

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM

AGREED-UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED JUNE 30, 2013

Sean M. Bruno
Certified Public Accountants

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**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, 2013, 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, 2013 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, 2012 and June 30, 2013, 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, 2013, 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

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.

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.

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.

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

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

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, 2013.
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, 2013. 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.

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.

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

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

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.
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, 2013.
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.

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

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR EXPENDITURES, Continued

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 received \$280,492 from the Grambling University Foundation from proceeds related to the Bayou Classic.
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


(CONTINUED)

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. There was no audit conducted of affiliated organizations during the year.

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

January 3, 2014

Sean M. Bruno
Certified Public Accountants

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAMS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

	Football	Bayou Classic Activity	Sub-total Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues:								
Ticket sales	\$ 600,233	\$ -	\$ 600,233	\$ 9,551	\$ 2,376	\$ 1,981	\$ -	\$ 614,142
Guarantees/Classic games	400,000	-	400,000	617,000	105,000	8,000	-	1,130,000
State Appropriations (NOTE 3)	-	-	-	-	-	-	2,900,000	2,900,000
Program Sales, Concessions, Novelty Sales, and Parking	-	-	-	-	-	-	120,458	120,458
Gift Income	-	280,492	280,492	-	-	-	2,500	282,992
NCAA revenue distribution (NOTE 8)	-	-	-	-	-	-	271,364	271,364
SWAC revenue distribution (NOTE 8)	-	-	-	-	-	-	86,559	86,559
Royalties/Sponsorship	-	-	-	-	-	-	73,688	73,688
Other revenue	-	-	-	-	-	-	32,425	32,425
Total operating revenues	1,000,233	280,492	1,280,725	626,551	107,376	9,981	3,486,994	5,511,628
Operating Expenditures:								
Salaries & Wages	623,809	-	623,809	233,769	258,157	346,436	927,701	2,389,873
Related Benefits	212,637	-	212,637	87,333	32,521	123,744	285,702	741,937
Professional Services	800	-	800	-	-	-	53,910	54,710
Membership Dues	-	-	-	1,614	613	6,496	38,725	47,448
Medical Expense & Insurance	-	-	-	-	-	9,665	42,776	52,441
Operating Services	-	-	-	-	-	-	15,765	15,765
Travel	283,071	-	283,071	118,521	147,041	337,287	74,277	960,196
Equipment Purchases	16,456	-	16,456	7,935	3,045	9,504	4,093	41,033
Officials and Referees	34,596	-	34,596	19,400	25,900	21,278	2,055	103,228
Equipment & Uniforms	50,196	-	50,196	15,584	18,666	34,355	8,892	127,693
Educational Supplies	1,454	-	1,454	-	-	-	48,849	50,303
Supplies	24,486	-	24,486	3,421	1,775	19,765	33,060	82,507
Facility, Maintenance, & Rental	9,004	-	9,004	-	-	385	9,529	18,917
Printing	-	-	-	-	-	3,941	29,294	33,235
Insurance	-	-	-	-	-	-	141,651	141,651
Guarantees	108,820	-	108,820	-	-	-	-	108,820
Other Charges	482	-	482	-	500	8,289	4,125	13,396
Food for Persons	24,125	-	24,125	-	378	252	20,509	45,264
Scholarships	582,117	-	582,117	98,366	118,607	870,656	-	1,669,746
Total operating expenditures	1,972,052	-	1,972,052	585,943	607,204	1,792,053	1,740,912	6,698,163
Excess revenues over (expenditures)	\$ (971,818)	\$ 280,492	\$ (691,326)	\$ 40,608	\$ (499,827)	\$ (1,782,072)	\$ 1,746,083	\$ (1,186,535)

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, 2013**

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).

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NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
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(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, 2013.

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
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(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.

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NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
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(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.

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 2013 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.