

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM

AGREED-UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED JUNE 30, 2012

Sean M. Bruno
Certified Public Accountants

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Sean M. Bruno
Certified Public Accountants

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

Dr. Frank G. Pogue, President
Grambling State University
Grambling, Louisiana

At your request, I have performed the agreed-upon procedures, as enumerated below, which were agreed to by management of the **Grambling State University (the University)**, to the accounting records of the Intercollegiate Athletics Program as of the year ended June 30, 2012, solely to assist the **University** in complying with NCAA Bylaw 6.2.3.1. **The University** is responsible for the accounting records of the Intercollegiate Athletics Program. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, I make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. My procedures and findings were as follows:

MINIMUM AGREED-UPON GENERAL PROCEDURES

1. I obtained written representation from management as to the fair presentation of the statement of revenues and expenditures of the Intercollegiate Athletics Program, completeness of required schedules and related financial information, adequacy of controls, compliance with National Collegiate Athletic Association (NCAA) rules and legislation, and other information as I considered necessary. I also verified the mathematical accuracy of amounts and agreed the Schedule of Revenues and Expenditures for the year ended June 30, 2012 to the **University's** general ledger. I noted no exceptions based on the procedures performed.
2. I obtained an understanding of the control environment and accounting system used by the **University's** Intercollegiate Athletics Program, and performed test of the specific elements of the control environment and accounting system. I noted that adequate supporting documentation was not maintained for deposits and wired funds. Supporting documentation consisted of the bank statements.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON GENERAL PROCEDURES, CONTINUED

3. I compared each operating revenue and expense category for June 30, 2011 and June 30, 2012, identifying variances of 20% or greater between categories that are 5% or more of the total, and obtained an explanation for variance. I obtained explanations for all variances that exceeded established thresholds, noting no exceptions.
4. I compared the budgeted revenues and expenditures to actual revenues and expenditures for each operating revenue and expense category for the year June 30, 2012, to identify any variances of 20% or greater between categories that are 5% or more of the total, and obtained an explanation for variance. I obtained explanations for all variances that exceeded established thresholds, noting no exceptions.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. I verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts, contracts, etc.) and comparing amounts to the general ledger. Based on procedures performed, I noted that currently ticket master reconciliations are not prepared timely with appropriate adjustments being made to the general ledger system. I also noted that management did not have reconciliation procedures in place for the handling of hard ticket stock from the University of Louisiana at Monroe. In addition, the athletic business office lowered their ticket prices after sales began in reaction to the University of Louisiana at Monroe lowering their prices. This made it difficult for the business office to reconcile sales per hard ticket stock sold to amounts recorded in the general ledger.

Recommendation

Management should have the ticket office manager to reconcile the ticket master audit report to the general ledger within two weeks after the conclusion of the football game. The reconciliation should then be signed off by the Assistant Athletic Director for Business as an indication of approval. With respect to the change in ticket prices, ticket prices should be agreed upon in the game contract prior to the selling of tickets.

Management's Response

Management concurs with the finding and will follow the recommendation and require that the ticket office manager prepare reconciliations within two weeks after the conclusion of games and require that the Assistant Athletic Director for Business sign off on reconciliation after review. Management has also developed reconciliation procedures for hard ticket stock, when received from other

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

Universities.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

2. I agreed the amounts reported as Classic games and game guarantee revenue for Football, and Men's & Women's basketball games to the University's contractual agreements with other Universities or promoters and to amounts recorded in the general ledger. I was unable to reconcile amounts from the settlement statement to amounts recorded in the general ledger.

Recommendation

The State Fair Classic contract calls for the event promoter to engage an independent CPA to prepare a profit and loss report after the event to include game activities and sponsorships. This report should be reconciled to amounts recorded in the general ledger.

Management's Response

Management will follow the recommendation and require that financial reports provided by the promoter be reconciled to amounts recorded in the general ledger. Reconciliations will be done within sixty days after the event or after all sponsorships revenue has been collected and/or accounted for.

