

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Nicholls State University
State of Louisiana
Thibodaux, Louisiana

March 15, 2000



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Thibodaux, Louisiana**

**Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 1999**

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 and New Orleans offices of the Legislative Auditor and at the office of the parish clerk of court.

March 15, 2000

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

Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 1999

CONTENTS

	Statement	Page No.
Independent Auditor's Report on the Financial Statement		2
Financial Statement:		
Statement of Revenues and Expenditures	A	4
Notes to the Financial Statement		5
	Exhibit	
Other Reports Required by <i>NCAA Financial Audit</i> Guidelines:		
Report on Internal Controls Based Solely on an Audit of the Athletic Department's Statement of Revenues and Expenditures	A	
Report on Minimum Agreed-Upon Procedures	B	



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DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

February 28, 2000

Independent Auditor's Report
on the Financial Statement

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Thibodaux, Louisiana

We have audited the accompanying statement of revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program, a program within Nicholls State University for the year ended June 30, 1999. This financial statement is the responsibility of management of Nicholls State University. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the statement of revenues and expenditures referred to above presents only the financial transactions of the Nicholls State University Intercollegiate Athletics Program, a program within Nicholls State University. As such, the financial statement is not intended to and does not present fairly the financial position and changes in fund balances of Nicholls State University in conformity with generally accepted accounting principles.

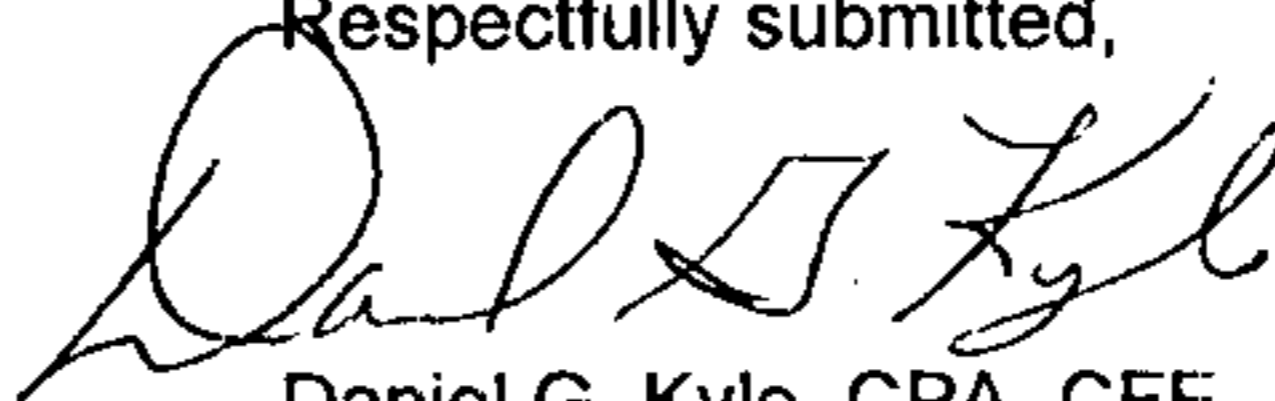
In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program for the year ended June 30, 1999, in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

**DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**
Audit Report, June 30, 1999

We have also issued reports dated February 28, 2000, on our consideration of the Nicholls State University Intercollegiate Athletics Program internal controls and our report on minimum agreed-upon procedures.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with a large initial "D" and "K".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

RLR:ES:RCL:dl

[NIC-NCAA]

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

**Statement of Revenues and Expenditures
For the Year Ended June 30, 1999**

	(PORTION OF) CURRENT FUNDS - UNRESTRICTED - AUXILIARY	ATHLETIC AGENCY FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Education and general transfers	\$1,928,112		\$1,928,112
Gate receipts	128,395		128,395
Guarantees	306,085		306,085
Commissions	7,965		7,965
NCAA receipts	151,538		151,538
In-kind contributions (note 6)		\$31,000	31,000
Outside funds		242,896	242,896
Miscellaneous	89,353		89,353
Total revenues	<u>2,611,448</u>	<u>273,896</u>	<u>2,885,344</u>
EXPENDITURES			
Personal services:			
Salaries	957,773	41,930	999,703
Related benefits	188,406	6,667	195,073
Travel	282,177	29,704	311,881
Operating services	187,012	44,721	231,733
Supplies	90,411	24,779	115,190
Professional services	133,369	2,425	135,794
Guarantees	32,948		32,948
Scholarships	733,837	9,047	742,884
Other charges	275	108,365	108,640
Equipment	5,240	5,608	10,848
Total expenditures	<u>2,611,448</u>	<u>273,246</u>	<u>2,884,694</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>NONE</u>	<u>\$650</u>	<u>\$650</u>

The accompanying notes are an integral part of this statement.

