

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Nicholls State University
State of Louisiana
Thibodaux, Louisiana

February 10, 1990



Financial and Compliance Audit Division

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

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

**Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 1997**

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.

February 18, 1998

ATHLETIC DEPARTMENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA

Financial Statement and
Independent Auditor's Reports
For the Year Ended June 30, 1997

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DANIEL G. KYLE, FID., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYOU BOULEVARD, LOUISIANA 70804-0007

1400 SHIRLEY STREET SUITE 201
PO BOX 93000
NEW ORLEANS, LA 70109-0300
TELEPHONE: (504) 586-5000
FACSIMILE: (504) 586-5071

February 2, 1988

Independent Auditor's Report
on the Financial Statement

DR. DONALD J. AYD, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Tribouxeux, 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, 1987. 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. These 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, the revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program for the year ended June 30, 1987, in conformity with generally accepted accounting principles.

We have also issued reports dated February 2, 1988, on our consideration of the Nicholls State University Intercollegiate Athletics Program internal controls and our report on minimum agreed-upon procedures.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

YEA-JR-01
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ATHLETIC DEPARTMENT
 NICHOLLS STATE UNIVERSITY
 STATE OF LOUISIANA

Statement of Revenues and Expenditures
 For the Year Ended June 30, 1997

	(PORTION OF) CURRENT FUNDS - UNRESTRICTED - AUXILIARY ENTERPRISE FUND	ATHLETIC AGENCY FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Education and general transfers	\$1,835,080		\$1,835,080
Gate receipts	187,776		187,776
Guarantees	157,680		157,680
Commissions	7,214		7,214
NCAA receipts	159,552		159,552
In-kind contributions (note 2)		\$28,280	28,280
Outside funds (note 5)		241,081	241,081
Miscellaneous	28,688		28,688
Total revenues	<u>\$2,175,980</u>	<u>\$28,280</u>	<u>2,643,000</u>
EXPENDITURES			
Personal services and related benefits	944,892	38,270	983,162
Taxent	277,807	55,883	333,690
Operating services	183,968	28,483	212,451
Supplies	49,108	64,370	113,478
Professional services	189,714	15,138	204,852
Stipends	30,308		30,308
Scholarships	658,315		658,315
Other charges	(758)	\$1,800	1,042
Equipment	1,888	3,878	5,766
Total expenditures	<u>\$2,327,928</u>	<u>\$107,915</u>	<u>2,527,843</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(\$151,948)</u>	<u>\$21,428</u>	<u>(\$130,520)</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, 1997**

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. Nicholls State University Athletic Department 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 are funds that will be expended in the near future. They include funds for operating purposes on which there are restrictions that limit the purposes for which the funds can be used, and include the auxiliary enterprise fund. The auxiliary enterprise fund includes the accounts of the athletic department.

Agency Funds

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
MCHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Revenues

Substantially all revenues are recognized when earned.

Expenditures

Expenditures are recognized under the accrual basis of accounting when incurred, except that (1) depreciation is not recognized; (2) annual and sick leave are recognized when paid; (3) summer school fees and faculty salaries and related benefits for June are not prepared but are deferred to the succeeding year; and (4) inventories of the Unrestricted - Auxiliary Enterprise Fund are recorded as expenditures at the time of purchase.

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. Leave benefits are reflected in the accompanying statement when paid.

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 FROM OUTSIDE ORGANIZATIONS

The following is a summary of contributions-in-kind received and reported as revenues and expenditures on Statement A:

Travel	\$3,000
Supplies	5,000
Operating services	10,000
Professional services	8,000
	<hr/>
Total	<u>\$26,000</u>

3. PENSION PLANS

Plan Description. Substantially all employees of the university are members of two statewide, public employee retirement systems. Academic employees are generally members of the

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

Notes to the Financial Statements (Continued)

Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' 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 that include financial statements and require supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 64123, Baton Rouge, Louisiana 70804-0123, or by calling (504) 925-8448 and/or the Louisiana State Employees Retirement System, Post Office Box 44123, Baton Rouge, Louisiana 70804, or by calling (504) 922-0800.

Funding Policy: The contribution requirements of plan members and the university 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 percent (TRS) and 7.5 percent (LASERS) of covered salaries. The state is required to contribute 16.3 percent of covered salaries to TRS and 12.4 percent of covered salaries to LASERS. The university's employer contribution is funded by the State of Louisiana through the annual appropriation to the university. The university's employer contributions to TRS for the years ended June 30, 1997, 1998, and 1999, were \$37,868, \$37,884, and \$30,602, respectively, and to LASERS for the years ended June 30, 1997, 1998, and 1999, were \$8,413, \$8,344, and \$12,446, 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 was designed to aid universities in retaining 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 permitted 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.

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

Notes to the Financial Statements (Continued)

Total contributions by the university are 16.3 percent of the covered payroll. The participant's contribution (3 percent), 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 to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by an actuarial committee. 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 for the years ended June 30, 1997, 1998, and 1999, were \$85,901, \$82,678, and \$57,470, respectively, equal to the required contributions for each year.

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

The only outside organization created for or in behalf of the Nicholls State University intercollegiate Athletics Program is the Colerick's Club, which is an account within the Nicholls State University Foundation, incorporated. The Nicholls State University Foundation, Incorporated, is a separate corporation audited by an independent certified public accounting firm. The athletic director and the associate athletic director determine the amounts transferred to the University Athletic Agency Fund for the foundation.