3. Per discussion with the University's management and per review of the general ledger, the University did not receive any indirect institutional support for the year ended June 30, 2012.
4. I agreed the amounts reported as direct institutional support through state appropriations by vouching cash receipts and reviewing appropriate documentation. I noted no exceptions as a result of the procedures performed.
5. Per discussion with the University's management, the University did not participate in or receive revenues from NCAA/Conference tournaments for the year ended June 30, 2012. However the University did receive support from the NCAA during the year. Based on review of supporting documentation, I noted that management did not have procedures in place to reconcile amounts wired in from the NCAA to amounts per the NCAA financial distribution report.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

Recommendation

The Assistant Athletic Director for Business should reconcile amounts received from the NCAA to the NCAA financial distribution report on an annual basis.

Management's Response

Management has implement procedures that require the Assistant Athletic Director for Business to reconcile NCAA receipts per the general ledger to NCAA reports on an annual basis.

6. I obtained and inspected agreements related to the University's receipt of revenues from royalties, advertisements, and sponsorships. The revenues were vouched to the related agreements and to cash receipts, noting no exceptions.
7. I requested sport-camp agreements between the University and the sponsors of the sport-camps and noted that all sport camps were conducted by the coaches of their applicable sport. No exceptions noted.
8. I selected one operating revenue receipt from each category not previously mentioned above and agreed amounts to supporting documentation (i.e. contracts, sales reports, cash receipts) and agreed amounts to the general ledger, noting no exceptions.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENDITURES

1. I vouched a random sample of student-athletes from the listing of the University student aid recipients. I then compared the students' award letter to the detail of the student accounts, noting no exceptions.
2. I obtained and inspected the largest contractual agreement pertaining to expenditures recorded by the University from a guaranteed contest during the period. I reconciled the amounts recorded to the general ledger to the contractual agreement, and receipts, noting no exceptions.
3. I compared current payroll amounts to the prior year's amounts and reconciled all variances greater than a pre-determined amount. I also reviewed supporting personnel action forms, W-2's, and Contracts for head coaches and one select support personnel, noting appropriate approval for the related wages and fringe benefits increases and/or decreases. I noted no exceptions as a result of the procedures performed.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR EXPENDITURES, Continued

4. Per discussion with management and per payroll procedures performed above, the **University** did not make any severance payments to athletic department employees during the year ended June 30, 2012.
5. I obtained and documented an understanding of the **University's** recruiting expense policies. The **University's** policies were compared and agreed to existing institutional and NCAA related policies without exception.
6. I obtained and documented an understanding of the **University's** team travel policies. The **University's** policies were compared and agreed to existing institutional and NCAA related policies, noting no exceptions.
7. I obtained and documented an understanding of the institution's methodology for allocating indirect facilities support. Per discussion with management, the **University** did not allocate indirect facilities support during the year.
8. Per discussion with management, I noted that the **University** elected not to report indirect facilities and administrative support in the statement for the period tested.
9. I vouched a random sample of operating expenditure transactions and reviewed the related purchasing documents, invoices and cancelled checks, noting no exceptions.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. I requested from the **University's** management, a detail of contributions received by the athletic department, noting that the **University** did not receive any contribution that exceeded 10% of total contributions.
2. I obtained and gained an understanding of the policies and procedures for acquiring, depreciating, and disposing of intercollegiate athletics - related assets, noting no exception.
3. The **University** did not have any capitalized asset additions during the period.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

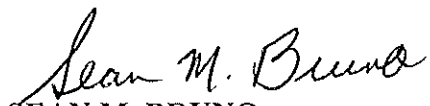
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**MINIMUM AGREED-UPON PROCEDURES
FOR AFFILIATES AND OUTSIDE ORGANIZATIONS**

1. The University provided written representation that the listing of all known affiliated and outside organizations provided to us by the University are the only outside organizations created for or on behalf of the athletic department. No exceptions noted.
2. I requested from management a summary of revenue and expenditures for or on behalf of the Intercollegiate Athletics Programs affiliated and outside organizations to be included with agreed upon procedures report, and to confirm reported revenues and expenditures with a responsible official of the organization. No exceptions noted.
3. I obtained and gained an understanding of the procedures used by the University to gather information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's Intercollegiate Athletics Programs. I tested the University's procedures on gathering information related to affiliated and outside organizational activity, and noted no exceptions as a result of procedures performed.
4. I obtained and reviewed the 2011 independent audit report for the Grambling State University Athletic Foundation, noting no reportable conditions.

