,522
2011	44,836	2,686	47,522
2012	46,317	1,205	47,522
2013	11,816	64	11,880
2014	NONE	NONE	NONE
Total	<u>\$146,372</u>	<u>\$8,074</u>	<u>\$154,446</u>