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

Notes to the Financial Statement
For the Year Ended June 30, 1999

INTRODUCTION

Nicholls State University is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana within the executive branch of government. The Nicholls State University Athletic Department, which operates the intercollegiate athletics program, is a part of Nicholls State University. The accompanying financial statement presents information only as to the transactions of the Nicholls State University Athletic Department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

To observe limitations and restrictions placed on the use of available resources, the accounts of Nicholls State University are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with the activities or specified objectives. Accounts are maintained for the transactions of the athletic department as follows:

Current Funds - Unrestricted

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control included in the annual legislative appropriation act, and include the auxiliary enterprise fund. The auxiliary enterprise fund includes the accounts of the athletic department.

Agency Fund

This fund group represents funds for which the university acts as custodian or fiscal agent on behalf of others, such as contributions and in-kind contributions of the athletic department.

B. BASIS OF ACCOUNTING

The accounts of the athletic department are maintained on the accrual basis of accounting as follows:

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**
Notes to the Financial Statement (Continued)

Revenues

Substantially all revenues are recognized when earned.

Expenditures

Expenditures are generally recognized under the accrual basis of accounting when incurred, except that (1) depreciation is not recognized, and (2) summer school fees and faculty salaries and related benefits for June are not prorated, but are deferred to the succeeding year.

C. EMPLOYEE COMPENSATED ABSENCES

Employees of the university working in the athletic department earn annual and sick leave in accordance with state law and administrative regulations.

D. TOTAL COLUMN ON STATEMENT

The total column on Statement A is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CONTRIBUTIONS EXCEEDING TEN PERCENT
OF TOTAL CONTRIBUTIONS**

The Nicholls State University Intercollegiate Athletics Program received one individual contribution that exceeded 10% (\$9,345) of total contributions from State Farm Insurance for \$39,380.

3. PENSION PLANS

Plan Description. Substantially all employees of the athletic department are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivor's benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**
Notes to the Financial Statement (Continued)

that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Funding Policy. The contribution requirements of plan members and the athletic department are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (R.S.) 11:102. Employees contribute 8% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 16.5% of covered salaries to TRS and 12.4% of covered salaries to LASERS. The athletic department's employer contributions to TRS for the years ended June 30, 1999, 1998, and 1997 were \$57,722, \$43,749, and \$37,465, respectively, and to LASERS for the years ended June 30, 1999, 1998, and 1997 were \$12,877, \$12,272, and \$8,413, respectively, equal to the required contributions for each year.

4. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program will aid the athletic department in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the athletic department are 16.5% of the covered payroll. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan totaled \$70,265, \$66,876, and \$65,061 for the years ended June 30, 1999, 1998, and 1997, respectively.

**ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**
Notes to the Financial Statement (Concluded)

**5. OUTSIDE ORGANIZATIONS CREATED FOR OR IN
BEHALF OF THE NICHOLLS STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

The Nicholls Colonel Club is the only outside organization created for or in behalf of the Nicholls State University Intercollegiate Athletics Program. The accounts for this club are maintained within the Nicholls State University Foundation, Incorporated, which is a separate corporation whose financial statements were audited by independent certified public accountants for the year ended June 30, 1999.

Included in the Statement of Revenues and Expenditures (Statement A) is \$11,421 in direct payments provided to the athletic program by the Nicholls Colonel Club. Except for these funds received by the university, the funds of the Nicholls Colonel Club and the Nicholls State University Foundation, Incorporated, are not under the accounting control of the university and, therefore, are not included in Statement A.

6. CONTRIBUTIONS (GIFTS-IN-KIND)

In addition to the direct payments mentioned in Note 5, Statement A includes expenditures made for or in behalf of the athletic department by the Nicholls Colonel Club as follows:

Operating services	\$25,000
Supplies	2,000
Equipment	<u>4,000</u>
Total	<u><u>\$31,000</u></u>

OTHER REPORTS REQUIRED BY
NCAA FINANCIAL AUDIT GUIDELINES

The following pages contain reports on internal controls and agreed-upon procedures required by *NCAA Financial Audit Guidelines*, issued by the National Collegiate Athletic Association. The report on internal control is based solely on the audit of the financial statement and includes, where appropriate, any reportable conditions or material weaknesses. The report on agreed-upon procedures relates only to the items discussed and is substantially less in scope than an audit.