**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 controls 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.



CHARLES B. BULL, PRES., CPA, CMA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-5507

ACCOUNTS RECEIVABLE
MAIL ROOM (504) 387-1
TELEPHONE (504) 387-5000
FACSIMILE (504) 387-5000

February 2, 1999

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. RYO, PRESIDENT
NICHOLES STATE UNIVERSITY
STATE OF LOUISIANA
Thibodaux, Louisiana

We have audited the statement of revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program for the year ended June 30, 1997, and have issued our report thereon dated February 2, 1999.

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.

The management of Nicholls State University Athletic Department is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statement in accordance with generally accepted accounting principles. Because of inherent limitations in internal controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statement of Nicholls State University Athletic Department for the year ended June 30, 1997, we obtained an understanding of the internal controls. With respect to the internal controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal controls. Accordingly, we do not express such an opinion.

LEGISLATIVE AUDITOR

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Internal Control Report
February 2, 1995
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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 elements does not reduce to a relatively low level the risk that errors and irregularities 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 operations that we consider to be material weaknesses as defined above.

This report is intended for the information and use of the university's management. 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

YEA:JRE:dj

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BARBARA KYLL, PH.D., CPA, CFF
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYOU BOULEVARD, LOUISIANA 70804-8997

1600 MISSISSIPPI STREET
FORT BELLEVILLE, MISSISSIPPI 39201
TELEPHONE: (601) 544-3400
FACSIMILE: (601) 544-3400

February 2, 1998

Independent Auditor's Report on
Minimum Agreed-Upon Procedures

DR. DONALD J. AYD, PRESIDENT
MICHOLES STATE UNIVERSITY
STATE OF LOUISIANA
Tibodiox, Louisiana

We have audited the statement of revenues and expenditures of the Nicholls State University Intercollegiate Athletics Program for the year ended June 30, 1997, and have issued our report thereon dated February 2, 1998. As requested by the university, we have also applied certain minimum agreed-upon procedures contained in the NCAA Financial Audit Guidelines to the accounting records of the Nicholls State University Athletic Department and applied certain minimum agreed-upon procedures related to outside organizations created for or in behalf of the university's Intercollegiate Athletics Program for the year ended June 30, 1997, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 8.2.3.1. These minimum agreed-upon procedures relate only to the accounts and items as follows and do not affect our opinion on the statement of revenues and expenditures. Our supplemental and minimum agreed-upon procedures follow:

STATEMENT OF REVENUES AND EXPENDITURES

Term of Statement

We obtained from management the statement of revenues and expenditures for the year ended June 30, 1997, as shown on Statement A, and requested written representation from management as to its fair presentation. In addition, we verified the mathematical accuracy of the amounts on the Statement and traced the amounts to the university's revenue and expenditure ledgers. We noted no differences between the amounts on the statement and the amounts in the revenue and expenditure ledgers.

Comparison of Statements

We compared the statements of revenues and expenditures for June 30, 1998, and June 30, 1997, to determine the percentage of increase or decrease between the two years. The university provided satisfactory responses for any material variances between the two years.

LEGISLATIVE AUDITOR

DR. DONALD J. AYO, PRESIDENT
NICHOLLS STATE UNIVERSITY
STATE OF LOUISIANA
Agreed-Upon Procedures Report
February 2, 1998
Page 2

Comparison of Budget to Actual Revenues and Expenditures

We compared the amount of budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1997, to determine if there were any material budget variances. The university provided satisfactory responses for any material variances.

Contributions Exceeding Ten Percent of Total Contributions

We obtained from management a list of contributions received by the athletic department and determined that there was one individual contribution, from State Farm Insurance Companies totaling \$21,540, that exceeded 10 percent (\$18,632) of the total contributions.

Booster Group Activities

We reviewed the university's procedures for monitoring booster group activities. The university maintains the financial records for its only booster group, the Colonel's Club, which is within the Nicholls State University Foundation, Incorporated. The financial statements were audited by an independent certified public accounting firm for the year ended June 30, 1997.

EXPENDITURES OF OUTSIDE ORGANIZATION MADE FOR OR IN BEHALF OF NICHOLLS STATE UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM

Review of Financial Activities of Outside Organizations

We obtained written representation from management of the university that the Colonel's Club was the only outside organization that made expenditures for or in behalf of the athletic department. In addition, we obtained the financial statements of the Nicholls State University Foundation, Incorporated, for the year ended June 30, 1997, which had been audited by an independent certified public accounting firm who expressed an unqualified opinion on these statements. We obtained the following summary of revenues and expenditures from the audited financial statements and accounting records of the foundation and reconciled the expenditures made for or in

LEGISLATIVE AUDITOR

DR. DONALD J. AYO, PRESIDENT
 NICHOLLS STATE UNIVERSITY
 STATE OF LOUISIANA
 Agreed-Upon Procedures Report
 February 2, 1998
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behalf of the athletic program to the university's accounting records and to the revenues reported on the statement of revenues and expenditures. The financial activity of the Colonel's Club account within the Nicholls State University Foundation, Incorporated, for the year ended June 30, 1997, is as follows:

Fund balance, July 1, 1996	\$18,088
Revenue and other support (donation, fund-raisers, etc.)	8,245
Transfer to Nicholls State University Athletic Agency Fund	(3,730)
Expenses for or in behalf of the Nicholls State University Athletic Department - direct reimbursements	<u>(2,724)</u>
Fund balance, June 30, 1997	<u>\$18,789</u>

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. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. 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 university's management. 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

TEA-UR-01

1/2/98/03