

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



AGREED-UPON PROCEDURES REPORT  
ISSUED FEBRUARY 19, 2014

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

January 13, 2014

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) Constitution 3.2.4.16 for the year ended June 30, 2013, 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, 2013. University management is responsible for the Statement (unaudited) and related note (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 our 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 which 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 adherence to established policies and procedures relating to revenues and expenses. The following procedures were performed:

- (a) We randomly selected one cash receipt from a spreadsheet 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 of and observed 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 obtained internal audit reports issued during the period relating to the intercollegiate athletics program to identify any significant deficiencies noted.

We found no significant deficiencies identified in the internal audit reports.

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 the 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 legislation, completeness of the list of all known affiliated and outside organizations and other information we considered necessary for the year ended June 30, 2013.
2. We verified the mathematical accuracy of the amounts on the Statement and compared and agreed each operating revenue and expense category reported on the Statement 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 compared each major operating revenue and expense account for June 30, 2012, and June 30, 2013, to identify variances of 20 percent or greater between individual revenue and expense accounts (line items) that are 10 percent or more of the total.

As a result of our procedure, we identified one revenue account, "Indirect Facilities and Administrative Support," and one expense account, "Indirect Facilities and Administrative Support," that had variances of 20 percent or greater between individual revenue and expense categories that are 10 percent or more of the total. We obtained and documented the University's explanations for these variances.

4. We compared the budgeted revenues and expenses to actual revenues and expenses for each major operating revenue and expense account for the year June 30, 2013, to identify any variances of 20 percent or greater in individual revenue and expense accounts (line items) that are 10 percent or more of the total.

We identified no variances that were 20 percent or greater in individual revenue and expense accounts that are 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, complimentary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported in the general ledger and Statement. 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 also 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 we were to obtain explanations from the University regarding any variances in excess of 10 percent. We also recalculated the totals.

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 two contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period. We compared and agreed each selection to the University's general ledger. We recalculated the totals.

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 two agreements 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 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.

8. We obtained schedules listing all sports-camp contracts between the University and the persons conducting university sports camps 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 obtained schedules of camp participants. We randomly selected two individual camp participant cash receipts from the schedules and agreed each selection to the general ledger and/or 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 two parking receipts and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

10. We randomly selected a sample of 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 randomly selected a 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 a random selected sample of two contractual agreements pertaining to expenses recorded by the University from guaranteed contests during the period. We used the game settlement report 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 these procedures.

3. We obtained from management a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period and examined the contracts for a random sample of two support staff/administrative personnel and all head coaches from football and men's and women's basketball. 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.

4. 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.

5. 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.

6. Based on the understanding of 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 in the Statement. We summed the indirect facilities and indirect institutional support totals reported by the University in the Statement and determined it is presented in accordance with the University's methodology for allocating indirect facilities support. We recalculated the totals.

We found no exceptions as a result of these procedures.

7. We randomly selected one equipment, uniform, and supply expense transaction and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

9. 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 these procedures.

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

We found no exceptions as a result of these procedures.

11. 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 these procedures.

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

We found no exceptions as a result of these procedures.

13. 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 these procedures.

14. 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 these procedures.

15. 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 were to ensure that the value and source of funds, goods, or services received directly by the University's 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 was disclosed in the notes to the Statement.

There were no such contributions received directly by the University that constituted 10 percent or more of all contributions received for intercollegiate athletics during the reporting period.

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 agreed the schedule of changes to the University's general ledger and ensured that the University's policies and procedures and schedule of changes are properly disclosed in 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 University 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 Northwestern Athletic Association, a part of the Northwestern State University Foundation, Incorporated, (Foundation) was the only outside organization created for or on behalf of the athletic department.

We found no exceptions as a result of this procedure.