I was not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the President, his designees and authorized representatives of the National Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified parties.


SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS

April 12, 2013

Sean M. Bruno
Certified Public Accountants

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAMS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

	Football	Bayou Classic Activity	Sub-total Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues:								
Ticket sales	\$ 825,746	\$ -	\$ 825,746	\$ 8,562	\$ 2,847	\$ 2,311	\$ -	\$ 839,466
Guarantees/Classic games	180,136	-	180,136	532,385	68,762	5,000	-	786,283
State Appropriations (NOTE 3)	-	-	-	-	-	-	1,969,671	1,969,671
Program Sales, Concessions, Novelty Sales, and Parking	-	-	-	-	-	-	161,051	161,051
Gift Income	-	525,486	525,486	-	-	-	87,500	612,986
NCAA revenue distribution (NOTE 8)	-	-	-	-	-	-	701,682	701,682
SWAC revenue distribution (NOTE 8)	-	-	-	-	-	-	31,148	31,148
Royalties/Sponsorship	-	-	-	-	-	-	76,689	76,689
Other revenue	19	-	19	-	-	-	28,600	28,619
Total operating revenues	1,005,901	525,486	1,531,387	540,947	71,609	7,311	3,056,341	5,207,595
Operating Expenditures:								
Salaries & Wages	814,254	-	814,254	170,261	193,869	358,625	958,988	2,495,997
Related Benefits	237,584	-	237,584	48,959	56,758	119,032	255,799	718,134
Professional Services	-	-	-	-	-	9,500	142,771	152,271
Membership Dues	5,000	-	5,000	-	480	3,955	36,950	46,385
Medical Expense & Insurance	14,534	-	14,534	-	-	10,346	61,617	86,497
Operating Services	7,917	6,466	14,383	-	981	-	6,371	21,734
Travel	218,277	332,230	550,507	86,892	96,782	290,055	62,256	1,086,491
Equipment Purchases	14,186	-	14,186	-	-	18,757	607	33,550
Officials and Referees	42,301	-	42,301	23,800	18,800	30,570	-	115,471
Equipment & Uniforms	40,707	-	40,707	10,008	6,921	42,757	9,799	110,192
Educational Supplies	6,698	-	6,698	-	-	2,415	30,000	39,113
Supplies	27,746	37,500	65,246	6,425	1,987	18,063	26,708	118,430
Facility, Maintenance, & Rental	9,883	-	9,883	1,230	-	1,141	16,023	28,278
Printing	297	-	297	-	-	1,399	12,474	14,170
Insurance	-	-	-	-	-	2,355	98,118	100,474
Guarantees	190,000	12,500	202,500	-	2,500	-	7,000	212,000
Other Charges	357	-	357	1,430	-	-	-	1,787
Food for Persons	33,742	-	33,742	356	337	5,202	26,339	65,976
Scholarships	539,675	-	539,675	74,391	151,352	805,076	-	1,570,494
Total operating expenditures	2,203,159	388,696	2,591,855	423,752	530,768	1,719,249	1,751,818	7,017,442
Excess revenues over (expenditures)	\$ (1,197,258)	\$ 136,790	\$ (1,060,468)	\$ 117,195	\$ (459,159)	\$ (1,711,938)	\$ 1,304,523	\$ (1,809,847)

The accompanying notes are an integral part of this schedule.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 - ORGANIZATION:

Grambling State University (the University) is a publicly supported institution of higher education. **The University** is a political subdivision of the State of Louisiana, within the Executive Branch of government, under the management and supervision of the Grambling State University Board of Supervisors. However, the annual budget of **the University** and proposed changes to the degree programs, departments of instruction, etc., require the approval of the Board of Regents. The Board of Supervisors is comprised of 15 members appointed for a six year term by the Governor with the consent of the Senate, and one student member appointed for a one year term by a council composed of the student body presidents of the universities within the University of Louisiana System. As a State agency, operations of **the University's** instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

Grambling State University operates the following Intercollegiate Athletics Programs:

- Football;
- Basketball (men and women);
- Baseball;
- Tennis (men and women);
- Golf (men and women);
- Track (men and women);
- Volleyball; (women)
- Softball (women); and
- Bowling (women).