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DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

February 28, 2000

Independent Auditor's Report on Internal Controls
Based Solely on an Audit of the Athletic Department's
Statement of Revenues and Expenditures

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Thibodaux, Louisiana

We have audited the statement of revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program, a program within Nicholls State University, for the year ended June 30, 1999, and have issued our report thereon dated February 28, 2000. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

In planning and performing our audit of the statement of revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program for the year ended June 30, 1999, we considered its internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal controls. Our consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal controls and its operation that we consider to be material weaknesses as defined above.

EXHIBIT A

LEGISLATIVE AUDITOR

**DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA**
Internal Controls Report
February 28, 2000
Page 2

This report is intended for the information and use of the management of Nicholls State University and is not intended to be used by anyone other than management of the university. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

RLR:ES:RCL:dl

[NIC-NCAA]

EXHIBIT A



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

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February 28, 2000

Independent Auditor's Report on
Minimum Agreed-Upon Procedures

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Thibodaux, Louisiana

We have audited the statement of revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program, a program within Nicholls State University, for the year ended June 30, 1999, and have issued our report thereon dated February 28, 2000. As requested by the university, we have also applied certain agreed-upon procedures contained in the *NCAA Financial Audit Guidelines* related to outside organizations created for or in behalf of the university's Intercollegiate Athletics Program for the year ended June 30, 1999, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of Nicholls State University. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

1. We obtained written representation from management of the university that the Nicholls State University Foundation, Incorporated - Colonel Club was the only outside organization created for or in behalf of the athletic department.
2. We obtained from representatives of the outside organization, a statement of cash receipts and disbursements with written representations as to the fair presentation of the statements.

No exceptions were noted as a result of this procedure.

3. We compared the direct payments of outside organizations to the university with the revenues reported on the university's Statement of Revenues and Expenditures and identified any reconciling items.

No exceptions were noted as a result of this comparison.

EXHIBIT B

LEGISLATIVE AUDITOR

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Agreed-Upon Procedures Report
February 28, 2000
Page 2

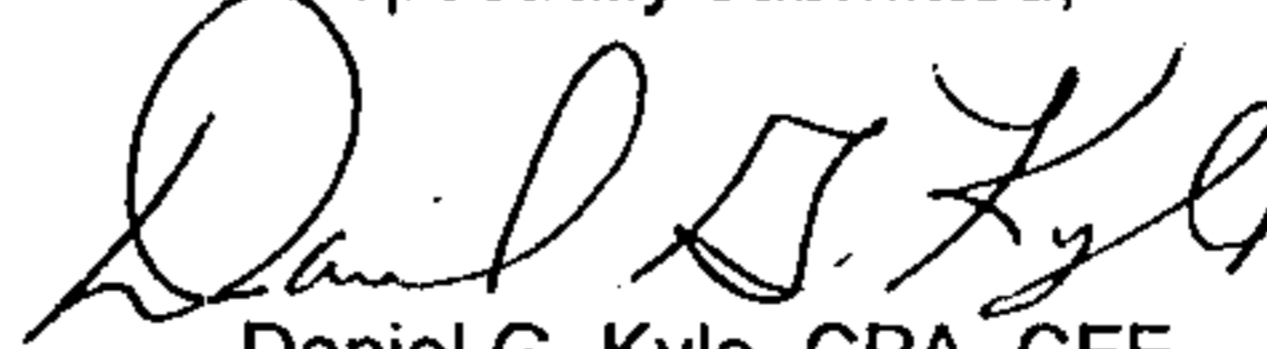
4. We obtained the independent auditor's report for the outside organization to identify any reportable conditions relating to the outside organization's internal controls and made inquiries of management to document any corrective action taken in response to the reportable conditions.

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, 1999. The audit report was dated August 10, 1999, and included no reportable conditions relating to the outside organization's internal control.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. Had we performed additional procedures or had we made an audit of the financial statements of the related outside organization in accordance with generally accepted auditing standards, matters might have come to our attention that would be reported to you. This report relates only to the accounts and items specified above and does not extend to any financial statements of Nicholls State University or the related outside organizations taken as a whole.

This report is intended for the information and use of the management of Nicholls State University and is not intended to be used by anyone other than management of the university. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

RLR:ES:RCL:dl

[NIC-NCAA]