3. We obtained from University management a summary schedule of revenue 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 as follows:

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>Revenues:</b>						
Contributions	\$206,413	\$160,049	\$44,625	\$299,839	\$327,531	\$1,038,457
NCAA/Conference distributions	22,525	3,445	3,975	38,895	23,241	92,081
Royalties, licensing, advertisements, and sponsorships	6,600	5,813		42,175	522,337	576,925
Sports-camp revenues		53,760	15,176	26,147		95,083
Endowment and investment income					171,857	171,857
Other	5,423	2,000	40	455	4,065	11,983
Total revenues	<u>240,961</u>	<u>225,067</u>	<u>63,816</u>	<u>407,511</u>	<u>1,049,031</u>	<u>1,986,386</u>
<b>Expenses:</b>						
Athletics student aid	244,784	32,562	30,013	280,368	4,724	592,451
Guarantees	5,207			11,000		16,207
Coaching salaries, benefits, and bonuses	25,301	60,006	13,808	26,432		125,547
Support staff/administrative salaries, benefits, and bonuses	16,100				28,605	44,705
Recruiting	42,330	18,219	1,402	36,072	930	98,953
Team travel	1,455	10,324		53,609		65,388
Equipment, uniforms, and supplies	60,108	26,510	7,329	144,455	2,255	240,657
Game expenses	3,098	645	540	5,457		9,740
Fund raising, marketing, and promotion	93,528	66,080	21,237	37,587	95,879	314,311
Sports-camp expenses		49,525	12,406	12,924		74,855
Direct facilities, maintenance, and rental	104,544	1,991	27,031	219,619	6,617	359,802
Spirit groups		38				38
Medical expenses and medical insurance	20,340	251	245	3,306	40,000	64,142
Memberships and dues	1,080	1,475	160	965		3,680
Other operating expenses	46,843	23,495	5,441	23,786	217,211	316,776
Total expenses	<u>664,718</u>	<u>291,121</u>	<u>119,612</u>	<u>855,580</u>	<u>396,221</u>	<u>2,327,252</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (Under) EXPENSES</b>	<u>(\$423,757)</u>	<u>(\$66,054)</u>	<u>(\$55,796)</u>	<u>(\$448,069)</u>	<u>\$652,810</u>	<u>(\$340,866)</u>

We compared the schedule to the amounts in the University Statement and found no exceptions as a result of these procedures.

4. We obtained written representations as to the fair presentation of the summary schedule.

We found no exceptions to this procedure.

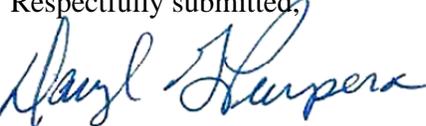
5. We obtained the independent auditor's report for all outside organizations to identify any significant deficiencies relating to the outside organization's internal control. We were to make inquiries of management to document any corrective action taken in response to the significant deficiencies.

The financial statements of the Foundation were audited by an independent certified public accounting firm for the year ended June 30, 2013. The audit report dated December 11, 2013, included no significant internal control deficiencies.

The Foundation hired an independent auditor to perform separate agreed-upon procedures solely to assist the University in complying with the requirements of the NCAA Constitution 3.2.4.16. We obtained the agreed-upon procedures report and agreed to the amounts reported on the Statement.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement and related note of the University's athletic department or on its compliance with NCAA Constitution 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, 2013. 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