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012**

(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Reporting

The accompanying Schedule of Revenues and Expenditures for the Intercollegiate Athletics Program has been prepared in the format set forth in the NCAA Audit Guide. The purpose of the schedule is to present a summary of those activities of **Grambling State University (the University)** Intercollegiate Athletics Program for the year ended June 30, 2012.

Because the schedule presents only selected financial activities of **the University**, it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenditures and other changes of **the University**.

All activities of the Intercollegiate Athletics Program are reported among **the University's** unrestricted current funds. The unrestricted current funds of **the University** were audited by the State of Louisiana Legislative Auditor.

The accounting principles followed by **the University** in preparing the Schedule of Revenues and Expenditures are as follows:

- Fund Accounting

The accounts of **the University** are maintained in accordance with the principles of fund accounting under which resources for various purposes are classified into funds according to specified activities or objectives. Financial transactions of funds having similar characteristics are combined and reported by fund group. As indicated above, the activities of the Intercollegiate Athletics Program are reported in the unrestricted current funds.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012**

(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Basis of Accounting

The Schedule of Revenues and Expenditures for the Intercollegiate Athletics Program has been prepared on the accrual basis of accounting, except that (1) depreciation is not recognized, (2) annual and sick leave are recognized when paid, (3) summer school tuition and fees and faculty salaries and related benefits are not pro rated, but are deferred to the succeeding year, and (4) inventory of the general fund are recorded as expenditures at the time of purchase.

The preparation of the Schedule of Revenues and Expenditures in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Additionally, the excess of revenues over expenditures that a specific intercollegiate athletic program generates is utilized to offset a deficit experienced by another program and are recorded as transfers.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures.

NOTE 3 - CAPITAL OUTLAYS:

Capital outlays are recorded as expenditures in the current fund and as an addition to fund balance in the Net Investment in the Plant Fund.

NOTE 4 - NCAA REVENUE DISTRIBUTION:

The Intercollegiate Athletics Program received revenues during the year from the NCAA for certain intercollegiate athletic activities. The amount received was calculated by the NCAA in accordance with a distribution formula, which is utilized to determine the amount to be remitted to all participating institutions.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012**

(CONTINUED)

NOTE 5 - OUTSIDE ORGANIZATIONS:

Grambling State University Intercollegiate Athletics Program is the recipient of contributions to or on behalf of the program established by the Grambling State University Athletic Foundation. The Grambling State University Athletic Foundation provided **the University** with its 2012 compilation. The Grambling State University Athletic Foundation's 2012 revenues totaled \$44,582 and total expenses totaled \$102,915 for the year ended June 30, 2012

NOTE 6 - SCHOLARSHIP EXPENSE:

The total scholarship expense per the Statement of Revenues and Expenditures represents all athletic scholarships disbursed during the Fall 2011, Spring and Summer 2012 semesters.

NOTE 7 - BAYOU CLASSIC:

Ticket sales revenue included the net proceeds from the Bayou Classic. Revenues and direct expenditures are recorded in **the University's** Statement of Revenues, Expenditures, and Other Changes as auxiliary enterprises for intercollegiate athletic.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES**

EXIT CONFERENCE

An exit conference was held to discuss the report. Those in attendance were as follows:

GRAMBLING STATE UNIVERSITY

Mr. Leon Sanders	--	Interim-Vice President for Finance and Administration
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BRUNO & TERVALON, LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Sean M. Bruno, CPA	--	Owner
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