LL:BAC:BDC:THC:mk

NWSUNCAA 2013

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

**Statement of Revenues and Expenses  
For the Year Ended June 30, 2013**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating revenues:						
Ticket sales	\$193,373	\$32,506	\$30,353	\$24,914		\$281,146
Student fees	221,688	42,275	31,519	452,180	\$23,419	771,081
Guarantees	735,000	325,000	65,000	39,500		1,164,500
Contributions	206,413	160,049	44,625	299,839	327,531	1,038,457
Direct institutional support	1,483,579	387,364	463,410	1,975,365	997,248	5,306,966
Indirect facilities and administrative support	205,587	8,603	11,086	657,116	654,779	1,537,171
NCAA/Conference distributions, including all tournament revenues	22,525	48,662	7,600	63,317	550,057	692,161
Program sales, concessions, novelty sales, and parking	16,552					16,552
Royalties, licensing, advertisements, and sponsorships	6,600	5,813		42,175	602,213	656,801
Sport-camp revenues		53,760	15,176	29,772		98,708
Endowment and investment income					171,857	171,857
Other	7,373	2,189	80	3,225	19,111	31,978
Total operating revenues	<u>3,098,690</u>	<u>1,066,221</u>	<u>668,849</u>	<u>3,587,403</u>	<u>3,346,215</u>	<u>11,767,378</u>
<b>EXPENSES</b>						
Operating expenses:						
Athletics student aid	1,418,795	223,644	262,639	1,839,690	38,239	3,783,007
Guarantees	123,307	16,614	810	11,000		151,731
Coaching salaries, benefits, and bonuses paid by the university and related entities	640,510	278,530	241,883	722,785		1,883,708
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	16,100				1,161,774	1,177,874
Recruiting	47,699	46,531	25,021	66,467	2,240	187,958
Team travel	233,368	128,399	62,902	478,365		903,034
Equipment, uniforms, and supplies	228,041	50,817	26,200	229,928	18,194	553,180
Game expenses	46,960	45,557	23,592	56,774	17,524	190,407
Fund raising, marketing, and promotion	102,142	67,195	22,271	37,997	135,581	365,186
Sport-camp expenses		49,525	12,406	12,936		74,867
Direct facilities, maintenance, and rental	104,547	1,991	27,031	383,794	231,617	748,980
Spirit groups		10,528	6,800			17,328
Indirect facilities and administrative support	205,587	8,603	11,086	657,116	654,779	1,537,171
Medical expenses and medical insurance	20,610	377	389	3,882	206,088	231,346
Memberships and dues	13,080	2,560	453	2,335	33,817	52,245
Other operating expense	56,402	41,167	28,159	25,520	330,276	481,524
Total operating expenses	<u>3,257,148</u>	<u>972,038</u>	<u>751,642</u>	<u>4,528,589</u>	<u>2,830,129</u>	<u>12,339,546</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	<u>(\$158,458)</u>	<u>\$94,183</u>	<u>(\$82,793)</u>	<u>(\$941,186)</u>	<u>\$516,086</u>	<u>(\$572,168)</u>

**NOTE TO THE FINANCIAL STATEMENT**  
(UNAUDITED)

**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, 2013, is as follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Capital assets:				
Land improvements	\$2,579,613	\$340,100		\$2,919,713
Less accumulated depreciation	(1,868,408)	(109,180)		(1,977,588)
Total land improvements	<u>711,205</u>	<u>230,920</u>	NONE	<u>942,125</u>
Buildings	12,336,961	512,830		12,849,791
Less accumulated depreciation	(8,740,953)	(324,985)		(9,065,938)
Total buildings	<u>3,596,008</u>	<u>187,845</u>	NONE	<u>3,783,853</u>
Equipment	437,431	10,888	(\$47,231)	401,088
Less accumulated depreciation	(318,497)	(26,374)	47,231	(297,640)
Total equipment	<u>118,934</u>	<u>(15,486)</u>	NONE	<u>103,448</u>
Total capital assets, net	<u>\$4,426,147</u>	<u>\$403,279</u>	NONE	<u>\$4,829,426</u>
Capital asset summary:				
Capital assets, at cost	\$15,354,005	\$863,818	(\$47,231)	\$16,170,592
Less accumulated depreciation	<u>(10,927,858)</u>	<u>(460,539)</u>	<u>47,231</u>	<u>(11,341,166)</u>
Capital assets, net	<u>\$4,426,147</u>	<u>\$403,279</u>	NONE	<u>\$4,829,426</u>